



**March 31, 2015**

Complete Financial Statements  
in IFRS

## **Report on review of consolidated interim financial statements**

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

### **Introduction**

We have reviewed the accompanying consolidated interim balance sheet of Itaú Unibanco Holding S.A. and its subsidiaries (Consolidated) as at March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and ISRE 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the consolidated interim financial statements**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of Itaú Unibanco Holding S.A. and its subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the three-month period then ended, in accordance with IAS 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB).

## **Other matters**

### **Supplementary information - statement of value added**

We also have reviewed the consolidated statement of value added for the three-month ended March 31, 2015, which is the responsibility of the Company's management. The presentation of this statement is required by the Brazilian corporate legislation for listed companies, but it is considered

supplementary information for IFRS. This statement was subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that, in all material respects, in accordance to the consolidated financial statements taken as a whole.

São Paulo, May 4, 2015

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Washington Luiz Pereira Cavalcanti  
Contador CRC 1SP172940/O-6

**ITAÚ UNIBANCO HOLDING S.A.****Consolidated Balance Sheet***(In millions of Reais)*

<b>Assets</b>	<b>Note</b>	<b>03/31/2015</b>	<b>12/31/2014</b>
Cash and deposits on demand	4	18,687	17,527
Central Bank compulsory deposits	5	63,235	63,106
Interbank deposits	6	25,903	23,081
Securities purchased under agreements to resell	6	201,307	208,918
Financial assets held for trading	7a	138,260	132,944
Pledged as collateral		11,111	37,366
Other		127,149	95,578
Financial assets designated at fair value through profit or loss	7b	426	733
Derivatives	8 and 9	24,634	14,156
Available-for-sale financial assets	10	83,527	78,360
Pledged as collateral		12,340	22,250
Other		71,187	56,110
Held-to-maturity financial assets	11	37,702	34,434
Pledged as collateral		8,142	6,102
Other		29,560	28,332
Loan operations and lease operations portfolio, net	12	444,699	430,039
Loan operations and lease operations portfolio		468,763	452,431
(-) Allowance for loan and lease losses		(24,064)	(22,392)
Other financial assets	20a	54,301	53,649
Investments in associates and joint ventures	13	4,115	4,090
Goodwill	3a and d	1,999	1,961
Fixed assets, net	15	8,659	8,711
Intangible assets, net	16	6,214	6,134
Tax assets		41,275	35,243
Income tax and social contribution - current		1,995	3,329
Income tax and social contribution - deferred	27b	37,418	31,129
Other		1,862	785
Assets held for sale	36	306	196
Other assets	20a	14,190	13,921
<b>Total assets</b>		<b>1,169,439</b>	<b>1,127,203</b>

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

**ITAÚ UNIBANCO HOLDING S.A.****Consolidated Balance Sheet***(In millions of Reais)*

<b>Liabilities and stockholders' equity</b>	<b>Note</b>	<b>03/31/2015</b>	<b>12/31/2014</b>
Deposits	17	298,652	294,773
Securities sold under repurchase agreements	19a	293,867	288,683
Financial liabilities held for trading	18	359	520
Derivatives	8 and 9	30,931	17,350
Interbank market debt	19a	131,108	122,586
Institutional market debt	19b	79,810	73,242
Other financial liabilities	20b	67,441	71,492
Reserves for insurance and private pension	30c II	113,790	109,778
Liabilities for capitalization plans		3,077	3,010
Provisions	32	17,524	17,027
Tax liabilities		3,432	4,465
Income tax and social contribution - current		1,622	2,835
Income tax and social contribution - deferred	27b II	327	201
Other		1,483	1,429
Other liabilities	20b	27,388	23,660
<b>Total liabilities</b>		<b>1,067,379</b>	<b>1,026,586</b>
Capital	21a	75,000	75,000
Treasury shares	21a	(1,667)	(1,328)
Additional paid-in capital	21c	1,412	1,508
Appropriated reserves	21d	9,165	8,210
Unappropriated reserves	21e	16,458	16,301
Cumulative other comprehensive income		(3)	(431)
<b>Total stockholders' equity attributed to the owners of the parent company</b>		<b>100,365</b>	<b>99,260</b>
Non-controlling interests		1,695	1,357
<b>Total stockholders' equity</b>		<b>102,060</b>	<b>100,617</b>
<b>Total liabilities and stockholders' equity</b>		<b>1,169,439</b>	<b>1,127,203</b>

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

**ITAÚ UNIBANCO HOLDING S.A.**  
**Consolidated Statement of Income**

**Periods ended**

(In millions of Reais, except for number of shares and earnings per share information)

	Note	01/01 to 03/31/2015	01/01 to 03/31/2014
<b>Banking product</b>		<b>20,078</b>	<b>22,579</b>
Interest and similar income	23a	34,967	27,470
Interest and similar expense	23b	(15,793)	(14,185)
Dividend income		2	12
Net gain (loss) from investment securities and derivatives	23c	1,665	105
Foreign exchange results and exchange variations on transactions		(9,839)	1,101
Banking service fees	24	7,110	6,201
Income from insurance, private pension and capitalization operations before claim and selling expenses		1,626	1,660
Income from insurance and private pension	30b III	5,343	5,041
Premium reinsurance	30b III	(19)	(312)
Change in reserves for insurance and private pension		(3,833)	(3,200)
Revenue from capitalization plans		135	131
Other income	25	340	215
<b>Losses on loans and claims</b>		<b>(5,050)</b>	<b>(4,005)</b>
Expenses for allowance for loan and lease losses	12b	(5,746)	(4,606)
Recovery of loans written-off as loss		1,064	1,088
Expenses for claims		(371)	(646)
Recovery of claims under reinsurance		3	159
<b>Banking product net of losses on loans and claims</b>		<b>15,028</b>	<b>18,574</b>
<b>Other operating income (expenses)</b>		<b>(12,155)</b>	<b>(11,380)</b>
General and administrative expenses	26	(11,000)	(10,087)
Tax expenses		(1,286)	(1,368)
Share of profit or (loss) in associates and joint ventures	13	131	75
<b>Income before income tax and social contribution</b>	<b>27</b>	<b>2,873</b>	<b>7,194</b>
Current income tax and social contribution		(4,207)	(3,049)
Deferred income tax and social contribution		7,117	456
<b>Net income</b>		<b>5,783</b>	<b>4,601</b>
Net income attributable to owners of the parent company	28	5,673	4,551
Net income attributable to non-controlling interests		110	50
<b>Earnings per share - basic</b>	28		
Common		1.04	0.83
Preferred		1.04	0.83
<b>Earnings per share - diluted</b>	28		
Common		1.03	0.83
Preferred		1.03	0.83
<b>Weighted average number of shares outstanding - basic</b>	28		
Common		2,770,034,003	2,770,034,003
Preferred		2,698,663,248	2,691,770,276
<b>Weighted average number of shares outstanding - diluted</b>	28		
Common		2,770,034,003	2,770,034,003
Preferred		2,721,214,929	2,710,085,238

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

**ITAÚ UNIBANCO HOLDING S.A.**  
**Consolidated Statement of Comprehensive Income**  
**Periods ended**  
*(In millions of Reais)*

	Note	01/01 to 03/31/2015	01/01 to 03/31/2014
<b>Net income</b>		<b>5,783</b>	<b>4,601</b>
Available-for-sale financial assets		(258)	219
Change in fair value		(953)	283
Income tax effect		314	(106)
(Gains) / losses transferred to income statement on disposal	23c	636	69
Income tax effect		(255)	(27)
Hedge		(1,108)	380
Cash flow hedge	9	110	35
Change in fair value		219	67
Income tax effect		(109)	(32)
Hedge of net investment in foreign operation	9	(1,218)	345
Change in fair value		(2,393)	573
Income tax effect		1,175	(228)
Remeasurements of liabilities for post-employment benefits <sup>(*)</sup>		9	19
Remeasurements	29	22	31
Income tax effect		(13)	(12)
Foreign exchange differences on foreign investments		1,785	(509)
<b>Total comprehensive income</b>		<b>6,211</b>	<b>4,710</b>
<b>Comprehensive income attributable to non-controlling interests</b>		<b>110</b>	<b>50</b>
<b>Comprehensive income attributable to the owners of the parent company</b>		<b>6,101</b>	<b>4,660</b>

*(\*) Amounts that will not be subsequently reclassified to income.*

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

ITAÚ UNIBANCO HOLDING S.A.  
**Consolidated Statement of Changes in Stockholders' Equity (Notes 21 and 22)**  
**Periods ended March 31, 2015 and 2014**  
(In millions of Reals)

	Attributed to owners of the parent company										Total stockholders' equity – owners of the parent company	Total stockholders' equity – non-controlling interests	Total
	Capital	Treasury shares	Additional paid-in capital	Appropriated reserves	Unappropriated reserves	Retained earnings	Other comprehensive income						
							Available for sale <sup>(1)</sup>	Remeasurements of liabilities of post-employment benefits	Cumulative translation adjustments abroad	Gains and losses – hedge <sup>(2)</sup>			
<b>Balance at 01/01/2014</b>	<b>60,000</b>	<b>(1,854)</b>	<b>984</b>	<b>13,468</b>	<b>12,138</b>	-	<b>(1,183)</b>	<b>(379)</b>	<b>1,283</b>	<b>(1,234)</b>	<b>83,223</b>	<b>969</b>	<b>84,192</b>
Transactions with owners	-	286	(24)	-	-	(899)	-	-	-	-	(637)	(13)	(650)
Treasury shares - granting of stock options – exercised options	-	286	(24)	-	-	-	-	-	-	-	262	-	262
Granting of stock options – exercised options	-	286	(76)	-	-	-	-	-	-	-	210	-	210
Granted options recognized	-	-	52	-	-	-	-	-	-	-	52	-	52
(Increase) / Reduction of interest of controlling stockholders	-	-	-	-	-	-	-	-	-	-	-	(12)	(12)
Dividends and interest on capital - Statutory Reserve (Note 21b)	-	-	-	-	-	(899)	-	-	-	-	(899)	(1)	(900)
Dividends/Interest on capital paid in 2014 - Year 2013 - Special profit reserve	-	-	-	(2,597)	-	-	-	-	-	-	(2,597)	-	(2,597)
Corporate reorganizations (Note 3b)	-	-	-	(160)	-	-	-	-	-	-	(160)	-	(160)
Other	-	-	-	(8)	-	-	-	-	-	-	(8)	-	(8)
Total comprehensive income	-	-	-	-	-	4,551	219	19	(509)	380	4,660	50	4,710
Net income	-	-	-	-	-	4,551	-	-	-	-	4,551	50	4,601
Other comprehensive income for the period	-	-	-	-	-	-	219	19	(509)	380	109	-	109
Appropriations:	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	168	-	(168)	-	-	-	-	-	-	-
Statutory reserve	-	-	-	2,291	1,193	(3,484)	-	-	-	-	-	-	-
<b>Balance at 03/31/2014</b>	<b>60,000</b>	<b>(1,568)</b>	<b>960</b>	<b>13,162</b>	<b>13,331</b>	-	<b>(964)</b>	<b>(360)</b>	<b>774</b>	<b>(854)</b>	<b>84,481</b>	<b>1,006</b>	<b>85,487</b>
<b>Change in the period</b>	<b>-</b>	<b>286</b>	<b>(24)</b>	<b>(306)</b>	<b>1,193</b>	<b>-</b>	<b>219</b>	<b>19</b>	<b>(509)</b>	<b>380</b>	<b>1,258</b>	<b>37</b>	<b>1,295</b>
<b>Balance at 01/01/2015</b>	<b>75,000</b>	<b>(1,328)</b>	<b>1,508</b>	<b>8,210</b>	<b>16,301</b>	-	<b>(600)</b>	<b>(177)</b>	<b>1,723</b>	<b>(1,377)</b>	<b>99,260</b>	<b>1,357</b>	<b>100,617</b>
Transactions with owners	-	(339)	(96)	-	-	(1,509)	-	-	-	-	(1,944)	228	(1,716)
Treasury shares - granting of stock options	-	(339)	37	-	-	-	-	-	-	-	(302)	-	(302)
Granting of stock options – exercised options	-	229	42	-	-	-	-	-	-	-	271	-	271
Acquisition of treasury shares (Note 21a)	-	(568)	-	-	-	-	-	-	-	-	(568)	-	(568)
Granted options recognized	-	-	(5)	-	-	-	-	-	-	-	(5)	-	(5)
Share-based payment – variable compensation	-	-	(133)	-	-	-	-	-	-	-	(133)	-	(133)
(Increase) / Reduction of interest of controlling stockholders (Note 2.4a I and 3c)	-	-	-	-	-	-	-	-	-	-	-	276	276
Dividends / interest on capital – Special profit reserve (Note 21b)	-	-	-	-	-	(1,509)	-	-	-	-	(1,509)	(48)	(1,557)
Dividends / Interest on capital paid in 2015 - Year 2014 - Statutory Reserve	-	-	-	(2,940)	-	-	-	-	-	-	(2,940)	-	(2,940)
Corporate reorganizations (Note 3b)	-	-	-	(160)	-	-	-	-	-	-	(160)	-	(160)
Other	-	-	-	9	39	-	-	-	-	-	48	-	48
Total comprehensive income	-	-	-	-	-	5,673	(258)	9	1,785	(1,108)	6,101	110	6,211
Net income	-	-	-	-	-	5,673	-	-	-	-	5,673	110	5,783
Other comprehensive income for the period	-	-	-	-	-	-	(258)	9	1,785	(1,108)	428	-	428
Appropriations:	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	278	-	(278)	-	-	-	-	-	-	-
Statutory reserve	-	-	-	3,768	118	(3,886)	-	-	-	-	-	-	-
<b>Balance at 03/31/2015</b>	<b>75,000</b>	<b>(1,667)</b>	<b>1,412</b>	<b>9,165</b>	<b>16,458</b>	-	<b>(858)</b>	<b>(168)</b>	<b>3,508</b>	<b>(2,485)</b>	<b>100,365</b>	<b>1,695</b>	<b>102,060</b>
<b>Change in the period</b>	<b>-</b>	<b>(339)</b>	<b>(96)</b>	<b>955</b>	<b>157</b>	<b>-</b>	<b>(258)</b>	<b>9</b>	<b>1,785</b>	<b>(1,108)</b>	<b>1,105</b>	<b>338</b>	<b>1,443</b>

(1) Includes Share of other comprehensive income in associates and joint ventures – Available-for-sale financial assets.

(2) Includes Cash flow hedge and hedge of net investment in foreign operation.

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



**ITÁU UNIBANCO HOLDING S.A.**  
**Consolidated Statement of Cash Flows**  
(In millions of Reals)

	Note	01/01 to 03/31/2015	01/01 to 03/31/2014
<b>Adjusted net income</b>		<b>7,668</b>	<b>22,571</b>
Net income		5,783	4,601
<b>Adjustments to net income:</b>		<b>1,885</b>	<b>17,970</b>
Granted options recognized and share-based payment – variable compensation		(138)	52
Effects of changes in exchange rates on cash and cash equivalents		(4,387)	1,287
Expenses for allowance for loan and lease losses	12b	5,746	4,606
Interest and foreign exchange expense from operations with subordinated debt		4,855	8,395
Change in reserves for insurance and private pension		3,833	3,200
Revenue from capitalization plans		(135)	(131)
Depreciation and amortization	15 and 16	667	615
Interest expense from provision for contingent and legal liabilities		342	258
Provision for contingent and legal liabilities		833	950
Interest income from escrow deposits		(82)	(102)
Deferred taxes	27a	(422)	(456)
Share of profit or (loss) in associates and joint ventures		(131)	(75)
(Gain) loss from available-for-sale securities	23c	636	69
Interest and foreign exchange income from available-for-sale financial assets		(6,630)	(667)
Interest and foreign exchange income from held-to-maturity financial assets		(2,985)	(106)
(Gain) loss from sale of assets held for sale	25 and 26	15	6
(Gain) loss from sale of investments	25 and 26	4	2
(Gain) loss from sale of fixed assets	25 and 26	3	8
Other		(140)	60
<b>Change in assets and liabilities (*)</b>		<b>(46,020)</b>	<b>16,610</b>
<b>(Increase) decrease in assets</b>		<b>(48,569)</b>	<b>18,679</b>
Interbank deposits		1,005	(767)
Securities purchased under agreements to resell		(34,860)	5,606
Compulsory deposits with the Central Bank of Brazil		473	(2,682)
Financial assets held for trading		(5,041)	25,215
Derivatives (assets / liabilities)		4,062	1,002
Financial assets designated at fair value through profit or loss		459	25
Loan operations		(11,319)	(5,503)
Financial assets		476	(2,565)
Other tax assets		(5,503)	791
Other assets		1,679	(2,443)
<b>(Decrease) increase in liabilities</b>		<b>2,549</b>	<b>(2,069)</b>
Deposits		(4,437)	7,049
Deposits received under securities repurchase agreements		5,071	(7,800)
Financial liabilities held for trading		(305)	84
Funds from interbank markets		7,809	(1,240)
Other financial liabilities		(6,289)	(5,443)
Technical reserve for insurance and private pension		179	(800)
Liabilities for capitalization plans		202	165
Provisions		(360)	(165)
Tax liabilities		1,978	2,746
Other liabilities		1,839	6,638
Payment of income tax and social contribution		(3,138)	(3,303)
<b>Net cash from (used in) operating activities</b>		<b>(38,352)</b>	<b>39,181</b>
Interest on capital / dividends received from investments in associates and joint ventures		105	2
Cash received from sale of available-for-sale financial assets		3,243	37,546
Cash received from redemption of held-to-maturity financial assets		626	203
Cash upon sale of assets held for sale		28	10
Cash upon sale of investments in associates and joint ventures		(4)	(2)
Cash and cash equivalents net assets and liabilities due from BMG Seguradora acquisition	3e	-	(88)
Cash upon sale of fixed assets	15	14	7
Cash upon sale of intangible assets	16	6	-
Purchase of available-for-sale financial assets		(2,573)	(27,820)
Purchase of held-to-maturity financial assets		(909)	(21)
Purchase of fixed assets	15	(339)	(567)
Purchase of intangible assets	16	(247)	(257)
<b>Net cash from (used in) investing activities</b>		<b>(50)</b>	<b>9,013</b>
Funding from institutional markets		637	-
Redemptions in institutional markets		(945)	(9,038)
(Acquisition)/Disposal of interest of non-controlling stockholders		276	(12)
Granting of stock options – exercised options		271	210
Purchase of treasury shares		(568)	-
Dividends and interest on capital paid to non-controlling interests		(48)	(1)
Dividends and interest on capital paid		(4,457)	(3,830)
<b>Net cash from (used in) financing activities</b>		<b>(4,834)</b>	<b>(12,671)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2.4c and 4</b>	<b>(43,237)</b>	<b>35,524</b>
Cash and cash equivalents at the beginning of the period	4	125,318	55,790
Effects of changes in exchange rates on cash and cash equivalents		4,387	(1,287)
Cash and cash equivalents at the end of the period	4	86,468	90,027
<b>Additional information on cash flow</b>			
Interest received		28,041	30,743
Interest paid		12,630	14,286
<b>Non-cash transactions</b>			
Dividends and interest on capital declared and not yet paid		1,464	841

(\*) Includes the amounts of interest received and paid as shown above.

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

**ITAÚ UNIBANCO HOLDING S.A.**  
**Consolidated Statement of Added Value**

(In millions of Reais)

	01/01 to 03/31/2015	01/01 to 03/31/2014
<b>Income</b>	<b>31,189</b>	<b>33,246</b>
Interest, similar income and other	26,795	28,688
Banking services	7,110	6,201
Income from insurance, private pension and capitalization operations before claim and selling expenses	1,626	1,660
Result of loan losses	(4,682)	(3,518)
Other	340	215
<b>Expenses</b>	<b>(18,262)</b>	<b>(16,674)</b>
Interest, similar income and other	(15,793)	(14,185)
Other	(2,469)	(2,489)
<b>Inputs purchased from third parties</b>	<b>(3,299)</b>	<b>(3,271)</b>
Materials, energy and others	(180)	(160)
Third-party services	(883)	(933)
Other	(2,236)	(2,178)
Data processing and telecommunications	(923)	(916)
Advertising, promotions and publication	(218)	(193)
Installations	(227)	(214)
Transportation	(101)	(106)
Security	(165)	(153)
Travel expenses	(48)	(42)
Other	(554)	(554)
<b>Gross added value</b>	<b>9,628</b>	<b>13,301</b>
<b>Depreciation and amortization</b>	<b>(610)</b>	<b>(615)</b>
<b>Net added value produced by the company</b>	<b>9,018</b>	<b>12,686</b>
<b>Added value received from transfer</b>	<b>131</b>	<b>75</b>
<b>Total added value to be distributed</b>	<b>9,149</b>	<b>12,761</b>
<b>Distribution of added value</b>	<b>9,149</b>	<b>12,761</b>
<b>Personnel</b>	<b>4,165</b>	<b>3,499</b>
Compensation	3,361	2,796
Benefits	612	537
FGTS – government severance pay fund	192	166
<b>Taxes, fees and contributions</b>	<b>(1,122)</b>	<b>4,379</b>
Federal	(1,381)	4,154
State	11	2
Municipal	248	223
<b>Return on third parties' assets - Rent</b>	<b>323</b>	<b>282</b>
<b>Return on own assets</b>	<b>5,783</b>	<b>4,601</b>
Dividends and interest on capital	1,557	900
Retained earnings (loss) for the period	4,116	3,651
Minority interest in retained earnings	110	50

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

## **ITAÚ UNIBANCO HOLDING S.A.**

### **Notes to the Consolidated Financial Statements**

**At March 31, 2015 and December 31, 2014 for balance sheet accounts and from January 1 to March 31, 2015, and 2014 for income statement accounts**

*(In millions of Reais, except information per share)*

#### **Note 1 - Overview**

ITAÚ UNIBANCO HOLDING S.A. (ITAÚ UNIBANCO HOLDING) is a publicly-held company, organized and existing under the Laws of Brazil. The head office of ITAÚ UNIBANCO HOLDING is located at Praça Alfredo Egydio de Souza Aranha, nº 100, in the city of São Paulo, Brazil.

ITAÚ UNIBANCO HOLDING provides a wide range of financial products and services to individual and corporate clients in Brazil and abroad, as to whether these clients have Brazilian links or not through its international branches, subsidiaries and affiliates. In Brazil we serve retail clients through the branch network of Itaú Unibanco S.A. ("Itaú Unibanco") and to wholesale clients through Banco Itaú BBA S.A. ("Itaú BBA"), and overseas through branches in New York, Grand Cayman, Tokyo, and Nassau, and through subsidiaries mainly in Argentina, Chile, the US (New York and Miami), and Europe (Lisbon, London, Luxembourg and Switzerland), Cayman Islands, Paraguay, Uruguay and Colombia.

ITAÚ UNIBANCO HOLDING is a holding company controlled by Itaú Unibanco Participações S.A. ("IUPAR"), a holding company which owns 51% of our common shares, and which is jointly controlled by (i) Itaúsa Investimentos Itaú S.A., ("Itaúsa"), a holding company controlled by members of the Egydio de Souza Aranha family, and (ii) Companhia E. Johnston de Participações ("E. Johnston"), a holding company controlled by the Moreira Salles family. Itaúsa also directly holds 38.7% of ITAÚ UNIBANCO HOLDING common shares.

As described in Note 34, the operations of ITAÚ UNIBANCO HOLDING are divided into three operating and reportable segments: (1) Retail Banking, which comprises the retail and high net worth clients (Itaú Uniclass and Personnalité) and the corporate segment (very small and small companies); (2) Wholesale Banking, which covers the wholesale products and services for middle-market and large companies, as well as the investment banking, in addition to the activities of the Latin America unit and (3) Activities with the Market + Corporation, which essentially manages the financial result associated with capital surplus, subordinated debt, and net debt of tax credits and debits of ITAÚ UNIBANCO HOLDING.

These consolidated financial statements were approved by the Executive Board on May 04, 2015.

## Note 2 – Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

### 2.1. Basis of Preparation

These consolidated financial statements of ITAÚ UNIBANCO HOLDING were prepared taking into consideration that the National Monetary Council (CMN) Resolution No. 3,786 established that as of December 31, 2010, annual consolidated financial statements shall be prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

These consolidated financial statements have been presented following the accounting practices described in this note.

These interim financial statements were prepared in accordance with IAS 34 - Interim Financial Reporting using the option to present complete consolidated financial statements instead of condensed consolidated financial statements.

In the preparation of these consolidated financial statements, ITAÚ UNIBANCO HOLDING adopted the criteria for recognition, measurement and disclosure established in the IFRS and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) described in this note. For this reason, these Consolidated Financial Statements are in full compliance with the standards issued by the IASB and the interpretations issued by the IFRIC.

The Consolidated Statement of Cash Flows shows the changes in cash and cash equivalents during the period from operating, investing, and financing activities. Cash and cash equivalents include highly-liquid financial investments (Note 2.4c).

Cash flows from operating activities are presented under the indirect method. Consolidated net income is adjusted for non-monetary items, such as measurement gains and losses, changes in provisions and in receivables and liabilities balances. All income and expense arising from non-monetary transactions, attributable to investing and financing activities, are eliminated. Interest received or paid are classified as operating cash flows.

### 2.2. New accounting standards and new accounting standards changes and interpretations

#### a) Accounting standards applicable for period ended March 31, 2015

- IAS 19 (R1) – Employee Benefits – the entity should take into account the contributions by employees and third parties in the recording of defined benefit plans. There are no impacts from this change, since ITAÚ UNIBANCO HOLDING has already considered these procedures.

#### b) Accounting standards recently issued and applicable in future periods

The following pronouncements will become applicable for periods after the date of these consolidated financial statements and were not early adopted:

- IFRS 9 – “Financial instruments” – the standard aimed at replacing IAS 39 - “Financial instruments: recognition and measurement”. IFRS 9 includes: (a) a logical classification and measurement model; (b) a single impairment model for financial instruments, which offers a response to expected losses; (c) the removal of volatility in income arising from own credit risk; and (d) a new hedge accounting approach. Effective for annual periods beginning on January 1, 2018. Any possible impacts arising from adopting these changes are being assessed and will be completed up to the date this standard comes into force.
- IFRS 15 – Revenue from Contracts with Customers – requires that revenue is recognized so as to reflect the transfer of goods or services to the client for an amount that expresses the company's expectation of having rights to these goods or services by way of consideration. IFRS 15 replaces IAS 18, IAS 11, and related interpretations (IFRIC 13, 15 and 18). It is effective for years beginning after January 1, 2017 and its early adoption is allowed by IASB. Any possible impacts arising from adopting these changes are being assessed and will be completed up to the date this standard comes into force.
- Amendment to IFRS 11 – Joint Arrangements – This amendment establishes criteria for the accounting of an acquisition of an interest in joint ventures and joint operations, when the operation constitutes a business, in accordance with the methodology established in IFRS 3 – Business Combinations. Effective for annual periods beginning on January 1, 2016, with early adoption

permitted by IASB. The impact of this amendment will be due only in case of acquisition of joint control.

- Amendment to IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets – The amendment clarifies the base principle for depreciation and amortization as being the expected standard of consumption of future economic benefits embodied in the asset. Effective for annual periods beginning on January 1, 2016, with early adoption permitted by IASB. No material impacts arising from this change were identified for the consolidated financial statements of ITAÚ UNIBANCO HOLDING.
- Amendment to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures - These amendments relate to an inconsistency between the requirements of IFRS 10 and IAS 28 (2011) regarding the sale or contribution of assets between an investor and its affiliates or joint ventures. Effective for annual periods beginning on January 1, 2016, with early adoption permitted by IASB. Any possible impacts arising from adopting these changes are being assessed and will be completed up to the date this standard comes into force.
- IASB Annual Improvement Cycle (2012-2014) – Annually IASB makes minor amendments to a series of pronouncements to clarify the standards and avoid double interpretation. In this cycle IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosures, IAS 19 – Employee Benefits, and IAS 34 – Interim Financial Reporting were reviewed. Effective for annual periods beginning on January 1, 2016, with early adoption permitted by IASB. Any possible impacts arising from adopting these changes are being assessed and will be completed up to the date this standard comes into force.
- Amendment to IAS 1 – Presentation of Financial Statements; This amendment is aimed at encouraging companies to identify which information is sufficiently material to be disclosed in the financial statements. It also clarifies that materiality is applicable to the full set of financial statements, including the notes to the financial statements, and it is applicable to any and all disclosure requirements in connection with the IFRS standards. It is effective for annual periods beginning on January 1, 2016, with earlier application permitted by IASB. Possible impacts arising from the adoption of this amendment will be assessed up to the date this standard becomes effective.
- Amendments to IAS 28, IFRS 10 and IFRS 12: Applying the Consolidation Exception: This document comprises guidance for applying the Investment Entities concept. Amendments to IAS 28, IFRS 10 and IFRS 12 are effective for annual periods beginning on January 1, 2016, with earlier application permitted by IASB.

## 2.3. Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue, expenses, gains, and losses over the reporting and subsequent periods, because actual results may differ from those determined in accordance with such estimates and assumptions.

### 2.3.1 Critical accounting estimates

All estimates and assumptions made by Management are in accordance with IFRS and represent the current best estimates made in compliance with the applicable standards. Estimates are evaluated continuously, considering past experience and other factors.

The Consolidated Financial Statements reflect a variety of estimates and assumptions. The critical accounting estimates and assumptions that have the most significant impact on the carrying amounts of assets and liabilities are described below:

#### a) Allowance for loan and lease losses

ITAÚ UNIBANCO HOLDING periodically reviews its portfolio of loans and receivables to evaluate the existence of impairment.

In order to determine the amount of the allowance for loan and lease losses in the Consolidated Statements of Income with respect to certain receivables or group of receivables, ITAÚ UNIBANCO HOLDING exercises its judgment to determine whether objective evidence indicates that an event of loss has occurred. This evidence may include observable data that indicates that an adverse change has occurred in relation to the expected cash inflows from the counterparty or the existence of a change in local or international economic conditions that correlates with impairment. Management uses estimates based on the history of loss experience in loan operations with similar characteristics and with similar objective evidence of impairment. The methodology and assumptions used for estimating future cash flows are regularly reviewed by Management, considering the adequacy of models and sufficiency of provision volumes in view of the experience of incurred loss.

ITAÚ UNIBANCO HOLDING uses statistical models to calculate the Allowance for Loan and Lease Losses in the homogeneous loan portfolio. ITAÚ UNIBANCO HOLDING periodically carries out procedures to improve these estimates by aligning the required provisions to the levels of losses observed by the historical behavior (as described in Note 2.4g VIII). This alignment aims at ensuring that the volume of allowances reflects the current economic conditions, the composition of the loan portfolios, the quality of guarantees obtained and the profile of our clients. In 2015 and in 2014, there were no such improvements of model assumptions.

The allowance amounted to R\$ 24,064 (R\$ 22,392 at December 31, 2014).

The details on methodology and assumptions used by the Management are disclosed in Note 2.4g VIII.

#### **b) Deferred income tax and social contribution**

As explained in item 2.4n, deferred tax assets are recognized only in relation to temporary differences and loss carry forwards to the extent that it is probable that ITAÚ UNIBANCO HOLDING will generate future taxable profit for their utilization. The expected realization of ITAÚ UNIBANCO HOLDING's deferred tax asset is based on the projection of future income and other technical studies, as disclosed in Note 27. The carrying amount of deferred tax assets was R\$ 42,634 (R\$ 36,619 as of December 31, 2014).

#### **c) Fair value of financial instruments, including derivatives**

The fair value of financial instruments is measured on a recurring basis, in conformity with the requirements of IAS 39 – “Financial instruments: recognition and measurement. Financial instruments recorded at fair value are assets amounting to R\$ 246,847 (R\$ 226,193 at December 31, 2014) of which R\$ 24,634 are derivatives (R\$ 14,156 at December 31, 2014) and liabilities in the amount of R\$ 31,290 (R\$ 17,870 at December 31, 2014) of which R\$ 30,931 are derivatives (R\$ 17,350 at December 31, 2014). The fair value of financial instruments, including derivatives that are not traded in active markets, is calculated by using valuation techniques. This calculation is based on assumptions that take into consideration ITAÚ UNIBANCO HOLDING Management's judgment about market information and conditions existing at the balance sheet date.

ITAÚ UNIBANCO HOLDING ranks the fair value measurements using a fair value hierarchy that reflects the significance of inputs adopted in the measurement process. There are three broad levels related to the fair value hierarchy, detailed in Note 31.

The team in charge of the pricing of assets, in accordance with the governance defined by the committee and regulatory circulars, carries out critical analyses of the information extracted from the market and from time to time reassesses the long-term of indexes. At the end of the monthly closings, the areas meet for a new round of analyses for the maintenance of the classification in connection with the fair value hierarchy. ITAÚ UNIBANCO HOLDING believes that all methodologies adopted are appropriate and consistent with market participants. Regardless of this fact, the adoption of other methodologies or use of different assumptions to estimate fair values may result in different fair value estimates.

The methodologies used to estimate the fair value of certain financial instruments are described in Note 31.

#### **d) Defined benefit pension plan**

At March 31, 2015, an amount of R\$ (93) (R\$ (104) at December 31, 2014) was recognized as an asset related to pension plans. The current amount of the pension plan obligations is obtained from actuarial calculations that use a variety of assumptions. Among the assumptions used for estimating the net cost (income) of these plans is the discount rate. Any changes in these assumptions will affect the carrying amount of pension plan assets and liabilities.

ITAÚ UNIBANCO HOLDING determines the appropriate discount rate at the end of each year, which is used for determining the present value of estimated future cash outflows necessary for settling the pension plan liabilities. In order to determine the appropriate discount rate, ITAÚ UNIBANCO HOLDING considers the interest rates of the Brazilian federal government bonds that are denominated in Brazilian Reals, the currency in which the benefits will be paid, and that have maturity terms approximating the terms of the related liabilities.

Should the discount rate currently used be lowered by 0.5% than Management's estimates, then the actuarial amount of the pension plan obligations would be increased by approximately R\$ 668, with impact on the amount recognized with effect on Stockholder's Equity – Other Comprehensive Income before taxes – of R\$ 315, net of the effects of Asset Ceiling.

Other important assumptions for pension plan obligations are in part based on current market conditions. Additional information is disclosed in Note 29.

#### **e) Provisions, contingencies and other commitments**

ITAÚ UNIBANCO HOLDING periodically reviews its contingencies. These contingencies are evaluated based on Management's best estimates, taking into account the opinion of legal counsel when there is a likelihood that financial resources will be required to settle the obligations and the amounts may be reasonably estimated.

Contingencies classified as probable losses are recognized in the Balance Sheet under Provisions.

Contingent amounts are measured using appropriate models and criteria, despite the uncertainty surrounding the ultimate timing and amounts, as detailed in Note 32.

The carrying amount of these contingencies was R\$ 17,524 (R\$ 17,027 at December 31, 2014).

#### **f) Technical provisions for insurance and pension plan**

Technical provisions are liabilities arising from obligations of ITAÚ UNIBANCO HOLDING to its policyholders and participants. These obligations may be short-term liabilities (property and casualty insurance) or medium and long-term liabilities (life insurance and pension plans).

The determination of the actuarial liability is subject to several uncertainties inherent in the coverage of insurance and pension contracts, such as assumptions of persistence, mortality, disability, life expectancy, morbidity, expenses, frequency and severity of claims, conversion of benefits into annuities, redemptions and return on assets.

The estimates for these assumptions are based on the historical experience of ITAÚ UNIBANCO HOLDING, benchmarks and experience of the actuary, in order to comply with best market practices and the continuous review of the actuarial liability. The adjustments resulting from these continuous improvements, when necessary, are recognized in the statement of income for the corresponding period.

Additional information is described in Note 30.

### **2.3.2 Critical judgments in accounting policies**

#### **a) Goodwill**

The impairment test for goodwill involves estimates and significant judgments, including the identification of cash generation units and the allocation of goodwill to such units based on the expectations of which ones will benefit from the acquisition. Determining the expected cash flows and a risk-adjusted interest rate for each unit requires that management exercises judgment and estimates. Annually submitted to

the impairment test and, at March 31, 2015 and 2014, ITAÚ UNIBANCO HOLDING did not identify goodwill impairment losses.

## **2.4. Summary of main accounting practices**

### **a) Consolidation**

#### **I. Subsidiaries**

Before January 1, 2013, ITAÚ UNIBANCO HOLDING consolidated its subsidiaries in accordance with IAS 27 – “Consolidated and separate financial statements”, and its specific purpose entities, defined in accordance with the SIC 12 – “Consolidation – special purpose entities”, in its Consolidated Financial Statements. As of January 1, 2013, ITAÚ UNIBANCO HOLDING adopted IFRS 10 – “Consolidated financial statements”, which replaced IAS 27 and SIC 12.

In accordance with IFRS 10, subsidiaries are all entities in which ITAÚ UNIBANCO HOLDING holds control. ITAÚ UNIBANCO HOLDING controls an entity when it is exposed to, or is entitled to, its variable returns derived from its involvement with such entity, and has the capacity to impact such returns.

Subsidiaries are fully consolidated as from the date in which ITAÚ UNIBANCO HOLDING obtains its control and are no longer consolidated as from the date such control is lost.

On January 1, 2013 ITAÚ UNIBANCO HOLDING assessed its investments to determine whether the conclusions regarding the consolidation in accordance with IFRS 10 differ from those conclusions reached in accordance with IAS 27 and SIC 12.

No adjustment is required for those investments already consolidated in accordance with IAS 27 and SIC 12 and which remain consolidated in accordance with IFRS 10 on January 1, 2013 or for those investments not consolidated in accordance with IAS 27 and SIC 12 and which continue not being consolidated in accordance with IFRS 10.



The following table shows the main consolidated subsidiaries, with total assets over R\$ 150 million, as well as the interests of ITAÚ UNIBANCO HOLDING in their voting capital at March 31, 2015, and December 31, 2014:

	Incorporation country	Activity	Interest in voting capital at		Interest in total capital at	
			03/31/2015	12/31/2014	03/31/2015	12/31/2014
Banco Itaú Argentina S.A.	Argentina	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itaú BBA S.A.	Brazil	Financial institution	99.99%	99.99%	99.99%	99.99%
Banco Itaú Chile	Chile	Financial institution	99.99%	99.99%	99.99%	99.99%
Banco Itaú BMG Consignado S.A	(Note 3c) Brazil	Financial institution	60.00%	60.00%	60.00%	60.00%
Banco Itaú Paraguay S.A.	Paraguay	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itaú Suisse S.A.	Switzerland	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itaú Uruguay S.A.	Uruguay	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itaucard S.A.	Brazil	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itauleasing S.A.	Brazil	Financial institution	100.00%	100.00%	100.00%	100.00%
Cia. Itaú de Capitalização	Brazil	Capitalization	100.00%	100.00%	100.00%	100.00%
Dibens Leasing S.A. - Arrendamento Mercantil	Brazil	Leasing	100.00%	100.00%	100.00%	100.00%
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento	Brazil	Consumer finance credit	50.00%	50.00%	50.00%	50.00%
Hipercard Banco Múltiplo S.A.	Brazil	Financial institution	100.00%	100.00%	100.00%	100.00%
Itau Bank, Ltd.	Cayman Islands	Financial institution	100.00%	100.00%	100.00%	100.00%
Itau BBA Colombia S.A. Corporación Financiera	Colombia	Financial institution	100.00%	100.00%	100.00%	100.00%
Itaú BBA International PLC	United Kingdom	Financial institution	100.00%	100.00%	100.00%	100.00%
Itaú BBA USA Securities Inc.	United States	Broker	100.00%	100.00%	100.00%	100.00%
Itaú BMG Seguradora S.A.	Brazil	Insurance	60.00%	60.00%	60.00%	60.00%
Itaú Corretora de Valores S.A.	Brazil	Broker	100.00%	100.00%	100.00%	100.00%
Itaú Seguros S.A.	Brazil	Insurance	100.00%	100.00%	100.00%	100.00%
Itaú Unibanco Financeira S.A. - Crédito, Financiamento e Investimento	(*) Brazil	Consumer finance credit	-	100.00%	-	100.00%
Itaú Unibanco S.A.	Brazil	Financial institution	100.00%	100.00%	100.00%	100.00%
Itaú Vida e Previdência S.A.	Brazil	Pension plan	100.00%	100.00%	100.00%	100.00%
Luizacred S.A. Soc. Cred. Financiamento Investimento	Brazil	Consumer finance credit	50.00%	50.00%	50.00%	50.00%
Redecard S.A. - REDE	Brazil	Acquirer	100.00%	100.00%	100.00%	100.00%

(\*) Company merged in 01/31/2015 by Itaú Unibanco S.A. and Itaú BBA Participações S.A

ITAÚ UNIBANCO HOLDING is committed to maintaining the minimum capital required by all these joint ventures, noteworthy is that for all FIC - Financeira Itaú CBD S.A Crédito, Financiamento e Investimento the minimum capital percentage is 25% higher than that required by the Central Bank of Brazil (Note 33).

## **II. Business combinations**

Accounting for business combinations under IFRS 3 (R) is only applicable when a business is acquired. Under IFRS 3 (R), a business is defined as an integrated set of activities and assets that is conducted and managed for the purpose of providing a return to investors, or cost reduction or other economic benefits. In general, a business consists of inputs, processes applied to those inputs and outputs that are, or will be, used to generate income. If there is goodwill in a set of activities or transferred assets, this is presumed to be a business. For acquisitions that meet the definition of business, accounting under the purchase method is required.

The acquisition cost is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the exchange date, plus costs directly attributable to the acquisition. Acquired assets and assumed liabilities and contingent liabilities identifiable in a business combination are initially measured at fair value at the date of acquisition, regardless of the existence of non-controlling interests. The excess of the acquisition cost, plus non-controlling interests, if any, over the fair value of identifiable net assets acquired, is accounted for as goodwill.

The treatment of goodwill is described in Note 2.4k. If the cost of acquisition, plus non-controlling interests, if any, is lower than the fair value of identifiable net assets acquired, the difference is directly recognized in income.

For each business combination, the purchaser should measure any non-controlling interest in the acquired company at the fair value or amount proportional to its interest in net assets of the acquired company.

## **III. Transactions with non-controlling stockholders**

IFRS 10 – “Consolidated financial statements” establishes that, changes in an ownership interest in a subsidiary, which do not result in a loss of control, are accounted for as capital transactions and any difference between the amount paid and the carrying amount of non-controlling stockholders is recognized directly in consolidated stockholders' equity.

### **b) Foreign currency translation**

#### **I. Functional and presentation currency**

The consolidated financial statements of ITAÚ UNIBANCO HOLDING are presented in reais, which is its functional and presentation currency. For each subsidiary and investment in associates and joint ventures, ITAÚ UNIBANCO HOLDING defined the functional currency, as set forth in IAS 21.

The assets and liabilities of subsidiaries with a functional currency other than the Brazilian real are translated as follows:

- assets and liabilities are translated at the closing rate at the balance sheet date.
- income and expenses are translated at monthly average exchange rates.
- exchange differences arising from currency translation are recorded in other comprehensive income.

#### **II. Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income as part of foreign exchange results and exchange variations on transactions and amount to R\$ 7,969 for the period for the period January 1 to March 31, 2015 (R\$ 3,677 for the period January 1 to December 31, 2014).

In the case of monetary assets classified as available-for-sale, the exchange differences resulting from a change in the amortized cost of the instrument are recognized in the income statement, while those resulting from other changes in the carrying amount, except impairment losses, are recognized in other comprehensive income until derecognition or impairment.

#### **c) Cash and cash equivalents**

ITAÚ UNIBANCO HOLDING defines cash and cash equivalents as cash and current accounts in banks (included in the heading cash and deposits on demand on the consolidated balance sheet), interbank deposits and securities purchased under agreements to resell that have original maturities of up to 90 days or less, as shown in Note 4.

#### **d) Central Bank Compulsory deposits**

The Central Banks of the countries in which ITAÚ UNIBANCO HOLDING operates currently impose a number of compulsory deposit requirements on financial institutions. Such requirements are applied to a wide range of banking activities and operations, such as demand, savings, and time deposits. In the case of Brazil, the acquisition and deposit of Brazilian federal government securities is also required.

Compulsory deposits are initially recognized at fair value and subsequently at amortized cost, using the effective interest rate method as detailed in Note 2.4g VI.

#### **e) Interbank deposits**

ITAÚ UNIBANCO HOLDING recognizes its interbank deposits in the balance sheet initially at fair value and subsequently at the amortized cost using the effective interest method as detailed in Note 2.4g VI.

#### **f) Securities purchased under agreements to resell and sold under repurchase agreements**

ITAÚ UNIBANCO HOLDING has purchased securities with resale agreement (resale agreements), and sold securities with repurchase agreement (repurchase agreement) of financial assets. Resale and repurchase agreements are accounted for under Securities purchased under agreements to resell and Securities sold under repurchase agreements, respectively.

The amounts invested in resale agreement transactions and borrowed in repurchase agreement transactions are initially recognized in the balance sheet at the amount advanced or raised, and subsequently measured at amortized cost. The difference between the sale and repurchase prices is treated as interest and recognized over the life of the agreements using the effective interest rate method. Interest earned in resale agreement transactions and incurred in repurchase agreement transactions is recognized in Interest and similar income and Interest and similar expense, respectively.

The financial assets accepted as collateral in our resale agreements can be used by us, if provided for in the agreements, as collateral for our repurchase agreements or can be sold.

In Brazil, control over custody of financial assets is centralized and the ownership of investments under resale and repurchase agreements is temporarily transferred to the buyer. ITAÚ UNIBANCO HOLDING strictly monitors the fair value of financial assets received as collateral under our resale agreements and adjusts the collateral amount when appropriate.

Financial assets pledged as collateral to counterparties are also recognized in the consolidated financial statements. When the counterparty has the right to sell or re-pledge such instruments, they are presented in the balance sheet under the appropriate class of financial assets.

#### **g) Financial assets and liabilities**

In accordance with IAS 39, all financial assets and liabilities, including derivative financial instruments, shall be recognized in the balance sheet and measured based on the category in which the instrument is classified.

Financial assets and liabilities can be classified into the following categories:

- Financial assets and liabilities at fair value through profit or loss – held for trading.
- Financial assets and liabilities at fair value through profit or loss – designated at fair value.
- Available-for-sale financial assets.
- Held-to-maturity financial assets.
- Loans and receivables.
- Financial liabilities at amortized cost.

The classification depends on the purpose for which financial assets were acquired or financial liabilities were assumed. Management determines the classification of financial instruments at initial recognition.

ITAÚ UNIBANCO HOLDING classifies financial instruments into classes that reflect the nature and characteristics of these financial instruments.

ITAÚ UNIBANCO HOLDING classifies as loans and receivables the following classes of balance sheet headings: Cash and deposits on demand, Central Bank compulsory deposits (Note 2.4d), Interbank deposits (Note 2.4e), Securities purchased under agreement to resell (Note 2.4f), Loan operations (Note 2.4g VI) and Other financial assets (Note 2.4g IX).

Regular purchases and sales of financial assets are recognized and derecognized, respectively, on the trade date.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when ITAÚ UNIBANCO HOLDING has substantially transferred all risks and rewards of ownership, and such transfer qualifies for derecognition, according to the requirements of IAS 39. Therefore, if the risks and rewards were not substantially transferred, ITAÚ UNIBANCO HOLDING evaluates the extent of control in order to determine whether the continuous involvement related to any retained control does not prevent derecognition. Financial liabilities are derecognized when discharged or extinguished.

Financial assets and liabilities are offset against each other and the net amount is reported in the balance sheet solely when there is a legally enforceable right to offset the recognized amounts and there is intention to settle them on a net basis, or simultaneously realize the asset and settle the liability.

#### **I- Financial assets and liabilities at fair value through profit or loss - held for trading**

These are financial assets and liabilities acquired or incurred principally for the purpose of selling them in the short term or when they are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent history of short-term profit taking.

The financial assets and liabilities included in this category are initially and subsequently recognized at fair value. Transaction costs are directly recognized in the consolidated statement of income. Gains and losses arising from changes in fair value are directly included in the consolidated statement of income under Net gain (loss) from investment securities and derivatives. Interest income and expenses are recognized in Interest and similar income and Interest and similar expense, respectively.

#### **II- Financial assets and liabilities at fair value through profit or loss – designated at fair value**

These are assets and liabilities designated at fair value through profit or loss upon initial recognition (fair value option). This designation cannot be subsequently changed. In accordance with IAS 39, the fair value option can only be applied if it reduces or eliminates an accounting mismatch when the financial instruments are part of a portfolio for which risk is managed and reported to Management based on its fair value or when these instruments consist of hosts and embedded derivatives that shall otherwise be separated.

The financial assets and liabilities included in this category are initially and subsequently recognized at fair value. Transaction costs are directly recognized in the consolidated statement of income. Gains and losses arising from changes in fair value are directly included in the consolidated statement of income under Net gain (loss) from investment securities and derivatives - Financial assets designated at fair value through profit or loss. Interest income and expenses are recognized in Income and similar income and Interest and similar expense, respectively.

ITAÚ UNIBANCO HOLDING designated certain assets at fair value through profit or loss upon their initial recognition, because they are reported to Management and their performance is evaluated daily based on their fair value.

### **III- Derivatives**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are recognized as assets when the fair value is positive, and as liabilities when negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives, when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not recognized at fair value through profit or loss. These embedded derivatives are accounted for separately at fair value, with changes in fair value recognized in the consolidated statement of income in Net gain (loss) from investment securities and derivatives – Financial assets held for trading and derivatives - except when ITAÚ UNIBANCO HOLDING designates these hybrid contracts as a whole as fair value through profit or loss.

Derivatives can be designated as hedging instruments under hedge accounting and in the event they qualify, depending upon the nature of the hedged item, the method for recognizing gains or losses from changes in fair value will be different. These derivatives, which are used to hedge exposures to risk or modify the characteristics of financial assets and liabilities, and that meet IAS 39 criteria, are recognized as hedge accounting.

In accordance with IAS 39, to qualify for hedge accounting, all of the following conditions are met:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- the hedge is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, consistent with the originally documented risk management strategy for that particular hedging relationship.
- for a cash flow hedge, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.
- the effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.
- the hedge is assessed on an ongoing basis and it is determined that the hedge has in fact been highly effective throughout the periods for which the hedge was designated.

IAS 39 presents three hedge accounting categories: fair value hedge, cash flow hedge, and hedge of net investments in a foreign operation.

ITAÚ UNIBANCO HOLDING uses derivatives as hedging instruments under cash flow hedge strategies, fair value hedge and hedge of net investments, as detailed in Note 9.

#### **Fair value hedge**

For derivatives that are designated and qualify as fair value hedges, the following practices are adopted:

- a) The gain or loss arising from the new measurement of the hedge instrument at fair value should be recognized in income; and
- b) The gain or loss arising from the hedged item, attributable to the effective portion of the hedged risk, should adjust the book value of the hedged item and also be recognized in income.

When the derivative expires or is sold or the hedge no longer meets the accounting hedge criteria or the entity revokes the designation, the entity should prospectively discontinue the accounting hedge. In addition, any adjustment in the book value of the hedged item should be amortized in income.

### **Cash flow hedge**

For derivatives that are designated and qualify as a cash flow hedge, the effective portion of derivative gains or losses are recognized in Other comprehensive income – Cash flow hedge, and reclassified to Income in the same period or periods in which the hedged transaction affects income. The portion of gain or loss on derivatives that represents the ineffective portion or the hedge components excluded from the assessment of effectiveness is recognized immediately in income. Amounts originally recorded in Other comprehensive income and subsequently reclassified to Income are recorded in the corresponding income or expense lines in which the related hedged item is reported.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting and also when ITAU UNIBANCO HOLDING redesignates a hedge, any cumulative gain or loss existing in Other comprehensive income is frozen and is recognized in income when the hedged item is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in Other Comprehensive Income is immediately transferred to the statement of income.

### **Hedge of net investments in foreign operations**

A hedge of a net investment in a foreign operation, including hedge of a monetary item that is accounted for as part of the net investment, is accounted for in a manner similar to a cash flow hedge:

- a) the portion of gain or loss on the hedge instrument determined as effective is recognized in other comprehensive income.
- b) the ineffective portion is recognized in income.

Gains or losses on the hedging instrument related to the effective portion of the hedge which is recognized in comprehensive income are reclassified to the income statement upon the disposal of the investment in the foreign operation.

## **IV - Available-for-sale financial assets**

In accordance with IAS 39, financial assets are classified as available-for-sale when in the Management's judgment they can be sold in response to or in anticipation of changes in market conditions, and that were not classified into the categories of financial assets at fair value through profit or loss, loans and receivables or held to maturity.

Available-for-sale financial assets are initially and subsequently recognized in the consolidated balance sheet at fair value, plus transaction costs. Unrealized gains and losses (except losses for impairment, foreign exchange differences, dividends and interest income) are recognized, net of applicable taxes, in Other comprehensive income. Interest, including the amortization of premiums and discounts, is recognized in the consolidated statement of income under Interest and similar income. The average cost is used to determine the realized Gains and losses on Disposal of available-for-sale financial assets, which are recorded in the consolidated statement of income under Net gain (loss) from financial assets and liabilities – Available-for-sale financial assets. Dividends on available-for-sale assets are recognized in the consolidated statement of income as Dividend income when ITAU UNIBANCO HOLDING is entitled to receive such dividends and inflow of economic benefits is probable.

ITAÚ UNIBANCO HOLDING assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence of impairment, resulting in the recognition of an impairment loss. If any impairment evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income, is recognized in the consolidated statement of income as a reclassification adjustment from Other comprehensive income.

Impairment losses recognized in the consolidated statement of income on equity instruments are not reversed through the statement of income. However, if in a subsequent period the fair value of a debt instrument classified as an available-for-sale financial asset increases and such increase can be objectively related to an event that occurred after the loss recognition, such loss is reversed through the statement of income.

#### **V- Held-to-maturity financial assets**

In accordance with IAS 39, the financial assets classified into the held-to-maturity category are non-derivative financial assets for which ITAÚ UNIBANCO HOLDING has the positive intention and ability to hold to maturity.

These assets are initially recognized at fair value, plus transaction costs, and subsequently measured at amortized cost, using the effective interest rate method (as detailed in item VI below). Interest income, including the amortization of premiums and discounts, is recognized in the consolidated statement of income under Interest and similar income.

When held-to-maturity financial assets are impaired, the loss is recorded as a reduction in the carrying amount through the use of an allowance account and recognized in the consolidated statement of income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the loss was recognized, the previously recognized loss is reversed. The reversal amount is also recognized in the consolidated statement of income.

#### **VI- Loan operations**

Loan operations are initially recognized at fair value, plus transaction costs and are subsequently measured at amortized cost using the effective interest rate method.

The effective interest rate approach is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the discount rate that is applied to future payments or receipts through the expected life of the financial instrument that results in an amount equal to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, ITAÚ UNIBANCO HOLDING estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all commissions paid or received between parties to the contract, transaction costs, and all other premiums or discounts.

ITAÚ UNIBANCO HOLDING classifies a loan operation as on non-accrual status if the payment of the principal or interest has been in default for 60 days or more. When a loan is placed on non-accrual status, the accrual of interest of the loan is discontinued.

When a financial asset or group of similar financial assets is impaired and its carrying amount is reduced through an allowance for loan losses, the subsequent interest income is recognized on the reduced carrying amount using the interest rate used to discount the future cash flows for purposes of measuring the allowance for loan losses.

Our Individuals portfolio consists primarily of vehicle financing to individuals, credit card, personal loans (including mainly consumer finance and overdrafts) and residential mortgage loans. The Corporate portfolio includes loans made to large corporate clients. Our Small / Medium Business Portfolio corresponds to loans to a variety of customers from small to medium-sized companies. The Foreign Loans Latin America is substantially comprised of loans granted to individuals in Argentina, Chile, Paraguay, and Uruguay.

At a corporate level, there are two groups (independent from the business areas) the credit risk group and the finance group, which are responsible for defining the methodologies used to measure the allowance for loan losses and for performing the corresponding calculations on a recurring basis.

The credit risk group and the finance group, at the corporate level, monitor the trends observed in the allowance for loan losses at the portfolio segment level, in addition to establishing an initial understanding of the variables that may trigger changes in the allowance for loan losses, the probability of default or the loss given default.

Once the trends have been identified and an initial assessment of the variables has been made at the corporate level, the business areas are responsible for further analyzing these observed trends at a detailed level and for each portfolio, in order to understand the underlying reasons for the trends observed and for deciding whether changes are required in our credit policies.

## **VII - Lease operations (as lessor)**

When assets are subject to a finance lease, the present value of lease payments is recognized as a receivable in the consolidated balance sheet under Loan operations and Lease Operations.

Initial direct costs when incurred by ITAÚ UNIBANCO HOLDING are included in the initial measurement of the lease receivable, reducing the amount of income to be recognized over the lease period. Such initial costs usually include commissions and legal fees.

The recognition of interest income reflects a constant rate of return on the net investment of ITAÚ UNIBANCO HOLDING and is recognized in the consolidated statement of income under Interest and similar income.

## **VIII- Allowance for loan and lease losses**

### **General**

ITAÚ UNIBANCO HOLDING periodically assesses whether there is any objective evidence that a receivable or group of receivables is impaired. A receivable or group of receivables is impaired and there is a need for recognizing an impairment loss if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows that can be reliably estimated.

The allowance for loan and lease losses is recognized as probable losses inherent in the portfolio at the balance sheet date. The determination of the level of the allowance rests upon various judgments and assumptions, including current economic conditions, loan portfolio composition, prior loan and lease loss experience and evaluation of credit risk related to individual loans. Our process for determining the allowance for loan and lease losses includes Management's judgment and the use of estimates. The adequacy of the allowance is regularly analyzed by Management.

The criteria adopted by ITAÚ UNIBANCO HOLDING for determining whether there is objective evidence of impairment include the following:

- default in principal or interest payment.



- financial difficulties of the debtor and other objective evidence that results in the deterioration of the financial position of the debtor (for example, debt-to-equity ratio, percentage of net sales or other indicators obtained through processes adopted to monitor credit, particularly for retail portfolios).
- breach of loan clauses or terms.
- entering into bankruptcy.
- loss of competitive position of the debtor.

The estimated period between the loss event and its identification is defined by Management for each portfolio of similar receivables. Considering the representativeness of several homogeneous groups, management chose to use a twelve month period as being the most representative. For portfolios of loans that are individually evaluated for impairment this period is at most 12 months, considering the review cycle for each loan operation.

### **Assessment**

ITAÚ UNIBANCO HOLDING first assesses whether objective evidence of impairment exists for receivables that are individually significant, and individually or collectively for receivables that are not individually significant.

To determine the amount of the allowance for individually significant receivables with objective evidence of impairment, methodologies are used that consider both the quality of the client and the nature of the transaction, including its collateral, to estimate the cash flows expected from these loans.

If no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, the asset is included in a group of receivables with similar credit risk characteristics and collectively assessed for impairment. Receivables that are individually assessed for impairment and for which an impairment loss is recognized are not included in the collective assessment. The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

For collectively assessed loans, the calculation of the present value of the estimated future cash flows for which there is collateral reflects the historical performance of the foreclosure and recovery of fair value, considering the cash flows that may arise from foreclosure less costs for obtaining and selling that collateral.

For the purpose of a collective evaluation of impairment, receivables are grouped on the basis of similar credit risk characteristics. The characteristics are relevant to the estimation of future cash flows for such receivables by being indicative of the debtors' ability to pay all amounts due, according to the contractual terms of the receivables being evaluated. Future cash flows in a group of receivables that are collectively evaluated for purposes of identifying the need for recognizing impairment are estimated on the basis of the contractual cash flows of the group of receivables and historical loss experience for receivables with similar credit risk characteristics. The historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

For individually significant receivables with no objective evidence of impairment, ITAÚ UNIBANCO HOLDING classifies these loans into certain rating categories based on several qualitative and quantitative factors applied through internally developed models. Considering the size and the different risk characteristics of each contract, the rating category determined according to internal models can be reviewed and modified by our Corporate Credit Committee, the members of which are executives and officers in corporate credit risk. ITAÚ UNIBANCO HOLDING estimates inherent losses for each rating category considering an internally developed approach for low-default portfolios, that uses our historical experience for building internal models, that are used both to estimate the PD (probability of default) and to estimate the LGD (loss given default.)

To determine the amount of the allowance for individually insignificant items loans are segregated into classes considering the underlying risks and characteristics of each group. The allowance for loan and lease losses is determined for each of those classes through a process that considers historical delinquency and loan loss experience over the most recent years.

## Measurement

The methodology used to measure the allowance for loan and lease losses was developed internally by the credit risk and finance areas at the corporate level. In those areas and considering the different characteristics of the portfolios, different areas are responsible for defining the methodology to measure the allowance for each: Corporate (including loan operations with objective evidence of impairment and individually significant loan operations but with no objective evidence of impairment), Individuals, Small and Medium Businesses, and Foreign Units Latin America. Each of the four portfolio areas responsible for defining the methodology to measure the allowance for loan and lease losses is further divided into groups, including groups that develop the methodology and groups that validate the methodology. A centralized group in the credit risk area is responsible for measuring the allowance on a recurring basis following the methodologies developed and approved for each of the four areas.

The methodology is based on two components to determine the amount of the allowance: The probability of default by the client or counterparty (PD), and the potential economic loss that may occur in the event of default, being the debt that cannot be recovered (LGD) which are applied to the outstanding balance of the loan. Measurement and assessment of these risk components is part of the process for granting credit and for managing the portfolio. The estimated amounts of PD and LGD are measured based on statistical models that consider a significant number of variables which are different for each class and include, among others, income, equity, past loan experiences, level of indebtedness, economic sectors that affect collectability and other attributes of each counterparty and of the economic environment. These models are regularly updated for changes in economic and business conditions.

A model updating process is started when the modeling area identifies that it is not capturing significant effects of the changes of economic conditions, in the performance of the portfolio or when a change is made in the methodology for calculating the allowance for loan and lease losses. When a change in the model is made, the model is validated through back-testing and statistical methods are used to measure its performance through detailed analysis of its documentation, by describing step-by-step how the process is carried out. The models are validated by an area independent from the one developing it, by issuing a technical report on the assumptions used (integrity, consistency, and replicability of the bases) and on the mathematical methodology used. The technical report is subsequently submitted to CTAM (Model assessment technical committee), which is the highest level of approval of model reviews.

Considering the different characteristics of the loans at each of the four portfolio areas (Corporate (with no objective evidence of impairment), Individuals, Small and Medium Businesses, and Foreign Units Latin America), different areas within the corporate credit risk area are responsible for developing and approving the methodologies for loans in each of those four portfolio areas. Management believes that the fact that different areas focus on each of the four portfolios results in increased knowledge, specialization and awareness of the teams as to the factors that are more relevant for each portfolio area in measuring the loan losses. Also considering such different characteristics and other factors, different inputs and information are used to estimate the PD and LGD as further detailed below:

- **Corporate (with no evidence of impairment)** - factors considered and inputs used are mainly the history of the customer relationship with us, the results of analysis of the customer's accounting statements and the information obtained through frequent contacts with its officers, aiming at understanding the strategy and the quality of its management. Additionally, industry and macroeconomic factors are also included in the analysis. All those factors (which are quantitative and qualitative) are used as inputs to the internal model developed to determine the corresponding rating category. This approach is also applied to the corporate credit portfolio outside Brazil.

- **Individuals** – factors considered and inputs used are mainly the history of the customer relationship with us, and information available through credit bureaus (negative information).
- **Small / Medium Businesses** – factors considered and inputs used include, in addition to the history of the customer relationship and credit bureau information about the customer's revenues, industry expertise, and information about its shareholders and officers, among others.
- **Foreign Units – Latin America** – considering the relative smaller size of this portfolio and its more recent nature, the models are simpler and use the past due status and an internal rating of the customer as main factors.

#### **Reversal, write-off, and renegotiation**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is objectively related to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment is reversed. The amount of reversal is recognized in the consolidated statement of Income under Expense for allowance for loan and lease losses.

When a loan is uncollectible, it is written-off in the balance sheet under allowance for loan and lease losses. Write-off as losses occur after 360 days of credits have matured or after 540 days for loans with maturities over 36 months.

In almost all cases for loan products, renegotiated loans require at least one payment to be made under the renegotiated terms in order for it to be removed from nonperforming and nonaccrual status. Renegotiated loans return to nonperforming and nonaccrual status when they reach 60 days past due under the renegotiated terms, which typically corresponds to the borrower missing two or more payments.

#### **IX- Other financial assets**

ITAÚ UNIBANCO HOLDING presents these assets, which composition is detailed in Note 20a, in the consolidated balance sheet initially at fair value and subsequently at amortized cost using the effective interest method.

Interest income is recognized in the consolidated statement of income under Interest and similar income.

#### **X- Financial liabilities at amortized cost**

The financial liabilities that are not classified at fair value through profit or loss are classified into this category and initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Interest expenses are presented in consolidated statement of income under Interest and similar expense.

The following financial liabilities are presented in the consolidated balance sheet and recognized at amortized cost:

- Deposits (See Note 17).
- Securities sold under repurchase agreements (Note 2.4f).
- Funds from interbank markets (Note 19a).
- Funds from institutional markets (Note 19b).
- Liabilities for capitalization plans.
- Other financial liabilities (Note 20b).

## **h) Investments in associates and joint ventures**

### **I – Associates**

In accordance with IAS 28 – “Investments in associates and joint ventures”, associates are those companies in which the investor has significant influence, but does not have control. Significant influence is usually presumed to exist when an interest in voting capital is held from 20% to 50%. Investments in these companies are initially recognized at cost of acquisition and subsequently accounted for using the equity method. Investments in associates and joint ventures include the goodwill identified upon acquisition, net of any cumulative impairment loss.

### **II – Joint arrangements**

Before January 1, 2013, ITAÚ UNIBANCO HOLDING consolidated proportionally its interest held in joint ventures, in conformity with the requirements of IAS 31 – “Interests in joint ventures”. As from that date, ITAÚ UNIBANCO HOLDING adopted IFRS 11 – “Joint arrangements”, thus changing its accounting policy from interest in joint business to the equity method.

In accordance with the IFRS 11, investments in joint business are classified as joint operations or joint ventures. The classification is dependent upon the contractual rights and obligations held by each investor, rather than the legal structure of the joint arrangements.

ITAÚ UNIBANCO HOLDING has assessed the nature of its joint arrangements and concluded that it has both joint operations and joint ventures. There was no change in the accounting treatment for joint operations. For joint ventures, ITAÚ UNIBANCO HOLDING adopted the new policy for interest in joint ventures, in accordance with the IFRS 11 transition provisions.

The effects arising from adopting IFRS 11, which gave rise to a change in the accounting policy, have not had significant impacts on the consolidated financial statements of ITAÚ UNIBANCO HOLDING.

ITAÚ UNIBANCO HOLDING's share in profits or losses of its associates and joint ventures after acquisition is recognized in the consolidated statement of income. Its share of the changes in the reserves of corresponding stockholders' equity of its associates and joint ventures is recognized in its own reserves of stockholders' equity. The cumulative changes after acquisition are adjusted against the carrying amount of the investment. When the ITAÚ UNIBANCO HOLDING share of losses of an associates and joint ventures is equal or above its interest in the associates and joint ventures, including any other receivables, ITAÚ UNIBANCO HOLDING does not recognize additional losses, unless it has incurred any obligations or made payments on behalf of the associates and joint ventures.

Unrealized profits on transactions between ITAÚ UNIBANCO HOLDING and its associates and joint ventures are eliminated to the extent of the interest of ITAÚ UNIBANCO HOLDING. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset. The accounting policies on associates and joint ventures are consistent with the policies adopted by ITAÚ UNIBANCO HOLDING.

If the interest in the associates and joint ventures decreases, but ITAÚ UNIBANCO HOLDING retains significant influence or joint control, only the proportional amount of the previously recognized amounts in Other comprehensive income is reclassified in Income, when appropriate.

Gains and losses from dilution arising from investments in associates and joint ventures are recognized in the consolidated statement of income.

### **i) Lease commitments (as lessee)**

As a lessee, ITAÚ UNIBANCO HOLDING has finance and operating lease agreements.

ITAÚ UNIBANCO HOLDING leases certain fixed assets. Leases of fixed assets, in which ITAÚ UNIBANCO HOLDING substantially holds all risks and rewards incidental to the ownership are classified as finance leases. They are capitalized on the commencement date of the leases at the lower of the fair value of the asset and the present value of the lease future minimum payments.

Each lease installment is allocated partially to the liability and partially to financial charges, so that a constant rate is obtained for the outstanding debt balance. The corresponding obligations, net of future financial charges, are included in Other financial liabilities. The interest expense is recognized in the consolidated statement of income over the lease term, to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Fixed assets acquired through finance lease are depreciated over their useful lives.

Expenses of operating leases are recognized in the consolidated statement of income, on a straight-line basis, over the period of lease.

When an operating lease is terminated before the end of the lease term, any payment to be made to the lessor as a penalty is recognized as an expense in the period the termination occurs.

#### **j) Fixed assets**

In accordance with IAS 16 – “Property, plant and equipment”, fixed assets are recognized at the cost of acquisition less accumulated depreciation, calculated using the straight-line method and rates based on the estimated useful lives of these assets. Such rates are presented in Note 15.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of each year.

ITAÚ UNIBANCO HOLDING reviews its assets in order to identify whether any indications of impairment exist. If such indications are identified, fixed assets are tested for impairment. In accordance with IAS 36 – Impairment of assets, impairment losses are recognized for the difference between the carrying and recoverable amount of an asset (or group of assets), in the consolidated statement of income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. For purposes of assessing impairment, assets are grouped at the lowest level for which independent cash flows can be identified (cash-generating units). The assessment may be made at an individual asset level when the fair value less the cost to sell may be reliably determined.

ITAÚ UNIBANCO HOLDING in the period ended March 31, 2015 and 2014 did not recognize any impairment losses related to fixed assets.

Gains and losses on disposals of fixed assets are recognized in the consolidated statement of income under Other income or General and administrative expenses.

#### **k) Goodwill**

In accordance with IFRS 3 (R) – “Business combinations”, goodwill may arise on an acquisition and represents the excess of the consideration transferred plus non-controlling interest over the net fair value of the net identifiable assets and contingent liabilities of the acquiree. Goodwill is not amortized, but its recoverable amount is tested for impairment annually or when there is any indication of impairment, using an approach that involves the identification of cash-generating units and estimates of fair value less cost to sell and/or value in use.

As defined in IAS 36, a cash-generating unit is the lowest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets or groups of assets. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination.

IAS 36 determines that an impairment loss shall be recognized for a cash-generating unit if the recoverable amount of the cash-generating unit is less than its carrying amount. The loss shall be allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit on a pro rata basis applied to the carrying amount of each asset. The loss cannot reduce the carrying amount of an asset below the higher of its fair value less costs to sell and its value in use. The impairment loss of goodwill cannot be reversed.

Goodwill arising from the acquisition of subsidiaries is presented in the Consolidated Balance Sheet under the line Goodwill.

Goodwill of associates and joint ventures is reported as part of investment in the consolidated balance sheet under Investments in associates and joint ventures, and the impairment test is carried out in relation to the total balance of the investments (including goodwill).

#### **l) Intangible assets**

Intangible assets are non-physical assets, including software and other assets, and are initially recognized at cost. Intangible assets are recognized when they arise from legal or contractual rights, their costs can be reliably measured, and in the case of intangible assets not arising from separate acquisitions or business combinations, it is probable that future economic benefits may arise from their use. The balance of intangible assets refers to acquired assets or those internally generated.

Intangible assets may have finite or indefinite useful lives. Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized, but periodically tested in order to identify any impairment.

ITAÚ UNIBANCO HOLDING semi-annually assesses its intangible assets in order to identify whether any indications of impairment exist, as well as possible reversal of previous impairment losses. If such indications are found, intangible assets are tested for impairment. In accordance with IAS 36, impairment losses are recognized as the difference between the carrying and the recoverable amount of an asset (or group of assets), and recognized in the consolidated statement of income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. For purposes of assessing an impairment, assets are grouped into the minimum level for which cash flows can be identified. The assessment can be made at an individual asset level when the fair value less its cost to sell can be determined reliably.

In the period ended March 31, 2015 and 2014 the ITAÚ UNIBANCO HOLDING did not recognize impairment losses related to acquisition of rights to credit payroll, association for the promotion and offer of financial products and services and development of software, caused by results below expectations.

As set forth in IAS 38, ITAÚ UNIBANCO HOLDING elected the cost model to measure its intangible assets after its initial recognition.

#### **m) Assets held for sale**

Assets held for sale are recognized in the balance sheet when they are actually repossessed or there is intention to sell. These assets are initially recorded at the lower of: (i) the fair value of the asset less the estimated selling expenses, or (ii) the carrying amount of the related asset held for sale.

Subsequent reductions in the carrying value of such assets are recorded as a loss due to decreases in fair value less costs to sell, in the consolidated statement of income under General and administrative expenses. In the case of recovery of the fair value less cost to sell, the recognized losses can be reversed.

## n) Income tax and social contribution

There are two components of the provision for income tax and social contribution: current and deferred.

Current income tax expense approximates taxes to be paid or recovered for the applicable period. Current assets and liabilities are recorded in the balance sheet under Tax assets – income tax and Social contribution - current and Tax liabilities assets – income tax and Social contribution – current, respectively.

Deferred income tax and social contribution represented by deferred tax assets and liabilities are obtained based on the differences between the tax bases of assets and liabilities and the amounts reported in the financial statements at each year end. The tax benefit of tax loss carryforwards is recognized as an asset. Deferred tax assets are only recognized when it is probable that future taxable income will be available for offset. Deferred tax assets and liabilities are recognized in the balance sheet under Tax assets – Income tax and social contribution – Deferred and Tax liabilities – Income tax and social contribution - Deferred, respectively.

Income tax and social contribution expense is recognized in the consolidated statement of income under Income tax and social contribution, except when it refers to items directly recognized in Other comprehensive income, such as: deferred tax on fair value measurement of available-for-sale financial assets, and tax on cash flow hedges. Deferred taxes of such items are initially recognized in other comprehensive income and subsequently recognized in Income together with the recognition of the gain / loss originally deferred.

Changes in tax legislation and rates are recognized in the consolidated statement of income under Income tax and social contribution in the period in which they are enacted. Interest and fines are recognized in the consolidated statement of income under General and administrative expenses. Income tax and social contribution are calculated at the rates shown below, considering the respective taxable bases, based on the current legislation related to each tax, which in the case of the operations in Brazil are for all the reporting periods as follows:

	<b>03/31/2015</b>
Income tax	15.00%
Additional income tax	10.00%
Social contribution <sup>(*)</sup>	15.00%

*(\*) For non-financial operations consolidated in the financial statements the social contribution rate regards 9.00%.*

To determine the proper level of provisions for taxes to be maintained for uncertain tax positions, a two-phased approach was applied, according to which a tax benefit is recognized if it is more probable than not that a position can be sustained. The benefit amount is then measured to be the highest tax benefit which probability of realization is over 50%.

## o) Insurance contracts and private pension

IFRS 4 – “Insurance contracts” defines insurance contracts as contracts under which the issuer accepts a significant insurance risk of the counterparty, by agreeing to compensate it if a specified uncertain future event adversely affects it.

ITAÚ UNIBANCO HOLDING, through its subsidiaries, issues contracts to clients that have insurance risks, financial risks or a combination of both. A contract under which ITAÚ UNIBANCO HOLDING accepts significant insurance risks from its clients and agrees to compensate them upon the occurrence of a specified uncertain future event is classified as an insurance contract. The insurance contract may also transfer a financial risk, but is accounted for as an insurance contract, should the insurance risk be significant.

As permitted by IFRS 1, upon adoption of IFRS for the first time, ITAÚ UNIBANCO HOLDING elected not to change its accounting policies for insurance contracts, which follow accounting practices adopted in Brazil (“BRGAAP”).

Investment contracts are those that transfer a significant financial risk. Financial risk is the risk of a future change in one or more variables, such as interest rate, price of financial assets, price of commodities, foreign exchange rate, index of prices or rates, credit risk rating, credit index or other variable.

Investment contracts may be reclassified as insurance contracts after their initial classification, should the insurance risk become significant.

Investment contracts with discretionary participation features are financial instruments, but they are treated as insurance contracts, as established by IFRS 4.

Once the contract is classified as an insurance contract, it remains as such until the end of its life, even if the insurance risk is significantly reduced during such period, unless all rights and obligations are extinguished or expired.

Note 30 presents a detailed description of all products classified as insurance contracts.

### **Private pension plans**

In accordance with IFRS 4, an insurance contract is one that exposes its issuer to a significant insurance risk. An insurance risk is significant only if the insurance event could cause an issuer to pay significant additional benefits in any scenario, except for those that do not have commercial substance. Additional benefits refer to amounts that exceed those that would be payable if no insured event occurred.

Contracts that contemplate retirement benefits after an accumulation period (known as PGBL, VGBL and FGB) assure, at the commencement date of the contract, the basis for calculating the retirement benefit (mortality table and minimum interest). The contracts specify the annuity fees and, therefore, the contract transfers the insurance risk to the issuer at the commencement date, and they are classified as insurance contracts.

The payment of additional benefits is considered significant in all scenarios with commercial substance, since survival of the beneficiary may exceed the survival estimates in the actuarial table used to define the benefit agreed in the contract. The option of conversion into a fixed amount to be paid for the life of the beneficiary is not available. All contracts give the right to the counterparty to choose a life annuity benefit.

### **Insurance premiums**

Insurance premiums are recognized by issuing an insurance policy or over the period of the contracts in proportion to the amount of the insurance coverage. Insurance premiums are recognized as income in the consolidated statement of income.

If there is evidence of impairment losses with respect to receivables for insurance premiums, ITAÚ UNIBANCO HOLDING recognizes a provision, sufficient to cover this loss, based on the risk analysis of realization of insurance premiums receivable with installments overdue for over 60 days.

### **Reinsurance**

Reinsurance premiums are recognized over the same period in which the related insurance premiums are recognized in the consolidated statement of income.

In the ordinary course of business, ITAÚ UNIBANCO HOLDING reinsures a portion of the risks underwritten, particularly property and casualty risks that exceed the maximum limits of responsibility that we determine to be appropriate for each segment and product (after a study which considers size, experience, specificities, and the necessary capital to support these limits). These reinsurance agreements allow the recovery of a portion of the losses from the reinsurer, although they do not release the insurer from the main obligation as direct insurer of the risks contemplated in the reinsurance.

Reinsurance assets are valued according to consistent basis of risk assignment contracts, and in the event of losses effectively paid are revalued after 365 days elapse in relation to the possibility of non-recovery of such losses. In the event of doubt, these assets are reduced based on the provision recognized for credit risk associated to reinsurance.



### **Acquisition costs**

Acquisition costs include direct and indirect costs related to the origination of insurance. These costs, except for the commissions paid to brokers and others, are expensed directly in income as incurred. Commissions, on the other hand, are deferred and expensed in proportion to the recognition of the premium revenue, i.e. over the period of the corresponding insurance contract.

### **Liabilities**

Reserves for claims are established based on historical experience, claims in process of payment, estimated amounts of claims incurred but not yet reported, and other factors relevant to the required reserve levels. A liability for premium deficiencies is recognized if the estimated amount of premium deficiencies exceeds deferred acquisition costs. Expenses related to recognition of liabilities for insurance contracts are recognized in the consolidated statement of income under Change in reserves for insurance and private pension.

### **Embedded derivatives**

ITAÚ UNIBANCO HOLDING analyzes all contracts in order to check for any embedded derivatives. In the cases where these derivatives meet the definition of insurance contracts on their own, we do not separate them. We have not identified any embedded derivatives in our insurance contracts, which may be separated or measured at fair value in accordance with IFRS 4 requirements.

### **Liability adequacy test**

IFRS 4 requires that the insurance companies analyze the adequacy of their insurance liabilities in each reporting period through a minimum adequacy test. The liability adequacy test for IFRS was conducted by adopting the current actuarial assumptions for future cash flows of all insurance contracts in force on the balance sheet date.

As a result of this test, if the assessment shows that the carrying amount of the insurance liabilities (less related deferred acquisition costs of contracts and related intangible assets) is lower than the value of the estimated future cash flows, any identified deficiency will have to be recognized in income for the period. In order to perform the adequacy test, insurance contracts are grouped in portfolios that are broadly subject to similar risks and which risks are jointly managed as a single portfolio.

The assumptions used to conduct the liability adequacy test are detailed in Note 30.

### **p) Capitalization plans**

ITAÚ UNIBANCO HOLDING sells capitalization certificates, in which clients deposit specific amounts, depending on the plan, which are redeemable at the original amount plus interest. Clients enter, during the term of the plan, into raffles of cash prizes.

While for regulatory purposes in Brazil they are regulated by the insurance regulator, these plans do not meet the definition of an insurance contract under IFRS 4, and therefore they are classified as a financial liability at amortized cost under IAS 39.

Revenue from capitalization plans is recognized during the period of the contract and measured as the difference between the amount deposited by the client and the amount that ITAÚ UNIBANCO HOLDING has to reimburse.

### **q) Post-employments benefits**

ITAÚ UNIBANCO HOLDING is required to make contributions to government social security and labor indemnity plans, in Brazil and in other countries where it operates, which are expensed in the consolidated statement of income as an integral part of general and administrative expenses, when incurred. Those contributions totaled R\$ (504) from January 1 to March 31, 2015 (R\$ (392) from January 1 to March 31, 2014).

Additionally, ITAÚ UNIBANCO HOLDING also sponsors defined benefit plans and defined contribution plans, accounted for pursuant to IAS 19 – “Employee benefits” up to December 31, 2012 and in accordance with the IAS 19 (revised in June 2011) – “Employee benefits” as from January 1, 2013.

### **Pension plans - Defined benefit plans**

The liability (or asset, as the case may be) recognized in the consolidated balance sheet with respect to the defined benefit plan corresponds to the present value of the defined benefit obligations on the balance sheet date less the fair value of the plan assets. The defined benefit obligation is annually calculated by an independent actuarial consulting company using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated amount of future cash flows of benefit payments based on the Brazilian treasury long term securities denominated in reais and with maturity periods similar to the term of the pension plan liabilities.

The following amounts are recognized in the consolidated statement of income:

- current service cost – defined as the increase in the present value of obligations resulting from employee service in the current period.
- interest on the net amount of assets (liabilities) of defined benefit plans is the change, during the period, in the net amount recognized in assets and liabilities, due to the time elapsed, which comprises the interest income on plan assets, interest expense on the obligations of the defined benefit plan and interest on the asset ceiling effects.

Actuarial gains and losses arise from the non-realization of the actuarial assumptions established in the latest actuarial evaluation as compared to those effectively carried out, as well as the effects from changes in such assumptions. Gains and losses are fully recognized in Other Comprehensive Income.

### **Pension plans - defined contribution**

For defined contribution plans, contributions to plans made by ITAÚ UNIBANCO HOLDING, through pension plan funds, are recognized as an expense when due.

### **Other post-employment benefit obligations**

Certain companies that merged into ITAÚ UNIBANCO HOLDING over the past few years were sponsors of post-employment healthcare benefit plans and ITAÚ UNIBANCO HOLDING is contractual committed to maintain such benefits over specific periods, as well as in relation to the benefits granted due to a judicial ruling.

Similarly to the defined benefit pension plans, these obligations are assessed annually by independent and qualified actuaries, and the costs expected from these benefits are accrued during the length of service. Gains and losses arising from adjustments and changes in actuarial assumptions are debited from or credited to stockholders' equity in other comprehensive income in the period in which they occur.

## **r) Stock-based compensation**

Stock-based compensation is accounted for in accordance with IFRS 2 - “Share-based payment” which requires the entity to measure the value of equity instruments granted, based on their fair value at the option grant date. This cost is recognized during the vesting period of the right to exercise the instruments.

The total amount to be expensed is determined by reference to the fair value of the options granted excluding the impact of any service and non-market performance vesting conditions (notably remaining an employee of the entity over a specified time period). The fulfillment of on-market vesting conditions is included in the assumptions about the number of options that are expected to be exercised. At the end of each period, ITAÚ UNIBANCO HOLDING revises its estimates of the number of options that are expected to be exercised based on non-market vesting conditions. It recognizes the impact of the revision of the original estimates, if any, in the consolidated statement of income, with a corresponding adjustment to stockholders' equity.

When the options are exercised, the ITAÚ UNIBANCO HOLDING treasury shares are generally delivered to the beneficiaries.

The fair value of stock options is estimated by using option pricing models that take into account the exercise price of the option, the current stock price, the risk-free interest rate, the expected volatility of the stock price and the life of the option.

All stock based compensation plans established by ITAÚ UNIBANCO HOLDING correspond to plans that can be settled exclusively through the delivery of shares.

#### s) Financial guarantees

In accordance with IAS 39, the issuer of a financial guarantee contract has an obligation and should recognize it initially at its fair value. Subsequently, this obligation should be measured at: (i) the amount initially recognized less accumulated amortization and (ii) the amount determined pursuant to IAS 37 – “Provisions, contingent liabilities and contingent assets”, whichever is higher.

ITAÚ UNIBANCO HOLDING recognizes the fair value of the guarantees issued in the consolidated balance sheet under Other liabilities. Fair value is generally represented by the fee charged to client for issuing the guarantee. This amount at the issuance date is amortized over the life of the guarantee issued and recognized in the consolidated statement of income under Banking service fees.

After issuance, if based on the best estimate ITAÚ UNIBANCO HOLDING concludes that the occurrence of a loss regarding a guarantee issued is probable, and if the loss amount is higher than the initial fair value less cumulative amortization of the guarantee, a provision is recognized for such amount.

#### t) Provisions, contingent assets and contingent liabilities

These are assessed, recognized and disclosed in accordance with IAS 37. Contingent assets and contingent liabilities are rights and obligations arising from past events for which materialization depends on future events.

Contingent assets are not recognized in the consolidated financial statements, except when the Management of ITAÚ UNIBANCO HOLDING understands that realization is virtually certain which, generally corresponds to lawsuits with favorable rulings, in final and unappealable judgments, withdrawal from lawsuits as a result of a payment in settlement or as a result of an agreement to offset against an existing liability.

Contingent liabilities mainly arise from administrative proceedings and lawsuits, inherent in the ordinary course of business, filed by third parties, former employees and governmental bodies, in connection with civil, labor, and tax and social security claims.

These contingencies are evaluated based on the Management's best estimates, taking into account the opinion of legal counsel when there is a likelihood that financial resources are required to settle the obligations and the amounts can be estimated with reasonable certainty.

Contingent losses are classified as:

- **Probable:** in which liabilities are recognized in the consolidated balance sheet under Provisions.
- **Possible:** in which case they are disclosed in the financial statements but no provision is recorded.
- **Remote:** which require neither a provision nor disclosure.

Contingent liabilities recorded under Provisions and those disclosed as possible are measured using best estimates through the use of models and criteria which allow their appropriate measurement even if there is uncertainty as to their ultimate timing and amount, and the criteria are detailed in Note 32.

The amount of court escrow deposits is adjusted in accordance with current legislation.

Contingent liabilities guaranteed by indemnity clauses provided by third parties, such as in business combinations carried out before the transition date to IFRS, are recognized when a claim is asserted, and a receivable is recognized simultaneously subject to its collectability. For business combinations carried out after the transition date, indemnification assets are recognized at the same time and measured on the same basis as the indemnified item, subject to collectability or contractual limitations on the indemnified amount.

**u) Capital**

Common and preferred shares, which are equivalent to common shares but without voting rights are classified in Stockholders' equity. The additional costs directly attributable to the issue of new shares are included in Stockholders' equity as a deduction from the proceeds, net of taxes.

**v) Treasury shares**

Common and preferred shares repurchased are recorded in Stockholders' equity under Treasury shares at their average purchase price.

Shares that are subsequently sold, such as those sold to grantees under our stock option plan, are recorded as a reduction in treasury shares, measured at the average price of treasury stock held at such date.

The difference between the sale price and the average price of the treasury shares is recorded as a reduction or increase in Additional paid-in capital. The cancellation of treasury shares is recorded as a reduction in Treasury shares against Appropriated reserves, at the average price of treasury shares at the cancellation date.

**w) Dividends and interest on capital**

Pursuant to the Company's bylaws, stockholders are entitled to a mandatory minimum dividend of 25% of net income for the year, as determined in accordance with the corporate law. Minimum dividend amounts established in the bylaws are recorded as liabilities at the end of each year. Any other amount above the mandatory minimum dividend is accounted for as liabilities, when approved by the stockholders at a Stockholder's Meeting. Since January 1, 1996, Brazilian companies have been permitted to attribute a tax-deductible nominal interest rate charge on net equity (called interest on capital.)

Interest on capital is treated for accounting purposes as a dividend, and it is presented as a reduction of stockholders' equity in the consolidated financial statements. The related tax benefit is recorded in the consolidated statement of income.

Dividends have been and continue to be calculated and paid based on the financial statements prepared under Brazilian accounting standards and regulations for financial institutions and not based on these consolidated financial statements prepared under IFRS.

**x) Earnings per share**

Earnings per share are computed by dividing net income attributable to the owners of ITAÚ UNIBANCO HOLDING by the weighted average number of common and preferred shares outstanding for each reporting year. Weighted average shares are computed based on the periods for which the shares were outstanding.

Earnings per share are presented based on the two types of shares issued by ITAÚ UNIBANCO HOLDING. Both types, common and preferred, participate in dividends on substantially the same basis, except that preferred shares are entitled to a priority non-cumulative minimum annual dividend of R\$ 0.022 per share. Earnings per share are computed based on the distributed earnings (dividends and interest on capital) and undistributed earnings of ITAÚ UNIBANCO HOLDING after giving effect to the preference indicated above, without regard to whether the earnings will ultimately be fully distributed. Earnings per share amounts have been determined as if all earnings were distributed and computed following the requirements of IAS 33 – "Earnings per share".

ITAÚ UNIBANCO HOLDING grants stock-based compensation whose dilutive effect is reflected in diluted earnings per share, with the application of the “treasury stock method”. Under the treasury stock method, earnings per share are calculated as if shares under stock-based compensation plans had been issued and as if the assumed proceeds (funds to be received upon exercise of the stock options and the amount of compensation cost attributed to future services and not yet recognized) were used to purchase shares of ITAÚ UNIBANCO HOLDING.

**y) Revenue from services**

ITAÚ UNIBANCO HOLDING provides a number of services to its clients, such as investment management, credit card, investment banking services and certain commercial banking services.

Services related to current accounts are offered to clients either in the format of packages or individually. These revenues are recognized when such services are provided.

Income from credit card commissions arises from the capture of these transactions and allocated to income on their capture and processing date.

Revenue from certain services such as fees from funds management, performance, collection for retail clients and custody, is recognized over the life of the related contracts on a straight-line basis.

The breakdown of the banking service fees is detailed in Note 24.

**z) Segment information**

IFRS 8 – “Operating segments” requires that operating segments are disclosed consistently with information provided to the chief operating decision maker, who is the person or group of persons that allocates resources to the segments and assesses their performance. ITAÚ UNIBANCO HOLDING considers that its Executive Board is the chief operating decision maker.

ITAÚ UNIBANCO HOLDING has three reportable segments: (i) Retail Banking (ii) Wholesale Banking and (iii) Activities with the Market + Corporation.

Segment information is presented in Note 34.

### Note 3 – Business development

#### a) Association with Banco BMG S.A.

On July 9, 2012 ITAÚ UNIBANCO HOLDING entered into an Association Agreement with Banco BMG S.A. ("BMG"), aiming at the offering, distribution and commercialization of payroll debit loans through the incorporation of a financial institution, the Banco Itaú BMG Consignado S.A. ("Itaú BMG Consignado"). After obtaining the previous approval required for starting operations, issued by the Administrative Council for Economic Defense (CADE) on October 17, 2012, the final documents were signed on December 13, 2012 and Banco BMG has been a stockholder of Itaú BMG Consignado since January 7, 2013. The completion of the operation was subject to the approval of the Central Bank of Brazil, which was obtained on April 18, 2013.

As a result of this transaction stockholders' equity attributed to non-controlling stockholders increased by R\$ 303 at the base date of 2013.

On April 29, 2014, an agreement was entered into to establish the combination of payroll loan business of BMG and Itaú BMG Consignado, which was concentrated in Itaú BMG Consignado. In reciprocity for this business combination, on July 25, 2014, a capital increase of Itaú BMG Consignado was carried out, fully subscribed and paid in by BMG in the amount of R\$ 181. The possibility of this combination was already set forth in the investment agreement of December 13, 2012, which governs the association. After this capital increase, ITAÚ UNIBANCO HOLDING will hold a sixty per cent (60%) interest in the total and voting capital of Itaú BMG Consignado and BMG will hold the remaining forty per cent (40%).

Accordingly, as from July 25, 2014 and throughout the period of the Association, Itaú BMG Consignado is exclusive vehicle of BMG and its controlling shareholders for the offer, in the Brazilian territory, of payroll loans, provided that certain exceptions are observed for a maximum period of six (6) months counted from the date on which the capital of Itaú BMG Consignado is increased.

It is estimated that this transaction will not have significant accounting effects on the results of ITAÚ UNIBANCO HOLDING, which will continue to consolidate Itaú BMG Consignado in its financial statements.

#### b) Credicard

On May 14, 2013, ITAÚ UNIBANCO HOLDING, signed with Banco Citibank, a Share and Quotas Purchase Agreement for the acquisition of Banco Credicard and Credicard Promotora de Vendas, including "Credicard" brand, for the amount of R\$ 2,948 million (monetarily adjusted). The completion of this transaction was pending approval by the Central Bank of Brazil, which was obtained on December 12, 2013 and settled on December 20, 2013.

Banco Credicard and Credicard Promotora de Vendas are these entities responsible for the supply and distribution of financial products and services under "Credicard" brand, principally personal loans and credit cards.

In view of this transaction, ITAÚ UNIBANCO HOLDING consolidated Banco Credicard and Credicard Promotora de Vendas in the consolidated financial statements as from December, 2013 to August 31, 2014. Banco Credicard merged with Banco Itaucard S.A. on August 31, 2014.

The allocation of the difference between the amount paid and the allocation of net assets at fair value led to the recognition of goodwill based on expected future profitability, in the amount of R\$ 1,863 million, and other intangible assets.

#### c) BMG Seguradora S.A.

On June 25, 2013, ITAÚ UNIBANCO HOLDING, through Banco Itaú BMG Consignado S.A. ("Itaú BMG Consignado"), which is an entity indirectly controlled by ITAÚ UNIBANCO HOLDING signed a Share Purchase Agreement with controlling shareholders of Banco BMG S.A. ("Sellers") whereby Itaú BMG Consignado agreed to acquire 99.996% of the shares issued by BMG Seguradora S.A.

BMG Seguradora generated R\$ 62.6 million in retained premiums during 2012 and, from January to May 2013, a retained premiums' volume of R\$ 42.4 million, 77% higher than the volume generated during the same period of 2012.

BMG Seguradora signed exclusivity agreements with Banco BMG S.A and with the Itaú BMG Consignado for the purpose of distributing insurance products to be offered jointly with the products distributed by these financial institutions.

The approval by the Central Bank of Brazil was obtained on December 19, 2013 and the transaction was settled on January 27, 2014 in the amount of R\$ 88.1 million. This acquisition has not had any significant accounting impact on the results of ITAÚ UNIBANCO HOLDING, which has consolidated the transaction in its financial statements since January, 2014.

As a result of the study of Purchase Price Allocation - PPA, the allocation of difference between the amount paid and the share in net assets at fair value, resulted in the recognition of a goodwill due to expected future profitability in the amount of R\$ 22.7 million.

#### **d) Citibank N.A. Uruguay Branch**

On June 28, 2013, Itau Unibanco Holding, whereby its subsidiary Banco Itaú Uruguay S.A. ("BIU") executed a binding agreement with Citibank N.A. Uruguay Branch ("Citi") establishing the rules for the acquisition by BIU of the retail business conducted by Citi in Uruguay.

As a result of this transaction, BIU assumed a portfolio of more than 15,000 clients in Uruguay related to the retail business (bank accounts, saving and term deposits). The acquired assets include mainly the credit card operations conducted by Citi in Uruguay under the Visa, Mastercard and Diners brand, which in 2012 represented slightly more than 6% of the Uruguayan market share.

Approval was obtained from applicable regulatory authorities on December 10, 2013.

The allocation of the difference between the amount paid and the allocation of assets and liabilities related to the operation, net at fair value, led to the recognition of goodwill based on expected future profitability and other intangible assets.

#### **e) Partnership with Fiat**

On August 20, 2013, ITAÚ UNIBANCO HOLDING announced that it renewed for another 10 years, by means of its subsidiary Itaú Unibanco S.A., the commercial cooperation agreement entered into with Fiat Group Automobiles S.p.A. and Fiat Automóveis S.A. ("Fiat"). This agreement sets forth: (i) exclusive financing offer in promotional campaigns held by car maker Fiat for the sale of new automobiles; and (ii) the exclusive use of Fiat brand in vehicle-financing related activities.

The amount involved in the transaction is not material for ITAÚ UNIBANCO HOLDING and, therefore, will not cause any material accounting effect in its results.

#### **f) Itaú CorpBanca**

On January 29, 2014, ITAÚ UNIBANCO HOLDING, together with its subsidiary Banco Itaú Chile S.A. ("BIC") entered into an agreement (Transaction Agreement) with CorpBanca ("CorpBanca") and its controlling stockholders ("Corp Group") establishing the terms and conditions to merge the operations of BIC and CorpBanca Chile in Chile and in the other jurisdictions in which CorpBanca operates.

The operation will be realized by means of (i) capital increase of BIC in the amount of US\$ 652 million to be carried out by ITAÚ UNIBANCO HOLDING or one of its subsidiaries, (ii) merger of BIC into CorpBanca, with the cancellation of BIC shares and the issuance of new shares, at the estimated rate of 85,420.07 shares of CorpBanca for each 1 share of BIC, to be approved at the stockholders' meeting of CorpBanca upon the affirmative vote of two thirds (2/3) of shares issued by CorpBanca, so that the interests in the bank resulting from the merger (to be named "Itaú CorpBanca") are 33.58% for ITAÚ UNIBANCO HOLDING and 33.13% for Corp Group, and (iii) subsequent integration of Itaú BBA Colombia S.A. into the operations of Itaú CorpBanca or its subsidiaries.

Itaú CorpBanca will be controlled by ITAÚ UNIBANCO HOLDING, which will enter into a stockholders' agreement with Corp Group when the operation is concluded. This agreement will entitle ITAÚ UNIBANCO HOLDING and Corp Group to appoint members for the Board of Directors of Itaú CorpBanca in accordance to their interests in capital stock, and this group of stockholders will have the privilege of electing the majority of members of the Board of Directors, and ITAÚ UNIBANCO HOLDING will be entitled to elect the majority of these members. The chairman of the Boards of Directors of Itaú CorpBanca and its subsidiaries will be appointed by Corp Group, and their vice-chairman by ITAÚ UNIBANCO HOLDING. The executives of Itaú

CorpBanca and its subsidiaries will be proposed by ITAÚ UNIBANCO HOLDING and ratified by the Board of Directors of Itaú CorpBanca. The stockholders' agreement will also set forth that Corp Group will be entitled to approve, together with ITAÚ UNIBANCO HOLDING, certain strategic matters of Itaú CorpBanca, and it will include provisions on the transfer of shares between ITAÚ UNIBANCO HOLDING and Corp Group, and also to third parties.

It is estimated that this operation will not have significant accounting effects on the results of ITAÚ UNIBANCO HOLDING, which will consolidate Itaú CorpBanca in its financial statements.

The effectiveness of this operation is subject to the satisfaction of certain conditions precedent, including the aforementioned approval by the stockholders' meeting of CorpBanca and regulatory approval in Chile. The operation has already received the approval in Panama, Colombia and Brazil.

#### **g) Major Risk Insurance Operation**

ITAÚ UNIBANCO HOLDING, whereby its subsidiary Itaú Unibanco S.A., signed on July 4th, 2014 a "Share Purchase Agreement" with ACE Ina International Holdings, Ltd. ("ACE") whereby Itaú Unibanco and some of its subsidiaries have undertaken to sell their total stakes in Itaú Seguros Soluções Corporativas S.A. ("ISSC").

ISSC had the ITAÚ UNIBANCO HOLDING's major risk insurance operations, the clients of which were middle market and large corporations with policies representing high insured values. This operation was approved by the Administrative Council for Economic Defense (CADE) on September 15, 2014 and by SUSEP on October 09, 2014.

Based on pro-forma data for December 31, 2013, the major risk insurance operation comprises the following: net equity value of R\$ 364 million, assets of R\$ 5.8 billion and technical reserves of R\$ 4.6 billion.

After certain conditions established in the agreement are fulfilled, ACE paid R\$ 1.515 billion to ITAÚ UNIBANCO HOLDING and its subsidiaries. The transfer of these shares and the financial settlement of the operation were carried out on October 31, 2014, in which the amount paid by ACE is subject to price adjustment according to the difference in the positions of Stockholders' Equity between the pro forma balance sheet date and the closing balance sheet date.

The operation produced an accounting effect, before tax, of R\$ 1.1 billion on fourth quarter ITAÚ UNIBANCO HOLDING's results.

ITAÚ UNIBANCO HOLDING's major risk insurance operations are classified within the "Retail Banking" segment in these Financial Statements.

The sale of this operation reflects ITAÚ UNIBANCO HOLDING's strategy of commercializing the mass-market insurance products typically related to retail banking.

#### **h) Tecnologia Bancária S.A. (TECBAN) – New Shareholders' Agreement**

The subsidiaries of ITAÚ UNIBANCO HOLDING, in conjunction with other financial institutions, on July 17, 2014 signed a new Shareholders Agreement of TecBan that will revoke and substitute the current shareholders agreement as soon as it comes into effect.

In addition to the usual provisions in shareholders agreements such as rules on governance and the transfer of shares, the Shareholders Agreement provides that within approximately 4 (four) years as from the date it comes into effect, the Parties shall have substituted part of their external network of Automatic Teller Machines ("ATM") for Banco24Horas Network ATMs, which are and shall continue to being managed by TecBan. As a general rule, the external ATM network can be considered those ATMs located outside the branch banking environment or where access is not restricted, exclusive or controlled such as for example such equipment installed in shopping centers, gasoline service stations, supermarkets etc.



In line with the worldwide tendency towards best practice in the industry, the Parties constituting Brazil's leading retail banks will consolidate their external ATM networks on the Banco24Horas Network terminals, generating increased efficiency, greater quality and capillarity of customer service. It should also be pointed out that in addition to the Parties, approximately 40 (forty) other banks are clients of TecBan. Consequently, this growth in the Banco24Horas Network will also significantly benefit these institutions and their respective customers.

The operation was approved by the Administrative Council for Economic Defense (CADE) on October 22, 2014, with no restrictions. The effective date of sale and settlement was November 14, 2014.

This operation had no significant accounting effects on the results of ITAÚ UNIBANCO HOLDING.

#### **i) Maxi Pago**

In September 2014 ITAÚ UNIBANCO HOLDING, through its subsidiary Rede (Redecard S.A.), entered into a share purchase agreement with the controlling parties of MaxiPago Serviços de Internet S.A., a payments gateway company featuring network interconnection for mobile electronic payments.

Approval was obtained from the Central Bank on December 15, 2014, and preconditions were fulfilled on January 8, 2015. This agreement provides for the acquisition of 35,261 common shares of MaxiPago, which represents 75% of total stock and voting capital.

This operation had no significant effects on the results of ITAÚ UNIBANCO HOLDING.

#### **j) MCC Securities and MCC Corredora de Bolsa**

In July 2011 ITAÚ UNIBANCO HOLDING, through its subsidiary in Chile, entered into a share purchase agreement with MCC Inversiones Globales (MCC Inversiones) and MCC Beneficial Owners (Chilean Individuals), by which it agreed to gradually acquire the total shares of MCC Securities.

In June 2012 ITAÚ UNIBANCO HOLDING, through its subsidiary in Chile, entered into a share purchase agreement with MCC Inversiones Globales (MCC Inversiones) and MCC Beneficial Owners (Chilean Individuals), by which it agreed to gradually acquire the total shares of MCC Corredora de Bolsa.

In August 2014, the aforementioned parties entered into a new agreement for acquiring in advance the remaining shares of MCC Securities and MCC Corredora de Bolsa for amounts US\$ 32.7 million and US\$ 6.7 million respectively.

Accordingly, with this operation ITAÚ UNIBANCO HOLDING validates its relevant share in the Chilean private banking market, as it now fully consolidates MCC Securities and MCC Corredora de Bolsa in its financial statements from August 2014 onwards.

The final allocation of the difference between the amount paid and the interest in net assets at fair value (Purchase Price Allocation - PPA) will be completed during 2015.

#### **k) Via Varejo**

On October 1, 2014 ITAÚ UNIBANCO HOLDING informed that, in view of the early termination by Via Varejo of the operating agreements for the offer of extended warranty insurance in the "Ponto Frio" and "Casas Bahia" stores, its subsidiary Itaú Seguros S.A. received from Via Varejo the cash amount of R\$ 584 million, mainly related to the refund of amounts disbursed pursuant to these agreements, duly restated.

This operation had no significant effects on the results of ITAÚ UNIBANCO HOLDING.

## **I) MasterCard Brasil Soluções de Pagamento Ltda.**

Itaú Unibanco S.A., entered into an agreement with MasterCard Brasil Soluções de Pagamento Ltda. (“MasterCard”) to create an alliance in the payment solutions market in Brazil (“Strategic Alliance”).

Itaú Unibanco’s purposes when creating the Strategic Alliance are (a) to focus on the expansion of its issue and acquisition business, particularly related to the new payment solutions network, (b) to have access to new payment solutions technologies, (c) to obtain significant scale and efficiency gains, and (d) to benefit from MasterCard’s expertise in the management of payment solution brands.

The effectiveness of the Strategic Alliance is subject to the satisfaction of certain conditions precedent and approval by proper regulatory authorities.

#### Note 4 - Cash and cash equivalents

For purposes of consolidated statements of cash flows, Cash and cash equivalents in this note comprises the following items:

	03/31/2015	12/31/2014
Cash and deposits on demand	18,687	17,527
Interbank deposits	16,403	13,939
Securities purchased under agreements to resell	51,378	93,852
<b>Total</b>	<b>86,468</b>	<b>125,318</b>

Amounts related to interbank deposits and securities purchased under agreements to resell not included in cash equivalents are R\$ 9,500 (R\$ 9,142 at December 31, 2014) and R\$ 149,929 (R\$ 115,066 at December 31, 2014), respectively.

#### Note 5 - Central Bank compulsory deposits

	03/31/2015	12/31/2014
Non-interest bearing deposits	4,332	3,392
Interest-bearing deposits	58,903	59,714
<b>Total</b>	<b>63,235</b>	<b>63,106</b>

#### Note 6 - Interbank deposits and securities purchased under agreements to resell

	03/31/2015			12/31/2014		
	Current	Non-current	Total	Current	Non-current	Total
Interbank deposits	25,114	789	25,903	22,135	946	23,081
Securities purchased under agreements to resell <sup>(*)</sup>	201,307	-	201,307	208,918	-	208,918
<b>Total</b>	<b>226,421</b>	<b>789</b>	<b>227,210</b>	<b>231,053</b>	<b>946</b>	<b>231,999</b>

<sup>(\*)</sup> The amounts of R\$ 8,503 (R\$ 5,945 at December 31, 2014) are pledged in guarantee of operations on BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros and Central Bank and the amounts of R\$ 123,710 (R\$ 88,716 at December 31, 2014) are pledged in guarantee of repurchase agreement transactions, in conformity with the policies described in Note 2.4f.

## Note 7 – Financial assets held for trading and designated at fair value through profit or loss

a) Financial assets held for trading recognized at their fair value are presented in the following table:

	03/31/2015			12/31/2014		
	Cost	Accumulated gain / (loss) reflected in income	Fair value	Cost	Accumulated gain / (loss) reflected in income	Fair value
Investment funds	611	-	611	870	-	870
Brazilian government securities <sup>(1a)</sup>	90,496	(228)	90,268	86,796	(403)	86,393
Brazilian external debt bonds <sup>(1b)</sup>	2,737	11	2,748	1,894	20	1,914
<b>Government securities – abroad <sup>(1c)</sup></b>	<b>1,054</b>	<b>24</b>	<b>1,078</b>	<b>1,502</b>	<b>38</b>	<b>1,540</b>
Argentina	784	23	807	594	34	628
Chile	2	-	2	132	-	132
Colombia	47	1	48	85	3	88
United States	71	-	71	447	1	448
Mexico	13	-	13	3	-	3
Paraguay	83	-	83	128	-	128
Uruguay	51	-	51	41	-	41
Other	3	-	3	72	-	72
<b>Corporate securities <sup>(1d)</sup></b>	<b>43,477</b>	<b>78</b>	<b>43,555</b>	<b>42,207</b>	<b>20</b>	<b>42,227</b>
Shares	2,467	(17)	2,450	2,383	(32)	2,351
Bank deposit certificates	3,448	-	3,448	3,281	-	3,281
Securitized real estate loans	-	-	-	1	-	1
Debentures	4,207	85	4,292	4,203	40	4,243
Eurobonds and other	1,054	10	1,064	1,049	12	1,061
Financial credit bills	31,646	-	31,646	30,711	-	30,711
Promissory notes	641	-	641	577	-	577
Other	14	-	14	2	-	2
<b>Total <sup>(2)</sup></b>	<b>138,375</b>	<b>(115)</b>	<b>138,260</b>	<b>133,269</b>	<b>(325)</b>	<b>132,944</b>

(1) Assets held for trading pledged as collateral of funding transactions of financial institutions and clients were: a) R\$ 8,738 (R\$ 36,544 at December 31, 2014), b) R\$ 2,056 (R\$ 531 at December 31, 2014), c) R\$ 317 (R\$ 249 at December 31, 2014) and d) (R\$ 42 at December 31, 2014), totaling R\$ 11.111 (R\$ 37,366 at December 31, 2014).

(2) In the period, there was no reclassification of held for trading financial assets to other categories of financial assets.

The cost and fair value of financial assets held for trading by maturity are as follows:

	03/31/2015		12/31/2014	
	Cost	Fair value	Cost	Fair value
<b>Current</b>	<b>48,514</b>	<b>48,524</b>	<b>53,436</b>	<b>53,451</b>
Non-stated maturity	3,079	3,061	3,253	3,220
Up to one year	45,435	45,463	50,183	50,231
<b>Non-current</b>	<b>89,861</b>	<b>89,736</b>	<b>79,833</b>	<b>79,493</b>
From one to five years	60,326	60,209	57,278	57,074
From five to ten years	24,991	24,981	16,400	16,279
After ten years	4,544	4,546	6,155	6,140
<b>Total</b>	<b>138,375</b>	<b>138,260</b>	<b>133,269</b>	<b>132,944</b>

Financial assets held for trading include assets with a fair value of R\$ 101,508 (R\$ 97,184 at December 31, 2014) that belong to investment funds wholly owned by Itaú Vida e Previdência S.A. The return of those assets (positive or negative) is fully transferred to customers of our PGBL and VGBL private pension plans whose premiums (less fees charged by us) are used by our subsidiary to purchase quotas of those investment funds.

b) Financial assets designated at fair value through profit or loss are presented in the following table:

	03/31/2015		
	Cost	Accumulated gain/(loss) reflected in income	Fair value
Brazilian external debt bonds	305	7	312
Government securities – abroad	117	(3)	114
<b>Total</b>	<b>422</b>	<b>4</b>	<b>426</b>

  

	12/31/2014		
	Cost	Accumulated gain/(loss) reflected in income	Fair value
Brazilian external debt bonds	601	25	626
Government securities – abroad	109	(2)	107
<b>Total</b>	<b>710</b>	<b>23</b>	<b>733</b>

The cost and fair value by maturity of financial assets designated as fair value through profit or loss were as follows:

	03/31/2015		12/31/2014	
	Cost	Fair value	Cost	Fair value
<b>Current</b>	<b>305</b>	<b>312</b>	<b>468</b>	<b>493</b>
Up to one year	305	312	468	493
<b>Non-current</b>	<b>117</b>	<b>114</b>	<b>242</b>	<b>240</b>
From one to five years	117	114	242	240

## Note 8 – Derivatives

ITAÚ UNIBANCO HOLDING enters into derivative financial instruments with various counterparties to manage its overall exposures and to assist its customers in managing their own exposures.

**Futures** – Interest rate and foreign currency futures contracts are commitments to buy or sell a financial instrument at a future date, at a contracted price or yield and may be settled in cash or through delivery. The notional amount represents the face value of the underlying instrument. Commodity futures contracts or financial instruments are commitments to buy or sell commodities (mainly gold, coffee and orange juice), at a future date, at a contracted price, which are settled in cash. The notional amount represents the quantity of such commodities multiplied by the future price at the contract date. Daily cash settlements of price movements are made for all instruments.

**Forwards** – Interest forward contracts are agreements to exchange payments on a specified future date, based on a market change in interest rates from trade date to contract settlement date. Foreign exchange forward contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed price, at an agreed settlement date. Financial instrument forward contracts are commitments to buy or sell a financial instrument on a future date at a contracted price and are settled in cash.

**Swaps** – Interest rate and foreign exchange swap contracts are commitments to settle in cash at a future date or dates, based on differentials between specified financial indices (either two different interest rates in a single currency or two different rates each in a different currency), as applied to a notional principal amount. Swap contracts presented in Other in the table below correspond substantially to inflation rate swap contracts.

**Options** – Option contracts give the purchaser, for a fee, the right, but not the obligation, to buy or sell within a limited time a financial instrument including a flow of interest, foreign currencies, commodities, or financial instruments at a contracted price that may also be settled in cash, based on differentials between specific indices.

**Credit Derivatives** – Credit derivatives are financial instruments with value relating to the credit risk associated to the debt issued by a third party (the reference entity), which permits that one party (the purchaser of the hedge) transfers the risk to the counterparty (the seller of the hedge). The seller of the hedge should make payments as set forth in the contract when the reference entity undergoes a credit event, such as bankruptcy, default or debt restructuring. The seller of the hedge receives a premium for the hedge, but, on the other hand, assumes the risk that the underlying asset referenced in the contract undergoes a credit event, and the seller would have to make the payment to the purchaser of the hedge, which could be the notional amount of the credit derivative.

The total value of margins pledged in guarantee by ITAÚ UNIBANCO HOLDING was R\$ 5,783 (R\$ 3,826 at December 31, 2014) and was basically comprised of government securities.

The following table shows the composition of derivatives by index:

	Off-balance sheet	Amortized cost	Gains / (losses)	Fair value
	notional amount			
	03/31/2015	03/31/2015	03/31/2015	03/31/2015
<b>Futures contracts</b>	<b>417,429</b>	<b>(151)</b>	<b>111</b>	<b>(40)</b>
<b>Purchase commitments</b>	<b>98,529</b>	<b>(156)</b>	<b>149</b>	<b>(7)</b>
Commodities	106	-	-	-
Indices	57,377	(193)	1	(192)
Interbank market	19,764	47	-	47
Foreign currency	19,473	(10)	146	136
Fixed rate	132	-	2	2
Securities	1,676	-	-	-
Other	1	-	-	-
<b>Commitments to sell</b>	<b>318,900</b>	<b>5</b>	<b>(38)</b>	<b>(33)</b>
Commodities	246	-	-	-
Indices	32,229	125	2	127
Interbank market	135,220	(136)	-	(136)
Foreign currency	148,582	16	(40)	(24)
Fixed rate	50	-	-	-
Securities	2,573	-	-	-
<b>Swap contracts</b>		<b>(7,766)</b>	<b>283</b>	<b>(7,483)</b>
<b>Asset position</b>	<b>302,771</b>	<b>4,557</b>	<b>1,635</b>	<b>6,192</b>
Indices	118,979	320	573	893
Interbank market	68,758	302	432	734
Foreign currency	12,296	2,193	100	2,293
Floating rate	4,647	308	62	370
Fixed rate	98,052	1,433	468	1,901
Securities	21	-	-	-
Other	18	1	-	1
<b>Liability position</b>	<b>310,537</b>	<b>(12,323)</b>	<b>(1,352)</b>	<b>(13,675)</b>
Commodities	23	-	-	-
Indices	88,050	(2,644)	(485)	(3,129)
Interbank market	50,545	(6)	(667)	(673)
Foreign currency	28,226	(5,179)	58	(5,121)
Floating rate	6,932	(202)	(163)	(365)
Fixed rate	136,540	(4,247)	(107)	(4,354)
Securities	87	(45)	12	(33)
Other	134	-	-	-
<b>Option contracts</b>	<b>507,705</b>	<b>580</b>	<b>(660)</b>	<b>(80)</b>
<b>Purchase commitments – long position</b>	<b>89,535</b>	<b>2,357</b>	<b>2,252</b>	<b>4,609</b>
Commodities	614	30	(2)	28
Indices	31,986	65	20	85
Interbank market	4,291	13	(1)	12
Foreign currency	48,140	2,167	1,785	3,952
Floating rate	10	-	-	-
Fixed rate	3	-	-	-
Securities	4,407	76	439	515
Other	84	6	11	17
<b>Commitments to sell – long position</b>	<b>176,873</b>	<b>1,403</b>	<b>47</b>	<b>1,450</b>
Commodities	348	9	11	20
Indices	105,845	144	(42)	102
Interbank market	17,035	9	(6)	3
Foreign currency	46,862	990	(359)	631
Floating rate	99	1	(1)	-
Fixed rate	147	6	-	6
Securities	6,497	244	444	688
Other	40	-	-	-
<b>Purchase commitments – short position</b>	<b>74,531</b>	<b>(1,729)</b>	<b>(3,015)</b>	<b>(4,744)</b>
Commodities	431	(11)	2	(9)
Indices	22,930	(73)	(49)	(122)
Interbank market	4,207	(6)	1	(5)
Foreign currency	43,150	(1,591)	(2,554)	(4,145)
Fixed rate	92	-	-	-
Securities	3,637	(42)	(404)	(446)
Other	84	(6)	(11)	(17)
<b>Commitments to sell – short position</b>	<b>166,766</b>	<b>(1,451)</b>	<b>56</b>	<b>(1,395)</b>
Commodities	488	(30)	(12)	(42)
Indices	106,973	(75)	14	(61)
Interbank market	12,232	(11)	7	(4)
Foreign currency	41,288	(1,104)	482	(622)
Fixed rate	8	-	-	-
Securities	5,737	(231)	(435)	(666)
Other	40	-	-	-

	Off-balance sheet notional amount	Amortized cost	Gains / (losses)	Fair value
	03/31/2015	03/31/2015	03/31/2015	03/31/2015
<b>Forward operations (onshore)</b>	<b>17,442</b>	<b>1,955</b>	<b>14</b>	<b>1,969</b>
<b>Purchases receivable</b>	<b>1,155</b>	<b>1,138</b>	<b>3</b>	<b>1,141</b>
Floating rate	331	315	1	316
Fixed rate	824	823	2	825
<b>Purchases payable</b>	<b>-</b>	<b>(1,139)</b>	<b>-</b>	<b>(1,139)</b>
Floating rate	-	(315)	-	(315)
Fixed rate	-	(824)	-	(824)
<b>Sales receivable</b>	<b>16,054</b>	<b>3,863</b>	<b>17</b>	<b>3,880</b>
Interbank market	12,227	-	16	16
Floating rate	850	848	-	848
Fixed rate	1,047	1,136	-	1,136
Securities	1,930	1,879	1	1,880
<b>Sales deliverable</b>	<b>233</b>	<b>(1,907)</b>	<b>(6)</b>	<b>(1,913)</b>
Interbank market	233	-	-	-
Floating rate	-	(848)	(2)	(850)
Fixed rate	-	(1,059)	(4)	(1,063)
<b>Credit derivatives</b>	<b>12,775</b>	<b>(74)</b>	<b>(96)</b>	<b>(170)</b>
<b>Asset position</b>	<b>5,772</b>	<b>198</b>	<b>22</b>	<b>220</b>
Foreign currency	2,518	196	(37)	159
Fixed rate	1,906	1	3	4
Securities	1,075	1	49	50
Other	273	-	7	7
<b>Liability position</b>	<b>7,003</b>	<b>(272)</b>	<b>(118)</b>	<b>(390)</b>
Foreign currency	2,916	(214)	27	(187)
Fixed rate	1,764	(43)	15	(28)
Securities	2,217	(15)	(156)	(171)
Other	106	-	(4)	(4)
<b>Forwards operations (offshore)</b>	<b>127,651</b>	<b>(428)</b>	<b>65</b>	<b>(363)</b>
<b>Asset position</b>	<b>56,100</b>	<b>3,841</b>	<b>27</b>	<b>3,868</b>
Commodities	255	25	(1)	24
Indices	10	-	-	-
Foreign currency	55,781	3,809	28	3,837
Securities	54	7	-	7
<b>Liability position</b>	<b>71,551</b>	<b>(4,269)</b>	<b>38</b>	<b>(4,231)</b>
Commodities	152	(38)	1	(37)
Indices	60	(5)	-	(5)
Foreign currency	71,338	(4,225)	37	(4,188)
Securities	1	(1)	-	(1)
<b>Swap with USD check</b>	<b>1,809</b>	<b>(401)</b>	<b>(23)</b>	<b>(424)</b>
<b>Asset position – interbank market</b>	<b>704</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liability position - foreign currency</b>	<b>1,105</b>	<b>(401)</b>	<b>(23)</b>	<b>(424)</b>
<b>Check of swap – asset position - foreign currency</b>	<b>1,096</b>	<b>42</b>	<b>185</b>	<b>227</b>
<b>Other derivative financial instruments</b>	<b>13,658</b>	<b>(41)</b>	<b>108</b>	<b>67</b>
<b>Asset position</b>	<b>12,131</b>	<b>2,302</b>	<b>745</b>	<b>3,047</b>
Foreign currency	7,627	2,196	532	2,728
Fixed rate	709	41	59	100
Securities	3,668	65	150	215
Other	127	-	4	4
<b>Liability position</b>	<b>1,527</b>	<b>(2,343)</b>	<b>(637)</b>	<b>(2,980)</b>
Foreign currency	251	(2,342)	(606)	(2,948)
Securities	1,027	(1)	(26)	(27)
Other	249	-	(5)	(5)
	<b>Asset</b>	<b>19,701</b>	<b>4,933</b>	<b>24,634</b>
	<b>Liability</b>	<b>(25,985)</b>	<b>(4,946)</b>	<b>(30,931)</b>
	<b>Total</b>	<b>(6,284)</b>	<b>(13)</b>	<b>(6,297)</b>

**Derivative contracts mature as follows (in days):**

Off-balance sheet – notional amount	0 - 30	31 - 180	181 - 365	Over 365	03/31/2015
Futures contracts	45,895	148,264	68,176	155,094	417,429
Swaps contracts - difference payable	10,816	68,684	34,241	184,473	298,214
Options	186,639	263,639	38,212	19,215	507,705
Forwards (onshore)	7,013	2,575	5,600	2,254	17,442
Credit derivatives	351	2,346	951	9,127	12,775
Forwards (offshore)	54,364	40,037	26,946	6,304	127,651
Swaps with USD check	-	115	5	584	704
Check of swap	-	179	8	909	1,096
Other derivative financial instruments	19	1,452	2,707	9,480	13,658



The following table shows the composition of derivatives by index:

	Off-balance sheet notional amount	Amortized cost	Gains / (losses)	Fair value
	12/31/2014	12/31/2014	12/31/2014	12/31/2014
<b>Futures contracts</b>	<b>331,022</b>	<b>(375)</b>	<b>21</b>	<b>(354)</b>
<b>Purchase commitments</b>	<b>97,931</b>	<b>(694)</b>	<b>48</b>	<b>(646)</b>
Commodities	157	-	-	-
Indices	43,126	(624)	(9)	(633)
Interbank market	29,994	49	-	49
Foreign currency	17,797	(119)	57	(62)
Fixed rate	41	-	-	-
Securities	6,811	-	-	-
Other	5	-	-	-
<b>Commitments to sell</b>	<b>233,091</b>	<b>319</b>	<b>(27)</b>	<b>292</b>
Commodities	341	-	-	-
Indices	19,289	311	5	316
Interbank market	82,595	(117)	1	(116)
Foreign currency	123,068	125	(33)	92
Securities	7,798	-	-	-
<b>Swap contracts</b>		<b>(5,132)</b>	<b>414</b>	<b>(4,718)</b>
<b>Asset position</b>	<b>270,219</b>	<b>4,011</b>	<b>805</b>	<b>4,816</b>
Indices	103,921	588	137	725
Interbank market	68,534	345	456	801
Foreign currency	12,057	1,323	70	1,393
Floating rate	3,763	115	77	192
Fixed rate	81,917	1,640	65	1,705
Securities	16	-	-	-
Other	11	-	-	-
<b>Liability position</b>	<b>275,351</b>	<b>(9,143)</b>	<b>(391)</b>	<b>(9,534)</b>
Commodities	25	-	-	-
Indices	72,197	(2,510)	39	(2,471)
Interbank market	51,284	(71)	(601)	(672)
Foreign currency	24,796	(2,359)	155	(2,204)
Floating rate	5,665	(74)	(129)	(203)
Fixed rate	121,048	(4,065)	131	(3,934)
Securities	88	(41)	12	(29)
Other	248	(23)	2	(21)
<b>Option contracts</b>	<b>503,836</b>	<b>(93)</b>	<b>(92)</b>	<b>(185)</b>
<b>Purchase commitments – long position</b>	<b>88,641</b>	<b>1,120</b>	<b>853</b>	<b>1,973</b>
Commodities	614	17	(2)	15
Indices	35,438	102	(22)	80
Interbank market	12,430	48	34	82
Foreign currency	36,918	898	566	1,464
Floating rate	8	-	-	-
Fixed rate	2	-	-	-
Securities	3,153	49	268	317
Other	78	6	9	15
<b>Commitments to sell – long position</b>	<b>142,059</b>	<b>1,049</b>	<b>(150)</b>	<b>899</b>
Commodities	176	6	7	13
Indices	77,500	163	(1)	162
Interbank market	23,359	44	(42)	2
Foreign currency	30,936	625	(419)	206
Floating rate	163	1	(1)	-
Fixed rate	114	5	-	5
Securities	9,778	205	305	510
Other	33	-	1	1
<b>Purchase commitments – short position</b>	<b>88,218</b>	<b>(1,136)</b>	<b>(910)</b>	<b>(2,046)</b>
Commodities	433	(8)	(1)	(9)
Indices	38,388	(73)	(15)	(88)
Interbank market	7,380	(33)	(31)	(64)
Foreign currency	34,500	(990)	(579)	(1,569)
Fixed rate	68	-	-	-
Securities	7,371	(26)	(275)	(301)
Other	78	(6)	(9)	(15)
<b>Commitments to sell – short position</b>	<b>184,918</b>	<b>(1,126)</b>	<b>115</b>	<b>(1,011)</b>
Commodities	328	(18)	(25)	(43)
Indices	123,694	(92)	(90)	(182)
Interbank market	20,849	(24)	23	(1)
Foreign currency	30,937	(801)	506	(295)
Fixed rate	3	-	-	-
Securities	9,074	(191)	(298)	(489)
Other	33	-	(1)	(1)

	Off-balance sheet notional amount	Amortized cost	Gains / (losses)	Fair value
	12/31/2014	12/31/2014	12/31/2014	12/31/2014
<b>Forwards operations (onshore)</b>	<b>7,939</b>	<b>1,723</b>	<b>(11)</b>	<b>1,712</b>
<b>Purchases receivable</b>	<b>162</b>	<b>163</b>	<b>1</b>	<b>164</b>
Floating rate	66	65	1	66
Fixed rate	94	96	-	96
Securities	2	2	-	2
<b>Purchases payable</b>	<b>-</b>	<b>(162)</b>	<b>-</b>	<b>(162)</b>
Floating rate	-	(65)	-	(65)
Fixed rate	-	(95)	-	(95)
Securities	-	(2)	-	(2)
<b>Sales receivable</b>	<b>2,201</b>	<b>2,231</b>	<b>(1)</b>	<b>2,230</b>
Floating rate	122	124	-	124
Fixed rate	386	462	-	462
Securities	1,693	1,645	(1)	1,644
<b>Sales deliverable</b>	<b>5,576</b>	<b>(509)</b>	<b>(11)</b>	<b>(520)</b>
Interbank market	5,576	-	(8)	(8)
Floating rate	-	(124)	(2)	(126)
Fixed rate	-	(385)	(1)	(386)
<b>Credit derivatives</b>	<b>11,161</b>	<b>25</b>	<b>(82)</b>	<b>(57)</b>
<b>Asset position</b>	<b>6,804</b>	<b>178</b>	<b>(56)</b>	<b>122</b>
Foreign currency	1,806	118	(68)	50
Fixed rate	3,932	59	(28)	31
Securities	826	1	34	35
Other	240	-	6	6
<b>Liability position</b>	<b>4,357</b>	<b>(153)</b>	<b>(26)</b>	<b>(179)</b>
Foreign currency	1,790	(110)	57	(53)
Fixed rate	563	(31)	19	(12)
Securities	1,935	(12)	(101)	(113)
Other	69	-	(1)	(1)
<b>Forwards operations (offshore)</b>	<b>101,874</b>	<b>336</b>	<b>77</b>	<b>413</b>
<b>Asset position</b>	<b>54,432</b>	<b>2,078</b>	<b>28</b>	<b>2,106</b>
Commodities	182	14	1	15
Foreign currency	54,212	2,061	27	2,088
Securities	38	3	-	3
<b>Liability position</b>	<b>47,442</b>	<b>(1,742)</b>	<b>49</b>	<b>(1,693)</b>
Commodities	152	(24)	6	(18)
Foreign currency	47,290	(1,717)	43	(1,674)
Securities	-	(1)	-	(1)
<b>Swap with USD check</b>	<b>1,629</b>	<b>(209)</b>	<b>(20)</b>	<b>(229)</b>
<b>Asset position – interbank market</b>	<b>710</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liability position - foreign currency</b>	<b>919</b>	<b>(209)</b>	<b>(20)</b>	<b>(229)</b>
<b>Check of swap – asset position - foreign currency</b>	<b>908</b>	<b>-</b>	<b>93</b>	<b>93</b>
<b>Other derivative financial instruments</b>	<b>11,276</b>	<b>109</b>	<b>22</b>	<b>131</b>
<b>Asset position</b>	<b>6,817</b>	<b>1,504</b>	<b>249</b>	<b>1,753</b>
Foreign currency	2,647	1,399	183	1,582
Fixed rate	628	42	(26)	16
Securities	3,454	63	91	154
Other	88	-	1	1
<b>Liability position</b>	<b>4,459</b>	<b>(1,395)</b>	<b>(227)</b>	<b>(1,622)</b>
Foreign currency	3,474	(1,395)	(209)	(1,604)
Securities	766	-	(14)	(14)
Other	219	-	(4)	(4)
<b>Asset</b>	<b>12,334</b>	<b>1,822</b>	<b>14,156</b>	<b>14,156</b>
<b>Liability</b>	<b>(15,950)</b>	<b>(1,400)</b>	<b>(17,350)</b>	<b>(17,350)</b>
<b>Total</b>	<b>(3,616)</b>	<b>422</b>	<b>(3,194)</b>	<b>(3,194)</b>

**Derivative contracts mature as follows (in days):**

Off-balance sheet - notional amount	0 - 30	31 - 180	181 - 365	Over 365	12/31/2014
Futures contracts	26,358	119,027	47,279	138,358	331,022
Swaps contracts - difference payable	13,374	72,365	22,292	158,177	266,208
Options	231,624	203,454	52,421	16,337	503,836
Forwards (onshore)	2,325	4,455	838	321	7,939
Credit derivatives	291	2,757	500	7,613	11,161
Forwards (offshore)	36,297	42,057	16,510	7,010	101,874
Swap with USD check	-	-	122	588	710
Check of swap	-	-	155	753	908
Other derivative financial instruments	171	868	1,785	8,452	11,276

## Derivative financial instruments

See below the composition of the Derivative financial instruments portfolio (assets and liabilities) by type of instrument, stated fair value, and by maturity.

	03/31/2015							
	Fair value	%	0-30 days	31-90 days	91-180 days	181-365 days	366-720 days	Over 720 days
<b>Assets</b>								
<b>Swaps – difference receivable</b>	<b>6,192</b>	<b>25.1</b>	<b>163</b>	<b>497</b>	<b>137</b>	<b>377</b>	<b>1,278</b>	<b>3,740</b>
BM&FBOVESPA	122	0.5	3	10	3	6	18	82
Companies	4,153	16.9	134	255	63	255	810	2,636
Financial institutions	1,585	6.4	23	42	50	109	414	947
Individuals	332	1.3	3	190	21	7	36	75
<b>Option premiums</b>	<b>6,059</b>	<b>24.7</b>	<b>1,252</b>	<b>1,175</b>	<b>1,380</b>	<b>1,318</b>	<b>362</b>	<b>572</b>
BM&FBOVESPA	2,969	12.1	399	1,385	509	661	6	9
Companies	(61)	(0.2)	60	(1,007)	176	245	160	305
Financial institutions	3,145	12.8	793	791	695	412	196	258
Individuals	6	0.0	-	6	-	-	-	-
<b>Forwards (onshore)</b>	<b>5,021</b>	<b>20.4</b>	<b>3,345</b>	<b>947</b>	<b>638</b>	<b>90</b>	<b>1</b>	<b>-</b>
BM&FBOVESPA	1,896	7.7	279	923	603	90	1	-
Companies	273	1.1	214	24	35	-	-	-
Financial institutions	2,852	11.6	2,852	-	-	-	-	-
<b>Credit derivatives - financial Institutions</b>	<b>220</b>	<b>0.9</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>9</b>	<b>208</b>
<b>Forwards (offshore)</b>	<b>3,868</b>	<b>15.7</b>	<b>787</b>	<b>610</b>	<b>789</b>	<b>1,276</b>	<b>168</b>	<b>238</b>
Companies	1,796	7.3	360	298	332	499	139	168
Financial institutions	2,072	8.4	427	312	457	777	29	70
<b>Check of swap – companies</b>	<b>227</b>	<b>0.9</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>1</b>	<b>-</b>	<b>199</b>
<b>Other</b>	<b>3,047</b>	<b>12.3</b>	<b>3</b>	<b>3</b>	<b>695</b>	<b>1,130</b>	<b>58</b>	<b>1,158</b>
Companies	282	1.1	3	3	5	52	46	173
Financial institutions	2,765	11.2	-	-	690	1,078	12	985
<b>Total (*)</b>	<b>24,634</b>	<b>100.0</b>	<b>5,550</b>	<b>3,233</b>	<b>3,666</b>	<b>4,194</b>	<b>1,876</b>	<b>6,115</b>
% per maturity term			22.5	13.1	14.9	17.0	7.6	24.8

(\*) Of the total asset portfolio of Derivative Financial Instruments, R\$ 16,643 refers to current and R\$ 7,991 to non-current.

## Derivative financial instruments

See below the composition of the Derivative Financial Instruments portfolio (assets and liabilities) by type of instrument, stated fair value and by maturity.

	12/31/2014							
	Fair value	%	0-30 days	31-90 days	91-180 days	181-365 days	366-720 days	Over 720 days
<b>Assets</b>								
<b>Swaps – difference receivable</b>	<b>4,816</b>	<b>34.0</b>	<b>448</b>	<b>150</b>	<b>429</b>	<b>233</b>	<b>643</b>	<b>2,913</b>
BM&FBOVESPA	109	0.8	1	22	12	8	11	55
Companies	2,961	20.8	278	62	186	125	461	1,849
Financial institutions	1,354	9.6	165	53	38	75	128	895
Individuals	392	2.8	4	13	193	25	43	114
<b>Option premiums</b>	<b>2,872</b>	<b>20.2</b>	<b>481</b>	<b>738</b>	<b>384</b>	<b>598</b>	<b>308</b>	<b>363</b>
BM&FBOVESPA	1,713	12.0	140	246	1,138	165	23	1
Companies	(453)	(3.2)	37	45	(1,010)	143	140	192
Financial institutions	1,611	11.4	304	447	255	290	145	170
Individuals	1	0.0	-	-	1	-	-	-
<b>Forwards (onshore)</b>	<b>2,394</b>	<b>16.9</b>	<b>846</b>	<b>832</b>	<b>714</b>	<b>2</b>	<b>-</b>	<b>-</b>
BM&FBOVESPA	1,646	11.6	163	796	685	2	-	-
Companies	406	2.9	341	36	29	-	-	-
Financial institutions	342	2.4	342	-	-	-	-	-
<b>Credit derivatives - financial institutions</b>	<b>122</b>	<b>0.9</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>6</b>	<b>8</b>	<b>107</b>
<b>Forwards (offshore)</b>	<b>2,106</b>	<b>14.9</b>	<b>631</b>	<b>519</b>	<b>287</b>	<b>406</b>	<b>149</b>	<b>114</b>
Companies	914	6.5	101	280	152	195	94	92
Financial institutions	1,190	8.4	530	237	135	211	55	22
Individuals	2	0.0	-	2	-	-	-	-
<b>Check of swap – companies</b>	<b>93</b>	<b>0.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>86</b>
<b>Other</b>	<b>1,753</b>	<b>12.4</b>	<b>2</b>	<b>16</b>	<b>3</b>	<b>986</b>	<b>69</b>	<b>677</b>
Companies	211	1.5	1	3	3	10	59	135
Financial institutions	1,542	10.9	1	13	-	976	10	542
<b>Total (*)</b>	<b>14,156</b>	<b>100.0</b>	<b>2,408</b>	<b>2,255</b>	<b>1,818</b>	<b>2,238</b>	<b>1,177</b>	<b>4,260</b>
<b>% per maturity term</b>			<b>17.0</b>	<b>15.9</b>	<b>12.8</b>	<b>15.8</b>	<b>8.3</b>	<b>30.1</b>

(\*) Of the total asset portfolio of Derivative Financial Instruments, R\$ 8,719 refers to current and R\$ 5,437 to non-current.

	03/31/2015							
	Fair value	%	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	366 - 720 days	Over 720 days
<b>Liabilities</b>								
<b>Futures - BM&amp;FBOVESPA</b>	<b>(40)</b>	<b>0.1</b>	<b>157</b>	<b>(71)</b>	<b>(19)</b>	<b>2</b>	<b>(13)</b>	<b>(96)</b>
<b>Swaps – Difference payable</b>	<b>(13,675)</b>	<b>44.2</b>	<b>(326)</b>	<b>(937)</b>	<b>(793)</b>	<b>(1,258)</b>	<b>(1,579)</b>	<b>(8,782)</b>
BM&FBOVESPA	(383)	1.2	(3)	(166)	(6)	(4)	(140)	(64)
Companies	(6,394)	20.7	(288)	(573)	(693)	(1,009)	(1,088)	(2,743)
Financial institutions	(2,430)	7.9	(26)	(42)	(81)	(204)	(261)	(1,816)
Individuals	(4,468)	14.4	(9)	(156)	(13)	(41)	(90)	(4,159)
<b>Option premiums</b>	<b>(6,139)</b>	<b>19.8</b>	<b>(1,263)</b>	<b>(1,314)</b>	<b>(1,335)</b>	<b>(1,180)</b>	<b>(416)</b>	<b>(631)</b>
BM&FBOVESPA	(1,484)	4.8	(317)	(439)	(291)	(422)	(8)	(7)
Companies	(648)	2.1	(16)	(46)	(100)	(105)	(127)	(254)
Financial institutions	(4,005)	12.9	(930)	(829)	(944)	(651)	(281)	(370)
Individuals	(2)	0.0	-	-	-	(2)	-	-
<b>Forwards (onshore)</b>	<b>(3,052)</b>	<b>9.8</b>	<b>(3,052)</b>	-	-	-	-	-
Companies	(199)	0.6	(199)	-	-	-	-	-
Financial institutions	(2,853)	9.2	(2,853)	-	-	-	-	-
<b>Credit derivatives</b>	<b>(390)</b>	<b>1.2</b>	-	<b>(1)</b>	<b>(16)</b>	<b>(42)</b>	<b>(24)</b>	<b>(307)</b>
Companies	(15)	0.0	-	-	(15)	-	-	-
Financial institutions	(375)	1.2	-	(1)	(1)	(42)	(24)	(307)
<b>Forwards (offshore)</b>	<b>(4,231)</b>	<b>13.6</b>	<b>(1,219)</b>	<b>(868)</b>	<b>(949)</b>	<b>(841)</b>	<b>(229)</b>	<b>(125)</b>
Companies	(2,300)	7.4	(441)	(403)	(560)	(600)	(198)	(98)
Financial institutions	(1,918)	6.2	(777)	(458)	(384)	(241)	(31)	(27)
Individuals	(13)	0.0	(1)	(7)	(5)	-	-	-
<b>Swaps with USD check - Companies</b>	<b>(424)</b>	<b>1.4</b>	-	-	<b>(67)</b>	<b>(3)</b>	-	<b>(354)</b>
<b>Other</b>	<b>(2,980)</b>	<b>9.9</b>	-	<b>(1)</b>	<b>(718)</b>	<b>(1,212)</b>	<b>(23)</b>	<b>(1,026)</b>
Companies	(683)	2.5	-	(1)	(1)	(3)	(10)	(668)
Financial institutions	(2,297)	7.4	-	-	(717)	(1,209)	(13)	(358)
<b>Total (*)</b>	<b>(30,931)</b>	<b>100.0</b>	<b>(5,703)</b>	<b>(3,192)</b>	<b>(3,897)</b>	<b>(4,534)</b>	<b>(2,284)</b>	<b>(11,321)</b>
% per maturity term			18.4	10.3	12.6	14.7	7.4	36.6

(\*) Of the total liability portfolio of Derivative Financial Instruments, R\$ (17,326) refers to current and R\$ (13,605) to non-current.

	12/31/2014							
	Fair value	%	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	366 - 720 days	Over 720 days
<b>Liabilities</b>								
<b>Futures - BM&amp;FBOVESPA</b>	<b>(354)</b>	<b>2.0</b>	<b>29</b>	<b>150</b>	<b>(192)</b>	<b>(207)</b>	<b>(63)</b>	<b>(71)</b>
<b>Swaps – difference payable</b>	<b>(9,534)</b>	<b>55.0</b>	<b>(241)</b>	<b>(335)</b>	<b>(706)</b>	<b>(720)</b>	<b>(778)</b>	<b>(6,754)</b>
BM&FBOVESPA	(367)	2.1	(2)	(20)	(144)	(8)	(15)	(178)
Companies	(3,825)	22.1	(209)	(247)	(355)	(536)	(520)	(1,958)
Financial institutions	(1,552)	9.0	(27)	(40)	(47)	(161)	(155)	(1,122)
Individuals	(3,790)	21.8	(3)	(28)	(160)	(15)	(88)	(3,496)
<b>Option premiums</b>	<b>(3,057)</b>	<b>17.6</b>	<b>(431)</b>	<b>(761)</b>	<b>(534)</b>	<b>(558)</b>	<b>(353)</b>	<b>(420)</b>
BM&FBOVESPA	(545)	3.1	(121)	(194)	(127)	(60)	(43)	-
Companies	(378)	2.2	(9)	(27)	(19)	(55)	(100)	(168)
Financial institutions	(2,133)	12.3	(300)	(540)	(388)	(443)	(210)	(252)
Individuals	(1)	0.0	(1)	-	-	-	-	-
<b>Forwards (onshore)</b>	<b>(682)</b>	<b>4.0</b>	<b>(681)</b>	<b>(1)</b>	-	-	-	-
BM&FBOVESPA	(8)	0.1	(7)	(1)	-	-	-	-
Companies	(332)	1.9	(332)	-	-	-	-	-
Financial institutions	(342)	2.0	(342)	-	-	-	-	-
<b>Credit derivatives</b>	<b>(179)</b>	<b>1.1</b>	-	<b>(1)</b>	-	<b>(14)</b>	<b>(39)</b>	<b>(125)</b>
Companies	(13)	0.1	-	-	-	(13)	-	-
Financial institutions	(166)	1.0	-	(1)	-	(1)	(39)	(125)
<b>Forwards (offshore)</b>	<b>(1,693)</b>	<b>9.7</b>	<b>(404)</b>	<b>(472)</b>	<b>(352)</b>	<b>(343)</b>	<b>(78)</b>	<b>(44)</b>
Companies	(867)	5.0	(146)	(272)	(139)	(214)	(62)	(34)
Financial institutions	(823)	4.7	(258)	(199)	(211)	(129)	(16)	(10)
Individuals	(3)	0.0	-	(1)	(2)	-	-	-
<b>Swaps with USD check – companies</b>	<b>(229)</b>	<b>1.3</b>	-	-	-	<b>(36)</b>	-	<b>(193)</b>
<b>Other</b>	<b>(1,622)</b>	<b>9.3</b>	-	-	<b>(1)</b>	<b>(1,002)</b>	<b>(17)</b>	<b>(602)</b>
Companies	(278)	1.6	-	-	(1)	(2)	(7)	(268)
Financial institutions	(1,344)	7.7	-	-	-	(1,000)	(10)	(334)
<b>Total (*)</b>	<b>(17,350)</b>	<b>100.0</b>	<b>(1,728)</b>	<b>(1,420)</b>	<b>(1,785)</b>	<b>(2,880)</b>	<b>(1,328)</b>	<b>(8,209)</b>
% per maturity term			10.0	8.2	10.3	16.6	7.7	47.3

(\*) Of the total liability portfolio of Derivative Financial Instruments, R\$ (7,813) refers to current and R\$ (9,537) to non-current.

## a) Information on credit derivatives

ITAÚ UNIBANCO HOLDING buys and sells credit protection mainly related to securities of Brazilian listed companies in order to meet the needs of its customers. When ITAÚ UNIBANCO HOLDING sells contracts for credit protection, the exposure for a given reference entity may be partially or totally offset by a credit protection purchase contract of another counterparty for the same reference entity or similar entity. The credit derivatives for which ITAÚ UNIBANCO HOLDING is protection seller are credit default swaps, total return swaps and credit-linked notes.

### Credit Default Swaps – CDS

CDS are credit derivatives in which, upon a credit event related to the reference entity pursuant to the terms of the contract, the protection buyer is entitled to receive, from the protection seller, the amount equivalent to the difference between the face value of the CDS contract and the fair value of the liability on the date the contract was settled, also known as the recovered amount. The protection buyer does not need to hold the debt instrument of the reference entity for it to receive the amounts due pursuant to the CDS contract terms when a credit event occurs.

### Total Return Swap – TRS

TRS is a transaction in which a party swaps the total return of a reference entity or of a basket of assets for regular cash flows, usually interest and a guarantee against capital loss. In a TRS contract, the parties do not transfer the ownership of the assets.

The table below presents the portfolio of credit derivatives in which ITAÚ UNIBANCO HOLDING sells protection to third parties, by maturity, and the maximum potential of future payments, gross of any guarantees, as well as its classification by instrument, risk and reference entity.

<b>03/31/2015</b>					
	<b>Maximum potential of future payments, gross</b>	<b>Before 1 year</b>	<b>From 1 to 3 years</b>	<b>From 3 to 5 years</b>	<b>Over 5 years</b>
<b>By instrument</b>					
CDS	8,405	2,020	2,281	4,037	67
TRS	1,536	1,536	-	-	-
<b>Total by instrument</b>	<b>9,941</b>	<b>3,556</b>	<b>2,281</b>	<b>4,037</b>	<b>67</b>
<b>By risk rating</b>					
Investment grade	9,941	3,556	2,281	4,037	67
<b>Total by risk</b>	<b>9,941</b>	<b>3,556</b>	<b>2,281</b>	<b>4,037</b>	<b>67</b>
<b>By reference entity</b>					
Private entities	9,941	3,556	2,281	4,037	67
<b>Total by entity</b>	<b>9,941</b>	<b>3,556</b>	<b>2,281</b>	<b>4,037</b>	<b>67</b>
<b>12/31/2014</b>					
	<b>Maximum potential of future payments, gross</b>	<b>Before 1 year</b>	<b>From 1 to 3 years</b>	<b>From 3 to 5 years</b>	<b>Over 5 years</b>
<b>By instrument</b>					
CDS	6,829	1,578	2,341	2,644	266
TRS	1,671	1,671	-	-	-
<b>Total by instrument</b>	<b>8,500</b>	<b>3,249</b>	<b>2,341</b>	<b>2,644</b>	<b>266</b>
<b>By risk rating</b>					
Investment grade	8,500	3,249	2,341	2,644	266
<b>Total by risk</b>	<b>8,500</b>	<b>3,249</b>	<b>2,341</b>	<b>2,644</b>	<b>266</b>
<b>By reference entity</b>					
Private entities	8,500	3,249	2,341	2,644	266
<b>Total by entity</b>	<b>8,500</b>	<b>3,249</b>	<b>2,341</b>	<b>2,644</b>	<b>266</b>

ITAÚ UNIBANCO HOLDING assesses the risk of a credit derivative based on the credit ratings attributed to the reference entity by independent credit rating agencies. Investment grade are those entities for which credit risk is rated as Baa3 or higher, as rated by Moody's, and BBB- or higher, according to the ratings of Standard & Poor's and Fitch Ratings. The maximum potential loss that may be incurred with the credit derivative is based on the notional amount of the derivative. ITAÚ UNIBANCO HOLDING believes, based on its historical experience, that the amount of the maximum potential loss does not represent the actual level of loss. This is so because, should there be an event of loss, the amount of maximum potential loss should be reduced from the notional amount by the recoverable amount.

The credit derivatives sold are not covered by guarantees, and during this period, ITAÚ UNIBANCO HOLDING has not incurred any loss related to credit derivative contracts.

The following table presents the notional amount of purchased credit derivatives whose underlying amounts are identical to those for which ITAÚ UNIBANCO HOLDING operates as seller of the credit protection.

<b>03/31/2015</b>			
	<b>Notional amount of credit protection sold</b>	<b>Notional amount of credit protection purchased with identical underlying amount</b>	<b>Net position</b>
CDS	(8,405)	2,834	(5,571)
TRS	(1,536)	-	(1,536)
<b>Total</b>	<b>(9,941)</b>	<b>2,834</b>	<b>(7,107)</b>

<b>12/31/2014</b>			
	<b>Notional amount of credit protection sold</b>	<b>Notional amount of credit protection purchased with identical underlying amount</b>	<b>Net position</b>
CDS	(6,829)	2,661	(4,168)
TRS	(1,671)	-	(1,671)
<b>Total</b>	<b>(8,500)</b>	<b>2,661</b>	<b>(5,839)</b>



**b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements**

The following tables set forth the financial assets and liabilities that are subject to offsetting, enforceable master netting arrangements, as well as how these financial assets and liabilities have been presented in ITAÚ UNIBANCO HOLDING's financial statements. These tables also reflect the amounts of collateral pledged or received in relation to financial assets and liabilities subject to enforceable arrangements that have not been presented on a net basis in accordance with IAS 32.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

03/31/2015						
	Gross amount of recognized financial assets <sup>(1)</sup>	Gross amount offset in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position <sup>(2)</sup>		Net amount
				Financial instruments <sup>(3)</sup>	Cash collateral received	
Securities purchased under agreements to resell	201,307	-	201,307	(815)	-	200,492
Derivatives	25,443	(809)	24,634	(8,377)	-	16,257
12/31/2014						
	Gross amount of recognized financial assets <sup>(1)</sup>	Gross amount offset in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position <sup>(2)</sup>		Net amount
				Financial instruments <sup>(3)</sup>	Cash collateral received	
Securities purchased under agreements to resell	208,918	-	208,918	-	-	208,918
Derivatives	15,039	(883)	14,156	(4,059)	-	10,097

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

03/31/2015						
	Gross amount of recognized financial liabilities <sup>(1)</sup>	Gross amount offset in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position <sup>(2)</sup>		Net amount
				Financial instruments <sup>(3)</sup>	Cash collateral pledged	
Securities sold under repurchase agreements	293,867	-	293,867	(19,387)	-	274,480
Derivatives	30,931	-	30,931	(8,377)	(1,006)	21,548
12/31/2014						
	Gross amount of recognized financial liabilities <sup>(1)</sup>	Gross amount offset in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position <sup>(2)</sup>		Net amount
				Financial instruments <sup>(3)</sup>	Cash collateral pledged	
Securities sold under repurchase agreements	288,683	-	288,683	(14,382)	-	274,301
Derivatives	17,350	-	17,350	(4,059)	(55)	13,236

(1) Includes amounts of master offset agreements and other such agreements, both enforceable and unenforceable.

(2) Limited to amounts subject to enforceable master offset agreements and other such agreements.

(3) Includes amounts subject to enforceable master offset agreements and other such agreements, and guarantees in financial instruments.

Financial assets and financial liabilities are offset in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Derivatives and repurchase agreements not set off in the balance sheet relate to transactions in which there are enforceable master netting agreements or similar agreements, but the offset criteria have not been met in accordance with paragraph 42 of IAS 32 mainly because ITAÚ UNIBANCO HOLDING has no intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## Note 9 – Hedge accounting

Hedge accounting varies depending on the nature of the hedged item and of the transaction. Derivatives may qualify for hedging instrument for accounting purposes if they are designated as hedging instruments under fair value hedges, cash flow hedge or hedge of net investment in foreign operations.

### Cash flow hedge

In order to hedge the variability of future cash flows of interest payments and the exposure to future foreign exchange rate, ITAÚ UNIBANCO HOLDING uses Futures contracts, traded on BM&FBOVESPA and the Chicago Stock Exchange with respect to certain real - denominated variable-interest liabilities and US dollar - denominated variable-interest liabilities, Euro Dollar futures and interest rate swaps with respect to US dollar-denominated redeemable preferred shares issued by one of our subsidiaries, and DDI Future contracts traded on BM&FBOVESPA with respect to US dollar denominated highly probable expected transactions.

Under a DI Futures contract, a net payment (receipt) is made for the difference between a normal amount multiplied by the CDI rate and an amount computed and multiplied by a fixed rate. Under interest rate swap and Euro Dollar futures, a net payment (receipt) is made for the difference between an amount computed and multiplied by LIBOR and a notional amount computed and multiplied by a fixed rate. The gain (loss) from foreign exchange variation in Future DDI, NDF and Forward contracts is calculated by the difference between two periods of the market quotation between the US dollar and local currency.

ITAÚ UNIBANCO HOLDING cash flow hedge strategies consist of the hedge of the exposure to the variability in cash flows and in the foreign exchange on interest payments that are attributable to changes in interest rates with respect to recognized liabilities and changes in the foreign exchange rates of liabilities not recognized.

ITAÚ UNIBANCO HOLDING has applied cash flow hedge strategies as follows:

- Hedge of time deposits and repurchase agreements: hedge of the variability in cash flows of interest payments resulting from changes in the CDI interest rate.
- Hedge of redeemable preferred shares: hedge of the variability in cash flows of interest payments resulting from changes in the LIBOR interest rate.
- Hedge of subordinated certificates of deposit (CDB): hedge of the variability in the cash flows of interest payments resulting from changes in the CDI interest rate.
- Hedge of Highly probable anticipated transaction: Protecting the risk associated to variation in the amount of commitments, when measured in Reais (parent company's functional currency) arising from variations in foreign exchange rates.
- Hedge of Syndicated Loan: hedge the variability in cash flow of interest payments resulting from changes in the LIBOR interest rate.

To evaluate the effectiveness and to measure the ineffectiveness of such strategies, ITAÚ UNIBANCO HOLDING uses the hypothetical derivative method. The hypothetical derivative method is based on a comparison of the change in the fair value of a hypothetical derivative with terms identical to the critical terms of the variable-rate liability, and this change in the fair value of a hypothetical derivative is considered a proxy of the present value of the cumulative change in the future cash flow expected for the hedged liability.

Hedge relationships were designated in 2008, 2009, 2010, 2013 and 2014, and related derivatives will mature between 2015 and 2018. Periods in which expected cash flows should be paid and affect the income statement are as follows:

- Hedge of time deposits and agreements to resell: interest paid/received daily.
- Hedge of redeemable preferred shares: interest paid/received every half year.
- Hedge of Highly probable anticipated transaction: foreign exchange amount paid / received on future dates.
- Hedge of Syndicated Loan: interest paid/received daily.

### Hedge of net investment in foreign operations

ITAÚ UNIBANCO HOLDING strategies of net investments in foreign operations consist of a hedge of the exposure in foreign currency arising from the functional currency of the foreign operation, with respect to the functional currency of the head office.

To hedge the changes of future cash flows of exchange variation of net investments in foreign operations, ITAÚ UNIBANCO HOLDING uses DDI Futures contracts traded at BM&FBOVESPA, Financial Assets and Forward contracts or NDF contracts entered into by our subsidiaries abroad.

In DDI Future contracts, the gain (loss) from exchange variation is computed as the difference between two periods of market quotation between the US dollar and Real. In the Forward or NDF contracts and Financial Assets, the gain (loss) from exchange variation is computed as the difference between two periods of market quotation between the functional currency and the US dollar.

ITAÚ UNIBANCO HOLDING applies the hedge of net investment in foreign operations as follows:

- To hedge the risk of variation in the investment amount, when measured in Brazilian Reais (the head office's functional currency), arising from changes in exchange rates between the functional currency of the investment abroad and the Brazilian Real.

To evaluate the effectiveness and to measure the ineffectiveness of such strategies, ITAÚ UNIBANCO HOLDING uses the Dollar Offset Method. The Dollar Offset Method is based on a comparison of the change in fair value (cash flow) of the hedge instrument, attributable to changes in exchange rate and gain (loss) arising from the variation in exchange rates, on the amount of investment abroad designated as a hedged item.

Hedge relationships were designated in 2011 and 2012 and the hedge instruments will mature on the sale of investments abroad, which will be in the period when the cash flows of exchange variation are expected to occur and affect the statement of income.

### **Fair value hedge**

The fair value hedge strategy of ITAÚ UNIBANCO HOLDING consists of hedging the exposure to variation of the fair value, of interest receipts, which is attributable to changes in interest rates related to recognized assets and liabilities.

To hedge the variation in market risk in the receipt of interest, ITAÚ UNIBANCO HOLDING uses interest rate swap contracts related to fixed-rate assets and liabilities expressed in *unidad de fomento (CLF)* and expressed in euros and U.S. dollars, issued by subsidiaries in Chile and London, respectively.

Under an interest rate swap contract, net receipt (payment) is made for the difference between the amount computed and multiplied by variable rate and an amount computed and multiplied by a fixed rate.

ITAÚ UNIBANCO HOLDING has applied fair value hedge as follows:

- To protect the risk of variation in the fair value of receipt of interest resulting from variations in the fair value of variable rates involved.

To evaluate the effectiveness and to measure the ineffectiveness of such strategy, ITAÚ UNIBANCO HOLDING uses the percentage approach and dollar offset method:

- The percentage approach is based on the calculation of change in the fair value of the reviewed estimate for the hedged position (hedge item) attributable to the protected risk versus the change in the fair value of the hedged derivative instrument.
- The dollar offset method is calculated based on the difference between the variation of the fair value of the hedging instrument and the variation in the fair value of the hedged item attributed to changes in the interest rate.

Hedge relationships were designated in 2012, 2013 and 2014 and the respective swaps will mature between 2016 and 2029. Receipts (payments) of interest flows are expected to occur on a monthly basis, and they will affect the statement of income.

Following we present gains (or losses) of the effective and ineffective portions of the strategies of cash flow hedge, hedge of net investment in foreign operations and fair value hedge.

#### a) Cash flow hedge

Hedge instruments	03/31/2015		12/31/2014	
	Accumulated effective portion	Ineffective portion	Accumulated effective portion	Ineffective portion
Interest rate futures	1,061	45	793	45
Interest rate swap	-	-	66	-
Foreign exchange rates futures	17	-	-	-
<b>Total</b>	<b>1,078</b>	<b>45</b>	<b>859</b>	<b>45</b>

The effective portion is recognized in the stockholders' equity, under other comprehensive income and the ineffective portion is recognized in the statement of income under net gain (loss) from investment securities and derivatives.

There was no reclassification from other comprehensive income and inclusion in the initial cost of assets related to highly probable anticipated transaction for the period

At March 31, 2015, the gain (loss) related to the cash flow hedge expected to be reclassified from Comprehensive Income to Income in the following 12 months is R\$ (211) (R\$ (213) at March 31,2014).

#### b) Hedge of a net investment in foreign operations

Hedge instrument	03/31/2015		12/31/2014	
	Accumulated effective portion	Ineffective portion	Accumulated effective portion	Ineffective portion
DDI futures	(7,444)	14	(4,641)	25
Forward	493	29	297	22
NDF	1,488	3	1,280	5
Financial assets	(8)	-	(14)	-
<b>Total</b>	<b>(5,471)</b>	<b>46</b>	<b>(3,078)</b>	<b>52</b>

The effective portion is recognized in the stockholders' equity, under other comprehensive income and the ineffective portion is recognized in the statement of income under net gain (loss) from investment securities and derivatives.

DDI Futures is a futures contract in which participants may trade a clean coupon for any period between the first maturity of the futures contract of foreign currency coupon (DDI) and a later maturity.

NDF (Non Deliverable Forward), or Forward Contract of Currency without Physical Delivery is a derivative traded on over-the-counter market, which has the foreign exchange rate of a given currency as its subject.

#### c) Fair value hedge

Hedge instrument used	03/31/2015		12/31/2014	
	Accumulated effective portion	Ineffective portion	Accumulated effective portion	Ineffective portion
Interest rate swap	(103)	-	(60)	-
<b>Total</b>	<b>(103)</b>	<b>-</b>	<b>(60)</b>	<b>-</b>

The effective and ineffective portion are recognized in the statement of income under net gain (loss) from investment securities and derivatives.

The tables below present, for each strategy, the notional amount and the fair value of hedge instruments and the carrying amount of the hedged item:

Strategies	03/31/2015			12/31/2014		
	Hedge instruments		Hedged item	Hedge instruments		Hedged item
	Notional amount	Fair value	Carrying value	Notional amount	Fair value	Carrying value
Hedge of deposits and repurchase agreements	49,121	(105)	49,121	53,198	(92)	53,198
Hedge of redeemable preferred shares	-	-	-	1,044	66	1,044
Hedge of syndicated loan	6,737	(68)	6,737	5,578	(15)	5,578
Hedge of highly probable anticipated transaction	99	17	101	81	-	83
Hedge of net investment in foreign operations <sup>(*)</sup>	18,195	99	10,917	14,764	296	8,858
Hedge of fixed rate loan operations	3,398	107	3,398	2,612	40	2,612
Hedge of structured funding	642	-	642	531	-	531
<b>Total</b>	<b>78,192</b>	<b>50</b>	<b>70,916</b>	<b>77,808</b>	<b>295</b>	<b>71,904</b>

<sup>(\*)</sup> Hedge instruments include the overhedge rate of 40% regarding taxes.

The table below shows the breakdown by maturity of the hedging strategies:

Maturity	Strategies						Total
	Hedge of deposits and repurchase agreements	Hedge of highly probable anticipated transaction	Hedge of net investment in foreign operations <sup>(*)</sup>	Hedge of fixed rate loan operations	Hedge of structured funding	Hedge of syndicated loan	
2015	4,326	99	18,195	-	-	-	22,620
2016	6,819	-	-	276	642	-	7,736
2017	15,998	-	-	224	-	6,737	22,958
2018	19,883	-	-	460	-	-	20,343
2019	1,946	-	-	738	-	-	2,684
2020	-	-	-	80	-	-	80
2021	149	-	-	-	-	-	149
2022	-	-	-	198	-	-	198
2023	-	-	-	189	-	-	189
2025	-	-	-	48	-	-	48
2027	-	-	-	172	-	-	172
2028	-	-	-	521	-	-	521
2029	-	-	-	419	-	-	419
2030	-	-	-	75	-	-	75
<b>Total</b>	<b>49,121</b>	<b>99</b>	<b>18,195</b>	<b>3,398</b>	<b>642</b>	<b>6,737</b>	<b>78,192</b>

<sup>(\*)</sup> Classified as current, since instruments are frequently renewed.

## Note 10 – Available-for-sale financial assets

The fair value and corresponding cost of available-for-sale financial assets are as follows:

	03/31/2015			12/31/2014		
	Cost	Accumulated gain / (loss) reflected in other comprehensive income	Fair value	Cost	Accumulated gain / (loss) reflected in other comprehensive income	Fair value
Investment funds	130	8	138	136	5	141
Brazilian external debt bonds <sup>(1b)</sup>	13,358	(288)	13,070	11,247	(13)	11,234
Brazilian government securities <sup>(1a)</sup>	12,065	(359)	11,706	14,791	(400)	14,391
<b>Government securities – abroad <sup>(1c)</sup></b>	<b>10,663</b>	<b>(44)</b>	<b>10,619</b>	<b>8,692</b>	<b>(73)</b>	<b>8,619</b>
Argentina	3	-	3	-	-	-
Belgium	-	-	-	57	-	57
Chile	1,288	10	1,298	1,128	(9)	1,119
Korea	2,953	-	2,953	1,782	-	1,782
Denmark	2,835	-	2,835	2,699	-	2,699
Spain	1,089	-	1,089	783	-	783
United States	873	1	874	726	-	726
France	141	2	143	131	2	133
Netherlands	170	3	173	149	2	151
Italy	74	1	75	70	-	70
Paraguay	950	(57)	893	911	(62)	849
Uruguay	278	(3)	275	249	(6)	243
Other	9	(1)	8	7	-	7
<b>Corporate securities <sup>(1d)</sup></b>	<b>47,888</b>	<b>106</b>	<b>47,994</b>	<b>43,917</b>	<b>58</b>	<b>43,975</b>
Shares	2,043	13	2,056	1,982	17	1,999
Rural product note	1,264	(24)	1,240	1,431	(23)	1,408
Bank deposit certificates	1,526	5	1,531	1,281	-	1,281
Securitized real estate loans	2,399	32	2,431	2,489	33	2,522
Debentures	21,349	104	21,453	20,187	58	20,245
Eurobonds and others	10,214	45	10,259	6,672	35	6,707
Financial bills	7,817	(67)	7,750	8,063	(58)	8,005
Promissory notes	899	-	899	1,398	(1)	1,397
Other	377	(2)	375	414	(3)	411
<b>Total <sup>(2)</sup></b>	<b>84,104</b>	<b>(577)</b>	<b>83,527</b>	<b>78,783</b>	<b>(423)</b>	<b>78,360</b>

(1) Available-for-sale assets pledged as collateral of funding of financial institutions and Clients were: a) R\$ 1,737 (R\$ 10,321 at December 31, 2014), b) R\$ 10,438 (R\$ 2,081 at December 31, 2014), c) R\$ 165 (R\$ 8 at December 31, 2014) and d) (R\$ 9,840 at December 31, 2014), totaling R\$ 12,340 (R\$ 22,250 at December 31, 2014).

(2) In the period, there was no reclassification of available-for-sale financial assets to other categories of financial assets.

The cost and fair value of available-for-sale financial assets by maturity are as follows:

	03/31/2015		12/31/2014	
	Cost	Fair value	Cost	Fair value
<b>Current</b>	<b>22,848</b>	<b>22,896</b>	<b>22,176</b>	<b>22,220</b>
Non-stated maturity	2,173	2,195	2,118	2,141
Up to one year	20,675	20,701	20,058	20,079
<b>Non-current</b>	<b>61,256</b>	<b>60,631</b>	<b>56,607</b>	<b>56,140</b>
From one to five years	32,548	32,508	29,853	29,743
From five to ten years	15,424	15,205	12,779	12,650
After ten years	13,284	12,918	13,975	13,747
<b>Total</b>	<b>84,104</b>	<b>83,527</b>	<b>78,783</b>	<b>78,360</b>

#### Note 11 - Held-to maturity financial assets

The amortized cost of held-to-maturity financial assets is as follows:

	03/31/2015	12/31/2014
	Amortized cost	Amortized cost
Corporate securities	14,552	13,549
Brazilian external debt bonds <sup>(1)</sup>	12,332	10,304
Brazilian government securities	10,806	10,555
Government securities – abroad	12	26
<b>Total <sup>(2)</sup></b>	<b>37,702</b>	<b>34,434</b>

*(1) Held-to-maturity financial assets pledged as collateral of funding transactions of financial institutions and clients were R\$ 8,142 (R\$ 6,102 at December 31, 2014).*

*(2) In the period, there was no reclassification of held-to maturity financial assets to other categories of financial assets.*

The interest income from held-to-maturity financial assets was R\$ 828 (R\$ 304 from 01/01 to 03/31/2014).

The fair value of held-to-maturity financial assets is disclosed in Note 31.

The amortized cost of Held-to-Maturity Financial assets by maturity is as follows:

	03/31/2015	12/31/2014
	Amortized cost	Amortized cost
<b>Current</b>	<b>1,009</b>	<b>980</b>
Up to one year	1,009	980
<b>Non-current</b>	<b>36,693</b>	<b>33,454</b>
From one to five years	14,721	13,609
From five to ten years	15,424	11,582
After ten years	6,548	8,263
<b>Total</b>	<b>37,702</b>	<b>34,434</b>

## Note 12 - Loan operations and lease operations portfolio

### a) Composition of loan operations and lease operations

Below is the composition of the carrying amount of loan operations and lease operations by type, sector of debtor, maturity and concentration:

<b>Loan operations and lease operations by type</b>	<b>03/31/2015</b>	<b>12/31/2014</b>
<b>Individuals</b>	<b>187,087</b>	<b>185,953</b>
Credit card	56,331	59,321
Personal loan	29,316	27,953
Payroll loans	44,605	40,525
Vehicles	26,446	29,047
Mortgage loans	30,389	29,107
<b>Corporate</b>	<b>151,409</b>	<b>144,910</b>
<b>Small and medium businesses</b>	<b>81,170</b>	<b>79,912</b>
<b>Foreign loans - Latin America</b>	<b>49,097</b>	<b>41,656</b>
<b>Total loan operations and lease operations</b>	<b>468,763</b>	<b>452,431</b>
Allowance for loan and lease losses	(24,064)	(22,392)
<b>Total loan operations and lease operations, net of allowance for loan and lease losses</b>	<b>444,699</b>	<b>430,039</b>
<b>By maturity</b>	<b>03/31/2015</b>	<b>12/31/2014</b>
Overdue as from 1 day	16,038	13,074
Falling due up to 3 months	127,830	128,365
Falling due more than 3 months but less than 1 year	114,764	111,092
Falling due after 1 year	210,131	199,900
<b>Total loan operations and lease operations</b>	<b>468,763</b>	<b>452,431</b>
<b>By concentration</b>	<b>03/31/2015</b>	<b>12/31/2014</b>
Largest debtor	4,763	4,032
10 largest debtors	26,036	23,646
20 largest debtors	38,275	35,325
50 largest debtors	61,349	58,180
100 largest debtors	83,602	79,617

The breakdown of the Loan and Lease Operations Portfolio by debtor's industry is evidenced in Note 36 item 5.1. Maximum exposure of Financial Assets segregated by business sector.

The accretion of the net present value of impaired loan operations and lease operations and the respective allowance for loan and lease losses are not presented using their gross amounts in the statement of income but on a net basis within interest and similar income. If they were presented at gross amounts, there would be an increase of R\$ 634 and R\$ 494 in interest and similar income as of March 31, 2015 and 2014, respectively, with the same impact on the allowance for loan and lease losses expenses.



**b) Allowance for loan and lease losses**

The changes in the allowance for loan and lease losses are shown in the table below:

Composition of the carrying amount by class of assets	Opening balance 12/31/2014	Write-offs	Net increase / (Reversal)	Closing balance 03/31/2015
<b>Individuals</b>	<b>13,385</b>	<b>(2,843)</b>	<b>2,826</b>	<b>13,368</b>
Credit card	3,740	(1,066)	953	3,627
Personal loans	7,024	(1,225)	1,452	7,251
Payroll loans	1,107	(104)	200	1,203
Vehicles	1,469	(438)	209	1,240
Mortgage loans	45	(10)	12	47
<b>Corporate</b>	<b>2,926</b>	<b>(94)</b>	<b>2,106</b>	<b>4,938</b>
<b>Small and medium businesses</b>	<b>5,373</b>	<b>(1,040)</b>	<b>587</b>	<b>4,920</b>
<b>Foreign loans - Latin America</b>	<b>708</b>	<b>(97)</b>	<b>227</b>	<b>838</b>
<b>Total</b>	<b>22,392</b>	<b>(4,074)</b>	<b>5,746</b>	<b>24,064</b>

Composition of the carrying amount by class of assets	Opening balance 12/31/2013	Write-offs	Net increase / (Reversal)	Closing balance 12/31/2014
<b>Individuals</b>	<b>13,853</b>	<b>(12,668)</b>	<b>12,200</b>	<b>13,385</b>
Credit card	2,952	(3,784)	4,572	3,740
Personal loans	6,488	(5,150)	5,686	7,024
Payroll loans	1,133	(429)	403	1,107
Vehicles	3,245	(3,254)	1,478	1,469
Mortgage loans	35	(51)	61	45
<b>Corporate</b>	<b>1,783</b>	<b>(672)</b>	<b>1,815</b>	<b>2,926</b>
<b>Small and medium businesses</b>	<b>6,085</b>	<b>(4,992)</b>	<b>4,280</b>	<b>5,373</b>
<b>Foreign loans - Latin America</b>	<b>514</b>	<b>(343)</b>	<b>537</b>	<b>708</b>
<b>Total</b>	<b>22,235</b>	<b>(18,675)</b>	<b>18,832</b>	<b>22,392</b>

The composition of the allowance for loan and lease losses by customers sector is shown in the following table:

	03/31/2015	12/31/2014
Public sector	6	6
Industry and commerce	4,629	4,146
Services	4,524	3,682
Natural resources	615	391
Other sectors	20	16
Individuals	14,270	14,151
<b>Total</b>	<b>24,064</b>	<b>22,392</b>

ITAÚ UNIBANCO HOLDING assesses the objective evidence of impairment for loan operations and lease operations on an individual basis for financial assets that are individually significant and, in aggregate, for financial assets that are not individually significant (Note 2.4g VIII).

The composition of the allowance for loan and lease losses by type of assessment for objective evidence of impairment is shown in the following table:

	03/31/2015						12/31/2014					
	Impaired		Not impaired		Total		Impaired		Not impaired		Total	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
<b>I – Individually evaluated</b>												
<b>Corporate (*)</b>	<b>8,561</b>	<b>4,163</b>	<b>142,848</b>	<b>775</b>	<b>151,409</b>	<b>4,938</b>	<b>3,749</b>	<b>1,731</b>	<b>141,161</b>	<b>1,195</b>	<b>144,910</b>	<b>2,926</b>
<b>II- Collectively evaluated</b>												
<b>Individuals</b>	<b>9,569</b>	<b>5,452</b>	<b>177,518</b>	<b>7,916</b>	<b>187,087</b>	<b>13,368</b>	<b>9,727</b>	<b>5,641</b>	<b>176,226</b>	<b>7,744</b>	<b>185,953</b>	<b>13,385</b>
Credit card	3,208	1,882	53,123	1,745	56,331	3,627	3,332	1,944	55,989	1,796	59,321	3,740
Personal loans	3,961	2,664	25,355	4,587	29,316	7,251	3,886	2,619	24,067	4,405	27,953	7,024
Payroll loans	786	171	43,819	1,032	44,605	1,203	626	163	39,899	944	40,525	1,107
Vehicles	1,325	717	25,121	523	26,446	1,240	1,633	897	27,414	572	29,047	1,469
Mortgage loans	289	18	30,100	29	30,389	47	250	18	28,857	27	29,107	45
<b>Small and medium businesses</b>	<b>3,133</b>	<b>2,307</b>	<b>78,037</b>	<b>2,613</b>	<b>81,170</b>	<b>4,920</b>	<b>3,225</b>	<b>2,640</b>	<b>76,687</b>	<b>2,733</b>	<b>79,912</b>	<b>5,373</b>
<b>Foreign loans - Latin America</b>	<b>617</b>	<b>333</b>	<b>48,480</b>	<b>505</b>	<b>49,097</b>	<b>838</b>	<b>505</b>	<b>267</b>	<b>41,151</b>	<b>441</b>	<b>41,656</b>	<b>708</b>
<b>Total</b>	<b>21,880</b>	<b>12,255</b>	<b>446,883</b>	<b>11,809</b>	<b>468,763</b>	<b>24,064</b>	<b>17,206</b>	<b>10,279</b>	<b>435,225</b>	<b>12,113</b>	<b>452,431</b>	<b>22,392</b>

(\*) As detailed in Note 2.4.g.VIII, corporate loans are first evaluated on an individual basis. In the event there is no objective indication of impairment, these are subsequently evaluated on an aggregate basis in accordance with the characteristics of the operation. As a result, an allowance for loan and lease losses for corporate loans is recognized, both in the individual and the aggregate evaluation.

**c) Present value of lease operations**

Below is the analysis of the present value of minimum future payments receivable from finance leases by maturity basically composed of individual operations - vehicles:

	03/31/2015		
	Minimum future payments	Future financial income	Present value
<b>Current</b>	<b>3,810</b>	<b>(713)</b>	<b>3,097</b>
Up to 1 year	3,810	(713)	3,097
<b>Non-current</b>	<b>4,008</b>	<b>(1,068)</b>	<b>2,940</b>
From 1 to 5 years	3,782	(1,036)	2,746
Over 5 years	226	(32)	194
<b>Total</b>	<b>7,818</b>	<b>(1,781)</b>	<b>6,037</b>

  

	12/31/2014		
	Minimum future payments	Future financial income	Present value
<b>Current</b>	<b>4,109</b>	<b>(713)</b>	<b>3,396</b>
Up to 1 year	4,109	(713)	3,396
<b>Non-current</b>	<b>4,133</b>	<b>(1,089)</b>	<b>3,044</b>
From 1 to 5 years	3,947	(1,061)	2,886
Over 5 years	186	(28)	158
<b>Total</b>	<b>8,242</b>	<b>(1,802)</b>	<b>6,440</b>

The allowance for loan and lease losses related to the lease portfolio amounts to: R\$ 256 (R\$ 302 at December 31, 2014).

**d) Sale or transfer of financial assets**

ITAÚ UNIBANCO HOLDING carried out operations related to the sale or transfer of financial assets in which there was the retention of credit risks of the financial assets transferred, through joint obligation clauses. Therefore, such operations remained recorded as loan operations and represent the following amounts at March 31, 2015 and December 31, 2014:

Nature of operation	03/31/2015				12/31/2014			
	Assets		Liabilities (*)		Assets		Liabilities (*)	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Companies – working capital	1,747	1,747	1,747	1,747	1,106	1,106	1,106	1,106
Individuals – mortgage loan	3,246	3,231	3,245	3,217	3,439	3,433	3,438	3,418
<b>Total</b>	<b>4,993</b>	<b>4,978</b>	<b>4,992</b>	<b>4,964</b>	<b>4,545</b>	<b>4,539</b>	<b>4,544</b>	<b>4,524</b>

(\*) Under Interbank Market Debt.

### Note 13 - Investments in associates and joint ventures

a) The following table shows the main investments of ITAÚ UNIBANCO HOLDING:

	Interest % at 03/31/2015		03/31/2015						Market value <sup>(h)</sup>
	Total	Voting	Stockholders' equity	Other Comprehensive Income	Net income	Investment	Equity in earnings		
<b>Associates</b>									
Porto Seguro Itaú Unibanco Participações S.A. <sup>(a) (b)</sup>	42.93	42.93	3,785	(9)	147	2,413	59	3,514	
BSF Holding S.A. <sup>(c)</sup>	49.00	49.00	1,229	-	115	1,185	56	-	
IRB-Brasil Resseguros S.A. <sup>(a) (d)</sup>	15.01	15.01	2,740	5	32	404	5	-	
Other <sup>(e)</sup>	-	-	-	-	-	109	12	-	
<b>Joint Ventures - Other <sup>(f)</sup></b>	-	-	-	-	-	4	(1)	-	
<b>Total</b>	-	-	-	-	-	<b>4,115</b>	<b>131</b>	-	

  

	Interest % at 12/31/2014		12/31/2014						03/31/2014
	Total	Voting	Stockholders' equity	Other comprehensive income	Net income	Investment	Equity in earnings	Market value <sup>(h)</sup>	Equity in earnings
<b>Associates</b>									
Porto Seguro Itaú Unibanco Participações S.A. <sup>(a) (b)</sup>	42.93	42.93	3,647	7	492	2,357	196	2,988	(21)
BSF Holding S.A. <sup>(c)</sup>	49.00	49.00	1,232	-	413	1,187	202	-	43
IRB-Brasil Resseguros S.A. <sup>(a) (d)</sup>	15.01	15.01	3,016	-	890	445	134	-	43
Other <sup>(e)</sup>	-	-	-	-	-	97	36	-	9
<b>Joint Ventures</b>									
MCC Securities Inc <sup>(g)</sup>	-	-	-	-	-	-	-	-	1
Other <sup>(f)</sup>	-	-	-	-	-	4	(3)	-	-
<b>Total</b>	-	-	-	-	-	<b>4,090</b>	<b>565</b>	-	<b>75</b>

(a) For purpose of recording the participation in earnings, at 03/31/2015 the position at 02/28/2015 was used and at 12/31/2014 the position at 11/30/2014 was used, in accordance with IAS 27.

(b) For purposes of market value, the quoted share price of Porto Seguro S.A. was taken into account. The investment included the amounts of R\$ 788 at 03/31/2015 and R\$ 791 at 12/31/2014 that correspond to the difference between the interest in the net assets at fair value of Porto Seguro Itaú Unibanco Participações S.A. and the investment book value.

(c) In May 2012 Itaú Unibanco S.A. acquired 137,004,000 common shares of BSF Holding S.A. (parent company of Banco Carrefour) for R\$ 816 which corresponds to 49% of interest in its capital. The investment amount includes R\$ 583 at 12/31/2014, which correspond to goodwill.

(d) Previously accounted for as a financial instrument. As from the 4th quarter of 2013, after completing the privatization process, ITAÚ UNIBANCO HOLDING started to exercise a significant influence over IRB. Accordingly, as from this date, the investment has been accounted for under the equity method.

(e) At 03/31/2015, includes interest in total capital and voting capital of the following companies: Companhia Uruguaya de Medios de Procesamiento S.A. (38.39% total and voting capital), Rias Redbanc S.A. (20% total and voting capital), Tecnologia Bancária S.A. (24.91% total capital and voting capital). Latosol Empreendimentos e Participação Ltda (32.11% total and voting capital) company settled in December 30, 2014.

(f) At 03/31/2015, includes interest in total capital and voting capital of the following companies: Olimpia Promoção e Serviços S.A. (50% total and voting capital) and includes income not arising from profit subsidiaries.

(g) The total investment was purchased in August 2014.

(h) Disclosed only to public companies.

At March 31, 2015, ITAÚ UNIBANCO HOLDING did not receive / recognize dividends and interest on capital of the unconsolidated companies (at December 31, 2014 received / recognized dividends and interest on capital of the unconsolidated companies being the main Porto Seguro Itaú Unibanco Participações S.A. in the amount of R\$ 336 and IRB - Brasil Resseguros S.A. in the amount of R\$ 46).

## b) Other information

The table below shows the summary of the proportional interest in the aggregate financial information of the investees under the equity method of accounting.

	03/31/2015	12/31/2014	03/31/2014
Total Assets <sup>(*)</sup>	18,241	17,812	16,701
Total Liabilities <sup>(*)</sup>	10,487	9,917	9,312
Total Income <sup>(*)</sup>	3,419	6,907	1,508
Total Expenses <sup>(*)</sup>	(3,126)	(5,112)	(1,170)

*(\*) Represented by IRB-Brasil Resseguros S.A., in the amount of R\$ 13,227 (R\$ 12,933 at December 31, 2014) related to assets, R\$ 10,487 (R\$ 9,917 at December 31, 2014) related to liabilities, R\$ 3,157 (R\$ 5,852 at December 31, 2014) related to income and of R\$ 3,126 (R\$ 4,962 at December 31, 2014) related to expenses.*

The investees do not have contingent liabilities to which ITAÚ UNIBANCO HOLDING is significantly exposed.

## Note 14 – Lease commitments as lease

### a) Finance lease

ITAÚ UNIBANCO HOLDING is the lessee in finance lease contracts of data processing equipment, with the option of purchase or extension, without contingent rental payments or imposed restrictions. The net carrying amount of these assets is R\$ 658 (R\$ 804 at December 31, 2014).

The table below shows the total future minimum payments:

	03/31/2015	12/31/2014
<b>Current</b>	<b>322</b>	<b>394</b>
Up to 1 year	322	394
<b>Non-current</b>	<b>336</b>	<b>410</b>
From 1 to 5 years	336	410
<b>Total future minimum payments</b>	<b>658</b>	<b>804</b>
(-) Future interest	-	-
<b>Present value</b>	<b>658</b>	<b>804</b>

### b) Operating leases

ITAÚ UNIBANCO HOLDING leases many properties, for use in its operations, under standard real estate leases that normally can be cancelled at its option and include renewal options and escalations clauses. No lease agreement imposes any restriction on our ability to pay dividends, enter into further lease agreements or engage in debt or equity financing transactions, and there is no contingent payments related to the agreements.

The expenses related to operating lease agreements recognized under General and Administrative Expenses total R\$ 283 from 01/01 to 03/31/2015 (R\$ 246 from 01/01 to 03/31/2014).

ITAÚ UNIBANCO HOLDING has no relevant sublease contracts.

Minimum payments of initiated and remaining lease agreements with non-cancelable clauses are as follows:

	03/31/2015	12/31/2014
<b>Current</b>	<b>1,122</b>	<b>1,199</b>
Up to 1 year	1,122	1,199
<b>Non-current</b>	<b>5,213</b>	<b>4,213</b>
From 1 to 5 years	3,728	3,539
Over 5 years	1,485	674
<b>Total future minimum payments</b>	<b>6,335</b>	<b>5,412</b>

## Note 15 - Fixed assets

Fixed Assets <sup>(1)</sup>	Real estate in use <sup>(2)</sup>			Other fixed assets <sup>(2)</sup>				Total
	Land	Buildings	Improvements	Installations	Furniture and equipment	EDP systems <sup>(3)</sup>	Other (communication, security and transportation)	
<b>Annual depreciation rates</b>		4%	10%	10 to 20%	10 to 20%	20 to 50%	10 to 20%	
<b>Cost</b>								
<b>Balance at 12/31/2014</b>	<b>1,011</b>	<b>3,578</b>	<b>1,512</b>	<b>1,116</b>	<b>1,791</b>	<b>7,419</b>	<b>773</b>	<b>17,200</b>
Acquisitions	-	24	42	17	109	134	13	339
Disposal	-	-	(49)	-	(21)	(141)	(2)	(213)
Exchange variation	2	27	48	4	20	44	3	148
Other	-	(401)	3	404	(90)	26	-	(58)
<b>Balance at 03/31/2015</b>	<b>1,013</b>	<b>3,228</b>	<b>1,556</b>	<b>1,541</b>	<b>1,809</b>	<b>7,482</b>	<b>787</b>	<b>17,416</b>
<b>Depreciation</b>								
<b>Balance at 12/31/2014</b>	<b>-</b>	<b>(1,695)</b>	<b>(754)</b>	<b>(519)</b>	<b>(504)</b>	<b>(4,538)</b>	<b>(479)</b>	<b>(8,489)</b>
Accumulated depreciation	-	(15)	(62)	(26)	(22)	(255)	(19)	(399)
Disposal	-	-	49	-	8	137	2	196
Exchange variation	-	(6)	(23)	(2)	(10)	(31)	(2)	(74)
Other	-	-	-	-	1	8	-	9
<b>Balance at 03/31/2015</b>	<b>-</b>	<b>(1,716)</b>	<b>(790)</b>	<b>(547)</b>	<b>(527)</b>	<b>(4,679)</b>	<b>(498)</b>	<b>(8,757)</b>
<b>Impairment</b>								
<b>Balance at 12/31/2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions/ assumptions	-	-	-	-	-	-	-	-
Reversals	-	-	-	-	-	-	-	-
<b>Balance at 03/31/2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Book value</b>								
<b>Balance at 03/31/2015</b>	<b>1,013</b>	<b>1,512</b>	<b>766</b>	<b>994</b>	<b>1,282</b>	<b>2,803</b>	<b>289</b>	<b>8,659</b>

(1) The contractual commitments for purchase of the fixed assets totaled R\$ 64, achievable by 2016 (Note 36 - Off balance sheet).

(2) Includes the amount of R\$ 5 related to attached real estate; fixed assets under construction in the amount of R\$ 1,123, consisting of R\$ 200 in real estate in use, R\$ 39 in improvements, and R\$ 884 in equipment.

(3) Includes lease contracts, mainly related to data processing equipment, which are accounted for as lease operations. The asset and the liability are recognized in the Financial Statements.

Fixed assets <sup>(1)</sup>	Real estate in use <sup>(2)</sup>		Other fixed assets <sup>(2)</sup>				Other (communication, security and transportation)	Total
	Land	Buildings	Improvements	Installations	Furniture and equipment	EDP systems <sup>(3)</sup>		
<b>Annual depreciation rates</b>		4%	10%	10 to 20%	10 to 20%	20 to 50%	10 to 20%	
<b>Cost</b>								
<b>Balance at 12/31/2013</b>	<b>1,019</b>	<b>2,999</b>	<b>1,298</b>	<b>1,043</b>	<b>1,095</b>	<b>6,279</b>	<b>725</b>	<b>14,458</b>
Acquisitions	3	563	230	117	946	2,045	62	3,966
Disposal	(1)	(6)	(163)	(9)	(89)	(829)	(5)	(1,102)
Exchange variation	-	(7)	22	4	(12)	4	(11)	-
Other	(10)	29	125	(39)	(149)	(80)	2	(122)
<b>Balance at 12/31/2014</b>	<b>1,011</b>	<b>3,578</b>	<b>1,512</b>	<b>1,116</b>	<b>1,791</b>	<b>7,419</b>	<b>773</b>	<b>17,200</b>
<b>Depreciation</b>								
<b>Balance at 12/31/2013</b>	-	<b>(1,651)</b>	<b>(667)</b>	<b>(439)</b>	<b>(487)</b>	<b>(4,230)</b>	<b>(411)</b>	<b>(7,885)</b>
Accumulated depreciation	-	(58)	(247)	(85)	(79)	(1,098)	(74)	(1,641)
Disposal	-	3	162	2	60	768	4	999
Exchange variation	-	-	1	2	12	(13)	-	2
Other	-	11	(3)	1	(10)	35	2	36
<b>Balance at 12/31/2014</b>	-	<b>(1,695)</b>	<b>(754)</b>	<b>(519)</b>	<b>(504)</b>	<b>(4,538)</b>	<b>(479)</b>	<b>(8,489)</b>
<b>Impairment</b>								
<b>Balance at 12/31/2013</b>	-	-	-	-	<b>(9)</b>	-	-	<b>(9)</b>
Additions/ assumptions	-	-	-	-	-	-	-	-
Reversals	-	-	-	-	9	-	-	9
<b>Balance at 12/31/2014</b>	-	-	-	-	-	-	-	-
<b>Book value</b>								
<b>Balance at 12/31/2014</b>	<b>1,011</b>	<b>1,883</b>	<b>758</b>	<b>597</b>	<b>1,287</b>	<b>2,881</b>	<b>294</b>	<b>8,711</b>

(1) The contractual commitments for purchase of the fixed assets totaled R\$ 67, achievable by 2016 (Note 36 - Off balance sheet).

(2) Includes the amount of R\$ 4 related to attached real estate; fixed assets under construction in the amount of R\$ 2,277, consisting of R\$ 1,358 in real estate in use, R\$ 45 in improvements and R\$ 874 in equipment.

(3) Includes lease contracts, mainly related to data processing equipment, which are accounted for as lease operations. The asset and the liability are recognized in the Financial Statements.

Note 16 - Intangible assets

Intangible assets <sup>(1)</sup>	Other intangible assets					Total
	Acquisition of rights to credit payroll	Association for the promotion and offer of financial products and services	Acquisition of software	Development of software	Other intangible assets	
<b>Amortization rates p.a.</b>	20%	8%	20%	20%	10 to 20%	
<b>Cost</b>						
<b>Balance at 12/31/2014</b>	<b>1,067</b>	<b>1,582</b>	<b>1,965</b>	<b>2,836</b>	<b>791</b>	<b>8,241</b>
Acquisitions	16	-	65	113	15	209
Terminated agreements/ write off	(18)	(13)	(9)	-	(6)	(46)
Exchange variation	-	5	78	-	84	167
Other	(7)	5	43	-	(24)	17
<b>Balance at 03/31/2015</b>	<b>1,058</b>	<b>1,579</b>	<b>2,142</b>	<b>2,949</b>	<b>860</b>	<b>8,588</b>
<b>Amortization <sup>(2)</sup></b>						
<b>Balance at 12/31/2014</b>	<b>(556)</b>	<b>(337)</b>	<b>(918)</b>	<b>(113)</b>	<b>(149)</b>	<b>(2,073)</b>
Amortization expense	(51)	(39)	(84)	(24)	(70)	(268)
Terminated agreements/ write off	18	13	9	-	-	40
Exchange variation	-	(2)	(34)	-	(67)	(103)
Other	-	-	3	(1)	62	64
<b>Balance at 03/31/2015</b>	<b>(589)</b>	<b>(365)</b>	<b>(1,024)</b>	<b>(138)</b>	<b>(224)</b>	<b>(2,340)</b>
<b>Impairment <sup>(3)</sup></b>						
<b>Balance at 12/31/2014</b>	<b>(18)</b>	<b>(2)</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>(34)</b>
Additions / assumptions	-	-	-	-	-	-
Write off	-	-	-	-	-	-
<b>Balance at 03/31/2015</b>	<b>(18)</b>	<b>(2)</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>(34)</b>
<b>Book value</b>						
<b>Balance at 03/31/2015</b>	<b>451</b>	<b>1,212</b>	<b>1,118</b>	<b>2,797</b>	<b>636</b>	<b>6,214</b>

(1) The contractual commitments for the purchase of new intangible assets totaled R\$ 444, achievable by 2016 (Note 36 - Off balance sheet).

(2) All intangible assets have a defined useful life.

(3) Note 2.4I.



Intangible assets <sup>(1)</sup>	Other intangible assets					Total
	Acquisition of rights to credit payroll	Association for the promotion and offer of financial products and services	Acquisition of software	Development of software	Other intangible assets	
<b>Amortization rates p.a.</b>	20%	8%	20%	20%	10 to 20%	
<b>Cost</b>						
<b>Balance at 12/31/2013</b>	<b>1,165</b>	<b>1,688</b>	<b>1,839</b>	<b>2,195</b>	<b>1,019</b>	<b>7,906</b>
Acquisitions	109	36	393	651	10	1,199
Terminated agreements / write off	(214)	(104)	(201)	(10)	(300)	(829)
Exchange variation	-	(2)	(23)	-	43	18
Other	7	(36)	(43)	-	19	(53)
<b>Balance at 12/31/2014</b>	<b>1,067</b>	<b>1,582</b>	<b>1,965</b>	<b>2,836</b>	<b>791</b>	<b>8,241</b>
<b>Amortization <sup>(2)</sup></b>						
<b>Balance at 12/31/2013</b>	<b>(535)</b>	<b>(256)</b>	<b>(868)</b>	<b>(47)</b>	<b>(352)</b>	<b>(2,058)</b>
Amortization expense	(225)	(157)	(324)	(66)	(131)	(903)
Terminated agreements / write off	204	81	201	-	119	605
Exchange variation	-	-	10	-	(34)	(24)
Other	-	(5)	63	-	249	307
<b>Balance at 12/31/2014</b>	<b>(556)</b>	<b>(337)</b>	<b>(918)</b>	<b>(113)</b>	<b>(149)</b>	<b>(2,073)</b>
<b>Impairment <sup>(3)</sup></b>						
<b>Balance at 12/31/2013</b>	<b>(18)</b>	<b>(27)</b>	-	(6)	-	<b>(51)</b>
Additions / assumptions	-	-	-	(8)	-	(8)
Reversals	-	25	-	-	-	25
<b>Balance at 12/31/2014</b>	<b>(18)</b>	<b>(2)</b>	-	<b>(14)</b>	-	<b>(34)</b>
<b>Book value</b>						
<b>Balance at 12/31/2014</b>	<b>493</b>	<b>1,243</b>	<b>1,047</b>	<b>2,709</b>	<b>642</b>	<b>6,134</b>

(1) The contractual commitments for the purchase of new intangible assets totaled R\$ 508, achievable by 2016 (Note 36 - Off balance sheet).

(2) All intangible assets have a defined useful life.

(3) Note 2.4I.

## Note 17 - Deposits

The table below shows the breakdown of deposits:

	03/31/2015			12/31/2014		
	Current	Non-current	Total	Current	Non-current	Total
<b>Interest-bearing deposits</b>	<b>182,197</b>	<b>59,795</b>	<b>241,992</b>	<b>180,207</b>	<b>65,833</b>	<b>246,040</b>
Time deposits	37,094	59,406	96,500	43,136	65,330	108,466
Interbank deposits	27,746	389	28,135	18,622	503	19,125
Savings deposits	117,357	-	117,357	118,449	-	118,449
<b>Non-interest bearing deposits</b>	<b>56,660</b>	<b>-</b>	<b>56,660</b>	<b>48,733</b>	<b>-</b>	<b>48,733</b>
Demand deposits	56,660	-	56,660	48,733	-	48,733
<b>Total</b>	<b>238,857</b>	<b>59,795</b>	<b>298,652</b>	<b>228,940</b>	<b>65,833</b>	<b>294,773</b>

## Note 18 – Financial liabilities held for trading

Financial liabilities held for trading are presented in the following table:

	03/31/2015	12/31/2014
Structured notes		
Shares	61	73
Debt securities	298	447
<b>Total</b>	<b>359</b>	<b>520</b>

The effect of the changes in credit risk of these instruments is not significant at 03/31/2015 and 12/31/2014.

For shares, in view of the characteristics of the instrument, there is no definite value to be paid at the maturity date. For debt securities, the amount to be paid at maturity comprises several exchange rates and indices, and there is no contractual amount for settlement.

The fair value of financial liabilities held for trading by maturity is as follows:

	03/31/2015	12/31/2014
	Cost / Fair value	Cost / Fair value
<b>Current - up to one year</b>	<b>14</b>	<b>220</b>
<b>Non-current</b>	<b>345</b>	<b>300</b>
From one to five years	298	122
From five to ten years	17	149
After ten years	30	29
<b>Total</b>	<b>359</b>	<b>520</b>

**Note 19 – Securities sold under repurchase agreements and interbank and institucional market debts**

**a) Securities sold under repurchase agreements and interbank market debt**

The table below shows the breakdown of funds:

	03/31/2015			12/31/2014		
	Current	Non-current	Total	Current	Non-current	Total
<b>Securities sold under repurchase agreements</b>	<b>162,624</b>	<b>131,243</b>	<b>293,867</b>	<b>152,093</b>	<b>136,590</b>	<b>288,683</b>
Transactions backed by own financial assets <sup>(1)</sup>	63,144	131,243	194,387	76,343	136,590	212,933
Transactions backed by third-party financial assets	99,480	-	99,480	75,750	-	75,750
<b>Interbank market debt</b>	<b>68,098</b>	<b>63,010</b>	<b>131,108</b>	<b>68,818</b>	<b>53,768</b>	<b>122,586</b>
Mortgage notes	31	127	158	32	111	143
Real estate credit bills	10,296	597	10,893	10,395	437	10,832
Agribusiness credit bills	5,014	2,986	8,000	5,229	2,582	7,811
Financial credit bills	6,958	3,975	10,933	6,284	4,361	10,645
Import and export financing	32,363	19,687	52,050	27,916	15,465	43,381
On-lending - domestic	13,416	30,666	44,082	18,942	26,288	45,230
Liabilities from transactions related to credit assignments (Note 12d)	20	4,972	4,992	20	4,524	4,544

<sup>(\*)</sup> It includes R\$ 136,714 (R\$ 139,910 at December 31, 2014) related to Debentures of own issue.

Funding for import and export financing represents credit facilities available for financing of imports and exports of Brazilian companies, in general denominated in foreign currency. The interest rate for each one of the operations (p.a.) is presented in the table below:

	Brazil	Foreign
Securities sold under repurchase agreements	75% of CDI to 13.2%	0.18% to 3.6%
Mortgage notes	-	2.7% to 7.5%
Real estate credit bills	84% to 100% of CDI	-
Financial credit bills	IGPM to 13.44%	-
Agribusiness credit bills	100% of CDI	-
Import and export financing	2.5% to 6.75%	0.13% to 16%
On-lending - domestic	0.83% to 14.5%	-
Liabilities from transactions related to credit assignments	6.38% to 16.66%	1.85% to 12.73%

In “Securities sold under repurchase agreements”, we present the liabilities in transactions in which ITAÚ UNIBANCO HOLDING sells to customers in exchange for cash debt securities issued by its consolidated subsidiaries previously held in treasury, and where it undertakes to repurchase them at any time after the sale up to a repurchase deadline, at which time they must be repurchased by ITAÚ UNIBANCO HOLDING. The repurchase price is computed as the price paid on the sale date plus interest at rates ranging from 75% CDI to 13.23%. The deadline for repurchase expires in January 2027.

**b) Institutional market debt**

The table below presents the breakdown of funds obtained in Institutional markets:

	03/31/2015			12/31/2014		
	Current	Non-current	Total	Current	Non-current	Total
Subordinated debt <sup>(1)</sup>	6,845	52,683	59,528	2,832	52,785	55,617
Foreign borrowings through securities	4,680	12,843	17,523	3,142	12,250	15,392
Structured Operations Certificates <sup>(2)</sup>	1,089	1,670	2,759	1,080	1,153	2,233
<b>Total</b>	<b>12,614</b>	<b>67,196</b>	<b>79,810</b>	<b>7,054</b>	<b>66,188</b>	<b>73,242</b>

<sup>(1)</sup> At March 31, 2015, the amount of R\$ 58,708 (R\$ 53,865 at December 31, 2014) is included in the Reference Equity, under the proportion defined by CMN Resolution No. 3,444, of February 28, 2007, as amended by CMN Resolution No. 3,532, of January 31, 2008.

<sup>(2)</sup> As at March 31, 2015, the market value of the funding from Structured Operations Certificates issued is R\$ 3,110.

The interest rate for each one of the operations (p.a.) is presented in the table below.

	Brazil	Foreign
Subordinated debt	CDI+ 0.35% to IGPM + 7.6%	5.1% to 6.2%
Foreign borrowings through securities	0.89% to 12.75%	0.03% to 20%
Structured Operations Certificates	8.6% to 12.67%	-

## Note 20 - Other assets and liabilities

### a) Other assets

	03/31/2015			12/31/2014		
	Current	Non-current	Total	Current	Non-current	Total
<b>Financial</b> <sup>(1)</sup>	<b>42,015</b>	<b>12,286</b>	<b>54,301</b>	<b>40,984</b>	<b>12,665</b>	<b>53,649</b>
Receivables from credit card issuers	22,222	-	22,222	24,203	-	24,203
Insurance and reinsurance operations	1,343	19	1,362	1,388	-	1,388
Deposits in guarantee for contingent liabilities (Note 32)	2,549	11,228	13,777	2,128	11,478	13,606
Deposits in guarantee for foreign borrowing program	884	-	884	624	-	624
Negotiation and intermediation of securities	5,137	-	5,137	3,964	-	3,964
Receivables from reimbursement of contingent liabilities (Note 32c)	281	425	706	53	623	676
Receivables from services provided	2,137	131	2,268	2,394	81	2,475
Rights receivable from sales operations or transfer of financial assets	6,919	-	6,919	5,894	-	5,894
Amounts receivable from FCVS – Salary Variations Compensation Fund <sup>(2)</sup>	-	483	483	-	483	483
Operations without credit granting characteristics	543	-	543	336	-	336
<b>Non-financial</b>	<b>8,849</b>	<b>5,341</b>	<b>14,190</b>	<b>10,906</b>	<b>3,015</b>	<b>13,921</b>
Prepaid expenses <sup>(3)</sup>	2,597	1,221	3,818	3,594	434	4,028
Retirement plan assets (Notes 29c and d)	-	2,495	2,495	-	2,456	2,456
Sundry domestic	2,203	-	2,203	1,862	-	1,862
Premiums from loan operations	929	1,445	2,374	2,371	-	2,371
Sundry foreign	1,949	180	2,129	2,058	125	2,183
Other	1,171	-	1,171	1,021	-	1,021

(1) There were no impairment losses for other financial assets in these periods.

(2) The Salary Variation Compensation Fund – FCVS was established through Resolution No. 25, of June 16, 1967, of the Board of the former BNH (National Housing Bank), and its purpose is to settle balances remaining after the end of real estate financing contracted up to March 1990, relating to agreements financed under the SFH (National Housing System), and provided that they are covered by FCVS.

(3) In September 2014 the balance was reduced in view of the early termination of the agreement between Itaú Seguros and Via Varejo.

### b) Other liabilities

	03/31/2015			12/31/2014		
	Current	Non-current	Total	Current	Non-current	Total
<b>Financial</b>	<b>66,892</b>	<b>549</b>	<b>67,441</b>	<b>69,610</b>	<b>1,882</b>	<b>71,492</b>
Credit card operations	52,161	-	52,161	58,596	-	58,596
Foreign exchange portfolio	980	-	980	784	-	784
Negotiation and intermediation of securities	8,259	180	8,439	5,749	1,439	7,188
Finance leases (Note 14a)	322	336	658	394	410	804
Funds from consortia participants	42	-	42	30	-	30
Liabilities from sales operations or transfer of financial assets	4,397	33	4,430	3,477	33	3,510
Other	731	-	731	580	-	580
<b>Non-financial</b>	<b>26,364</b>	<b>1,024</b>	<b>27,388</b>	<b>23,128</b>	<b>532</b>	<b>23,660</b>
Collection and payment of taxes and contributions	4,661	-	4,661	226	-	226
Sundry creditors - domestic	2,366	52	2,418	1,680	48	1,728
Funds in transit	9,978	-	9,978	8,906	-	8,906
Provision for sundry payments	2,012	353	2,365	2,161	378	2,539
Social and statutory	2,449	34	2,483	4,678	41	4,719
Related to insurance operations	226	-	226	260	-	260
Liabilities for official agreements and rendering of payment services	1,023	-	1,023	933	-	933
Provision for retirement plan benefits (Note 29c and e)	-	520	520	516	-	516
Personnel provision	1,406	65	1,471	1,317	65	1,382
Provision for health insurance	692	-	692	685	-	685
Deferred income	1,468	-	1,468	1,386	-	1,386
Other	83	-	83	380	-	380

## Note 21 – Stockholders' equity

### a) Capital

The Extraordinary Stockholders' Meeting held on April 23, 2014 approved the increase of subscribed and paid-up capital by R\$ 15,000, with the capitalization of the amounts recorded in Revenue Reserve – Statutory Reserve, with a 10% bonus shares. Bonus shares started being traded on June 6, 2014 and the process was approved by the Central Bank on May 19, 2014. Accordingly, capital stock was increased by 502,802,971 shares.

Capital comprises 5,530,832,681 book-entry shares with no par value, of which 2,770,036,544 are common and 2,760,796,137 are preferred shares without voting rights; preferred shares have tag-along rights, in the event of a possible change in control, at a price equal to 80% of the amount per share paid for the controlling common shares. Capital stock amounts to R\$ 75,000 (R\$ 75,000 at December 31, 2014), of which R\$ 51,139 (R\$ 51,563 at December 31, 2014) refers to stockholders resident in Brazil and R\$ 23,861 (R\$ 23,437 at December 31, 2014) refers to stockholders resident abroad.

The table below shows the breakdown of and change in shares of paid-in capital and the reconciliation of balances at the beginning and end of the period:

	03/31/2015			Amount
	Number			
	Common	Preferred	Total	
Residents in Brazil at 12/31/2014	2,758,685,730	1,043,799,342	3,802,485,072	
Residents abroad at 12/31/2014	11,350,814	1,716,996,795	1,728,347,609	
<b>Shares of capital stock at 12/31/2014</b>	<b>2,770,036,544</b>	<b>2,760,796,137</b>	<b>5,530,832,681</b>	
<b>Shares of capital stock at 03/31/2015</b>	<b>2,770,036,544</b>	<b>2,760,796,137</b>	<b>5,530,832,681</b>	
Residents in Brazil at 03/31/2015	2,758,916,866	1,012,318,787	3,771,235,653	
Residents abroad at 03/31/2015	11,119,678	1,748,477,350	1,759,597,028	
<b>Treasury shares at 12/31/2014 <sup>(1)</sup></b>	<b>2,541</b>	<b>53,828,551</b>	<b>53,831,092</b>	<b>(1,328)</b>
Purchase of shares	-	16,596,600	16,596,600	(568)
Exercised options – granting of stock options	-	(2,096,703)	(2,096,703)	1
Disposals – Stock option plan	-	(6,485,989)	(6,485,989)	228
<b>Treasury shares at 03/31/2015 <sup>(1)</sup></b>	<b>2,541</b>	<b>61,842,459</b>	<b>61,845,000</b>	<b>(1,667)</b>
<b>Outstanding shares at 03/31/2015</b>	<b>2,770,034,003</b>	<b>2,698,953,678</b>	<b>5,468,987,681</b>	
<b>Outstanding shares at 12/31/2014 <sup>(2)</sup></b>	<b>2,770,034,003</b>	<b>2,706,967,586</b>	<b>5,477,001,589</b>	

  

	12/31/2014			Amount
	Number			
	Common	Preferred	Total	
Residents in Brazil at 12/31/2013	2,502,311,972	983,934,784	3,486,246,756	
Residents abroad at 12/31/2013	15,903,068	1,525,879,886	1,541,782,954	
<b>Shares of capital stock at 12/31/2013</b>	<b>2,518,215,040</b>	<b>2,509,814,670</b>	<b>5,028,029,710</b>	
Bonus shares - Extraordinary Stockholders' Meeting of April 23, 2014 – made effective on June 06, 2014	251,821,504	250,981,467	502,802,971	
<b>Shares of capital stock at 12/31/2014</b>	<b>2,770,036,544</b>	<b>2,760,796,137</b>	<b>5,530,832,681</b>	
Residents in Brazil at 12/31/2014	2,758,685,730	1,043,799,342	3,802,485,072	
Residents abroad at 12/31/2014	11,350,814	1,716,996,795	1,728,347,609	
<b>Treasury shares at 12/31/2013 <sup>(1)</sup></b>	<b>2,310</b>	<b>68,867,010</b>	<b>68,869,320</b>	<b>(1,854)</b>
Purchase of shares	-	1,000,000	1,000,000	(35)
Exercised options - granting of stock options	-	(17,275,835)	(17,275,835)	413
Disposals – stock option plan	-	(4,525,951)	(4,525,951)	148
Bonus shares - Extraordinary Stockholders' Meeting of April 23, 2014 – made effective on June 06, 2014	231	5,763,327	5,763,558	-
<b>Treasury shares at 12/31/2014 <sup>(1)</sup></b>	<b>2,541</b>	<b>53,828,551</b>	<b>53,831,092</b>	<b>(1,328)</b>
<b>Outstanding shares at 12/31/2014</b>	<b>2,770,034,003</b>	<b>2,706,967,586</b>	<b>5,477,001,589</b>	
<b>Outstanding shares at 12/31/2013 <sup>(2)</sup></b>	<b>2,770,034,003</b>	<b>2,685,042,426</b>	<b>5,455,076,429</b>	

(1) Own shares, purchased based on authorization of the Board of Directors, to be held in Treasury for subsequent cancellation of replacement in the market.

(2) For better comparability, outstanding shares were adjusted for the bonus of June 6, 2014.

We detail below of the cost of shares purchased in the period, as well the average cost of treasury shares and their market price (in Brazilian reais per share):

<b>Cost / market value</b>	<b>01/01 to 03/31/2015</b>	
	<b>Common</b>	<b>Preferred</b>
Minimum	-	33.12
Weighted average	-	34.24
Maximum	-	35.07
<b>Treasury shares</b>		
Average cost	7.97	26.96
Market value at 03/31/2015	32.18	35.31

<b>Cost / market value</b>	<b>01/01 to 12/31/2014</b>	
	<b>Common</b>	<b>Preferred</b>
Minimum	-	34.13
Weighted average	-	34.75
Maximum	-	35.07
<b>Treasury shares</b>		
Average cost	7.97	24.67
Market value at 12/31/2014	32.30	34.60

## b) Dividends

Stockholders are entitled to an annual mandatory dividend of not less than 25% of adjusted profit, pursuant to the provisions of the Brazilian Corporate Law. Both common and preferred shares participate equally, after common shares have received dividends equal to the annual minimum priority dividend of R\$ 0.022 per share non-cumulative to be paid to preferred shares.

The calculation of the monthly advance of the mandatory minimum dividend is based on the share position on the last day of the prior month, with payment being made on the first business day of the subsequent month, in the amount of R\$ 0.015 per share.

Below is a statement from dividends and interest on equity and the calculation of the minimum mandatory dividend:

### Calculation of dividends and interest on capital

	03/31/2015	03/31/2014
Statutory net income	5,555	3,357
Adjustments:		
(-) Legal reserve	(278)	(168)
Dividend calculation basis	5,277	3,189
Mandatory dividend - 25%	1,319	797
<b>Dividends and interest on capital – paid / provisioned for</b>	<b>1,319</b>	<b>797</b>

### Payments / provision for interest on capital and dividends

	03/31/2015		
	Gross	WHT	Net
<b>Paid / prepaid</b>	<b>165</b>	<b>-</b>	<b>165</b>
Dividends - 2 monthly installments of R\$ 0.015 per share paid from February to March 2015	165	-	165
<b>Declared until 03/31/2015 (recorded in other liabilities)</b>	<b>1,344</b>	<b>(190)</b>	<b>1,154</b>
Dividends - 1 monthly installment of R\$ 0.015 per share paid on 04/01/2015	82	-	82
Interest on capital - R\$ 0.2308 per share	1,262	(190)	1,072
<b>Total from 01/01 to 03/31/2015 - R\$ 0.2412 net per share</b>	<b>1,509</b>	<b>(190)</b>	<b>1,319</b>

	03/31/2014		
	Gross	WHT	Net
<b>Paid / prepaid</b>	<b>149</b>	<b>-</b>	<b>149</b>
Dividends - 2 monthly installments of R\$ 0.015 per share paid from February to March 2014	149	-	149
<b>Declared until 03/31/2014 (recorded in other liabilities)</b>	<b>750</b>	<b>(102)</b>	<b>648</b>
Dividends - 1 monthly installment of R\$ 0.015 per share paid on 04/01/2014	75	-	75
Interest on capital - R\$ 0.1359 per share	675	(102)	573
<b>Total from 01/01 to 03/31/2014 - R\$ 0.1605 net per share</b>	<b>899</b>	<b>(102)</b>	<b>797</b>

### c) Additional paid-in capital

Additional paid-in capital corresponds to: (i) the difference between the proceeds from the sale of treasury shares and the average cost of such shares, and (ii) the compensation expenses recognized in accordance with the stock option plan and variable compensation.

### d) Appropriated reserves

	03/31/2015	12/31/2014
<b>Capital reserves</b> <sup>(1)</sup>	<b>285</b>	<b>285</b>
Premium on subscription of shares	284	284
Reserves from tax incentives, restatement of equity securities and other	1	1
<b>Revenue reserves</b>	<b>8,880</b>	<b>7,925</b>
Legal <sup>(2)</sup>	6,119	5,841
Statutory	11,559	7,775
Dividends equalization <sup>(3)</sup>	4,776	2,885
Working capital increase <sup>(4)</sup>	1,916	1,162
Increase in capital of investees <sup>(5)</sup>	4,867	3,728
Corporate reorganizations (Note 3b)	(8,798)	(8,638)
Unrealized profits <sup>(6)</sup>	-	2,947
<b>Total reserves at parent company</b>	<b>9,165</b>	<b>8,210</b>

(1) Refers to amounts received by Itaú Unibanco Holding that were not included in the statement of income, since they do not refer to compensation for the provision of goods or services.

(2) Legal reserve - may be used to increase capital or to absorb losses, but it cannot be distributed as dividends.

(3) Reserve for dividends equalization - its purpose is to reserve funds for the payment or advances of dividends, including interest on capital, to maintain the flow of the stockholders' compensation.

(4) Reserve for working capital - its purpose is to guarantee funds for operations.

(5) Reserve for increase in capital of investees - its purpose is to guarantee the preemptive right in the capital increases of investees.

(6) Refers to interest on capital declared after December 31, 2014.

### e) Unappropriated reserves

Refers to balance of profit remaining after the distribution of dividends and appropriations to statutory reserves in the statutory accounts of ITAÚ UNIBANCO HOLDING.



## Note 22 – Share-based payment

ITAÚ UNIBANCO HOLDING and its subsidiaries have share-based payment programs aimed at involving its management members and employees in the medium and long-term corporate development process.

These payments are only made in years in which there are sufficient profits to enable the distribution of mandatory dividends, in order to limit the maximum dilution to which stockholders are subject, and at a quantity that does not exceed the limit of 0.5% of the total shares held by the controlling and minority stockholders at the balance sheet date.

These programs are settled by the delivery of ITUB4 treasury shares to stockholders.

From January 1 to March 31, 2015, the accounting effect of the share-based payment in income was R\$ (292) (R\$ (86) from January 1 to March 31, 2014).

### I – Stock Option Plan (Simple Options)

ITAÚ UNIBANCO HOLDING has a Stock Option Plan (“Simple Options”) aimed at involving management members and employees in the medium and long-term corporate development program of ITAÚ UNIBANCO HOLDING and its subsidiaries, offering them the opportunity to take part in the appreciation that their work and dedication bring to the shares.

In addition to the grants provided under the Plan, ITAÚ UNIBANCO HOLDING also maintains control over the rights and obligations in connection with the options granted under the plans assumed at the Extraordinary Stockholders’ Meetings held on April 24, 2009 and April 19, 2013 related to the Unibanco – União de Bancos Brasileiros S.A. and to Unibanco Holdings S.A., and to Redecard S.A. (“Rede”) stock option plans, respectively. The exchange of shares for ITUB4 did not have relevant financial impact accordingly.

Simple options have the following characteristics:

- a) Exercise price:** calculated based on the average prices of shares in the three (3) months of the year prior to the grant date. The prices determined will be restated until the last business day of the month prior to the option exercise date based on IGP-M or, in its absence, on the index to be internally determined, and they should be paid within a period equal to that in force for settlement of operations on BM&FBOVESPA.
- b) Vesting period:** determined upon the issue, from one (1) to seven (7) years, counted from the grant date. The vesting period is normally determined at five (5) years.
- c) Fair value and economic assumptions for cost recognition:** the fair value of Simple Options is calculated on the grant date based on the Binominal model. Economic assumptions used are as follows:
  - (i) Exercise price: exercise price previously agreed upon the option issue, adjusted by the IGP-M variation;
  - (ii) Price of the underlying asset (ITUB4 shares): closing price on BM&FBOVESPA on the calculation base date.
  - (iii) Expected dividends: the average annual return rate for the last three (3) years of dividends paid plus interest on capital of the ITUB4 share;
  - (iv) Risk-free interest rate: IGP-M coupon rate at the expiration date of the Simple Option.
  - (v) Expected volatility: calculated based on the standard deviation from the history of the last 84 monthly returns of the ITUB4 share closing prices, disclosed by BM&FBOVESPA, adjusted by the IGP-M variation.

## Summary of changes in the plan

	Simple options		
	Quantity	Weighted average exercise price	Weighted average market value
<b>Opening balance 12/31/2014</b>	<b>50,147,374</b>	<b>35.67</b>	
Options exercisable at the end of the period	26,247,536	35.37	
Options outstanding not exercisable	23,899,838	36.00	
Options:			
Granted	-	-	
Canceled / Forfeited (*)	(364,058)	36.59	
Exercised	(50,084)	26.55	36.73
<b>Balance at 03/31/2015</b>	<b>49,733,232</b>	<b>36.34</b>	
Options exercisable at the end of the period	26,230,994	35.93	
Options outstanding not exercisable	23,502,238	36.80	
Range of exercise prices			
Granting 2008-2009		26.61 - 40.70	
Granting 2010-2012		26.27 - 43.23	
Weighted average of the remaining contractual life (in years)	2.58		

(\*) Refers to non-exercise due to the beneficiary's option.

	Simple options		
	Quantity	Weighted average exercise price	Weighted average market value
<b>Opening balance 12/31/2013</b>	<b>65,316,846</b>	<b>32.85</b>	
Options exercisable at the end of the period	32,734,794	30.42	
Options outstanding not exercisable	32,582,052	36.25	
Options:			
Granted	-	-	
Canceled/Forfeited (*)	(27,465)	35.21	
Exercised	(3,404,265)	26.22	29.29
<b>Balance at 03/31/2014</b>	<b>61,885,116</b>	<b>34.15</b>	
Options exercisable at the end of the period	29,633,388	31.18	
Options outstanding not exercisable	32,251,728	36.88	
Range of exercise prices			
Granting 2006-2009		25,63 - 43,34	
Granting 2010-2012		26,27 - 41,63	
Weighted average of the remaining contractual life (in years)	3.29		

(\*) Refers to non-exercise due to the beneficiary's option.

## II – Partner Plan

The employees and management members of ITAÚ UNIBANCO HOLDING and its subsidiaries may be selected to participate in the program that invests a percentage of their bonus to acquire ITUB4 shares and share-based instruments; accordingly, the ownership of these shares should be held by the beneficiaries for a period from three (3) to five (5) years, counted from the initial investment, and are thus subject to market price variation. After complying with the suspension conditions set forth in the program, beneficiaries will be entitled to receive ITUB4 as consideration, in accordance with the numbers of shares provided for in the program regulation.

The acquisition price of own shares and Share-Based Instruments is established every six months and is equivalent to the average of the ITUB4 quotation in the 30 days prior to the determination of the acquisition price.

The fair value of the ITUB4 as consideration is the market price at the grant date, less expected dividends.

The weighted average of the fair value of the ITUB4 as consideration was estimated at R\$ 36.62 per share at March 31, 2015 (R\$ 28.42 per share at March 31, 2014).

Law No. 12,973/14, which adjusted tax legislation to the international accounting standards and terminated the Transition Tax Regime (RTT), set up a new legal framework for payments made in shares. We made changes to the Partner Plan, and adjusted its tax effects, to conform with this new legislation.

### Changes in the Partner Program

	Quantity
<b>Balance at 12/31/2014</b>	<b>24,304,025</b>
New granted	9,456,891
Cancelled	(251,905)
Exercised	(2,046,619)
<b>Balance at 03/31/2015</b>	<b>31,462,392</b>
Weighted average of remaining contractual life (years)	2.55

	Quantity
<b>Balance at 12/31/2013</b>	<b>18,351,820</b>
New granted	7,341,061
Cancelled	(1,619)
Exercised	(2,687,433)
<b>Balance at 03/31/2014</b>	<b>23,003,829</b>
Weighted average of remaining contractual life (years)	2.70

### III- Variable compensation

The policy established in compliance with CMN Resolution No. 3,921/10 sets forth that fifty percent (50%) of the management's variable compensation should be paid in cash and fifty percent (50%) should be paid in shares for a period of three (3) years. Shares are delivered on a deferred basis, of which one-third (1/3) per year, subject to the executive's remaining with the institution. The deferred unpaid portions may be reversed proportionally to the significant reduction of the recurring income realized or the negative income for the period.

The fair value of the ITUB4 share is the market price at its grant date.

The weighted average of the fair value of ITUB4 shares was estimated at R\$ 34.36 per share at March 31, 2015 (R\$ 27.86 per share at March 31, 2014).

<b>Change in variable compensation in shares</b>	<b>2015</b>
	Quantity
Opening balance 12/31/2014	9,770,192
New	6,262,332
Delivered	(3,877,685)
Cancelled	(236,103)
Balance at 03/31/2015	11,918,736

<b>Change in variable compensation in shares</b>	<b>2014</b>
	Quantity
Opening balance 12/31/2013	5,214,388
New	5,266,861
Delivered	(1,702,585)
Cancelled	(28,885)
Balance at 03/31/2014	8,749,779

**Note 23 - Interest and similar income and expense and net gain (loss) from investment securities and derivatives**

**a) Interest and similar income**

	<b>01/01 to 03/31/2015</b>	<b>01/01 to 03/31/2014</b>
Central Bank compulsory deposits	1,304	1,523
Interbank deposits	334	164
Securities purchased under agreements to resell	5,876	3,858
Financial assets held for trading	4,297	3,291
Available-for-sale financial assets	2,189	1,867
Held-to-maturity financial assets	828	304
Loan and lease operations	19,941	16,243
Other financial assets	198	220
<b>Total</b>	<b>34,967</b>	<b>27,470</b>

**b) Interest and similar expense**

	<b>01/01 to 03/31/2015</b>	<b>01/01 to 03/31/2014</b>
Deposits	(1,907)	(2,955)
Securities sold under repurchase agreements	(7,192)	(6,239)
Interbank market debt	(1,996)	(1,443)
Institutional market debt	(1,889)	(1,683)
Financial expense from technical reserves for insurance and private pension	(2,793)	(1,850)
Other	(16)	(15)
<b>Total</b>	<b>(15,793)</b>	<b>(14,185)</b>

**c) Net gain (loss) from investment securities and derivatives**

	<b>01/01 to 03/31/2015</b>	<b>01/01 to 03/31/2014</b>
Financial assets held for trading	(119)	85
Derivatives <sup>(*)</sup>	2,367	151
Financial assets designated at fair value through profit or loss	10	10
Available-for-sale financial assets	(636)	(69)
Financial liabilities held for trading	43	(72)
<b>Total</b>	<b>1,665</b>	<b>105</b>

*(\*) Includes the ineffective derivatives portion related to hedge accounting.*

During the periods ended March 31, 2015 and 2014, ITAÚ UNIBANCO HOLDING has not recognized any impairment losses on held-to-maturity financial assets.

During the period ended March 31, 2015, ITAÚ UNIBANCO HOLDING has not recognized impairment losses on available-for-sale financial assets (R\$ 60 on March 31, 2014).

**Note 24 - Banking service fees**

	<b>01/01 to 03/31/2015</b>	<b>01/01 to 03/31/2014</b>
Current account services	2,155	1,716
Asset management fees	661	677
Collection commissions	297	301
Fees from credit card services	3,068	2,752
Fees for guarantees issued and credit lines	408	319
Brokerage commission	58	53
Other	463	383
<b>Total</b>	<b>7,110</b>	<b>6,201</b>

**Note 25 - Other income**

	<b>01/01 to 03/31/2015</b>	<b>01/01 to 03/31/2014</b>
Gains on sale of assets held for sale, fixed assets and investments in associates and joint ventures	4	3
Recovery of expenses	37	26
Reversal of provisions	170	122
Program for Cash or Installment Payment of Federal Taxes (Note 32e)	98	-
Other	31	64
<b>Total</b>	<b>340</b>	<b>215</b>

## Note 26 - General and administrative expenses

	01/01 to 03/31/2015	01/01 to 03/31/2014
<b>Personnel expenses</b>	<b>(4,667)</b>	<b>(3,917)</b>
Compensation	(1,952)	(1,644)
Payroll taxes	(671)	(557)
Welfare benefits	(591)	(505)
Retirement plans and post-employment benefits (Note 29)	13	3
Defined benefit	(3)	(9)
Defined contribution	16	12
Stock option plan (Note 22d)	(69)	(46)
Training	(34)	(35)
Employee profit sharing	(818)	(731)
Dismissals	(65)	(86)
Provision for labor claims (Note 32)	(480)	(316)
<b>Administrative expenses</b>	<b>(3,417)</b>	<b>(3,339)</b>
Data processing and telecommunications	(923)	(916)
Third-party services	(883)	(933)
Installations	(227)	(214)
Advertising, promotions and publications	(218)	(193)
Rent	(323)	(282)
Transportation	(101)	(106)
Materials	(87)	(86)
Financial services	(144)	(144)
Security	(165)	(153)
Utilities	(93)	(74)
Travel	(48)	(42)
Other	(205)	(196)
<b>Depreciation</b>	<b>(399)</b>	<b>(408)</b>
<b>Amortization</b>	<b>(211)</b>	<b>(207)</b>
<b>Insurance acquisition expenses</b>	<b>(281)</b>	<b>(336)</b>
<b>Other expenses</b>	<b>(2,025)</b>	<b>(1,880)</b>
Expenses related to credit cards	(826)	(504)
Reimbursement related to acquisitions	(1)	(27)
Losses with third-party frauds	(101)	(135)
Loss on sale of assets held for sale, fixed assets and investments in associates and joint ventures	(26)	(19)
Provision for civil lawsuits (Note 32)	(518)	(496)
Provision for tax and social security lawsuits	(144)	(291)
Refund of interbank costs	(60)	(50)
Other	(349)	(358)
<b>Total</b>	<b>(11,000)</b>	<b>(10,087)</b>

## Note 27 – Income tax and social contribution

ITAÚ UNIBANCO HOLDING and each of its subsidiaries file separate, for each fiscal year, corporate income tax returns and social contribution on net income.

### a) Composition of income tax and social contribution expenses

I - Demonstration of Income tax and social contribution expense calculation:

Due on operations for the period	01/01 to 03/31/2015	01/01 to 03/31/2014
<b>Income before income tax and social contribution</b>	<b>2,873</b>	<b>7,194</b>
Charges (income tax and social contribution) at the rates in effect (Note 2.4 n)	(1,149)	(2,878)
<b>Increase / decrease to income tax and social contribution charges arising from:</b>		
Share of profit or (loss) of associates and joint ventures net	52	29
Foreign exchange variation on assets and liabilities abroad	3,187	(413)
Interest on capital	510	428
Corporate reorganizations (Note 3b)	160	157
Dividends and interest on external debt bonds	54	41
Other nondeductible expenses net of non taxable income <sup>(*)</sup>	(7,021)	(413)
<b>Income tax and social contribution expenses</b>	<b>(4,207)</b>	<b>(3,049)</b>
<b>Related to temporary differences</b>		
Increase (reversal) for the period	4,665	34
Increase (reversal) of prior periods	2,452	422
<b>(Expenses)/Income from deferred taxes</b>	<b>7,117</b>	<b>456</b>
<b>Total income tax and social contribution expenses</b>	<b>2,910</b>	<b>(2,593)</b>

(\*) Includes temporary (additions) and exclusions.



## b) Deferred taxes

I - The deferred tax asset balance and respective changes are as follows:

	12/31/2014	Realization / reversal	Increase	03/31/2015
<b>Reflected in income</b>	<b>32,513</b>	<b>(3,017)</b>	<b>9,826</b>	<b>39,322</b>
Allowance for loan and lease losses	18,909	(874)	1,261	19,296
Related to income tax and social contribution tax carryforwards	5,430	(32)	5,376	10,774
Provision for contingent liabilities	<u>4,298</u>	<u>(184)</u>	<u>408</u>	<u>4,522</u>
Civil lawsuits	1,818	(95)	170	1,893
Labor claims	1,460	(79)	143	1,524
Tax and social security	1,009	(10)	95	1,094
Other	11	-	-	11
Goodwill on purchase of investments	721	(315)	213	619
Legal liabilities – tax and social security	394	(129)	109	374
Adjustments of operations carried out in futures settlement market	3	-	597	600
Adjustment to market value of financial assets held for trading and derivatives	109	(109)	119	119
Provision related to health insurance operations	274	-	3	277
Other	2,375	(1,374)	1,740	2,741
<b>Reflected in stockholders' equity</b>	<b>4,106</b>	<b>(912)</b>	<b>118</b>	<b>3,312</b>
Corporate reorganizations (Note 3b)	2,514	(160)	-	2,354
Adjustment to market value of available-for-sale securities	539	-	82	621
Cash flow hedge	50	-	14	64
Other	1,003	(752)	22	273
<b>Total (*)</b>	<b>36,619</b>	<b>(3,929)</b>	<b>9,944</b>	<b>42,634</b>

(\*) Deferred income tax and social contribution assets and liabilities are recorded in the balance sheet offset by a taxable entity and total R\$ 37,418 and R\$ 327.

	12/31/2013	Realization / reversal	Increase	12/31/2014
<b>Reflected in income</b>	<b>35,043</b>	<b>(12,477)</b>	<b>9,947</b>	<b>32,513</b>
Related to income tax and social contribution tax carryforwards	6,137	(714)	7	5,430
Allowance for loan and lease losses	17,896	(4,889)	5,902	18,909
Adjustment to market value of financial assets held for trading and derivatives	439	(439)	109	109
Goodwill on purchase of investments	1,515	(794)	-	721
Legal liabilities – tax and social security	1,479	(1,389)	304	394
Provision for contingent liabilities	<u>3,973</u>	<u>(1,515)</u>	<u>1,840</u>	<u>4,298</u>
Civil lawsuits	1,706	(435)	547	1,818
Labor claims	1,400	(894)	954	1,460
Tax and social security	849	(179)	339	1,009
Other	18	(7)	-	11
Adjustments of operations carried out in futures settlement market	653	(662)	12	3
Provision related to health insurance operations	262	-	12	274
Other	2,689	(2,075)	1,761	2,375
<b>Reflected in stockholders' equity</b>	<b>4,502</b>	<b>(1,291)</b>	<b>895</b>	<b>4,106</b>
Corporate reorganizations (Note 3b)	3,153	(639)	-	2,514
Adjustment to market value of available-for-sale securities	814	(275)	-	539
Cash flow hedge	426	(376)	-	50
Other	109	(1)	895	1,003
<b>Total (*)</b>	<b>39,545</b>	<b>(13,768)</b>	<b>10,842</b>	<b>36,619</b>

(\*) Deferred income tax and social contribution assets and liabilities are recorded in the balance sheet offset by a taxable entity and total R\$ 31,129 and R\$ 201.

II- The provision for deferred tax liability balance and respective changes are as follows:

	12/31/2014	Realization / reversal	Increase	03/31/2015
<b>Reflected in income</b>	<b>4,735</b>	<b>(512)</b>	<b>204</b>	<b>4,427</b>
Depreciation in excess – finance lease	2,508	(282)	-	2,226
Restatement of escrow deposits and contingent liabilities	876	(43)	50	883
Pension plans	336	-	77	413
Adjustments of operations carried out in futures settlement market	4	(4)	-	-
Adjustment to market value of financial assets held for trading and derivatives	6	(6)	16	16
Taxation of results abroad – capital gains	563	-	40	603
Other	442	(177)	21	286
<b>Reflected in stockholders' equity accounts</b>	<b>956</b>	<b>(28)</b>	<b>188</b>	<b>1,116</b>
Adjustment to market value of available-for-sale securities	132	(28)	-	104
Cash flow hedge	373	-	149	522
Provision for pension plan benefits	442	-	9	451
Other	9	-	30	39
<b>Total (*)</b>	<b>5,691</b>	<b>(540)</b>	<b>392</b>	<b>5,543</b>

(\*) Deferred income tax and social contribution asset and liabilities are recorded in the balance sheet offset by a taxable entity and total R\$ 37,418 and R\$ 327.

	12/31/2013	Realization / reversal	Increase	12/31/2014
<b>Reflected in income</b>	<b>7,527</b>	<b>(3,289)</b>	<b>497</b>	<b>4,735</b>
Depreciation in excess – finance lease	4,165	(1,657)	-	2,508
Restatement of escrow deposits and contingent liabilities	981	(155)	50	876
Pension plans	355	(118)	99	336
Adjustments of operations carried out in futures settlement market	392	(388)	-	4
Adjustment to market value of financial assets held for trading and derivatives	157	(157)	6	6
Taxation of results abroad – capital gains	267	-	296	563
Other	1,210	(814)	46	442
<b>Reflected in stockholders' equity accounts</b>	<b>460</b>	<b>-</b>	<b>496</b>	<b>956</b>
Adjustment to market value of available-for-sale securities	64	-	68	132
Cash flow hedge	84	-	289	373
Provision for pension plan benefits	311	-	131	442
Other	1	-	8	9
<b>Total (*)</b>	<b>7,987</b>	<b>(3,289)</b>	<b>993</b>	<b>5,691</b>

(\*) Deferred income tax and social contribution asset and liabilities are recorded in the balance sheet offset by a taxable entity and total R\$ 31,129 and R\$ 201.

III - The estimate of realization and present value of deferred tax assets and from the Provision for Deferred Income Tax and Social Contribution existing at March 31, 2015, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are:

Deferred tax assets										
	Temporary differences	%	Tax loss / social contribution loss carryforwards	%	Total	%	Deferred tax liabilities	%	Net deferred taxes	%
2015	7,855	25%	797	8%	8,652	20%	(1,295)	24%	7,357	20%
2016	8,424	26%	1,131	10%	9,555	23%	(1,047)	19%	8,508	23%
2017	4,692	15%	1,072	10%	5,764	14%	(1,016)	18%	4,748	13%
2018	2,484	8%	1,753	16%	4,237	10%	(291)	5%	3,946	10%
2019	2,586	8%	977	9%	3,563	8%	(327)	6%	3,236	9%
After 2019	5,819	18%	5,044	47%	10,863	25%	(1,567)	28%	9,296	25%
<b>Total</b>	<b>31,860</b>	<b>100%</b>	<b>10,774</b>	<b>100%</b>	<b>42,634</b>	<b>100%</b>	<b>(5,543)</b>	<b>100%</b>	<b>37,091</b>	<b>100%</b>
<b>Present value (*)</b>	<b>27,749</b>		<b>8,813</b>		<b>36,562</b>		<b>(4,721)</b>		<b>31,841</b>	

(\*) The average funding rate, net of tax effects, was used to determine the present value.

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

Net income in the financial statements is not directly related to taxable income, due to differences between accounting criteria and tax legislation, besides corporate aspects. Accordingly, it is recommended that the trend of the realization of deferred tax assets arising from temporary differences, and tax loss carry forwards should not be used as an indication of future net income.

At 03/31/2015 and 12/31/2014 there are no deferred tax assets and liabilities which have not been recognized.

## Note 28 – Earnings per share

Basic and diluted earnings per share were computed as shown in the table below for the periods indicated. Basic earnings per share are computed by dividing the net income attributable to the stockholder of ITAÚ UNIBANCO HOLDING by the average number of shares for the period, and by excluding the number of shares purchased and held as treasury shares by the company. Diluted earnings per share are computed on a similar way, but with the adjustment made in the denominator when assuming the conversion of all shares that may be diluted.

<b>Net income attributable to owners of the parent company – basic earnings per share</b>	<b>01/01 to 03/31/2015</b>	<b>01/01 to 03/31/2014</b>
<b>Net income</b>	<b>5,673</b>	<b>4,551</b>
Minimum non-cumulative dividend on preferred shares in accordance with our bylaws	(59)	(59)
<b>Subtotal</b>	<b>5,614</b>	<b>4,492</b>
Retained earnings to be distributed to common equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(61)	(61)
<b>Subtotal</b>	<b>5,553</b>	<b>4,431</b>
<b>Retained earnings to be distributed to common and preferred equity owners on a pro-rata basis</b>		
To common equity owners	2,813	2,247
To preferred equity owners	2,740	2,184
<b>Total net income available to common equity owners</b>	<b>2,874</b>	<b>2,308</b>
<b>Total net income available to preferred equity owners</b>	<b>2,799</b>	<b>2,243</b>
<b>Weighted average number of shares outstanding (Note 21a)</b>		
Common shares	2,770,034,003	2,770,034,003
Preferred shares	2,698,663,248	2,691,770,276
<b>Earnings per share - basic – R\$</b>		
Common shares	1.04	0.83
Preferred shares	1.04	0.83

<b>Net income attributable to owners of the parent company – diluted earnings per share</b>	<b>01/01 to 03/31/2015</b>	<b>01/01 to 03/31/2014</b>
<b>Total net income available to preferred equity owners</b>	<b>2,799</b>	<b>2,243</b>
Dividend on preferred shares after dilution effects	12	8
<b>Net income available to preferred equity owners considering preferred shares after the dilution effect</b>	<b>2,811</b>	<b>2,251</b>
<b>Total net income available to ordinary equity owners</b>	<b>2,874</b>	<b>2,308</b>
Dividend on preferred shares after dilution effects	(12)	(8)
<b>Net income available to ordinary equity owners considering preferred shares after the dilution effect</b>	<b>2,862</b>	<b>2,300</b>
<b>Adjusted weighted average of shares (Note 21a)</b>		
Common shares	2,770,034,003	2,770,034,003
Preferred shares	2,721,214,929	2,710,085,238
Preferred shares	2,698,663,248	2,691,770,276
Incremental shares from stock options granted under our share-based payment	22,551,681	18,314,962
<b>Earnings per share - diluted – R\$</b>		
Common shares	1.03	0.83
Preferred shares	1.03	0.83

Potential anti-dilution effects of shares under our share-based payment, which were excluded from the calculation of diluted earnings per share, totaled 7,336,529 preferred shares at 03/31/2015 and 11,628,812 preferred shares at 03/31/2014.

## Note 29 – Post-employment benefits

As prescribed in IAS 19 (R1), we present the policies of ITAÚ UNIBANCO HOLDING and its subsidiaries regarding employee benefits, as well as the accounting procedures adopted.

The total amounts recognized in Income for the Period and Stockholders' Equity – Other comprehensive income were as follows:

### Total amounts recognized in Income for the period

	Defined benefit		Defined contribution		Other benefits		Total	
	01/01 to 03/31/2015	01/01 to 03/31/2014	01/01 to 03/31/2015	01/01 to 03/31/2014	01/01 to 03/31/2015	01/01 to 03/31/2014	01/01 to 03/31/2015	01/01 to 03/31/2014
Cost of current service	(15)	(18)	-	-	-	-	(15)	(18)
Net interest	(2)	(7)	55	49	(4)	(3)	49	39
Contribution	-	-	(39)	(37)	-	-	(39)	(37)
Benefits paid	-	-	-	-	3	2	3	2
<b>Total Amounts Recognized</b>	<b>(17)</b>	<b>(25)</b>	<b>16</b>	<b>12</b>	<b>(1)</b>	<b>(1)</b>	<b>(2)</b>	<b>(14)</b>

### Total amounts recognized in Stockholders' Equity – Other comprehensive income

	Defined benefit		Defined contribution		Other benefits		Total	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014	03/31/2015	12/31/2014	03/31/2015	12/31/2014
<b>At the beginning of the period</b>	<b>(75)</b>	<b>(354)</b>	<b>(221)</b>	<b>(286)</b>	<b>(8)</b>	<b>7</b>	<b>(304)</b>	<b>(633)</b>
Effects on asset ceiling	8	(453)	(12)	77	-	-	(4)	(376)
Remeasurements	5	732	21	(12)	-	(15)	26	705
<b>Total Amounts Recognized</b>	<b>(62)</b>	<b>(75)</b>	<b>(212)</b>	<b>(221)</b>	<b>(8)</b>	<b>(8)</b>	<b>(282)</b>	<b>(304)</b>

## a) Retirement plans

ITAÚ UNIBANCO HOLDING and some of its subsidiaries sponsor defined benefit plans, including variable contribution plans, whose basic purpose of which is to provide benefits that, in general, represent a life annuity benefit, and may be converted into survivorship annuities, according to the plan's regulation. They also sponsor defined contribution plans, the benefit of which is calculated based on the accumulated balance of individual accounts at the eligibility date, according to the plan's regulation, which does not require actuarial calculation, except as described in Note 29c.

Employees hired up to July 31, 2002, whom came from Itaú, and up to February 27, 2009, whom came from Unibanco, are beneficiaries of the above-mentioned plans. As regards the new employees hired after these dates, they have the option to voluntarily participate in a variable contribution plan (PGBL), managed by Itaú Vida e Previdência S.A..

Retirement plans are managed by closed-end private pension entities (EFPC), with independent legal structures, as detailed below:

Entity	Benefit plan
Fundação Itau Unibanco - Previdência Complementar	Supplementary retirement plan – PAC <sup>(1)</sup> Franprev benefit plan - PBF <sup>(1)</sup> 002 benefit plan - PB002 <sup>(1)</sup> Itaulam basic plan - PBI <sup>(1)</sup> Itaulam Supplementary Plan - PSI <sup>(2)</sup> Itaubanco Defined Contribution Plan <sup>(3)</sup> Itaubank Retirement Plan <sup>(3)</sup> Itaú Defined Benefit Plan <sup>(1)</sup> Itaú Defined Contribution Plan <sup>(2)</sup> Unibanco Pension Plan <sup>(3)</sup> Prebeg benefit plan <sup>(1)</sup> UBB PREV defined benefit plan <sup>(1)</sup> Benefit plan II <sup>(1)</sup>
Fundação Bemgeprev	Supplementary Retirement Plan – Flexible Premium Annuity (ACMV) <sup>(1)</sup>
Funbep Fundo de Pensão Multipatrocinado	Funbep I Benefit Plan <sup>(1)</sup> Funbep II Benefit Plan <sup>(2)</sup>
Múltipla - Multiempresas de Previdência Complementar	REDECARD Basic Retirement Plan <sup>(1)</sup> REDECARD Supplementary Retirement Plan <sup>(2)</sup> REDECARD Pension Plan <sup>(3)</sup>

*(1) Defined benefit plan;*

*(2) Variable contribution plan;*

*(3) Defined contribution plan.*

## b) Governance

The closed-end private pension entities (EFPC) and the benefit plans they manage are regulated in conformity with the related specific legislation. The EFPC are managed by the Executive Board, Advisory Council and Fiscal Council, with some members appointed by the sponsors and others appointed as representatives of active and other participants, pursuant to the respective Entity's by laws. The main purpose of the EFPC is to pay benefits to eligible participants, pursuant to the Plan Regulation, maintaining the plans assets invested separately and independently from ITAÚ UNIBANCO HOLDING.

### c) Defined benefit plans

#### I - Main assumptions used in actuarial valuation of retirement plans

	03/31/2015	03/31/2014
Discount rate <sup>(1)</sup>	10.24% a.a.	9.72% a.a.
Mortality table <sup>(2)</sup>	AT-2000	AT-2000
Turnover <sup>(3)</sup>	Exp.Itaú 2008/2010	Exp.Itaú 2008/2010
Future salary growth	7.12% a.a.	7.12% a.a.
Growth of the pension fund and social security benefits	4.00% a.a.	4.00% a.a.
Inflation	4.00% a.a.	4.00% a.a.
Actuarial method <sup>(4)</sup>	Projected Unit Credit	Projected Unit Credit

(1) The adoption of this assumption is based on interest rates obtained from the actual interest curve in IPCA, for medium-term liabilities of retirement plans sponsored by ITAÚ UNIBANCO HOLDING CONSOLIDATED. At 12/31/2014 was adopted a consistent with the economic scenario at the balance sheet date rate, considering the volatility of the interest markets and the models adopted.

(2) The mortality tables adopted correspond to those disclosed by SOA – Society of Actuaries, the North-American entity which corresponds to IBA – Brazilian Institute of Actuarial Science, which reflects a 10% increase in the probabilities of survival compared to the respective basic tables. The life expectancy in years per the AT-2000 mortality table for participants of 55 years of age is 27 and 31 years for men and women, respectively.

(3) The turnover assumption is based on the effective experience of active participants linked to ITAÚ UNIBANCO HOLDING, resulting in the average of 2.4 % p.a. based on the 2008/2010 experience.

(4) Using the Projected Unit Credit method, the mathematical reserve is calculated as the current projected benefit amount multiplied by the ratio between the length of service at the assessment date and the length of service that will be reached at the date when the benefit is granted. The cost is determined taking into account the current projected benefit amount distributed over the years that each participant is employed.

Biometric/demographic assumptions adopted are consistent with the group of participants of each benefit plan, pursuant to the studies carried out by an independent external actuarial consulting company.

**II- Risk Exposure** - Through its defined benefit plans, ITAÚ UNIBANCO HOLDING is exposed to a number of risks, the most significant ones are:

- **Volatility of Assets** - The actuarial liability is calculated by adopting a discount rate defined on the income from securities issued by the Brazilian treasury (government securities). If the actual income from plan assets is lower than expected, this may give rise to a deficit. The plans have a significant percentage of fixed-income securities pegged to the plan commitments, aiming at minimizing volatility and the short and medium-term risk.

- **Changes in Investment Income** - A decrease in income from public securities will imply a decrease in discount rate and, therefore, will increase the actuarial liability. The effect will be partially offset by the recognition of these securities at market value.

- **Inflation Risk** - Most of the employee benefit plans are pegged to the inflation rates, and a higher inflation will lead to higher obligations. The effect will also be partially offset because a significant portion of the plan assets is pegged to government securities restated by the inflation rate.

- **Life Expectancy** - Most of the plan obligations are to provide life benefits and therefore a increase in life expectancy will result in increased plan liabilities.

#### III - Management of defined benefit plan assets

The general purpose of managing EFPCs funds is to search for a long-term balance between assets and obligations with payment of retirement benefits, by exceeding the actuarial targets (discount rate plus benefit adjustment index, established in the plan regulations).

Regarding the assets guaranteeing the actuarial liability reserves, management should ensure the payment capacity of retirement benefits in the long-term by avoiding the risk of mismatching assets and liabilities in each pension plan.

The allocation of plan assets and the allocation target by type of asset are as follows:

Types	Fair Value		% Allocation		
	03/31/2015	12/31/2014	03/31/2015	12/31/2014	2015 Target
Fixed income securities	12,382	12,250	91.09%	91.16%	53% to 100%
Variable income securities	659	641	4.85%	4.77%	0% to 20%
Structured investments	22	22	0.16%	0.16%	0% to 10%
Real estate	483	488	3.55%	3.63%	0% to 7%
Loans to participants	47	37	0.35%	0.28%	0% to 5%
<b>Total</b>	<b>13,593</b>	<b>13,438</b>	<b>100.00%</b>	<b>100.00%</b>	

The defined benefit plan assets include shares of ITAÚ UNIBANCO HOLDING, its main parent company (ITAÚSA) and of subsidiaries of the latter, with a fair value of R\$ 572 (R\$ 554 at 12/31/2014), and real estate rented to Group companies, with a fair value of R\$ 451 (R\$ 455 at 12/31/2014).

#### Fair Value

The fair value of the plan assets is adjusted up to the report date, as follows:

**Fixed-Income Securities and Structured Investments** – accounted for at market value, considering the average trading price on the calculation date, net realizable value obtained upon the technical addition of pricing, considering, at least, the payment terms and maturity, credit risk and the indexing unit.

**Variable income securities** – accounted for at market value, being so understood the share average quotation at the last day of the month or at the closest date on the stock exchange on which the share has posted the highest liquidity rate.

**Real Estate** – stated at acquisition or construction cost, adjusted to market value upon reappraisals made in 2012, supported by technical appraisal reports. Depreciation is calculated under the straight line method, considering the useful life of the real estate.

**Loans to participants** – adjusted up to the report date, in compliance with the respective agreements.

#### Fund Allocation Target

The fund allocation target is based on Investment Policies that are currently revised and approved by the Advisory Council of each EFPC, considering a five-year period, which establishes guidelines for investing funds guaranteeing Actuarial Liability and for classifying securities.

#### IV- Net amount recognized in the balance sheet

Following is the calculation of the net amount recognized in the balance sheet, corresponding to the defined benefit plan:

	03/31/2015	12/31/2014
1 - Net assets of the plans	13,593	13,438
2- Actuarial liabilities	(11,804)	(11,695)
<b>3- Surplus (1-2)</b>	<b>1,789</b>	<b>1,743</b>
4- Asset ceiling <sup>(*)</sup>	(1,882)	(1,847)
<b>5- Net amount recognized in the balance sheet (3-4)</b>	<b>(93)</b>	<b>(104)</b>
Amount recognized in assets (Note 20a)	256	242
Amount recognized in liabilities (Note 20b)	(349)	(346)

(\*) Corresponds to the excess of the present value of the available economic benefit, in conformity with paragraph 58 of IAS 19.

**V- Change in the net amount recognized in the balance sheet:**

	03/31/2015				
	Plan net assets	Actuarial liabilities	Surplus	Asset ceiling	Recognized amount
<b>Value beginning of the period</b>	<b>13,438</b>	<b>(11,695)</b>	<b>1,743</b>	<b>(1,847)</b>	<b>(104)</b>
Cost of current service	-	(15)	(15)	-	(15)
Net interest <sup>(1)</sup>	333	(288)	45	(46)	(1)
Benefits paid	(202)	202	-	-	-
Contributions of sponsors	15	-	15	-	15
Contributions of participants	3	-	3	-	3
Effects on asset ceiling	-	-	-	7	7
Remeasurements <sup>(2) (3)</sup>	6	(8)	(2)	4	2
<b>Value end of the period</b>	<b>13,593</b>	<b>(11,804)</b>	<b>1,789</b>	<b>(1,882)</b>	<b>(93)</b>

	12/31/2014				
	Plan net assets	Actuarial liabilities	Surplus	Asset ceiling	Recognized amount
<b>Value beginning of the period</b>	<b>12,512</b>	<b>(11,577)</b>	<b>935</b>	<b>(1,293)</b>	<b>(358)</b>
Cost of current service	-	(74)	(74)	-	(74)
Net interest <sup>(1)</sup>	1,178	(1,087)	91	(123)	(32)
Benefits paid	(780)	780	-	-	-
Contributions of sponsors	81	-	81	-	81
Contributions of participants	15	-	15	-	15
Effects on asset ceiling	-	-	-	(453)	(453)
Remeasurements <sup>(2) (3)</sup>	432	263	695	22	717
<b>Value end of the period</b>	<b>13,438</b>	<b>(11,695)</b>	<b>1,743</b>	<b>(1,847)</b>	<b>(104)</b>

(1) Corresponds to the amount calculated on 01/01/2015 based on the beginning amount (Net Assets, Actuarial Liabilities and Asset ceiling), taking into account the estimated amount of payments/ receipts of benefits/ contributions, multiplied by the discount rate of 10.24% p.a.. (At 01/01/2014 used by the discount rate of 9.72% p.a.)

(2) Remeasurements recorded in net assets and asset ceiling correspond to the income earned above/below the expected return rate.

(3) The actual return on assets amounted to R\$ 339 (R\$ 1,611 at 12/31/2014).

During the period, the contributions made totaled R\$ 15 (R\$ 17 from 01/01 to 03/31/2014). The contribution rate increases based on the beneficiary's salary.

In 2015, contribution to the retirement plans sponsored by ITAÚ UNIBANCO HOLDING is expected to amount to R\$ 58.

The estimate for payment of benefits for the next 10 years is as follows:

Period	Payment estimate
2015	845
2016	867
2017	889
2018	915
2019	942
2020 to 2024	4,812

**VI- Sensitivity of defined benefit obligation**

The impact, due to the change in the assumption – discount rate by 0.5%, which would be recognized in Actuarial liabilities of the plans, as well as in Stockholders' Equity – Other Comprehensive Income of the sponsor (before taxes) would amount to:

Change in Assumption	Effect on actuarial liability		Effect which would be recognized in Stockholders' Equity <sup>(*)</sup>
	Value	Percentage of actuarial liabilities	Value
- Decrease by 0.5%	668	5.73%	(315)
- Increase by 0.5%	(578)	(5.22%)	331

(\*) Net of effects of asset ceiling



#### d) Defined contribution plans

The defined contribution plans have assets relating to sponsors' contributions not yet included in the participant's account balance due to loss of eligibility to a plan benefit, as well as resources from the migration from the defined benefit plans. The fund will be used for future contributions to the individual participants' accounts, according to the rules of the respective benefit plan regulation.

##### I - Change in the net amount recognized in the Balance sheet:

	03/31/2015			12/31/2014		
	Pension plan fund	Asset ceiling	Recognized amount	Pension plan fund	Asset ceiling	Recognized amount
<b>Value beginning of the period</b>	<b>2,438</b>	<b>(224)</b>	<b>2,214</b>	<b>2,361</b>	<b>(275)</b>	<b>2,086</b>
Net interest	60	(5)	55	223	(27)	196
Contribution	(39)	-	(39)	(133)	-	(133)
Effects on asset ceiling	-	(12)	(12)	-	77	77
Remeasurements	9	12	21	(13)	1	(12)
<b>Value end of the period (Note 20a)</b>	<b>2,468</b>	<b>(229)</b>	<b>2,239</b>	<b>2,438</b>	<b>(224)</b>	<b>2,214</b>

During the period, the contributions to the defined contribution plans, including PGBL, totaled R\$ 54 (R\$ 52 from 01/01 to 03/31/2014), of which R\$ 39 (R\$ 37 from 01/01 to 03/31/2014) were pension funds.

#### e) Other post-employment benefits

ITAÚ UNIBANCO HOLDING and its subsidiaries do not offer other post-employment benefits, except in those cases arising from obligations under acquisition agreements signed by ITAÚ UNIBANCO HOLDING, as well as in relation to the benefits granted due to a judicial sentence, in accordance with the terms and conditions established, in which health plans are totally or partially sponsored for specific groups of former workers and beneficiaries.

Based on the report prepared by an independent actuary, the changes in obligations for these other projected benefits and the amounts recognized in the balance sheet, under liabilities, of ITAÚ UNIBANCO HOLDING are as follows:

##### I- Change in the net amount recognized in the balance sheet:

	03/31/2015	12/31/2014
<b>At the beginning of the period</b>	<b>(170)</b>	<b>(146)</b>
Interest cost	(4)	(14)
Benefits paid	3	9
Remeasurements	-	(19)
<b>At the end of the period (Note 20b)</b>	<b>(171)</b>	<b>(170)</b>

The estimate for payment of benefits for the next 10 years is as follows:

Period	Payment estimate
2015	9
2016	10
2017	11
2018	11
2019	12
2020 to 2024	73

#### II- Assumptions and sensitivity - medical care cost

For calculation of projected benefits obligations in addition to the assumptions used for the defined benefit plans (Note 29c I), an 9.72% p.a. increase in medical costs assumption is assumed.

Assumptions about medical care cost trends have a significant impact on the amounts recognized in income. A change of one percentage point in the medical care cost rates would have the following effects:

	Recognition	1.0% increase	1.0% decrease
Service cost and interest cost	Income	2	(2)
Present value of obligation	Other comprehensive income	21	(18)

## Note 30 – Insurance contracts

### a) Insurance contracts

ITAÚ UNIBANCO HOLDING, through its subsidiaries, offers to the market insurance and private pension products, with the purpose of assuming risks and restoring the economic balance of the assets of the policyholder if damaged. Products are offered through insurance brokers (third parties operating in the market and its own brokers), Itaú Unibanco branches and electronic channels, according to their characteristics and regulatory requirements.

### b) Main products

#### I - Insurance

The contract entered into between the parties aims at guaranteeing the protection of the client's assets. Upon payment of a premium, the policyholder is protected through previously-agreed replacement or indemnification clauses for damages. ITAÚ UNIBANCO HOLDING insurance companies then recognize technical reserves administered by themselves, through specialized areas within the conglomerate, with the objective of indemnifying the policyholder's loss in the event of claims of insured risks.

The insurance risks sold by insurance companies of ITAÚ UNIBANCO HOLDING are divided into property and casualty, that covers losses, damages or liabilities for assets or persons, and life insurance, that includes coverage for death and personal accidents.

Main insurance lines	Loss ratio		Sales ratio	
	%		%	
	01/01 to 03/31/2015	01/01 to 03/31/2014	01/01 to 03/31/2015	01/01 to 03/31/2014
Mandatory insurance for personal injury caused by motor vehicles (DPVAT)	88.2	88.4	1.4	1.4
Education Insurance	56.6	57.7	33.1	17.9
Commercial multiple peril	55.4	45.2	21.3	17.0
Touristic	54.3	40.2	5.9	6.3
Group life	39.4	49.4	12.8	11.3
Home Insurance in Market Policies – Credit Life	22.3	13.0	(3.2)	(2.1)
Extended warranty - assets	18.0	17.4	64.5	63.4
Serious or terminal diseases	17.8	9.2	10.7	10.8
Individual accident	15.9	15.2	11.3	9.6
Individual life	13.5	16.5	-	-
Credit Life	13.0	13.1	21.5	22.0
Multiple risks	4.8	3.9	61.6	54.0
Group accident insurance	3.4	5.9	41.0	37.2
Specified and operational risks	-	23.1	-	2.6
Petroleum risks	-	77.9	-	12.5

#### II - Private pension

Developed as a solution to ensure the maintenance of the quality of life of participants, as a supplement to the government plans, through long-term investments, private pension products are divided into three major groups:

- **PGBL - Plan Generator of Benefits:** The main objective of this plan is the accumulation of financial resources, but it can be purchased with additional risk coverage. Recommended for clients that file the full version of income tax return (rather than the simplified version), because they can deduct contributions paid for tax purposes up to 12% of the annual taxable gross income.
- **VGBL - Redeemable Life Insurance:** This is an insurance structured as a pension plan. Its taxation differs from the PGBL; in this case, the tax basis is the earned income.

- **FGB - Fund Generator of Benefits:** This is a pension plan with minimum income guarantee, and possibility of receiving earnings from asset performance. Once recognized the distribution of earnings at a certain percentage, as established by the FGB policy, it is not at management's discretion, but instead represents an obligation to ITAÚ UNIBANCO HOLDING. Although there are plans still in existence, they are no longer sold.

### III – Income from insurance and private pension

The revenue from the main insurance and private pension products is as follows:

	Premiums and contributions issued		Reinsurance		Retained premiums and contributions	
	01/01 to 03/31/2015	01/01 to 03/31/2014	01/01 to 03/31/2015	01/01 to 03/31/2014	01/01 to 03/31/2015	01/01 to 03/31/2014
VGBL	3,641	2,749	-	-	3,641	2,749
PGBL	388	335	-	-	388	335
Group life	368	332	(5)	(6)	363	326
Group accident insurance	217	181	-	(1)	217	180
Credit Life	206	190	(3)	-	203	190
Warranty extension - assets	70	380	-	-	70	380
Disability Savings Pension	57	43	(2)	(1)	55	42
Home Insurance in Market Policies – Credit Life	52	44	(7)	(6)	45	38
Individual accident	50	42	-	(1)	50	41
Multiple risks	42	43	-	(3)	42	40
Serious or terminal diseases	40	34	-	-	40	34
Income from Uncertain Events	33	27	-	(1)	33	26
Traditional	33	33	-	-	33	33
Internal Credit	29	18	-	-	29	18
Home Insurance in Market Policies – Other Coverage	15	14	-	(4)	15	10
Mandatory insurance for personal injury caused by motor vehicles (DPVAT)	14	48	-	-	14	48
Commercial multiple peril	13	32	-	(7)	13	25
Touristic	9	6	-	-	9	6
Individual life	3	4	-	-	3	4
Specified and all risks	-	152	-	(126)	-	26
Petroleum risks	-	80	-	(70)	-	10
Other lines	63	254	(2)	(86)	61	168
<b>Total</b>	<b>5,343</b>	<b>5,041</b>	<b>(19)</b>	<b>(312)</b>	<b>5,324</b>	<b>4,729</b>

## c) Technical reserves for insurance and private pension

The technical provisions of insurance and pension plan are recognized according to the technical notes approved by SUSEP and criteria established by current legislation.

### I - Insurance and private pension:

- **Provision for unearned premiums** – it is recognized, based on insurance premiums, for the coverage of amounts payable related to claims and expenses to be incurred, throughout the terms to be elapsed, in connection with the risks assumed at the calculation base date. The calculation is performed on the level of policies or endorsement of agreements in force, under the *pro rata-die* criterion. The provision includes an estimate for effective and not issued risks (PPNG-RVNE).
- **Provision for unsettled claims** – it is recognized for the coverage of amounts payable related to lump-sum payments and income overdue of claims reported up to the calculation base date, but not paid yet. The provision covers administrative and legal claims, gross of accepted coinsurance operations and reinsurance operations and net of ceded coinsurance operations. The provision should include, whenever required, IBNER (claims incurred but not sufficiently reported) for the aggregate development of claims reported but not paid, which amounts may be changed throughout the process up to the final settlement.
- **Provision for claims incurred and not reported - IBNR** – it is recognized for the coverage of expected unsettled amounts related to claims incurred but not reported up to the calculation base date, gross of accepted coinsurance operations and reinsurance operations, and net of ceded coinsurance operations.
- **Mathematical provisions for benefits to be granted** - recognized for the coverage of commitments assumed to participants or policyholders, based on the assumptions set forth in the contract, while the event that gave rise to the benefit and/or indemnity has not occurred. The provision is calculated in accordance with the methodology approved in the actuarial technical note of the product.
- **Mathematical provisions for granted benefits** - it is recognized after the event triggering the benefit occurs, for coverage of the commitments assumed with the participants or insured, based on the assumptions established in the agreement. The provision is calculated in accordance with methodologies approved in the technical actuarial note of the product.
- **Provision for financial surplus** – it is recognized to ensure the amounts intended for distribution of financial surplus, if the event is stated in the agreement. Corresponds to the financial income exceeding the minimum return guaranteed in the product.
- **Other technical provisions** – it is recognized when insufficiency of premiums or contributions are identified related to payments of benefits and indemnities.
- **Provision for redemptions and other amounts to regularize** – it comprises the amounts related to redemptions to regularize, returns of premiums or funds, portability requested but, for any reason, not yet transferred to the insurance company or open private pension entity beneficiary, and premiums received but not quoted.
- **Provision for related expenses** - It is recognized for the coverage of expected amounts related to expenses with benefits and indemnities, due to events incurred and to be incurred.

### II - Change in reserves for insurance and private pension

The details about the changes in balances of reserves for insurance and private pension operations are as follows:

## II.I - Change in technical provisions

	03/31/2015				12/31/2014			
	Property, individuals and life insurance	Private pension	Life with survivor benefits	Total	Property, individuals and life insurance	Private pension	Life with survivor benefits	Total
<b>Opening balance</b>	<b>5,872</b>	<b>28,228</b>	<b>75,678</b>	<b>109,778</b>	<b>10,275</b>	<b>25,252</b>	<b>63,496</b>	<b>99,023</b>
(+) Additions arising from premiums / contribution	1,204	478	3,641	5,323	7,267	2,034	13,541	22,842
(-) Deferral of risk	(1,425)	(57)	-	(1,482)	(7,154)	(192)	-	(7,346)
(-) Payment of claims / benefits	(346)	(46)	(3)	(395)	(2,395)	(204)	(10)	(2,609)
(+) Reported claims	421	-	-	421	2,219	-	-	2,219
(-) Redemptions	(1)	(403)	(2,037)	(2,441)	(1)	(1,249)	(7,929)	(9,179)
(+/-) Net portability	-	70	94	164	-	266	347	613
(+) Adjustment of reserves and financial surplus	2	736	1,995	2,733	7	2,249	6,319	8,575
(+/-) Business development (Notes 3e and i)	-	-	-	-	(4,402)	-	-	(4,402)
(+/-) Other (recognition/reversal)	(311)	13	(13)	(311)	56	72	(86)	42
<b>Reserves for insurance and private pension</b>	<b>5,416</b>	<b>29,019</b>	<b>79,355</b>	<b>113,790</b>	<b>5,872</b>	<b>28,228</b>	<b>75,678</b>	<b>109,778</b>

## II.II - Technical provisions balances

	Insurance		Private pension		Total	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014	03/31/2015	12/31/2014
Unearned premiums	3,792	4,015	13	12	3,805	4,027
Mathematical reserve for benefits to be granted and benefits granted	13	13	106,740	102,311	106,753	102,324
Redemptions and Other Unsettled Amounts	21	21	181	168	202	189
Financial surplus	1	1	528	519	529	520
Unsettled claims <sup>(1)</sup>	692	760	15	15	707	775
IBNR	469	635	19	19	488	654
Administrative and Related Expenses	40	42	72	70	112	112
Other	388	385	806	792	1,194	1,177
<b>Total <sup>(2)</sup></b>	<b>5,416</b>	<b>5,872</b>	<b>108,374</b>	<b>103,906</b>	<b>113,790</b>	<b>109,778</b>

(1) The provision for unsettled claims is detailed in Note 30e.

(2) This table covers the amendments established by Susep Circular No. 462, of 03/01/2013, also for comparison purposes.

**d) Deferred selling expenses**

Deferred acquisition costs of insurance are direct and indirect costs incurred to sell, underwrite and originate a new insurance contract.

Direct costs are basically commissions paid for brokerage services, agency and prospecting efforts and are deferred for amortization in proportion to the recognition of revenue from earned premiums, that is, over the coverage period, for the term of effectiveness of contracts, according to the calculation rules in force.

Balances are recorded under gross reinsurance assets and changes are shown in the table below:

<b>Balance at 01/01/2015</b>	<b>1,647</b>
Increase	288
Amortization	(468)
<b>Balance at 03/31/2015</b>	<b>1,467</b>
Balance to be amortized in up to 12 months	925
Balance to be amortized after 12 months	542
<hr/>	
<b>Balance at 01/01/2014</b>	<b>2,205</b>
Increase	1,747
Amortization	(2,263)
Corporate reorganizations	31
Sale of Major Risk Portfolio	(73)
<b>Balance at 12/31/2014</b>	<b>1,647</b>
Balance to be amortized in up to 12 months	972
Balance to be amortized after 12 months	675

The amounts of deferred selling expenses from reinsurance are stated in Note 30I.

## e) Table of loss development

Changes in the amount of obligations of the ITAÚ UNIBANCO HOLDING may occur at the end of each annual reporting period. The table below shows the development by the claims incurred method. The first part of the table shows how the final loss estimate changes through time. The second part of the table reconciles the amounts pending payment and the liability disclosed in the balance sheet.

The values shown in the tables below express the position as at 12/31/2014, since the actuarial calculations are made semiannually:

### I – Gross of reinsurance

<b>Reserve for unsettled claims <sup>(*)</sup></b>	<b>775</b>
(-) DPVAT operations	148
(-) IBNER (claims incurred but not sufficiently reported)	126
(-) Retrocession and other estimates	3
<b>Liability claims presented in the development table (Ia + Ib)</b>	<b>498</b>

(\*) Provision for unsettled claims stated in Note 30c II.II of 12/31/2014, gross of reinsurance

### Ia - Administratives claims - gross of reinsurance

<b>Occurrence date</b>	<b>12/31/2010</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>Total</b>
At the end of reporting period	965	931	1,065	1,144	1,187	
After 1 year	931	937	1,058	1,221	-	
After 2 years	934	938	1,063	-	-	
After 3 years	937	940	-	-	-	
After 4 years	938	-	-	-	-	
Current estimate	938	940	1,063	1,221	1,187	
Accumulated payments through base date	934	931	1,057	1,210	973	5,105
Liabilities recognized in the balance sheet	4	9	6	11	214	244
Liabilities in relation to prior years						16
<b>Total administratives claims included in balance sheet</b>						<b>260</b>

### Ib - Judicial claims - gross of reinsurance

<b>Occurrence date</b>	<b>12/31/2010</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>Total</b>
At the end of reporting period	19	26	47	23	22	
After 1 year	33	52	54	47	-	
After 2 years	45	59	63	-	-	
After 3 years	50	66	-	-	-	
After 4 years	54	-	-	-	-	
Current estimate	54	66	63	47	22	
Accumulated payments through base date	33	36	43	31	10	153
Liabilities recognized in the balance sheet	21	30	20	16	12	99
Liabilities in relation to prior years						139
<b>Total judicial claims included in balance sheet</b>						<b>238</b>



## II - Net of reinsurance

<b>Reserve for unsettled claims <sup>(1)</sup></b>	775
(-) DPVAT operations	148
(-) IBNER	126
(-) Reinsurance <sup>(2)</sup>	27
(-) Retrocession and other estimates	3
<b>Liability claims presented in the development table (IIa + IIb)</b>	<b>471</b>

(1) Provision refers to provision for unsettled claims stated in Note 30c II.II of 12/31/2014.

(2) Reinsurance operations stated in Note 30I III of 12/31/2014.

### IIa - Administratives claims - net of reinsurance

<b>Occurrence date</b>	<b>12/31/2010</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>Total</b>
At the end of reporting period	949	917	1,022	1,112	1,165	
After 1 year	915	917	1,012	1,188	-	
After 2 years	922	918	1,017	-	-	
After 3 years	925	920	-	-	-	
After 4 years	925	-	-	-	-	
Current estimate	925	920	1,017	1,188	1,165	
Accumulated payments through base date	921	914	1,011	1,177	956	4,979
Liabilities recognized in the balance sheet	4	6	6	11	209	236
Liabilities in relation to prior years						9
<b>Total administratives claims included in balance sheet</b>						<b>245</b>

### IIb - Judicial claims - net of reinsurance

<b>Occurrence date</b>	<b>12/31/2010</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>Total</b>
At the end of reporting period	19	26	46	23	22	
After 1 year	32	51	53	47	-	
After 2 years	45	58	62	-	-	
After 3 years	50	65	-	-	-	
After 4 years	53	-	-	-	-	
Current estimate	53	65	62	47	22	
Accumulated payments through base date	32	36	43	31	10	152
Liabilities recognized in the balance sheet	21	29	19	16	12	97
Liabilities in relation to prior years						129
<b>Total judicial claims included in balance sheet</b>						<b>226</b>

In the breakdown of the table on change of claims, historic claims were excluded from major risk insurance operations, as informed in Note 3i.

The breakdown of the table development of claims between administrative and legal evidences the reallocation of claims up to a certain base date and that become legal ones afterwards, which may give the wrong impression of need for adjusting the provisions in each breakdown.

## f) Liability adequacy test

As established in IFRS 4 – “Insurance contracts”, an insurance company must carry out the Liability Adequacy Test, comparing the amount recognized for its technical reserves with the current estimate of cash flow of its future obligations. The estimate should consider all cash flows related to the business, which is the minimum requirement for carrying out the adequacy test.

The Liability adequacy test did not show any deficiency in this period.

The assumptions used in the test are periodically reviewed and are based on the best practices and the analysis of subsidiaries’ experience, therefore representing the best estimates for cash flow projections.

### **Methodology and Test Grouping**

The methodology for testing all products is based on the projection of cash flows. Specifically for insurance products, cash flows were projected using the method known as run-off triangle of quarterly frequency. Cash flows for the deferral and the assignment phases are tested on a separate basis for social security products.

The risk grouping criterion considers groups subject to similar risks that are jointly managed as a single portfolio.

### **Biometric Tables**

Biometric tables are instruments to measure the biometric risk represented by the probability of death, survival or disability of a participant.

For death and survival estimates biometric tables broken down by gender are used, adjusted according to life expectancy development (improvement), and the Álvaro Vindas table is adopted to estimate benefit requests for disability.

### **Risk-free Interest Rate**

The relevant risk-free forward interest-rate structure is an indicator of the pure time value of money used to price the set of projected cash flows.

The relevant structure of risk-free interest rate was obtained from the curve of securities deemed to be credit risk free, available in the Brazilian financial market and determined pursuant to an internal policy of ITAÚ UNIBANCO HOLDING, considering the addition of spread, which took into account the impact of the market result of held-to-maturity securities of the guarantee assets portfolio.

### **Income conversion rate**

The income conversion rate represents the expected conversion of balances accumulated by participants in retirement benefits. The decision of conversion into income by participants is influenced by behavioral, economic and tax factors.

### **Other Assumptions**

Related expenses, cancellations and partial redemptions, future increases and contributions, among others, are assumptions that affect the estimate of projected cash flows since they represent expenses and income arising from insurance agreements assumed.

#### **g) Insurance risk – effect of changes on actuarial assumptions**

Property insurance is a short-lived insurance, and the main actuarial assumptions involved in the management and pricing of the associated risks are claims frequency and severity. Volatility above the expected number of claims and/or amount of claim indemnities may result in unexpected losses.

Life insurance and pension plans are, in general, medium or long-lived products and the main risks involved in the business may be classified as biometric risk, financial risk and behavioral risk.

Biometric risk relates to: i) more than expected increase in life expectancies for products with survivorship coverage (mostly pension plans); ii) more than expected decrease in mortality rates for products with survivorship coverage (mostly life insurance).

Products offering financial guarantee predetermined under contract involve financial risk inherent in the underwriting risk, with such risk being considered insurance risk.

Behavioral risk relates to a more than expected increase in the rates of conversion into annuity income, resulting in increased payments of retirement benefits.

The estimated actuarial assumptions are based on the historical evaluation of ITAÚ UNIBANCO HOLDING, on benchmarks and the experience of the actuaries.

To measure the effects of changes in the key actuarial assumptions, sensitivity tests were conducted in the amounts of current estimates of future liability cash flows. The sensitivity analysis considers a vision of the impacts caused by changes in assumptions, which could affect the income for the period and stockholders' equity at the balance sheet date. This type of analysis is usually conducted under the *ceteris paribus* condition, in which the sensitivity of a system is measured when one variable of interest is changed and all the others remain unchanged. The results obtained are shown in the table below:

The sensitivity analysis considers a vision of the impacts caused by changes in assumptions, which could affect the income for the period and stockholders' equity at the balance sheet date. Results were as follows:

Sensitivity analysis	Impact in Results and Stockholders' Equity <sup>(1)</sup>					
	03/31/2015 <sup>(2)</sup>			12/31/2014		
	Supplementary	Insurance		Supplementary	Insurance	
	Retirement Plans and Life with Living Benefits	Gross of reinsurance	Net of reinsurance	Retirement Plans and Life with Living Benefits	Gross of reinsurance	Net of reinsurance
5% increase in mortality rates	3	(5)	(5)	3	(5)	(5)
5% decrease in mortality rates	(3)	5	5	(3)	5	5
0.1% increase in risk-free interest rates	30	7	7	30	7	7
0.1% decrease in risk-free interest rates	(31)	(7)	(7)	(31)	(7)	(7)
5% increase in conversion in income rates	(11)	-	-	(11)	-	-
5% decrease in conversion in income rates	11	-	-	11	-	-
5% increase in claims	-	(62)	(59)	-	(62)	(59)
5% decrease in claims	-	62	59	-	62	59

(1) Amounts net of tax effects.

(2) The amounts shown in the table express the position at 12/31/2014, since the actuarial calculations are made semi-annually.

## h) Risks of insurance and private pension

ITAÚ UNIBANCO HOLDING has specific committees to define the management of funds from the technical reserves for insurance and private pension, issue guidelines for managing these funds with the objective of achieving long-term return, and define evaluation models, risk limits and strategies on allocation of funds to defined financial assets. Such committees are comprised not only of executives and those directly responsible for the business management process, but also for an equal number of professionals that head up or coordinate the commercial and financial areas.

Large risks products are distributed by brokers. In the case of the extended warranty product, this is marketed by the retail company that sells the product to consumer. The DPVAT production results from the participation that the insurance companies of ITAÚ UNIBANCO HOLDING have in the Leading Insurance Company of the DPVAT consortium.

There is no product concentration in relation to insurance premiums, reducing the concentration risk of products and distribution channels. For large risks products, the strategy of lower retention is adopted, in accordance with certain lines shown below:

	01/01 to 03/31/2015			01/01 to 03/31/2014		
	Insurance premiums	Retained premium	Retention (%)	Insurance premiums	Retained premium	Retention (%)
<b>Property and casualty</b>						
Extended warranty	70	70	100.0	380	380	100.0
Credit life	206	203	99.0	190	190	100.0
Mandatory personal injury caused by motor vehicle (DPVAT)	14	14	100.0	48	48	100.0
<b>Individuals</b>						
Group life	368	363	99.0	332	326	98.2
Group accident insurance	217	217	100.0	181	180	99.5
Individual accident	50	50	100.0	42	41	97.6
Individual life	3	3	100.0	4	4	100.0
<b>Large risks</b>						
Specified and operational risks	-	-	-	152	26	17.1
Petroleum risks	-	-	-	80	10	12.5
Engineering	-	-	-	20	2	9.2

#### i) Insurance, pension plan and capitalization management structure

The products that make up the portfolios of ITAÚ UNIBANCO HOLDING's insurance companies are related to the life insurance and elementary, pension plan and capitalization lines. Therefore, we understand that the major risks inherent in these products are as follows:

- Subscription risk is the possibility of losses arising from operations of insurance, pension plan and capitalization that go against the organization's expectations, directly or indirectly associated with the technical and actuarial bases adopted to calculate premiums, contributions and provisions.
- Market risk is the possibility of incurring losses due to fluctuations in the market values of assets and liabilities comprising the actuarial technical reserves.
- Credit risk is the possibility of a certain debtor failing to meet any obligations in connection with the settlement of operations involving the trade of financial assets or reinsurance.
- Operational risk is the possibility of incurring losses arising from the failure, deficiency or inadequacy or internal processes, personnel and systems, or external events impacting the achievement of strategic, tactical or operational purposes of the insurance, pension plan and capitalization operations.
- Liquidity risk in insurance operations is the possibility of the institution's failure to timely meet its obligations with insured and pension plan beneficiaries in view of lack of liquidity of the assets comprising the actuarial technical reserves.

#### j) Duties and responsibilities

In line with good national and international practices and to ensure that the risks arising from insurance, pension plan and capitalization products are properly identified, measured, assessed, reported and approved in proper bodies, the ITAÚ UNIBANCO HOLDING has a risk management structure which guidelines are established in an internal policy, approved by its Board of Directors, applicable to the companies and subsidiaries exposed to insurance, pension plan and capitalization risks in Brazil and abroad.

The process of managing insurance, pension plan and capitalization risks is based on responsibilities established and distributed between control and business areas, ensuring independence between them.

Also, as part of the risk management process, there is a structure of panels where, decisions may be escalated to superior committees, ensuring compliance with a number of internal and regulatory requirements, as well as balanced decisions regarding risks.

Management works together with the investment manager to ensure that assets backing long-term products, with guaranteed minimum returns, are managed according to the characteristics of liabilities aiming at actuarial balance and long-term solvency.

A detailed mapping of the liabilities of long-term products that result in payment flows of projected future benefits is performed annually. This mapping is prepared based on actuarial assumptions.

The investment manager, having this information, uses Asset Liability Management models to find the best asset portfolio composition that enables the outweighing of risks entailed in this type of product, considering its long-term economic and financial feasibility. The portfolio of backing assets is periodically rebalanced based on the fluctuations in market prices of assets, liquidity needs, and changes in characteristics of liabilities.

## k) Market, credit and liquidity risk

### Market risk

Market risk is analyzed, in relation to insurance operations, based on the following metrics and sensitivity and loss control measures: Value at Risk (VaR), Losses in Stress Scenarios (Stress Test), Sensitivity (DV01- Delta Variation) and Concentration. For a detailed description of metrics, see Note 36 – Market risk. In the table, the sensitivity analysis (DV01 – Delta Variation) is presented in relation to insurance operations that demonstrate the impact on the cash flows market value when submitted to a 1 annual basis point increase in the current interest rates or index rate and 1 percentage point in the share price and currency.

Class	(R\$ million)			
	03/31/2015		12/31/2014	
	Account balance	DV01	Account balance	DV01
<b>Government securities</b>				
NTN-C	4,346	(3.33)	4,299	(3.39)
NTN-B	2,077	(2.26)	1,950	(2.17)
LTN	-	-	0	(0.00)
<b>Private securities</b>				
Indexed to IPCA	337	(0.21)	337	(0.22)
Indexed to PRE	66	(0.01)	64	(0.01)
<b>Shares</b>	<b>0</b>	<b>0.00</b>	<b>2</b>	<b>0.02</b>
<b>Floating assets</b>	<b>8,232</b>	<b>-</b>	<b>8,177</b>	<b>-</b>
<b>Under agreements to resell</b>	<b>5,830</b>	<b>-</b>	<b>7,746</b>	<b>-</b>

## Liquidity Risk

Liquidity risk is the risk that ITAÚ UNIBANCO HOLDING may have insufficient net funds available to honor its current obligations at a given moment. The liquidity risk is managed, for insurance operation, continuously based on the monitoring of payment flows related to its liabilities vis a vis the inflows generated by its operations and financial assets portfolio.

Financial assets are managed in order to optimize the risk-return ratio of investments, considering, on a careful basis, the characteristics of their liabilities. The risk integrated control considers the concentration limits by issuer and credit risk, sensitivities and market risk limits and control over asset liquidity risk. Thus, investments are concentrated in government and private securities with good credit quality in active and liquid markets, keeping a considerable amount invested in short-term assets, available on demand, to cover regular needs and any liquidity contingencies. Additionally, ITAÚ UNIBANCO HOLDING constantly monitors the solvency conditions of its insurance operations.

Liabilities	Assets	03/31/2015			12/31/2014		
		Liabilities amounts <sup>(1)</sup>	Liabilities DU <sup>(2)</sup>	Assets DU <sup>(2)</sup>	Liabilities amounts <sup>(1)</sup>	Liabilities DU <sup>(2)</sup>	Assets DU <sup>(2)</sup>
<b>Insurance operations</b>	<b>Backing asset</b>						
Unearned premiums	LFT, repurchase agreements, NTN-B, CDB, LF and debentures	3,792	15.7	12.6	4,014	15.8	12.1
IBNR, PDR e PSL	LFT, repurchase agreements, NTN-B, CDB, LF and debentures	1,198	15.9	15.8	1,435	15.8	14.9
Other provisions	LFT, repurchase agreements, NTN-B, CDB, LF and debentures	388	109.7	21.1	388	108.7	21.8
<b>Subtotal</b>	<b>Subtotal</b>	<b>5,378</b>			<b>5,837</b>		
<b>Pension plan, VGBL and individual life operations</b>							
Related expenses	LFT, repurchase agreements, NTN-B, CDB, LF and debentures	72	92.0	92.1	70	92.0	94.1
Unearned premiums	LFT, repurchase agreements, NTN-B, CDB and debentures	13	-	13.1	14	-	12.2
Unsettled claims	LFT, repurchase agreements, NTN-B, CDB and debentures	17	-	13.0	17	-	12.2
IBNR	LFT, repurchase agreements, NTN-B, CDB and debentures	20	12.1	13.1	20	12.1	12.2
Redemptions and Other Unsettled Amounts	LFT, repurchase agreements, NTN-B, CDB and debentures	202	-	13.0	188	-	12.2
Mathematical reserve for benefits granted	LFT, repurchase agreements, LTN, NTN-B, NTN-C, NTN-F, CDB, LF and debentures	1,269	91.9	92.3	1,254	92.0	94.4
Mathematical reserve for benefits to be granted – PGBL/ VGBL	LFT, repurchase agreements, LTN, NTN-B, NTN-C, NTN-F, CDB, LF and debentures <sup>(3)</sup>	101,481	169.5	16.2	97,141	169.6	14.8
Mathematical reserve for benefits to be granted – traditional	LFT, repurchase agreements, NTN-B, NTN-C, Debentures	4,003	187.7	81.6	3,926	187.7	86.6
Other provisions	LFT, repurchase agreements, NTN-B, NTN-C, CDB, LF and debentures	806	187.7	81.6	791	187.7	86.6
Financial surplus	LFT, repurchase agreements, NTN-B, NTN-C, CDB, LF and debentures	529	187.4	81.5	520	187.4	86.4
<b>Subtotal</b>	<b>Subtotal</b>	<b>108,412</b>			<b>103,941</b>		
<b>Total technical reserves</b>	<b>Total backing assets</b>	<b>113,790</b>			<b>109,778</b>		

(1) Gross amounts of Credit Rights, Escrow Deposits and Reinsurance.

(2) DU = Duration in months

(3) Excluding PGBL / VGBL reserves allocated in variable income.



## Credit Risk

### I - Reinsurers – Breakdown

The division of risks assigned to reinsurance companies and their rating according the Standard & Poor's is presented below:

- **Insurance Operations:** reinsurance premium operations are basically represented by: IRB Brasil Resseguros with 86.70% (38.57% at 12/31/2014) and Munich Re do Brasil with 13.23% (5.34% at 12/31/2014). Only at 12/31/2014, Lloyd's (A+) with 17,48%, Mapfre Re, Cia de Reaseguros,S.A. (A) with 4.21% and American Home Assurance Company (A) with 4.01%.
- **Social Security Operations:** social security operations related to reinsurance premiums are entirely represented by General Reinsurance AG with 50% (50% at 12/31/2014) and Munich Re do Brasil with 50% (50% at 12/31/2014). For insurance operations, transfers of reinsurance premiums are deployed between Munich Re do Brasil with 60.30% (55.46% at 12/31/2014) and IRB Brasil Resseguros with 39.70% (44.54% at 12/31/2014).

## II - Risk level of financial assets

The table below shows insurance financial assets, individually evaluated, classified by rating:

03/31/2015							
Internal rating <sup>(*)</sup>	Interbank deposits and securities purchased under agreements to resell	Held-for-trading financial assets	Financial assets designated at fair value through profit or loss	Derivatives assets	Available-for-sale financial assets	Held-to-maturity financial assets	Total
Lower risk	7,816	70,776	-	105	2,434	4,020	85,151
Satisfactory	-	1	-	-	-	-	1
Higher Risk	-	2	-	-	-	-	2
<b>Total</b>	<b>7,816</b>	<b>70,779</b>	<b>-</b>	<b>105</b>	<b>2,434</b>	<b>4,020</b>	<b>85,154</b>
<b>%</b>	<b>9.2</b>	<b>83.1</b>	<b>-</b>	<b>0.1</b>	<b>2.9</b>	<b>4.7</b>	<b>100.0</b>

(\*) Internal risk level ratings, with due associated probability of default, are detailed in Note 36.

12/31/2014							
Internal rating <sup>(*)</sup>	Interbank deposits and securities purchased under agreements to resell	Held-for-trading financial assets	Financial assets designated at fair value through profit or loss	Derivatives assets	Available-for-sale financial assets	Held-to-maturity financial assets	Total
Lower risk	9,721	66,781	-	105	2,389	3,958	82,954
Satisfactory	-	3	-	-	-	-	3
Higher Risk	-	3	-	-	-	-	3
<b>Total</b>	<b>9,721</b>	<b>66,787</b>	<b>-</b>	<b>105</b>	<b>2,389</b>	<b>3,958</b>	<b>82,960</b>
<b>%</b>	<b>11.7</b>	<b>80.5</b>	<b>-</b>	<b>0.1</b>	<b>2.9</b>	<b>4.8</b>	<b>100.0</b>

(\*) Internal risk level ratings, with due associated probability of default, are detailed in Note 36.

## **I) Reinsurance**

Expenses and revenues from reinsurance premiums ceded are recognized in the period when they occur, according to the accrual basis, with no offset of assets and liabilities related to reinsurance except in the event there is a contractual provision for the offset of accounts between the parties. Analyses of reinsurance required are made to meet the current needs of ITAÚ UNIBANCO HOLDING, maintaining the necessary flexibility to comply with changes in management strategy in response to the various scenarios to which it may be exposed.

### **Reinsurance assets**

Reinsurance assets represent the estimated amounts recoverable from reinsurers in connection with losses incurred. Such assets are evaluated based on risk assignment contracts, and for cases of losses effectively paid, they are reassessed after 365 days as to the possibility of impairment; in case of doubts, such assets are reduced by recognizing an allowance for losses on reinsurance.

### **Reinsurance transferred**

ITAÚ UNIBANCO HOLDING transfers, in the normal course of its businesses, reinsurance premiums to cover losses on underwriting risks to its policy holders and is in compliance with the operational limits established by the regulating authority. In addition to proportional contracts, non-proportional contracts are also entered into in order to transfer a portion of the responsibility to the reinsurance company for losses that exceed a certain level of losses in the portfolio. Non-proportional reinsurance premiums are included in Other assets - prepaid expenses and amortized to Other operating expenses over the effectiveness period of the contract on a daily accrual basis.

## I- Changes in balances of transactions with reinsurance companies

	Credits		Debits	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
<b>Opening balance</b>	<b>262</b>	<b>297</b>	<b>610</b>	<b>631</b>
Issued contracts	-	-	15	983
Recoverable claims	1	(16)	-	1
Prepayments / payments to reinsurer	6	-	(9)	(1,006)
Monetary adjustment and interest of claims	-	-	(1)	-
Other increase / reversal	-	(19)	(2)	1
Corporate reorganizations	(248)	-	(540)	-
<b>Closing balance</b>	<b>21</b>	<b>262</b>	<b>73</b>	<b>610</b>

## II – Balances of technical reserves with reinsurance assets

	03/31/2015	12/31/2014
Reinsurance claims	58	2,456
Reinsurance premiums	8	949
Reinsurance commission	-	(37)
<b>Closing balance</b>	<b>66</b>	<b>3,368</b>

## III – Changes in balances of technical reserves for reinsurance claims

	03/31/2015	12/31/2014
<b>Opening balance</b>	<b>2,456</b>	<b>2,729</b>
Reported claims	16	340
Paid claims	(5)	(737)
Other increase / reversal	(15)	30
Monetary adjustment and interest of claims	-	94
Corporate reorganizations	(2,394)	-
<b>Closing balance <sup>(*)</sup></b>	<b>58</b>	<b>2,456</b>

(\*) Includes Reserve for unsettled claims, IBNER (Reserve for claims not sufficiently warned), IBNR (Reserve for claims incurred but not reported), not covered by the table of loss development net of reinsurance Note 30 ell.

## IV – Changes in balances of technical reserves for reinsurance premiums

	03/31/2015	12/31/2014
<b>Opening balance</b>	<b>949</b>	<b>979</b>
Receipts	14	889
Payments	(14)	(919)
Corporate reorganizations	(941)	-
<b>Closing balance</b>	<b>8</b>	<b>949</b>

## V – Changes in balances of technical reserves for reinsurance commission

	03/31/2015	12/31/2014
<b>Opening balance</b>	<b>(37)</b>	<b>(47)</b>
Receipts	1	44
Payments	(1)	(34)
Corporate reorganizations	37	-
<b>Closing balance</b>	<b>-</b>	<b>(37)</b>

### **m) Regulatory authorities**

Insurance and private pension operations are regulated by the National Council of Private Insurance (CNSP) and the Superintendence of Private Insurance (SUSEP). These authorities are responsible for regulating the market, and consequently for assisting in the mitigation of risks inherent in the business.

The CNSP is the regulatory authority of insurance activities in Brazil, created by Decree-Law N° 73, of November 21, 1966. The main attribution of CNSP, at the time of its creation, was to set out the guidelines and rules of government policy on private insurance segments, and with the enactment of Law N° 6,435, of July 15, 1977, its attributions included private pension of public companies.

The Superintendence of Private Insurance (SUSEP) is the authority responsible for controlling and overseeing the insurance, and reinsurance markets. An agency of the Ministry of Finance, it was created by the Decree-Law N° 73, of November 21, 1966, which also created the National System of Private Insurance, comprising the National Council of Private Insurance (CNSP), IRB Brasil Resseguros S.A. – IRB Brasil Re, the companies authorized to have plans and the open-ended private pension companies.

## Note 31 – Fair value of financial instruments

In cases where market prices are not available, fair values are based on estimates using discounted cash flows or other valuation techniques. These techniques are significantly affected by the assumptions adopted, including the discount rate and estimate of future cash flows. The estimated fair value achieved through these techniques cannot be substantiated by comparison with independent markets and, in many cases, it cannot be realized in the immediate settlement of the instrument.

The following table summarizes the carrying and estimated fair values for financial instruments:

	03/31/2015		12/31/2014	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
<b>Financial assets</b>				
Cash and deposits on demand and Central Bank compulsory deposits	81,922	81,922	80,633	80,633
Interbank deposits	25,903	25,903	23,081	23,081
Securities purchased under agreements to resell	201,307	201,307	208,918	208,918
Financial assets held for trading <sup>(*)</sup>	138,260	138,260	132,944	132,944
Financial assets designated at fair value through profit or loss <sup>(*)</sup>	426	426	733	733
Derivatives <sup>(*)</sup>	24,634	24,634	14,156	14,156
Available-for-sale financial assets <sup>(*)</sup>	83,527	83,527	78,360	78,360
Held-to-maturity financial assets	37,702	37,437	34,434	34,653
Loan operations and lease operations	444,699	446,388	430,039	432,544
Other financial assets	54,301	54,301	53,649	53,649
<b>Financial liabilities</b>				
Deposits	298,652	298,816	294,773	294,924
Securities sold under repurchase agreements	293,867	293,867	288,683	288,683
Financial liabilities held for trading <sup>(*)</sup>	359	359	520	520
Derivatives <sup>(*)</sup>	30,931	30,931	17,350	17,350
Interbank market debt	131,108	130,389	122,586	122,016
Institutional market debt	79,810	79,083	73,242	72,391
Liabilities for capitalization plans	3,077	3,077	3,010	3,010
<b>Other financial liabilities</b>	67,441	67,441	71,492	71,492

<sup>(\*)</sup> These assets and liabilities are recorded in the balance sheet at their fair value.

Financial instruments not included in the Balance Sheet (Note 36) are represented by Standby letters of credit and guarantees provided, which amount to R\$ 75,289 (R\$ 73,759 at 12/31/2014) with an estimated fair value of R\$ 1,096 (R\$ 1,140 at 12/31/2014).

The methods and assumptions adopted to estimate the fair value are defined below:

- a) **Cash and deposits on demand, Central Bank compulsory deposits, Securities purchased under agreements to resell, Securities sold under repurchase agreements and liabilities for capitalization plans** – The carrying amounts for these instruments approximate their fair values.
- b) **Interbank deposits, deposits, Interbank market debt and Institutional market debt** – ITAÚ UNIBANCO HOLDING estimates the fair values by discounting the estimated cash flows and adopting the market interest rates.
- c) **Financial assets held for trading, including Derivatives (assets and liabilities), Financial assets designated at fair value through profit or loss, Available-for-sale financial assets, Held-to-maturity financial assets and Financial liabilities held for trading** – Under normal conditions, market prices are the best indicators of the fair values of financial instruments. However, not all instruments have liquidity or quoted market prices and, in such cases, the adoption of present value estimates and other pricing techniques are required. In the absence of quoted prices from National Association of Financial Market Institutions (ANBIMA), the fair values of bonds are calculated based on the interest rates provided by others on the market (brokers). The fair values of corporate debt securities are computed by adopting criteria similar to those applied to interbank deposits, as described above. The fair values of shares are computed based on their prices quoted in the market. The fair values of derivative financial instruments were determined as follows:
  - **Swaps:** The cash flows are discounted to present value based on yield curves that reflect the appropriate risk factors. These yield curves may be drawn mainly based on the exchange price of derivatives at BM&FBOVESPA, of Brazilian government securities in the secondary market or derivatives and securities traded abroad. These yield curves may be used to obtain the fair value of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock exchange indices, etc.).

- **Futures and forwards:** Quotations on exchanges or criteria identical to those applied to swaps.
  - **Options:** The fair values are determined based on mathematical models (such as Black&Scholes) that are fed with implicit volatility data, interest rate yield curve and fair value of the underlying asset. Current market prices of options are used to compute the implicit volatilities. All these data are obtained from different sources (usually Bloomberg).
  - **Credit:** Inversely related to the probability of default (PD) in a financial instrument subject to credit risk. The process of adjusting the market price of these spreads is based on the differences between the yield curves with no risk and the yield curves adjusted for credit risk.
- d) **Loan operations and lease operations** – The fair value is estimated based on groups of loans with similar financial and risk characteristics, using valuation models. The fair value of fixed-rate loans was determined by discounting estimated cash flows, applying interest rates close to ITAÚ UNIBANCO HOLDING current rates for similar loans. For the majority of loans at floating rate, the carrying amount was considered close to their fair value. The fair value of loan and lease operations not overdue was calculated by discounting the expected payments of principal and interest through maturity, at the aforementioned rates. The fair value of overdue loan and lease transactions was based on the discount of estimated cash flows, using a rate proportional to the risk associated with the estimated cash flows, or on the underlying collateral. The assumptions related to cash flows and discount rates are determined using information available in the market and the borrower's specific information of the debtor.
- e) **Deposits** – The fair value of fixed-rate deposits with maturity dates was calculated by using the estimated cash flow discounts based on interest rates close to the current rates ITAÚ UNIBANCO HOLDING adopts for similar funding. Demand deposits are not included for fair value calculation. The assumptions related to cash flows and discount rates are determined based on information available in the market and information specific for each operation.
- f) **Other financial assets / liabilities** – primarily composed of receivables from credit card issuers, deposits in guarantee for contingent liabilities and trading and intermediation of securities. The carrying amounts for these assets/liabilities substantially approximate their fair values, since they principally represent amounts to be received in the short term from credit card holders and to be paid to credit card acquirers, judicially required deposits (indexed to market rates) made by ITAÚ UNIBANCO HOLDING as guarantees for lawsuits or very short-term receivables (generally with a maturity of approximately 5 (five) business days). All of these items represent assets / liabilities without significant associated market, credit and liquidity risks.

In accordance with IFRS, ITAÚ UNIBANCO HOLDING classifies fair value measurements in a fair value hierarchy that reflects the significance of inputs adopted in the measurement process.

**Level 1:** Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. An active market is a market in which transactions for the asset or liability being measured occur often enough and with sufficient volume to provide pricing information on an ongoing basis.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 generally includes: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or quoted prices vary substantially either over time or among market makers, or in which little information is released publicly; (iii) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, etc.); (iv) inputs that are mainly derived from or corroborated by observable market data through correlation or by other means.

**Level 3:** Inputs are unobservable for the asset or liability. Unobservable information shall be used to measure fair value to the extent that observable information is not available, thus allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

## **Financial assets for trading, Available for sale, and Designated at fair value through profit or loss:**

**Level 1:** Highly-liquid securities with prices available in an active market are classified in Level 1 of the fair value hierarchy. This classification level includes most of the Brazilian Government Securities, securities of foreign governments, shares and debentures traded on stock exchanges and other securities traded in an active market.

**Level 2:** When the pricing information is not available for a specific security, the assessment is usually based on prices quoted in the market for similar instruments, pricing information obtained for pricing services, such as Bloomberg, Reuters and brokers (only when the prices represent actual transactions) or discounted cash flows, which use information for assets actively traded in an active market. These securities are classified into Level 2 of the fair value hierarchy and are comprised of certain Brazilian government securities, debentures, some government securities quoted in a less-liquid market in relation to those classified into Level 1, and some share prices in investment funds. ITAÚ UNIBANCO HOLDING does not hold positions in alternative investment funds or private equity funds.

**Level 3:** When no pricing information in an active market, ITAÚ UNIBANCO HOLDING uses internally developed models, from curves generated according to the proprietary model. The Level 3 classification includes some Brazilian government and private securities falling due after 2025 and securities that are not usually traded in an active market.

### **Derivatives:**

**Level 1:** Derivatives traded on stock exchanges are classified in Level 1 of the hierarchy.

**Level 2:** For derivatives not traded on stock exchanges, ITAÚ UNIBANCO HOLDING estimates the fair value by adopting a variety of techniques, such as Black&Scholes, Garman & Kohlhagen, Monte Carlo or even the discounted cash flow models usually adopted in the financial market. Derivatives included in Level 2 are credit default swaps, cross currency swaps, interest rate swaps, plain vanilla options, certain forwards and generally all swaps. All models adopted by ITAÚ UNIBANCO HOLDING are widely accepted in the financial services industry and reflect all derivative contractual terms. Considering that many of these models do not require a high level of subjectivity, since the methodologies adopted in the models do not require major decisions and information for the model are readily observed in the actively quotation markets, these products were classified in Level 2 of the measurement hierarchy.

**Level 3:** The derivatives with fair values based on non-observable information in an active market were classified into Level 3 of the fair value hierarchy, and are comprised of non-standard options, certain swaps indexed to non-observable information, and swaps with other products, such as swap with option and USD Check, credit derivatives and futures of certain commodities. These operations have their pricing derived from a range of volatility using the basis of historical volatility.

All aforementioned valuation methodologies may result in a fair value that may not be indicative of the net realizable value or future fair values. However, ITAÚ UNIBANCO HOLDING believes that all methodologies used are appropriate and consistent with the other market participants. However, the adoption of other methodologies or assumptions different than those used to estimate fair value may result in different fair value estimates at the balance sheet date.



## Distribution by level

The following table presents the breakdown of risk levels at 03/31/2015 and 12/31/2014 for financial assets held for trading and available-for-sale financial assets.

	03/31/2015				12/31/2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets held for trading</b>	<b>95,036</b>	<b>42,419</b>	<b>805</b>	<b>138,260</b>	<b>91,024</b>	<b>41,130</b>	<b>790</b>	<b>132,944</b>
Investment funds	15	596	-	611	6	864	-	870
Brazilian government securities	87,619	2,649	-	90,268	84,265	2,128	-	86,393
Brazilian external debt bonds	2,748	-	-	2,748	1,914	-	-	1,914
<b>Government securities – other countries</b>	<b>894</b>	<b>184</b>	<b>-</b>	<b>1,078</b>	<b>1,151</b>	<b>389</b>	<b>-</b>	<b>1,540</b>
Argentina	807	-	-	807	628	-	-	628
Chile	-	2	-	2	-	132	-	132
Colombia	-	48	-	48	-	88	-	88
United States	71	-	-	71	448	-	-	448
Mexico	13	-	-	13	3	-	-	3
Paraguay	-	83	-	83	-	128	-	128
Uruguay	-	51	-	51	-	41	-	41
Other	3	-	-	3	72	-	-	72
<b>Corporate securities</b>	<b>3,760</b>	<b>38,990</b>	<b>805</b>	<b>43,555</b>	<b>3,688</b>	<b>37,749</b>	<b>790</b>	<b>42,227</b>
Shares	2,450	-	-	2,450	2,351	-	-	2,351
Bank deposit certificates	17	3,431	-	3,448	12	3,269	-	3,281
Securitized real estate loans	-	-	-	-	-	-	1	1
Debentures	1,227	2,857	208	4,292	1,313	2,720	210	4,243
Eurobonds and others	6	1,056	2	1,064	10	1,049	2	1,061
Financial credit bills	-	31,646	-	31,646	-	30,711	-	30,711
Promissory notes	46	-	595	641	-	-	577	577
Other	14	-	-	14	2	-	-	2
<b>Available-for-sale financial assets</b>	<b>31,101</b>	<b>46,181</b>	<b>6,245</b>	<b>83,527</b>	<b>30,787</b>	<b>42,169</b>	<b>5,404</b>	<b>78,360</b>
Investment funds	2	136	-	138	3	138	-	141
Brazilian government securities	10,749	716	241	11,706	13,570	572	249	14,391
Brazilian external debt bonds	13,070	-	-	13,070	11,234	-	-	11,234
<b>Government securities – other countries</b>	<b>1,276</b>	<b>9,314</b>	<b>29</b>	<b>10,619</b>	<b>1,153</b>	<b>7,453</b>	<b>13</b>	<b>8,619</b>
Argentina	3	-	-	3	-	-	-	-
Belgium	-	-	-	-	57	-	-	57
Chile	-	1,269	29	1,298	-	1,106	13	1,119
Korea	-	2,953	-	2,953	-	1,782	-	1,782
Denmark	-	2,835	-	2,835	-	2,699	-	2,699
Spain	-	1,089	-	1,089	-	783	-	783
United States	874	-	-	874	726	-	-	726
France	143	-	-	143	133	-	-	133
Netherlands	173	-	-	173	151	-	-	151
Italy	75	-	-	75	70	-	-	70
Paraguay	-	893	-	893	9	840	-	849
Uruguay	-	275	-	275	-	243	-	243
Other	8	-	-	8	7	-	-	7
<b>Corporate securities</b>	<b>6,004</b>	<b>36,015</b>	<b>5,975</b>	<b>47,994</b>	<b>4,827</b>	<b>34,006</b>	<b>5,142</b>	<b>43,975</b>
Shares	2,056	-	-	2,056	1,998	1	-	1,999
Rural Product Note	-	1,182	58	1,240	-	1,357	51	1,408
Bank deposit certificates	-	1,462	69	1,531	-	1,223	58	1,281
Securitized real estate loans	-	-	2,431	2,431	-	-	2,522	2,522
Debentures	3,092	17,649	712	21,453	2,732	16,807	706	20,245
Eurobonds and others	856	8,013	1,390	10,259	97	6,557	53	6,707
Financial credit bills	-	7,421	329	7,750	-	7,735	270	8,005
Promissory notes	-	-	899	899	-	-	1,397	1,397
Other	-	288	87	375	-	326	85	411
<b>Financial assets designated at fair value through profit or loss</b>	<b>426</b>	<b>-</b>	<b>-</b>	<b>426</b>	<b>733</b>	<b>-</b>	<b>-</b>	<b>733</b>
Brazilian government securities	312	-	-	312	626	-	-	626
Government securities – other countries	114	-	-	114	107	-	-	107
<b>Financial liabilities held for trading</b>	<b>-</b>	<b>280</b>	<b>79</b>	<b>359</b>	<b>-</b>	<b>448</b>	<b>72</b>	<b>520</b>
Structured notes	-	280	79	359	-	448	72	520

The following table presents the breakdown of risk levels at 03/31/2015 and 12/31/2014 for our derivative assets and liabilities.

	03/31/2015				12/31/2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Derivatives - assets</b>	<b>-</b>	<b>24,477</b>	<b>157</b>	<b>24,634</b>	<b>(218)</b>	<b>14,253</b>	<b>121</b>	<b>14,156</b>
Swap – differential receivable	-	6,151	41	6,192	-	4,783	33	4,816
Options	-	6,022	37	6,059	-	2,856	16	2,872
Forwards (onshore)	-	5,021	-	5,021	-	2,394	-	2,394
Credit derivatives	-	220	-	220	-	122	-	122
Forwards (offshore)	-	3,868	-	3,868	-	2,106	-	2,106
Check of swap	-	227	-	227	-	93	-	93
Other derivatives	-	2,968	79	3,047	(218)	1,899	72	1,753
<b>Derivatives - liabilities</b>	<b>(40)</b>	<b>(30,840)</b>	<b>(51)</b>	<b>(30,931)</b>	<b>(310)</b>	<b>(16,996)</b>	<b>(44)</b>	<b>(17,350)</b>
Futures	(40)	-	-	(40)	(354)	-	-	(354)
Swap – differential payable	-	(13,631)	(44)	(13,675)	-	(9,496)	(38)	(9,534)
Options	-	(6,132)	(7)	(6,139)	-	(3,051)	(6)	(3,057)
Forwards (onshore)	-	(3,052)	-	(3,052)	-	(682)	-	(682)
Credit derivatives	-	(390)	-	(390)	-	(179)	-	(179)
Forwards (offshore)	-	(4,231)	-	(4,231)	-	(1,693)	-	(1,693)
Swap with USD check	-	(424)	-	(424)	-	(229)	-	(229)
Other derivatives	-	(2,980)	-	(2,980)	44	(1,666)	-	(1,622)

There were no significant transfer between Level 1 and Level 2 during the period from March 31, 2015 and December 31, 2014. Transfers to and from Level 3 are presented in movements of Level 3.

## Measurement of fair value Level 2 based on pricing services and brokers

When pricing information is not available for securities classified as Level 2, pricing services, such as Bloomberg or brokers, are used to value such instruments.

In all cases, to assure that the fair value of these instruments is properly classified as Level 2, internal analysis of the information received are conducted, so as to understand the nature of the input used in the establishment of such values by the service provider.

Prices provided by pricing services that meet the following requirements are considered Level 2: input is immediately available, regularly distributed, provided by sources actively involved in significant markets and it is not proprietary.

Of the total of R\$ 94,485 million in financial instruments classified as Level 2, at March 31, 2015, pricing service or brokers were used to evaluate securities at the fair value of R\$ 25,662 million, substantially represented by:

- **Debentures:** When available, we use price information for transactions recorded in the Brazilian Debenture System (SND), an electronic platform operated by CETIP, which provides multiple services for transactions involving debentures in the secondary market. Alternatively, prices of debentures provided by ANBIMA are used. Its methodology includes obtaining, on a daily basis, illustration and non-binding prices from a group of market players deemed to be significant. Such information is subject to statistical filters established in the methodology, with the purpose of eliminating outliers.
- **Global and corporate securities:** The pricing process for these securities consists in capturing from 2 to 8 quotes from Bloomberg, depending on the asset. The methodology consists in comparing the highest purchase prices and the lowest sale prices of trades provided by Bloomberg for the last day of the month. Such prices are compared with information from purchase orders that the Institutional Treasury of ITAÚ UNIBANCO HOLDING provides for Bloomberg. Should the difference between them be lower than 0.5%, the average price of Bloomberg is used. Should it be higher than 0.5% or if the Institutional Treasury does not provide information on this specific security, the average price gathered directly from other banks is used. The price of the Institutional Treasury is used as a reference only and never in the computation of the final price.

## Level 3 recurring fair value measurements

The departments in charge of defining and applying the pricing models are segregated from the business areas. The models are documented, submitted to validation by an independent area and approved by a specific committee. The daily process of price capture, calculation and disclosure are periodically checked according to formally defined testing and criteria and the information is stored in a single and corporate history data base.

The most recurring cases of assets classified as Level 3 are justified by the discount factors used. Factors such as the fixed interest curve in reais and the TR coupon curve – and, as a result, its related factors – have inputs with terms shorter than the maturities of these fixed-income assets. For swaps, the analysis is carried out by index for both parties. There are some cases in which the inputs periods are shorter than the maturity of the derivative.

### Level 3 recurring fair value changes

The tables below show the changes in balance sheet for financial instruments classified by ITAÚ UNIBANCO HOLDING in Level 3 of the fair value hierarchy. Derivative financial instruments classified in Level 3 mainly correspond to other derivatives linked to shares.

	Fair value at 12/31/2014	Total gains or losses (realized / unrealized)	Purchases	Settlements	Transfers in and / or out of Level 3	Fair value at 03/31/2015	Total gains (losses) related to assets and liabilities still held at reporting date
<b>Financial assets held for trading</b>	<b>790</b>	<b>802</b>	-	<b>(787)</b>	-	<b>805</b>	-
<b>Corporate securities</b>	<b>790</b>	<b>802</b>	-	<b>(787)</b>	-	<b>805</b>	-
Securitized real estate loans	1	-	-	(1)	-	-	-
Debentures	210	208	-	(210)	-	208	-
Promissory notes	577	594	-	(576)	-	595	-
Eurobonds and others	2	-	-	-	-	2	-
<b>Available-for-sale financial assets</b>	<b>5,404</b>	<b>279</b>	<b>3,113</b>	<b>(2,551)</b>	-	<b>6,245</b>	<b>27</b>
<b>Brazilian government securities</b>	<b>249</b>	<b>(8)</b>	-	-	-	<b>241</b>	<b>(5)</b>
<b>Government securities – abroad - Chile</b>	<b>13</b>	-	<b>20</b>	<b>(4)</b>	-	<b>29</b>	-
<b>Corporate securities</b>	<b>5,142</b>	<b>287</b>	<b>3,093</b>	<b>(2,547)</b>	-	<b>5,975</b>	<b>32</b>
Rural Product Note	51	7	-	-	-	58	-
Bank deposit certificates	58	1	61	(51)	-	69	-
Securitized real estate loans	2,522	18	4	(113)	-	2,431	32
Debentures	706	208	712	(914)	-	712	-
Eurobonds and others	53	1	1,336	-	-	1,390	5
Financial credit bills	270	9	50	-	-	329	-
Promissory notes	1,397	38	899	(1,435)	-	899	-
Other	85	5	31	(34)	-	87	(5)

	Fair value at 12/31/2014	Total gains or losses (realized / unrealized)	Purchases	Settlements	Transfers in and/or out of Level 3	Fair value at 03/31/2015	Total gains (losses) related to assets and liabilities still held at reporting date
<b>Derivatives - assets</b>	<b>121</b>	<b>25</b>	<b>48</b>	<b>(37)</b>	-	<b>157</b>	<b>13</b>
Swap – differential receivable	33	17	12	(21)	-	41	-
Options	16	1	36	(16)	-	37	-
Other derivatives	72	7	-	-	-	79	13
<b>Derivatives - liabilities</b>	<b>(44)</b>	<b>(1)</b>	<b>(7)</b>	<b>1</b>	-	<b>(51)</b>	<b>11</b>
Swap – differential payable	(38)	-	(1)	(5)	-	(44)	-
Options	(6)	(1)	(6)	6	-	(7)	11

	Fair value at 12/31/2013	Total gains or losses (realized / unrealized)	Purchases	Settlements	Transfers in and/or out of Level 3	Fair value at 12/31/2014	Total gains (losses) related to assets and liabilities still held at reporting date
<b>Financial assets held for trading</b>	<b>27</b>	<b>724</b>	<b>935</b>	<b>(896)</b>	-	<b>790</b>	-
<b>Corporate securities</b>	<b>27</b>	<b>724</b>	<b>935</b>	<b>(896)</b>	-	<b>790</b>	-
Securitized real estate loans	-	10	-	(9)	-	1	-
Debentures	-	29	705	(524)	-	210	-
Promissory notes	27	562	230	(242)	-	577	-
Eurobonds and others	-	123	-	(121)	-	2	-
<b>Available-for-sale financial assets</b>	<b>6,489</b>	<b>1,581</b>	<b>6,354</b>	<b>(9,020)</b>	-	<b>5,404</b>	<b>(5)</b>
<b>Brazilian government securities</b>	<b>258</b>	<b>(272)</b>	<b>267</b>	<b>(4)</b>	-	<b>249</b>	-
<b>Government securities – abroad - Chile</b>	<b>34</b>	<b>(17)</b>	<b>40</b>	<b>(44)</b>	-	<b>13</b>	-
<b>Corporate securities</b>	<b>6,197</b>	<b>1,870</b>	<b>6,047</b>	<b>(8,972)</b>	-	<b>5,142</b>	<b>(5)</b>
Rural Product Note	-	-	51	-	-	51	-
Bank deposit certificates	33	12	97	(84)	-	58	-
Securitized real estate loans	4,834	1,538	14	(3,864)	-	2,522	(8)
Debentures	-	313	706	(313)	-	706	-
Eurobonds and others	74	23	-	(44)	-	53	3
Financial credit bills	-	4	266	-	-	270	-
Promissory notes	1,227	(22)	4,858	(4,666)	-	1,397	-
Other	29	2	55	(1)	-	85	-

	Fair value at 12/31/2013	Total gains or losses (realized / unrealized)	Purchases	Settlements	Transfers in and/or out of Level 3	Fair value at 12/31/2014	Total gains (losses) related to assets and liabilities still held at reporting date
<b>Derivatives - Assets</b>	<b>126</b>	<b>73</b>	<b>92</b>	<b>(174)</b>	<b>4</b>	<b>121</b>	-
Swaps - differential receivable	-	37	2	(10)	4	33	-
Options	13	24	18	(39)	-	16	-
Forwards (onshore)	2	-	-	(2)	-	-	-
Other derivatives	111	12	72	(123)	-	72	-
<b>Derivatives - Liabilities</b>	<b>(5)</b>	<b>2</b>	<b>(10)</b>	<b>(18)</b>	<b>(13)</b>	<b>(44)</b>	-
Swaps - differential payable	-	(23)	1	(3)	(13)	(38)	-
Options	(5)	25	(11)	(15)	-	(6)	-

There were no significant transfer between Level 1 and Level 2 during the period from March 31, 2015 and December 31, 2014. Transfers to and from Level 3 are presented in movements of Level 3.

### Sensitivity analyses operations of Level 3

The fair value of financial instruments classified in Level 3 (in which prices negotiated are not easily noticeable in active markets) is measured through assessment techniques based on correlations and associated products traded in active markets, internal estimates and internal models.

Significant unverifiable inputs used for measurement of the fair value of instruments classified in Level 3 are: interest rates, underlying asset prices and volatility. Significant variations in any of these inputs separately may give rise to significant changes in the fair value.

The table below shows the sensitivity of these fair values in scenarios of changes of interest rates, asset prices, or in scenarios vary in prices with shocks and the volatility for non-linear assets:

Sensitivity – Level 3 Operations		03/31/2015	
Risk factor groups	Scenarios	Impact	
		Result	Stockholders' equity
Interest rates	I	(0.0)	(3.7)
	II	(0.3)	(91.1)
	III	(0.6)	(179.2)
Currency, commodities, and ratios	I	-	-
	II	-	-
Nonlinear	I	(28.0)	-
	II	(49.3)	-

The following scenarios are used to measure the sensitivity:

#### Interest rate

Shocks at 1, 25 and 50 basis points (scenarios I, II and III respectively) in the interest curves, both for increase and decrease, considering the largest losses resulting in each scenario.

#### Currencies, commodities and ratios

Shocks at 5 and 10 basis points (scenarios I and II respectively) in prices of currencies, commodities and ratios, both for increase and decrease, considering the largest losses resulting in each scenario.

#### Non linear

**Scenario I:** Shocks at 5 percentage points in prices and 25 percentage points the level in volatility, both for increase and decrease, considering the largest losses resulting in each scenario.

**Scenario II:** Shocks at 10 percentage points in prices and 25 percentage points the level in volatility, both for increase and decrease, considering the largest losses resulting in each scenario.

## Note 32 – Provisions, contingencies and other commitments

Provision	03/31/2015	12/31/2014
Civil	4,845	4,643
Labor	5,802	5,598
Tax and social security	6,712	6,627
Other	165	159
<b>Total</b>	<b>17,524</b>	<b>17,027</b>
<b>Current</b>	<b>3,672</b>	<b>3,268</b>
<b>Non-current</b>	<b>13,852</b>	<b>13,759</b>

In the ordinary course of its businesses, ITAÚ UNIBANCO HOLDING is subject to contingencies that may be classified as follows:

**a) Contingent assets:** there are no contingent assets recorded.

**b) Provisions and contingencies:** the criteria to quantify contingencies are appropriate to the specific characteristics of civil, labor and tax litigation, as well as other risks.

### - Civil lawsuits

**Collective lawsuits (related to claims of a similar nature and with individual amounts not considered significant):** contingencies are determined on a monthly basis and the expected amount of losses is accrued according to statistical references that take into account the type of lawsuit and the characteristics of the court (Small Claims Court or Regular Court).

**Individual lawsuits (related to claims with unusual characteristics or involving significant amounts):** calculation is carried out on a periodical basis, as from the calculation of the claimed amount which, in turn, is estimated based on de jure or de facto characteristics related to that lawsuit. The amounts considered as probable losses are recorded as provisions.

Contingencies generally arise from revision of contracts and compensation for damages and pain and suffering; most of these lawsuits are filed in the Small Claims Court are therefore limited to 40 minimum monthly wages. ITAÚ UNIBANCO HOLDING is also party to specific lawsuits over alleged understated inflation adjustments to savings accounts in connection with economic plans implemented by the Brazilian government.

From 1986 to 1994, the Brazilian federal government implemented several consecutive monetary stabilization plans (MSP) to combat hyperinflation. In order to implement these plans, the Brazilian federal government enacted several laws based on its power to regulate the monetary and financial systems, as granted by the Brazilian federal constitution.

Savings account holders at the time these MSPs were implemented challenged the constitutionality of the laws in connection with such plans, claiming, from the banks in which they held savings accounts, additional interest amounts based on the inflation rates applied to the deposit accounts according to the MSPs.

We are defendants in numerous standardized lawsuits filed by individuals in respect of the MSP, and we record provisions for such claims upon service of process for a claim. In addition, we are defendants in class actions, similar to the lawsuits by individuals, filed by either (i) consumer protection associations or (ii) the Public Prosecution Office on behalf of savings account holders. Holders of savings accounts may claim any amount due based on such a decision. We record provisions when individual plaintiffs apply to enforce such decisions, using the same criteria adopted to determine provisions for individual lawsuits.

The Federal Supreme Court (STF) has issued some decisions favorable to savings account holders, but has not issued a final ruling with respect to the constitutionality of the MSPs as applicable to savings accounts. In relation to a similar dispute with respect to the constitutionality of the MSPs as applicable to time deposits and other private agreements, the STF has decided that the bills were constitutional. As a response to this discrepancy, the National Confederation of the Financial System (CONSIF) an association of Brazilian financial institutions, filed a special proceeding with the STF (Action against the violation of a constitutional fundamental right - "ADPF" No. 165), in which the Central Bank filed an amicus brief, arguing that savings

account holders did not incur actual damages and that the MSPs as applicable to savings accounts were in accordance with the federal constitution. Accordingly, the STF suspended the ruling of all appeals involving this matter until it pronounces a final decision. In addition, the Superior Court of Justice (STJ), responsible for decisions about federal legislation, should come forward with a position on several aspects that will directly determine the amount due, should the STF sentence be contrary to the constitutionality of MSPs. The most important rulings will address the following issues: (i) the accrual of compensatory interest on the amount due to the plaintiff, in filings that carry no specific claim to such interest; (ii) the initial date of default interest, in regard to class actions; and (iii) the possibility of compensating the negative difference arising in the month of the MSP implementation, between the interests actually paid on saving accounts and the inflation rate of the same period, with the positive difference arising in the months subsequent to the MSP implementation, between the interests actually paid on saving accounts and the inflation rate of the same period. The STJ also ruled that the term for filing class actions expired 5 years from the date of the MSP implementation. As a consequence, a number of class actions were dismissed by the Judiciary as a result of such ruling.

No amount is recorded as provision in relation to civil lawsuits which represent possible losses and which have a total estimated risk of R\$ 1,931 (R\$ 1,800 at 12/31/2014), these refer to claims for compensation or collection, the individual amounts of which are not significant and in this total there are no values resulting from interests in joint ventures.

- **Labor claims**

**Collective lawsuits (related to claims of a similar nature and with individual amounts not considered significant):** the expected amount of loss is determined and accrued monthly based on the statistical share pricing model and is reassessed taking into account court rulings. These are adjusted for the amounts deposited as guarantee for their execution when realized.

**Individual lawsuits (related to claims with unusual characteristics or involving significant amounts):** determined periodically, based on the amount claimed and the likelihood of loss, which, in turn, is estimated according to the factual and legal characteristics related to such lawsuit. The amounts considered as probable losses are recorded as provisions.

Contingencies are related to lawsuits in which alleged labor rights based on labor legislation, such as overtime, salary equalization, reinstatement, transfer allowance, pension plan supplement and other, are claimed.

No amount is recorded as provision in relation to labor claims which likelihood of loss is considered possible, and which total estimated risk is R\$ 489 (R\$ 416 at December 31, 2014).

- **Other risks**

These are quantified and recorded as provisions mainly based on the evaluation of agribusiness credit transactions with joint obligation and FCVS (Salary Variations Compensation Fund) credits transferred to Banco Nacional.

The table below shows the changes in the balances of provisions for civil, labor and other provision and the respective escrow deposits:

	01/01 to 03/31/2015			
	Civil	Labor	Other	Total
<b>Opening balance</b>	<b>4,643</b>	<b>5,598</b>	<b>159</b>	<b>10,400</b>
(-) Contingencies guaranteed by indemnity clause (Note 2.4.t)	(132)	(1,029)	-	(1,161)
<b>Subtotal</b>	<b>4,511</b>	<b>4,569</b>	<b>159</b>	<b>9,239</b>
Interest (Note 26)	98	149	-	247
Changes in the period reflected in results (Note 26)	<u>420</u>	<u>331</u>	<u>7</u>	<u>758</u>
Increase <sup>(*)</sup>	532	365	7	904
Reversal	(112)	(34)	-	(146)
Payment	(318)	(317)	(1)	(636)
<b>Subtotal</b>	<b>4,711</b>	<b>4,732</b>	<b>165</b>	<b>9,608</b>
(+) Contingencies guaranteed by indemnity clause (Note 2.4.t)	134	1,070	-	1,204
<b>Closing balance</b>	<b>4,845</b>	<b>5,802</b>	<b>165</b>	<b>10,812</b>
<b>Escrow deposits at 03/31/2015 (Note 20a)</b>	<b>2,016</b>	<b>2,586</b>	<b>-</b>	<b>4,602</b>

<sup>(\*)</sup> Civil provisions include the provision for economic plans amounting to R\$ 70.

	01/01 to 03/31/2014			
	Civil	Labor	Other	Total
<b>Opening balance</b>	<b>4,473</b>	<b>5,192</b>	<b>223</b>	<b>9,888</b>
(-) Contingencies guaranteed by indemnity clause (Note 2.4.t)	(134)	(811)	-	(945)
<b>Subtotal</b>	<b>4,339</b>	<b>4,381</b>	<b>223</b>	<b>8,943</b>
Interest (Note 26)	63	57	-	120
Changes in the period reflected in results (Note 26)	<u>390</u>	<u>259</u>	<u>3</u>	<u>652</u>
Increase <sup>(*)</sup>	475	432	4	911
Reversal	(85)	(173)	(1)	(259)
Payment	(327)	(229)	-	(556)
<b>Subtotal</b>	<b>4,465</b>	<b>4,468</b>	<b>226</b>	<b>9,159</b>
(+) Contingencies guaranteed by indemnity clause (Note 2.4.t)	129	810	-	939
<b>Closing balance</b>	<b>4,594</b>	<b>5,278</b>	<b>226</b>	<b>10,098</b>
<b>Escrow deposits at 03/31/2014 (Note 20a)</b>	<b>2,106</b>	<b>2,485</b>	<b>-</b>	<b>4,591</b>

<sup>(\*)</sup> Civil provisions include the provision for economic plans amounting to R\$ 69.

#### - Tax and social security lawsuits

Contingencies are equivalent to the principal amount of taxes involved in administrative or judicial disputes, subject to tax assessment notices, plus interest and, when applicable, fines and charges. The amount is recorded as a provision when it involves a legal liability, regardless of the likelihood of loss, that is, a favorable outcome is dependent upon the recognition of the unconstitutionality of the applicable law in force. In other cases, a provision is set up whenever the loss is considered probable.



The table below shows the changes in the balances of provisions and respective escrow deposits for tax and social security lawsuits:

Provision	01/01 to 03/31/2015	01/01 to 03/31/2014
<b>Opening balance</b>	<b>6,627</b>	<b>8,974</b>
(-) Contingencies guaranteed by indemnity clause	(61)	(57)
<b>Subtotal</b>	<b>6,566</b>	<b>8,917</b>
Interest (*)	95	137
Changes in the period reflected in results	<u>75</u>	<u>297</u>
Increase (*)	85	616
Reversal (*)	(10)	(319)
Payment	(86)	(24)
<b>Subtotal</b>	<b>6,650</b>	<b>9,327</b>
(+) Contingencies guaranteed by indemnity clause	62	58
<b>Closing balance</b>	<b>6,712</b>	<b>9,385</b>

(\*) The amounts are included in the headings Tax Expenses, General and Administrative Expenses and Current Income Tax and Social Contribution.

Escrow deposits	01/01 at 03/31/2015	01/01 at 03/31/2014
<b>Opening balance</b>	<b>4,736</b>	<b>5,658</b>
Appropriation of interest	82	102
Changes in the period	<u>58</u>	<u>255</u>
Deposits made	151	265
Withdrawals	(9)	(1)
Deposits released	(84)	(9)
<b>Closing balance (Note 20a)</b>	<b>4,876</b>	<b>6,015</b>
Reclassification of assets pledged as collateral for contingencies (Note 32d)	-	1
<b>Closing balance after reclassification</b>	<b>4,876</b>	<b>6,016</b>

The main discussions related to “Provisions” are described as follows:

- CSLL – Isonomy – R\$ 1,023: as the law increased the CSLL rate for financial and insurance companies to 15%, we argue that there is no constitutional support for this measure and, due to the principle of isonomy, we believe we should only pay the regular rate of 9%. The corresponding escrow deposit balance totals R\$ 1,005;
- PIS and COFINS – Calculation basis – R\$ 579: we are claiming that those contributions on revenue should be applied only to the revenue from sales of assets and services. The corresponding escrow deposit balance totals R\$ 498;
- IRPJ and CSLL – Taxation of profits earned abroad – R\$ 537: we are challenging the calculation basis for these taxes on profits earned abroad and argue that Regulatory Instruction SRF No. 213-02 is not applicable since it goes beyond the text of the law. The corresponding escrow deposit balance totals R\$ 498.

**Off-balance sheet contingencies** - The amounts involved in the main tax and social security lawsuits with likelihood of loss possible, which total an estimated risk of R\$ 14,186, are described below:

- INSS – Non-compensatory amounts – R\$ 4,334: we defend the non-taxation of these amounts, mainly profit sharing, stock option plan, transportation vouchers and sole bonus.
- IRPJ and CSLL – Goodwill – Deductibility – R\$ 1,960: deductibility of goodwill on acquisition of investments with future expected profitability, and R\$ 568 of this amount is guaranteed in company purchase agreements.
- IRPJ, CSLL, PIS and COFINS – Request for offset dismissed - R\$ 1,272: cases in which the liquidity and the offset of credits are discussed.
- IRPJ and CSLL - Interest on capital - R\$ 1,224: we defend the deductibility of interest on capital declared to stockholders based on the Brazilian long-term interest rate applied to stockholders’ equity for the year and prior years.
- ISS – Banking Institutions – R\$ 798: these are banking operations, the revenue from which cannot be interpreted as compensation for service rendered and/or arise from activities not listed in a Supplementary Law.

### c) Receivables - Reimbursement of contingencies

The Receivables balance arising from reimbursements of contingencies totals R\$ 706 (R\$ 676 at 12/31/2014) (Note 20a), basically represented by the guarantee received in the Banco Banerj S.A. privatization process of 1997, whereby the State of Rio de Janeiro created a fund to guarantee the equity recomposition with respect to civil, labor and tax contingencies.

### d) Assets pledged as collateral for contingencies

Assets pledged as collateral for lawsuits involving contingent liabilities are restricted or deposited as shown below:

	03/31/2015	03/31/2014
Financial assets held for trading and Available-for-sale financial assets (basically financial treasury bills)	781	880
Escrow deposits (Note 20a)	4,299	3,768

Escrow deposits are generally required to be made with the court in connection with lawsuits in Brazil and they are held by the court until a decision is made by the relevant court. In case of a decision against ITAÚ UNIBANCO HOLDING, the deposited amount is released from escrow and transferred to the counterparty in the lawsuit. In case of a decision in favor of ITAÚ UNIBANCO HOLDING, the deposited amount is released at the full amount deposited adjusted.

In general, provisions related to lawsuits of ITAÚ UNIBANCO HOLDING are long term, considering the time required for the termination of these lawsuits in the Brazilian judicial system, reason why estimate for specific year in which these lawsuits will be terminated have not been disclosed.

In the opinion of the legal advisors, ITAÚ UNIBANCO HOLDING and its subsidiaries are not parties to any other administrative proceedings or legal lawsuits that could significantly impact the results of their operations.

### e) Program for Cash or Installment Payment of Taxes

ITAÚ UNIBANCO HOLDING and its subsidiaries adhered to the Program for Cash or Installment Payment of Taxes, substantially related to the Federal area, established by Law No. 13,097, of January 1, 2015 and Law No. 13,043/2014. The program included debits managed by the Federal Reserve Service of Brazil and was established in accordance with the following main articles:

- **Refis of Capital Gain Earned in the Merger of Shares from Nova Bolsa**  
Law 13,097/15 article 145 – Arising from capital gain earned until December 31, 2008 due to the sale of shares resulting from the conversion of equity securities from nonprofit associations.

The net effect of the program in the result was R\$ 27, recorded under Other Operating Income, Income Tax and Social Contribution.

### Note 33 – Regulatory capital

ITAÚ UNIBANCO HOLDING is subject to regulation by the Central Bank of Brazil which issues rules and instructions regarding currency and credit policies for financial institutions operating in Brazil. The Central Bank also determines minimum capital requirements, fixed assets limits, lending limits, accounting practices and compulsory deposit requirements, and requires banks to comply with regulation based on the Basel Accord as regards to capital adequacy. Furthermore, the National Council of Private Insurance and SUSEP issue regulations on capital requirements which affect our insurance, private pension and capitalization operations.

The Basel Accord requires banks to have a ratio of regulatory capital to risk exposure assets of a minimum of 8%. The regulatory capital is basically composed of two tiers:

- Tier I: sum of Principal Capital, determined in general by capital, certain reserves and retained earnings, less deductions and prudential adjustments, and Supplementary Capital.
- Tier II: includes eligible instruments, primarily subordinated debt, subject to prudential limitations.

However, the Basel Accord allows the regulatory authorities of each country to establish their own parameters for regulatory capital composition and to determine the portions exposed to risk. Among the main differences arising from the adoption of own parameter pursuant to the Brazilian legislation are the following: (i) the requirement of a ratio of regulatory capital to risk-weighted assets at a minimum of 11%; with timeline to achieve 8% in 2019; (ii) certain risk-weighted factors attributed to certain assets and other exposures. In addition, in accordance with Central Bank rules, banks can calculate compliance with the minimum requirement based on the consolidation of all financial subsidiaries supervised by the Central Bank, including branches and investments abroad.

Management manages capital with the intention to meet the minimum capital required by the Central Bank of Brazil. During the period ITAÚ UNIBANCO HOLDING complied with all externally imposed capital requirements to which we are subject.

The following table summarizes the composition of regulatory capital, the minimum capital required and the Basel ratio computed in accordance with the Central Bank of Brazil, on a financial institution consolidation basis.

	<b>03/31/2015</b>
	<b>Prudential consolidation (*)</b>
<b>Regulatory Capital</b>	
<b>Tier I</b>	<b>91,501</b>
Common Equity Tier I	91,451
Additional Tier I Capital	50
<b>Tier II</b>	<b>29,402</b>
<b>Total</b>	<b>120,903</b>
<b>Requirement for coverage of risk-weighted assets</b>	
Credit	728,559
Market	24,776
Operational	35,509
<b>Risk-weighted assets</b>	<b>788,844</b>
<b>Minimum Required Regulatory Capital</b>	<b>86,773</b>
<b>Excess capital in relation to Minimum Required Regulatory Capital</b>	<b>34,130</b>
<b>Capital to risk-weighted assets ratio - %</b>	<b>15.3%</b>

(\*) Consolidated financial statements including financial companies and the like: As from the base date January 2015, in accordance with Circular 4.278, this is the calculation consolidated basis.

The funds obtained through the issuance of subordinated debt securities are considered Tier II capital for the purpose of capital to risk-weighted assets ratio, as follows. According to current legislation, the accounting balance of subordinated debt as of December 2012 was used for the calculation of referential equity as of March, 2015, considering instruments approved after the closing date to compose Tier II, totaling R\$ 53,921.

Name of security / currency	Principal amount (original currency)	Issue	Maturity	Return p.a.	Account balance
<b>Subordinated CDB - BRL</b>					
	400	2008	2015	119.8% of CDI	842
	50	2010	2015	113% of CDI	87
	466	2006	2016	100% of CDI + 0.7% (*)	1,116
	2,665	2010	2016	110% to 114% of CDI	4,622
	123			IPCA + 7.21%	237
	367	2010	2017	IPCA + 7.33%	714
	<b>4,071</b>			<b>Total</b>	<b>7,618</b>
<b>Subordinated financial bills - BRL</b>					
	365	2010	2016	100% of CDI + 1.35% to 1.36%	370
	1,874			112% to 112.5% of CDI	1,900
	30			IPCA + 7%	53
	206	2010	2017	IPCA + 6.95% to 7.2%	294
	3,224	2011	2017	108% to 112% of CDI	3,393
	352			IPCA + 6.15% to 7.8%	520
	138			IGPM + 6.55% to 7.6%	211
	3,650			100% of CDI + 1.29% to 1.52%	3,742
	500	2012	2017	100% of CDI + 1.12%	521
	42	2011	2018	IGPM + 7%	53
	30			IPCA + 7.53% to 7.7%	42
	461	2012	2018	IPCA + 4.4% to 6.58%	617
	3,782			100% of CDI + 1.01% to 1.32%	3,933
	6,373			108% to 113% of CDI	6,916
	112			9.95 to 11.95%	147
	2	2011	2019	109% to 109.7% of CDI	3
	12	2012	2019	11.96%	17
	101			IPCA + 4.7% to 6.3%	136
	1			110% of CDI	1
	20	2012	2020	IPCA + 6% to 6.17%	29
	1			111% to CDI	1
	6	2011	2021	109.25% to 110.5% of CDI	9
	2,307	2012	2022	IPCA + 5.15% to 5.83%	3,112
	20			IGMP + 4.63%	23
	<b>23,609</b>			<b>Total</b>	<b>26,043</b>
<b>Subordinated euronotes - USD</b>					
	990	2010	2020	6.20%	3,259
	1,000	2010	2021	5.75%	3,194
	730	2011	2021	5.75% to 6.2%	2,459
	550	2012	2021	6.20%	1,764
	2,600	2012	2022	5.50% to 5.65%	8,315
	1,851	2012	2023	5.13%	6,056
	<b>7,721</b>			<b>Total</b>	<b>25,047</b>
<b>Total</b>					<b>58,708</b>

(\*) Subordinated CDBs may be redeemed from November 2011.

## Note 34 – Segment Information

ITAÚ UNIBANCO HOLDING is a banking institution that offers its customers a wide range of financial products and services.

As from the first quarter of 2015 and the comparison with 2014, the way of presenting the segments was changed in order to adjust it to the bank's current organizational structure. The following segments will be reported: Retail Banking, Wholesale Banking, and Activities with the Market + Corporation. The Retail Banking now covers the former segments Commercial Banking, – Retail and Consumer Credit – Retail, with the transfer of operations from Private Banking and Latam to the Retail Banking and these are the main changes of this presentation.

The current operational and reporting segments of ITAÚ UNIBANCO HOLDING are described below:

- **Retail Banking**

The result of the Retail Banking segment arises from the offer of banking products and services to a diversified client base of account holders and non-account holders, individuals and companies. The segment includes retail clients, high net worth clients (Itaú Uniclass and Personnalité), and the corporate segment (very small and small companies). This segment comprises financing and lending activities carried out in units other than the branch network, and offering of credit cards, in addition to operations with Itaú BMG Consignado.

- **Wholesale Banking**

The result of the Wholesale Banking segment arises from the products and services offered to middle-market companies, private banking clients, from the activities of Latin America units, and the activities of Itaú BBA, the unit in charge of commercial operations with large companies and performing as an investment banking unit.

- **Activities with the Market + Corporation**

This segment records the result arising from capital surplus, subordinated debt surplus and the net balance of tax credits and debits. It also shows the financial margin with the market, the Treasury operating cost, the equity in earnings of companies not associated to each segment and the interest in Porto Seguro.

### Basis of presentation of segment information

Segment information is prepared based on the reports used by top management (Executive Committee) to assess the performance and to make decisions regarding the allocation of funds for investment and other purposes.

The top management (Executive Committee) of ITAÚ UNIBANCO HOLDING uses a variety of information for such purposes including financial and non-financial information that is measured on different bases as well as information prepared based on accounting practices adopted in Brazil. The main index used to monitor the business performance is the Recurring Net Income and the Economic Capital allocated to each segment.

The segment information has been prepared following accounting practices adopted in Brazil modified for the adjustments described below:

- **Allocated capital and income tax rate**

Based on the managerial income statement, the segment information considers the application of the following criteria:

**Allocated capital:** The impacts associated to capital allocation are included in the financial information. Accordingly, adjustments were made to the financial statements, based on a proprietary model. The Allocated Economic Capital (AEC) model was adopted for the financial statements by segments, and as from 2015, we changed the calculation methodology. The AEC considers, in addition to Tier I allocated capital, the effects of the calculation of expected loan losses, supplementary to the requirements of the Central Bank of Brazil, pursuant to CMN Circular No. 2.682/99. Accordingly, the Allocated Capital comprises the following components: Credit risk (including expected loss), operational risk, market risk and insurance underwriting risk. Based on the portion of allocated capital tier I, we calculated the Return on Economic Allocated Capital, which corresponds to

an operational performance indicator consistently adjusted to the capital required to support the risk associated to asset and liability positions assumed, in conformity with our risk appetite.

**Income tax rate:** We consider the total income tax rate, net of the tax effect from the payment of interest on capital, for the Retail Banking, Wholesale Bank and Activities with the Market segments. The difference between the income tax amount calculated by segment and the effective income tax amount, as stated in the consolidated financial statements, is allocated to the Activities with the Market + Corporation column.

- **Reclassification and application of managerial criteria**

The managerial statement of income was used to prepare information per segment. These statements were obtained based on the statement of income adjusted by the impact of non-recurring events and the managerial reclassifications in income.

From the first quarter of 2013 on, some changes were made in the consolidation criteria for managerial results presented in order to better reflect the way Management monitors the bank's figures. These adjustments change the order of presentation of the lines only and, therefore, do not affect the net income disclosed. Through these reclassifications, ITAÚ UNIBANCO HOLDING seeks to align the way it presents its results and enables a better comparison and understanding of the bank's performance assessment.

We describe below the main reclassifications between the accounting and managerial results:

**Banking product:** The banking product considers the opportunity cost for each operation. The financial statements were adjusted so that the stockholders' equity was replaced by funding at market price. Subsequently, the financial statements were adjusted to include revenues related to capital allocated to each segment. The cost of subordinated debt and the respective remuneration at market price were proportionally allocated to the segments, based on the economic allocated capital.

**Hedge tax effects:** The tax effects of the hedge of investments abroad were adjusted – these were originally recorded in the tax expenses (PIS and COFINS) and Income Tax and Social Contribution on net income lines – and are now reclassified to the margin. The strategy to manage the foreign exchange risk associated to the capital invested abroad aims at preventing the effects of the exchange rates variation on income. In order to achieve this objective, we used derivative instruments to hedge against such foreign currency risk, with investments remunerated in Reais. The hedge strategy for foreign investments also considers the impact of all tax effects levied.

**Insurance:** Insurance business revenues and expenses were concentrated in Income from Insurance, Pension Plan and Capitalization Operations. The main reclassifications of revenues refer to the financial margins obtained with the technical provisions of insurance, pension plan and capitalization, in addition to revenue from management of pension plan funds.

**Other reclassifications:** Other Income, Share of Income of Associates, Non-Operating Income, Profit Sharing of Management Members and Expenses for Credit Card Reward Program were reclassified to those lines representing the way the institution manages its business, enabling greater understanding for performance analysis. Accordingly, equity in earnings of investment in Banco CSF S.A. ("Banco Carrefour") was reclassified to the financial margin line. Additionally, for better comparison with the new consolidation criteria, 100% of the results from partnerships were consolidated (they were previously proportionally consolidated), and expenses for provisions associated to securities and derivatives were reclassified (from Non-interest expenses income to Expenses for allowance for loan losses).

The adjustments and reclassifications column shows the effects of the differences between the accounting principles followed for the presentation of segment information, which are substantially in line with the accounting practices adopted for financial institutions in Brazil, except as described above, and the policies used in the preparation of these consolidated financial statements according to IFRS. Main adjustments are as follows:

- Allowance for Loan Losses, which, under IFRS (IAS 39), should be recognized upon objective evidence that loan operations are impaired (incurred loss), and the Expected Loss concept is adopted according to Brazilian accounting standards;

- Shares and units classified as permanent investments were stated at fair value under IFRS (IAS 39 and 32), and their gains and losses were directly recorded to Stockholders' Equity, not passing through income for the period;
- Effective interest rates, financial assets and liabilities stated at amortized cost, are recognized by the effective interest rate method, allocating revenues and costs directly attributable to acquisition, issue or disposal for the transaction period of the operation; according to Brazilian standards, fee expenses and income are recognized as these transactions are engaged.
- Business combinations are accounted for under the acquisition method in IFRS (IFRS 3), in which the purchase price is allocated among assets and liabilities of the acquired company, and the amount not subject to allocation, if any, is recognized as goodwill. Such amount is not amortized, but is subject to an impairment test.



**ITAÚ UNIBANCO HOLDING S.A.**  
**From January 1 to March 31, 2015**  
(In millions of reais, except for share information)

<b>Consolidated Statement of Income</b>	<b>Retail Banking</b>	<b>Wholesale Banking</b>	<b>Activities with the Market + Corporation</b>	<b>ITAÚ UNIBANCO</b>	<b>Adjustments</b>	<b>IFRS consolidated</b>
<b>Banking product</b>	<b>17,197</b>	<b>5,798</b>	<b>1,951</b>	<b>24,946</b>	<b>(4,868)</b>	<b>20,078</b>
Interest margin <sup>(1)</sup>	10,098	3,955	1,910	15,963	(4,961)	11,002
Banking service fees	5,106	1,735	25	6,866	244	7,110
Income from insurance, private pension, and capitalization operations before claim and selling expenses	1,993	108	16	2,117	(491)	1,626
Other income	-	-	-	-	340	340
<b>Losses on loans and claims</b>	<b>(2,878)</b>	<b>(1,984)</b>	<b>39</b>	<b>(4,823)</b>	<b>(227)</b>	<b>(5,050)</b>
Expenses for allowance for loan and lease losses	(3,503)	(2,051)	39	(5,515)	(231)	(5,746)
Recovery of loans written off as loss	984	76	-	1,060	4	1,064
Expenses for claims / recovery of claims under reinsurance	(359)	(9)	-	(368)	-	(368)
<b>Operating margin</b>	<b>14,319</b>	<b>3,814</b>	<b>1,990</b>	<b>20,123</b>	<b>(5,095)</b>	<b>15,028</b>
<b>Other operating income (expenses)</b>	<b>(8,465)</b>	<b>(2,649)</b>	<b>(489)</b>	<b>(11,603)</b>	<b>(552)</b>	<b>(12,155)</b>
Non-interest expenses <sup>(2)</sup>	(7,435)	(2,376)	(336)	(10,147)	(853)	(11,000)
Tax expenses for ISS, PIS and COFINS and Other	(1,030)	(273)	(153)	(1,456)	170	(1,286)
Share of profit or (loss) in associates and joint ventures	-	-	-	-	131	131
<b>Net income before income tax and social contribution</b>	<b>5,854</b>	<b>1,165</b>	<b>1,501</b>	<b>8,520</b>	<b>(5,647)</b>	<b>2,873</b>
<b>Income tax and social contribution</b>	<b>(2,051)</b>	<b>(256)</b>	<b>(300)</b>	<b>(2,607)</b>	<b>5,517</b>	<b>2,910</b>
<b>Non-controlling interest in subsidiaries</b>	<b>(104)</b>	<b>-</b>	<b>(1)</b>	<b>(105)</b>	<b>(5)</b>	<b>(110)</b>
<b>Net income</b>	<b>3,699</b>	<b>909</b>	<b>1,200</b>	<b>5,808</b>	<b>(135)</b>	<b>5,673</b>

<sup>(1)</sup> Includes net interest and similar income and expenses of R\$ 19,174 dividend income of R\$ 2 net gain (loss) from investment securities and derivatives of R\$ 1,665, and results from foreign exchange results and exchange variation of transactions abroad of R\$ (9,839).

<sup>(2)</sup> Refers to general and administrative expenses including depreciation expenses of R\$ 399, amortization expenses of R\$ 211 and insurance acquisition expenses of R\$ 281.

<b>Total assets <sup>(1)</sup></b>	<b>822,434</b>	<b>485,466</b>	<b>117,636</b>	<b>1,294,613</b>	<b>(125,174)</b>	<b>1,169,439</b>
<b>Total liabilities</b>	<b>785,173</b>	<b>448,137</b>	<b>93,574</b>	<b>1,195,960</b>	<b>(128,581)</b>	<b>1,067,379</b>

<sup>(1)</sup> Includes:

Investments in associates and joint ventures	961	-	2,145	3,106	1,009	4,115
Goodwill	225	-	-	225	1,774	1,999
Fixed assets, net	6,759	762	-	7,521	1,138	8,659
Intangible assets, net	7,879	783	-	8,662	(2,448)	6,214

The consolidated figures do not represent the sum of the segments because there are intercompany transactions that were eliminated only in the consolidated financial statements. Segments are assessed by top management, net of income and expenses between related parties.

**ITAÚ UNIBANCO HOLDING S.A.**  
**From January 1 to March 31, 2014**  
*(In millions of reais except per share information)*

<b>Consolidated Statement of Income</b>	<b>Retail Banking</b>	<b>Wholesale Banking</b>	<b>Activities with the Market + Corporation</b>	<b>ITAÚ UNIBANCO</b>	<b>Adjustments</b>	<b>IFRS consolidated</b>
<b>Banking product</b>	<b>15,363</b>	<b>4,722</b>	<b>578</b>	<b>20,663</b>	<b>1,916</b>	<b>22,579</b>
Interest margin <sup>(1)</sup>	8,870	3,112	506	12,488	2,015	14,503
Banking service fees	4,478	1,509	70	6,057	144	6,201
Income from insurance, private pension, and capitalization operations before claim and selling expenses	2,015	101	2	2,118	(458)	1,660
Other income	-	-	-	-	215	215
<b>Losses on loans and claims</b>	<b>(3,057)</b>	<b>(580)</b>	<b>(14)</b>	<b>(3,651)</b>	<b>(354)</b>	<b>(4,005)</b>
Expenses for allowance for loan and lease losses	(3,634)	(604)	(14)	(4,252)	(354)	(4,606)
Recovery of loans written off as loss	1,051	37	-	1,088	-	1,088
Expenses for claims / recovery of claims under reinsurance	(474)	(13)	-	(487)	-	(487)
<b>Operating margin</b>	<b>12,306</b>	<b>4,142</b>	<b>564</b>	<b>17,012</b>	<b>1,562</b>	<b>18,574</b>
<b>Other operating income (expenses)</b>	<b>(7,971)</b>	<b>(2,213)</b>	<b>(280)</b>	<b>(10,464)</b>	<b>(916)</b>	<b>(11,380)</b>
Non-interest expenses <sup>(2)</sup>	(7,040)	(1,993)	(271)	(9,304)	(783)	(10,087)
Tax expenses for ISS, PIS and COFINS and Other	(931)	(220)	(9)	(1,160)	(208)	(1,368)
Share of profit or (loss) in associates and joint ventures	-	-	-	-	75	75
<b>Net income before income tax and social contribution</b>	<b>4,335</b>	<b>1,929</b>	<b>284</b>	<b>6,548</b>	<b>646</b>	<b>7,194</b>
<b>Income tax and social contribution</b>	<b>(1,475)</b>	<b>(617)</b>	<b>137</b>	<b>(1,955)</b>	<b>(638)</b>	<b>(2,593)</b>
<b>Non-controlling interest in subsidiaries</b>	<b>(59)</b>	<b>-</b>	<b>(5)</b>	<b>(64)</b>	<b>14</b>	<b>(50)</b>
<b>Net income</b>	<b>2,801</b>	<b>1,312</b>	<b>416</b>	<b>4,529</b>	<b>22</b>	<b>4,551</b>

(1) Includes net interest and similar income and expenses of R\$ 13,285, dividend income of R\$ 12, net gain (loss) from investment securities and derivatives of R\$ 105 and foreign exchange results and exchange variation on transactions of abroad R\$ 1,101.

(2) Refers to general and administrative expenses including depreciation expenses of R\$ 408, amortization expenses of R\$ 207 and insurance acquisition expenses of R\$ 336.

<b>Total assets <sup>(1)</sup> - 12/31/2014</b>	<b>811,185</b>	<b>436,872</b>	<b>107,174</b>	<b>1,208,702</b>	<b>(81,499)</b>	<b>1,127,203</b>
<b>Total liabilities - 12/31/2014</b>	<b>770,528</b>	<b>399,544</b>	<b>86,897</b>	<b>1,110,439</b>	<b>(83,853)</b>	<b>1,026,586</b>

(1) Includes:

Investments in associates and joint ventures	982	-	2,117	3,099	991	4,090
Goodwill	204	-	-	204	1,757	1,961
Fixed assets, net	6,693	868	-	7,561	1,150	8,711
Intangible assets, net	7,841	791	-	8,632	(2,498)	6,134

The Consolidated figures do not represent the sum of the segments because there are intercompany transactions that were eliminated only in the consolidated financial statements. Segments are assessed by top management, net of income and expenses between related parties.

Information on income from financial operations by geographical area is as follows:

	01/01 to 03/31/2015			01/01 to 03/31/2014		
	Brazil	Foreign	Total	Brazil	Foreign	Total
Income from financial operations <sup>(1)(2)</sup>	40,006	2,056	42,062	26,165	2,523	28,688
Non-current assets <sup>(3)</sup>	13,744	1,129	14,873	13,872	973	14,845

*(1) Includes interest and similar income, dividend income, net gain (loss) from investment securities and derivatives, foreign exchange results, and exchange variation on transactions.*

*(2) ITAÚ UNIBANCO HOLDING does not have clients representing 10% or higher of its revenues.*

*(3) The amounts for comparative purposes refer to the 12/31/2014.*

### Note 35 – Related parties

- a) Transactions between related parties are carried out at amounts, terms and average rates in accordance with normal market practices during the period, as well as under reciprocal conditions.

Transactions between companies included in consolidation (Note 2.4a) were eliminated from the consolidated financial statements and the absence of risk is taken into consideration.

The unconsolidated related parties are the following:

- Itaú Unibanco Participações S.A. (IUPAR), Companhia E. Johnston de Participações S.A. (shareholder of IUPAR) and ITAÚSA, direct and indirect shareholders of ITAÚ UNIBANCO HOLDING;
- The non-financial subsidiaries of ITAÚSA, especially: Itautec S.A., Duratex S.A., Elekeiroz S.A., ITH Zux Cayman Company Ltd and Itaúsa Empreendimentos S.A.;
- Fundação Itaú Unibanco - Previdência Complementar, FUNBEP – Fundo de Pensão Multipatrocinado, Fundação Bemgeprev, UBB Prev - Previdência Complementar, and Fundação Banorte Manuel Baptista da Silva de Seguridade Social, closed-end supplementary pension entities, that administer retirement plans sponsored by ITAÚ UNIBANCO HOLDING and / or its subsidiaries;
- Fundação Itaú Social, Instituto Itaú Cultural, Instituto Unibanco, Instituto Assistencial Pedro Di Perna, Instituto Unibanco de Cinema and Associação Itaú Viver Mais, entities sponsored by ITAÚ UNIBANCO HOLDING and subsidiaries to act in their respective areas of interest; and
- Investments in Porto Seguro Itaú Unibanco Participações S.A. and BSF Holding S.A.

The transactions with these related parties are mainly as follows:

<b>ITAÚ UNIBANCO HOLDING CONSOLIDATED</b>					
	Annual rate	Assets / (liabilities)		Revenue / (expenses)	
		03/31/2015	12/31/2014	01/01 to 03/31/2015	01/01 to 03/31/2014
<b>Interbank deposits</b>		<b>21</b>	-	<b>1</b>	-
Itaú Unibanco S.A.		21	-	1	-
<b>Securities sold under repurchase agreements</b>		<b>(196)</b>	<b>(142)</b>	<b>(6)</b>	<b>(4)</b>
Duratec S.A.	100% to 101,5% of SELIC	(99)	(100)	(3)	(3)
Elekeiroz S.A.	100% of SELIC	-	(6)	-	(1)
Itautec S.A.	100% of SELIC	(2)	(2)	-	-
Itaúsa Empreendimentos S.A.	100% of SELIC	(95)	(26)	(3)	-
Other		-	(8)	-	-
<b>Amounts receivable from (payable to) related companies / Banking service fees (expenses)</b>		<b>(108)</b>	<b>(13)</b>	<b>16</b>	<b>(1)</b>
Itaú Unibanco S.A.		3	-	7	-
Itaúsa Empreendimentos S.A.		-	-	(2)	-
Fundação Itaú Unibanco - Previdência Complementar		(11)	(13)	8	8
FUNBEP - Fundo de Pensão Multipatrocinado		-	-	1	1
Fundação Banorte Manuel Baptista da Silva de Seguridade Social		(100)	(93)	-	-
Other		-	(3)	2	(10)
<b>Rental revenues (expenses)</b>		-	-	<b>(13)</b>	<b>(13)</b>
Fundação Itaú Unibanco - Previdência Complementar		-	-	(10)	(10)
FUNBEP - Fundo de Pensão Multipatrocinado		-	-	(3)	(3)
<b>Donation expenses</b>		-	-	<b>(27)</b>	<b>(21)</b>
Instituto Itaú Cultural		-	-	(27)	(21)
<b>Data processing expenses</b>		-	-	-	<b>(62)</b>
Itautec S.A.		-	-	-	(62)

In addition to the aforementioned operations, ITAÚ UNIBANCO HOLDING and non-consolidated related parties, as an integral part of ITAÚ UNIBANCO HOLDING Agreement for Apportionment of Common Costs, recorded in General and Administrative Expenses - Other, the amount of R\$ 1 (R\$ 2 from 01/01 to 03/31/2014) due to the use of the common structure.

Pursuant to the current rules, financial institutions cannot grant loans or advances to the following:

- any individuals or companies that control the Institution or any entity under common control with the institution, or any executive officer, director, member of the fiscal council, or the immediate family members of these individuals;
- any entity controlled by the institution; or
- any entity in which the bank directly or indirectly holds more than 10% of the capital stock.

Therefore, no loans or advances were granted to any subsidiary, executive officer, director or family members.

## b) Compensation of the key management personnel

Compensation for the period paid to key management members of ITAÚ UNIBANCO HOLDING consisted of:

	01/01 to 03/31/2015	01/01 to 03/31/2014
<b>Compensation</b>	<b>155</b>	<b>97</b>
Board of directors	8	3
Executives	147	94
<b>Profit sharing</b>	<b>36</b>	<b>61</b>
Board of directors	-	1
Executives	36	60
<b>Contributions to pension plans</b>	<b>4</b>	<b>2</b>
Executives	4	2
<b>Stock option plan – executives</b>	<b>54</b>	<b>41</b>
<b>Total</b>	<b>249</b>	<b>201</b>

## Note 36 – Management of financial risks

### Credit risk

#### 1. Credit risk measurement

Credit risk is the possibility of losses arising from the breach by the borrower, issuer or counterparty of the respective agreed-upon financial obligations, the devaluation of loan agreement due to downgrading of the borrower's, the issuer's, the counterparty's risk rating, the reduction in gains or compensation, the advantages given upon posterior renegotiation and the recovery costs.

The credit risk management of ITAÚ UNIBANCO HOLDING's is the primary responsibility of all business units and aims to keep the quality of loan portfolios in levels consistent with the institution's risk appetite for each market segment in which it operates.

ITAÚ UNIBANCO HOLDING establishes its credit policies based on internal factors, such as the client rating criteria, performance of and changes in portfolio, default levels, return rates, and the allocated economic capital; and external factors, related to the economic environment, interest rates, market default indicators, inflation, changes in consumption.

ITAÚ UNIBANCO HOLDING has a structured process to keep a diversified portfolio deemed as adequate by the institution. The ongoing monitoring on the concentration level of portfolios, by assessing the economic activity sectors and major debtors, enables it to take preventive measures to prevent that defined limits be breached.

The process for analyzing the policy and products enables ITAÚ UNIBANCO HOLDING to identify potential risks, so as to make sure that credit decisions make sense from an economic and risk perspective.

The centralized process for approval of credit policies and validation of models of ITAÚ UNIBANCO HOLDING assures the synchrony of credit actions.

The table below shows the correspondence between risk levels attributed by all segments of ITAÚ UNIBANCO HOLDING internal models (lower risk, satisfactory, higher risk and impaired) and the probability of default associated with each of these levels, and the risk levels assigned by the respective market models.

Internal rating	PD	External rating		
		Moody's	S&P	Fitch
Lower risk	Lower than 4.44%	Aaa to B2	AAA to B	AAA to B-
Satisfactory	From 4.44% up to 25.95%	B3 to Caa3	B- to CCC-	CCC+ to CCC-
Higher risk	Higher than 25.95%	Ca1 to D	CC+ to D	CC+ to D
Impaired	Corporate operations with a PD higher than 31.84% Operations past due for over 90 days Renegotiated operations past due for over 60 days	Ca1 to D	CC+ to D	CC+ to D

The credit rating in corporate transactions is based on information such as economic and financial condition of the counterparty, its cash-generating capabilities, the economic group to which it belongs, the current and prospective situation of the economic sector in which it operates. The credit proposals are analyzed on a case by case basis, through an approval-level mechanism subordinated to the Superior Credit Committee.

Regarding retail (individuals, small and middle-market companies), the rating is assigned based on application and behavior score statistical models. Decisions are made based on scoring models that are continuously followed up by an independent structure. Exceptionally, there may also be individualized analysis of specific cases where approval is subject to competent credit approval levels.

Government securities and other debt instruments are classified by ITAÚ UNIBANCO HOLDING according to their credit quality aiming at managing their exposures.

In line with the principles of CMN Resolution N° 3,721, of April 30, 2009, ITAÚ UNIBANCO HOLDING has structure and corporate guidelines on credit risk management, approved by its Board of Directors, applicable to companies and subsidiaries in Brazil and abroad.

## 2. Management risk limits

Centralized control of credit risk is conducted by independent executive area responsible for risk control, segregated from business trading units, as required by current regulations.

ITAÚ UNIBANCO HOLDING strictly controls the credit exposure of clients and counterparties, taking action to address situations in which the actual exposure exceeds the desired one. For that purpose, contractually provided actions can be taken, such as early payment or requirement of additional collateral.

## 3. Collateral and policies for mitigating credit risk

As a way to control the credit risk, ITAÚ UNIBANCO HOLDING has corporate guidelines that establish general rules and responsibilities for the use of guarantees; additionally, each business unit responsible for the credit risk management formalizes the use of such guarantees in its credit policies.

ITAÚ UNIBANCO HOLDING uses guarantees to increase its recovery capacity in transactions involving credit risk. The guarantees used may be personal guarantees, collateral, legal structures with mitigation power and offset agreements.

For the guarantees to be considered a risk mitigating instrument, requirements and guidelines of the standards that regulate them, either internal or external ones, must be complied with, and be legally enforceable (effective) and periodically reassessed.

ITAÚ UNIBANCO HOLDING also uses credit derivatives, such as single name CDS, to mitigate credit risk of its portfolios of loans and securities. These instruments are priced based on models that use the fair value of market inputs, such as credit spreads, recovery rates, correlations and interest rates.

The credit limits are continually monitored and changed according to customer behavior. Thus, the potential loss values represent a fraction of the amount available.

## 4. Policy on the provision

The policies on the provision adopted by ITAÚ UNIBANCO HOLDING are aligned with the guidelines of IFRS and the Basel Accord. As a result, an allowance for loan losses is recognized when there are indications of the impairment of the portfolio and takes into account a horizon of loss appropriate for each type of transaction. We consider as *impaired* loans overdue for more than 90 days, renegotiated loans overdue by more than 60 days and Corporate loans below a specific internal rating. Loans are written-down 360 days after such loans become past due or 540 days of being past due in the case of loans with original maturities over 36 months.

## 5. Credit risk exposure

	03/31/2015			12/31/2014		
	Brazil	Abroad	Total	Brazil	Abroad	Total
Interbank deposits	7,489	18,414	25,903	7,875	15,206	23,081
Securities purchased under agreements to resell	200,682	625	201,307	208,751	167	208,918
Financial assets held for trading	129,927	8,333	138,260	124,391	8,553	132,944
Financial assets designated at fair value through profit or loss	-	426	426	-	733	733
Derivatives	13,767	10,867	24,634	7,385	6,771	14,156
Available-for-sale financial assets	54,101	29,426	83,527	55,686	22,674	78,360
Held-to-maturity financial assets	25,354	12,348	37,702	24,102	10,332	34,434
Loan operations and lease operations	321,536	123,163	444,699	324,021	106,018	430,039
Other financial assets	42,346	11,955	54,301	44,072	9,577	53,649
Off balance sheet	283,324	28,266	311,590	280,640	25,708	306,348
Endorsements and sureties	69,682	5,607	75,289	68,416	5,343	73,759
Letters of credit to be released	12,097	-	12,097	11,091	-	11,091
Commitments to be released	201,545	22,659	224,204	201,133	20,365	221,498
Mortgage loans	8,387	-	8,387	9,087	-	9,087
Overdraft accounts	77,903	-	77,903	78,461	-	78,461
Credit cards	106,802	979	107,781	103,092	873	103,965
Other pre-approved limits	8,453	21,680	30,133	10,493	19,492	29,985
<b>Total</b>	<b>1,078,526</b>	<b>243,823</b>	<b>1,322,349</b>	<b>1,076,923</b>	<b>205,739</b>	<b>1,282,662</b>

The table above presents the maximum exposure at March 31, 2015 and March 31, 2014, without considering any collateral received or other additional credit improvements.

For assets recognized in the balance sheet, the exposures presented are based on net carrying amounts. This analysis includes only financial assets subject to credit risk and excludes non-financial assets.

The contractual amounts of endorsements and sureties and letters of credit represent the maximum potential of credit risk in the event the counterparty does not meet the terms of the agreement. The vast majority of commitments (real estate loans, overdraft accounts and other pre-approved limits) mature without being drawn, since they are renewed monthly and we have the power to cancel them at any time. As a result, the total contractual amount does not represent our effective future exposure to credit risk or the liquidity needs arising from such commitments.

As shown in the table, the most significant exposures correspond to loan operations, financial assets held for trading, and securities purchased under agreements to resell, in addition to sureties, endorsements and other commitments.

The maximum exposure to the quality of the financial assets presented highlights that:

- 86.5% of loan operations and other financial assets exposure (Table 6.1 and 6.1.2) are categorized as low probability of default in accordance with our internal rating;
- only 3.9% of the total loans exposure (Table 6.1) is represented by overdue credits not impaired;
- 4.7% of the total loans exposure (Table 6.1) corresponds to overdue loans impaired.

## 5.1 Maximum exposure of financial assets segregated by business sector

### a) Loan operations and lease operations portfolio

	03/31/2015	%	12/31/2014	%
Public sector	5,230	1.1	4,389	1.0
Industry and commerce	124,990	26.7	116,506	25.7
Services	101,591	21.7	99,855	22.1
Natural resources	24,449	5.2	23,345	5.2
Other sectors	2,367	0.5	2,242	0.5
Individuals	210,136	44.8	206,094	45.5
<b>Total</b>	<b>468,763</b>	<b>100.0</b>	<b>452,431</b>	<b>100.0</b>

### b) Other financial assets <sup>(\*)</sup>

	03/31/2015	%	12/31/2014	%
Natural resources	3,387	0.7	2,444	0.5
Public sector	159,305	31.1	152,770	31.0
Industry and commerce	14,831	2.9	12,722	2.6
Services	104,643	20.4	90,630	18.4
Other sectors	2,044	0.4	1,665	0.3
Individuals	339	0.1	396	0.1
Financial	227,210	44.4	231,999	47.1
<b>Total</b>	<b>511,759</b>	<b>100.0</b>	<b>492,626</b>	<b>100.0</b>

(\*) Includes financial assets held for trading, derivatives, assets designated at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, interbank deposits and securities purchased under agreements to resell.

- c) The credit risks of off balance sheet items (endorsements and sureties, letters of credit and commitments to be released) are not categorized or managed by business sector.



## 6. Credit quality of financial assets

6.1 The following table shows the breakdown of loans operations and lease operations portfolio considering: loans not overdue and loans overdue either impaired or not impaired:

Internal rating	03/31/2015				12/31/2014			
	Loans not overdue and not impaired	Loans overdue not impaired	Loans overdue and impaired	Total loans	Loans not overdue and not impaired	Loans overdue and not impaired	Loans overdue and impaired	Total loans
Lower risk	333,635	4,442	-	338,077	324,908	4,042	-	328,950
Satisfactory	83,365	7,460	-	90,825	81,994	6,989	-	88,983
Higher risk	11,679	6,302	-	17,981	11,439	5,853	-	17,292
Impaired	-	-	21,880	21,880	-	-	17,206	17,206
<b>Total</b>	<b>428,679</b>	<b>18,204</b>	<b>21,880</b>	<b>468,763</b>	<b>418,341</b>	<b>16,884</b>	<b>17,206</b>	<b>452,431</b>
<b>%</b>	<b>91.4%</b>	<b>3.9%</b>	<b>4.7%</b>	<b>100.0%</b>	<b>92.5%</b>	<b>3.7%</b>	<b>3.8%</b>	<b>100.0%</b>

The following table shows the breakdown of loans operations and lease operations by portfolios of areas and classes, based on indicators of credit quality:

	03/31/2015					12/31/2014				
	Lower risk	Satisfactory	Higher risk	Impaired	Total	Lower risk	Satisfactory	Higher risk	Impaired	Total
<b>Individuals</b>	<b>100,916</b>	<b>64,104</b>	<b>12,498</b>	<b>9,569</b>	<b>187,087</b>	<b>102,184</b>	<b>62,020</b>	<b>12,022</b>	<b>9,727</b>	<b>185,953</b>
Credit cards	37,525	13,121	2,477	3,208	56,331	39,417	14,234	2,338	3,332	59,321
Personal	7,762	9,309	8,284	3,961	29,316	7,253	8,932	7,882	3,886	27,953
Payroll loans	8,810	34,308	701	786	44,605	8,113	31,090	696	626	40,525
Vehicles	18,939	5,208	974	1,325	26,446	20,570	5,791	1,053	1,633	29,047
Mortgage loans	27,880	2,158	62	289	30,389	26,831	1,973	53	250	29,107
<b>Corporate</b>	<b>134,992</b>	<b>7,856</b>	<b>-</b>	<b>8,561</b>	<b>151,409</b>	<b>132,866</b>	<b>8,295</b>	<b>-</b>	<b>3,749</b>	<b>144,910</b>
<b>Small and medium businesses</b>	<b>58,552</b>	<b>14,808</b>	<b>4,677</b>	<b>3,133</b>	<b>81,170</b>	<b>56,917</b>	<b>15,171</b>	<b>4,599</b>	<b>3,225</b>	<b>79,912</b>
<b>Foreign loans - Latin America</b>	<b>43,617</b>	<b>4,057</b>	<b>806</b>	<b>617</b>	<b>49,097</b>	<b>36,983</b>	<b>3,497</b>	<b>671</b>	<b>505</b>	<b>41,656</b>
<b>Total</b>	<b>338,077</b>	<b>90,825</b>	<b>17,981</b>	<b>21,880</b>	<b>468,763</b>	<b>328,950</b>	<b>88,983</b>	<b>17,292</b>	<b>17,206</b>	<b>452,431</b>
<b>%</b>	<b>72.1%</b>	<b>19.4%</b>	<b>3.8%</b>	<b>4.7%</b>	<b>100.0%</b>	<b>72.7%</b>	<b>19.7%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>100.0%</b>

The table below shows the breakdown of loans operations and lease operations portfolio not overdue and not impaired, by portfolio of segments and classes, based on indicators of credit quality.

	03/31/2015				12/31/2014			
	Lower risk	Satisfactory	Higher risk	Total	Lower risk	Satisfactory	Higher risk	Total
<b>I – Individually evaluated</b>								
<b>Corporate</b>								
<b>Large companies</b>	<b>134,515</b>	<b>7,717</b>	<b>-</b>	<b>142,232</b>	<b>132,117</b>	<b>8,093</b>	<b>-</b>	<b>140,210</b>
<b>II- Collectively-evaluated</b>								
<b>Individuals</b>	<b>98,775</b>	<b>58,751</b>	<b>7,833</b>	<b>165,359</b>	<b>100,252</b>	<b>56,890</b>	<b>7,746</b>	<b>164,888</b>
Credit card	37,095	12,105	1,644	50,844	39,097	13,385	1,632	54,114
Personal	7,697	8,762	5,561	22,020	7,186	8,447	5,469	21,102
Payroll loans	8,698	33,554	516	42,768	8,000	30,445	523	38,968
Vehicles	17,976	3,140	99	21,215	19,616	3,509	104	23,229
Mortgage loans	27,309	1,190	13	28,512	26,353	1,104	18	27,475
<b>Small and medium businesses</b>	<b>57,796</b>	<b>13,360</b>	<b>3,328</b>	<b>74,484</b>	<b>56,221</b>	<b>13,885</b>	<b>3,277</b>	<b>73,383</b>
<b>Foreign loans and Latin America</b>	<b>42,549</b>	<b>3,537</b>	<b>518</b>	<b>46,604</b>	<b>36,318</b>	<b>3,126</b>	<b>416</b>	<b>39,860</b>
<b>Total</b>	<b>333,635</b>	<b>83,365</b>	<b>11,679</b>	<b>428,679</b>	<b>324,908</b>	<b>81,994</b>	<b>11,439</b>	<b>418,341</b>

6.1.1 Loan operations and lease operations by portfolios of areas and classes, are classified by maturity as follows (loans overdue not impaired):

	03/31/2015				12/31/2014			
	Overdue by up to 30 days	Overdue from 31 to 60 days	Overdue from 61 to 90 days	Total	Overdue by up to 30 days	Overdue from 31 to 60 days	Overdue from 61 to 90 days	Total
<b>Individuals</b>	<b>7,391</b>	<b>3,247</b>	<b>1,521</b>	<b>12,159</b>	<b>7,105</b>	<b>2,818</b>	<b>1,414</b>	<b>11,337</b>
Credit card	1,269	509	499	2,277	990	461	423	1,874
Personal	1,985	930	420	3,335	1,837	756	371	2,964
Payroll loans	596	297	159	1,052	631	176	126	933
Vehicles	2,578	1,011	317	3,906	2,781	1,051	353	4,185
Mortgage loans	963	500	126	1,589	866	374	141	1,381
<b>Corporate</b>	<b>415</b>	<b>74</b>	<b>127</b>	<b>616</b>	<b>758</b>	<b>193</b>	<b>1</b>	<b>952</b>
<b>Small and medium businesses</b>	<b>2,163</b>	<b>891</b>	<b>499</b>	<b>3,553</b>	<b>2,137</b>	<b>767</b>	<b>400</b>	<b>3,304</b>
<b>Foreign loans - Latin America</b>	<b>1,464</b>	<b>286</b>	<b>126</b>	<b>1,876</b>	<b>974</b>	<b>221</b>	<b>96</b>	<b>1,291</b>
<b>Total</b>	<b>11,433</b>	<b>4,498</b>	<b>2,273</b>	<b>18,204</b>	<b>10,974</b>	<b>3,999</b>	<b>1,911</b>	<b>16,884</b>

6.1.2 The table below shows other financial assets, individually evaluated, classified by rating:

<b>03/31/2015</b>							
<b>Internal rating</b>	<b>Interbank deposits and securities purchased under agreements to resell</b>	<b>Held-for-trading financial assets</b>	<b>Financial assets designated at fair value through profit or loss</b>	<b>Derivatives assets</b>	<b>Available-for-sale financial assets</b>	<b>Held-to-maturity financial assets</b>	<b>Total</b>
Lower risk	227,210	138,251	426	24,556	82,022	37,702	510,167
Satisfactory	-	6	-	75	1,424	-	1,505
Higher risk	-	3	-	3	67	-	73
Impairment	-	-	-	-	14	-	14
<b>Total</b>	<b>227,210</b>	<b>138,260</b>	<b>426</b>	<b>24,634</b>	<b>83,527</b>	<b>37,702</b>	<b>511,759</b>
<b>%</b>	<b>44.4</b>	<b>27.0</b>	<b>0.1</b>	<b>4.8</b>	<b>16.3</b>	<b>7.4</b>	<b>100.0</b>

  

<b>12/31/2014</b>							
<b>Internal rating</b>	<b>Interbank deposits and securities purchased under agreements to resell</b>	<b>Held-for-trading financial assets</b>	<b>Financial assets designated at fair value through profit or loss</b>	<b>Derivatives assets</b>	<b>Available-for-sale financial assets</b>	<b>Held-to-maturity financial assets</b>	<b>Total</b>
Lower risk	231,999	132,934	733	14,106	78,213	34,434	492,419
Satisfactory	-	7	-	46	68	-	121
Higher Risk	-	3	-	4	65	-	72
Impairment	-	-	-	-	14	-	14
<b>Total</b>	<b>231,999</b>	<b>132,944</b>	<b>733</b>	<b>14,156</b>	<b>78,360</b>	<b>34,434</b>	<b>492,626</b>
<b>%</b>	<b>47.1</b>	<b>27.0</b>	<b>0.1</b>	<b>2.9</b>	<b>15.9</b>	<b>7.0</b>	<b>100.0</b>

### 6.1.3 Collateral held for loan and lease operations portfolio

Financial effect of collateral	03/31/2015				12/31/2014			
	(I) Over-collateralized assets		(II) Under-collateralized assets		(I) Over-collateralized assets		(II) Under-collateralized assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
<b>Individuals</b>	<b>56,483</b>	<b>138,394</b>	<b>564</b>	<b>508</b>	<b>57,340</b>	<b>137,641</b>	<b>720</b>	<b>627</b>
Personal	533	1,172	282	259	561	1,160	214	182
Vehicles	25,697	64,468	248	220	27,869	66,366	458	403
Mortgage loans	30,253	72,754	34	29	28,910	70,115	48	42
<b>Small, medium businesses and corporate</b>	<b>182,971</b>	<b>467,265</b>	<b>9,265</b>	<b>4,140</b>	<b>175,357</b>	<b>454,709</b>	<b>6,416</b>	<b>3,035</b>
<b>Foreign loans - Latin America</b>	<b>48,015</b>	<b>65,568</b>	<b>705</b>	<b>2</b>	<b>40,690</b>	<b>57,058</b>	<b>666</b>	<b>2</b>
<b>Total</b>	<b>287,469</b>	<b>671,227</b>	<b>10,534</b>	<b>4,650</b>	<b>273,387</b>	<b>649,408</b>	<b>7,802</b>	<b>3,664</b>

The difference between the total loan portfolio and collateralized loan portfolio is generated by non-collateralized loans amounting to R\$ 170,760 (R\$ 171,242 at December 31, 2014).

ITAÚ UNIBANCO HOLDING uses collateral to reduce the occurrence of losses in operations with credit risk and manages and regularly reviews its collateral with the objective that collateral held is sufficient, legally exercisable (effective) and feasible. Thus, collateral is used to maximize the recoverability potential of impaired loans and not to reduce the exposure value of customers and counterparties.

#### Individuals

**Personal** – This category of credit products usually requires collateral, focusing on endorsements and sureties.

**Vehicles** – For this type of operation, clients' assets serve as collateral, which are also the leased assets in leasing operations.

**Mortgage loans** – Regards buildings themselves given in guarantee.

**Small, Medium Businesses and Corporate** – For these operations, any collateral can be used within the credit policy of ITAÚ UNIBANCO HOLDING (chattel mortgage, assignment trust, surety / joint debtor, Mortgage and others).

**Foreign loans – Latin America** – For these operations, any collateral can be used within the credit policy of ITAÚ UNIBANCO HOLDING (chattel mortgage, assignment trust, surety/joint debtor, Mortgage and others).

## 7. Repossessed assets

Repossessed assets are recognized as assets when possession is effectively obtained.

Assets received from the foreclosure of loans, including real estate, are initially recorded at the lower of: (i) the fair value of the asset less the estimated selling expenses, or (ii) the carrying amount of the loan.

Further impairment of assets is recorded as a provision, with a corresponding charge to income. The maintenance costs of these assets are expensed as incurred.

The policy for sales of these assets (assets not for use) includes periodic auctions that are announced in advance and considers that the assets cannot be held for more than one year as stipulated by the BACEN. This period may be extended at the discretion of BACEN.

The amounts below represent total assets repossessed in the period:

	<b>01/01 to 03/31/2015</b>	<b>01/01 to 03/31/2014</b>
Real estate not for own use	97	1
Residential properties - mortgage loans	29	14
Vehicles - linked to loan operations	5	1
Other (Vehicles / Furniture / Equipments) - Dation	20	1
<b>Total</b>	<b>151</b>	<b>17</b>

## Market risk

Market risk is the possibility of losses resulting from fluctuations in the market values of positions held by a financial institution, including the risk of transactions subject to variations in foreign exchange and interest rates, share, of prices indexes and commodity prices among other indexes on these risk factors.

Market risk management is the process through which the institution monitors and controls the risks of variations in financial instruments market values due market changes, aimed at optimizing the risk-return ratio, by using an appropriate structure of limits, alerts, models and adequate management tools.

The policy of risk management is in line with the principles of CMN Resolution No. 3,464 of June 26, 2007, and posterior amendments, comprising a set of principles that drive the institution's strategy of control and management of market risks in all business units and legal entities of ITAÚ UNIBANCO HOLDING.

The document set forth by the corporate guidelines on market risk management may be viewed on the website [www.itaunibanco.com.br/ri](http://www.itaunibanco.com.br/ri), in the section Corporate Governance / Rules and Policies / Public Access Report - Market Risk.

The risk management strategy of ITAÚ UNIBANCO HOLDING tries to achieve a balance between business objectives, considering among others:

- Political, economic and market context;
- Market risk portfolio of ITAÚ UNIBANCO HOLDING;
- Capacity to operate in specific markets.

The process for managing market risk of ITAÚ UNIBANCO HOLDING occurs within the governance and hierarchy of corporate bodies and limits approved specifically for this purpose, sensitizing different levels and classes of market risk. This market risk framework includes limits that involve the monitoring of aggregate risk indicators (at the portfolio level) and extends its coverage to more granular levels (the individual desk level) with specific limits aiming to improve the process of risk monitoring and understanding and also to prevent risk concentration. These limits are dimensioned considering the projected results of the balance sheet, size of equity, liquidity, complexity and volatility of the market and risk appetite of the institution. Limits are monitored and controlled daily and excesses are reported and discussed in the corresponding corporate bodies. Additionally, daily risk reports used by the business and control areas, are issued to the executives. The process of setting these limits levels and breach reporting follows the governance approved by ITAÚ UNIBANCO HOLDING internal policies.

The structure of limits and alerts follows the Board of Directors' guidelines and is approved by corporate bodies composed of members of top management. This structure of limits and alerts enhances effectiveness, and the control coverage is reviewed at least annually.

The purpose of market risk of ITAÚ UNIBANCO HOLDING structure is:

- Providing visibility and assurance to all executive levels that the assumption of market risks is in line with ITAÚ UNIBANCO HOLDING and the risk-return objective;
- Promoting disciplined and educated discussion on the global risk profile and its evolution over time;
- Increasing transparency on the way the business seeks to optimize results;
- Providing early warning mechanisms in order to make the effective risk management easier, without jeopardizing the business purposes; and
- Monitoring and avoiding risk concentration.

The market risk control and management process is periodically reviewed with the purpose of keeping the process aligned with best market practices and complies with continuous improvement processes at ITAÚ UNIBANCO HOLDING.

The market risk is controlled by an area independent from the business units and is responsible for carrying out daily measurement, assessment, monitoring of stress scenarios, limits and alerts, applying stress scenarios, analysis and testing, reporting risk results to those accountable for in the business units, in accordance with the governance established and monitoring the actions required adjust positions and/or risk level to make them feasible. In addition, the area provides support to launch new financial products.

For that purpose, ITAÚ UNIBANCO HOLDING has a structured reporting and information flow with the objective of providing input for the follow-up by corporate bodies and complying with the requirements of Brazilian and foreign regulatory agents.

ITAÚ UNIBANCO HOLDING hedges transactions with clients and proprietary positions, including foreign investments, aiming at mitigating risks arising from fluctuations in market factors and maintaining the classification the transactions into the current exposure limits. Derivatives are the most frequently used instruments for these hedges. When these transactions are designed for as hedge accounting, specific supporting documentation is prepared, including continuous review of the hedge effectiveness (retrospective and prospective) and other changes in the accounting process. Accounting and managerial hedge are governed by corporate guidelines of ITAÚ UNIBANCO HOLDING.

Hedge accounting is treated in detail in the financial statement notes.

The market risk structure categorizes transactions as part of either the banking portfolio or the trading portfolio, in accordance with general criteria established by the National Monetary Council Resolution No. 3,464 and BACEN Circular No. 3,354.

The trading portfolio consists of all transactions involving financial instruments and goods, including derivatives, which are carried out with the intention of trading.

The banking portfolio is basically characterized by transactions from the banking business and transactions related to the management of the balance sheet of the institution. It has the no-intention of resale and medium- and long-term time horizons as general guidelines.

The exposures to market risks inherent in the financial instruments, including derivatives, are broken down into a number of risk factors. Market factors are primary components of pricing. The main risk factors measured by ITAÚ UNIBANCO HOLDING are:

- Interest rates risk: risk of financial losses on operations subject to interest rates variations;
- Foreign exchange-linked: the risk of losses arising from positions in transactions which are subject to a foreign exchange-linked interest rate;
- Foreign exchange rates: risk of losses in operations subject to foreign exchange variation;
- Price index-linked: risk of financial losses on operations subject to changes in price index coupon rates;
- Variable income: risk of losses in operations subject to variation in goods prices and commodities.

CMN has specific rules establishing that the exposure to market risk must be segregated at the least into the following categories: Interest rates, foreign exchange rates, shares and commodities. Price indexes are treated as a risk factor group and are granted the same treatment given to other risk factors, such as interest rates, and foreign exchange rates, among others, and follow the same limit and risk governance structure adopted by ITAÚ UNIBANCO HOLDING for market risk management purposes.

Market risk is analyzed based on the following metrics:

- Value at risk (VaR): statistical metric that estimates the expected maximum potential economic loss under normal market conditions, taking into consideration a certain time horizon and confidence level;
- Losses in stress scenarios (Stress test): simulation technique to assess the behavior of assets, liabilities and derivatives of a portfolio when several risk factors are taken to extreme market situations (based on prospective and historical scenarios) in the portfolio;
- Stop loss: metrics which purpose is to review positions, should losses accumulated in a certain period reach a certain amount;
- Concentration: cumulative exposure of a certain financial instruments or risk factor calculated at market value ("MtM – Mark to Market"); and
- Stressed VaR: statistical metric resulting from the VaR calculation, with the purpose of capturing the highest risk in simulations for the current portfolio, considering the returns that can be observed in historic scenarios of extreme volatility.

In addition to the risk measures, sensitivity and loss control measures are also analyzed. They comprise:

- Gap analysis: accumulated exposure, by risk factor, of cash flows expressed at market value, allocated at the maturity dates;

- Sensitivity (DV01 – Delta Variation): the impact on the cash flows market value when submitted to an one annual basis point increase in the current interest rates or index rate;
- Sensitivity to the Several Risk Factors (Greeks): partial derivatives of an options portfolio in relation to the underlying assets price, implicit volatility, interest rate and timing.

ITAÚ UNIBANCO HOLDING uses proprietary systems to measure the consolidated market risk. The processing of these systems principally takes place in São Paulo, in an access-controlled environment, being highly available, which has data safekeeping and recovery processes, and counts on such an infrastructure to ensure the continuity of business in contingency (disaster recovery) situations.

## VaR - Consolidated ITAÚ UNIBANCO HOLDING

ITAÚ UNIBANCO HOLDING has recently enhanced its internal VaR calculation methodology, migrating from the Parametric approach to a “Historical Simulation” approach. This new methodology performs a full revaluation of all positions through the actual historical distribution of assets.

The Consolidated Total VaR table provides an analysis of the exposure to market risk of ITAÚ UNIBANCO HOLDING portfolios, and to its foreign subsidiaries by showing where the largest concentrations of market risk are found. (foreign subsidiaries: Itaú BBA International PLC, Banco Itaú Argentina S.A., Banco Itaú Chile S.A., Banco Itaú Uruguai S.A., Banco Itaú Paraguai S.A. and Itaú BBA Colômbia S.A. – Corporación Financiera).

ITAÚ UNIBANCO HOLDING maintaining its conservative management and portfolio diversification, continued with its policy of operating within low limits in relation to its capital in the period.

From January 1st to March 31, 2015, the average total VaR in Historical Simulation was R\$ 203.7 million, or 0.20% of total stockholders’ equity (throughout 2014 it was R\$ 131.9 million or 0.13%).

	(in R\$ million)							
	VaR Total - Historical Simulation							
	03/31/2015				12/31/2014			
	Average	Minimum	Maximum	Var Total	Average	Minimum	Maximum	Var Total
<b>Risk factor group</b>								
Brazilian interest rate	127.2	93.4	169.1	166.5	92.4	37.0	161.8	124.8
Other interest rate	85.4	75.1	102.6	89.9	60.4	21.1	93.2	83.6
FX rate	64.8	20.0	118.6	40.4	36.1	3.6	141.2	26.5
Brazilian inflation indexes	120.5	103.9	142.6	110.0	99.1	45.9	162.9	115.7
Equities and commodities	19.5	17.2	24.5	19.2	22.8	10.4	60.7	22.5
<b>Foreign units <sup>(1)</sup></b>								
Itaú BBA International <sup>(2)</sup>	1.9	1.0	4.3	3.6	1.1	0.4	2.3	1.6
Itaú Argentina <sup>(3)</sup>	3.3	1.9	5.9	5.9	4.0	0.9	18.8	1.9
Itaú Chile <sup>(3)</sup>	9.4	6.5	14.0	11.1	3.3	1.3	5.5	5.3
Itaú Uruguai <sup>(2)</sup>	1.7	1.5	2.4	1.8	1.6	0.8	2.6	2.1
Itaú Paraguai <sup>(2)</sup>	3.5	2.6	4.6	3.7	1.3	0.6	3.6	3.5
Itaú BBA Colombia <sup>(3)</sup>	1.0	0.7	1.6	1.6	0.4	0.1	1.2	0.5
Effect of diversification				(231.8)				(194.9)
<b>Total risk</b>	<b>203.7</b>	<b>179.1</b>	<b>236.6</b>	<b>221.7</b>	<b>131.9</b>	<b>59.0</b>	<b>227.7</b>	<b>193.1</b>

(1) Determined in local currency and converted into reais at the daily quotation

(2) VaR calculated using the Parametric approach.

(3) VaR calculated using historical simulation as from this quarter. From January 1 to March 31, 2015, the amounts of Parametric Average Total VaR of these units were R\$ 2.4 million, R\$ 4.4 million and R\$ 0.2 million, respectively.



## Interest rate

The table on the position of accounts subject to interest rate risk group them by products, book value of accounts distributed by maturity. This table is not used directly to manage interest rate risks; it is mostly used to enable the assessment of mismatching between accounts and products associated thereto and to identify possible risk concentration.

The following table sets forth our interest-earning assets and interest-bearing liabilities and therefore does not reflect interest rate gap positions that may exist as of any given date. In addition, variations in interest rate sensitivity may exist within the repricing periods presented due to differing repricing dates within the period.

### Position of accounts subject to interest rate risk <sup>(1)</sup>

	03/31/2015						12/31/2014					
	0-30 days	31-180 days	181-365 days	1-5 years	Over 5 years	Total	0-30 days	31-180 days	181-365 days	1-5 years	Over 5 years	Total
<b>Interest-bearing assets</b>	<b>297,288</b>	<b>234,633</b>	<b>101,290</b>	<b>271,825</b>	<b>134,389</b>	<b>1,039,425</b>	<b>305,708</b>	<b>226,073</b>	<b>97,686</b>	<b>257,420</b>	<b>117,884</b>	<b>1,004,771</b>
Interbank deposits	16,669	5,699	2,746	789	-	25,903	15,879	2,259	3,997	946	-	23,081
Securities purchased under agreements to resell	123,112	74,221	3,974	-	-	201,307	146,898	62,020	-	-	-	208,918
Central Bank compulsory deposits	58,903	-	-	-	-	58,903	59,714	-	-	-	-	59,714
Held-for-trading financial assets	13,410	21,456	13,658	60,209	29,527	138,260	10,142	25,770	17,539	57,074	22,419	132,944
Financial assets held for trading and designated at fair value through profit or loss	-	112	200	114	-	426	-	322	171	240	-	733
Available-for-sale financial assets	6,358	9,129	7,409	32,508	28,123	83,527	5,251	9,679	7,290	29,743	26,397	78,360
Held-to-maturity financial assets	137	671	201	14,721	21,972	37,702	44	264	672	13,609	19,845	34,434
Derivatives	5,550	6,899	4,194	5,293	2,698	24,634	2,408	4,073	2,238	3,682	1,755	14,156
Loan and lease operations portfolio	73,149	116,446	68,908	158,191	52,069	468,763	65,372	121,686	65,779	152,126	47,468	452,431
<b>Interest-bearing liabilities</b>	<b>282,441</b>	<b>96,998</b>	<b>63,434</b>	<b>281,751</b>	<b>56,520</b>	<b>781,144</b>	<b>270,976</b>	<b>85,050</b>	<b>60,179</b>	<b>277,952</b>	<b>57,274</b>	<b>751,431</b>
Savings deposits	117,357	-	-	-	-	117,357	118,449	-	-	-	-	118,449
Time deposits	10,354	18,959	7,781	58,003	1,403	96,500	11,705	23,656	7,775	61,794	3,536	108,466
Interbank deposits	9,689	17,469	588	389	-	28,135	4,687	13,173	762	503	-	19,125
Deposits received under repurchase agreements	132,490	12,834	17,300	115,564	15,679	293,867	125,663	11,280	15,150	120,639	15,951	288,683
Interbank market	6,027	36,404	25,667	57,375	5,635	131,108	8,043	31,076	29,699	44,367	9,401	122,586
Institutional market	821	4,231	7,562	35,664	31,532	79,810	624	2,520	3,910	39,516	26,672	73,242
Derivatives	5,703	7,089	4,534	11,381	2,224	30,931	1,728	3,205	2,880	8,001	1,536	17,350
Financial liabilities held for trading	-	12	2	298	47	359	77	140	3	122	178	520
Liabilities for capitalization plans	-	-	-	3,077	-	3,077	-	-	-	3,010	-	3,010
Difference asset / liability <sup>(2)</sup>	14,847	137,635	37,856	(9,926)	77,869	258,281	34,732	141,023	37,507	(20,532)	60,610	253,340
<b>Cumulative difference</b>	<b>14,847</b>	<b>152,482</b>	<b>190,338</b>	<b>180,412</b>	<b>258,281</b>		<b>34,732</b>	<b>175,755</b>	<b>213,262</b>	<b>192,730</b>	<b>253,340</b>	
Ratio of cumulative difference to total interest-bearing assets	1.4%	14.7%	18.3%	17.4%	24.8%		3.5%	17.5%	21.2%	19.2%	25.2%	

(1) Remaining contractual terms.

(2) The difference arises from the mismatch between the maturities of all remunerated assets and liabilities, at the respective period-end date, considering the contractually agreed terms.

## Position of accounts subject to currency risk

Assets	03/31/2015				
	Dollar	Euro	Chilean Peso	Other	Total
Cash and deposits on demand	7,682	1	791	3,297	11,771
Central Bank compulsory deposits	289	-	305	5,113	5,707
Interbank deposits	13,000	-	1,788	3,626	18,414
Securities purchased under agreements to resell	495	-	1	129	625
Financial assets held for trading	7,309	-	18	1,006	8,333
Financial assets designated at fair value through profit or loss	426	-	-	-	426
Derivatives	9,513	-	1,292	62	10,867
Available-for-sale financial assets	25,069	-	2,891	1,466	29,426
Held-to-maturity financial assets	12,348	-	-	-	12,348
Loan operations and lease operations portfolio, net	72,926	-	31,283	18,954	123,163
<b>Total assets</b>	<b>149,057</b>	<b>1</b>	<b>38,369</b>	<b>33,653</b>	<b>221,080</b>

  

Liabilities	03/31/2015				
	Dollar	Euro	Chilean Peso	Other	Total
Deposits	64,250	-	23,679	35,224	123,153
Securities sold under repurchase agreements	20,799	-	194	293	21,286
Financial liabilities held for trading	359	-	-	-	359
Derivatives	10,030	-	1,517	28	11,575
Interbank market debt	48,148	-	3,170	761	52,079
Institutional market debt	37,261	-	5,225	291	42,777
<b>Total liabilities</b>	<b>180,847</b>	<b>-</b>	<b>33,785</b>	<b>36,597</b>	<b>251,229</b>

  

<b>Net position</b>	<b>(31,790)</b>	<b>1</b>	<b>4,584</b>	<b>(2,944)</b>	<b>(30,149)</b>
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Assets	12/31/2014				
	Dollar	Euro	Chilean Peso	Other	Total
Cash and deposits on demand	6,607	-	656	2,872	10,135
Central Bank compulsory deposits	292	-	303	4,035	4,630
Interbank deposits	12,274	1	1,055	1,876	15,206
Securities purchased under agreements to resell	166	-	1	-	167
Financial assets held for trading	7,469	-	144	940	8,553
Financial assets designated at fair value through profit or loss	733	-	-	-	733
Derivatives	5,632	-	1,030	109	6,771
Available-for-sale financial assets	18,897	-	2,435	1,342	22,674
Held-to-maturity financial assets	10,332	-	-	-	10,332
Loan operations and lease operations portfolio, net	63,371	-	26,490	16,157	106,018
<b>Total assets</b>	<b>125,773</b>	<b>1</b>	<b>32,114</b>	<b>27,331</b>	<b>185,219</b>

  

Liabilities	12/31/2014				
	Dollar	Euro	Chilean Peso	Other	Total
Deposits	57,875	-	19,929	28,813	106,617
Securities sold under securities repurchase agreements	14,913	-	181	250	15,344
Financial liabilities held for trading	520	-	-	-	520
Derivatives	5,402	-	1,088	28	6,518
Interbank market debt	39,935	-	2,823	540	43,298
Institutional market debt	31,519	-	4,425	286	36,230
<b>Total liabilities</b>	<b>150,164</b>	<b>-</b>	<b>28,446</b>	<b>29,917</b>	<b>208,527</b>

  

<b>Net position</b>	<b>(24,391)</b>	<b>1</b>	<b>3,668</b>	<b>(2,586)</b>	<b>(23,308)</b>
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The exposure to share price risk is disclosed in Note 7 related to financial assets held for trading and Note 10, related to available-for-sale financial assets.

## Liquidity risk

Liquidity risk is defined as the existence of imbalances between marketable assets and liabilities due – mismatching between payments and receipts - which may affect payment capacity of ITAÚ UNIBANCO HOLDING, taking into consideration the different currencies and payment terms and their respective rights and obligations.

### Policies and procedures

The management of liquidity risks seeks to guarantee liquidity sufficient to support possible outflows in market stress situations, as well as the compatibility between funding and the terms and liquidity of assets.

ITAÚ UNIBANCO HOLDING has a structure dedicated to improve the monitoring, control and analysis, through models of projections of the variables that affect cash flows and the level of reserves in local and foreign currencies.

The document that details the guidelines established by the internal policy on liquidity risk management, that is not part of the financial statements, may be viewed on the website [www.itaunibanco.com.br/ri](http://www.itaunibanco.com.br/ri), in the section Corporate Governance/Rules and Policies / Public Access Report – Liquidity Risk.

The liquidity risk measurement process makes use of corporate and own in-house developed application systems. ITAÚ UNIBANCO HOLDING manages proprietary IT systems to support the liquidity risk measurement process.

Additionally, ITAÚ UNIBANCO HOLDING establishes guidelines and limits. Compliance with these guidelines and limits is periodically analyzed in technical committees, and their purpose is to provide an additional safety margin to the minimum projected needs. The liquidity management policies and the respective limits are established based on prospective scenarios periodically reviewed and on the definitions of the top management.

These scenarios may be reviewed in view of cash requirements resulting from atypical market situations or arising from strategic decisions of ITAÚ UNIBANCO HOLDING.

In compliance with the requirements of CMN Resolution No. 4,090 of May 24, 2012 and BACEN Circular N° 3,393 of June 3, 2008 , the Statement of Liquidity Risk (DRL) is sent to BACEN on a monthly basis, and the following items for monitoring and supporting decisions are periodically prepared and submitted to top management:

- Different scenarios projected for changes in liquidity;
- Contingency plans for crisis situations;
- Reports and charts that describe the risk positions;
- Assessment of funding costs and alternative sources of funding;
- Monitoring of changes in funding through a constant control over sources of funding, considering the type of investor and maturities, among other factors;

### Primary sources of funding

ITAÚ UNIBANCO HOLDING has different sources of funding, of which a significant portion is from the retail segment. Total funding from clients reached R\$ 545.6 billion (R\$ 538.1 billion at 12/31/2014), particularly funding from time deposits. A considerable portion of these funds – 36.5% of total, or R\$ 199.2 billion – is available on demand to the client. However, the historical behavior of the accumulated balance of the two largest items in this group – demand and savings deposits - is relatively consistent with the balances increasing over time and inflows exceeding outflows for monthly average amounts.

Funding from clients	03/31/2015			12/31/2014		
	0-30 days	Total	%	0-30 days	Total	%
Deposits	194,060	298,652		183,574	294,773	
Demand deposits	56,660	56,660	10.4	48,733	48,733	9.1
Savings deposits	117,357	117,357	21.5	118,449	118,449	22.0
Time deposits	10,354	96,500	17.7	11,705	108,466	20.2
Other	9,689	28,135	5.2	4,687	19,125	3.5
Funds from acceptances and issuance of securities <sup>(1)</sup>	2,317	50,753	9.3	3,959	47,750	8.9
Funds from own issue <sup>(2)</sup>	2,472	136,714	25.1	2,840	139,910	26.0
Subordinated debt	320	59,528	10.9	174	55,617	10.3
<b>Total</b>	<b>199,169</b>	<b>545,647</b>		<b>190,547</b>	<b>538,050</b>	

<sup>(1)</sup> Includes mortgage notes, real estate credit bills, agribusiness, financial and structured operations certificates recorded in interbank market and debts and liabilities for issuance of debentures and foreign borrowings and securities recorded in funds from institutional markets.

<sup>(2)</sup> Refer to deposits received under securities repurchase agreements with securities from own issue.

## Control over liquidity

ITAÚ UNIBANCO HOLDING manages its liquidity reserves based on estimates of funds that will be available for investment, considering the continuity of business in normal conditions.

During the period of 2015, ITAÚ UNIBANCO HOLDING maintained appropriate levels of liquidity in Brazil and abroad. Liquid assets (cash and deposits on demand, securities purchased under agreements to resell - funded position and government securities - available, detailed in the table Undiscounted future flows - Financial assets) totaled R\$ 121.1 billion and accounted for 60.8% of the short-term redeemable obligations, 22.2% of total funding, and 14.4% of total assets.

The table below shows the indicators used by ITAÚ UNIBANCO HOLDING in the management of liquidity risk:

Liquidity indicators	03/31/2015	12/31/2014
	%	%
Net assets <sup>(1)</sup> / funds within 30 days <sup>(2)</sup>	60.8	72.1
Net assets <sup>(1)</sup> / total funds <sup>(3)</sup>	22.2	25.5
Net assets <sup>(1)</sup> / total assets <sup>(4)</sup>	14.4	17.0

<sup>(1)</sup> Net assets: Cash and deposits on demand, Securities purchased under agreements to resell - Funded position and Government securities - available. Detailed in the table Undiscounted future flows - Financial assets.

<sup>(2)</sup> Table Funding from clients (Total Funding from clients 0-30 days).

<sup>(3)</sup> Table funding from clients (Total funding from clients).

<sup>(4)</sup> Detailed in the table Undiscounted future flows - Financial assets, total present value regards R\$ 843,263 (R\$ 809,448 at 12/31/2014).

The following table presents assets and liabilities according to their remaining contractual maturities, considering their undiscounted flows.

Undiscounted future flows except for derivatives	03/31/2015					12/31/2014				
	0 - 30 days	31 - 365 days	366 - 720 days	Over 720 days	Total	0 - 30 days	31 - 365 days	366 - 720 days	Over 720 days	Total
<b>Financial assets <sup>(1)</sup></b>										
<b>Cash and deposits on demand</b>	<b>18,687</b>	-	-	-	<b>18,687</b>	<b>17,527</b>	-	-	-	<b>17,527</b>
<b>Interbank investments</b>	<b>150,454</b>	<b>66,169</b>	<b>925</b>	<b>22</b>	<b>217,570</b>	<b>170,482</b>	<b>51,967</b>	<b>1,097</b>	<b>32</b>	<b>223,578</b>
Securities purchased under agreements to resell – Funded position <sup>(2)</sup>	28,918	-	-	-	28,918	74,275	-	-	-	74,275
Securities purchased under agreements to resell – Financed position	104,880	57,382	-	-	162,262	80,085	45,512	-	-	125,597
Interbank deposits	16,656	8,787	925	22	26,390	16,122	6,455	1,097	32	23,706
<b>Securities</b>	<b>80,453</b>	<b>17,536</b>	<b>16,992</b>	<b>105,180</b>	<b>220,161</b>	<b>55,315</b>	<b>19,009</b>	<b>15,470</b>	<b>106,023</b>	<b>195,817</b>
Government securities - available	73,463	-	-	-	73,463	45,587	-	-	-	45,587
Government securities – subject to repurchase commitments	83	4,562	4,710	41,098	50,453	3,440	5,491	5,473	41,548	55,952
Private securities - available	6,907	12,974	12,282	64,082	96,245	6,102	10,520	8,750	57,179	82,551
Private securities – subject to repurchase commitments	-	-	-	-	-	186	2,998	1,247	7,296	11,727
<b>Derivative financial instruments</b>	<b>5,550</b>	<b>9,367</b>	<b>1,864</b>	<b>5,192</b>	<b>21,973</b>	<b>2,408</b>	<b>5,342</b>	<b>1,167</b>	<b>3,719</b>	<b>12,636</b>
<b>Gross position</b>	-	-	-	<b>18</b>	<b>18</b>	-	-	-	<b>19</b>	<b>19</b>
Cross Currency Swap Deliverable - Asset position	-	-	-	888	888	-	-	-	<b>560</b>	<b>560</b>
Cross Currency Swap Deliverable - Liability position	-	-	-	(870)	(870)	-	-	-	<b>(541)</b>	<b>(541)</b>
<b>Net position</b>	<b>5,550</b>	<b>9,367</b>	<b>1,864</b>	<b>5,174</b>	<b>21,955</b>	<b>2,408</b>	<b>5,342</b>	<b>1,167</b>	<b>3,700</b>	<b>12,617</b>
Swaps	163	1,011	1,278	3,740	6,192	448	812	643	2,913	4,816
Option	1,252	3,873	362	572	6,059	481	1,720	308	363	2,872
Forward (onshore)	3,345	1,675	1	-	5,021	846	1,548	-	-	2,394
Other derivative financial instruments	790	2,808	223	862	4,683	633	1,262	216	424	2,535
<b>Loan and lease operations portfolio <sup>(3)</sup></b>	<b>58,791</b>	<b>175,322</b>	<b>88,523</b>	<b>201,936</b>	<b>524,572</b>	<b>56,652</b>	<b>169,230</b>	<b>90,854</b>	<b>180,050</b>	<b>496,786</b>
<b>Total financial assets</b>	<b>313,935</b>	<b>268,394</b>	<b>108,304</b>	<b>312,330</b>	<b>1,002,963</b>	<b>302,384</b>	<b>245,548</b>	<b>108,588</b>	<b>289,824</b>	<b>946,344</b>

(1) The assets portfolio does not take into consideration the balance of compulsory deposits in Central Bank, amounting to R\$ 63,235 (R\$ 63,106 at 12/31/2014), which release of funds is linked to the maturity of the liability portfolios. The amounts of PGBL and VGBL are not considered in the assets portfolio because they are covered in Note 30.

(2) Net of R\$ 8,503 (R\$ 5,945 at 12/31/2014) which securities are restricted to guarantee transactions at BM&FBOVESPA S.A. and the Central Bank of Brazil.

(3) Net of payment to merchants of R\$ 36,002 (R\$ 39,386 at 12/31/2014) and the amount of liabilities from transactions related to credit assignments R\$ 4,798 (R\$ 4,336 at 12/31/2014).

Undiscounted future flows except for derivatives	03/31/2015					12/31/2014				
	0 – 30 days	31 – 365 days	365 – 720 days	Over 720 days	Total	0 – 30 days	31 – 365 days	365 – 720 days	Over 720 days	Total
<b>Financial liabilities</b>										
<b>Deposits</b>	<b>194,167</b>	<b>47,205</b>	<b>11,970</b>	<b>70,360</b>	<b>323,702</b>	<b>182,849</b>	<b>47,531</b>	<b>14,851</b>	<b>58,881</b>	<b>304,112</b>
Demand deposits	56,660	-	-	-	56,660	48,733	-	-	-	48,733
Savings deposits	117,357	-	-	-	117,357	118,449	-	-	-	118,449
Time deposit	10,466	28,654	11,582	70,110	120,812	10,867	33,601	14,521	58,564	117,553
Interbank deposits	9,684	18,551	388	250	28,873	4,800	13,930	330	317	19,376
<b>Compulsory deposits</b>	<b>(44,087)</b>	<b>(5,895)</b>	<b>(2,247)</b>	<b>(11,006)</b>	<b>(63,235)</b>	<b>(42,811)</b>	<b>(6,455)</b>	<b>(2,190)</b>	<b>(11,650)</b>	<b>(63,106)</b>
Demand deposits	(9,397)	-	-	-	(9,397)	(7,404)	-	-	-	(7,404)
Savings deposits	(32,515)	-	-	-	(32,515)	(33,084)	-	-	-	(33,084)
Time deposit	(2,175)	(5,895)	(2,247)	(11,006)	(21,323)	(2,323)	(6,455)	(2,190)	(11,650)	(22,618)
<b>Securities sold under repurchase agreements <sup>(1)</sup></b>	<b>172,011</b>	<b>31,554</b>	<b>55,551</b>	<b>101,472</b>	<b>360,588</b>	<b>164,309</b>	<b>28,544</b>	<b>57,449</b>	<b>108,099</b>	<b>358,402</b>
Government securities	145,717	5,229	3,994	17,912	172,852	143,717	2,161	3,888	20,227	169,992
Private securities	5,341	26,324	51,557	83,401	166,623	6,383	25,924	53,561	87,324	173,192
Foreign	20,953	1	-	159	21,113	14,210	460	-	548	15,218
<b>Funds from acceptances and issuance of securities <sup>(2)</sup></b>	<b>3,395</b>	<b>28,516</b>	<b>9,541</b>	<b>14,934</b>	<b>56,386</b>	<b>4,054</b>	<b>24,017</b>	<b>10,777</b>	<b>14,319</b>	<b>53,167</b>
<b>Borrowings and onlending <sup>(3)</sup></b>	<b>4,902</b>	<b>43,536</b>	<b>18,310</b>	<b>34,295</b>	<b>101,043</b>	<b>4,290</b>	<b>37,668</b>	<b>19,414</b>	<b>31,890</b>	<b>93,262</b>
<b>Subordinated debt <sup>(4)</sup></b>	<b>342</b>	<b>11,259</b>	<b>10,475</b>	<b>57,991</b>	<b>80,067</b>	<b>191</b>	<b>6,537</b>	<b>12,979</b>	<b>56,349</b>	<b>76,056</b>
<b>Derivative financial instruments</b>	<b>5,703</b>	<b>9,897</b>	<b>2,272</b>	<b>10,398</b>	<b>28,270</b>	<b>1,728</b>	<b>5,116</b>	<b>1,318</b>	<b>7,668</b>	<b>15,830</b>
<b>Gross position</b>	<b>-</b>	<b>201</b>	<b>1</b>	<b>3</b>	<b>205</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>31</b>
Cross Currency Swap Deliverable - Asset position	-	(1,726)	(12)	(53)	(1,791)	-	(969)	(10)	-	(979)
Cross Currency Swap Deliverable - Liability position	-	1,927	13	56	1,996	-	1,000	10	-	1,010
<b>Net position</b>	<b>5,703</b>	<b>9,696</b>	<b>2,271</b>	<b>10,395</b>	<b>28,065</b>	<b>1,728</b>	<b>5,085</b>	<b>1,318</b>	<b>7,668</b>	<b>15,799</b>
Swaps	326	2,988	1,579	8,782	13,675	241	1,761	778	6,754	9,534
Option	1,263	3,829	416	631	6,139	431	1,853	353	420	3,057
Forward (onshore)	3,052	-	-	-	3,052	681	1	-	-	682
Other derivative financial instruments	1,062	2,879	276	982	5,199	375	1,470	187	494	2,526
<b>Total financial liabilities</b>	<b>336,433</b>	<b>166,072</b>	<b>105,871</b>	<b>278,445</b>	<b>886,821</b>	<b>314,610</b>	<b>142,958</b>	<b>114,599</b>	<b>265,556</b>	<b>837,723</b>

(1) Includes own and third parties' portfolios.

(2) Includes mortgage notes, real estate credit bills, agribusiness, financial bills and structured operations certificates recorded in interbank market funds and liabilities for issuance of debentures and foreign securities recorded in funds from institutional markets.

(3) Recorded in funds from interbank markets.

(4) Recorded in funds from institutional markets.

Off balance sheet	03/31/2015					12/31/2014				
	0 – 30 days	31 – 365 days	365 – 720 days	Over 720 days	Total	0 – 30 days	31 – 365 days	365 – 720 days	Over 720 days	Total
Endorsements and sureties	1,957	13,905	5,442	53,985	75,289	2,003	14,721	4,207	52,828	73,759
Commitments to be released	74,613	52,321	21,813	75,457	224,204	73,356	60,785	17,980	69,377	221,498
Letters of credit to be released	12,097	-	-	-	12,097	11,091	-	-	-	11,091
Contractual commitments - Fixed assets and Intangible (Note 15 and 16)	-	199	309	-	508	-	267	308	-	575
<b>Total</b>	<b>88,667</b>	<b>66,425</b>	<b>27,564</b>	<b>129,442</b>	<b>312,098</b>	<b>86,450</b>	<b>75,773</b>	<b>22,495</b>	<b>122,205</b>	<b>306,923</b>

### **Note 37 – Supplementary information**

**Law No. 12,973:** on May 14, 2014, Law No. 12,973 was published as a conversion of Provisional Measure No. 627 of November 11, 2013 to amend the federal tax legislation on IRPJ, CSLL, PIS and COFINS. Law No. 12,973 provides for the following, among other matters:

- revocation of the Transition Tax Regime - RTT, established by Law No. 11,941, of May 27, 2009;
- taxation of legal entities domiciled in Brazil, regarding the equity increase arising from interest in income earned abroad by subsidiaries and affiliates, and income earned by individuals resident in Brazil by means of a legal entity controlled abroad.

ITAÚ UNIBANCO HOLDING estimates that said Law No. 12,973 does not have any significant accounting effect on the consolidated financial statements of ITAÚ UNIBANCO HOLDING.