executive summary

Itaú Unibanco Holding S.A.

4th quarter of 2013

Executive Summary

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

Highlights

R$ million (except where indicated)

	4Q13	3Q13	4Q12	2013	2012
Statement of Income					
Recurring Net Income	4,680	4,022	3,502	15,836	14,043
Net Income	4,646	3,995	3,492	15,696	13,594
Operating Revenues (1)	20,880	19,612	19,932	78,475	78,474
Managerial Financial Margin (2)	12,703	11,835	12,608	47,637	52,157
Shares (R$)					
Recurring Net Income per share (3)	0.94	0.81	0.70	3.19	2.83
Net Income per share (3)	0.94	0.80	0.70	3.16	2.74
Number of Outstanding Shares at the end of period – in thousands	4,959,160	4,956,804	4,970,218	4,959,160	4,970,218
Average price of non-voting share on the last trading day of the period (4)	31.65	31.56	33.33	31.65	33.33
Book Value per share	16.34	15.79	14.93	16.34	14.93
Dividends/JCP net of taxes (5)	3,182	327	2,559	5,095	4,518
Dividends/JCP net of taxes (5) per share	0.64	0.07	0.51	1.03	0.91
Market Capitalization (6)	156,957	156,437	150,598	156,957	150,598
Market Capitalization (6) (US$ Million)	67,001	70,151	73,696	67,001	73,696
Performance Ratios (%)					
Recurring Return on Average Equity – Annualized (7)	23.9%	20.9%	19.3%	20.9%	19.4%
Return on Average Equity – Annualized (7)	23.7%	20.8%	18.4%	20.7%	18.4%
Recurring Return on Average Assets – Annualized (8)	1.7%	1.5%	1.4%	1.5%	1.5%
Return on Average Assets – Annualized (8)	1.7%	1.5%	1.4%	1.5%	1.5%
Solvency Ratio (BIS Ratio) - Financial Conglomerate	16.6%	18.0%	18.1%	16.6%	18.1%
Annualized Credit Margin (9)	10.9%	10.9%	12.3%	11.2%	12.9%
Annualized Net Interest Margin with Clients (9)	9.1%	9.1%	9.8%	9.2%	10.7%
Annualized Net Interest Margin with Credit after Provision for Credit Risk (9)	7.9%	7.4%	6.9%	7.4%	7.1%
Annualized Net Interest Margin with Clients after Provision for Credit Risk (9)	6.9%	6.5%	6.0%	6.5%	6.5%
Nonperforming Loans Index (NPL over 90 days)	3.7%	3.9%	4.8%	3.7%	4.8%
Nonperforming Loans Index (NPL 15 to 90 days)	3.0%	3.0%	3.6%	3.0%	3.6%
Coverage Ratio (Provision for Loan and Lease Losses/NPL over 90 days)	174%	170%	158%	174.4%	158.0%
Efficiency Ratio (ER) (10)	48.7%	48.2%	46.6%	48.5%	45.2%
Risk Adjusted Efficiency Ratio (RAER) (10)	65.3%	68.4%	73.4%	69.5%	74.2%

Balance Sheet	**31/dec/13**	**30/sep/13**	**31/dec/12**
Total Assets	1,105,721	1,082,787	1,014,425
Total Loan Portfolio, including Sureties, Endorsements and Guarantees	483,397	456,561	426,595
Loan Operations (A)	412,235	387,040	366,285
Sureties, Endorsements and Guarantees	71,162	69,522	60,310
Deposits + Debentures + Securities + Borrowings and Onlending (B) (11)	530,919	505,909	495,853
Loan Operations/Funding (A/B)	77.6%	76.5%	73.9%
Stockholders' Equity	81,024	78,260	74,220
Other Relevant Data			
Assets Under Administration	628,271	622,448	561,958
Employees of the Conglomerate (Individuals)	95,696	94,280	96,977
Brazil (without Credicard)	87,589	87,440	90,323
Abroad	6,913	6,840	6,654
Credicard	1,194	-	-
Number of Points of Service (Units)	32,891	32,956	32,943
Branches	4,116	4,105	4,083
CSB – Client Service Branches	875	870	900
ATM – Automated Teller Machines (12)	27,900	27,981	27,960

Macroeconomic | Indicators

	4Q13	3Q13	4Q12	2013	2012
EMBI Brazil Risk	227	232	146	227	146
CDI – In the Period (%)	2.3%	2.1%	1.7%	8.1%	8.4%
Dollar Exchange Rate – Quotation in R$	2.3430	2.2300	2.0435	2.3430	2.0435
Dollar Exchange Rate – Variation in the Period (%)	5.1%	0.6%	0.6%	14.7%	8.9%
Euro Exchange Rate – Quotation in R$	3.2320	3.0181	2.6954	3.2320	2.6954
Euro Exchange Rate – Variation in the Period (%)	7.1%	4.7%	3.2%	19.9%	10.7%
IGP-M – In the Period (%)	1.8%	1.9%	0.7%	5.5%	7.8%

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

Net Income and Recurring Net Income

Our recurring net income totaled R$4,680 million in the fourth quarter of 2013 arising from the elimination of non-recurring events, which are presented in the table below, from net income of R$4,646 million for the period.

Non-Recurring Events Net of Tax Effects

R$ million

	4Q13	3Q13	4Q12	2013	2012
Recurring Net Income	**4,680**	**4,022**	**3,502**	**15,836**	**14,043**
Non Recurring Events	**(34)**	**(27)**	**(10)**	**(140)**	**(449)**
Program for Settlement or Installment Payment of Federal Taxes - Law No. 12,865/13 (a)	**508**	**-**	**-**	**508**	**-**
IRB (b)	**131**	**-**	**-**	**131**	**-**
Porto Seguro (c)	**272**	**-**	**-**	**272**	**-**
Provision for contingencies (d)	**(649)**	**(27)**	**(696)**	**(754)**	**(830)**
Tax and Social Security Contributions (d)	(276)	-	(253)	(276)	(253)
Civil Lawsuits (d)	(330)	-	(145)	(330)	(145)
Economic Plans (e)	(42)	(27)	(194)	(148)	(328)
Labor Claims and Other (d)	-	-	(105)	-	(105)
Realization of Assets and Impairment (f)	**(239)**	**-**	**836**	**(239)**	**530**
Increase in the Social Contribution Rate (g)	**-**	**-**	**351**	**-**	**351**
Allowance for Loan Losses	**-**	**-**	**(229)**	**-**	**(229)**
Reward Program - Credit Cards (h)	**-**	**-**	**(185)**	**-**	**(185)**
Other	**(58)**	**-**	**(86)**	**(58)**	**(86)**
Net Income	**4,646**	**3,995**	**3,492**	**15,696**	**13,594**

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

Non-Recurring Events in 2013 and 2012

(a) Program for the Settlement or Installment Payment of Federal Taxes - Law No. 12,865/13: Effects of our adhesion to the Program for the Settlement or Installment Payment of Federal Taxes in 2013.

(b) IRB: Effect of the change in criteria to recognize our investment in IRB Brasil Resseguros S.A. according to the equity method, because we reached significant degree of influence on the decisions of the legal entity.

(c) Porto Seguro: Effect of the favorable decision, by the Federal Supreme Court (STF), on the legality of COFINS levy on this type of operation, proportional to our interest in the company.

(d) Provision for Contingencies: Improvement in criteria for the recognition of contingencies.

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

(f) Realization of Assets and Impairment: In 2013, this item was composed of the impairment of assets, and in 2012 it was composed of the result from the sale of our investment in Serasa and of our investment of 18.9% in "Banco Português de Investimento" and also the adjustments to market value over the first half of 2012.

(g) Increase in the Social Contribution Rate: In the fourth quarter of 2012, the remaining balance of tax credits related to Social Contribution from periods prior to the increase of the rate from 9% to 15% was recognized.

(h) Reward Program — Credit Cards: Result from the restructuring of our credit card rewards program.

Effects of the Reclassifications of the Managerial Statement of Income

Since the first quarter of 2013, we apply consolidation criteria for the managerial results that affect only the breakdown of the account components and, therefore, do not affect the net income. In addition, we adjusted the tax effects of hedges of investments abroad, which were originally included in tax expenses (PIS and COFINS), and income tax and social contribution on net income and reclassified them to the financial margin, and non-recurring effects.

Our strategy for the exchange risk management of capital invested abroad is intended to avoid impacts from foreign exchange variations on net income by using derivative financial instruments and considers the impact of all related tax effects. In the fourth quarter, the Brazilian Real depreciated 5.1% in relation to the U.S. dollar and 7.1% in relation to the Euro, compared with a depreciation of 0.6% and 4.7%, respectively, in the previous quarter.

Effects of Acquisition of Credicard

On December 20, 2013, the purchase of Credicard was approved by the Central Bank of Brazil and we started to include the results of this transaction from December 1, 2013. On December 31, 2013 we highlight the total assets of R$9.1 billion and the balance of R$8.2 billion in loan operations. Net income reached R$28 million in December 2013.

For comparison purposes, in the managerial analysis we recognized this net income under the equity method in the financial margin with clients, in order to better reflect the variation from the prior quarter and previous year.

Merger of Banco Itaú Chile with CorpBanca

On January 29, 2014, we entered into an agreement with Corpbanca and its controlling shareholders, resulting in the creation of Itaú Corpbanca, which will operate under the Itaú brand. The institution is one of the strongest in Latin America with 389 agencies in Chile and Colombia, US$43.4 billion in assets and US$33.1billion in loans, resulting in the fourth largest bank in Chile and fifth largest in Colombia. Being controlled by Itaú Unibanco, Itaú Corpbanca will be consolidated in our financial statements and we estimate that there are no material effect on our results. The conclusion of the transaction is subject to regulatory approvals (expected to be received by the last quarter of 2014). For more information, see page 70 of this report.

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

Conciliation between the Accounting and Managerial Statements | 4th Quarter of 2013

R$ million

	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial Reclassifications	Managerial
Operating Revenues	**21,216**	**(976)**	**1,031**	**(391)**	**20,880**
Managerial Financial Margin	11,732	48	1,031	(109)	12,703
Financial Margin with Clients	12,025	48	-	(109)	11,964
Financial Margin with Market	(292)	-	1,031	-	739
Banking Service Fees and Income from Banking Charges	6,561	3	-	(528)	6,036
Results from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses	1,624	-	-	517	2,141
Other Operating Income	716	(624)	-	(92)	-
Equity in Earnings of Affiliates and Other Investments	570	(403)	-	(166)	-
Non-operating Income	13	-	-	(13)	-
Loan and Retained Claim Losses Net of Recovery	**(3,334)**	**2**	**-**	**61**	**(3,271)**
Expenses for Allowance for Loan and Lease Losses	(4,270)	-	-	79	(4,191)
Income from Recovery of Loans Written Off as Losses	1,415	2	-	(17)	1,399
Retained Claims	(479)	-	-	-	(479)
Other Operating Income/(Expenses)	**(12,258)**	**1,399**	**(109)**	**219**	**(10,748)**
Non-interest Expenses	(11,064)	1,499	-	207	(9,358)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(927)	(100)	(109)	12	(1,124)
Selling Expenses from Insurance	(267)	-	-	-	(267)
Income before Tax and Profit Sharing	**5,623**	**425**	**923**	**(111)**	**6,861**
Income Tax and Social Contribution	**(859)**	**(391)**	**(923)**	**34**	**(2,139)**
Profit Sharing	**(77)**	**-**	**-**	**77**	**-**
Minority Interests	**(42)**	**-**	**-**	**-**	**(42)**
Net Income	**4,646**	**34**	**-**	**-**	**4,680**

Conciliation between the Accounting and Managerial Statements | 3rd Quarter of 2013

R$ million

	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial Reclassifications	Managerial
Operating Revenues	**19,645**	**5**	**205**	**(242)**	**19,612**
Managerial Financial Margin	11,710	5	205	(84)	11,835
Financial Margin with Clients	11,574	5	-	(84)	11,495
Financial Margin with Market	135	-	205	-	340
Banking Service Fees and Income from Banking Charges	6,059	-	-	(468)	5,591
Results from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses	1,662	-	-	525	2,187
Other Operating Income	90	-	-	(90)	-
Equity in Earnings of Affiliates and Other Investments	106	-	-	(106)	-
Non-operating Income	19	-	-	(19)	-
Loan and Retained Claim Losses Net of Recovery	**(3,751)**	**-**	**-**	**(4)**	**(3,755)**
Expenses for Allowance for Loan and Lease Losses	(4,533)	-	-	(4)	(4,537)
Income from Recovery of Loans Written Off as Losses	1,297	-	-	-	1,297
Retained Claims	(515)	-	-	-	(515)
Other Operating Income/(Expenses)	**(10,188)**	**40**	**(19)**	**177**	**(9,989)**
Non-interest Expenses	(8,920)	40	-	177	(8,703)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,010)	-	(19)	-	(1,029)
Selling Expenses from Insurance	(258)	-	-	-	(258)
Income before Tax and Profit Sharing	**5,706**	**45**	**185**	**(68)**	**5,868**
Income Tax and Social Contribution	**(1,601)**	**(18)**	**(185)**	**8**	**(1,796)**
Profit Sharing	**(60)**	**-**	**-**	**60**	**-**
Minority Interests	**(50)**	**-**	**-**	**-**	**(50)**
Net Income	**3,995**	**27**	**-**	**-**	**4,022**

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

Statement of Income | Operating Revenues Perspective

R$ million

	4Q13	3Q13	4Q12	2013	2012	Variation 4Q13 - 3Q13		Variation 4Q13 - 4Q12		Variation 2013 - 2012	
Operating Revenues	**20,880**	**19,612**	**19,932**	**78,475**	**78,474**	**1,268**	**6.5%**	**948**	**4.8%**	**1**	**0.0%**
Managerial Financial Margin	12,703	11,835	12,608	47,637	52,157	868	7.3%	95	0.8%	(4,519)	-8.7%
Financial Margin with Clients	11,964	11,495	11,732	45,694	48,347	469	4.1%	232	2.0%	(2,654)	-5.5%
Financial Margin with Market	739	340	875	1,944	3,810	399	117.5%	(136)	-15.6%	(1,866)	-49.0%
Banking Service Fees and Income from Banking Charges	6,036	5,591	5,149	22,148	18,139	446	8.0%	887	17.2%	4,009	22.1%
Result from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses	2,141	2,187	2,176	8,691	8,179	(46)	-2.1%	(35)	-1.6%	512	6.3%
Loan and Retained Claim Losses Net of Recovery	**(3,271)**	**(3,755)**	**(5,027)**	**(15,610)**	**(21,506)**	**484**	**-12.9%**	**1,756**	**-34.9%**	**5,896**	**-27.4%**
Expenses for Allowance for Loan and Lease Losses	(4,191)	(4,537)	(5,741)	(18,579)	(24,210)	345	-7.6%	1,549	-27.0%	5,631	-23.3%
Income from Recovery of Loans Written Off as Losses	1,399	1,297	1,210	5,045	4,739	102	7.9%	190	15.7%	305	6.4%
Retained Claims	(479)	(515)	(496)	(2,075)	(2,035)	36	-7.0%	17	-3.4%	(40)	2.0%
Operating Margin	**17,609**	**15,858**	**14,906**	**62,865**	**56,968**	**1,751**	**11.0%**	**2,703**	**18.1%**	**5,897**	**10.4%**
Other Operating Income/(Expenses)	**(10,748)**	**(9,989)**	**(9,898)**	**(40,271)**	**(37,807)**	**(759)**	**7.6%**	**(851)**	**8.6%**	**(2,463)**	**6.5%**
Non-interest Expenses	(9,358)	(8,703)	(8,491)	(34,966)	(32,549)	(656)	7.5%	(868)	10.2%	(2,417)	7.4%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,124)	(1,029)	(1,130)	(4,283)	(4,217)	(95)	9.2%	6	-0.5%	(66)	1.6%
Selling Expenses From Insurance	(267)	(258)	(278)	(1,021)	(1,040)	(9)	3.3%	11	-4.0%	19	-1.9%
Income before Tax and Minority Interests	**6,861**	**5,868**	**5,008**	**22,595**	**19,161**	**992**	**16.9%**	**1,853**	**37.0%**	**3,434**	**17.9%**
Income Tax and Social Contribution	**(2,139)**	**(1,796)**	**(1,459)**	**(6,623)**	**(5,056)**	**(342)**	**19.1%**	**(680)**	**46.6%**	**(1,567)**	**31.0%**
Minority Interests in Subsidiaries	**(42)**	**(50)**	**(47)**	**(136)**	**(63)**	**9**	**-**	**6**	**-**	**(74)**	**-**
Recurring Net Income	**4,680**	**4,022**	**3,502**	**15,836**	**14,043**	**659**	**16.4%**	**1,179**	**33.7%**	**1,793**	**12.8%**

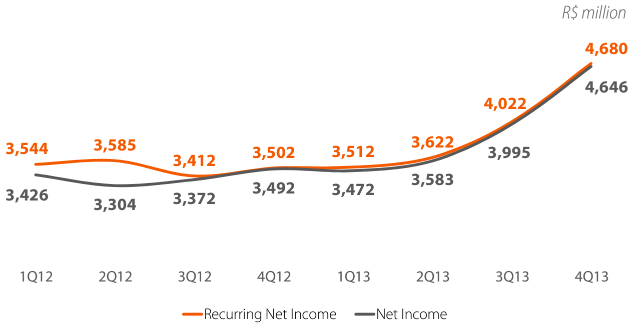
We present below a perspective of the income statement highlighting the Managerial Financial Margin.

Statement of Income | Managerial Financial Margin Perspective

R$ million

	4Q13	3Q13	4Q12	2013	2012	Variation 4Q13 - 3Q13		Variation 4Q13 - 4Q12		Variation 2013 - 2012	
Managerial Financial Margin	**12,703**	**11,835**	**12,608**	**47,637**	**52,157**	**868**	**7.3%**	**95**	**0.8%**	**(4,519)**	**-8.7%**
Financial Margin with Clients	11,964	11,495	11,732	45,694	48,347	469	4.1%	232	2.0%	(2,654)	-5.5%
Financial Margin with Market	739	340	875	1,944	3,810	399	117.5%	(136)	-15.6%	(1,866)	-49.0%
Results from Loan and Lease Losses	**(2,792)**	**(3,240)**	**(4,531)**	**(13,535)**	**(19,471)**	**448**	**-13.8%**	**1,739**	**-38.4%**	**5,936**	**-30.5%**
Expenses for Allowance for Loan and Lease Losses	(4,191)	(4,537)	(5,741)	(18,579)	(24,210)	345	-7.6%	1,549	-27.0%	5,631	-23.3%
Income from Recovery of Loans Written Off as Losses	1,399	1,297	1,210	5,045	4,739	102	7.9%	190	15.7%	305	6.4%
Net Result from Financial Operations	**9,911**	**8,595**	**8,077**	**34,103**	**32,686**	**1,316**	**15.3%**	**1,834**	**22.7%**	**1,417**	**4.3%**
Other Operating Income/(Expenses)	**(3,050)**	**(2,727)**	**(3,069)**	**(11,508)**	**(13,525)**	**(323)**	**11.9%**	**19**	**-0.6%**	**2,017**	**-14.9%**
Banking Service Fees and Income from Banking Charges	6,036	5,591	5,149	22,148	18,139	446	8.0%	887	17.2%	4,009	22.1%
Capitalization Operations	1,395	1,414	1,402	5,594	5,103	(19)	-1.3%	(7)	-0.5%	491	9.6%
Non-interest Expenses	(9,358)	(8,703)	(8,491)	(34,966)	(32,549)	(656)	7.5%	(868)	10.2%	(2,417)	7.4%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,124)	(1,029)	(1,130)	(4,283)	(4,217)	(95)	9.2%	6	-0.5%	(66)	1.6%
Income before Tax and Minority Interests	**6,861**	**5,868**	**5,008**	**22,595**	**19,161**	**992**	**16.9%**	**1,853**	**37.0%**	**3,434**	**17.9%**
Income Tax and Social Contribution	**(2,139)**	**(1,796)**	**(1,459)**	**(6,623)**	**(5,056)**	**(342)**	**19.1%**	**(680)**	**46.6%**	**(1,567)**	**31.0%**
Minority Interests in Subsidiaries	**(42)**	**(50)**	**(47)**	**(136)**	**(63)**	**9**	**-**	**6**	**-**	**(74)**	**-**
Recurring Net Income	**4,680**	**4,022**	**3,502**	**15,836**	**14,043**	**659**	**16.4%**	**1,179**	**33.7%**	**1,793**	**12.8%**

Net Income

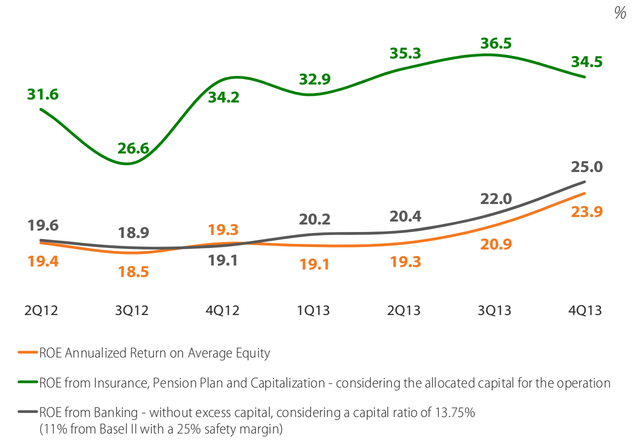


The recurring net income for the fourth quarter of 2013 amounted to R$4,680 million, representing an increase of 16.4% in relation to the previous quarter. In this same period, we highlight the 16.9% increase in income before taxes and profit sharing.

The increase in net income for the fourth quarter of 2013 in relation to the previous quarter is mainly due to the increases of 8.0% in banking service fees and income from banking charges, and of 7.3% in our managerial financial margin and to lower expenses for provision for loan losses of 7.6%. These changes were partially offset by the increase in non-interest expenses of 7.5%.

In 2013 the recurring net income reached R$15,836 million, representing a 12.8% increase in relation to the previous year.

Annualized Return on Average Equity

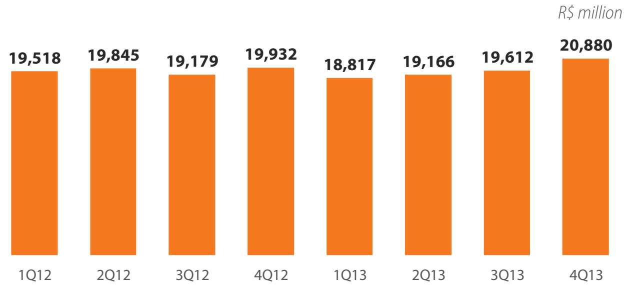


The annualized recurring return on equity reached 23.9% in the fourth quarter of 2013, whereas it reached 20.9% for the full year. On December 31, 2013, stockholders' equity totaled R$81.0 billion, a 3.5% increase in relation to the previous quarter and 9.2% in relation to the previous year.

The recurring return of our insurance, pension plan and capitalization operations reached 34.5% in the fourth quarter of 2013, considering the net income in relation to the economic allocated capital of this operation.

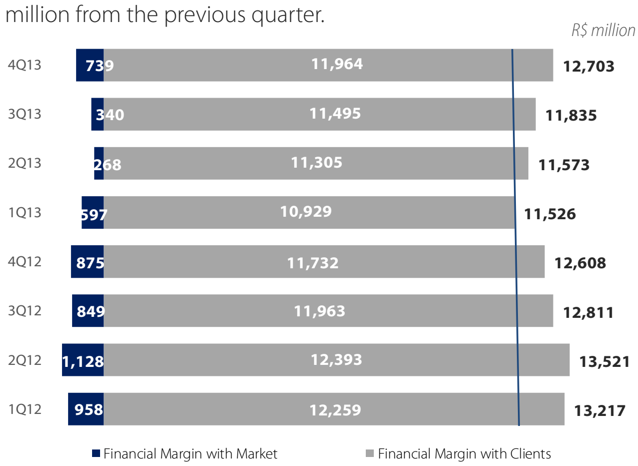
Operating Revenues

In the fourth quarter of 2013, operating revenues, which represent revenues from banking, and insurance, pension plan and capitalization operations, totaled R$20,880 million, increasing 6.5% when compared to the previous quarter and 4.8% to the fourth quarter of 2012. The main components of operating revenues and other items of the results are presented below.



Managerial Financial Margin

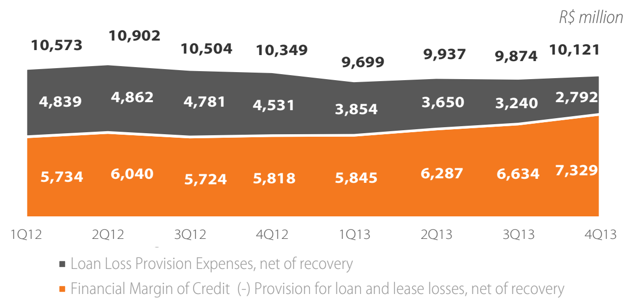
The managerial financial margin for the fourth quarter of 2013 totaled R$12,703 million, an increase of R$868 million in relation to the third quarter of 2013. Our financial margin with clients totaled R$11,964 million, an increase of R$469 million, mainly due to the increase in the volume of loan operations and the increase in Brazilian benchmark rate (Selic), partially offset by the changes in the mix of products and clients. The financial margin with the market amounted to R$739 million, an increase of R$399 million from the previous quarter.



Our managerial financial margin recorded a decrease of R$4,519 million when compared to 2012. This reduction is due to the decrease of R$1,866 million in the financial margin with the market, in addition to the decrease of R$2,654 in the financial margin with clients, which is due to the changes implemented by the bank in its loan portfolio mix in line with the strategy of stricter selectivity and higher growth in lower risk products, the fall of the average Selic rate between the periods (with impact of R$198 million), to the effect of the acquisition of minority shareholders' interest in REDE, carried out in the fourth quarter of 2012, that decreased our cash position and impacted the financial margin by approximately R$664 million.

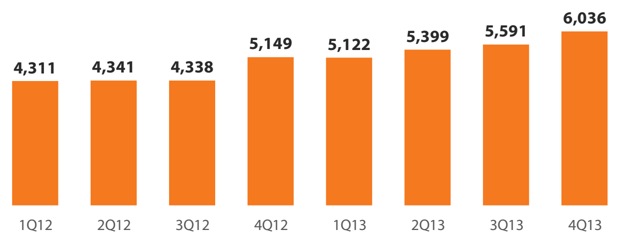
Managerial Financial Margin of Credit, net of the Allowance for Loan Losses

Our financial margin with clients, net of expenses for provision for loan losses, increased for the fifth consecutive quarter, as a result of the adoption of a policy of stricter selectivity in origination, which gave rise to expressively lower default levels.



Banking Services Fees and Income from Banking Charges

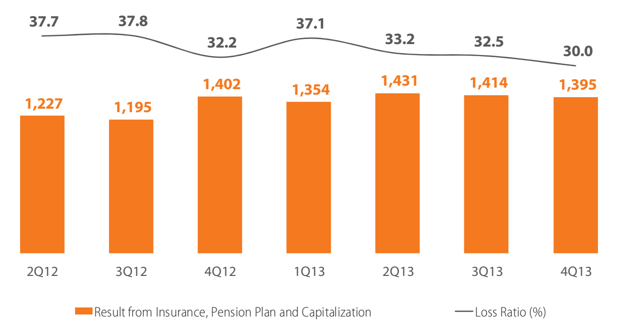
R$ million



Banking service fees, including income from banking charges, increased 8.0% in the fourth quarter of 2013, with a growth of R$446 million when compared to the previous quarter, totaling R$6,036 million. In comparison to the previous year, these revenues increased 22.1%, boosted by the acquisition of minority shareholders' interest in REDE at the end of 2012. Even if the effect of the proportional increase of our stake in REDE were disregarded, and including the result from insurance, pension plan and capitalization, the increase would be 13.9% in the year.

Result from Insurance, Pension Plan and Capitalization

R$ million

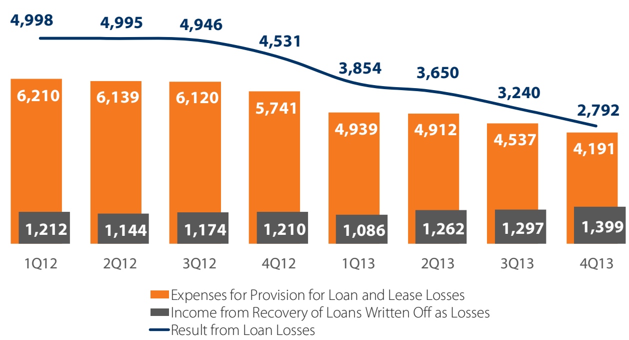


Note: The loss ratio of the graphic does not consider the company Itauseg Saúde and our 30% interest in Porto Seguro.

In the fourth quarter of 2013, the result from insurance, pension plan and capitalization operations reached R$1,395 million, a decrease of R$19 million in relation to the third quarter of 2013, whereas the loss ratio improved 250 basis points in the same period.

Result from Loan Losses, Net of Recovery

R$ million

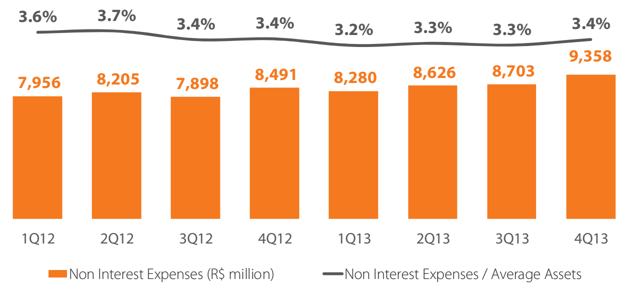


The result from loan losses, net of recovery, decreased 13.8% in relation to the previous quarter, totaling R$2,792 million in the quarter, which is the seventh consecutive quarter of decrease. In 2013 this result dropped 30.5%, or R$5,936 million, when compared to the year 2012.

The expenses for provisions for loan losses decreased R$345 million in the quarter (7.6%), totaling R$4,191 million. The income from the recovery of credits written off as losses increased R$102 million (7.9%), totaling R$1,399 million.

Non-Interest Expenses

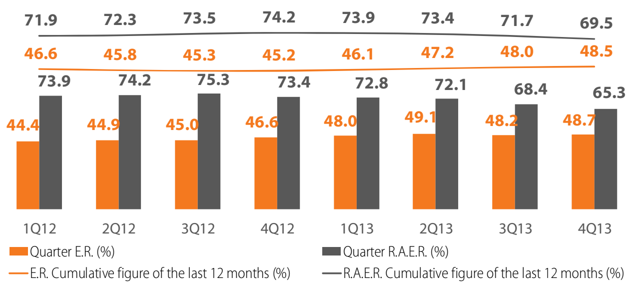
R$ million



Non-interest expenses increased 7.5% in the fourth quarter of 2013. Personnel expenses increased 4.1%, mainly due to the 8.0% adjustment reached in the collective bargaining labor agreement, whereas administrative expenses increased R$278 million in the quarter, mainly due to the increase in contributions and donations, renewed rent agreements of part of the branch network and increased advertising expenses.

In 2013, non-interest expenses increased R$2,417 million (7.4%) when compared to the previous year. If the effect of consolidation of REDE were disregarded, this increase would have been only 5.9%.

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



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

In the fourth quarter of 2013, the risk-adjusted efficiency ratio, in the full concept (that includes all expenses and also claims and expenses for provision for loan losses), reached 65.3%, the lowest ratio since the Itaú and Unibanco merger in November 2008, with a decrease of 310 basis points from the previous quarter. In the 12-month period, the risk-adjusted efficiency ratio reached 69.5%.

In the fourth quarter of 2013, the efficiency ratio, in the full concept (including all expenses except result from loan and loss claims from insurance, pension plan and capitalization), reached 48.7%, an increase of 50 basis points from the previous quarter. In the 12-month period, the efficiency ratio reached 48.5%, an increase of 330 basis points from the same period of the previous year. The main reason behind this increase in the last quarters was the change of loan portfolio mix and the resulting proportional retraction in revenue.

Balance Sheet | Assets

R$ million

	31/dec/13	30/sep/13	31/dec/12	Variation dec/13 - sep/13	Variation dec/13 - dec/12
Current and Long-term Assets	**1,088,131**	**1,068,222**	**1,001,212**	**1.9%**	**8.7%**
Cash and Cash Equivalents	16,576	14,466	13,967	14.6%	18.7%
Short-term Interbank Investments	159,653	193,263	182,034	-17.4%	-12.3%
Securities and Derivative Financial Instruments	297,334	272,110	276,174	9.3%	7.7%
Interbank and Interbranch Accounts	78,100	73,878	64,610	5.7%	20.9%
Loan, Lease and Other Loan Operations	412,235	387,040	366,285	6.5%	12.5%
(Allowance for Loan Losses)	(26,371)	(25,653)	(27,745)	2.8%	-5.0%
Other Assets	150,604	153,117	125,887	-1.6%	19.6%
Foreign Exchange Portfolio	46,049	52,989	30,960	-13.1%	48.7%
Other	104,556	100,128	94,928	4.4%	10.1%
Permanent Assets	**17,591**	**14,565**	**13,213**	**20.8%**	**33.1%**
Investments	3,439	3,068	2,956	12.1%	16.3%
Fixed and Operating Lease Assets	6,511	6,108	5,566	6.6%	17.0%
Intangible Assets and Goodwill	7,641	5,388	4,690	41.8%	62.9%
Total Assets	**1,105,721**	**1,082,787**	**1,014,425**	**2.1%**	**9.0%**

On December 31, 2013, our assets totaled R$1.11 trillion, corresponding to an increase of 2.1% (R$22.9 billion) when compared to the previous quarter and of 9.0% in relation to the same period of the previous year. In this quarter, the growth was due to the increases of 9.3% (R$25.2 billion) in securities and derivative financial instruments and of 6.5% (R$25.2 billion) in loan, lease and other credit operations, partially offset by the decrease of 17.4% (R$33.6 billion) in short-term interbank investments, and of 13.1% (R$6.9 billion) in foreign exchange portfolio. We highlight the 2.8% (R$719 million) increase in the allowance for loan and lease losses, although our loan portfolio increased 6.5% in the period, and the goodwill on acquisition of Credicard in December 2013 (R$1.9 billion), which will be amortized as from 2014. Disregarding Credicard, the allowance for loan and lease losses would have reduced 2.2% or R$563 million in the quarter.

When compared to the previous year, the increase of R$91.3 billion is mainly due to the increases of R$46.0 billion in loan, lease and other credit operations, of R$21.2 billion in securities and derivative financial instruments, and of R$15.1 billion in foreign exchange portfolio, which were offset by the decrease of R$22.4 billion in short-term interbank investments.

Balance Sheet | Liabilities and Equity

R$ million

	31/dec/13	30/sep/13	31/dec/12	Variation dec/13 - sep/13	Variation dec/13 - dec/12
Current and Long-Term Liabilities	**1,021,668**	**1,001,600**	**938,165**	**2.0%**	**8.9%**
Deposits	274,383	252,279	243,200	8.8%	12.8%
Demand Deposits	42,891	37,817	34,916	13.4%	22.8%
Savings Deposits	106,166	98,228	83,451	8.1%	27.2%
Interbank Deposits	8,194	7,680	7,600	6.7%	7.8%
Time Deposits	117,131	108,555	117,232	7.9%	-0.1%
Deposits Received under Securities Repurchase Agreements	292,179	295,136	288,818	-1.0%	1.2%
Fund from Acceptances and Issue of Securities	46,256	50,672	55,108	-8.7%	-16.1%
Interbank and Interbranch Accounts	5,117	12,991	4,979	-60.6%	2.8%
Borrowings and Onlendings	76,653	73,301	59,125	4.6%	29.6%
Derivative Financial Instruments	11,420	9,205	11,128	24.1%	2.6%
Technical Provisions for Insurance, Pension Plans and Capitalization	102,060	98,758	93,210	3.3%	9.5%
Other Liabilities	213,598	209,258	182,598	2.1%	17.0%
Subordinated Debt	55,639	54,394	54,372	2.3%	2.3%
Foreign Exchange Portfolio	46,308	53,315	31,104	-13.1%	48.9%
Other	111,651	101,549	97,121	9.9%	15.0%
Deferred Income	**1,125**	**1,085**	**1,137**	**3.7%**	**-1.0%**
Minority Interest in Subsidiaries	**1,903**	**1,842**	**903**	**3.3%**	**110.8%**
Stockholders' Equity	**81,024**	**78,260**	**74,220**	**3.5%**	**9.2%**
Total Liabilities and Equity	**1,105,721**	**1,082,787**	**1,014,425**	**2.1%**	**9.0%**

Our stockholders' equity reached R$81,024 million, an increase of R$2,765 million in the fourth quarter of 2013.

Total liabilities grew 2.1%, driven by the increases of 8.8% (R$22.1 billion) in deposits, of which the highlights are the increases in time deposits of R$8.6 billion and in savings deposits of R$5.1 billion, whereas other liabilities grew 2.1% (R$4.3 billion). These increases were partially offset by the drop of R$7.9 billion in interbank and interbranch accounts and the decrease of R$7.0 billion in our foreign exchange portfolio.

In 12 months, the highlights were an increase of R$22.7 billion in savings deposits, of R$ 17.5 billion in borrowings and onlendings and of R$15.2 billion in the foreign exchange portfolio.

Loan Portfolio with Endorsements and Sureties

On December 31, 2013, our total loan portfolio (including sureties, endorsements and private securities) reached R$509,879 million, growing 6.0% when compared to the third quarter of 2013 and 13.5% when compared to the same period of the previous year. **Disregarding the vehicle portfolio, the increase in our loan portfolio would have been of 7.1% in the quarter and 18.0% in the 12-month period.**

In the individuals segment, the highlights were the growth of the low-risk credit portfolios: payroll loans, which increased 9.7% in the quarter and 66.6% in the 12-month period, and mortgage loan portfolios, which increased 7.5% in the quarter, and 34.1% in the 12-month period. The credit card portfolio increased 25.9%, due to the impact of consolidating Credicard. Disregarding this effect, the credit card portfolio, would have increased 9.5% in the quarter.

The companies segment, without considering private securities, grew 4.4% in the quarter and 11.6% in the 12-month period. The corporate portfolio increased 6.7% when compared to the previous quarter and 20.4% in the past 12 months, whereas the very small, small and middle market companies portfolio decreased 0.4% in the fourth quarter of 2013 and 3.9% when compared to December 2012. Considering private securities, the segment grew of 4.7% when compared to the third quarter of 2013 and of 12.1% when compared to the same period of 2012.

Our operations in Latin America grew 7.5% in the quarter and reached R$39,088 million. In 12 months, the growth was 33.4%. Excluding the effect of the foreign exchange variation, the growth of this portfolio would have been 2.3% when compared to the third quarter of 2013 and 16.4% year-on-year.

The balance of endorsements and sureties reached R$71,162 million on December 31, 2013, representing increases of 2.4% over the third quarter and of 18.0% in the past 12 months, mainly due to the increase in the corporate portfolio, which grew 2.2% in relation to the previous quarter and 18.0% in relation to the same period of the previous year.

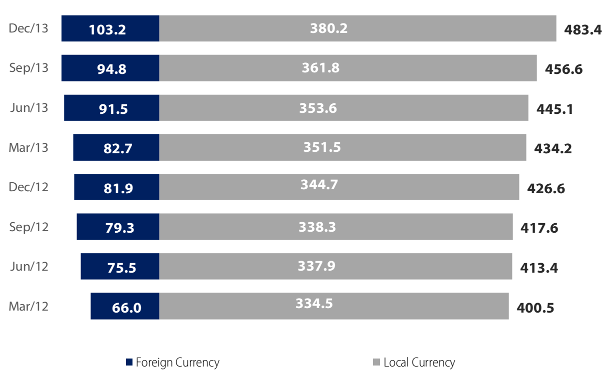
R$ million

	31/dec/13	30/sep/13	31/dec/12	Variation dec/13 – sep/13	Variation dec/13 – dec/12
Individuals	**168,714**	**156,198**	**150,430**	**8.0%**	**12.2%**
Credit Card	54,234	43,078	40,614	25.9%	33.5%
Personal Loans	27,373	27,293	26,999	0.3%	1.4%
Payroll Loans (1)	22,578	20,579	13,551	9.7%	66.6%
Vehicles	40,319	42,733	51,220	-5.6%	-21.3%
Mortgage Loans (2)	24,209	22,515	18,047	7.5%	34.1%
Companies	**275,594**	**264,010**	**246,872**	**4.4%**	**11.6%**
Corporate	190,140	178,228	157,912	6.7%	20.4%
Very Small, Small and Middle Market (3)	85,454	85,782	88,959	-0.4%	-3.9%
Latin America (4)	**39,088**	**36,354**	**29,293**	**7.5%**	**33.4%**
Total with Endorsements and Sureties	**483,397**	**456,561**	**426,595**	**5.9%**	**13.3%**
Corporate - Private Securities (5)	26,482	24,455	22,652	8.3%	16.9%
Total with Endorsements, Sureties and Private Securities	**509,879**	**481,017**	**449,248**	**6.0%**	**13.5%**
Vehicles)	**469,560**	**438,284**	**398,028**	**7.1%**	**18.0%**
Endorsements and Sureties	**71,162**	**69,522**	**60,310**	**2.4%**	**18.0%**
Individuals	514	580	201	-11.3%	155.3%
Corporate	63,960	62,553	54,184	2.2%	18.0%
Very Small, Small and Middle Market	3,853	3,645	3,774	5.7%	2.1%
Latin America (4)	2,834	2,743	2,151	3.3%	31.8%

Disregarding Credicard portfolio, the loan portfolio (including endorsements and sureties would have grew 4.3% and 11.7% in relation to the 3Q13 and 4Q12, respectively. (1) It includes operations originated by the institution and acquired operations. On December 31, 2013, the portfolio of Itaú BMG Consignado reached R$7,111 million. (2) The table does not include co-obligation in mortgage loan assignments in the amount of R$274.1 million in the 4Q11. (3) It includes Rural Loans to Individuals. (4) It includes Argentina, Chile, Colombia, Paraguay and Uruguay. (5) It includes Debentures, CRI and Commercial Paper. Note: Mortgage and Rural Loan portfolios from the companies segment are allocated according to the client's size. For more details, please see page 29. Excluding the effect of the foreign exchange variation, the growth of this portfolio would have been 5.0% and 10.5% when compared to 3Q13 and 4Q12.

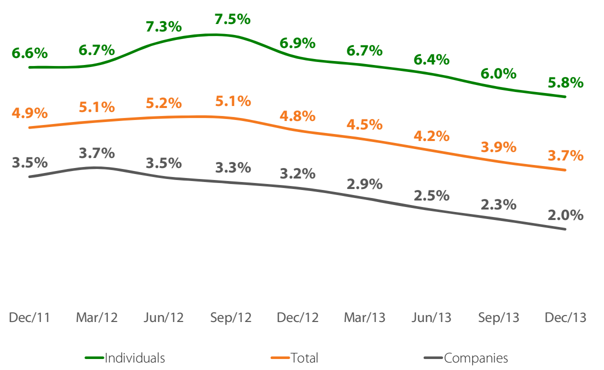
Loan Portfolio – Currency Disclosure

R$ billion



On December 31, 2013, R$103.2 billion of our total credit assets were denominated in or indexed to foreign currencies and increased 8.9% in the quarter. The highlight in this portfolio is the increase of 7.5% in our operations in Latin America.

NPL Ratio (90 days overdue)



The NPL ratio for operations more than 90 days overdue (NPL 90) decreased 20 basis points when compared to the third quarter of 2013 and 110 basis points when compared to December 2012, the lowest level since the Itaú and Unibanco merger in November 2008. Excluding Credicard portfolio, the ratio would have reached 3.6% in the period.

2013 Outlook

2013 results are presented in the table below, compared with previously outlined and disclosed expectations:

	2013 Outlook	Actual
Total Loan Portfolio	Growth of 8% to 11%	13.5% 11.7% (ex-Credicard) ✓
Loan Loss Provision	Between R$ 19 billion and R$ 22 billion	R$ 18.6 billion ✓
Service Fees and Result of Insurance [1]	Growth of 15% to 18%	19,4% ✓
Non-Interest Expenses	Growth of 4% to 6%	7.4% 5.9% (100% REDE 2012) ✗
Risk-Adjusted Efficiency Ratio	Improvement of 200 to 400 bps	Improvement of 470 bps ✓

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

2014 Outlook

The table below presents our current expectations for the year 2014:

	2014 Outlook *
Total Loan Portfolio	Growth of 10.0% to 13.0%
Loan Loss Provision net of recovery	Between R$ 13 billion and R$ 15 billion
Service Fees and Result of Insurance [1]	Growth of 12% to 14%
Non-Interest Expenses	Growth of 10.5% to 12.5% (between 5.5% and 7.5%, if measured ex-Credicard)
Efficiency Ratio	Improvement of 50 to 175 bps

(*) It does not consider the effect of CorpBanca's operations.

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

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