

ITAÚ UNIBANCO S.A.

Management report

To our stockholders:

We present the Management Report and the interim financial statements of ITAÚ UNIBANCO S.A. and its subsidiaries (ITAÚ UNIBANCO CONSOLIDATED) for the periods from January 1 to June 30, 2013 and 2012, prepared in accordance with the regulations established by the Brazilian Corporate Law, the National Monetary Council (CMN), the Central Bank of Brazil (BACEN) and the Superintendency of Private Insurance (SUSEP).

Net income and stockholder' equity

ITAÚ UNIBANCO CONSOLIDATED net income totaled R\$ 3,693 million for the period and net earnings per share were R\$ 0.90. Consolidated stockholders' equity totaled R\$ 33,839 million and the book value per share reached R\$ 8.26.

Assets and funds raised

Assets totaled R\$ 960,427 million and were substantially composed of R\$ 468,604 million of Interbank Investments, Securities and Derivative Financial Instruments, and R\$ 329,586 million of Loan, Lease and Other Credit Operations and Foreign Exchange Portfolio. Raised and Managed Funds totaled R\$ 1,442,251 million.

Circular letter No. 3,068/01 of BACEN

ITAÚ UNIBANCO CONSOLIDATED hereby represents to have the financial capacity and the intention to hold to maturity securities classified under the line "held-to-maturity securities" in the balance sheet, in the amount of R\$ 3.11 billion, corresponding to only 1.5% of the total securities and derivative financial instruments held.

Acknowledgements

We thank our stockholders and clients for their support and trust, and our employees for their determination and commitment, which have been essential to reaching differentiated results.

São Paulo, August 23, 2013.

Executive Board

ITAÚ UNIBANCO S.A.

Chief Executive Officer and General Manager

Roberto Egydio Setubal

Executive Vice-Presidents

Alexandre de Barros
Alfredo Egydio Setubal
Caio Ibrahim David
Claudia Politanski
Eduardo Mazzilli de Vassimon
José Castro Araújo Rudge
Márcio de Andrade Schettini
Marco Ambrogio Crespi Bonomi
Ricardo Villela Marino

Executive Directors

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Carlos Eduardo Monico
Fernando Marsella Chacon Ruiz
Flavio Augusto Aguiar de Souza
Gustavo Adolfo Funcia Murgel
Luis Antonio Rodrigues
Luís Fernando Staub

Directors

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Adriano Cabral Volpini
Alberto Fernandes
Alexandre Jadallah Aoude
Alexsandro Broedel Lopes
Álvaro de Alvarenga Freire Pimentel
Ana Carla Abrão Costa
Ana Tereza de Lima e Silva Prandini
Andréa Matteucci Pinotti Cordeiro
Carlos Eduardo de Castro
Carlos Eduardo Maccariello
Carlos Henrique Donegá Aidar
Carlos Orestes Vanzo
Cesar Padovan
Cícero Marcus de Araújo
Cintia Carbonieri Araújo
Claudio César Sanches
Claudio José Coutinho Arromate
Cristiane Magalhães Teixeira Portella
Cristina Cestari Spada
Daniel Luiz Gleizer
Edilson Pereira Jardim
Fabiana Pascon Bastos
Fernando Barçante Tostes Malta

Directors (continued)

Fernando Della Torre Chagas
Fernando José Costa Teles
Fernando Mattar Beyruti
Francisco Vieira Cordeiro Neto
Gabriel Amado de Moura
Guilherme Martins Vasconcelos
Henrique Pinto Echenique
João Antonio Dantas Bezerra Leite
Jorge Luiz Viegas Ramalho
José Félix Valencia Ríos
José Isern
José Virgílio Vita Neto
Leila Cristiane Barboza Braga de Melo
Luís Eduardo Gross Siqueira Cunha
Luís Tadeu Mantovani Sassi
Luiz Antonio Nogueira de França
Luiz Eduardo Loureiro Veloso
Luiz Fernando Butori Reis dos Santos
Luiz Severiano Ribeiro
Marcello Siniscalchi
Marcelo Boock
Marcelo da Costa Lourenço
Marcelo Luis Orticelli
Marco Antonio Sudano
Marcos Antônio Vaz de Magalhães
Marcos Augusto Caetano da Silva Filho
Marcos Vanderlei Belini Ferreira
Mario Luiz Amabile
Messias dos Santos Esteves
Milton Maluhy Filho
Osvaldo José Dal Fabbro
Paulo Meirelles de Oliveira Santos
Renata Helena de Oliveira Tubini
Ricardo Lima Soares
Ricardo Orlando
Ricardo Ribeiro Mandacaru Guerra
Ricardo Urquijo Lazcano
Roberto Fernando Vicente
Rodrigo Luis Rosa Couto
Rogério Carvalho Braga
Rogério Paulo Calderón Peres
Romildo Gonçalves Valente
Rooney Silva
Sergio Guillinet Fajerman
Sergio Souza Fernandes Júnior
Wagner Bettini Sanches

ITAÚ UNIBANCO S.A.
Consolidated Balance Sheet (Note 2a)
(In thousands of Reais)

| Assets | Note | 06/30/2013 | 06/30/2012 |
|--|--------------|--------------------|--------------------|
| Current assets | | 776,702,064 | 623,174,407 |
| Cash and cash equivalents | | 11,122,834 | 10,254,199 |
| Interbank investments | 4b and 6 | 260,382,523 | 164,141,509 |
| Money market | | 193,151,107 | 101,196,277 |
| Money market – Assets Guaranteeing Technical Provisions SUSEP | 11b | 2,979,956 | 2,645,336 |
| Interbank deposits | | 64,251,460 | 60,299,896 |
| Securities and derivative financial instruments | 4c, 4d and 7 | 160,449,536 | 149,219,436 |
| Own portfolio | | 52,771,502 | 30,602,398 |
| Subject to repurchase commitments | | 8,105,161 | 25,477,242 |
| Pledged in guarantee | | 2,643,152 | 3,367,805 |
| Deposited with the Central Bank | | 6,961,284 | 13,027,061 |
| Derivative financial instruments | | 4,491,784 | 5,111,534 |
| Assets guaranteeing technical provisions - PGBL/VGBL fund quotas | 11b | 79,141,414 | 65,605,935 |
| Assets guaranteeing technical provisions - other securities | 11b | 6,335,239 | 6,027,461 |
| Interbank accounts | | 63,130,338 | 71,288,656 |
| Pending settlement | | 3,289,501 | 3,124,393 |
| Central Bank deposits | | 59,805,196 | 68,133,862 |
| National Housing System (SFH) | | 1,394 | 1,555 |
| Correspondents | | 34,247 | 28,846 |
| Interbranch accounts | | 62,776 | 47,320 |
| Loan, lease and other credit operations | 8 | 141,396,264 | 141,637,401 |
| Operations with credit granting characteristics | 4e | 154,825,912 | 156,463,125 |
| (Allowance for loan losses) | 4f | (13,429,648) | (14,825,724) |
| Other receivables | | 137,083,098 | 83,191,877 |
| Foreign exchange portfolio | 9 | 60,629,819 | 23,112,268 |
| Income receivable | | 1,535,650 | 1,127,458 |
| Transactions with credit card issuers | 4e | 19,581,543 | 15,636,707 |
| Receivables from insurance and reinsurance operations | 4m I | 4,553,235 | 4,030,364 |
| Negotiation and intermediation of securities | | 3,861,492 | 3,453,669 |
| Sundry | 13a | 46,921,359 | 35,831,411 |
| Other assets | 4g | 3,074,695 | 3,394,009 |
| Assets held for sale | | 142,464 | 119,801 |
| (Valuation allowance) | | (39,941) | (40,494) |
| Unearned premiums of reinsurance | | 672,497 | 637,089 |
| Prepaid expenses | 13b | 2,299,675 | 2,677,613 |
| Long-term receivables | | 166,504,653 | 156,924,848 |
| Interbank investments | 4b and 6 | 5,354,623 | 6,669,506 |
| Money market | | 4,873,443 | 3,722,386 |
| Interbank deposits | | 481,180 | 2,947,120 |
| Securities and derivative financial instruments | 4c, 4d and 7 | 42,417,336 | 34,134,370 |
| Own portfolio | | 18,295,400 | 14,957,186 |
| Subject to repurchase commitments | | 15,605,524 | 10,201,018 |
| Pledged in guarantee | | 386,909 | 1,350,905 |
| Deposited with the Central Bank | | 310 | - |
| Derivative financial instruments | | 3,693,898 | 3,304,873 |
| Assets guaranteeing technical provisions - other securities | 11b | 4,435,295 | 4,320,388 |
| Interbank accounts – National Housing System (SFH) | | 698,867 | 714,434 |
| Loan, lease and other credit operations | 8 | 102,557,392 | 99,825,157 |
| Operations with credit granting characteristics | 4e | 113,452,747 | 110,798,577 |
| (Allowance for loan losses) | 4f | (10,895,355) | (10,973,420) |
| Other receivables | | 13,672,146 | 14,080,058 |
| Foreign exchange portfolio | 9 | 677,677 | 577,924 |
| Sundry | 13a | 12,994,469 | 13,502,134 |
| Other assets | 4g and 13b | 1,804,289 | 1,501,323 |
| Assets held for sale | | 2,170 | - |
| (Valuation allowance) | | (893) | - |
| Unearned premiums of reinsurance | | 165,899 | - |
| Prepaid expenses | 13b | 1,637,113 | 1,501,323 |
| Permanent assets | | 17,220,240 | 16,447,052 |
| Investments | 4h and 15a I | 7,331,343 | 7,705,789 |
| Investments in affiliates | | 6,764,481 | 7,012,841 |
| Other investments | | 768,243 | 846,179 |
| (Allowance for losses) | | (201,381) | (153,231) |
| Real estate in use | 4i and 15b | 5,391,735 | 4,876,509 |
| Real estate in use | | 3,448,234 | 3,097,010 |
| Other fixed assets | | 9,060,946 | 8,517,518 |
| (Accumulated depreciation) | | (7,117,445) | (6,738,019) |
| Goodwill | 4j and 15b | 46,060 | 35,050 |
| Intangible | 4k and 15b | 4,451,102 | 3,829,704 |
| Acquisition of rights to credit payroll | | 1,277,421 | 1,711,604 |
| Other intangible assets | | 4,935,250 | 3,993,995 |
| (Accumulated amortization) | | (1,761,569) | (1,875,895) |
| Total assets | | 960,426,957 | 796,546,307 |

ITAÚ UNIBANCO S.A.
Consolidated Balance Sheet (Note 2a)
(In thousands of Reais)

| Liabilities | Note | 06/30/2013 | 06/30/2012 |
|--|----------------------|--------------------|--------------------|
| Current Liabilities | | 509,953,635 | 398,714,232 |
| Deposits | 4b and 10a | 151,077,911 | 154,350,415 |
| Demand deposits | | 27,565,508 | 22,670,974 |
| Savings deposits | | 90,208,596 | 71,447,193 |
| Interbank deposits | | 13,796,289 | 29,178,517 |
| Time deposits | | 19,507,518 | 31,053,731 |
| Deposits received under securities repurchase agreements | 4b and 10a | 159,720,008 | 87,188,501 |
| Own portfolio | | 40,928,100 | 48,988,682 |
| Third-party portfolio | | 116,838,066 | 29,639,052 |
| Free portfolio | | 1,953,842 | 8,560,767 |
| Funds from acceptances and issuance of securities | 4b and 10b | 22,411,006 | 25,181,198 |
| Real estate, mortgage, credit and similar notes | | 15,304,086 | 19,423,136 |
| Debentures | | 526,754 | 1,032,897 |
| Foreign borrowings through securities | | 6,580,166 | 4,725,165 |
| Interbank accounts | | 4,072,399 | 3,978,039 |
| Pending settlement | | 2,835,165 | 2,772,060 |
| Correspondents | | 1,237,234 | 1,205,979 |
| Interbranch accounts | | 3,003,734 | 2,679,635 |
| Third-party funds in transit | | 2,963,117 | 2,670,535 |
| Internal transfer of funds | | 40,617 | 9,100 |
| Borrowings and onlending | 4b and 10c | 11,443,179 | 11,121,712 |
| Borrowings | | 4,121,246 | 4,622,561 |
| Onlending | | 7,321,933 | 6,499,151 |
| Derivative financial instruments | 4d and 7b | 2,081,846 | 1,938,358 |
| Technical provisions for insurance, pension plan and capitalization | 4m II and 11a | 7,930,950 | 8,140,005 |
| Other liabilities | | 148,212,602 | 104,136,369 |
| Collection and payment of taxes and contributions | | 4,724,749 | 4,212,872 |
| Foreign exchange portfolio | 9 | 60,809,305 | 23,434,424 |
| Social and statutory | | 1,184,553 | 1,076,187 |
| Tax and social security | 4o and 14c | 9,854,618 | 11,769,285 |
| Negotiation and intermediation of securities | | 4,835,962 | 4,381,246 |
| Credit card operations | | 42,052,197 | 36,814,672 |
| Subordinated debt | 10d | 3,837,828 | 5,202,439 |
| Sundry | 13c | 20,913,390 | 17,245,244 |
| Long-term liabilities | | 412,095,514 | 353,059,935 |
| Deposits | 4b and 10a | 103,734,732 | 80,241,477 |
| Interbank deposits | | 50,863,691 | 8,209,274 |
| Time deposits | | 52,871,041 | 72,032,203 |
| Deposits received under securities repurchase agreements | 4b and 10a | 98,715,037 | 91,876,937 |
| Own portfolio | | 71,630,080 | 75,007,848 |
| Free portfolio | | 27,084,957 | 16,869,089 |
| Funds from acceptances and issuance of securities | 4b and 10b | 55,381,921 | 48,527,022 |
| Real estate, mortgage, credit and similar notes | | 11,738,120 | 15,203,767 |
| Debentures | | 36,944,154 | 29,054,510 |
| Foreign borrowings through securities | | 6,699,647 | 4,268,745 |
| Borrowings and onlending | 4b and 10c | 14,288,468 | 13,772,061 |
| Borrowings | | 1,116,227 | 1,561,579 |
| Onlending | | 13,172,241 | 12,210,482 |
| Derivative financial instruments | 4d and 7b | 4,142,439 | 3,054,769 |
| Technical provisions for insurance, pension plan and capitalization | 4m II and 11a | 86,380,677 | 71,365,612 |
| Other liabilities | | 49,452,240 | 44,222,057 |
| Foreign exchange portfolio | 9 | 683,762 | 594,045 |
| Tax and social security | 4o and 14c | 6,160,507 | 5,717,251 |
| Subordinated debt | 10d | 32,338,972 | 28,284,024 |
| Sundry | 13c | 10,268,999 | 9,626,737 |
| Deferred income | 4p | 853,822 | 613,897 |
| Minority interest in subsidiaries | 16e | 3,684,761 | 4,208,171 |
| Stockholders' equity | 16 | 33,839,225 | 39,950,072 |
| Capital | | 39,676,320 | 39,676,320 |
| Capital reserves | | 705,711 | 708,813 |
| Revaluation reserves | | 6,859 | 7,201 |
| Asset valuation adjustment | 4c and 7 | (742,663) | 381,891 |
| Retained earnings (Accumulated deficit) | | (5,807,002) | (824,153) |
| Total liabilities and stockholders' equity | | 960,426,957 | 796,546,307 |

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

ITAÚ UNIBANCO S.A.
Consolidated Statement of Income (Note 2a)
(In thousands of Reais)

| | Note | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|--|---------------|------------------------|------------------------|
| Income from financial operations | | 38,278,655 | 48,074,216 |
| Loan, lease and other credit operations | | 24,515,446 | 27,519,918 |
| Securities and derivative financial instruments | | 11,154,339 | 13,134,690 |
| Financial income from insurance, pension plan and capitalization operations | 11c | 655,936 | 3,173,866 |
| Foreign exchange operations | | 222,589 | 1,141,259 |
| Compulsory deposits | | 1,730,345 | 3,104,483 |
| Expenses on financial operations | | (20,616,855) | (26,235,073) |
| Money market | | (19,233,624) | (22,742,284) |
| Financial expenses on provisions for insurance, pension plan and capitalization | 11c | (469,531) | (2,890,038) |
| Borrowings and onlending | | (913,700) | (602,751) |
| Income from financial operations before loan losses | | 17,661,800 | 21,839,143 |
| Result of loan losses | | (7,075,173) | (9,335,731) |
| Expense for allowance for loan losses | 8d | (9,364,139) | (11,602,768) |
| Income from recovery of credits written-off as loss | 8e | 2,288,966 | 2,267,037 |
| Gross income from financial operations | | 10,586,627 | 12,503,412 |
| Other operating revenues (expenses) | | (4,959,063) | (6,147,462) |
| Banking service fees | 13d | 7,162,283 | 6,409,676 |
| Income from bank charges | 13e | 3,410,998 | 2,853,550 |
| Result from insurance, pension plan and capitalization operations | 11c | 1,491,754 | 1,202,260 |
| Personnel expenses | 13f | (6,295,101) | (5,869,489) |
| Other administrative expenses | 13g | (6,663,252) | (6,673,951) |
| Tax expenses | 4o and 14a II | (1,906,674) | (1,950,667) |
| Equity in earnings of affiliates | 15a II | 279,323 | 263,758 |
| Other operating revenues | 13h | 105,935 | 121,441 |
| Other operating expenses | 13i | (2,544,329) | (2,504,040) |
| Operating income | | 5,627,564 | 6,355,950 |
| Non-operating income | | (13,788) | (314,442) |
| Income before taxes on income and profit sharing | | 5,613,776 | 6,041,508 |
| Income tax and social contribution | 4o and 14a I | (1,223,263) | (1,579,315) |
| Due on operations for the period | | (3,550,680) | (4,281,522) |
| Related to temporary differences | | 2,327,417 | 2,702,207 |
| Profit sharing – Management members - Statutory – Law No. 6,404 of 12/15/1976 | | (74,148) | (56,849) |
| Minority interest in subsidiaries | 16e | (623,137) | (2,179,916) |
| Net income | | 3,693,228 | 2,225,428 |
| Number of shares | 16a | 4,095,427,813 | 4,095,427,813 |
| Net income per share – R\$ | | 0.90 | 0.54 |
| Book value per share – R\$ | | 8.26 | 9.75 |
| Supplementary Information | | | |
| Exclusion of nonrecurring effects | 21j | 78,451 | 398,834 |
| Net income without nonrecurring effects | | 3,771,679 | 2,624,262 |
| Net income per share – R\$ | | 0.92 | 0.64 |

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

ITAÚ UNIBANCO S.A.
Statement of changes in stockholders' equity of the parent company (Note 16)
(In thousands of Reais)

| | Capital | Capital reserves | Revaluation reserves | Revenue reserves | Asset valuation adjustment | Retained earnings (accumulated deficit) | Total |
|--|-------------------|------------------|----------------------|--------------------|----------------------------|---|--------------------|
| Balances at 01/01/2012 | 39,676,320 | 706,344 | 7,474 | 4,794,123 | (263,596) | - | 44,920,665 |
| Realization of revaluation reserve | - | - | (273) | - | - | 273 | - |
| Increase (Reversal) of reserves arising from tax incentives | - | 1,584 | - | - | - | - | 1,584 |
| Granting of stock options recognized by subsidiaries | - | 885 | - | - | - | - | 885 |
| Dividends paid - Executive Board's Meeting of 03/30/2012 | - | - | - | (3,700,000) | - | - | (3,700,000) |
| Asset valuation adjustment : | | | | | | | |
| Change in adjustment to market value | - | - | - | - | 645,487 | - | 645,487 |
| Net income | - | - | - | - | - | 1,421,847 | 1,421,847 |
| Appropriations: | | | | | | | |
| Legal reserve | - | - | - | 71,092 | - | (71,092) | - |
| Statutory reserves | - | - | - | 1,056,157 | - | (1,056,157) | - |
| Dividends and interest on capital | - | - | - | - | - | (294,871) | (294,871) |
| Balances at 06/30/2012 | 39,676,320 | 708,813 | 7,201 | 2,221,372 | 381,891 | - | 42,995,597 |
| Changes in the period | - | 2,469 | (273) | (2,572,751) | 645,487 | - | (1,925,068) |
| Balances at 01/01/2013 | 39,676,320 | 705,721 | 7,030 | 4,160,345 | 1,148,530 | - | 45,697,946 |
| Realization of revaluation reserve | - | - | (171) | - | - | 171 | - |
| Increase (Reversal) of reserves arising from tax incentives | - | (10) | - | - | - | - | (10) |
| Dividends paid - Executive Board's Meeting of 01/31/2013 | - | - | - | (2,891,435) | - | - | (2,891,435) |
| Asset valuation adjustment: | | | | | | | |
| Change in adjustment to market value | - | - | - | - | (1,898,695) | - | (1,898,695) |
| Actuarial gain/loss in liabilities of post-employment benefits | - | - | - | - | 7,502 | - | 7,502 |
| Net income | - | - | - | - | - | 1,655,586 | 1,655,586 |
| Appropriations: | | | | | | | |
| Legal reserve | - | - | - | 82,779 | - | (82,779) | - |
| Statutory reserves | - | - | - | 1,278,107 | - | (1,278,107) | - |
| Dividends and interest on capital | - | - | - | - | - | (294,871) | (294,871) |
| Balances at 06/30/2013 | 39,676,320 | 705,711 | 6,859 | 2,629,796 | (742,663) | - | 42,276,023 |
| Changes in the period | - | (10) | (171) | (1,530,549) | (1,891,193) | - | (3,421,923) |

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

ITAÚ UNIBANCO S.A.
Consolidated statement of cash flows
(In thousands of Reais)

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|--|------------------------|------------------------|
| Adjusted net income | 11,062,586 | 19,652,036 |
| Net income | 3,693,228 | 2,225,428 |
| Adjustments to net income: | 7,369,358 | 17,426,608 |
| Granted options recognized | - | 885 |
| Adjustment to market value of securities and derivative financial instruments (assets/liabilities) | 468,842 | (877,266) |
| Effects of changes in exchange rates on cash and cash equivalents | (1,115,225) | (882,386) |
| Allowance for loan losses | 9,364,139 | 11,602,768 |
| Results from operations with subordinated debt | 1,533,050 | 1,677,461 |
| Results from operations with debentures | 1,389,324 | 4,874,822 |
| Financial expenses on technical provisions for pension plan and capitalization | 469,531 | 2,890,038 |
| Depreciation and amortization | 1,095,790 | 1,045,482 |
| Adjustment to legal liabilities - tax and social security | (1,018,087) | 217,043 |
| Adjustment to provision for contingent liabilities | 460,615 | 253,111 |
| Deferred taxes | (2,327,417) | (2,702,207) |
| Equity in earnings of affiliates | (279,323) | (263,758) |
| Income from available-for-sale securities | (3,239,219) | (1,998,605) |
| Income from held-to-maturity securities | (194,665) | (235,916) |
| (Income) loss from sale of available-for-sale financial assets | 143,334 | (420,194) |
| (Income) loss from sale of foreclosed assets | (4,868) | 1,961 |
| (Income) loss from sale of investments | (1,643) | 103,506 |
| (Income) loss from sale of fixed assets | 298 | (1,634) |
| Minority interest (Note 16e) | 623,137 | 2,179,916 |
| Other | 1,745 | (38,419) |
| Change in assets and liabilities | (3,852,655) | 7,429,501 |
| (Increase) decrease in assets | (18,869,433) | (14,024,900) |
| Interbank investments | 11,191,591 | (12,981,525) |
| Securities and derivative financial instruments (assets/liabilities) | (20,388,646) | (11,565,214) |
| Compulsory deposits with the Central Bank of Brazil | (348,720) | 21,900,334 |
| Interbank and interbranch accounts (assets/liabilities) | 161,518 | 772,836 |
| Loan, lease and other credit operations | (10,840,179) | (12,803,804) |
| Other receivables and other assets | 1,978,976 | 271,843 |
| Foreign exchange portfolio and negotiation and intermediation of securities (assets/liabilities) | (623,973) | 380,630 |
| (Decrease) increase in liabilities | 15,016,778 | 21,454,401 |
| Deposits | 12,007,635 | (2,661,379) |
| Deposits received under securities repurchase agreements | 4,100,711 | 14,109,387 |
| Funds for issuance of securities | (2,956,634) | 6,690,235 |
| Borrowings and onlending | 455,854 | (1,646,911) |
| Credit card operations | (2,693,215) | (1,232,799) |
| Technical provisions for insurance, pension plan and capitalization | 3,419,922 | 5,327,834 |
| Other liabilities | 4,473,836 | 4,683,638 |
| Deferred income | (70,767) | (7,295) |
| Payment of income tax and social security contribution | (3,720,564) | (3,808,309) |
| Net cash provided by (used in) operating activities | 7,209,931 | 27,081,537 |
| Interest on capital / dividends received from affiliated companies | 49,500 | 244,630 |
| Funds received from sale of available-for-sale securities | 12,704,859 | 5,589,182 |
| Funds received from redemption of held-to-maturity securities | 248,107 | 220,122 |
| Disposal of assets not for own use | 42,685 | 39,570 |
| Disposal of investments | 55,526 | (31,730) |
| Sale of fixed assets | 22,879 | 206,409 |
| Termination of intangible asset agreements | 1,065 | 1,271 |
| Purchase of available-for-sale securities | (15,222,671) | (7,943,377) |
| Purchase of investments | (51,036) | (851,866) |
| Purchase of fixed assets | (1,000,389) | (842,414) |
| Purchase/disposal of intangible assets | (513,954) | (764,135) |
| Net cash provided by (used in) investment activities | (3,663,429) | (4,132,338) |
| Increase in subordinated debt | - | 7,067,300 |
| Decrease in subordinated debt | (3,454,952) | (8,881,876) |
| Increase in debentures | - | 1,500,000 |
| Decrease in debentures | (8,709,959) | (6,483,792) |
| Change in minority interest | 469,663 | (307,085) |
| Dividends and interest on capital paid to minority interests | (2,273,115) | (972,828) |
| Dividends and interest on capital paid | (4,026,306) | (5,032,721) |
| Net cash provided by (used in) financing activities | (17,994,669) | (13,111,002) |
| Net increase (decrease) in cash and cash equivalents | (14,448,166) | 9,838,197 |
| Cash and cash equivalents at the beginning of the period | 56,629,116 | 53,664,705 |
| Effects of changes in exchange rates on cash and cash equivalents | 1,115,225 | 882,386 |
| Cash and cash equivalents at the end of the period (Note 4a and 5) | 43,296,175 | 64,385,288 |

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

ITAÚ UNIBANCO S.A.

Notes to the consolidated financial statements

From January to June 30, 2013 and 2012

(In thousands of Reais)

Note 1 - Operations

Itaú Unibanco S.A. (ITAÚ UNIBANCO) is a publicly-held company which, together with its subsidiary and affiliated companies, operates in Brazil and abroad, with all types of banking activities, through its commercial, investment, real estate loan, finance and investment credit, and lease portfolios, including foreign exchange operations, and other complementary activities, such as Insurance, Private Pension Plans, Capitalization, Securities Brokerage and Administration of Credit Cards, Consortia, Investment Funds and Managed Portfolios.

Note 2 – Presentation of the financial statements

a) Presentation of the financial statements

The financial statements of ITAÚ UNIBANCO and of its subsidiaries (ITAÚ UNIBANCO CONSOLIDATED) have been prepared in accordance with accounting principles established by the Brazilian Corporate Law, including the amendments introduced by Laws No. 11,638, of December 28, 2007, and No. 11,941, of May 27, 2009, in conformity, when applicable, with instructions issued by the Central Bank of Brazil (BACEN), the National Monetary Council (CMN), the Brazilian Securities and Exchange Commission (CVM) and the Superintendency of Private Insurance (SUSEP), and National Council of Private Insurance (CNSP), which include the use of estimates necessary to calculate accounting provisions and valuation of financial assets.

In order to enable the proper analysis of the net income, the heading “Net income without nonrecurring effects” is presented below the Consolidated Statement of Income, and this effect is highlighted in a heading called “Exclusion of nonrecurring effects” (Note 21j).

As set forth in the sole paragraph of article 7 of BACEN Circular No. 3,068, of November 8, 2001, securities classified as trading securities (Note 4c) are presented in the Balance Sheet under Current Assets regardless of their maturity dates.

Lease Operations are presented, at present value, in the Balance Sheet, and the related income and expenses, which represent the financial result of these operations, are presented, grouped together, under loan, lease and other credit operations in the Statement of Income. Advances on exchange contracts are reclassified from Other Liabilities – Foreign Exchange Portfolio to Loan Operations. The foreign exchange result is presented on an adjusted basis, with the reclassification of expenses and income, in order to represent exclusively the impact of variations and differences of rates on the balance sheet accounts denominated in foreign currencies.

b) Consolidation

As set forth in paragraph 1, article 2, of BACEN Circular No. 2,804, of February 11, 1998, the financial statements of ITAÚ UNIBANCO CONSOLIDATED comprise the consolidation of its foreign branches and subsidiaries.

Intercompany transactions and balances and results have been eliminated on consolidation. The investments held by consolidated companies in Investment Funds controlled by consolidated. The investments in these fund portfolios are classified by type of transaction and were distributed by type of security, in the same categories in which these securities had been originally allocated. The effects of the Foreign Exchange Variation on investments abroad are classified in the heading Securities and Derivative Financial Instruments in the Statement of Income.

The difference of Net Income and Stockholders' Equity between ITAÚ UNIBANCO HOLDING and ITAÚ UNIBANCO HOLDING CONSOLIDATED (Note 16d) results from the adoption of different criteria for the amortization of goodwill originated on purchase of investments and in the record of transactions with minority stockholders where there is no change of control (Note 4q), net of the respective deferred tax assets.

In ITAÚ UNIBANCO, the goodwill recorded in subsidiaries, mainly originated from the ITAÚ UNIBANCO merger, is being amortized based on the expected future profitability and appraisal reports or upon realization of the investment, according to the rules and guidance of CMN and BACEN.

The consolidated financial statements comprise ITAÚ UNIBANCO and its direct and indirect subsidiaries, among which we highlight:

| | Incorporation country | Activity | Interest in voting capital at | | Interest in total capital at | |
|--|-----------------------|---------------------------|-------------------------------|------------|------------------------------|------------|
| | | | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 |
| Banco Dibens S.A. | Brazil | Financial institution | 100.00% | 100.00% | 100.00% | 100.00% |
| Banco Fiat S.A. | Brazil | Financial institution | 98.49% | 98.49% | 97.95% | 97.95% |
| Banco Investcred Unibanco S.A. | (1) Brazil | Financial institution | 50.00% | 50.00% | 50.00% | 50.00% |
| Banco Itaú Argentina S.A. | Argentina | Financial institution | 98.98% | 98.97% | 99.00% | 99.00% |
| Banco Itaú BMG Consignado S.A. | (2) Brazil | Financial institution | 70.00% | 100.00% | 70.00% | 100.00% |
| Banco Itaú Europa Luxembourg S.A. | Luxembourg | Financial institution | 99.99% | 99.99% | 99.99% | 99.99% |
| Banco Itaú Paraguay S.A. | Paraguay | Financial institution | 99.99% | 99.99% | 99.99% | 99.99% |
| Banco Itaú Suisse S.A. | Switzerland | Financial institution | 99.99% | 99.99% | 99.99% | 99.99% |
| Banco Itaucard S.A. | Brazil | Financial institution | 98.49% | 98.49% | 97.95% | 97.95% |
| Banco Itaucard Financiamentos S.A. | Brazil | Financial institution | 99.55% | 99.54% | 99.39% | 99.38% |
| Banco Itualeasing S.A. | Brazil | Financial institution | 98.98% | 98.98% | 98.62% | 98.62% |
| BIU Participações S.A. | (3) Brazil | Holding Company | - | 66.15% | - | 66.15% |
| Dibens Leasing S.A. - Arrendamento Mercantil | Brazil | Leasing | 100.00% | 100.00% | 100.00% | 100.00% |
| Fiat Administradora de Consórcios Ltda. | Brazil | Consortia administrator | 98.49% | 98.49% | 97.95% | 97.95% |
| Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento | (1) Brazil | Consumer Finance Credit | 50.00% | 50.00% | 50.00% | 50.00% |
| Hipercard Banco Múltiplo S.A. | Brazil | Financial institution | 96.40% | 96.40% | 96.01% | 96.01% |
| Itaú Administradora de Consórcios Ltda. | Brazil | Consortia administrator | 99.99% | 99.99% | 99.99% | 99.99% |
| Itaú Ásia Securities Ltd | Hong Kong | Broker | 100.00% | 100.00% | 100.00% | 100.00% |
| Itaú Bank, Ltd. | (4) Cayman Island | Financial institution | 100.00% | 100.00% | 100.00% | 100.00% |
| Itaú BBA International PLC | (5) United Kingdom | Financial institution | 99.99% | 99.99% | 99.99% | 99.99% |
| Itaú BBA USA Securities, Inc. | United States | Broker | 100.00% | 100.00% | 98.06% | 98.06% |
| Itaú Companhia Securitizadora de Créditos Financeiros | Brazil | Securitization | 93.38% | 99.95% | 93.36% | 99.92% |
| Itaú Corretora de Valores S.A. | Brazil | Broker | 100.00% | 100.00% | 98.06% | 98.06% |
| Itaú Distribuidora de Títulos e Valores Mobiliários S.A. | Brazil | Dealer | 100.00% | 100.00% | 99.99% | 99.99% |
| Itaú Japan Asset Management Limited | Japan | Asset Management | 100.00% | 100.00% | 100.00% | 100.00% |
| Itaú Middle East Limited | Arab Emirates | Advisory | 100.00% | 100.00% | 98.06% | 100.00% |
| Itaú Seguros S.A. | Brazil | Insurance | 88.59% | 88.59% | 88.42% | 88.42% |
| Itaú Unibanco Financeira S.A. - Crédito, Financiamento e Investimento | (6) (Note 2c) Brazil | Consumer Finance Credit | 98.64% | 50.00% | 98.15% | 50.00% |
| Itaú Unibanco Serviços e Processamento de Informações Comerciais Ltda. | Brazil | Technology Services | 98.55% | 98.55% | 98.04% | 98.04% |
| Itaú Vida e Previdência S.A. | Brazil | Pension Plan | 92.50% | 92.50% | 92.39% | 92.39% |
| Itauseg Participações S.A. | Brazil | Holding Company | 88.59% | 88.58% | 88.42% | 88.41% |
| Luizacred S.A. Soc. Cred. Financiamento Investimento | (1) Brazil | Consumer Finance Credit | 49.24% | 49.24% | 48.98% | 48.98% |
| Redecard S.A. | (Note 2c) Brazil | Acquirer | 99.03% | 50.00% | 98.68% | 50.00% |
| Tarjetas Unisoluciones S. A. de Capital Variable | Mexico | Credit Card administrator | 100.00% | 100.00% | 100.00% | 100.00% |
| Unibanco Participações Societárias S.A. | (7) Brazil | Holding Company | - | 99.30% | - | 99.17% |

(1) Jointly controlled entities previously proportionately consolidated, became fully consolidated as of 01/01/2013.

(2) New company name of Banco Banerj S.A.;

(3) Company merged in 11/30/2012 proportionately by its shareholders Itaú Unibanco S.A. and Dibens Leasing S.A. - Arrendamento Mercantil.;

(4) Does not include Redeemable Preferred Shares (Note 10d);

(5) New company name of Itaú BBA International Limited.

(6) New company name of FAI - Financeira Americana Itaú S.A. - Crédito, Financiamento e Investimento.

(7) Company merged on 10/31/2012 by Unibanco Negócios Imobiliários Ltda.

c) Business development

BSF Holding S.A. (“Banco Carrefour”)

On April 23, 2012 the Central Bank of Brazil approved the Agreement for Purchase and Sale of Shares entered into on April 14, 2011 by ITAÚ UNIBANCO HOLDING and Carrefour Comércio e Indústria Ltda (Carrefour Brasil) in order to acquire 49% of BSF Holding S.A. (Banco Carrefour”), for the amount of R\$ 816,255 million, giving rise to a goodwill of R\$ 583,081, through the transfer of shares on May 31, 2012.

FAI - Financeira Americanas Itaú S.A. Crédito, Financiamento e Investimento (“FAI”)

On August 9, 2012, ITAÚ UNIBANCO HOLDING S.A. informed that it would terminate its partnership with Lojas Americanas S.A. (“LASA”), entered into in 2005, for the offering, distribution and sale, on an exclusive basis by FAI (entity jointly controlled by ITAÚ UNIBANCO HOLDING S.A. and LASA), of financial, insurance and pension plan products and services to customers of LASA and its affiliated companies.

As a consequence of said termination, ITAÚ UNIBANCO HOLDING S.A. and LASA entered into, on this date, a purchase agreement and other covenants under which LASA has agreed (i) to sell to ITAÚ UNIBANCO HOLDING S.A. the total interest it held in the capital of FAI for the amount of R\$ 95 million; and (ii) to acquire the operating rights held by FAI with respect to the offering, distribution and sale, on an exclusive basis, of financial products and services through the distribution channels of LASA and/or its affiliates, at the approximate amount of R\$ 112 million. The completion of the transaction was subject to approval of the Central Bank of Brazil, which was obtained on December 27, 2012.

As a result of this transaction, FAI is no longer an entity controlled jointly by ITAÚ UNIBANCO HOLDING S.A. and LASA, becoming a whole-owned subsidiary of ITAÚ UNIBANCO HOLDING S.A.. At December 31, 2012 the balance of FAI's balance sheet accounts were fully consolidated; the net income for 2012, however, was partially consolidated.

Redecard

On September 24, 2012, ITAÚ UNIBANCO HOLDING S.A. completed the auction of the Tender Public Offer (OPA) to cancel Redecard's listed company register, pursuant to the OPA call notice published on August 23, 2012.

As a result of the auction and acquisition private, ITAÚ UNIBANCO HOLDING S.A. purchased, up to September 30, 2012, through its subsidiary Banestado Participações, Administração e Serviços Ltda., 298,989,237 common shares issued by Redecard, representing 44.4% of its capital, and as of now it holds 635,474,593 common shares, representing 94.4% of its capital. The shares were purchased for the unit price of R\$ 35.00, totaling R\$ 10,469,234 (including charges and brokerage).

With the purpose of completing the purchase of the remaining minority interest, ITAÚ UNIBANCO HOLDING acquired, by way of its subsidiary Banestado Participações, Administração e Serviços Ltda., 36,423,856 common shares (24,207,582 in October 2012; 9,893,659 in November 2012; and 2,322,615 in December 2012) for the amount, offered at the OPA of September 24, 2012, of R\$ 35.00, plus SELIC variation for the period, redeemed 999,884 common shares and canceled 72,372 treasury shares, thus increasing its interest in the capital, from 94.4% to 100.0%, totaling the amount of R\$ 1,282,959 (including fees and brokerage).

On October 18, 2012, the Securities and Exchange Commission (CVM) cancelled Redecard's register as a publicly-held company.

Changes in ownership interest in a subsidiary, which do not result in loss of control, are accounted for as capital transactions and any difference between the amount paid and the amount corresponding to minority stockholders should be recognized directly in consolidated stockholders' equity - caption Revenue Reserve.

Association agreement 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.

Credicard

In May 14, 2013, Itaú Unibanco Holding, signed with Banco Citibank, a Share and Quotas Purchase Agreement for the acquisition of Banco Citicard S.A. and Citifinancial Promotora de Negócios e Cobranças Ltda., for the amount of R\$ 2,767 million, including “Credicard” brand.

Banco Credicard and Citifinancial are those entities responsible for the supply and distribution of financial products and services under “Credicard” brand, principally personal loans and credit cards. The operation has a credit portfolio (gross amount) worth R\$ 7.3 billion (as of the baseline date of December 31, 2012) and with a credit card base of 4.8 million.

The conclusion of this operation and the effective payment shall be contingent on the approval of the appropriate regulators and will not result in significant impacts on consolidated financial statements.

Cencosud S.A.

In July 17, 2013, Itaú Unibanco Holding, signed a Memorandum of Understanding with Cencosud S.A. (“Cencosud”), a Chilean retail chain, whereby the parties have agreed to a strategic alliance, to be implemented, for a period of 15 years.

The purpose of the association will be to offer financial services and products to the consumer through Cencosud’s retail business in Chile and Argentina, more particularly services and products related to credit card issue and operations (“Transaction”). The association’s activities will be carried out of specific purpose entities in Chile and Argentina, whose equity stock will be held by Itaú Unibanco and Cencosud, at 51,0% and 49,0% respectively. At present, Cencosud’s credit portfolio in Chile and Argentina associated with consumer credit activities amount to approximately US\$ 1.3 billion.

In the light of the Transaction, Itaú Unibanco will pay the amount of approximately US\$ 307 million to Cencosud. The Transaction is not expected to have any significant accounting impact on the results of Itaú Unibanco, which will consolidate the association in its financial statements.

The implementation of the Transaction is contingent on compliance with certain conditions precedent including the approval of the appropriate regulatory authorities.

BMG Seguradora S.A.

In June 25, 2013, Itaú Unibanco Holding, whereby Banco Itaú BMG Consignado S.A. (“JV”), which is a entity indirectly controlled by Itaú Unibanco signed a Share Purchase Agreement with controlling shareholders of Banco BMG S.A. (“Sellers”) whereby JV agreed to acquire 99.996% of the shares issued by BMG Seguradora S.A..

Following the fulfillment of certain conditions precedent, including the approval of this transaction by the appropriate regulatory authorities, the JV will acquire such shares through one of its controlled entities and pay approximately R\$ 85 million to Sellers. 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 will execute exclusivity agreements with Banco BMG and the JV for the purpose of distributing insurance products to be offered jointly with the products distributed by such financial institutions.

Such acquisition is not expected to have any significant accounting impact on the results of Itaú Unibanco Holding, which will consolidate the transaction in its financial statements.

Citibank N.A. Uruguay Branch

In June 28, 2013, Itaú Unibanco Holding, whereby its subsidiary Banco Itaú Uruguay S.A. (“BIU”) executed hereof 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 result of this transaction, BIU will assume 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 Dinners brand, which is represented in 2012 slightly more than 6% of the Uruguayan market share.

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.

The closing of the transaction is subject to this fulfillment of certain conditions precedent, including the approval by competent regulatory authorities.

Note 3 – Requirements of capital and fixed asset limits

a) Basel and fixed asset ratios

We present below the main indicators at June 30, 2013 of ITAÚ UNIBANCO HOLDING (ITAÚ UNIBANCO's controlling company), obtained from the non-consolidated financial statements (the initial basis for determining the Financial System Consolidated amounts), according to present regulation, as follows:

| | Financial conglomerate ⁽¹⁾ | Economic-financial consolidated ⁽²⁾ |
|--|--|---|
| Referential equity ⁽³⁾ | 121,819,213 | 113,092,099 |
| Basel ratio | 18.3% | 17.5% |
| Tier I | 12.4% | 11.7% |
| Tier II | 5.9% | 5.8% |
| Fixed assets ratio ⁽⁴⁾ | 47.4% | 14.4% |
| Excess capital in relation to fixed assets | 3,223,094 | 40,259,475 |

(1) Consolidated financial statements including financial companies only;

(2) Consolidated financial statements comprising all direct and indirect subsidiary companies, including insurance, pension plan, capitalization companies and other non-financial companies, as provided for in CMN Resolution No. 2,723 of June 1, 2000, amended by CMN Resolution No. 2,743, of June 28, 2000;

(3) The CMN, through Resolution No. 3,444, of February 28, 2007, determined the Referential Equity (PR), for purposes of calculating operating limits, as being the sum of both Tier I and Tier II levels, following the international experience, each of them comprising items from stockholders' equity, as well as subordinated debt and hybrid capital and debt instruments;

(4) The difference between the fixed asset ratio of the financial conglomerate and the economic-financial consolidated arises from the inclusion of non-financial subsidiary companies, which provide high liquidity and low level of fixed asset ratio, with a consequent decrease in the fixed asset ratio of the economic-financial consolidated amounts, enabling, when necessary, the distribution of funds to the financial companies.

Note 4 – Summary of the main accounting practices

- a) Cash and cash equivalents** – For purposes of Consolidated Statement of Cash Flows, this item includes cash and current accounts in banks (considered in the heading cash and cash equivalents), interbank deposits and securities purchased under agreements to resell – funded position that have original maturities of up to 90 days or less.
- b) Interbank investments, remunerated restricted credits – Brazilian Central Bank, remunerated deposits, deposits received under securities repurchase agreements, funds from acceptance and issuance of securities, borrowings and onlendings, subordinated debt and other receivables and payables** – Transactions subject to monetary correction and foreign exchange variation and operations with fixed charges are recorded at present value, net of the transaction costs incurred, calculated "pro rata die" based on the effective rate of transactions, according to CVM Resolution No. 649 of December 16, 2010.
- c) Securities** – Recorded at cost of acquisition restated by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Circular No. 3,068, of November 8, 2001. Securities are classified into the following categories:
- Trading securities – acquired to be actively and frequently traded, and adjusted to market value, with a contra-entry to the results for the period;
 - Available-for-sale securities – securities that can be negotiated but are not acquired to be actively and frequently traded. They are adjusted to their market value with a contra-entry to an account disclosed in stockholders' equity;
 - Held-to-maturity securities – securities, except for non-redeemable shares, for which the bank has the financial condition and intends or is required to hold them in the portfolio up to their maturity, are recorded at cost of acquisition, or market value, whenever these are transferred from another category. The securities are adjusted up to their maturity date, not being adjusted to market value.

Gains and losses on available-for-sale securities, when realized, are recognized at the trading date in the statement of income, with a contra-entry to a specific stockholders' equity account.

Decreases in the market value of available-for-sale and held-to-maturity securities below their related costs, resulting from non-temporary reasons, are recorded in results as realized losses.

- d) Derivative financial instruments** – These are classified on the date of their acquisition, according to management's intention of using them either as a hedge or not, according to BACEN Circular No. 3,082, of January 30, 2002. Transactions involving financial instruments, carried out upon the client's request, for their own account, or which do not comply with the hedging criteria (mainly derivatives used to manage the overall risk exposure), are stated at market value, including realized and unrealized gains and losses, which are recorded directly in the statement of income.

The derivatives used for protection against risk exposure or to modify the characteristics of financial assets and liabilities, which have changes in market value highly associated with those of the items being protected at the beginning and throughout the duration of the contract, and which are found effective to reduce the risk related to the exposure being protected, are classified as a hedge, in accordance with their nature:

- Market Risk Hedge – financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, which are recorded directly in the statement of income;
- Cash Flow Hedge – the effective amount of the hedge of financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, net of tax effects, when applicable, and recorded in a specific account in stockholders' equity. The ineffective portion of the hedge is recorded directly in the statement of income.

- e) Loan, lease and other credit operations (operations with credit granting characteristics)** – These transactions are recorded at present value and calculated “pro rata die” based on the variation of the contracted index and interest rate, and are recorded on the accrual basis until the 60th day overdue in financial companies, according to the estimate for receipt. After the 60th day, income is recognized upon the effective receipt of installments. Credit card operations include receivables arising from the purchases made by cardholders. The funds related to these amounts are recorded in Other Liabilities – Credit Card Operations.
- f) Allowance for loan losses** – the balance of the allowance for loan losses was recorded based on a credit risk analysis, at an amount considered sufficient to cover loan losses according to the rules determined by CMN Resolution No. 2,682 of December 21, 1999, among which are:
- Provisions are recorded from the date loans are granted, based on the client’s risk rating and on the periodic quality evaluation of clients and industries, and not only in the event of default;
 - Taking into account default exclusively, the write-off as losses occur after 360 days of credits have matured or after 540 days for operations that mature after a period of 36 months.
- g) Other assets** – These assets are mainly comprised by assets held for sale relating to real estate available for sale, own real estate not in use and real estate received as payment in kind, which are adjusted to market value through the set-up of a provision, according to current regulations, reinsurance unearned premiums (Note 4m I); and prepaid expenses, corresponding to disbursements, the benefit of which will occur in future periods.
- h) Investments** – Investments in subsidiary and affiliated companies are accounted for under the equity method. The consolidated financial statements of foreign branches and subsidiaries are adapted to comply with Brazilian accounting practices and converted into Reais. Other investments are recorded at cost and adjusted to market value by setting up a provision in accordance with current standards.
- i) Fixed assets** – These assets are stated at cost of acquisition or construction, less accumulated depreciation, adjusted to market value until December 31, 2007, when applicable. For insurance, pension plan and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports. They correspond to rights related to tangible assets intended for maintenance of the company's operations or exercised for such purpose, including assets arising from transactions that transfer to the company their benefits, risks and controls. The items acquired through Lease contracts are recorded according to CVM Resolution No. 554, of November 12, 2008, as contra-entry to Lease obligations. Depreciation is calculated using the straight-line method, based on monetarily restated cost.
- j) Goodwill** – corresponds to the amount paid in excess for the purchase of investments and is amortized based on expected future profitability or as realized. It is annually tested for impairment.
- k) Intangible assets** – correspond to rights acquired whose subjects are intangible assets intended for maintenance of the company or which are exercised for such purpose, according to the CMN Resolution No. 3,642, of November 26, 2008. They are composed of (i) the goodwill amount paid on acquisition of the company, transferred to intangible assets in view of the transfer of the acquire’s equity by the acquired, as set forth by Law No. 9,532/97, to be amortized based on the period defined in appraisal reports; (ii) rights acquired to credit payrolls and partnership agreements, amortized over the agreement terms, and (iii) software and customer portfolios, amortized over a term varying from five to ten years.
- l) Reduction in the recoverable value of assets** – A loss is recognized when there is clear evidence that assets are stated at a non-recoverable value. This procedure is adopted semiannually.

m) Insurance, pension plan and capitalization operations – Insurance premiums, acceptance coinsurance and selling expenses are accounted for in accordance with the insurance effectiveness term, through the recognition and reversal of the provision for unearned premiums and deferred selling expenses. Interest arising from the fractioning of insurance premiums is accounted for as incurred. Revenues from social security contributions, gross revenue from capitalization certificates and respective technical provisions are recognized upon receipt.

I - Credits from operations and other assets related to insurance and reinsurance operations:

- Insurance premiums receivable – refer to installments of insurance premiums receivable, current and past due, in accordance with insurance policies issued.
- Reinsurance recoverable amounts – refer to claims paid to the insured party pending recovery from Reinsurer, installments of unsettled claims and incurred but not reported claims - Reinsurance (IBNR), classified in assets in accordance with the criteria established by CNSP Resolution No. 162, of December 26, 2006, as amended by CNSP Resolution No. 195, of December 16, 2008, and SUSEP Circular No. 379, of December 19, 2008.
- Reinsurance unearned premiums – recognized to determine the portion of reinsurance unearned premiums, calculated “pro rata die”, and for risks of policies not issued computed based on estimates, based on the actuarial technical study and in compliance with the criteria established by CNSP Resolution No. 162, of December 26, 2006, as amended by CNSP Resolution No. 195, of December 16, 2008, and SUSEP Circular No. 379, of December 19, 2008.

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

II.I- Insurance and pension plan:

- **Provision for unearned premiums** – it is recognized 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 provision includes an estimate for effective and not issued risks (PPNG-RVNE).
- **Provision for unsettled claims** - it is recognized for the coverage of expected unsettled amounts related to single payments and income overdue, of claims reported up to the calculation base date, including accepted coinsurance operations, gross of 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, including accepted coinsurance operations, gross of reinsurance operations, and net of ceded coinsurance operations.
- **Mathematical provisions for benefits to be granted** - it is recognized until the event triggering the benefit occurs, for coverage of the commitments assumed with the participants or insured, and it is calculated in accordance with methodologies approved in the technical actuarial note of the plan or product.
- **Mathematical provisions for granted benefits** - it is recognized after the event that triggering the benefit occurs, for coverage of the commitments assumed with the participants or insured, and it is calculated in accordance with methodologies approved in the technical actuarial note of the plan or product.

- **Provision for financial surplus** – recognized to ensure the amounts intended for distribution of financial surplus, in accordance with regulation in force, in the event it is stated in the agreement.
- **Other technical provisions** – recognized when insufficiency of premiums or contributions are identified related to payments of claims and benefits.
- **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** - recognized for the coverage of expected amounts related to expenses with claims and benefits.

n) **Contingent assets and liabilities and legal liabilities – tax and social security** - assessed, recognized and disclosed according to the provisions set forth in CMN Resolution No. 3,823 of December 16, 2009.

I - Contingent assets and liabilities

Refer to potential rights and obligations arising from past events, the occurrence of which is dependent upon future events.

- Contingent assets: Not recognized, except upon evidence ensuring a high reliability level of realization, usually represented by claims awarded a final and unappealable judgment and confirmation of the recoverability of the claim through receipt of amounts or offset against another liability.
- Contingent liabilities: Basically arise from administrative proceedings and lawsuits, inherent in the normal course of business, filed by third parties, former employees and governmental bodies, in connection with civil, labor, tax and social security lawsuits and other risks. These contingencies are calculated based on conservative practices, being usually recorded based on the opinion of legal advisors and considering the probability that financial resources shall be required for settling the obligation, the amount of which may be estimated with sufficient certainty. Contingencies are classified either as probable, for which provisions are recognized; possible, which are disclosed but not recognized; and remote, for which recognition or disclosure are not required. Any contingent amounts are measured through the use of models and criteria which allow their adequate measurement, in spite of the uncertainty of their term and amounts.

Escrow deposits are restated in accordance with the current legislation.

Contingencies guaranteed by indemnity clauses in privatization processes and with liquidity are only recognized upon judicial notification with simultaneous recognition of receivables, without any effect on results.

II - Legal liabilities – tax and social security

Represented by amounts payable related to tax liabilities, the legality or constitutionality of which are subject to judicial defense, recognized at the full amount under discussion.

Liabilities and related escrow deposits are adjusted in accordance with the current legislation.

o) **Taxes** – these provisions are calculated according to current legislation at the rates shown below, using the related calculation bases.

| | |
|------------------------------------|--------|
| Income tax | 15.00% |
| Additional income tax | 10.00% |
| Social contribution ⁽¹⁾ | 15.00% |
| PIS ⁽²⁾ | 0.65% |
| COFINS ⁽²⁾ | 4.00% |
| ISS up to | 5.00% |

(1) For ITAU UNIBANCO CONSOLIDADO and its financial subsidiaries and equivalent companies, the rate corresponds to 15%. For non-financial and pension plan subsidiaries, the rate is 9%.

(2) For non-financial subsidiaries that fall into the non-cumulative calculation system, the PIS rate is 1.65% and COFINS rate is 7.6%.

The changes introduced by Laws No. 11,638 and No. 11,941 (articles 37 and 38), which modified the criterion for recognizing revenues, costs and expenses, computed to determine the net income for the year, did not produce effects for purposes of determining the taxable income of companies that opt for the Transition Tax Regime (RTT), so for tax purposes the rules effective on December 31, 2007 were followed. The tax effect arising from the adoption of such rules is recorded, for accounting purposes, in the corresponding deferred assets and liabilities.

- p) Deferred income** – this refers to: (i) unexpired interest received in advance that is recognized in income as earned, and (ii) the negative goodwill on acquisition of investments arising from expected future losses, which has not been absorbed in the consolidation process.
- q) Transactions with minority stockholders** - Changes in ownership interest in a subsidiary, which do not result in loss of control, are accounted for as capital transactions and any difference between the amount paid and the amount corresponding to minority stockholders is recognized directly in consolidated stockholders' equity.
- r) Post-employments benefits**

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 income of statement:

- 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 committed as per the acquisition contracts to maintain such benefits over specific periods, as well as in relation to the benefits granted due to a judicial sentence. Such benefits are also accounted for in accordance with CVM Resolution No. 695/12, in a manner similar to defined benefit plans.

Note 5 - Cash and cash equivalents

For purposes of Statement of Cash Flows, cash and cash equivalents of ITAÚ UNIBANCO CONSOLIDATED are composed of the following:

| | 06/30/2013 | 06/30/2012 |
|---|-------------------|-------------------|
| Cash and cash equivalents | 11,122,834 | 10,254,199 |
| Interbank deposits | 19,990,871 | 24,669,905 |
| Securities purchased under agreements to resell – Funded position | 12,182,470 | 29,461,184 |
| Total | 43,296,175 | 64,385,288 |

Note 6 - Interbank investments

| | 06/30/2013 | | | 06/30/2012 |
|--|-----------------------|----------------------|--------------------|--------------------|
| | Up to 365 days | Over 365 days | Total | Total |
| Money market | 193,151,107 | 4,873,443 | 198,024,550 | 104,918,663 |
| Funded position | 43,570,171 | 4,873,443 | 48,443,614 | 59,678,303 |
| Financed position | 119,859,681 | - | 119,859,681 | 28,604,486 |
| Short position | 29,721,255 | - | 29,721,255 | 16,635,874 |
| Money market – Assets guaranteeing technical provisions - SUSEP | 2,979,956 | - | 2,979,956 | 2,645,336 |
| Interbank deposits | 64,251,460 | 481,180 | 64,732,640 | 63,247,016 |
| Total | 260,382,523 | 5,354,623 | 265,737,146 | 170,811,015 |
| Total - 06/30/2012 | 164,141,509 | 6,669,506 | 170,811,015 | |

Note 7 - Securities and Derivative financial instruments (Assets and Liabilities)

See below the composition by Securities and Derivatives type, maturity and portfolio already adjusted to their respective market values.

a) Summary per maturity

| | | | | | | 06/30/2013 | | | | | 06/30/2012 | |
|--|--------------------|--|----------------------|--------------------|--------------|-------------------|------------------|------------------|-------------------|--------------------|--------------------|--------------------|
| | Cost | Provision for adjustment to market value reflected in: | | Market value | % | 0 - 30 | 31 - 90 | 91 - 180 | 181 - 365 | 366 - 720 | Over 720 days | Market value |
| | | Results | Stockholders' equity | | | | | | | | | |
| Government securities - domestic ⁽¹⁾ | 91,376,882 | (352,098) | (1,170,820) | 89,853,964 | 44.1 | 10,798,646 | 2,695,927 | 176,745 | 9,006,365 | 22,248,555 | 44,927,726 | 87,173,520 |
| Financial Treasury Bills | 29,857,398 | 9,371 | 263 | 29,867,032 | 14.6 | - | 2,657,757 | - | 3,944,254 | 11,085,855 | 12,179,166 | 29,942,570 |
| National Treasury Bills | 25,499,889 | (269,357) | (19,506) | 25,211,026 | 12.4 | 10,691,713 | - | 163,600 | 3,818,355 | 8,970,728 | 1,566,630 | 18,530,335 |
| National Treasury Notes | 17,577,237 | (107,349) | (240,029) | 17,229,859 | 8.5 | 4,436 | 19,904 | 11,945 | 627,583 | 1,855,534 | 14,710,457 | 28,433,312 |
| National Treasury/Securitization | 289,981 | 87 | (1,465) | 288,603 | 0.1 | 122 | 1,384 | 1,200 | 289 | 2,952 | 282,656 | 279,602 |
| Brazilian External Debt Bonds | 18,152,377 | 15,150 | (910,083) | 17,257,444 | 8.5 | 102,375 | 16,882 | - | 615,884 | 333,486 | 16,188,817 | 9,987,701 |
| Government securities - abroad | 2,189,934 | (14,951) | (63,644) | 2,111,339 | 1.0 | 97,605 | 129,495 | 148,030 | 113,131 | 542,194 | 1,080,884 | 997,172 |
| Argentina | 187,380 | (876) | - | 186,504 | 0.1 | 8,457 | 30,111 | 28,209 | 1,280 | 71,446 | 47,001 | 104,011 |
| Chile | - | - | - | - | - | - | - | - | - | - | - | 51 |
| Paraguay | 671,797 | - | (56,892) | 614,905 | 0.3 | 89,148 | 85,734 | 119,821 | 111,056 | 100,242 | 108,904 | 240,261 |
| United States | 606,628 | 8,293 | (4,983) | 609,938 | 0.3 | - | 13,650 | - | - | 321,262 | 275,026 | 311,940 |
| Mexico | 331,398 | (18,871) | - | 312,527 | 0.2 | - | - | - | 795 | 649 | 311,083 | 140,438 |
| Turkey | 35,292 | (2,043) | - | 33,249 | - | - | - | - | - | - | 33,249 | - |
| Colombia | 1,704 | (91) | - | 1,613 | - | - | - | - | - | - | 1,613 | 143,175 |
| Belgium | 180,690 | (1,388) | (88) | 179,214 | 0.1 | - | - | - | - | 48,558 | 130,656 | 27,599 |
| France | 80,175 | - | 145 | 80,320 | - | - | - | - | - | - | 80,320 | 26,782 |
| Netherlands | 58,251 | - | (562) | 57,689 | - | - | - | - | - | - | 57,689 | - |
| Germany | 29,576 | - | (1,050) | 28,526 | - | - | - | - | - | - | 28,526 | - |
| Peru | 1,135 | 26 | - | 1,161 | - | - | - | - | - | - | 1,161 | 2,657 |
| Other | 5,908 | (1) | (214) | 5,693 | - | - | - | - | - | 37 | 5,656 | 258 |
| Corporate securities | 23,677,046 | (89,107) | (13,466) | 23,574,473 | 11.9 | 2,426,397 | 1,123,700 | 918,667 | 2,629,194 | 7,166,302 | 9,310,213 | 21,160,772 |
| Eurobonds and other | 2,983,876 | (53,390) | (20,013) | 2,910,473 | 1.4 | 23,480 | 105,430 | 154,417 | 10,875 | 356,643 | 2,259,628 | 4,799,395 |
| Bank Deposit Certificates | 100,039 | (1) | - | 100,038 | - | - | - | 62,470 | 24,894 | - | 12,674 | 393,514 |
| Shares | 1,493,345 | (57,828) | (52,763) | 1,382,754 | 0.7 | 1,382,754 | - | - | - | - | - | 1,163,254 |
| Debentures | 1,408,642 | 2,465 | (83) | 1,411,024 | 0.7 | - | 23,657 | 157,034 | 170,234 | 161,409 | 898,690 | 1,182,800 |
| Promissory Notes | - | - | - | - | - | - | - | - | - | - | - | 269,333 |
| Quotas of funds | 953,494 | 19,674 | 6,224 | 979,392 | 0.4 | 975,138 | - | - | - | 4,254 | - | 1,404,450 |
| Fixed income | 665,350 | (4,512) | (13) | 660,825 | 0.3 | 656,571 | - | - | - | 4,254 | - | 1,033,207 |
| Credit rights | 91,708 | - | - | 91,708 | - | 91,708 | - | - | - | - | - | 175,189 |
| Other | 196,436 | 24,186 | 6,237 | 226,859 | 0.1 | 226,859 | - | - | - | - | - | 196,054 |
| Securitized real estate loans | 7,221,714 | - | 54,559 | 7,276,273 | 3.6 | 45,025 | 193,302 | 181,465 | 318,524 | 799,696 | 5,738,261 | 7,828,803 |
| Financial Bills | 9,485,829 | (27) | (1,390) | 9,484,412 | 4.7 | - | 801,311 | 363,281 | 2,104,667 | 5,844,300 | 370,853 | 4,085,264 |
| Other | 30,107 | - | 30,107 | - | - | - | - | - | - | - | 30,107 | 33,959 |
| PGBL/VGBL Fund quotas ⁽²⁾ | 79,141,414 | - | - | 79,141,414 | 39.0 | 79,141,414 | - | - | - | - | - | 65,605,935 |
| Subtotal - securities | 196,385,276 | (456,156) | (1,247,930) | 194,681,190 | 96.0 | 92,464,062 | 3,949,122 | 1,243,442 | 11,748,690 | 29,957,051 | 55,318,823 | 174,937,399 |
| Trading securities | 139,593,053 | (456,156) | - | 139,136,897 | 68.6 | 81,351,844 | 1,968,510 | 815,219 | 8,448,888 | 23,654,603 | 22,897,833 | 139,011,730 |
| Available-for-sale securities | 53,682,643 | - | (1,247,930) | 52,434,713 | 25.9 | 11,108,049 | 1,980,463 | 377,471 | 3,299,802 | 6,256,618 | 29,412,310 | 32,858,843 |
| Held-to-maturity securities ⁽³⁾ | 3,109,580 | - | - | 3,109,580 | 1.5 | 4,169 | 149 | 50,752 | - | 45,830 | 3,008,680 | 3,066,826 |
| Derivative financial instruments | 6,804,670 | 1,381,012 | - | 8,185,682 | 4.0 | 1,300,305 | 1,608,094 | 596,094 | 987,291 | 1,057,000 | 2,636,898 | 8,416,407 |
| Total securities and derivative financial instruments (assets) | 203,189,946 | 924,856 | (1,247,930) | 202,866,872 | 100.0 | 93,764,367 | 5,557,216 | 1,839,536 | 12,735,981 | 31,014,051 | 57,955,721 | 183,353,806 |
| Adjustments of securities reclassified in prior years to held-to-maturity securities | - | - | 9,291 | - | - | 46.2% | 2.7% | 0.9% | 6.3% | 15.3% | 28.6% | - |
| Adjustment to market of accounting hedge | - | - | 71,377 | - | - | - | - | - | - | - | - | - |
| Deferred taxes | - | - | 422,072 | - | - | - | - | - | - | - | - | - |
| Adjustment of subsidiaries and affiliates | - | - | (5,005) | - | - | - | - | - | - | - | - | - |
| Other | - | - | 7,532 | - | - | - | - | - | - | - | - | - |
| Adjustment to market value - securities - stockholders' equity | - | - | (742,663) | - | - | - | - | - | - | - | - | - |
| Derivative financial instruments (liabilities) | (5,009,458) | (1,220,659) | 5,832 | (6,224,285) | 100.0 | (183,215) | (447,350) | (531,615) | (919,666) | (1,092,511) | (3,049,928) | - |
| Total securities and derivative financial instruments (assets) - 06/30/2012 | 180,415,699 | 1,664,944 | 1,273,163 | 183,353,806 | - | 79,789,298 | 4,448,246 | 1,744,251 | 8,673,154 | 14,837,804 | 73,861,053 | - |
| Adjustments of securities reclassified in prior years to held-to-maturity securities | - | - | 10,297 | - | - | 43.5% | 2.4% | 1.0% | 4.7% | 8.1% | 40.3% | - |
| Adjustment to market of accounting hedge | - | - | (579,594) | - | - | - | - | - | - | - | - | - |
| Deferred taxes | - | - | (296,928) | - | - | - | - | - | - | - | - | - |
| Adjustment of subsidiaries and affiliates | - | - | (25,047) | - | - | - | - | - | - | - | - | - |
| Other | - | - | 381,891 | - | - | - | - | - | - | - | - | - |
| Adjustment to market value - securities - stockholders' equity | - | - | (493,672) | - | - | - | - | - | - | - | - | - |
| Derivative financial instruments (liabilities) - 06/30/2012 | (3,779,214) | (1,189,846) | (24,067) | (4,993,127) | 100 | (349,735) | (489,806) | (202,981) | (895,836) | (819,069) | (2,235,700) | - |

⁽¹⁾ Includes the amount of R\$ 15,481,134 (R\$ 23,043,208 at 06/30/2012) of securities pledged in guarantee, of which: Assets Guaranteeing Technical Provisions R\$ 5,495,110 (R\$ 5,299,613 at 06/30/2012), securities linked to BACEN R\$ 6,961,594 (R\$ 13,027,061 at 06/30/2012) and securities deposited with the Clearing House for the Custody and Financial Settlement of Securities R\$ 3,024,430 (R\$ 4,716,534 at 06/30/2012);

⁽²⁾ The PGBL and VGBL plans securities portfolios, the ownership and embedded risks of which are the customers' responsibility, are recorded as securities, as determined by SUSEP, with a contra-entry to liabilities in the Pension Plan Technical Provisions account.

⁽³⁾ Unrecorded positive adjustment to market value in the amount of R\$ 733,254 (R\$ 957,885 at 06/30/2012).

b) Derivative financial instruments

The globalization of the markets in recent years has resulted in a high level of sophistication in the financial products used. As a result of this process, there has been an increasing demand for derivative financial instruments to manage market risks, mainly arising from fluctuations in interest and exchange rates, commodities and other asset prices. Accordingly, ITAÚ UNIBANCO CONSOLIDATED and its subsidiaries operate in the derivative markets for meeting the growing needs of their clients, as well as carrying out their risk management policy. Such policy is based on the use of derivative instruments to minimize the risks resulting from commercial and financial operations.

The derivative financial instruments' business with clients is carried out after the approval of credit limits. The process of limit approval takes into consideration potential stress scenarios.

Knowing the client, the sector in which it operates and its risk appetite profile, in addition to providing information on the risks involved in the transaction and the negotiated conditions, ensures transparency in the relationship between the parties and the supply of a product that better meets the needs of the client.

The derivative transactions carried out by ITAÚ UNIBANCO CONSOLIDATED and its subsidiaries with clients are neutralized in order to eliminate market risks.

Most derivative contracts traded by the institution with clients in Brazil are swap, forward, option and futures contracts, which are registered at the BM&FBovespa or at CETIP S.A. - OTC Clearing House - (CETIP). Overseas transactions are carried out with futures, forwards, options and swaps with registration mainly in the Chicago, New York and London Exchanges. It should be emphasized that there are over-the-counter operations, but their risks are low as compared to the institutions' total. Noteworthy is also the fact that there are no structured operations based on subprime assets and all operations are based on risk factors traded at stock exchanges.

The main risk factors of the derivatives, assumed at June 30, 2013, were related to the foreign exchange rate, interest rate, commodities, U.S. dollar coupon, Reference Rate coupon, Libor and variable income. The management of these and other market risk factors is supported by sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to optimize the risk-return ratios, even under highly volatile situations.

Most derivatives included in the institution's portfolio are traded at stock exchanges. The prices disclosed by stock exchanges are used for these derivatives, except in cases in which the low representativeness of price due to illiquidity of a specific contract is identified. Derivatives typically priced like this are future contracts. Likewise, there are other instruments whose quotations (fair prices) are directly disclosed by independent institutions and which are priced based on this direct information. A great part of the Brazilian government securities, highly-liquid international (public and private) securities and shares fit into this situation.

For derivatives whose prices are not directly disclosed by stock exchanges, fair prices are obtained by pricing models which use market information, deducted based on prices disclosed for higher liquidity assets. Interest and market volatility curves which provide entry data for the models are extracted from those prices. Over-the-counter derivatives, forward contracts and securities without much liquidity are in this situation.

The total value of margins pledged in guarantee was R\$ 1,840,365 (R\$ 3,785,966 at June 30, 2012) and was basically composed of government securities.

I- See below the composition of the Derivative Financial Instruments portfolio (assets and liabilities) by type of instrument and reference ratio, stated at their notional amounts, cost and market value.

| | Memorandum account | | Balance sheet account | | Adjustments to | | Market value | |
|--|--------------------|--------------------|-------------------------|--------------------|--------------------|--------------------|--------------|--|
| | Notional amount | | receivable / (received) | | market value (in | | | |
| | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2013 | 06/30/2013 | 06/30/2013 | 06/30/2012 | |
| Futures contracts | 276,870,885 | 205,136,591 | (381,152) | 137,923 | (243,229) | 402,861 | | |
| Purchase commitments | 47,020,168 | 38,834,841 | (87,709) | 186,511 | 98,802 | (255,521) | | |
| Foreign currency | 4,175,430 | 6,243,159 | 34,663 | 177,233 | 211,896 | (366,056) | | |
| Interbank market | 29,619,578 | 26,342,805 | (262,030) | 9,225 | (252,805) | 36,723 | | |
| Indices | 8,786,903 | 2,192,745 | 139,658 | 53 | 139,711 | 73,812 | | |
| Securities | 4,431,666 | 4,056,132 | - | - | - | - | | |
| Other | 6,591 | - | - | - | - | - | | |
| Commitments to sell | 229,850,717 | 166,301,750 | (293,443) | (48,588) | (342,031) | 658,382 | | |
| Foreign currency | 69,013,653 | 5,608,514 | (51,745) | (50,622) | (102,367) | 162,575 | | |
| Interbank market | 136,693,497 | 92,304,159 | 52,696 | 241 | 52,937 | (14,788) | | |
| Fixed rate | 101,474 | - | - | 1,800 | 1,800 | - | | |
| Indices | 16,789,964 | 62,904,456 | (294,394) | (7) | (294,401) | 510,595 | | |
| Securities | 7,252,129 | 5,484,621 | - | - | - | - | | |
| Swap contracts | | | 145,603 | 43,260 | 188,863 | 535,977 | | |
| Asset position | 129,056,960 | 92,098,367 | 1,905,685 | 1,085,229 | 2,990,914 | 2,974,249 | | |
| Foreign currency | 35,152,205 | 23,523,909 | 959,546 | 230,410 | 1,189,956 | 727,352 | | |
| Interbank market | 44,447,690 | 36,695,738 | 114,273 | 406,046 | 520,319 | 304,714 | | |
| Fixed rate | 32,364,905 | 17,130,575 | 239,193 | 217,522 | 456,715 | 677,383 | | |
| Floating rate | 17 | 149 | (321) | 6,603 | 6,282 | 723 | | |
| Indices | 16,547,888 | 13,233,239 | 545,948 | 218,638 | 764,586 | 1,116,228 | | |
| Securities | 6,676 | 339,573 | (4) | 42 | 38 | 62,262 | | |
| Commodities | - | 8,674 | - | - | - | - | | |
| Other | 537,579 | 1,166,510 | 47,050 | 5,968 | 53,018 | 85,587 | | |
| Liability position | 128,911,356 | 91,322,145 | (1,760,082) | (1,041,969) | (2,802,051) | (2,438,272) | | |
| Foreign currency | 16,884,137 | 11,521,006 | (720,397) | (118,171) | (838,568) | (386,621) | | |
| Interbank market | 63,765,386 | 43,303,515 | 33,591 | (436,052) | (402,461) | (103,591) | | |
| Fixed rate | 31,223,212 | 20,449,354 | (302,512) | (249,134) | (551,646) | (712,464) | | |
| Floating rate | 13 | 6,164 | 773 | (6,048) | (5,275) | - | | |
| Indices | 16,925,785 | 15,562,428 | (766,044) | (232,925) | (998,969) | (1,219,445) | | |
| Securities | - | 393,473 | - | - | - | (10,935) | | |
| Commodities | - | 1,446 | - | - | - | - | | |
| Other | 112,823 | 84,759 | (5,493) | 361 | (5,132) | (5,216) | | |
| Option contracts | 421,615,138 | 140,251,666 | 245,838 | (2,560) | 243,278 | 919,076 | | |
| Purchase commitments – long position | 35,768,198 | 4,972,243 | 130,183 | 42,464 | 172,647 | 470,591 | | |
| Foreign currency | 194,220 | 1,628,813 | 3,271 | 10,066 | 13,337 | 421,941 | | |
| Interbank market | - | 1,832,593 | - | - | - | - | | |
| Indices | 34,744,837 | 700,059 | 102,658 | 30,064 | 132,722 | 14,218 | | |
| Securities | 789,316 | 685,398 | 23,949 | 822 | 24,771 | 32,034 | | |
| Commodities | 13,958 | - | 305 | 1,079 | 1,384 | - | | |
| Other | 25,867 | 125,380 | - | 433 | 433 | 2,398 | | |
| Commitments to sell – long position | 86,497,663 | 75,623,953 | 366,794 | 185,742 | 552,536 | 949,816 | | |
| Foreign currency | 164,482 | 138,051 | 5,444 | (193) | 5,251 | 2,783 | | |
| Interbank market | - | 31,714,388 | - | - | - | 321,835 | | |
| Indices | 84,255,936 | 41,744,278 | 195,196 | (10,454) | 184,742 | 257,008 | | |
| Securities | 2,059,331 | 1,601,836 | 164,542 | 194,592 | 359,134 | 296,387 | | |
| Commodities | 2,216 | 2,034 | - | 258 | 258 | 122 | | |
| Other | 15,698 | 423,366 | 1,612 | 1,539 | 3,151 | 71,681 | | |
| Purchase commitments – short position | 38,214,815 | 22,283,711 | (32,969) | (42,843) | (75,812) | (47,893) | | |
| Foreign currency | 204,226 | 73,576 | (6,614) | (7,325) | (13,939) | (1,910) | | |
| Interbank market | - | 4,806,026 | - | - | - | - | | |
| Indices | 37,286,281 | 16,692,155 | (19,386) | (20,643) | (40,029) | (21,212) | | |
| Securities | 690,686 | 580,204 | (6,670) | (13,357) | (20,027) | (22,090) | | |
| Commodities | 13,958 | - | (299) | (1,085) | (1,384) | - | | |
| Other | 19,664 | 131,750 | - | (433) | (433) | (2,681) | | |
| Commitments to sell - short position | 261,134,462 | 37,371,759 | (218,170) | (187,923) | (406,093) | (453,438) | | |
| Foreign currency | 177,669 | 176,012 | (5,675) | 351 | (5,324) | (3,455) | | |
| Indices | 259,288,857 | 35,523,029 | (82,185) | (3,851) | (86,036) | (111,960) | | |
| Securities | 1,639,874 | 1,255,792 | (127,347) | (182,626) | (309,973) | (266,220) | | |
| Commodities | 2,216 | 2,034 | - | (258) | (258) | (122) | | |
| Other | 25,846 | 414,892 | (2,963) | (1,539) | (4,502) | (71,681) | | |
| Forward contracts | 3,066,712 | 2,210,801 | 1,052,123 | (3,365) | 1,048,758 | 764,212 | | |
| Purchases receivable | 576,919 | 388,899 | 578,425 | - | 578,425 | 413,366 | | |
| Foreign currency | - | - | - | - | - | 24,650 | | |
| Fixed rate | 76,595 | 130,827 | 76,710 | - | 76,710 | 130,825 | | |
| Floating rate | 500,324 | 258,009 | 501,715 | - | 501,715 | 257,828 | | |
| Securities | - | 63 | - | - | - | 63 | | |
| Purchases payable | - | - | (578,426) | - | (578,426) | (413,366) | | |
| Foreign currency | - | - | - | - | - | (24,650) | | |
| Fixed rate | - | - | (76,710) | - | (76,710) | (130,825) | | |
| Floating rate | - | - | (501,716) | - | (501,716) | (257,828) | | |
| Securities | - | - | - | - | - | (63) | | |
| Sales receivable | 2,489,793 | 1,821,902 | 2,482,372 | (3,376) | 2,478,996 | 1,814,269 | | |
| Interbank market | 89,469 | 4,131 | 87,855 | 102 | 87,957 | 4,078 | | |
| Fixed rate | 856,698 | 952,524 | 858,088 | (2,565) | 855,523 | 952,527 | | |
| Floating rate | 706,819 | 164,572 | 708,782 | - | 708,782 | 164,382 | | |
| Indices | 148 | 19,345 | 145 | - | 145 | 19,170 | | |
| Securities | 836,632 | 680,929 | 827,475 | (913) | 826,562 | 673,714 | | |
| Commodities | 27 | 401 | 27 | - | 27 | 398 | | |
| Sales deliverable | - | - | (1,430,248) | 11 | (1,430,237) | (1,050,057) | | |
| Interbank market | - | - | (720,883) | - | (720,883) | (885,675) | | |
| Fixed rate | - | - | (708,783) | - | (708,783) | (164,382) | | |
| Indices | - | - | (582) | 11 | (571) | - | | |

| | Memorandum Account Notional amount | | Balance sheet account receivable / (received) (payable) / paid | | Adjustments to market value (in results / stockholders' equity) | | Market value | |
|--|---------------------------------------|--------------------|--|--------------------|--|--------------------|--------------|--|
| | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2013 | 06/30/2013 | 06/30/2013 | 06/30/2012 | |
| Credit derivatives | 5,593,272 | 6,723,456 | 554,180 | (76,424) | 477,756 | 443,300 | | |
| Asset position | 1,906,790 | 2,453,186 | 630,048 | (6,241) | 623,807 | 591,402 | | |
| Foreign currency | - | 130,481 | - | - | - | 1,145 | | |
| Fixed rate | 1,382,756 | 1,159,822 | 629,780 | (12,295) | 617,485 | 567,709 | | |
| Securities | 387,420 | 1,063,504 | 201 | 4,057 | 4,258 | 21,307 | | |
| Other | 136,614 | 99,379 | 67 | 1,997 | 2,064 | 1,241 | | |
| Liability position | 3,686,482 | 4,270,270 | (75,868) | (70,183) | (146,051) | (148,102) | | |
| Foreign currency | - | 123,658 | - | - | - | (1,157) | | |
| Fixed rate | 2,406,142 | 3,002,237 | (76,231) | (26,452) | (102,683) | (124,396) | | |
| Securities | 1,260,630 | 1,044,996 | 344 | (42,774) | (42,430) | (21,308) | | |
| Other | 19,710 | 99,379 | 19 | (957) | (938) | (1,241) | | |
| Forward operations | 21,279,157 | 16,892,969 | (110,801) | 33,288 | (77,513) | 24,155 | | |
| Asset position | 9,573,286 | 8,362,663 | 303,967 | 24,973 | 328,940 | 328,025 | | |
| Foreign currency | 9,172,472 | 7,925,112 | 292,680 | 24,973 | 317,653 | 319,673 | | |
| Interbank market | - | 19,713 | 168 | - | 168 | 365 | | |
| Floating rate | - | 405,271 | - | - | - | 7,228 | | |
| Indices | 295,878 | 12,567 | 6,661 | - | 6,661 | 759 | | |
| Securities | 104,936 | - | 4,458 | - | 4,458 | - | | |
| Liability position | 11,705,871 | 8,530,306 | (414,768) | 8,315 | (406,453) | (303,870) | | |
| Foreign currency | 11,684,256 | 8,406,515 | (414,471) | 8,315 | (406,156) | (301,282) | | |
| Interbank market | 15,658 | 13,930 | (101) | - | (101) | (521) | | |
| Floating rate | - | 74,788 | - | - | - | (1,357) | | |
| Indices | - | 35,073 | - | - | - | (710) | | |
| Securities | 5,957 | - | (196) | - | (196) | - | | |
| Other derivative financial instruments | 4,911,309 | 3,901,229 | 289,421 | 34,063 | 323,484 | 333,699 | | |
| Asset position | 4,210,378 | 3,597,772 | 407,196 | 52,221 | 459,417 | 471,828 | | |
| Foreign currency | 179,085 | 480,354 | 71,857 | 5,118 | 76,975 | 153,589 | | |
| Securities | 4,007,628 | 3,117,418 | 335,360 | 46,138 | 381,498 | 318,239 | | |
| Other | 23,665 | - | (21) | 965 | 944 | - | | |
| Liability position | 700,931 | 303,457 | (117,775) | (18,158) | (135,933) | (138,129) | | |
| Foreign currency | 96,502 | 192,815 | (88,883) | (12,935) | (101,818) | (100,509) | | |
| Securities | 471,770 | 110,642 | (28,835) | (4,138) | (32,973) | (37,620) | | |
| Other | 132,659 | - | (57) | (1,085) | (1,142) | - | | |
| | | Assets | 6,804,670 | 1,381,012 | 8,185,682 | 8,416,407 | | |
| | | Liabilities | (5,009,458) | (1,214,827) | (6,224,285) | (4,993,127) | | |
| | | Total | 1,795,212 | 166,185 | 1,961,397 | 3,423,280 | | |
| Derivative contracts mature as follows (in days): | | | | | | | | |
| Memorandum account/notional amount | 0 - 30 | 31 - 180 | 181 - 365 | Over 365 | 06/30/2013 | 06/30/2012 | | |
| Futures | 35,513,215 | 112,677,630 | 58,024,010 | 70,656,030 | 276,870,885 | 205,136,591 | | |
| Swaps | 17,752,363 | 30,949,320 | 10,058,848 | 68,390,745 | 127,151,276 | 90,029,105 | | |
| Options | 119,388,036 | 18,240,037 | 278,240,184 | 5,746,881 | 421,615,138 | 140,251,666 | | |
| Forwards | 294,353 | 906,095 | 391,373 | 1,474,891 | 3,066,712 | 2,210,801 | | |
| Credit derivatives | 574,948 | 948,956 | 416,181 | 3,653,187 | 5,593,272 | 6,723,456 | | |
| Forwards | 10,909,914 | 6,341,833 | 2,804,722 | 1,222,688 | 21,279,157 | 16,892,969 | | |
| Other | 120,142 | 340,900 | 964,477 | 3,485,790 | 4,911,309 | 3,901,229 | | |

II - Accounting hedge

The effectiveness computed for hedge portfolio was in conformity with the provisions of BACEN Circular No. 3,082 of January 30, 2002.

- a) **Cash flow** - the purpose of the hedge relationship of ITAÚ UNIBANCO is to protect the cash flows of payment of debt interest (CDB / Redeemable preferred shares) related to its variable interest rate risk (CDI / LIBOR), making the cash flow constant (fixed rate) and regardless of the variations of DI Cetip Over and LIBOR.

| Strategies | 06/30/2013 | | | 06/30/2012 | | |
|---|-------------------|------------------------------|-------------------|-------------------|-----------------------------|-------------------|
| | Hedge Instrument | | Hedge assets | Hedge Instruments | | Hedge assets |
| | Nominal Value | Adjustment to Market Value * | Book Value | Nominal Value | Adjustment to Market Value* | Book Value |
| Hedge of Deposits and Securities Purchased under Agreements to Resell | 84,827,539 | 39,327 | 86,597,153 | 61,487,005 | (340,816) | 61,819,167 |
| Hedge of Preferred Shares | 870,890 | 3,849 | 870,890 | 794,516 | (15,884) | 794,516 |
| Hedge of Subordinated CDB | 154,955 | - | 133,547 | 144,471 | - | 124,140 |
| Total | 85,853,384 | 43,176 | 87,601,590 | 62,425,992 | (356,700) | 62,737,823 |

(*) Market Value net of tax effects recorded in stockholders' equity

The gains or losses related to the accounting hedge of cash flows that we expect to recognize in Results in the following 12 months amount to R\$ (102,690) (R\$ (91,304) at June 30, 2012).

To protect the future cash flows of debt against exposure to variable interest rate (CDI), at June 30, 2013, ITAÚ UNIBANCO HOLDING negotiated DI Futures agreements at BM&FBOVESPA with maturity between 2013 and 2017.

To protect the future cash flows of debt against exposure to variable interest rate (LIBOR), ITAÚ UNIBANCO negotiated swap contracts with maturity in 2015.

b) We present below the maturity terms of Cash Flow Hedge and Market Risk Hedg strategies:

| Maturity Term | 06/30/2013 | | | | 06/30/2012 |
|---------------|---|---------------------------|---------------------------|-------------------|-------------------|
| | Hedge of Deposits and Securities Purchased under Agreements to Resell | Hedge of Preferred Shares | Hedge of Subordinated CDB | Total | Total |
| 2012 | - | - | - | - | 42,620,970 |
| 2013 | 70,190,333 | - | - | 70,190,333 | 12,150,672 |
| 2014 | 13,228,970 | - | 154,955 | 13,383,925 | 6,795,870 |
| 2015 | 519,828 | 870,890 | - | 1,390,718 | - |
| 2017 | 888,408 | - | - | 888,408 | 858,480 |
| Total | 84,827,539 | 870,890 | 154,955 | 85,853,384 | 62,425,992 |

c) **Related operations** - the swap operations contracted in a negotiation associated with the funding and/or investment in the amount of R\$ 27,590 (R\$ 39,916 at June 30, 2012) are recorded at amounts restated in accordance with variations occurred in respective ratios ("curve") and are not valued at their market value, as permitted by BACEN Circular No. 3,150.

III- See below the composition of the Derivative Financial Instruments portfolio by type of instrument, stated at their notional amounts, per trading location (organized or over-the-counter market) and counterparties:

| | 06/30/2013 | | | | | | |
|--------------------------------|--------------------|--------------------|--------------------|------------------|--------------------|-------------------|------------------|
| | Futures | Swaps | Options | Forwards | Credit derivatives | Forwards | Other |
| BM&F/Bovespa | 199,699,257 | - | 411,730,725 | 1,062,900 | - | - | - |
| Over-the-counter market | 77,171,628 | 127,151,276 | 9,884,413 | 2,003,812 | 5,593,272 | 21,279,157 | 4,911,309 |
| Financial institutions | 48,912,441 | 5,207,481 | 4,998,141 | 625,876 | 5,593,272 | 16,858,646 | 2,280,517 |
| Companies | 28,259,187 | 88,258,761 | 4,886,272 | 1,377,936 | - | 4,289,450 | 2,630,792 |
| Individuals | - | 33,685,034 | - | - | - | 131,061 | - |
| Total | 276,870,885 | 127,151,276 | 421,615,138 | 3,066,712 | 5,593,272 | 21,279,157 | 4,911,309 |
| Total 06/30/2012 | 205,136,591 | 90,029,105 | 140,251,666 | 2,210,801 | 6,723,456 | 16,892,969 | 3,901,229 |

IV - Credit derivatives

See below the composition of Credit Derivatives portfolio stated at notional amount and effect on calculation of Required Referential Equity.

| | Notional amount | |
|--|--------------------|--------------------|
| | 06/30/2013 | 06/30/2012 |
| Transferred | (1,202,696) | (2,453,186) |
| Credit swaps whose underlying assets are: | | |
| Securities | (1,191,993) | (1,404,536) |
| Total return rate swaps whose underlying assets are: | | |
| Securities | (10,703) | (1,048,650) |
| Received | 288,028 | 4,270,270 |
| Credit swaps whose underlying assets are: | | |
| Securities | 288,028 | 4,270,270 |
| Total | (914,668) | 1,817,084 |

(*) In the period we aligned the procedures for disclosing credit derivative information in order to state the position in the same disclosure standard as that of the Risk Management (Circular No. 3,477).

During the period, there was no occurrence of a credit event related to those set forth in agreements.

V - Reclassification of securities (article 5 of BACEN Circular No. 3,068, of 11/08/2001)

Management sets forth guidelines to classify securities. The classification of the current portfolio of securities, as well as the securities purchased in the period, is periodically and systematically evaluated based on such guidelines.

As set forth in Article 5 of BACEN Circular No. 3,068, of November 8, 2008, the revaluation regarding the classification of securities can only be made upon preparation of trial balances for six-month periods. In addition, the transfer from "held-to-maturity" into the other categories can only occur in view of an isolated, unusual, nonrecurring and unexpected reason, which has occurred after the classification date.

No reclassifications or changes to the existing guidelines have been made in the period.

c) Changes in adjustment to unrealized(*) market value for the period

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|---|------------------------|------------------------|
| Opening balance | 2,073,700 | (173,704) |
| Adjustments with impact on: | | |
| Results | (468,842) | 877,266 |
| Trading securities | (687,719) | 381,645 |
| Derivative financial instruments | 218,877 | 495,621 |
| Stockholders' equity | (3,077,214) | 465,105 |
| Available-for-sale | (3,435,034) | 767,170 |
| Accounting hedge - Derivative financial instruments | 357,820 | (302,065) |
| Futures | 342,225 | (308,136) |
| Swap | 15,595 | 6,071 |
| Closing balance | (1,472,356) | 1,168,667 |
| Adjustment to market value | (1,472,356) | 1,168,667 |
| Trading securities | (456,156) | 395,132 |
| Available-for-sale securities | (1,247,930) | 1,273,163 |
| Derivative financial instruments | 231,730 | (499,628) |
| Trading securities | 160,353 | 79,966 |
| Accounting hedge | 71,377 | (579,594) |
| Futures | 65,545 | (555,527) |
| Swap | 5,832 | (24,067) |

(*) The term unrealized in the context of Circular n°. 3.068 of 11/08/2001, of Central Bank means not converted into cash.

d) Realized gain of the derivative financial instruments portfolio

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|--|------------------------|------------------------|
| Gain (loss) - trading securities | 43,009 | 636,314 |
| Gain (loss) - available-for-sale securities | (143,334) | 420,194 |
| Gain (loss) - derivatives | (1,410,729) | (746,908) |
| Gain (loss) - foreign exchange variation on investments abroad | 1,214,034 | 764,748 |
| Total | (297,020) | 1,074,348 |

Note 8 - Loan, lease and other credit operations

a) Composition of the portfolio by type of operation and risk level

| Risk levels | 06/30/2013 | | | | | | | | | | 06/30/2012 |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|--------------------|--------------------|
| | AA | A | B | C | D | E | F | G | H | Total | Total |
| Loan operations | 94,287,428 | 52,805,889 | 22,095,565 | 14,709,857 | 7,413,928 | 3,382,868 | 2,434,691 | 2,089,977 | 9,703,026 | 208,923,229 | 207,972,235 |
| Loans and discounted trade receivables | 23,390,126 | 42,502,740 | 14,994,365 | 11,266,463 | 5,874,400 | 2,586,894 | 1,840,168 | 1,578,896 | 7,633,702 | 111,667,754 | 116,140,832 |
| Financing | 43,118,230 | 8,143,330 | 5,993,421 | 3,037,565 | 1,414,086 | 696,465 | 567,965 | 488,677 | 2,005,095 | 65,464,834 | 67,211,056 |
| Farming and agribusiness financing | 684,405 | 661,023 | 581,309 | 149,317 | 36,953 | 53,971 | 1,717 | - | 25,493 | 2,194,188 | 1,838,697 |
| Real estate financing | 27,094,667 | 1,498,796 | 526,470 | 256,512 | 88,489 | 45,538 | 24,841 | 22,404 | 38,736 | 29,596,453 | 22,781,650 |
| Lease operations | 6,975,682 | 1,272,838 | 923,104 | 730,789 | 416,272 | 256,542 | 174,519 | 152,612 | 543,294 | 11,445,652 | 19,279,819 |
| Credit card operations | - | 35,270,167 | 2,197,965 | 1,200,652 | 628,505 | 393,819 | 435,865 | 358,677 | 2,614,344 | 43,099,994 | 37,755,302 |
| Advance on exchange contracts ⁽¹⁾ | 391,248 | 316,803 | 137,940 | 60,007 | 7,576 | 7,001 | 488 | 1,033 | 936 | 923,032 | 1,113,174 |
| Other sundry receivables ⁽²⁾ | 4,455 | 3,722,832 | 16,780 | 68,734 | 4,399 | 16,903 | 14,544 | 1,080 | 37,025 | 3,886,752 | 1,141,172 |
| Total operations with credit granting characteristics | 101,658,813 | 93,388,529 | 25,371,354 | 16,770,039 | 8,470,680 | 4,057,133 | 3,060,107 | 2,603,379 | 12,898,625 | 268,278,659 | 267,261,702 |
| Endorsements and sureties ⁽³⁾ | | | | | | | | | | 15,236,035 | 16,473,566 |
| Total with endorsements and sureties | 101,658,813 | 93,388,529 | 25,371,354 | 16,770,039 | 8,470,680 | 4,057,133 | 3,060,107 | 2,603,379 | 12,898,625 | 283,514,694 | 283,735,268 |
| Total - 06/30/2012 | 58,233,428 | 124,344,159 | 30,953,375 | 18,106,387 | 12,411,873 | 3,736,986 | 3,063,108 | 2,752,909 | 13,659,477 | 267,261,702 | |

⁽¹⁾ Includes Advances on Exchange Contracts and Income Receivable from Advances Granted, reclassified from Liabilities - Foreign Exchange Portfolio/Other Receivables (Note 2a);

⁽²⁾ Includes Securities and Credits Receivable, Debtors for Purchase of Assets and Endorsements and Sureties paid;

⁽³⁾ Recorded in Memorandum Accounts.

b) By maturity and risk level

| | 06/30/2013 | | | | | | | | | | 06/30/2012 |
|--|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| | AA | A | B | C | D | E | F | G | H | Total | Total |
| OVERDUE OPERATIONS ^{(1) (2)} | | | | | | | | | | | |
| Falling due installments | - | - | 2,535,995 | 2,942,370 | 2,038,848 | 1,547,189 | 1,295,442 | 1,113,549 | 4,871,858 | 16,345,251 | 19,617,286 |
| 01 to 60 | - | - | 219,702 | 250,193 | 164,197 | 127,267 | 98,510 | 85,238 | 501,154 | 1,446,261 | 1,919,843 |
| 61 to 90 | - | - | 93,954 | 106,972 | 72,820 | 57,021 | 44,897 | 39,122 | 189,262 | 604,048 | 717,313 |
| 91 to 180 | - | - | 276,368 | 316,577 | 217,869 | 167,549 | 133,552 | 117,490 | 558,291 | 1,787,696 | 2,084,502 |
| 181 to 365 | - | - | 494,792 | 612,880 | 414,293 | 319,429 | 256,470 | 226,322 | 1,026,945 | 3,351,131 | 3,893,696 |
| Over 365 | - | - | 1,451,179 | 1,655,748 | 1,169,669 | 875,923 | 762,013 | 645,377 | 2,596,206 | 9,156,115 | 11,001,932 |
| Overdue installments | - | - | 609,478 | 730,165 | 751,112 | 867,584 | 943,515 | 864,991 | 5,452,627 | 10,219,472 | 11,587,758 |
| 01 to 60 | - | - | 609,478 | 703,977 | 296,219 | 260,235 | 152,511 | 110,890 | 498,412 | 2,631,722 | 2,815,193 |
| 61 to 90 | - | - | - | 19,525 | 425,966 | 178,948 | 126,616 | 87,199 | 298,136 | 1,136,390 | 1,350,151 |
| 91 to 180 | - | - | - | 6,663 | 28,927 | 413,067 | 632,842 | 628,156 | 1,100,417 | 2,810,072 | 3,294,896 |
| 181 to 365 | - | - | - | - | - | 15,334 | 31,546 | 38,746 | 3,415,971 | 3,501,597 | 4,023,470 |
| Over 365 | - | - | - | - | - | - | - | - | 139,691 | 139,691 | 104,048 |
| Subtotal | - | - | 3,145,473 | 3,672,535 | 2,789,960 | 2,414,773 | 2,238,957 | 1,978,540 | 10,324,485 | 26,564,723 | 31,205,044 |
| NON-OVERDUE OPERATIONS | | | | | | | | | | | |
| Falling due installments | 100,749,717 | 92,342,026 | 21,896,939 | 12,837,671 | 5,581,066 | 1,576,006 | 803,132 | 616,003 | 2,531,310 | 238,933,870 | 233,522,554 |
| 01 to 60 | 12,780,575 | 34,061,370 | 6,170,339 | 4,254,313 | 1,724,362 | 441,669 | 147,091 | 96,568 | 806,478 | 60,482,765 | 62,266,630 |
| 61 to 90 | 3,339,077 | 7,022,853 | 1,258,000 | 723,944 | 258,501 | 52,580 | 29,721 | 19,768 | 137,193 | 12,841,637 | 12,053,611 |
| 91 to 180 | 8,948,836 | 12,468,974 | 2,710,154 | 1,348,921 | 553,708 | 133,069 | 74,056 | 50,535 | 268,517 | 26,556,770 | 25,160,948 |
| 181 to 365 | 15,472,526 | 11,941,778 | 3,601,324 | 2,055,771 | 907,431 | 239,035 | 122,642 | 92,130 | 323,429 | 34,756,066 | 34,244,720 |
| Over 365 | 60,208,703 | 26,847,051 | 8,157,122 | 4,454,722 | 2,137,064 | 709,653 | 429,622 | 357,002 | 995,693 | 104,296,632 | 99,796,645 |
| Overdue up to 14 days | 909,096 | 1,046,503 | 328,942 | 259,833 | 99,654 | 66,354 | 18,018 | 8,836 | 42,830 | 2,780,066 | 2,534,104 |
| Subtotal | 101,658,813 | 93,388,529 | 22,225,881 | 13,097,504 | 5,680,720 | 1,642,360 | 821,150 | 624,839 | 2,574,140 | 241,713,936 | 236,056,658 |
| Grand total | 101,658,813 | 93,388,529 | 25,371,354 | 16,770,039 | 8,470,680 | 4,057,133 | 3,060,107 | 2,603,379 | 12,898,625 | 268,278,659 | 267,261,702 |
| Existing all allowance | - | (466,943) | (253,713) | (1,392,317) | (2,540,357) | (2,028,161) | (2,141,769) | (2,603,118) | (12,898,625) | (24,325,003) | (25,799,144) |
| Required allowance | - | (466,943) | (253,713) | (503,101) | (847,068) | (1,217,140) | (1,530,054) | (1,822,365) | (12,898,625) | (19,539,009) | (20,954,838) |
| Additional allowance ⁽³⁾ | - | - | - | (889,216) | (1,693,289) | (811,021) | (611,715) | (780,753) | - | (4,785,994) | (4,844,306) |
| Grand total 06/30/2012 | 58,233,428 | 124,344,159 | 30,953,375 | 18,106,387 | 12,411,873 | 3,736,986 | 3,063,108 | 2,752,909 | 13,659,477 | 267,261,702 | 267,261,702 |
| Existing allowance | - | (621,762) | (309,534) | (543,192) | (3,900,557) | (1,868,120) | (2,143,869) | (2,752,633) | (13,659,477) | (25,799,144) | (25,799,144) |

(1) Operations with overdue installments for more than 14 days or under responsibility of bankruptcy or in process of bankruptcy companies;

(2) The balance of non-accrual operations amounts to R\$ 18,539,552 (R\$ 21,657,263 at 06/30/2012);

(3) Allocated to each level of risk in order to explain the additional volume required for alignment to the amount of the expected loss.

c) By business sector

| | 06/30/2013 | 06/30/2012 |
|--------------------|--------------------|--------------------|
| Public Sector | 243,164 | 485,517 |
| Private Sector | 268,035,495 | 266,776,185 |
| Companies | 113,185,188 | 118,331,268 |
| Individuals | 154,850,307 | 148,444,917 |
| Grand Total | 268,278,659 | 267,261,702 |

d) Changes in allowance for loan losses

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|--|--------------------------------|--------------------------------|
| Opening balance | (25,928,614) | (21,528,162) |
| Effect of change in consolidation criteria (Note 2b) | (483,210) | - |
| Net increase for the period | (9,364,139) | (11,602,768) |
| Required by Resolution No. 2,682/99 | (9,424,517) | (11,657,144) |
| Additional ⁽¹⁾ | 60,378 | 54,376 |
| Write-off | 11,450,960 | 7,331,786 |
| Closing balance ⁽²⁾ | (24,325,003) | (25,799,144) |
| Required allowance (Note 4f) | (19,539,009) | (20,954,838) |
| Additional allowance ⁽¹⁾ | (4,785,994) | (4,844,306) |

(1) Refers to the provision in excess of the minimum percentage required by CMN Resolution No. 2,682 of December 21, 1999, based on the expected loss methodology, adopted in the institution's credit risk management, which also considers the potential losses on revolving credit.

(2) The allowance for loan losses related to the lease portfolio amounts to: R\$ (896,329) (R\$ (1,635,113) at June 30, 2012).

At June 30, 2013, the balance of the allowance in relation to the loan portfolio is equivalent to 9,1% (9.7% at June 30, 2012).

e) Recovery and renegotiation of credits

I - In the period an amount of R\$ 2,288,966 (R\$ 2,267,037 from 01/01 to 06/30/2012) that had been written-off to the allowance for loan losses account were recovered; the amounts related to the lease portfolio are R\$ 269,880 (R\$ 420,680 from 01/01 a 06/30/2012).

II - The total amount of Renegotiated Loans, of R\$ 18,307,369 (R\$ 17,598,778 at June 30, 2012), includes operations arising from current operations or operations overdue for less than 30 days, an effect of changes in the original contractual terms, in the amount of R\$ 5,136,692 (R\$ 4,272,918 at June 30, 2012).

Accordingly, Renegotiated loan operations totaled R\$ 13,170,677 (R\$ 13,325,860 at June 30, 2012), the related allowance for loan losses totaled R\$ 6,654,685 (R\$ 6,310,013 at June 30, 2012).

Note 9 - Foreign exchange portfolio

| | 06/30/2013 | 06/30/2012 |
|--|-------------------|-------------------|
| Assets - other receivables | 61,307,496 | 23,690,192 |
| Exchange purchase pending settlement - foreign currency | 29,899,982 | 12,987,495 |
| Exchange sale rights - local currency | 31,615,635 | 11,017,861 |
| (Advances received) – local currency | (208,121) | (315,164) |
| Liabilities - other liabilities (Note 2a) | 61,493,067 | 24,028,469 |
| Exchange sales pending settlement - foreign currency | 31,361,615 | 10,948,108 |
| Liabilities from purchase of foreign currency - local currency | 30,125,296 | 13,076,385 |
| Other | 6,156 | 3,976 |
| Memorandum accounts | 285,624 | 304,150 |
| Outstanding import credits - foreign currency | 272,225 | 300,849 |
| Confirmed export credits - foreign currency | 13,399 | 3,301 |

Note 10 - Funding and borrowings and onlending

a) Summary

| | 06/30/2013 | | | 06/30/2012 |
|--|--------------------|--------------------|--------------------|--------------------|
| | Up to 365 days | Over 365 days | Total | Total |
| Deposits | 151,077,911 | 103,734,732 | 254,812,643 | 234,591,892 |
| Deposits received under securities repurchase agreements | 159,720,008 | 98,715,037 | 258,435,045 | 179,065,438 |
| Funds from acceptances and issuance of securities | 22,411,006 | 55,381,921 | 77,792,927 | 73,708,220 |
| Borrowings and onlending | 11,443,179 | 14,288,468 | 25,731,647 | 24,893,773 |
| Subordinated debt ^(*) | 3,841,726 | 33,209,862 | 37,051,588 | 34,284,988 |
| Total | 348,493,830 | 305,330,020 | 653,823,850 | 546,544,311 |
| Total - 06/30/2012 | 283,048,274 | 263,496,037 | 546,544,311 | |

() Includes R\$ 874,788 (R\$ 798,525 at June 30, 2012) of Redeemable Preferred Shares classified under Minority Interest in Balance Sheet.*

b) Funds from acceptance and issuance of securities

| | 06/30/2013 | | | 06/30/2012 |
|--|-------------------|-------------------|-------------------|-------------------|
| | Up to 365 days | Over 365 days | Total | Total |
| Funds from bills: | 15,304,086 | 11,738,120 | 27,042,206 | 34,626,903 |
| Bill of real estate loans | 7,464,671 | 1,717,723 | 9,182,394 | 16,938,742 |
| Bill of credit related to agribusiness | 32,729 | - | 32,729 | 26,553 |
| Financial bills | 7,806,686 | 10,020,397 | 17,827,083 | 17,661,608 |
| Debentures | 526,754 | 36,944,154 | 37,470,908 | 30,087,407 |
| Foreign borrowings and securities | 6,580,166 | 6,699,647 | 13,279,813 | 8,993,910 |
| Non-Trade Related - Issued abroad | 6,580,166 | 6,699,647 | 13,279,813 | 8,993,910 |
| Brazil Risk Note Programme | 4,609,027 | 1,456,277 | 6,065,304 | 3,787,428 |
| Fixed Rate Notes | 524,249 | 1,864,032 | 2,388,281 | 892,462 |
| Structure Note Issued | 1,253,811 | 3,233,904 | 4,487,715 | 3,956,070 |
| Eurobonds | 9,625 | 11,458 | 21,083 | 314,464 |
| Other | 183,454 | 133,976 | 317,430 | 43,486 |
| Total | 22,411,006 | 55,381,921 | 77,792,927 | 73,708,220 |
| Total - 06/30/2012 | 25,181,198 | 48,527,022 | 73,708,220 | |

c) Borrowings and onlending

| | 06/30/2013 | | | 06/30/2012 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Up to 365 days | Over 365 days | Total | Total |
| Borrowings | 4,121,246 | 1,116,227 | 5,237,473 | 6,184,140 |
| Domestic | 270,915 | 201,762 | 472,677 | 337,478 |
| Foreign ^(*) | 3,850,331 | 914,465 | 4,764,796 | 5,846,662 |
| Onlending | 7,321,933 | 13,172,241 | 20,494,174 | 18,709,633 |
| Domestic – official institutions | 6,852,800 | 13,007,379 | 19,860,179 | 18,111,770 |
| BNDES | 1,430,482 | 2,886,938 | 4,317,420 | 3,927,238 |
| FINAME | 5,336,509 | 10,030,887 | 15,367,396 | 14,005,450 |
| Other | 85,809 | 89,554 | 175,363 | 179,082 |
| Foreign | 469,133 | 164,862 | 633,995 | 597,863 |
| Total | 11,443,179 | 14,288,468 | 25,731,647 | 24,893,773 |
| Total - 06/30/2012 | 11,121,712 | 13,772,061 | 24,893,773 | |

(*) Foreign borrowings are basically represented by foreign exchange transactions related to export pre-financing and import financing.

d) Subordinated debt

| | 06/30/2013 | | | 06/30/2012 |
|-----------------------------------|------------------|-------------------|-------------------|-------------------|
| | Up to 365 days | Over 365 days | Total | Total |
| CDB | 3,466,504 | 8,098,717 | 11,565,221 | 15,870,554 |
| Financial bills | 371,324 | 24,240,255 | 24,611,579 | 17,474,250 |
| Bonds | - | - | - | 141,659 |
| Total other liabilities | 3,837,828 | 32,338,972 | 36,176,800 | 33,486,463 |
| Redeemable preferred shares | 3,898 | 870,890 | 874,788 | 798,525 |
| Grand total ^(*) | 3,841,726 | 33,209,862 | 37,051,588 | 34,284,988 |
| Total - 06/30/2012 | 5,206,448 | 29,078,540 | 34,284,988 | |

(*) The amount of R\$ 36,098,753 (R\$ 29,766,195 at 06/30/2012) is included in the Referential Equity, using the proportionalities set forth in CMN Resolution No. 3,444 of February 28, 2007 and changes made by CMN Resolution No. 3,532 of January 31, 2008.

Description

| Name of security / Currency | Principal Amount (Original Currency) | Issue | Maturity | Return p.a. | Account balance |
|-------------------------------------|---|-------|----------|-----------------------------------|--------------------|
| Subordinated CDB - BRL | | | | | |
| | 40,000 | 2003 | 2013 | 102% of CDI | 125,155 |
| | 1,864,500 | 2007 | 2014 | 100% of CDI + 0.35% to 0.6% | 3,449,925 |
| | 33,200 | | | IGPM + 7.22% | 71,264 |
| | 1,000,000 | 2008 | 2014 | 112% of CDI | 1,614,411 |
| | 400,000 | 2008 | 2015 | 119.8% of CDI | 684,047 |
| | 50,000 | 2010 | 2015 | 113% of CDI | 71,249 |
| | 465,835 | 2006 | 2016 | 100% of CDI + 0.7% ^(*) | 926,076 |
| | 2,719,268 | 2010 | 2016 | 110% to 114% of CDI | 3,873,757 |
| | 122,500 | | | IPCA + 7.21% | 187,061 |
| | 366,830 | 2010 | 2017 | IPCA + 7.33% | 562,276 |
| | | | | Total | 11,565,221 |
| Subordinated financial bills | | | | | |
| | 365,000 | 2010 | 2016 | 100% of CDI + 1.35% to 1.36% | 376,071 |
| | 1,874,000 | | | 112% to 112.5% of CDI | 1,925,145 |
| | 30,000 | | | IPCA + 7% | 41,655 |
| | 206,000 | 2010 | 2017 | IPCA + 6.95% to 7.2% | 262,205 |
| | 3,223,500 | 2011 | 2017 | 108% to 112% of CDI | 3,323,501 |
| | 352,400 | | | IPCA + 6.15% to 7.8% | 426,929 |
| | 138,000 | | | IGPM + 6.55% to 7.6% | 171,280 |
| | 3,650,000 | | | 100% of CDI + 1.29% to 1.52% | 3,721,966 |
| | 500,000 | 2012 | 2017 | 100% of CDI + 1.12% | 503,701 |
| | 42,000 | 2011 | 2018 | IGPM + 7% | 49,025 |
| | 30,000 | | | IPCA + 7.53% to 7.7% | 34,678 |
| | 460,645 | 2012 | 2018 | IPCA + 4.40% to 6.58% | 526,605 |
| | 3,782,100 | | | 100% of CDI + 1.01% to 1.32% | 3,844,290 |
| | 6,373,127 | | | 108% to 113% of CDI | 6,562,002 |
| | 112,000 | | | 9.95 to 11.95% | 123,387 |
| | 2,000 | 2011 | 2019 | 109% to 109.7% to CDI | 2,314 |
| | 12,000 | 2012 | 2019 | 11.96% | 13,955 |
| | 100,500 | | | IPCA + 4.70% to 6.30% | 112,617 |
| | 1,000 | | | 110% of CDI | 1,133 |
| | 20,000 | 2012 | 2020 | IPCA + 6.00% to 6.17% | 23,433 |
| | 1,000 | | | 111% of CDI | 1,135 |
| | 6,000 | 2011 | 2021 | 109.25% to 110.50% of CDI | 7,104 |
| | 2,306,500 | 2012 | 2022 | IPCA + 5.15% to 5.83% | 2,536,141 |
| | 20,000 | | | IGPM + 4.63% | 21,307 |
| | | | | Total | 24,611,579 |
| Preferred shares - USD | | | | | |
| | 393,072 | 2002 | 2015 | 3.04% | 874,788 |
| Total | | | | | 37,051,588 |

(*) Subordinated CDBs may be redeemed from November 2011.

Note 11 - Insurance, pension plan and capitalization operations

a) Composition of the technical provisions

| | Insurance | | Pension plan | | Total | |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 |
| Unearned premiums | 4,946,820 | 4,472,452 | 8,153 | 4,763 | 4,954,974 | 4,477,214 |
| Mathematical provision for benefits to be granted and benefits granted | 17,075 | 17,114 | 83,776,425 | 69,989,112 | 83,793,500 | 70,006,226 |
| Redemptions and Other Unsettled Amounts | 18,026 | 14,588 | 56,612 | 55,544 | 74,638 | 70,132 |
| Financial surplus | 1,396 | 1,532 | 495,039 | 494,744 | 496,435 | 496,276 |
| Unsettled claims | 2,912,238 | 2,468,991 | 71,915 | 78,045 | 2,984,153 | 2,547,035 |
| Claims / events Incurred But Not Reported - IBNR | 768,201 | 764,202 | 12,188 | 11,031 | 780,389 | 775,233 |
| Administrative and Related Expenses | 168,616 | 110,166 | 41,011 | 47,390 | 209,628 | 157,556 |
| Other provisions | 250,901 | 259,568 | 767,011 | 716,376 | 1,017,911 | 975,944 |
| Total (*) | 9,083,273 | 8,108,612 | 85,228,354 | 71,397,005 | 94,311,627 | 79,505,617 |

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

b) Assets Guaranteeing Technical Provisions - SUSEP

| | INSURANCE | | PENSION PLAN | | CAPITALIZATION | | TOTAL | |
|---|------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 |
| Interbank investments – Money market | 842,997 | 784,771 | 1,003,677 | 746,622 | 1,133,282 | 1,113,943 | 2,979,956 | 2,645,336 |
| Securities and derivative financial instruments | 3,421,025 | 3,198,612 | 84,567,136 | 70,956,863 | 1,923,787 | 1,798,309 | 89,911,948 | 75,953,784 |
| PGBL/VGBL Fund quotas ⁽¹⁾ | - | - | 79,141,414 | 65,605,935 | - | - | 79,141,414 | 65,605,935 |
| Government securities – domestic | - | - | 54,403,173 | 43,373,267 | - | - | 54,403,173 | 43,373,267 |
| National Treasury Bills | - | - | 12,758,888 | 21,179,034 | - | - | 12,758,888 | 21,179,034 |
| National Treasury Notes | - | - | 39,961,380 | 19,739,577 | - | - | 39,961,380 | 19,739,577 |
| Financial Treasury Bills | - | - | 1,682,905 | 2,454,656 | - | - | 1,682,905 | 2,454,656 |
| Corporate securities | - | - | 24,390,164 | 21,784,524 | - | - | 24,390,164 | 21,784,524 |
| Bank Deposit Certificates | - | - | 3,025,047 | 5,486,779 | - | - | 3,025,047 | 5,486,779 |
| Debentures | - | - | 3,717,472 | 3,032,645 | - | - | 3,717,472 | 3,032,645 |
| Shares | - | - | 1,193,949 | 1,186,008 | - | - | 1,193,949 | 1,186,008 |
| Credit note | - | - | 168,517 | 863,129 | - | - | 168,517 | 863,129 |
| Financial bills | - | - | 16,282,044 | 11,213,927 | - | - | 16,282,044 | 11,213,927 |
| Securitized real estate loans | - | - | 3,135 | 2,036 | - | - | 3,135 | 2,036 |
| PGBL/VGBL fund quotas | - | - | 281,083 | 175,655 | - | - | 281,083 | 175,655 |
| Derivative financial instruments | - | - | 47,604 | 29,196 | - | - | 47,604 | 29,196 |
| Accounts receivable / (payable) | - | - | 19,391 | 243,293 | - | - | 19,391 | 243,293 |
| Other assets | 3,421,025 | 3,198,612 | 5,425,722 | 5,350,928 | 1,923,787 | 1,798,309 | 10,770,534 | 10,347,849 |
| Government | 1,014,374 | 1,038,330 | 4,263,200 | 3,989,822 | 217,537 | 271,461 | 5,495,111 | 5,299,613 |
| Private | 2,406,651 | 2,160,282 | 1,162,522 | 1,361,106 | 1,706,250 | 1,526,848 | 5,275,423 | 5,048,236 |
| Receivables from insurance and reinsurance operations ⁽²⁾ | 5,075,786 | 4,418,628 | - | - | - | - | 5,075,786 | 4,418,628 |
| Credit rights | 1,034,549 | 1,050,063 | - | - | - | - | 1,034,549 | 1,050,063 |
| Extended guarantee | 1,286,217 | 1,285,935 | - | - | - | - | 1,286,217 | 1,285,935 |
| Reinsurance | 2,755,020 | 2,082,630 | - | - | - | - | 2,755,020 | 2,082,630 |
| Total | 9,339,808 | 8,402,011 | 85,570,813 | 71,703,485 | 3,057,069 | 2,912,252 | 97,967,690 | 83,017,748 |

(1) The PGBL and VGBL plans securities portfolios, the ownership and embedded risks of which are the customer's responsibility, are recorded as securities – trading securities, with a contra-entry to long-term liabilities in Pension Plan Technical Provisions account, as determined by SUSEP;

(2) Recorded under Other receivables and Other assets.

c) Results of operations

| | Insurance | | | | | | Pension plan | | | | | | Total | |
|---|---------------------|------------------|------------------|---------------------|-----------------|------------------|---------------------|----------------|----------------|---------------------|----------------|----------------|------------------|------------------|
| | 01/01 to 06/30/2013 | | | 01/01 to 06/30/2012 | | | 01/01 to 06/30/2013 | | | 01/01 to 06/30/2012 | | | 01/01 to | 01/01 to |
| | Direct | Reinsurance | Withheld | Direct | Reinsurance | Withheld | Direct | Reinsurance | Withheld | Direct | Reinsurance | Withheld | 06/30/2013 | 06/30/2012 |
| Financial income from insurance, pension plan and capitalization | 84,318 | - | 84,318 | 165,936 | - | 165,936 | 102,087 | - | 102,087 | 117,892 | - | 117,892 | 186,405 | 283,828 |
| Financial income | 119,470 | - | 119,470 | 184,604 | - | 184,604 | 536,466 | - | 536,466 | 2,989,262 | - | 2,989,262 | 655,936 | 3,173,866 |
| Financial expenses | (35,152) | - | (35,152) | (18,668) | - | (18,668) | (434,379) | - | (434,379) | (2,871,370) | - | (2,871,370) | (469,531) | (2,890,038) |
| Operating income from insurance, pension plan and capitalization | 1,698,538 | (313,467) | 1,385,071 | 1,194,781 | (29,433) | 1,165,348 | 109,280 | (2,597) | 106,683 | 40,732 | (3,820) | 36,912 | 1,491,754 | 1,202,260 |
| Premiums and contributions | 3,698,123 | (631,231) | 3,066,892 | 3,334,225 | (587,577) | 2,746,648 | 9,244,524 | (3,290) | 9,241,234 | 7,984,838 | (3,820) | 7,981,018 | 12,308,126 | 10,727,666 |
| Changes in technical provisions | (277,221) | 89,346 | (187,875) | (259,800) | 91,280 | (168,520) | (9,136,377) | - | (9,136,377) | (7,914,434) | - | (7,914,434) | (9,324,252) | (8,082,954) |
| Expenses for claims, benefits, redemptions and raffles | (1,178,343) | 196,390 | (981,953) | (1,360,028) | 469,364 | (890,664) | 4,382 | - | 4,382 | (25,733) | - | (25,733) | (977,571) | (916,397) |
| Selling expenses | (525,584) | 32,028 | (493,556) | (483,540) | (2,500) | (486,040) | (2,047) | - | (2,047) | (1,357) | - | (1,357) | (495,603) | (487,397) |
| Other operating revenues and expenses | (18,437) | - | (18,437) | (36,076) | - | (36,076) | (1,202) | 693 | (509) | (2,582) | - | (2,582) | (18,946) | (38,658) |
| Total financial income from insurance, pension plan and capitalization | 1,782,856 | (313,467) | 1,469,389 | 1,360,717 | (29,433) | 1,331,284 | 211,367 | (2,597) | 208,770 | 158,624 | (3,820) | 154,804 | 1,678,159 | 1,486,088 |

Note 12 – Contingent assets and liabilities and legal liabilities – tax and social security

In the ordinary course of its businesses, ITAÚ UNIBANCO and its subsidiaries are involved in 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 adequate in relation to the specific characteristics of civil, labor and tax lawsuits portfolios, as well as other risks.

- Civil lawsuits

Collective lawsuits (related to claims considered similar and which each individual amount is 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 legal body (Small Claims Court or Regular Court).

Individual lawsuits (related to claims with unusual characteristics or involving significant amounts): determined from time to time, based on the amount claimed and the likelihood of loss, which, in turn, is estimated according to the “de facto” and “de jure” characteristics related to such lawsuit. The amounts of losses which likelihood of loss is considered probable are accrued.

Contingencies usually arise from revision of contracts and compensation for property damage and pain and suffering; most of these lawsuits are filed in the Small Claims Court and therefore limited to 40 minimum monthly wages. The bank is also party to specific lawsuits over the charging of understated inflation adjustment to savings accounts in connection with economic plans.

The case law at the Federal Supreme Court is favorable to banks in relation to an economic phenomenon similar to savings, as in the case of adjustment to time deposits and contracts in general. Additionally, the Superior Court of Justice has recently decided that the term for filing public civil actions over understated inflation is five years. In view of such decision, some of the lawsuits may be dismissed because they were filed after a five-year period.

In the accounting books no amount is recognized in relation to Civil Lawsuits which likelihood of loss is considered possible, which total estimated risk is R\$ 1,801,866 (R\$ 1,622,600 at 06/30/2012); the main natures of these lawsuits are as follows:

- Labor claims

Collective lawsuits (related to claims considered similar and which each individual amount is not considered significant): The expected amount of loss is determined and accrued monthly according to the statistical share pricing model, plus the average cost of fees. These are adjusted to the amounts deposited as guarantee for their execution when realized.

Individual lawsuits (related to claims with unusual characteristics or involving significant amounts): determined from time to time, based on the amount claimed and the likelihood of loss, which, in turn, is estimated according to the “de facto” and “de jure” characteristics related to such lawsuit. The amounts of losses which likelihood of loss is considered probable are accrued.

Contingencies are related to lawsuits in which alleged labor rights based on labor legislation specific to the related profession, such as overtime, salary equalization, reinstatement, transfer allowance, pension plan supplement and other, are discussed.

There are no labor claims falling under the category of possible loss.

- Other risks

These are quantified and accrued mainly based on the evaluation of rural credit transactions with joint liability and FCVS (salary variations compensation fund) credits assigned to Banco Nacional.

The table below shows the changes in the respective provisions for contingent liabilities and the respective escrow deposits balances:

| | 01/01 to 06/30/2013 | | | | 01/01 to 06/30/2012 |
|--|---------------------|------------------|----------------|------------------|------------------------|
| | Civil | Labor | Other | Total | Total |
| Opening balance | 3,655,204 | 4,783,675 | 189,590 | 8,628,469 | 7,179,384 |
| Effect of change in consolidation criteria (Note 2b) | 13,105 | 14,043 | 9 | 27,157 | - |
| (-) Contingencies guaranteed by indemnity clauses (Note 4n I) | (118,173) | (948,237) | - | (1,066,410) | (1,066,548) |
| Subtotal | 3,550,136 | 3,849,481 | 189,599 | 7,589,216 | 6,112,836 |
| Monetary restatement/Charges | 112,991 | 102,668 | - | 215,659 | 133,271 |
| Changes in the period reflected in results (Notes 13f and 13i) | <u>798,186</u> | <u>705,249</u> | <u>16,912</u> | <u>1,520,347</u> | <u>1,425,436</u> |
| Increase (*) | 1,097,058 | 795,393 | 17,762 | 1,910,213 | 1,652,593 |
| Reversal | (298,872) | (90,144) | (850) | (389,866) | (227,157) |
| Payment | (782,637) | (610,339) | - | (1,392,976) | (1,130,942) |
| Subtotal | 3,678,676 | 4,047,059 | 206,511 | 7,932,246 | 6,540,601 |
| (+) Contingencies guaranteed by indemnity clauses (Note 4n I) | 147,726 | 844,600 | - | 992,326 | 1,032,933 |
| Closing balance (Note 13c) | 3,826,402 | 4,891,659 | 206,511 | 8,924,572 | 7,573,534 |
| Closing balance at 06/30/2012 (Note 13c) | 3,267,534 | 4,132,116 | 173,884 | 7,573,534 | |
| Escrow deposits at 06/30/2013 (Note 13a) | 2,076,251 | 2,318,201 | - | 4,394,452 | |
| Escrow deposits at 06/30/2012 (Note 13a) | 2,033,439 | 2,447,816 | - | 4,481,255 | |

(*) Civil provisions include the provision for economic plans amounting to R\$ 130,753 (R\$ 141,494 from January 1 to June 30, 2012) (Note 21k).

- Tax and social security lawsuits

Contingencies are equivalent to the principal amount of taxes involved in tax, administrative or judicial challenges, subject to tax assessment notices, plus interest and, when applicable, fines and charges. The amount is accrued when it involves a legal liability, regardless of the likelihood of loss, that is, a favorable outcome to the institution is dependent upon the recognition of the unconstitutionality of the applicable law in force. In other cases, the Bank recognizes a provision whenever the likelihood of loss is probable.

The table below shows the changes in the provisions and respective escrow deposits for tax and social security lawsuits balances:

| | 01/01 to 06/30/2013 | | | 01/01 to 06/30/2012 |
|--|---------------------|------------------|------------------|------------------------|
| | Legal obligations | Contingencies | Total | Total |
| Opening balance | 6,401,573 | 2,514,852 | 8,916,425 | 7,496,471 |
| Effect of change in consolidation criteria (Note 2b) | 7,870 | 780 | 8,650 | - |
| (-) Contingencies guaranteed by indemnity clauses | - | (56,578) | (56,578) | (53,263) |
| Subtotal | 6,409,443 | 2,459,054 | 8,868,497 | 7,443,208 |
| Monetary restatement/Charges | 137,452 | 46,151 | 183,603 | 391,302 |
| Changes in the period reflected in results | <u>95,263</u> | <u>39,806</u> | <u>135,069</u> | <u>115,853</u> |
| Increase | 289,450 | 48,560 | 338,010 | 244,173 |
| Reversal | (194,187) | (8,754) | (202,941) | (128,320) |
| Payment | (393,802) | (24,813) | (418,615) | (45,380) |
| Subtotal | 6,248,356 | 2,520,198 | 8,768,554 | 7,904,983 |
| (+) Contingencies guaranteed by indemnity clauses | - | 51,965 | 51,965 | 55,141 |
| Closing balance (Notes 13c and 14c) | 6,248,356 | 2,572,163 | 8,820,519 | 7,960,124 |
| Closing balance at 06/30/2012 (Notes 13c and 14c) | 5,883,200 | 2,076,924 | 7,960,124 | |

| Escrow deposits | 01/01 to 06/30/2013 | | | 01/01 to 06/30/2012 |
|---|---------------------|----------------|------------------|------------------------|
| | Legal obligation | Contingencies | Total | Total |
| Opening balance | 3,664,635 | 353,572 | 4,018,207 | 4,635,697 |
| Effect of change in consolidation criteria (Note 2b) | 8,211 | - | 8,211 | - |
| Appropriation of income | 89,974 | 13,724 | 103,698 | 195,118 |
| Changes in the period | <u>766,685</u> | <u>17,234</u> | <u>783,919</u> | <u>179,991</u> |
| Deposited | 1,367,530 | 29,479 | 1,397,009 | 209,073 |
| Withdrawals | (10,229) | - | (10,229) | (28,981) |
| Conversion into income | (590,616) | (12,245) | (602,861) | (101) |
| Closing balance | 4,529,505 | 384,530 | 4,914,035 | 5,010,806 |
| Relocated to assets pledged in guarantee of contingencies (Note 12d) | - | 1,063 | 1,063 | (864,108) |
| Closing balance after relocated (Note 13a) | 4,529,505 | 385,593 | 4,915,098 | 4,146,698 |
| Closing balance at 06/30/2012 (Note 13a) | 3,788,445 | 358,253 | 4,146,698 | |

The main discussions related to Legal Liabilities are described as follows:

- PIS and COFINS – Calculation basis – R\$ 1,962,795: we defend the levy of contributions on revenue, understood as the revenue from sales of assets and services. The escrow deposit balance totals R\$ 1,688,033.
- CSLL – Isonomy – R\$ 2,186,718: as the law increased the CSLL rate for financial and insurance companies to 15%, we discuss the lack of constitutional support for this measure and, due to the principle of isonomy, we defend the levy at the regular rate of 9%. The escrow deposit balance totals R\$ 789,169.
- IRPJ and CSLL – Taxation of profits earned abroad – R\$ 525,315: we discuss the calculation basis for levy of these taxes on profits earned abroad and the non-applicability of Regulatory Instruction SRF No. 213-02 in which it exceeds the suitability of the legal text. The escrow deposit balance totals R\$ 485,567.
- PIS – Principles of anteriority over 90 days and non-retroactivity - R\$ 329,707: we request the rejection of Constitutional Amendments No. 10/96 and 17/97 in view of the principle of anteriority and non-retroactivity, aiming at making payments based on Supplementary Law No. 07/70. The corresponding escrow deposit totals R\$ 70,559.

Off-balance sheet contingencies - The amounts related to Tax and Social Security Lawsuits considered to be as possible loss, which total estimated risk is R\$ 10,726,835, are the following:

- INSS – Non-compensatory amounts – R\$ 2,516,428: we defend the non-taxation of these amounts, mainly profit sharing, transportation vouchers and sole bonus.
- IRPJ, CSLL, PIS and COFINS – request for offset dismissed - R\$ 1,581,238: cases in which the liquidity and the offset credit certainty are discussed.
- IRPJ and CSLL - Interest on capital - R\$ 1,068,121: we defend the deductibility of interest on capital declared to stockholders based on the Brazilian long-term interest rate (TJLP) on the stockholders' equity for the year and for prior years.
- ISS – Banking Institutions – R\$ 477,209: these are banking operations, which revenue may not be interpreted as price per service rendered and/or arises from activities not listed under a Supplementary Law.
- IRPJ and CSLL - Losses and discounts on receipt of credits – R\$ 472,257: deductibility of effective losses as operating expense – credit assignment and renegotiation.
- IRPJ and CSLL – Goodwill – Deduction – R\$ 381,902: deductibility of goodwill on acquisition of investments with future expected profitability.
- IRPJ and CSLL – Profit made available abroad – R\$ 364,335: discussion of the calculation basis for levy of these taxes on profits earned abroad.
- INSS – Prevention Accident Factor (FAP) – R\$ 359,789: adequacy of Insurance Occupational Accident - SAT multiplier, in conformity with the number of Occupational Accident Notices.

c) Receivables - reimbursement of contingencies

The receivables balance arising from reimbursements of contingencies totals R\$ 725,998 (R\$ 731,272 at 06/30/2012) (Note 12a), basically represented by the guarantee in the Banco Banerj S.A. privatization process occurred in 1997, in which the State of Rio de Janeiro created a fund to guarantee the equity recomposition of civil, labor and tax contingencies.

d) Assets pledged as contingencies

Assets pledged in guarantee for contingencies are related to liability contingencies that are restricted or deposited are presented below:

| | 06/30/2013 | 06/30/2012 |
|--|-------------------|-------------------|
| Securities (basically Financial treasury bills – Note 6) | 1,297,216 | 1,373,202 |
| Deposits in guarantee (Note 12a) | 3,716,861 | 4,183,965 |

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 updated.

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 the specific year in which these lawsuits will be terminated have not been prepared nor disclosed.

According to the opinion of it's legal advisors, ITAÚ UNIBANCO HOLDING and its subsidiary companies are not involved in any other administrative proceedings or legal lawsuits that may significantly impact the results of its operations. The combined evaluation of all existing provisions for all contingent liabilities and legal liabilities, which are recognized through the adoption of statistical models for claims involving small amounts, and individual evaluation by internal and external legal advisors of other cases, showed that the accrued amounts are sufficient, as provided for CMN Resolution No. 3,823, of December 16, 2009, and BACEN Circular Letter No. 3,429, of February 11, 2010.

Note 13 – Breakdown of accounts

a) Other sundry receivables

| | 06/30/2013 | 06/30/2012 |
|--|-------------------|-------------------|
| Deferred tax assets (Note 14b I) | 35,645,431 | 28,166,212 |
| Social contribution for offset (Note 14b I) | 611,645 | 616,107 |
| Taxes and contributions for offset | 2,543,626 | 2,831,587 |
| Escrow deposits for legal liabilities and tax and social security contingencies (Note 12b and 12d) | 8,631,959 | 8,330,663 |
| Escrow deposits for legal liabilities – civil and labor (Note 12b) | 4,394,452 | 4,481,255 |
| Escrow deposits for foreign fund raising program | 1,452,084 | 668,915 |
| Receivables from reimbursement of contingent liabilities (Note 12c) | 725,998 | 731,272 |
| Sundry domestic debtors | 1,875,557 | 998,866 |
| Sundry foreign debtors | 73,262 | 59,732 |
| Retirement plan assets (Note 18) | 2,835,097 | 1,925,210 |
| Recoverable payments | 27,480 | 41,926 |
| Salary advances | 212,780 | 206,876 |
| Amounts receivable from related companies | 58,611 | 36,351 |
| Operations without credit granting characteristics | <u>98,505</u> | <u>91,181</u> |
| Securities and credits receivable | 274,597 | 289,873 |
| (Allowance for loan losses) | (176,092) | (198,692) |
| Other | 729,341 | 147,392 |
| Total | 59,915,828 | 49,333,545 |

b) Prepaid expenses

| | 06/30/2013 | 06/30/2012 |
|--|-------------------|-------------------|
| Commissions | 3,116,410 | 3,252,466 |
| Related to insurance and pension plan | 1,388,093 | 1,349,833 |
| Related to vehicle financing | 656,140 | 1,034,545 |
| Restricted to commissions/partnership agreements | 676,729 | 548,323 |
| Other | 395,448 | 319,765 |
| Credit Guarantee Fund ^(*) | 58,765 | 245,971 |
| Advertising | 444,785 | 428,075 |
| Other | 316,828 | 252,424 |
| Total | 3,936,788 | 4,178,936 |

^(*) Refers to spontaneous payment, equivalent to the prepayment of installments of the contribution to the Fundo Garantidor de Crédito (Brazilian deposit guarantee fund), according to BACEN Circular No. 3,416, of 10/24/2008.

c) Other sundry liabilities

| | 06/30/2013 | 06/30/2012 |
|---|-------------------|-------------------|
| Provisions for contingent liabilities (Note 12b) | 11,496,735 | 9,650,458 |
| Personnel provision | 1,222,950 | 1,189,967 |
| Provision for sundry payments | 1,814,023 | 1,923,993 |
| Liabilities for official agreements and rendering of payment services | 625,320 | 493,862 |
| Sundry creditors - local | 1,586,933 | 786,139 |
| Sundry creditors - foreign | 805,966 | 215,653 |
| Related to insurance operations | 1,221,562 | 1,102,347 |
| Provision to cover actuarial deficit (Note 18c) | 624,359 | 314,895 |
| Creditors of funds to be released | 1,312,128 | 1,020,437 |
| Funds from consortia participants | 30,539 | 82,996 |
| Minority interest of investment funds (*) | 10,047,837 | 9,758,026 |
| Expenses for lease interests (Note 4i) | 284,970 | 258,085 |
| Other | 109,067 | 75,123 |
| Total | 31,182,389 | 26,871,981 |

(*) Represents the participation of other shareholders of consolidated investment funds (Note 2b).

d) Banking service fees

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|--|--------------------------------|--------------------------------|
| Asset management | <u>1,652,816</u> | <u>1,409,346</u> |
| Funds management fees | 1,492,901 | 1,313,873 |
| Consortia management fees | 159,915 | 95,473 |
| Current account services | 340,110 | 309,979 |
| Credit cards | <u>3,559,339</u> | <u>3,113,761</u> |
| Relationship with stores | 3,513,127 | 2,964,497 |
| Credit card processing | 46,212 | 149,264 |
| Loan operations and guarantees provided | <u>482,190</u> | <u>478,787</u> |
| Loan operations | 362,307 | 348,713 |
| Guarantees provided | 119,883 | 130,074 |
| Receipt services | <u>648,386</u> | <u>648,497</u> |
| Collection fees | 534,523 | 516,003 |
| Collection services | 113,863 | 132,494 |
| Other | <u>479,442</u> | <u>449,306</u> |
| Custody services and management of portfolio | 120,526 | 107,845 |
| Economic and financial advisory | 5,845 | 4,349 |
| Foreign exchange services | 24,919 | 32,188 |
| Other services | 328,152 | 304,924 |
| Total | <u>7,162,283</u> | <u>6,409,676</u> |

e) Income from bank charges

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|---|--------------------------------|--------------------------------|
| Loan operations/Registration/Credit cards | 475,492 | 566,286 |
| Credit cards – annual fees and other services (*) | 1,054,305 | 892,715 |
| Deposit account | 63,389 | 72,712 |
| Transfer of funds | 73,855 | 67,205 |
| Income from securities brokerage (*) | 227,216 | 173,331 |
| Service package fees and other | 1,516,741 | 1,081,301 |
| Total | 3,410,998 | 2,853,550 |

(*) In compliance with BACEN Circular Letter nº 3,490.

f) Personnel expenses

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|---|--------------------------------|--------------------------------|
| Compensation | (2,621,452) | (2,690,644) |
| Charges | (971,948) | (948,378) |
| Welfare benefits | (903,518) | (614,822) |
| Training | (78,849) | (118,172) |
| Labor claims (Note 12b) | (705,249) | (524,437) |
| Total | (5,281,016) | (4,896,453) |
| Employees' profit sharing | (1,014,085) | (973,036) |
| Total with Employees' profit sharing | (6,295,101) | (5,869,489) |

g) Other administrative expenses

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|--|--------------------------------|--------------------------------|
| Data processing and telecommunications | (1,604,701) | (1,624,499) |
| Depreciation and amortization | (879,787) | (778,756) |
| Installations | (1,028,474) | (1,087,756) |
| Third-party services | (1,511,378) | (1,519,061) |
| Financial system services | (198,346) | (189,980) |
| Advertising, promotions and publications | (446,662) | (428,845) |
| Transportation | (213,661) | (245,179) |
| Materials | (162,654) | (212,013) |
| Security | (259,960) | (255,321) |
| Travel | (77,373) | (79,840) |
| Other | (280,256) | (252,701) |
| Total | (6,663,252) | (6,673,951) |

h) Other operating revenues

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|----------------------------------|------------------------|------------------------|
| Reversal of operating provisions | 26,619 | 15,323 |
| Recovery of charges and expenses | 15,003 | 27,760 |
| Other | 64,313 | 78,358 |
| Total | 105,935 | 121,441 |

i) Other operating expenses

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|--|--------------------------------|--------------------------------|
| Provision for contingencies (Note 12b) | <u>(888,024)</u> | <u>(840,100)</u> |
| Civil lawsuits | (798,186) | (892,295) |
| Tax and social security | (72,926) | 60,899 |
| Other | (16,912) | (8,704) |
| Selling - credit cards | (894,149) | (749,926) |
| Claims | (210,909) | (314,673) |
| Recovery of interbank costs | (118,043) | (113,222) |
| Other | (433,204) | (486,119) |
| Total | <u>(2,544,329)</u> | <u>(2,504,040)</u> |

Note 14 - Taxes

a) Composition of expenses for taxes and contributions

I - Statement of calculation with Income Tax and Social Contribution:

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|--|------------------------|------------------------|
| Income before income tax and social contribution | 5,613,776 | 6,041,508 |
| Charges (Income tax and social contribution) at the rates in effect (Note 4o) | (2,245,510) | (2,416,603) |
| Increase/decrease to income tax and social contribution charges arising from: | | |
| Investments in affiliates | 92,118 | 114,031 |
| Foreign exchange variation on investments abroad | 482,618 | 300,198 |
| Corporate reorganizations | 313,926 | - |
| Dividends and interest on external debt bonds | 23,461 | 46,894 |
| Other nondeductible expenses net of non taxable income | 110,124 | 201,720 |
| Deferred tax asset recognized from prior periods ^(*) | - | 174,445 |
| Total income tax and social contribution | (1,223,263) | (1,579,315) |

(*) Recognition of the Deferred Tax Assets for increase in Social Contribution rate introduced by Law No. 11,727/08 (Note 14b IV).

II - Composition of tax expenses:

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|------------------------|------------------------|------------------------|
| PIS and COFINS | (1,417,440) | (1,473,193) |
| ISS | (346,001) | (281,827) |
| Other | (143,233) | (195,647) |
| Total (Note 4o) | (1,906,674) | (1,950,667) |

b) Deferred taxes

I - The deferred tax asset balance and its changes, segregated based on its origin and disbursements incurred, are represented as follows:

| | Deferred tax assets | | | | | |
|--|---------------------|---------------------------|---|------------------|-------------------|-------------------|
| | 12/31/2012 | Realization / Reversal | Effect of change in consolidation ⁽¹⁾ | Increase | 06/30/2013 | 06/30/2012 |
| Reflected in income | 29,277,333 | (5,426,137) | 221,259 | 7,579,181 | 31,651,637 | 27,927,104 |
| Related to income tax and social contribution loss carryforwards | 3,895,799 | (34,682) | 58,908 | 2,003,529 | 5,923,554 | 4,938,887 |
| Allowance for loan losses | 16,373,541 | (3,255,028) | 104,201 | 3,017,906 | 16,240,620 | 14,545,584 |
| Adjustment to market value of securities and derivative financial instruments (assets/liabilities) | 73,656 | (85,041) | - | 158,439 | 147,054 | 5,224 |
| Allowance for real estate | 62,060 | (5,690) | - | 111,080 | 167,450 | 65,553 |
| Legal Liabilities - tax and social security | 1,253,018 | (28,304) | - | 149,627 | 1,374,341 | 1,168,364 |
| Provision for contingent liabilities | <u>3,324,613</u> | <u>(642,889)</u> | <u>14,023</u> | <u>794,153</u> | <u>3,489,900</u> | <u>2,844,230</u> |
| Civil lawsuits | 1,390,991 | (210,879) | 5,329 | 261,777 | 1,447,218 | 1,231,457 |
| Labor claims | 1,192,602 | (420,491) | 4,410 | 504,091 | 1,280,612 | 1,014,838 |
| Tax and social security | 722,386 | (11,413) | 4,183 | 28,285 | 743,441 | 578,529 |
| Other | 18,634 | (106) | 101 | - | 18,629 | 19,406 |
| Goodwill on purchase of investments | 2,420,751 | (536,475) | 24,259 | 234,466 | 2,143,001 | 2,656,674 |
| Other non-deductible provisions | 1,873,896 | (838,028) | 19,868 | 1,109,981 | 2,165,717 | 1,702,588 |
| Reflected in stockholders' equity | 3,939,295 | (424,608) | - | 479,107 | 3,993,794 | 239,108 |
| Corporate reorganizations | 3,791,284 | (313,924) | - | - | 3,477,360 | - |
| Adjustment to market value of available-for-sale securities | 148,011 | (110,684) | - | 479,107 | 516,434 | 239,108 |
| Total (Note 14b III) | 33,216,628 | (5,850,745) | 221,259 | 8,058,288 | 35,645,431 | 28,166,212 |
| Social contribution for offset arising from Option provided for in article 8 of Provisional Measure No. 2,158-35 of 08/24/2001 (Note 14b III) | 612,632 | (987) | - | - | 611,645 | 616,107 |

⁽¹⁾ Effect of change in consolidation criteria (Note 2b)

II - Provision for Deferred Income Tax and Social Contribution balance and its changes are shown as follows:

| | 12/31/2012 | Realization / Reversal | Increase ⁽¹⁾ | 06/30/2013 | 06/30/2012 |
|---|------------------|---------------------------|-------------------------|------------------|------------------|
| Reflected in income | 7,076,631 | (1,638,875) | 1,439,719 | 6,877,474 | 7,910,375 |
| Depreciation in excess - leasing | 4,878,777 | (1,433,978) | 1,345,253 | 4,790,052 | 5,683,908 |
| Adjustments from operations in futures settlement market | 105,304 | (105,141) | - | 162 | 273,920 |
| Adjustment to market value of securities and derivative financial instruments | 52,271 | (27,149) | - | 25,122 | 168,344 |
| Restatement of escrow deposits and contingent liabilities | 960,382 | (53,005) | 90,133 | 997,510 | 953,138 |
| Income on sale of permanent asset items and rights | 915,252 | (535) | - | 914,717 | - |
| Other | 164,645 | (19,067) | 4,333 | 149,911 | 831,065 |
| Reflected in stockholders' equity | 886,123 | (796,870) | 5,026 | 94,279 | 540,832 |
| Adjustment to market value of available-for-sale securities (Note 4c) | 886,123 | (796,870) | - | 89,253 | 540,832 |
| Provision for Pension Plan Benefits ⁽²⁾ | - | - | 5,026 | 5,026 | - |
| Total | 7,962,754 | (2,435,745) | 1,444,745 | 6,971,753 | 8,451,207 |

(1) Effect of change in consolidation criteria (Note 2b) in the amount of R\$ 2,079, referring to restatement of escrow deposits and contingent liabilities.

(2) Reflected in stockholders' equity, pursuant to CVM Resolution nº 695/12 (Note 18).

III- The estimate of realization and present value of deferred tax assets and social contribution for offset, arising from Provisional Measure No. 2,158-35 of August 24, 2001 and from the Provision for Deferred Income Tax and Social Contribution existing at June 30, 2013, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are:

| Year of Achievement | Deferred tax assets | | | | Total | % | Social contribution for offset | % | Provision for deferred income tax and social contribution | % | Net deferred taxes | % |
|---------------------|-----------------------|-------------|---|-------------|-------------------|-------------|--------------------------------|-------------|---|-------------|--------------------|-------------|
| | Temporary differences | % | Tax loss/social contribution loss carryforwards | % | | | | | | | | |
| 2013 | 8,685,851 | 29% | 456,289 | 8% | 9,142,140 | 26% | 303 | 0% | (1,261,351) | 18% | 7,881,092 | 27% |
| 2014 | 5,097,583 | 17% | 1,318,531 | 22% | 6,416,114 | 18% | 174,624 | 29% | (1,877,397) | 27% | 4,713,341 | 16% |
| 2015 | 5,865,261 | 20% | 758,575 | 13% | 6,623,836 | 18% | 132,528 | 22% | (1,779,511) | 26% | 4,976,853 | 17% |
| 2016 | 3,401,653 | 11% | 1,401,286 | 24% | 4,802,939 | 13% | 302,750 | 49% | (930,169) | 13% | 4,175,520 | 14% |
| 2017 | 2,551,216 | 9% | 1,550,642 | 26% | 4,101,858 | 12% | 1,439 | 0% | (256,357) | 4% | 3,846,940 | 13% |
| Over 2017 | 4,120,313 | 14% | 438,231 | 7% | 4,558,544 | 13% | 1 | 0% | (866,968) | 12% | 3,691,577 | 13% |
| Total | 29,721,877 | 100% | 5,923,554 | 100% | 35,645,431 | 100% | 611,645 | 100% | (6,971,753) | 100% | 29,285,323 | 100% |
| Present value (*) | 26,597,780 | | 5,259,749 | | 31,857,529 | | 550,871 | | (6,195,933) | | 26,212,467 | |

(*) 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 for income tax and social contribution, due to differences existing between accounting criteria and tax legislation, besides corporate aspects. Accordingly, we recommend that the trend of the realization of deferred tax assets arising from temporary differences, income tax and social contribution loss carryforwards be not used as an indication of future net income.

IV - In view of the unconstitutionality lawsuit related to the increase in the social contribution rate, established by Articles 17 and 41 of Law No. 11,727 of June 24, 2008, filed on June 26, 2008 by the National Confederation of the Financial System (CONSIF), until 06/30/2012 deferred tax assets were recorded up to the amount added to the Tax Liabilities, while the amount of R\$ 687,854. At June 30, 2013 there are none deferred tax assets unrecorded.

c) Tax and social security contributions

The balance of taxes and social security contributions is composed as follows:

| | 06/30/2013 | 06/30/2012 |
|---|-------------------|-------------------|
| Taxes and contributions on income payable | 1,894,808 | 2,325,448 |
| Taxes and contributions payable | 900,208 | 826,681 |
| Provision for deferred income tax and social contribution (Note 13b II) | 6,971,753 | 8,451,207 |
| Legal Liabilities - tax and social security (Note 12b) | 6,248,356 | 5,883,200 |
| Total | 16,015,125 | 17,486,536 |

Note 15 - Permanent assets

a) Investments

I – Composition of investments

| | % Participation | 06/30/2013 | 06/30/2012 |
|---|-----------------|------------------|------------------|
| Investment in affiliates and jointly controlled entities | | 6,764,481 | 7,012,841 |
| Domestic | | 6,750,321 | 7,012,841 |
| Intrag Part Administração e Participações Ltda | 26.99% | 1,716,253 | 1,827,530 |
| Cia Itau de Capitalização | 47.50% | 1,577,429 | 1,621,194 |
| Porto Seguro Itaú Unibanco Participações S.A. ⁽¹⁾ | 42.93% | 1,303,550 | 1,213,400 |
| BSF Holding S.A. | 49.00% | 835,128 | 817,596 |
| Itauseg Saúde S.A. | 32.83% | 644,185 | 620,497 |
| Banestado Leasing S.A. Arrendamento Mercantil | 14.94% | 464,758 | 451,978 |
| Megbens Administração de Bens Ltda. | 17.83% | 93,812 | 88,459 |
| Lineinvest Participações Ltda. | 37.83% | 59,587 | 58,035 |
| Tecnologia Bancária S.A. ⁽¹⁾ | 24.81% | 52,722 | 42,123 |
| Serasa S.A. | | - | 271,951 |
| Other | | 2,897 | 78 |
| Foreign | | 14,160 | - |
| Itaú BBA Colombia S.A. Corporación Financeira | 3.00% | 11,121 | - |
| Rosefield Finance LTDA ⁽²⁾ | 50.00% | 3,015 | - |
| Other | | 24 | - |
| Other investments | | 768,243 | 846,179 |
| Investments through tax incentives | | 142,171 | 142,649 |
| Equity securities | | 12,845 | 11,782 |
| Shares and quotas | | 120,362 | 167,374 |
| Interest in Instituto de Resseguros do Brasil - IRB | | 227,170 | 227,170 |
| Other | | 265,695 | 297,204 |
| (Allowance for losses) | | (201,381) | (153,231) |
| Total | | 7,331,343 | 7,705,789 |

⁽¹⁾ For the purpose of accounting for participation in earnings, the position at 05/31/2013 was used, as provided in Circular Letter nº 1,963 of 05/23/1991, of BACEN.

⁽²⁾ Jointly controlled entities previously proportionately consolidated, became accounted for under the equity method as of 01/01/2013.

II – Equity in earnings of affiliates

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|---|------------------------|------------------------|
| Investment in affiliates – Domestic | 268,164 | 313,788 |
| Intrag Part Administração e Participações Ltda | 43,816 | 64,473 |
| Cia. Itaú de Capitalização | 53,063 | 78,376 |
| Porto Seguro Itaú Unibanco Participações S.A. | 92,097 | 75,612 |
| BSF Holding S.A. | 40,434 | 6,120 |
| Itauseg Saúde S.A. | 17,768 | 30,210 |
| Banestado Leasing S.A. Arrendamento Mercantil | 8,818 | 13,705 |
| Megbens Administração de Bens Ltda | 3,001 | 3,495 |
| Lineinvest Participações Ltda | 966 | 1,045 |
| Tecnologia Bancária S.A. | 4,570 | 4,588 |
| Serasa S.A. | - | 29,428 |
| Olímpia Promoção e Serviços S.A. | 1,060 | - |
| Other | 2,571 | 6,736 |
| Investment in affiliates – Foreign | (1,354) | (101,638) |
| Banco BPI, S.A (BPI) | - | (101,638) |
| Itaú BBA Colombia S.A. Corporación Financiera | (1,253) | - |
| Rosefield Finance Ltda | (109) | - |
| Other | 8 | - |
| Equity in earnings of subsidiaries, not arising from net income | (1,760) | (3,567) |
| Dividends received from Other investments | 14,273 | 55,175 |
| Total | 279,323 | 263,758 |

b) Fixed assets, goodwill and intangible assets

l) Fixed assets

| Real estate in use ⁽¹⁾ | Real Estate in Use ⁽²⁾⁽³⁾ | | Other Fixed Assets ⁽³⁾ | | | | | Total |
|-----------------------------------|--------------------------------------|--------------------|-----------------------------------|------------------|-------------------------|----------------------------|--|--------------------|
| | Land | Buildings | Improvements | Installations | Furniture and equipment | EDP Systems ⁽⁴⁾ | Other (communication, security and transportation) | |
| Annual depreciation rates | | 4% | 10% | 10 to 20% | 10 to 20% | 20 to 50% | 10 to 20% | |
| Cost | | | | | | | | |
| Balance at 12/31/2012 | 909,659 | 2,306,184 | 1,141,918 | 812,980 | 816,864 | 5,257,506 | 533,611 | 11,778,722 |
| Acquisitions | 77 | 238,954 | 60,675 | 72,277 | 28,361 | 568,164 | 31,881 | 1,000,389 |
| Disposals | (4,466) | (1,728) | (45,881) | (5,082) | (4,458) | (206,298) | (1,010) | (268,923) |
| Exchange variation | 202 | 207 | 4,271 | (2) | (1,913) | 1,519 | 627 | 4,911 |
| Other ⁽⁵⁾ | (130) | (725) | 10,297 | (8,056) | (9,989) | 13,960 | (2,343) | 3,014 |
| Balance at 06/30/2013 | 905,342 | 2,542,892 | 1,171,280 | 872,117 | 828,865 | 5,634,851 | 562,766 | 12,518,113 |
| Depreciation | | | | | | | | |
| Balance at 12/31/2012 | - | (1,554,679) | (556,369) | (333,336) | (349,062) | (3,526,017) | (321,959) | (6,641,422) |
| Depreciation expenses | - | (35,979) | (122,876) | (35,875) | (35,956) | (461,556) | (27,380) | (719,622) |
| Disposals | - | 1,384 | 45,881 | 3,383 | 1,990 | 192,411 | 697 | 245,746 |
| Exchange variation | - | (287) | (3,645) | 1,650 | 3,844 | (4,885) | (176) | (3,499) |
| Other ⁽⁵⁾ | - | 978 | 180 | (28) | 3,468 | (5,427) | 2,181 | 1,352 |
| Balance at 06/30/2013 | - | (1,588,583) | (636,829) | (364,206) | (375,716) | (3,805,474) | (346,637) | (7,117,445) |
| Impairment | | | | | | | | |
| Balance at 12/31/2012 | - | - | - | - | (8,933) | - | - | (8,933) |
| Additions/ assumptions | - | - | - | - | - | - | - | - |
| Reversals | - | - | - | - | - | - | - | - |
| Balance at 06/30/2013 | - | - | - | - | (8,933) | - | - | (8,933) |
| Book value | | | | | | | | |
| Balance at 06/30/2013 | 905,342 | 954,309 | 534,451 | 507,911 | 444,216 | 1,829,377 | 216,129 | 5,391,735 |
| Balance at 06/30/2012 | 922,375 | 648,935 | 604,252 | 430,173 | 455,161 | 1,616,490 | 199,123 | 4,876,509 |

(1) There are no contractual commitments for purchase of new fixed assets.

(2) Includes amounts pledged in guarantee of voluntary deposits (Nota 12b).

(3) Includes the amount of R\$ 3,615 related to attached real estate; fixed assets under construction in the amount of R\$ 517,342, consisting of R\$ 462,069 in real estate in use; R\$ 8,910 in improvements, and R\$ 46,363 in equipment.

(4) Includes lease contracts, mainly related to data processing equipment, which are accounted for as finance leases. Pursuant to this method, assets and liabilities are accounted for in the financial statements, and assets are depreciated consistently with the depreciation criteria usually adopted for own assets. These contracts amount to R\$ 251,967 at 06/30/2013.

(5) Basically includes the effect of change in consolidation criteria (Note 2b) in the amount of R\$ 8,254.

II) Goodwill

| | | Changes | | | |
|-----------------------------------|----------------------------------|---------------------|---|----------------------------------|----------------------------------|
| | Balance at 12/31/2012 | Acquisitions | Depreciation and amortization expenses | Balance at 06/30/2013 | Balance at 06/30/2012 |
| Goodwill (Notes 2b and 4j) | 46,364 | 1,850 | (2,154) | 46,060 | 35,050 |

III) Intangible assets

| Intangible ⁽¹⁾ | Rights for acquisition of payroll ⁽²⁾ | Other intangible assets | | | | | Total |
|--------------------------------------|--|--|-------------------------|-------------------------|-----------------------------------|-------------------------|--------------------|
| | | Association for the promotion and offer of financial products and services | Acquisition of software | Development of software | Goodwill on Acquisition (Note 4k) | Other Intangible Assets | |
| Annual amortization rates | Up to 9 | Up to 5 | 20% | 20% | Up to 6 | 10 to 20% | |
| Cost | | | | | | | |
| Balance at 12/31/2012 | 1,497,306 | 1,313,790 | 1,320,237 | 1,520,636 | 24,699 | 314,255 | 5,990,923 |
| Acquisitions | 81,132 | 17,495 | 105,158 | 308,319 | - | - | 512,104 |
| Disposals | (285,493) | - | (80,612) | - | - | (1,301) | (367,406) |
| Exchange variation | - | 2,423 | (11,005) | - | - | 22,338 | 13,756 |
| Other ⁽³⁾ | - | 110,042 | 2,910 | - | (3,087) | 5 | 109,870 |
| Balance at 06/30/2013 | 1,292,945 | 1,443,750 | 1,336,688 | 1,828,955 | 21,612 | 335,297 | 6,259,247 |
| Amortization | | | | | | | |
| Balance at 12/31/2012 | (780,926) | (175,986) | (608,954) | (10,792) | (9,211) | (184,327) | (1,770,196) |
| Amortization expenses ⁽⁴⁾ | (146,836) | (66,614) | (128,017) | (15,896) | (2,161) | (14,490) | (374,014) |
| Disposals | 284,655 | - | 80,612 | - | - | 1,301 | 366,568 |
| Exchange variation | - | (617) | 13,549 | - | - | (13,077) | (145) |
| Other ⁽³⁾ | (187) | (9,810) | 1 | - | 3,087 | (4) | (6,913) |
| Balance at 06/30/2013 | (643,294) | (253,027) | (642,809) | (26,688) | (8,285) | (210,597) | (1,784,700) |
| Impairment ⁽⁵⁾ | | | | | | | |
| Balance at 12/31/2012 | (18,251) | (3,402) | - | - | - | - | (21,653) |
| Additions/assumptions | - | (1,792) | - | - | - | - | (1,792) |
| Reversals | - | - | - | - | - | - | - |
| Balance at 06/30/2013 | (18,251) | (5,194) | - | - | - | - | (23,445) |
| Book value | | | | | | | |
| Balance at 06/30/2013 | 631,400 | 1,185,529 | 693,879 | 1,802,267 | 13,327 | 124,700 | 4,451,102 |
| Balance at 06/30/2012 | 710,901 | 1,223,011 | 656,664 | 1,080,861 | 17,649 | 140,618 | 3,829,704 |

(1) There are no contractual commitments for purchase of new intangible assets.

(2) Represents the recording of amounts paid for acquisition of rights to provide services of payment of salaries, proceeds, retirement and pension benefits, and similar benefits.

(3) Basically includes the effect of change in consolidation criteria (Note 2b) in the amount of R\$ 99,719.

(4) Amortization expenses of the rights for acquisition of payrolls and associations are disclosed in the expenses on financial operations.

(5) Pursuant to BACEN Resolution No. 3,566, of May 29, 2001 (Note 13i).

Note 16 – Stockholders' equity

- a) **Capital** – It comprises 4,095,427,813 book-entry shares with no par value, of which 2,081,169,523 are common and 2,014,258,290 are preferred shares without voting rights, but with tag-along rights, in the event of a public offer of common shares, at a price equal to 80% of the amount paid per share with voting rights in the controlling stake, as well as a dividend at least equal to that of the common shares.
- b) **Dividends** - Stockholders are entitled to a mandatory dividend of not less than 25% of annual net income, as adjusted according to the rules set forth in Brazilian Corporate Law.

At the Executive Meeting held on 01/31/2013, the payment of extraordinary dividends was approved, in the amount of R\$ 2,891,435, corresponding to R\$ 0.7060 (R\$ 3,700,000 – R\$ 0.9034 per share at 03/30/2012).

During the period, dividends were paid or provided for as follows:

| | 06/30/2013 | 06/30/2012 |
|---|----------------|----------------|
| Paid | | |
| 5 monthly installments of R\$ 0.012 per share paid from February to June 2013 | 245,726 | 245,726 |
| Provided for (*) | | |
| 1 monthly installment of R\$ 0.012 per share to be paid in July 2013 | 49,145 | 49,145 |
| Total | 294,871 | 294,871 |

(*) Recorded in Other Liabilities – Social and Statutory.

c) Reserves

| | 06/30/2013 | 06/30/2012 |
|---|------------------|------------------|
| Capital reserves | 705,711 | 708,813 |
| Special Reserve (Article 2 – Law No. 8,200/91) | 112,556 | 112,556 |
| Premium on subscription of shares | 2,655 | 2,655 |
| Capital recomposition | 565,063 | 565,063 |
| Granted options recognized | 388 | 3,480 |
| Reserves from tax incentives and restatement of equity securities and other | 25,049 | 25,059 |
| Revaluation reserves | 6,859 | 7,201 |
| Revenue reserves | 2,629,796 | 2,221,372 |
| Legal | 1,084,733 | 848,270 |
| Special (*) | 1,545,063 | 1,373,102 |

(*) Recorded to establish funds for exercising the preemptive right to subscription of capital increases in subsidiary and affiliated companies, future incorporation of these funds into capital and the payment of interim dividends, as provided for in the by-laws.

d) Reconciliation of net income and stockholders' equity

| | Net income | | Stockholders' equity | |
|--|------------------------|------------------------|----------------------|-------------------|
| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 | 06/30/2013 | 06/30/2012 |
| ITAÚ UNIBANCO | 1,655,586 | 1,421,847 | 42,276,023 | 42,995,597 |
| Amortization of goodwill (Note 2b) | 1,120,289 | 802,704 | (1,656,306) | (3,040,751) |
| Corporate reorganizations | 923,306 | - | (6,750,169) | - |
| Unrealized income and other ^(*) | (5,953) | 877 | (30,323) | (4,774) |
| ITAÚ UNIBANCO CONSOLIDATED | 3,693,228 | 2,225,428 | 33,839,225 | 39,950,072 |

(*) Capital gains from subsidiaries.

e) Minority interest in subsidiaries

| | Stockholders' equity | | Net income | |
|--|----------------------|------------------|------------------------|------------------------|
| | 06/30/2013 | 06/30/2012 | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
| Itauseg Participações S.A. | 1,400,389 | 1,397,434 | (77,040) | (74,324) |
| Itaú Corretora de Valores S.A. ⁽¹⁾ | 1,027,631 | 918,167 | (148,312) | (224,964) |
| Itaú Bank, Ltd. ⁽²⁾ | 874,788 | 798,525 | - | - |
| Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento (Note 2b) | 321,811 | - | (15,163) | - |
| Banco Itaú BMG Consignado S.A. (Note 2b) | 293,039 | - | 10,138 | - |
| Unibanco Empreendimentos Ltda. | 280,228 | 268,350 | (5,775) | (7,437) |
| Luizacred S.A. Soc. Cred. Financiamento Investimento (Note 2b) | 194,923 | - | (29,255) | - |
| Itaú Gestão de Ativos S.A. | 133,355 | 143,487 | (2,198) | (2,198) |
| Investimentos Bemge S.A. | 20,207 | 19,296 | (452) | (558) |
| Banco Investcred Unibanco S.A. (Note 2b) | 18,883 | - | (311) | - |
| Biogeração de Energia S.A. | 13,496 | 9,993 | (4,196) | (2,462) |
| Redecard S.A. (Note 2c) | 83 | 802,567 | 1 | (381,315) |
| Biu Participações S.A. (Note 2b) | - | 113,125 | - | (9,466) |
| Unibanco Participações Societárias S.A. | - | 2,706 | - | (101) |
| Banco Itaucard S.A. | (914,741) | (283,740) | (345,929) | (1,474,338) |
| Other | 20,669 | 18,261 | (4,645) | (2,753) |
| Total | 3,684,761 | 4,208,171 | (623,137) | (2,179,916) |

(1) Minority interests are represented substantially by preferred shares. The preferred shares entitle their stockholders to a differentiated distribution of profits and dividends.

(2) Represented by redeemable preferred shares issued on December 31, 2002 by Itaú Bank Ltd., in the amount of US\$ 393,072 thousand, with maturity on March 31, 2015 and semiannual dividends calculated based on LIBOR plus 1.25% p.a.

Note 17 – Related parties

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 were eliminated from the consolidated financial statements and take into consideration the lack of risk.

The unconsolidated related parties are the following:

- The non-financial subsidiaries of ITAÚSA, especially Itautec S.A., Duratex S.A., Elekeiroz S.A. and Itaúsa Empreendimentos S.A.;
- Banco Itaú BBA S.A. and the subsidiaries in Chile and Uruguay;
- Fundação Itaúbanco, FUNBEP – Fundo de Pensão Multipatrocinado, Fundação Bemgeprev, UBB – 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 and / or its subsidiaries, as described in Note 18a;
- Fundação Itaú Social, Instituto Itaú Cultural, Instituto Unibanco, Instituto Assistencial Pedro Di Perna, Instituto Unibanco de Cinema and Associação Clube “A”, entities sponsored by ITAÚ UNIBANCO to act in their respective areas of interest, as described in Notes 21d to 21i; and
- Investments in Porto Seguro Itaú Unibanco Participações S.A., SERASA S.A. and BSF Holding S.A., Tecnologia Bancária S.A., MCC Securities Inc. and MCC Corretora de Bolsa S.A..

The transactions with these related parties are basically characterized by:

| | Assets / (Liabilities) | | Revenue / (Expenses) | |
|--|------------------------|---------------------|------------------------|------------------------|
| | 06/30/2013 | 06/30/2012 | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
| Interbank investments | 87,650,043 | 56,706,996 | 2,868,861 | 2,391,072 |
| Banco Itaú BBA S.A. | 84,744,977 | 49,829,149 | 2,843,942 | 2,114,832 |
| Itaú Unibanco Holding S.A. | 101,930 | 5,056,765 | 1,930 | 224,322 |
| Banco Itaú BBA S.A. - Nassau Branch | 2,557,860 | 784,548 | 18,478 | 8,792 |
| Other | 245,276 | 1,036,534 | 4,511 | 43,126 |
| Securities and derivative financial instruments | 886,014 | 2,781,436 | 2,933,945 | 3,518,685 |
| Banco Itaú BBA S.A. | 663,292 | 1,259,739 | 2,397,048 | 2,924,579 |
| Banco Itaú BBA S.A. - Nassau Branch | 111,316 | 951,014 | 414,219 | 337,704 |
| Banco Itaú Chile | 63,765 | 59,615 | 33,806 | 18,909 |
| Other | 47,641 | 511,068 | 88,872 | 237,493 |
| Foreign exchange portfolio – asset position | 24,828,096 | 8,958,316 | 179,632 | 49,285 |
| Banco Itaú BBA S.A. | 3,243,007 | 5,801,501 | 139,374 | 33,326 |
| Banco Itaú BBA S.A. - Nassau Branch | 21,550,278 | 3,122,568 | 40,197 | 15,330 |
| Other | 34,811 | 34,247 | 61 | 629 |
| Negotiation and intermediation of securities - asset position | 202,553 | 108,515 | - | - |
| Banco Itaú BBA S.A. | 77,298 | 47,943 | - | - |
| Banco Itaú BBA S.A. - Nassau Branch | 119,428 | 56,464 | - | - |
| Other | 5,827 | 4,108 | - | - |
| Deposits | (61,945,780) | (56,911,586) | (1,619,863) | (1,763,105) |
| Itaú Unibanco Holding S.A. | (32,865,940) | (32,890,400) | (1,118,206) | (1,320,745) |
| Banco Itaú BBA S.A. - Nassau Branch | (10,666,664) | (11,584,021) | (13,804) | (73,169) |
| Banco Itaú Holding Cayman | (18,050,700) | (9,898,009) | (480,760) | (255,715) |
| Banestado Leasing S.A. - Arrendamento Mercantil (*) | - | (1,971,043) | - | (87,629) |
| Banco Itaú BBA S.A. | (184,117) | (567,861) | (6,758) | (23,457) |
| Other | (178,359) | (252) | (335) | (2,390) |
| Repurchase agreements | (9,563,863) | (12,923,651) | (284,259) | (331,347) |
| Banco Itaú BBA S.A. | (3,581,779) | (11,267,530) | (163,921) | (269,799) |
| Banestado Leasing S.A. - Arrendamento Mercantil (*) | (3,158,329) | (1,091,678) | (107,597) | (49,240) |
| Banco Itaú-BBA S.A. - Nassau Branch | (2,739,875) | (430,078) | (8,068) | (2,807) |
| Maxfácil Participações S.A. | - | (66,719) | - | (2,966) |
| Itaú Unibanco Holding S.A. | (58,625) | (16,554) | (4,025) | (4,125) |
| Banco Investcred Unibanco S.A. | - | (18,500) | - | (899) |
| Other | (25,255) | (32,592) | (648) | (1,511) |
| Borrowings and onlending | (858,663) | (1,362,593) | - | - |
| Banco Itaú BBA S.A. - Nassau Branch | (858,663) | (1,362,209) | - | - |
| Other | - | (384) | - | - |
| Derivative financial instruments - liability position | (2,947,302) | (845,148) | (2,435,737) | (3,289,739) |
| Banco Itaú BBA S.A. | (2,784,199) | (840,580) | (1,759,034) | (2,741,623) |
| Banco Itaú BBA S.A. - Nassau Branch | (136,247) | - | (485,660) | (397,608) |
| Other | (26,856) | (4,568) | (191,043) | (150,508) |
| Foreign exchange portfolio - liability position | (24,810,080) | (9,034,057) | (184,708) | (96,414) |
| Banco Itaú BBA S.A. | (3,241,435) | (5,898,677) | (182,433) | (43,754) |
| Banco Itaú BBA S.A. - Nassau Branch | (21,533,620) | (3,100,334) | (1,865) | (49,528) |
| Banco Itaú Chile | (35,025) | (35,046) | (410) | (3,132) |
| Negotiation and intermediation of assets - liability position | (461,188) | (274,281) | - | - |
| Banco Itaú BBA S.A. | (363,257) | (236,295) | - | - |
| Banco Itaú BBA S.A. - Nassau Branch | (97,189) | (33,364) | - | - |
| Other | (742) | (4,622) | - | - |
| Amounts receivable from (payable to) related companies | (182,553) | (93,246) | - | - |
| Itaú Investimentos S.A. | 100 | 158 | - | - |
| Porto Seguro S.A. | - | 7,292 | - | - |
| Itaú Unibanco Holding S.A. | 588 | 233 | - | - |
| Banco Itaú BBA S.A. | (9,104) | (6,323) | - | - |
| Banco Itaú BBA S.A. - Nassau Branch | (22,493) | 20,568 | - | - |
| Fundação Banorte Manuel Baptist da Silva de Seguridade Social | (82,141) | (85,031) | - | - |
| Fundação Itaú Unibanco | (54,815) | - | - | - |
| UBB Previdência Complementar | 4 | (24,219) | - | - |
| PREBEG - Caixa de Prev. Dos Funcionários do Banco BEG | - | (7,449) | - | - |
| Fundação BEMGEPREV | 20 | (8,128) | - | - |
| Other | (14,712) | 9,653 | - | - |
| Banking service fees | - | - | 41,219 | (10,300) |
| Banco Itaú BBA S.A. | - | - | 4,500 | (49,999) |
| Itaú Unibanco Holding S.A. | - | - | 1,585 | 1,649 |
| Porto Seguro S.A. | - | - | - | 15,454 |
| Fundação Itaú Unibanco | - | - | 15,995 | 11,948 |
| FUNBEP - Fundo de Pensão Multipatrocinado | - | - | 2,703 | 2,442 |
| Other | - | - | 16,436 | 8,206 |
| Rent revenues (expenses) | - | - | (32,976) | (18,623) |
| Itaúsa - Investimentos Itaú S.A. | - | - | (728) | - |
| FUNBEP - Fundo de Pensão Multipatrocinado | - | - | (4,841) | (4,447) |
| Fundação Itaú Unibanco | - | - | (19,925) | (13,504) |
| Other | - | - | (7,482) | (672) |
| Borrowings and onlendings | - | - | (20,151) | - |
| Banco Itaú BBA S.A. - Nassau Branch | - | - | (20,151) | - |
| Donation expenses | - | - | (38,800) | (35,700) |
| Instituto Itaú Cultural | - | - | (38,000) | (34,900) |
| Associação Clube "A" | - | - | (800) | (800) |
| Data processing expenses | - | - | (132,225) | (138,756) |
| Itautec S.A. | - | - | (132,225) | (138,756) |

(*) According to the "Merger Justification and Registration" of July 31, 2013, based on the Balance Sheet as of June 30, 2013, the merger of Banestado Leasing S.A. - Arrendamento Mercantil by Banco Itaúcard S.A. was resolved on.

In accordance with the rules in effect, the financial institutions cannot grant loans or advances to the following:

- a) any individual or company that controls the Institution or any entity under common control, or to any officer, director, fiscal council member or immediate family member of such individuals;
- b) any entity controlled by the Institution; or
- c) any entity of which the bank directly or indirectly holds at least 10% of capital stock.

Therefore, no loans or advances are made to any subsidiaries, executive officers, Board of Directors members or their family members.

Note 18 – Post-employments benefits

Pursuant to CVM Resolution No. 695, dated December 13, 2012, we present the policies adopted by ITAÚ UNIBANCO CONSOLIDATED and its subsidiaries regarding benefits to employees, as well as the accounting procedures adopted. The effects from adopting this Resolution, when applicable, are presented on a comparative basis in the notes to the financial statements; however, these effects have no impact on the financial statements of June 30, 2012.

ITAÚ UNIBANCO CONSOLIDATED and some of its subsidiaries sponsor defined benefit and variable contribution plans, which basic purpose is granting benefits that, in general, provide 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 at the eligibility date, according to the plan's regulation, which does not require actuarial calculation, except as described in Note 18c.

Employees hired until July 31, 2002, who come from Itaú, and until February 27, 2009, who come from Unibanco, are beneficiaries of the above-mentioned plans. As regards the 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..

a) Description of the Plans

Supplementary plans are managed by closed-end private pension entities with independent legal structures, as detailed below:

| Entity | Benefit plan |
|--|---|
| Fundação Itaúbanco – Previdência Complementar | Supplementary Retirement Plan – PAC ⁽¹⁾ Franprev Benefit Plan - PBF ⁽¹⁾ 002 Benefit Plan - PB002 ⁽¹⁾ Itaulam Basic Plan - PBI ⁽¹⁾ Itaulam Supplementary Plan - PSI ⁽²⁾ Itaubanco Defined Contribution Plan ⁽³⁾ Itaubank Retirement Plan ⁽³⁾ Itaú Defined Benefit Plan ⁽¹⁾ Itaú Defined Contribution Plan ⁽²⁾ Unibanco Pension Plan ⁽³⁾ Prebeg Benefit Plan ⁽¹⁾ |
| Fundação Bemgeprev | Supplementary Retirement Plan – Flexible Premium Annuity (ACMV) ⁽¹⁾ |
| Funbep Fundo de Pensão Multipatrocinado | Funbep I Benefit Plan ⁽¹⁾ Funbep II Benefit Plan ⁽²⁾ |
| Múltipla - Multiempresas de Previdência Complementar | Redecard Basic Retirement Plan ⁽¹⁾ Redecard Supplementary Retirement Plan ⁽²⁾ Redecard Supplementary Plan ⁽³⁾ |
| UBB-PREV - Previdência Complementar | UBB PREV Defined Benefit Plan ⁽¹⁾⁽⁴⁾ |
| Banorte Fundação Manoel Baptista da Silva de Seguridade Social | Benefit Plan II ⁽¹⁾ |

(1) Defined benefit plan;

(2) Variable contribution plan;

(3) Defined contribution plan;

(4) Plan arising from the process of merging the IJMS Plan by the Basic Plan, both managed by UBB Prev, approved by the Superintendency of Supplementary Social Security(PREVIC) on December 28, 2012.

b) Governance

The closed-end private pension entities (EFPC) and 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 bylaws. 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 CONSOLIDATED.

c) Defined benefit plan

I – Main assumptions used in actuarial valuation of Retirement Plans

| | 06/30/2013 | 06/30/2012 |
|---|-----------------------|-----------------------|
| Discount rate ⁽¹⁾ | 8.16% p.a. | 9.72% p.a. |
| Mortality table ⁽²⁾ | AT-2000 | AT-2000 |
| Turnover ⁽³⁾ | Itaú Exp. 2008/2010 | Itaú Exp. 2008/2010 |
| Future salary growth | 7.12 % p.a. | 7.12% p.a. |
| Growth of the pension fund and social security benefits | 4.00 % p.a. | 4.00% p.a. |
| Inflation | 4.00 % p.a. | 4.00% p.a. |
| Actuarial method ⁽⁴⁾ | Projected Unit Credit | Projected Unit Credit |

(1) The adoption of this assumption is based on a study that adopts the methodology of following up the interest rate of long-term securities issued by Brazilian Treasury, indexed to inflation rates, and on the analysis of changes in the interest curves up to the actuarial valuation base date. The Discount Rate assumption was changed in 2012 so as to be consistent with the economic scenario at the balance sheet date.

(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 as compared to the respective basic tables.

The life expectancy in years by 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 ITAÚ UNIBANCO HOLDING, resulting in the average of 2.4% p.a. based on the 2008/2010 experience.

(4) Using the Projected Unit Credit, the mathematical reserve is determined by the current projected benefit amount multiplied by the ratio between the length of service in the company 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.

Actuarial 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, for biometric/demographic assumptions, and studies coordinated by the Investment Officer of EFPC regarding the economic assumptions.

The basic difference between the assumptions above and those adopted upon determination of the actuarial liability of defined benefit plans, for purposes of recording in the balance sheet of the closed-end private pension entities that manage them, is the actuarial method. For this purpose, the Bank adopts the aggregate method, by which the mathematical reserve is defined based on the difference between the present value of the projected benefit and the present value of future contributions, subject to the methodology defined in the respective actuarial technical note.

II- Risk Exposure

Due to its defined benefit plans, ITAÚ UNIBANCO CONSOLIDATED 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 based on the income from securities issued by the Brazilian treasury (government securities). If the actual income from plan investments 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 plan actuarial liability. The effect will be partially offset by the recognition of these securities at market value.

- Inflation risk

Most of plan benefits 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 at the inflation rate.

- Life expectancy

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

III –Management of defined benefit plan assets

The general purpose of managing EFPC 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.

At June 30, 2013 and 2012 the allocation of plan assets and the allocation target for 2013, by type of asset, are as follows:

| Types | Fair value | | % Allocation | | |
|----------------------------|-------------------|-------------------|----------------|----------------|-------------|
| | At 06/30/2013 | At 06/30/2012 | 06/30/2013 | 06/30/2012 | 2013 Target |
| Fixed income securities | 14,029,421 | 11,217,192 | 91.68% | 91.76% | 53% to 100% |
| Variable income securities | 703,139 | 628,634 | 4.60% | 5.14% | 0% to 20% |
| Structured investments | 17,453 | 14,561 | 0.11% | 0.12% | 0% to 10% |
| Foreign investments | - | - | 0.00% | 0.00% | 0% to 5% |
| Real estate | 526,918 | 341,158 | 3.44% | 2.79% | 0% to 7% |
| Loans to participants | 25,983 | 23,267 | 0.17% | 0.19% | 0% to 5% |
| Total | 15,302,914 | 12,224,812 | 100.00% | 100.00% | |

The defined benefit plan assets include shares of ITAÚ UNIBANCO CONSOLIDATED, its main parent company (ITAÚSA) and of subsidiaries of the latter, with a fair value of R\$ 597,641 (R\$ 474,131 at 06/30/2012), and real estate rented to Group companies, with a fair value of R\$ 494,163 (R\$ 293,126 at 06/30/2012).

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 and 2013, 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:

| | 06/30/2013 | 06/30/2012 |
|--|------------------|------------------|
| 1- Net assets of the plans | 15,302,914 | 12,224,812 |
| 2- Actuarial liabilities | (13,084,746) | (10,612,531) |
| 3- Surplus (1-2) | 2,218,168 | 1,612,281 |
| 4- Asset restriction ^(*) | (2,206,379) | (1,354,081) |
| 5- Net amount recognized in the balance sheet (3-4) | 11,789 | 258,200 |
| Amount recognized in Assets (Note 13a) | 477,949 | 449,954 |
| Amount recognized in Liabilities (Note 13c) | (466,160) | (191,754) |

(*) Corresponds to the excess of present value of the available economic benefit, in conformity with item 64 of CVM Resolution No. 695.

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

| | 06/30/2013 | | | | |
|--|-------------------|-----------------------|------------------|--------------------|-------------------|
| | Net assets | Actuarial liabilities | Surplus | Asset Ceiling | Recognized amount |
| Value at beginning of the period | 15,072,202 | (12,905,894) | 2,166,308 | (2,137,207) | 29,101 |
| Cost of current service | - | (49,822) | (49,822) | - | (49,822) |
| Net interest ⁽¹⁾ | 600,777 | (512,102) | 88,675 | (87,355) | 1,320 |
| Benefits paid | (360,161) | 360,161 | - | - | - |
| Contributions of sponsor | 18,900 | - | 18,900 | - | 18,900 |
| Contributions of participants | 6,272 | - | 6,272 | - | 6,272 |
| Effects on asset ceiling | - | - | - | 22,489 | 22,489 |
| Actuarial gain/(loss) ^{(3) (4)} | (35,076) | 22,911 | (12,165) | (4,306) | (16,471) |
| Value at end of the period | 15,302,914 | (13,084,746) | 2,218,168 | (2,206,379) | 11,789 |

| | 06/30/2012 | | | | |
|--|-------------------|-----------------------|------------------|--------------------|-------------------|
| | Net assets | Actuarial liabilities | Surplus | Asset Ceiling | Recognized amount |
| Value at beginning of the period | 11,772,927 | (10,413,448) | 1,359,479 | (1,262,610) | 96,869 |
| Cost of current service | - | (42,214) | (42,214) | - | (42,214) |
| Net interest ^{(1) (2)} | 651,243 | (492,477) | 158,766 | (87,198) | 71,568 |
| Benefits paid | (335,608) | 335,608 | - | - | - |
| Contributions of sponsor | 20,551 | - | 20,551 | - | 20,551 |
| Contributions of participants | 6,814 | - | 6,814 | - | 6,814 |
| Effects on asset ceiling | - | - | - | (91,471) | (91,471) |
| Actuarial gain/(loss) ^{(3) (4)} | 108,885 | - | 108,885 | 87,198 | 196,083 |
| Value at end of the period | 12,224,812 | (10,612,531) | 1,612,281 | (1,354,081) | 258,200 |

(1) Calculated based on the initial value of the period, less the average value of payments/receipts of benefits/contributions multiplied by the discount rate of 8.16% (9.72% at 12/31/2012).

(2) On 12/31/2012 it was used rate of 11.60% to calculate the expected return on plan net assets.

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

(4) The actual return on assets amounted to R\$ 565,701(R\$ 760,128 at at June 30, 2012).

VI- Total amounts recognized in Income for the Period and Stockholders' Equity – Capital reserves:

| | Income | | Stockholders' Equity | |
|---------------------------------|-----------------|---------------|----------------------|----------------|
| | 01/01 a | 01/01 a | 06/30/2013 | 06/30/2012 |
| | 06/30/2013 | 06/30/2012 | | |
| Cost of current service | (49,822) | (42,214) | - | - |
| Net interest | 1,320 | 71,568 | - | - |
| Effects on asset ceiling | - | - | 22,489 | (91,471) |
| Actuarial gain/(loss) | - | - | (10,199) | 202,897 |
| Total Amounts Recognized | (48,502) | 29,354 | 12,290 | 111,426 |

During the period, contributions made totaled R\$ 18,900 (R\$ 20,551 at June 30, 2012). The contribution rate increases based on the beneficiary's salary.

In 2013, the expected contribution to retirement plans sponsored by ITAÚ UNIBANCO CONSOLIDATED is R\$ 35,494.

We present below the estimated benefit payments for the next 10 years:

| Period | Estimated payment |
|--------------|-------------------|
| 2013 | 708,111 |
| 2014 | 740,621 |
| 2015 | 761,722 |
| 2016 | 783,866 |
| 2017 | 806,162 |
| 2018 to 2022 | 4,399,475 |

VII- Sensitivity of defined benefit obligation

The impact of the change in the discount rate assumption by 0.5% on actuarial liability is as follows:

| Change in Assumption | Effect on Actuarial Liability | R\$ | Percentage |
|----------------------|-------------------------------|-----------|------------|
| - Decrease by 0.5% | Increase | 868,151 | 6.42% |
| - Increase by 0.5% | Decrease | (778,961) | (6.04%) |

d) Defined contribution plans

The defined contribution plans have pension funds set up by the portion of sponsors' contributions not included in the participant's accounts balance and by the loss of eligibility to a plan benefit, as well as by 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:

| | 06/30/2013 | | | 06/30/2012 | | |
|--|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | Pension Plan Fund | Asset Ceiling | Recognized Amount | Pension Plan Fund | Asset Ceiling | Recognized Amount |
| Amount - beginning of the period | 2,645,829 | (317,834) | 2,327,995 | 1,756,562 | (313,376) | 1,443,186 |
| Net interest | 102,990 | (12,935) | 90,055 | 97,434 | (17,383) | 80,051 |
| Contribution | (67,932) | - | (67,932) | (74,671) | - | (74,671) |
| Effects on asset ceiling | - | - | - | - | (528) | (528) |
| Financial Gain/(Loss) | 6,229 | 801 | 7,030 | 9,835 | 17,383 | 27,218 |
| Amount - end of the period (Note 13a) | 2,687,116 | (329,968) | 2,357,148 | 1,789,160 | (313,904) | 1,475,256 |

II- Total amounts recognized in Income for the Period and Stockholders' Equity – Capital reserves:

| | Income | | Stockholders' Equity | |
|---------------------------------|---------------|--------------|----------------------|---------------|
| | 01/01 a | 01/01 a | 06/30/2013 | 06/30/2012 |
| | 06/30/2013 | 06/30/2012 | | |
| Contributions | (67,932) | (74,671) | - | - |
| Net interest | 90,055 | 80,051 | - | - |
| Financial Gain/(Loss) | - | - | 7,030 | 27,218 |
| Effects on asset ceiling | - | - | - | (528) |
| Total Amounts Recognized | 22,123 | 5,380 | 7,030 | 26,690 |

In the period, contributions to the defined contribution plans, including PGBL, totaled R\$ 89,139 (R\$ 96,864 at 06/30/2012), of which R\$ 67,932 (R\$ 74,671 at 06/30/2012) arises from pension funds.

e) Other post-employment benefits

ITAÚ UNIBANCO CONSOLIDATED 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 reported 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 Consolidated are as follows:

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

| | 06/30/2013 | 06/30/2012 |
|--|------------------|------------------|
| At the beginning of the period | (148,523) | (120,154) |
| Cost of interest | (6,213) | (5,689) |
| Benefits paid | 3,365 | 2,702 |
| Actuarial loss | (6,828) | - |
| At the end of the period (Note 13c) | (158,199) | (123,141) |

II- Total amounts recognized in Income for the Period and Stockholders' Equity – Capital reserves:

| | Income | | Stockholders' Equity | |
|---------------------------------|----------------|----------------|----------------------|------------|
| | 01/01 a | 01/01 a | 06/30/2013 | 06/30/2012 |
| | 06/30/2013 | 06/30/2012 | | |
| Net interest | (6,213) | (5,689) | - | - |
| Benefits paid | 3,365 | 2,702 | - | - |
| Actuarial loss | - | - | (6,828) | - |
| Total Amounts Recognized | (2,848) | (2,987) | (6,828) | - |

We present below the estimated benefit payments for the next 10 years:

| Period | Estimated payment |
|--------------|-------------------|
| 2013 | 6,136 |
| 2014 | 6,671 |
| 2015 | 7,233 |
| 2016 | 7,796 |
| 2017 | 8,409 |
| 2018 to 2022 | 52,171 |

III- Sensitivity Analyses - Cost of Healthcare

For calculation of benefits obligations projected beyond the assumptions used for the defined benefit plans (Note 18c I), the 8.16% p.a. increase in medical costs assumption is adopted.

Assumptions for rates related to medical assistance costs have a significant impact on the amounts recognized in income. A change of one percentage point in the medical assistance cost rates would have the effects as follows:

| | Recognition | 1.0% decrease | 1.0% decrease |
|-----------------------------------|------------------|---------------|---------------|
| Service cost and cost of interest | Income | 2,161 | (1,699) |
| Present value of obligation | Capital reserves | 26,486 | (20,819) |

Note 19 - Information on foreign subsidiaries

| | Foreign branches ⁽¹⁾ | | Itaú Argentina Consolidated ⁽²⁾ | | Itaú Europe Consolidated ⁽³⁾ | | Cayman Consolidated ⁽⁴⁾ | | Itaú Paraguay Bank | | Other foreign companies ⁽⁵⁾ | | Foreign consolidated ⁽⁶⁾ | |
|--|---------------------------------|-------------------|--|------------------|---|-------------------|------------------------------------|-------------------|--------------------|------------------|--|------------------|-------------------------------------|--------------------|
| | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 | 06/30/2013 | 06/30/2012 |
| Assets | | | | | | | | | | | | | | |
| Current assets and long-term receivables | | | | | | | | | | | | | | |
| Cash and cash equivalents | 2,498,497 | 1,536,567 | 146,958 | 173,639 | 347,831 | 329,114 | 570,591 | 1,110,272 | 390,764 | 573,370 | 1,280,138 | 850,170 | 4,981,279 | 3,192,365 |
| Interbank investments | 14,371,183 | 13,982,479 | 320,562 | 281,019 | 3,076,962 | 2,990,397 | 8,580,407 | 6,945,425 | 122,598 | 33,861 | 243,703 | 967,086 | 17,607,738 | 13,496,157 |
| Securities | 44,088,036 | 36,030,453 | 213,445 | 125,217 | 2,273,305 | 1,678,713 | 5,177,406 | 5,393,394 | 619,230 | 264,911 | 27,140 | 29,910 | 52,213,674 | 43,271,215 |
| Loan, lease and other credit operations | 10,961,869 | 7,567,225 | 3,474,164 | 2,678,710 | 8,006,145 | 7,724,425 | 105,456 | 316,280 | 3,271,376 | 2,562,438 | 10,286 | 8,847 | 25,762,682 | 20,797,106 |
| Foreign exchange portfolio | 59,935,683 | 16,194,921 | - | 40,047 | 4,121,160 | 2,955,473 | 247,290 | 305,096 | 147,170 | 128,043 | - | - | 63,848,916 | 19,515,338 |
| Other assets | 1,864,849 | 1,743,521 | 966,252 | 593,919 | 490,755 | 311,120 | 1,766,434 | 1,005,962 | 855,005 | 644,030 | 240,887 | 172,882 | 6,164,433 | 4,454,404 |
| Permanent assets | | | | | | | | | | | | | | |
| Investments | - | - | 1,782 | 2,099 | 9,533 | 4,107 | 60,874 | 51,061 | 1,064 | 965 | 472,001 | 326 | 23,680 | 7,497 |
| Banco BPI S.A. | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other investments | - | - | 1,782 | 2,099 | 9,533 | 4,107 | 60,874 | 51,061 | 1,064 | 965 | 472,001 | 326 | 23,680 | 7,497 |
| Fixed and intangible assets | 19,564 | 26,779 | 106,158 | 108,165 | 167,896 | 183,892 | 683 | 1,648 | 40,950 | 29,413 | 43,249 | 378,265 | 393,147 | |
| Total | 133,739,681 | 77,081,945 | 5,229,321 | 4,002,815 | 18,493,587 | 16,177,241 | 16,509,141 | 15,129,138 | 5,448,157 | 4,237,031 | 2,317,170 | 2,072,470 | 170,980,667 | 105,127,229 |
| Liabilities | | | | | | | | | | | | | | |
| Current and long-term liabilities | | | | | | | | | | | | | | |
| Deposits | 45,223,102 | 43,641,397 | 3,846,470 | 2,977,538 | 6,875,726 | 6,127,817 | 1,572,049 | 5,194,388 | 4,035,418 | 2,968,784 | - | - | 55,012,995 | 49,781,782 |
| Demand deposits | 3,522,954 | 3,832,658 | 1,159,993 | 864,963 | 4,084,319 | 3,332,815 | 747,163 | 333,448 | 1,461,196 | 979,035 | - | - | 10,721,360 | 7,962,151 |
| Savings deposits | - | - | 636,365 | 609,123 | - | - | - | - | 1,707,262 | 1,243,750 | - | - | 2,343,627 | 1,852,874 |
| Interbank deposits | 34,420,991 | 1,068,301 | 87,110 | 137,652 | 1,637,974 | 823,465 | 824,886 | - | 34,580 | - | - | - | 31,353,507 | 1,964,668 |
| Time deposits | 7,279,157 | 38,740,438 | 1,963,002 | 1,365,800 | 1,153,433 | 1,971,537 | - | 4,860,940 | 832,380 | 745,999 | - | - | 10,594,501 | 38,002,089 |
| Deposits received under securities repurchase agreements | 16,324,887 | 8,358,080 | 144,567 | 84,487 | - | - | 2,606,293 | 1,350,994 | 84,032 | - | - | - | 16,313,139 | 7,810,999 |
| Funds from acceptances and issuance of securities | 3,852,872 | 1,109,891 | 317,430 | 52,189 | 4,369,461 | 4,070,890 | 2,346,820 | 2,856,386 | - | - | - | - | 10,886,583 | 8,089,355 |
| Borrowings | 4,362,328 | 4,425,807 | 61,848 | 112,507 | 405 | 589,782 | 222 | 20,371 | 230,153 | 331,665 | - | - | 4,654,956 | 5,480,132 |
| Derivative financial instruments | 150,812 | 139,253 | 581 | 139,253 | 663,371 | 600,499 | 696,454 | 825,888 | - | 24,650 | - | - | 1,350,796 | 1,365,049 |
| Foreign exchange portfolio | 60,009,896 | 16,190,778 | - | 40,088 | 4,101,541 | 2,956,494 | 251,538 | 299,161 | 149,221 | 131,951 | - | - | 63,909,808 | 19,510,230 |
| Other liabilities | 1,025,858 | 283,852 | 362,386 | 265,309 | 308,985 | 400,244 | 1,547,648 | 1,888,004 | 257,704 | 201,267 | 203,594 | 116,663 | 4,495,365 | 3,876,045 |
| Deferred income | 6,733 | 7,365 | - | - | 22,755 | 18,669 | - | 33 | 1,130 | 721 | 1,313 | 1,198 | 13,931 | 27,987 |
| Minority interest in subsidiaries | - | - | 9,461 | 9,080 | 17 | 68 | 874,788 | 798,525 | - | - | - | 3 | 25 | 92 |
| Stockholders' equity | | | | | | | | | | | | | | |
| Capital and reserves | 2,677,682 | 2,344,315 | 460,936 | 452,295 | 2,050,855 | 1,600,297 | 6,826,131 | 1,944,823 | 549,877 | 480,377 | 2,131,482 | 2,176,051 | 14,204,664 | 8,957,118 |
| Result for the period | 105,511 | 581,207 | 25,642 | 8,447 | 100,471 | (187,519) | (212,802) | (49,435) | 140,622 | 97,616 | (19,219) | (221,445) | 120,405 | 228,440 |
| Total | 133,739,681 | 77,081,945 | 5,229,321 | 4,002,815 | 18,493,587 | 16,177,241 | 16,509,141 | 15,129,138 | 5,448,157 | 4,237,031 | 2,317,170 | 2,072,470 | 170,980,667 | 105,127,229 |
| Statement of income | | | | | | | | | | | | | | |
| Income from financial operations | 901,101 | 1,150,475 | 408,343 | 273,539 | 226,440 | 131,607 | (268,448) | 130,797 | 258,152 | 185,277 | (500) | 4,383 | 1,431,376 | 1,769,921 |
| Expenses of financial operations | (745,258) | (546,074) | (156,176) | (91,986) | (53,063) | (68,806) | 99,100 | (110,360) | (55,766) | (44,273) | (1,671) | (1,618) | (824,625) | (767,139) |
| Result of loan losses | 2,825 | 24,806 | (26,474) | (16,150) | (3,909) | 1,241 | - | - | (15,963) | 260 | (2,016) | (1,431) | (45,537) | 8,726 |
| Gross income from financial operations | 158,668 | 629,207 | 225,693 | 165,403 | 169,468 | 64,042 | (169,348) | 20,437 | 186,423 | 141,264 | (4,187) | 1,334 | 561,214 | 1,011,508 |
| Other operating revenues (expenses) | (53,157) | (47,849) | (169,069) | (143,125) | (47,977) | (94,786) | (43,454) | (69,872) | (33,024) | (32,522) | (8,715) | (54,940) | (369,449) | (432,804) |
| Operating income | 105,511 | 581,358 | 56,624 | 22,278 | 121,491 | (30,744) | (212,802) | (49,435) | 153,399 | 108,742 | (12,902) | (53,606) | 191,765 | 578,704 |
| Non-operating income | - | (48) | 303 | 170 | (3,533) | (147,976) | - | - | (1,459) | 840 | (1,513) | (153,670) | (4,684) | (303,709) |
| Income before taxes on income and profit sharing | 105,511 | 581,310 | 56,927 | 22,448 | 117,958 | (178,720) | (212,802) | (49,435) | 151,940 | 107,229 | (12,062) | (207,276) | 187,081 | 274,995 |
| Income tax | - | (103) | (27,597) | (13,866) | (14,942) | (8,412) | - | - | (11,318) | (9,613) | (6,921) | (14,169) | (60,778) | (46,164) |
| Statutory participation in income | - | - | (3,117) | - | (2,544) | (389) | - | - | - | - | (236) | - | (5,896) | (389) |
| Minority interest in subsidiaries | - | - | (571) | (135) | (1) | 2 | - | - | - | - | - | - | (2) | (2) |
| Net income (loss) | 105,511 | 581,207 | 25,642 | 8,447 | 100,471 | (187,519) | (212,802) | (49,435) | 140,622 | 97,616 | (19,219) | (221,445) | 120,405 | 228,440 |

(1) Itaú Unibanco S.A. - Grand Cayman, New York and Tokyo branches.

(2) Banco Itaú Argentina S.A, Itaú Asset Management S.A.Sociedad Gerente de Fondos Comunes de Inversión, Itrust Servicios Inmobiliarios S.A.C.I and Itaú Sociedad de Bolsa S.A.

(3) IPI - Itaúsa Portugal Investimentos, SGPS Lda. (49%), Itaúsa Europa - Investimentos, SGPS, Lda., Itaú Europa, SGPS, Lda., Itaúsa Portugal - SGPS S.A., Itaú BBA International (Cayman) Ltd., Banco Itaú Europa Luxembourg S.A., BIE Cayman Ltd., Banco Itaú Europa International, Itaú Bank & Trust Bahamas Ltd., Itaú Europa Securities Inc., Itaú Bahamas Directors Ltd., Itaú Bahamas Nominees Ltd., Banco Itaú Suisse S.A. and Itaú BBA International PLC; only at 06/30/2012, Banco Itaú BBA International S.A.

(4) Itaú Bank Ltd., ITB Holding Ltd., Jasper International Investment LLC, Itaú Bank & Trust Cayman Ltd., Uni-Investments Inter. Corp., Rosefield Finance Ltd. (50%), UBT Finance S.A., Itaú Cayman Directors Ltd. and Itaú Cayman Nominees Ltd.; only at 06/30/2012, Unibanco Cayman Bank Ltd. and Unipart Partic. Internac. Ltd.

(5) Afincos Americas Madeira, SGPS, Soc. Unipessoal Ltda., Topaz Holding Ltd., Itaú USA Inc., Itaú International Investment LLC, Albarus S.A., Banco Del Paraná S.A., Garnet Corporation, Itaú Global Asset Management, Itaú Asia Securities Ltd., IPI - Itaúsa Portugal Investimentos, SGPS Lda. (51%), Itaú BBA USA Securities Inc., Itaú Middle East Limited, Unipart B2B Investments, S.L., Tarjetas Unisoluciones S. A. de Capital Variable, Proserv - Promociones Y Servicios S.A. de C.V., Itaú BBA UK Securities Limited, Itaú Japan Asset Management Ltd., Itaú (Beijing) Investment Consultancy Limited, Itaú UK Asset Management Limited, Itaú Asia Asset Management Limited and Itaú USA Asset Management Inc.; only at 06/30/2012, Zux Cayman Company Ltd. and Libero Trading International Ltd.

(6) Foreign consolidated information presents balances net of eliminations from consolidation.

Note 20 – Risk and capital management

Risk management is considered by ITAÚ UNIBANCO HOLDING an essential tool for optimizing the use of resources and selecting the best business opportunities, in order to maximize shareholder value.

At ITAÚ UNIBANCO HOLDING, risk and capital management is the process in which:

- The existing and potential risks in ITAÚ UNIBANCO HOLDING's operations are identified and measured;
- Norms, procedures and methodologies for risk management and control consistent with the Board of Directors' guidelines and ITAÚ UNIBANCO HOLDING's strategies are approved;
- The ITAÚ UNIBANCO HOLDING's risk portfolio is managed considering the best risk-return ratio;

The purpose of risk identification is to map the risk events of internal and external nature that may affect the strategies of support and business units and the fulfillment of their objectives, with possibility of impact on ITAÚ UNIBANCO HOLDING's income, capital, liquidity and reputation.

Risk management processes are spread throughout the whole institution, aligned with the guidelines of the Board of Directors and Executives that, through Committees of the Board of Directors and Senior Commissions, define the global objectives that are measured as goals and limits to the risk management units. Control and capital management units, in turn, support the ITAÚ UNIBANCO HOLDING's management by monitoring and analyzing risk and capital.

In compliance with CMN Resolution No. 3,988, of June 30, 2011, ITAÚ UNIBANCO HOLDING implemented its capital management structure and is preparing the first report on internal capital adequacy assessment process (ICAAP), to be submitted to BACEN in September 2013, at the June 2013 reporting date.

The capital management process supports ITAÚ UNIBANCO HOLDING through a continuing process of:

- Monitoring the capital requirement kept by ITAÚ UNIBANCO HOLDING in normal and stress scenarios, taking into account regulatory requirements and the Board of Directors' guidelines;
- Planning targets and capital requirements, taking into account ITAÚ UNIBANCO HOLDING's strategic objectives;
- Adopting a proactive attitude in relation to capital management.

ITAÚ UNIBANCO HOLDING's risk management organizational structure is compliant with the regulations in Brazil and abroad and in line with market best practices. The Market, Credit, Liquidity, Operational and Underwriting risks control is performed in a centralized way by an independent unit, aiming at assuring that the ITAÚ UNIBANCO HOLDING's risks are being managed in accordance with established policies, norms and procedures. This independent structure is also responsible for centralizing ITAÚ UNIBANCO HOLDING's capital management. The purpose of centralizing control is to provide the Executives and the Board of Directors with an overview of ITAÚ UNIBANCO HOLDING's risk exposure, as well as a prospective view on the adequacy of its capital so as to optimize and speed up corporate decision-making.

ITAÚ UNIBANCO HOLDING manages proprietary IT systems to fully meet the applicable rules on capital reserve, and also for risk measurement, in compliance with the models issued by the regulatory models in force. It also coordinates actions to check for adherence to qualitative and quantitative requirements established by the relevant authorities for compliance with the minimum mandatory capital requirement and risk monitoring.

Further information on risk management can be found on the website www.itaunibanco.com.br/ri, under section Corporate Governance/Risk Management – Circular 3.477 – Pillar 3.

I – Market risk

Market risk is the possibility of incurring losses arising from the variations in the market values of positions held by a financial institution, including the risks of transactions subject to the variations in foreign exchange and interest rates, and equities, of price indexes and commodity prices among other indexes on these risk factors.

The market risk management is the process through which the institution plans, monitors and controls the risks of variations in financial instruments market values due market changes, aiming at optimizing the risk-return ratio, by using an appropriate structure of Adequate management limits, models and tools.

The scope of the market risk control carried out by ITAÚ UNIBANCO HOLDING is extended to all the financial instruments included in the portfolios of companies under its responsibility. In this sense, the ITAÚ UNIBANCO HOLDING's Market Risk Management Policy is in line with the principles of Resolution No. 3,464 of June 26, 2007, issued by the National Monetary Council (CMN) (as amended), being a set of principles that drive the ITAÚ UNIBANCO HOLDING strategy towards control and management of market risk of all business units and legal entities of the ITAÚ UNIBANCO HOLDING.

The document that details the guidelines set out by the corporate guidelines on market risk control can be read on the website www.itaunibanco.com.br/ri, in the section Corporate Governance, Rules and Policies, Public Access Report – Market Risk.

Itau Unibanco's market risk management strategy is aimed at balancing corporate business goals, taking into account, among other things:

- Political, economic and market conditions;
- The market risk profile of the portfolio; and
- Expertise within the group to support operations in specific markets.

The process for managing market risks of ITAÚ UNIBANCO HOLDING occurs within the governance and hierarchy of committees and limits approved specifically for this purpose, and that covers from the monitoring of aggregate indicators of risk (portfolio level) to granular limits (individual desks level), assuring effectiveness and coverage of control. These limits are dimensioned considering the projected results of the balance sheet, the level of equity and the profile of risk of each organization unit, which are defined in terms of risk measures used by management. Limits are monitored and controlled daily and excesses are reported and discussed in the corresponding committees. Additionally, daily risk reports used by the business and control areas, are issued to the top management.

The structure of limits and alerts follows the guidelines of the Board of Directors and is designed and approved by the Superior Risk Committee (CSRisc), after discussions and deliberations by the Superior Institutional Treasury Committee (CSTI). The review of this structure of limits is performed at least annually.

The purpose of this structure is:

- Providing more assurance to all executive levels that the assumption of market risks is in line with the ITAÚ UNIBANCO HOLDING and the risk-return objective;
- Promoting the disciplined and educated discussion on the global risk profile and its evolution over time;
- increasing transparency on the way the business seeks the optimization of results;
- Providing early warning mechanisms in order to make the effective risk management easier, without jeopardizing the business purposes; and
- Avoiding risk concentration.

The market risk control and management process is submitted to periodic reviews aimed at keeping it aligned with the best market practices and adhering to the continuous improvement processes at ITAÚ UNIBANCO HOLDING.

The control of market risk is carried out by an area independent from the business and audit ones, and is responsible for carrying out daily measurement, assessment, analysis and report activities to the areas and people in charge, pursuant to governance established and monitoring the actions required to adjust the position and/or risk level. For this purpose, the ITAÚ UNIBANCO HOLDING relies on a structured communication and information flow, aiming at providing feedback for the follow-up of the superior committees and compliance with the regulatory bodies in Brazil and regulatory agents abroad.

ITAÚ UNIBANCO HOLDING hedges transactions with clients and proprietary positions, including its foreign investments, in order to mitigate risk arising from fluctuations in relevant market risk factors and to prevent positions from breaching relevant limits. Derivatives are commonly used for these hedging activities. When these transactions are classified as hedges for accounting purposes, specific supporting documentation is provided, including ongoing follow-up of hedge effectiveness (retrospective and prospective) and other changes in the accounting process. The accounting and managerial hedging procedures are governed by the institutional policies of ITAÚ UNIBANCO HOLDING.

The market risk framework categorizes transactions as part of either the banking portfolio or the trading portfolio, in accordance with general criteria established by the Capital Accord and subsequent amendments.

The trading portfolio consists of all qualifying transactions (including derivatives) held with intent to trade or to hedge risk within this portfolio, and that have no restriction.

The banking portfolio is basically characterized by transactions from the banking business, such as funding and loans, and also includes derivatives with eligible clients and transactions related to the management of the balance sheet of the institution, including by way of derivatives. It has the no-intention of resale and medium- and long-term time horizons as general guidelines.

Market risk exposures inherent in various financial instruments, including derivatives, are composed of various risk factors. A risk factor refers to a market parameter whose variation impacts a position's valuation. The main risk factors measured by ITAÚ UNIBANCO HOLDING are as follows:

- Interest rates: the risk of losses from transactions 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: the risk of losses from positions subject to foreign exchange rate variation
- Price index-linked: the risk of losses from transactions subject to the variations in the price of index-linked interest rates;
- Variable income: risk of loss subject to variation in prices of shares and commodities;

The market risk analyses are conducted based on the following metrics:

- Value at risk (VaR): statistical measure that estimates the expected maximum potential economic loss under normal market conditions, considering a certain time horizon and confidence level;
- Losses in stress scenarios: simulation technique to assess the behavior of assets and liabilities and derivatives of a portfolio when several risk factors are taken to extreme market situations (based on prospective scenarios);
- 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 asset or risk factor calculated at market value ("MtM – Mark to Market");
- Stressed VaR: statistical metric arising from VaR calculation, which purpose is to capture higher risk in simulations for the current portfolio, considering returns that can be seen in historical scenarios.

In addition to the aforementioned risk measures, sensitivity and loss control measures are also analyzed. They comprise:

- Mismatching analysis (GAPS): graphic representation by risk factor of cash flows expressed at market value, allocated at the maturity dates;
- Sensitivity (DV01- Delta Variation): impact on the market value of cash flows, when submitted to an one annual basis point increase in the current interest rates or index rate;
- Sensitivity to several risk factors (Greeks): partial derivatives of an option portfolio in relation to the prices of underlying assets, implied volatilities, interest rates and time;
- Stop loss: maximum loss that a certain portfolio classified in the trading portfolio is authorized to reach.

ITAÚ UNIBANCO HOLDING uses proprietary systems to measure the consolidated market risk. The processing of these systems basically takes place in São Paulo, in an access-controlled, of high availability, environment, with data safekeeping and recovery processes, and counts on such an infrastructure to ensure the continuity of business in contingency (disaster recovery) situations.

ITAÚ UNIBANCO HOLDING, maintaining its conservative management and portfolio diversification, continued with its policy of operating within low limits in relation to its capital during the period.

In June 2013, ITAÚ UNIBANCO HOLDING recorded a Total Global VaR of R\$ 260 million (R\$ 402 million in June 2012).

Sensitivity analysis (Trading and banking portfolios)

In compliance with CVM Instruction No. 475 of December 17, 2008, ITAÚ UNIBANCO HOLDING carried out a sensitivity analysis by market risk factors considered relevant to which it was exposed. The biggest losses arising, by risk factor, in each scenario, were stated with impact on result, net of tax effects, by providing a vision of the ITAÚ UNIBANCO HOLDING exposure under exceptional scenarios.

Measurement of market risk segregates operations in trading portfolio and banking portfolio, pursuant to the criteria set forth in the Capital Accord and subsequent amendments.

The sensitivity analyses of non-trading and trading portfolio shown in this report are an evaluation of an instant position of the portfolio exposure and, therefore, do not consider the management's quick response capacity (treasury and control areas), which triggers risk mitigating measures, whenever a situation of high loss or risk is identified by minimizing the sensitivity towards significant losses. In addition, we point out that the presented results do not necessarily translate into accounting results, because the study's sole purpose is to disclose the exposure to risks and the respective protective actions, taking into account the fair value of financial instruments, irrespective of the accounting practices adopted by the ITAÚ UNIBANCO HOLDING.

| Trading portfolio | | Exposures | 06/30/2013 (*) | | |
|-------------------|----------------------------------|----------------------------------|----------------|------------------|------------------|
| Risk factors | Risk of variation in: | | Scenarios | | |
| | | | I | II | III |
| Fixed rate | Fixed rates in reais | | (128) | (3,155) | (6,227) |
| Foreign exchange | Rates of foreign currency coupon | | (91) | (2,206) | (4,295) |
| Foreign currency | Exchange variation | | 398 | (9,947) | (19,894) |
| Price indices | Rates of price index coupon | | (80) | (1,920) | (3,668) |
| Reference rate | Rate of TR coupon | | 398 | (10,041) | (20,247) |
| Shares | Share price | | 5,818 | (145,452) | (290,905) |
| | | Total without correlation | 6,316 | (172,721) | (345,236) |
| | | Total with correlation | 4,506 | (123,223) | (246,300) |

(*) Amounts net of tax effects.

| Trading and Banking portfolios | | Exposures | 06/30/2013 (*) | | |
|--------------------------------|----------------------------------|----------------------------------|----------------|------------------|------------------|
| Risk factors | Risk of variation in: | | Scenarios | | |
| | | | I | II | III |
| Fixed rate | Fixed rates in reais | | (1,212) | (30,220) | (60,256) |
| Foreign exchange | Rates of foreign currency coupon | | (105) | (2,419) | (4,418) |
| Foreign currency | Exchange variation | | 3,143 | (78,574) | (157,148) |
| Price indices | Rates of price index coupon | | (2,566) | (62,568) | (121,997) |
| Reference rate | Rate of TR coupon | | (2,106) | (51,439) | (100,438) |
| Shares | Share price | | 7,464 | (186,588) | (373,177) |
| | | Total without correlation | 4,618 | (411,809) | (817,434) |
| | | Total with correlation | 3,294 | (293,794) | (583,177) |

(*) Amounts net of tax effects.

The following scenarios are used to measure the sensitivity:

- **Scenario I:** Addition of 1 base point in interest rates and associated indexes, and 1 percentage point in currency and share prices, which is based on market information (BM&FBOVESPA, Andima, etc);
- **Scenario II:** Shocks at 25 base points in interest rates and associated indexes, and 25 percentage points in currency and share prices, both for growth and fall, considering the largest resulting losses per risk factor;
- **Scenario III:** Shocks at 50 base points in interest rates and associated indexes, and 50 percentage points in currency and share prices, both for growth and fall, considering the largest resulting losses per risk factor.

Derivative financial instruments engaged by ITAÚ UNIBANCO HOLDING are shown in the item Derivative financial instruments in this note.

II – Credit risk

Credit risk is the possibility of incurring losses in connection with: (i) the breach by the borrower or counterparty of the respective agreed-upon financial obligations, (ii) the devaluation of loan agreement due to downgrading of the borrower's risk rating, (iii) the reduction in gains or compensation, (iv) the advantages given upon renegotiation and (v) the recovery costs.

In line with the principles of CMN Resolution No. 3,721 of April 30, 2009, ITAÚ UNIBANCO HOLDING has a structure for and institutional norm on credit risk management, approved by its Board of Directors, applicable to the companies and subsidiaries in Brazil and abroad.

The document that outlines the guidelines set out by this internal policy on credit risk control can be read on the website www.itaunibanco.com.br/ri, in the section Corporate Governance, Rules and Policies, Public Access Report – Credit Risk.

The purpose of ITAÚ UNIBANCO HOLDING's credit risk management is to keep the quality of loan portfolio in levels suitable for each market segment in which it operations, and to create value to the stockholders by analyzing the risk-adjusted return.

ITAÚ UNIBANCO HOLDING establishes its credit policy based on internal factors, such as the client rating criteria and portfolio development analysis, the registered default levels, the incurred return rates, and the allocated economic capital; and external factors, related to the economic environment in Brazil and abroad, including market share, interest rates, market default indicators, inflation, and consumption increase/decrease.

ITAÚ UNIBANCO HOLDING's centralized process for making decisions and establishing a credit policy guarantees the synchrony of credit actions and optimization of business opportunities.

To protect the institution against losses arising from loan operations, ITAÚ UNIBANCO HOLDING considers all aspects that determine the client's credit risk to define the provision level commensurate with the risk incurred in each operation. For each operation, the assessment and rating of the client or economic group, the operation rating, and the possible existence of past-due amounts are taken into account and the volume of the regulatory provision is determined.

ITAÚ UNIBANCO HOLDING recognizes a provision additional to that required by BACEN, aiming at ensuring a provision level compatible with the expected loss model adopted by the institution's credit risk management, based on internal models. This allowance is usually quantified in view of the past performance of loan portfolios, based on exposure, probabilities of default and expected recovery of transactions.

III – Operational risk

For ITAÚ UNIBANCO HOLDING operational risk is defined as the possibility that strategic, tactical or operational objectives are negatively impacted due to uncertain events caused by failures, personnel and systems, or external events. It includes the legal risk, associated with the inadequacy or deficiency in agreements signed by the institution, as well as sanctions for failing to meet legal provisions and compensation for damages to third parties arising from activities performed by ITAÚ UNIBANCO HOLDING.

The purposes of operational risk management is to identify, evaluate, measure and respond to the ITAÚ UNIBANCO HOLDING's operational risks and monitor them for the purpose of maintaining losses and risks within the limits established by ITAÚ UNIBANCO HODLING and to ensure adherence to the internal guidelines and current regulation. The managers of the business and support areas use corporate methodologies that are built and made available by the operational risk and internal control and compliance areas to support the management process.

The operational risk control is the process of measurement, monitoring and reporting of the organization's risk aimed at ensuring that ITAÚ UNIBANCO HODLING's risk profile is within the limits established by Senior Management and that Senior Management is informed of the main risks of the institution in a timely manner. This control is carried out by the operational risk, internal control and compliance areas, which, in turn, use control methodologies and risk information generated by the business areas. Within the governance of the operational risk management process, there are specific operational risk and control forums conducted by the internal control and compliance areas where the consolidated reports on risk monitoring, controls, action plans and operational losses are presented to the business areas executives.

The set of principles, governance, roles and responsibilities, methodologies and procedures that support the operational risk management process applied to products, services, activities, processes and systems is described and published in an operational risk management institutional norm. A summarized version of such policy is available on the website www.itaunibanco.com.br/ri in the section Corporate Governance, Rules and Policies, Public Access Report – Operational risk.

On April 30, 2008, BACEN published Circular No. 3.383 and Circular Letters Nos. 3,315 and No. 3,316, which establish the criteria for calculation of PRE related to the operational risk (POPR), addressed by Resolution No. 3,490, July 1, 2008. Therefore, since this date, ITAÚ UNIBANCO HOLDING has allocated capital to Operational Risk using the Alternative Standardized Approach.

IV – Liquidity risk

Liquidity risk is defined as the institution's possibility of not being able to efficiently meeting its expected and unexpected obligations, both current and future, including those arising from the pledged guarantees, without affecting its daily operations and without incurring significant losses.

Liquidity risk control is carried out by an area independent from the business areas, and which is responsible for defining the constitution of a reserve, proposing assumptions for behavior of cash flow, identifying, assessing, monitoring, controlling and reporting, on a daily basis, the exposure to liquidity risks in different time horizons, proposing limits for liquidity risk and monitoring the established limits, informing on possible noncompliance, considering the liquidity risks individually in countries where ITAÚ UNIBANCO HOLDING operates, simulating the behavior of cash flow under stress conditions, assessing and previously reporting risks inherent in new products and transactions, and reporting information required by regulatory bodies. Every activity is subject to analysis by independent areas of validation, internal controls and audit.

The measurement of liquidity risk covers all financial transactions of ITAÚ UNIBANCO HOLDING companies, as well as possible contingent or unexpected exposures, such as those arising from settlement services, pledge of endorsements and sureties and credit facilities contracted and not used.

The document that expresses the guidelines set forth by the internal policy on liquidity risk management may be viewed on the website www.itaunibanco.com.br/ri, in the section Corporate Governance, Rules and Policies, Public Access Report - Liquidity Risk.

V - Underwriting risk

Underwriting risk is the possibility of incurring losses arising from insurance, pension plan and capitalization operations that are contrary to the organization's expectations and that are directly or indirectly associated with the technical and actuarial bases used to calculate premiums, contributions and technical reserves.

The insurance risk management process is supported by roles and responsibilities determined by the business and risk control areas so as to reinforce the separation of the management and control activities and, therefore, ensure the independence between the areas. Additionally, there is a governance process that ensures an independent validation of the products and negotiations in question, ensuring compliance with the many internal and regulatory demands.

Note 21 – Supplementary information

- a) **Insurance policy** - ITAÚ UNIBANCO and its subsidiaries, despite the low risk exposure due to a physical non-concentration of their assets, have the policy to guarantee their valuables and assets at amounts considered sufficient to cover possible claims.
- b) **Investment funds and managed portfolios** - ITAÚ UNIBANCO, through its subsidiaries, manages the following types of funds: privatization, fixed income, shares, open portfolio shares, investment clubs, customer portfolios and group portfolios, domestic and foreign, in the amount of R\$ 608,468,981 (R\$ 484,873,365 at June 30, 2012), represented by 17,850 funds and managed portfolios (17,330 at June 30, 2012).
- c) **Funds of consortia** - ITAÚ UNIBANCO, through its subsidiaries, manages funds of consortia amounting to R\$ 7,737,248 (R\$ 5,862,983 at June 30, 2012) related to Group Liabilities Arising from Contributions, and this is represented by 317,173 active participants (240,364 at June 30, 2012).

- d) **Fundação Itaú Social** - ITAÚ UNIBANCO is the main sponsor of Fundação Itaú Social, the objectives of which are: 1) managing the “Itaú Social Program”, which aims at coordinating the organization’s role in projects of interest to the community by supporting or developing social, scientific and cultural projects, mainly in the elementary education and health areas; 2) supporting projects or initiatives in progress, supported or sponsored by entities qualified to work in the “Programa Itaú Social” (Itaú Social Program).

During the period from January 1 to June 30, 2013 and 2012 the consolidated companies made no donations and the Foundation’s social net assets totaled R\$ 3,376,771 (R\$ 2,702,467 at June 30, 2012). The income arising from its investments will be used to achieve the Foundation’s social purposes.

- e) **Instituto Itaú Cultural – IIC** - ITAÚ UNIBANCO is the founding partner and supporter of Instituto Itaú Cultural – IIC, an entity formed to grant incentives, promote and preserve Brazil’s cultural heritage. During the period, the consolidated companies donated the amount of R\$ 38,000 (R\$ 34,900 from January 1 to June 30, 2012).
- f) **Instituto Unibanco** - ITAÚ UNIBANCO and its subsidiaries sponsor Instituto Unibanco, an entity whose objective is to support projects on social assistance, particularly education, culture, promotion of integration to labor market, and environmental protection, directly and/or supplementarily, through the civil society’s institutions.
- g) **Instituto Unibanco de Cinema** - ITAÚ UNIBANCO and its subsidiaries sponsor Instituto Unibanco de Cinema, an entity whose objective is (i) the fostering of culture in general; and (ii) providing access of low-income population to cinematography, videography and similar productions, for which it shall maintain movie theaters owned or managed by itself, and theaters to screen art films, videos, video-laser discs and other related activities, as well as to screen and divulge films of great importance, especially those produced in Brazil.
- h) **Associação Clube “A”** - ITAÚ UNIBANCO and its subsidiaries sponsor Associação Clube “A”, an entity whose objective is the provision of social services for the welfare of beneficiaries, in the way and conditions established by its Internal Rules, and according to the funds available. These services may include, among others, the promotion of cultural, educational, sports, entertainment and health care activities. During the period from January 1 to June 30, 2013, the consolidated companies made donations to Clube “A” in amount of R\$ 800 (R\$ 800 from January 1 to June 30, 2012).
- i) **Instituto Assistencial Pedro di Perna** - ITAÚ UNIBANCO and its subsidiaries sponsor Instituto Assistencial Pedro di Perna, an entity whose objective is the provision of social services, stimulate sport activities, and promote recreation, aimed at the welfare of its members, in the way and conditions established by its Internal Rules, and according to the funds available.

j) Exclusions of nonrecurring effects net of tax effects

| | 01/01 to 06/30/2013 | 01/01 to 06/30/2012 |
|---|--------------------------------|--------------------------------|
| Provision for contingencies - Economic plans (Note 12) | (78,451) | (93,387) |
| Market value based on the share price – BPI (Note 15a II) | - | (305,447) |
| Total | (78,451) | (398,834) |

k) Agreements for offset and settlement of liabilities in the scope of the National Financial System –

Offset agreements were entered into in the scope of derivative contracts, as well as agreements for offset and settlement of receivables and payables pursuant to CMN Resolution No. 3,263, of February 24, 2005, which purpose is to enable the offset of credits and debits maintained with the same counterparty, and in which the maturity dates of receivables and payables can be advanced to the date an event of default by one of the parties occurs or in case of the bankruptcy of the debtor.

Independent Auditor's Report

To the Directors and Stockholders
Itaú Unibanco S.A.

We have audited the accompanying consolidated interim financial statements of Itaú Unibanco S.A. and its subsidiaries ("consolidated"), which comprise the consolidated balance sheet as at June 30, 2013 and the consolidated statements of income and cash flows for the six month period then ended, as well as the statement of changes in equity of Itaú Unibanco S.A. for the six month period then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), and for such internal control as management determines is necessary to enable the preparation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express an opinion on these consolidated interim financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated interim financial statements present fairly, in all material respects, the financial position of Itaú Unibanco S.A. and its subsidiaries as at June 30, 2013, and the consolidated financial performance and cash flows, for the six month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

São Paulo, August 23, 2013

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647/O-5