



executive summary

Itaú Unibanco Holding S.A.

3rd Quarter of 2013
Management Discussion and
Analysis

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

Highlights

R\$ million (except where indicated)

	3Q13	2Q13	3Q12	9M13	9M12
Statement of Income					
Recurring Net Income	4,022	3,622	3,412	11,156	10,541
Net Income	3,995	3,583	3,372	11,050	10,102
Operating Revenues ⁽¹⁾	19,612	19,166	19,179	57,596	58,542
Managerial Financial Margin ⁽²⁾	11,835	11,573	12,811	34,935	39,549
Shares (R\$)					
Recurring Net Income per share ⁽³⁾	0.81	0.73	0.69	2.25	2.12
Net Income per share ⁽³⁾	0.80	0.72	0.68	2.22	2.03
Number of Outstanding Shares at the end of period – in thousands	4,956,804	4,967,393	4,970,068	4,956,804	4,970,068
Average price of non-voting share on the last trading day of the period ⁽⁴⁾	31.56	28.53	27.85	31.56	27.85
Book Value per share	15.79	15.26	15.89	15.79	15.89
Dividends/JCP net of taxes ⁽⁵⁾	327	998	514	1,913	1,959
Dividends/JCP net of taxes ⁽⁵⁾ per share	0.07	0.20	0.10	0.38	0.39
Market Capitalization ⁽⁶⁾	156,437	141,720	138,394	156,437	138,394
Market Capitalization ⁽⁶⁾ (US\$ Million)	70,151	63,964	68,154	70,151	68,154
Performance Ratios (%)					
Recurring Return on Average Equity – Annualized ⁽⁷⁾	20.9%	19.3%	18.5%	19.8%	19.4%
Return on Average Equity – Annualized ⁽⁷⁾	20.8%	19.1%	17.5%	19.6%	18.2%
Recurring Return on Average Assets – Annualized ⁽⁸⁾	1.5%	1.4%	1.5%	1.4%	1.5%
Return on Average Assets – Annualized ⁽⁸⁾	1.5%	1.4%	1.5%	1.4%	1.5%
Solvency Ratio (BIS Ratio) - Economic Financial-Consolidated	17.5%	17.5%	17.5%	17.5%	17.5%
Annualized Credit Margin ⁽⁹⁾	10.9%	11.4%	12.6%	11.3%	13.1%
Annualized Net Interest Margin with Clients ⁽⁹⁾	9.1%	9.4%	10.8%	9.2%	11.1%
Annualized Net Interest Margin with Credit after Provision for Credit Risk ⁽⁹⁾	7.4%	7.2%	6.9%	7.2%	7.2%
Annualized Net Interest Margin with Clients after Provision for Credit Risk ⁽⁹⁾	6.5%	6.4%	6.5%	6.3%	6.7%
Nonperforming Loans Index (NPL over 90 days)	3.9%	4.2%	5.1%	3.9%	5.1%
Nonperforming Loans Index (NPL 15 to 90 days)	3.0%	3.4%	4.2%	3.0%	4.2%
Coverage Ratio (Provision for Loan and Lease Losses/NPL over 90 days)	170%	165%	149%	170%	149%
Efficiency Ratio (ER) ⁽¹⁰⁾	48.2%	49.1%	45.0%	48.4%	44.8%
Risk Adjusted Efficiency Ratio (RAER) ⁽¹⁰⁾	68.4%	72.1%	75.3%	71.1%	74.5%
Balance Sheet					
	30 Sep 2013	30 Jun 2013	30 Sep 2012		
Total Assets	1,082,787	1,057,681	960,216		
Total Loan Portfolio, including Sureties, Endorsements and Guarantees	456,561	445,114	417,603		
Loan Operations (A)	387,040	379,213	359,810		
Sureties, Endorsements and Guarantees	69,522	65,900	57,792		
Deposits + Debentures + Securities + Borrowings and Onlending (B) ⁽¹¹⁾	505,909	498,681	474,341		
Loan Operations/Funding (A/B)	76.5%	76.0%	75.9%		
Stockholders' Equity	78,260	75,781	78,979		
Other Relevant Data					
Assets Under Administration	622,448	608,469	536,458		
Employees (Individuals)	94,280	94,820	97,030		
Employees in Brazil (Individuals)	87,440	88,059	90,427		
Employees Abroad (Individuals)	6,840	6,761	6,603		
Number of Points of Service	32,956	32,924	32,794		
Branches (Units)	4,105	4,088	4,081		
CSB – Client Service Branches (Units)	870	874	896		
ATM – Automated Teller Machines (Units) ⁽¹²⁾	27,981	27,962	27,817		

Macroeconomic | Indicators

	3Q13	2Q13	3Q12	9M13	9M12
EMBI Brazil Risk	232	238	164	232	164
CDI – In the Period (%)	2.1%	1.8%	1.9%	5.6%	6.6%
Dollar Exchange Rate – Quotation in R\$	2.2300	2.2156	2.0306	2.2300	2.0306
Dollar Exchange Rate – Variation in the Period (%)	0.6%	10.0%	0.5%	9.1%	8.3%
Euro Exchange Rate – Quotation in R\$	3.0181	2.8827	2.6109	3.0181	2.6109
Euro Exchange Rate – Variation in the Period (%)	4.7%	11.5%	2.0%	12.0%	7.3%
IGP-M – In the Period (%)	1.9%	0.9%	3.8%	3.7%	7.1%

Note: 3Q13, 2Q13, 3Q12, 9M13 and 9M12 refer to the 3rd quarter of 2013, 2nd quarter of 2013, 3rd quarter of 2012, nine months to September 2013 and nine months to September 2012, respectively. **(1)** Operating Revenues are the sum of Managerial Financial Margin, Banking Service Fees and Income from Banking Charges, Other Operating Income and Result from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses, Equity in Earnings of Affiliates and Non-Operating Income; **(2)** Described on pages 16 to 18; **(3)** Calculated based on the weighted average number of outstanding shares; **(4)** The number of outstanding shares was adjusted to reflect the share bonus of 10% granted on May 20, 2013; **(5)** JCP – Interest on Net Equity. Declared amounts paid/accrued; **(6)** Total number of outstanding shares (common and non-voting shares) multiplied by the average price of the non-voting share on the last trading day in the period; **(7)** Annualized Return was calculated by dividing Net Income by Average Stockholders' Equity. The quotient was multiplied by the number of periods in the year to derive the annualized rate. The calculation bases of the returns were adjusted by the amount of dividends that have not yet been approved in stockholders' or Board meetings, proposed after the balance sheet date; **(8)** Return was calculated by dividing Net Income by Average Assets. The quotient of this division was multiplied by the number of periods of the year to derive the annualized rate. **(9)** It does not include financial margin with the market. See details on page 17; **(10)** For more details on the calculation methodology of both Efficiency and Risk Adjusted Efficiency ratios, please see page 25; **(11)** As described on page 32; **(12)** It includes ESBs (electronic service branches) and service points in third-parties' establishments.

Net Income and Recurring Net Income

Our recurring net income totaled R\$4,022 million in the third quarter of 2013. This amount is due to the elimination of non-recurring events, which are presented in the table below, from net income of R\$3,995 million for the period.

Non-Recurring Events Net of Tax Effects

	<i>R\$ million</i>				
	3Q13	2Q13	3Q12	9M13	9M12
Recurring Net Income	4,022	3,622	3,412	11,156	10,541
Non Recurring Events	(27)	(39)	(40)	(106)	(439)
Economic Plans (a)	(27)	(39)	(40)	(106)	(133)
Market value based on the share price – BPI (b)	-	-	-	-	(305)
Net Income	3,995	3,583	3,372	11,050	10,102

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

Non-Recurring Events of the nine months of 2013 and comparative periods of 2012

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

(b) Impairment – BPI: In the second quarter of 2012, we sold our interest of 18.87% in Banco Português de Investimento to the La Caixa group and received approximately €93 million. This transaction negatively impacted net income of that quarter by R\$205 million, net of taxes, and positively impacted stockholder's equity by R\$106 million. This item also includes the effects of the adjustments to market value that took place in the first half of 2012, totaling R\$97 million.

Effects of the Reclassifications of the Managerial Statement of Income

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

Our strategy for the exchange risk management of capital invested abroad is intended to avoid impacts from foreign exchange variations on net income. For this purpose, the foreign exchange risk is neutralized and investments are remunerated in Brazilian reais through the use of derivative financial instruments. Our strategy to hedge investments abroad also considers the impact of all related tax effects. It should be noted that, in the third quarter of 2013, the Brazilian real depreciated 0.6% in relation to the U.S. dollar and 4.7% in relation to the Euro, compared with a depreciation of 10.0% and 11.5%, respectively, in the previous quarter.

Operations—Highlights

During the first nine months of 2013, important steps were taken to expand our operations in Brazil and in Latin America.

In Brazil, in line with our strategy of higher growth in service fees, we purchased Credicard for R\$2.767 billion, strengthening our leadership in the credit card market, and purchased 99.996% of the BMG Seguradora's shares from the controlling stockholders of Banco BMG.

In Latin America, we entered into an agreement with the retailer Cencosud to jointly develop the consumer financing business in Chile and Argentina and also announced an agreement to purchase the retail operations of Citibank in Uruguay.

These transactions are still awaiting for the approval of regulatory bodies and therefore have not yet impacted our net income for the third quarter of 2013.

In August 2013, we renewed the business cooperation agreement with Fiat Group Automobiles S.p.A. and Fiat Automóveis S.A. for 10 years, which provides exclusivity for new vehicle financing in Fiat promotional campaigns, and for the use of the Fiat brand in activities related to vehicle financing.

In October 2013, Redecard adopted the brand REDE. REDE is among the largest merchant acquirers in the world, responsible for acquiring, capturing, transmitting, and processing, and financial settlement, mainly for credit and debit card transactions.

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

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

R\$ million

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

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

R\$ million

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

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

Statement of Income | Operating Revenues Perspective

R\$ million

	3Q13	2Q13	3Q12	9M13	9M12	Variation					
						3Q13 - 2Q13	3Q13 - 3Q12	9M13 - 9M12			
Operating Revenues	19,612	19,166	19,179	57,596	58,542	446	2.3%	433	2.3%	(947)	-1.6%
Managerial Financial Margin	11,835	11,573	12,811	34,935	39,549	262	2.3%	(976)	-7.6%	(4,615)	-11.7%
Financial Margin with Clients	11,495	11,305	11,963	33,730	36,615	190	1.7%	(468)	-3.9%	(2,885)	-7.9%
Financial Margin with Market	340	268	849	1,205	2,934	72	26.8%	(509)	-60.0%	(1,729)	-58.9%
Banking Service Fees and Income from Banking Charges	5,591	5,399	4,338	16,111	12,990	192	3.6%	1,253	28.9%	3,122	24.0%
Result from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses	2,187	2,194	2,030	6,550	6,003	(8)	-0.3%	157	7.7%	547	9.1%
Loan and Retained Claim Losses Net of Recovery	(3,755)	(4,164)	(5,510)	(12,339)	(16,480)	409	-9.8%	1,755	-31.9%	4,140	-25.1%
Expenses for Allowance for Loan and Lease Losses	(4,537)	(4,912)	(6,120)	(14,388)	(18,469)	375	-7.6%	1,583	-25.9%	4,081	-22.1%
Income from Recovery of Loans Written Off as Losses	1,297	1,262	1,174	3,645	3,529	35	2.8%	124	10.5%	116	3.3%
Retained Claims	(515)	(514)	(563)	(1,596)	(1,539)	(1)	0.2%	48	-8.6%	(57)	3.7%
Operating Margin	15,858	15,003	13,669	45,256	42,063	855	5.7%	2,189	16.0%	3,194	7.6%
Other Operating Income/(Expenses)	(9,989)	(9,965)	(9,189)	(29,522)	(27,909)	(24)	0.2%	(800)	8.7%	(1,613)	5.8%
Non-interest Expenses	(8,703)	(8,626)	(7,898)	(25,608)	(24,059)	(77)	0.9%	(804)	10.2%	(1,549)	6.4%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,029)	(1,090)	(1,019)	(3,160)	(3,088)	61	-5.6%	(10)	1.0%	(72)	2.3%
Selling Expenses From Insurance	(258)	(249)	(272)	(754)	(763)	(9)	3.6%	14	-5.1%	8	-1.1%
Income before Tax and Profit Sharing	5,868	5,038	4,480	15,734	14,153	831	16.5%	1,388	31.0%	1,581	11.2%
Income Tax and Social Contribution	(1,796)	(1,393)	(1,053)	(4,484)	(3,597)	(404)	29.0%	(744)	70.6%	(887)	24.7%
Minority Interests in Subsidiaries	(50)	(24)	(15)	(95)	(16)	(27)	-	(35)	-	(79)	-
Recurring Net Income	4,022	3,622	3,412	11,156	10,541	400	11.0%	609	17.9%	615	5.8%

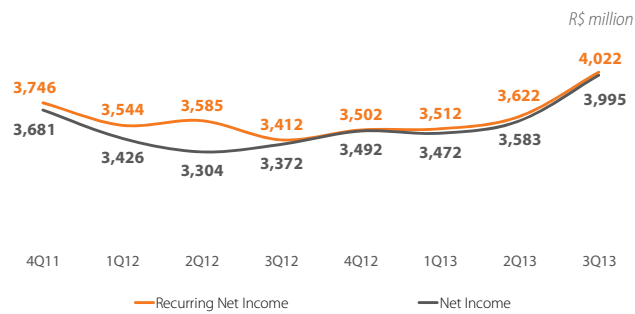
We present below a perspective of the income statement highlighting the Managerial Financial Margin.

Statement of Income | Managerial Financial Margin Perspective

R\$ million

	3Q13	2Q13	3Q12	9M13	9M12	Variation					
						3Q13 - 2Q13	3Q13 - 3Q12	9M13 - 9M12			
Managerial Financial Margin	11,835	11,573	12,811	34,935	39,549	262	2.3%	(976)	-7.6%	(4,615)	-11.7%
Financial Margin with Clients	11,495	11,305	11,963	33,730	36,615	190	1.7%	(468)	-3.9%	(2,885)	-7.9%
Financial Margin with Market	340	268	849	1,205	2,934	72	26.8%	(509)	-60.0%	(1,729)	-58.9%
Results from Loan and Lease Losses	(3,240)	(3,650)	(4,946)	(10,743)	(14,940)	410	-11.2%	1,707	-34.5%	4,197	-28.1%
Expenses for Allowance for Loan and Lease Losses	(4,537)	(4,912)	(6,120)	(14,388)	(18,469)	375	-7.6%	1,583	-25.9%	4,081	-22.1%
Income from Recovery of Loans Written Off as Losses	1,297	1,262	1,174	3,645	3,529	35	2.8%	124	10.5%	116	3.3%
Net Result from Financial Operations	8,595	7,923	7,865	24,192	24,609	672	8.5%	731	9.3%	(418)	-1.7%
Other Operating Income/(Expenses)	(2,727)	(2,886)	(3,385)	(8,457)	(10,456)	159	-5.5%	658	-19.4%	1,999	-19.1%
Banking Service Fees and Income from Banking Charges	5,591	5,399	4,338	16,111	12,990	192	3.6%	1,253	28.9%	3,122	24.0%
Result from Insurance, Pension Plan and Capitalization Operations	1,414	1,431	1,195	4,199	3,701	(18)	-1.2%	219	18.3%	498	13.5%
Non-interest Expenses	(8,703)	(8,626)	(7,898)	(25,608)	(24,059)	(77)	0.9%	(804)	10.2%	(1,549)	6.4%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,029)	(1,090)	(1,019)	(3,160)	(3,088)	61	-5.6%	(10)	1.0%	(72)	2.3%
Income before Tax and Profit Sharing	5,868	5,038	4,480	15,734	14,153	831	16.5%	1,388	31.0%	1,581	11.2%
Income Tax and Social Contribution	(1,796)	(1,393)	(1,053)	(4,484)	(3,597)	(404)	29.0%	(744)	70.6%	(887)	24.7%
Minority Interests in Subsidiaries	(50)	(24)	(15)	(95)	(16)	(27)	-	(35)	-	(79)	-
Recurring Net Income	4,022	3,622	3,412	11,156	10,541	400	11.0%	609	17.9%	615	5.8%

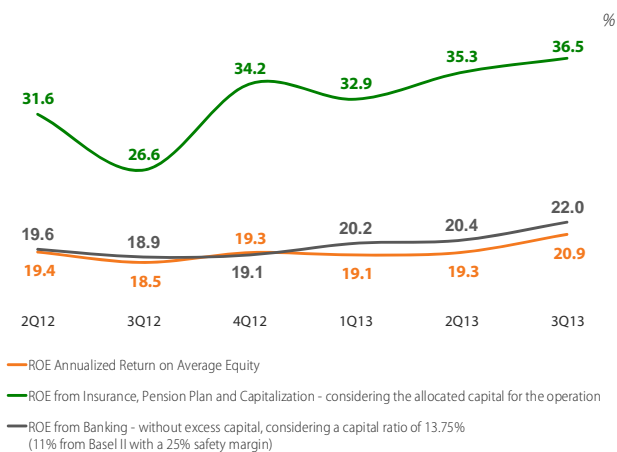
Net Income



Recurring net income for the third quarter of 2013 amounted to R\$4,022 million, representing an increase of 11.0% in relation to the second quarter of 2013. We highlight that our income before taxes and profit sharing increased 16.5%.

The increase in net income for the third quarter of 2013 in relation to the previous quarter is mainly due to the lower expenses for allowance for loan and lease losses and to the increases of 3.6% in service fees, of 2.8% in recovery of credits written off as losses, and of 2.3% in our managerial financial margin. These increases were partially offset by the increase of 0.9% in non-interest expenses, mainly due to the salary adjustment related to the collective bargaining labor agreement.

Annualized Return on Average Equity

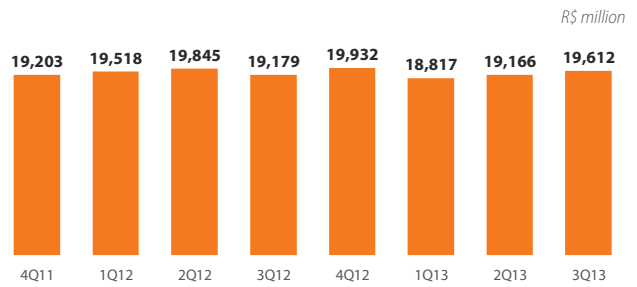


The annualized recurring return on equity reached 20.9% in the third quarter of 2013, whereas it reached 19.7% over the last 12 months. On September 30, 2013, stockholders' equity totaled R\$ 78.3 billion, a 3.3% increase in relation to the previous quarter.

The recurring return of our insurance, pension plan and capitalization operations reached 36.5% in the third quarter of 2013, considering the net income in relation to the allocated capital of these operations.

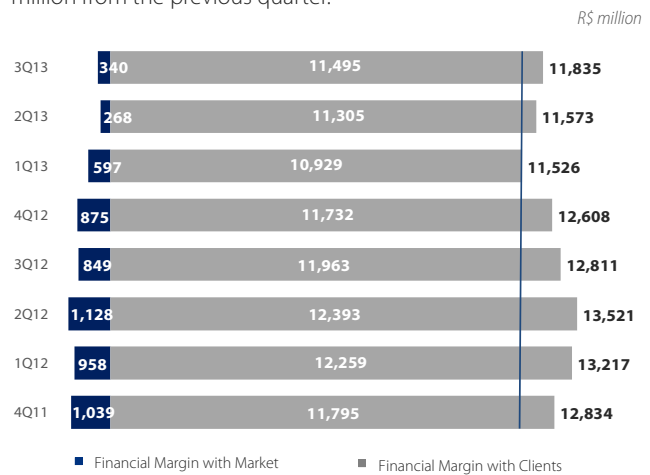
Operating Revenues

In the third quarter of 2013, operating revenues, which represent revenues from banking, and insurance, pension plan and capitalization operations, totaled R\$19,612 million, increasing 2.3% when compared to the previous quarter and 2.3% to the third quarter of 2012. The main components of operating revenues and other items of the results are presented below.



Managerial Financial Margin

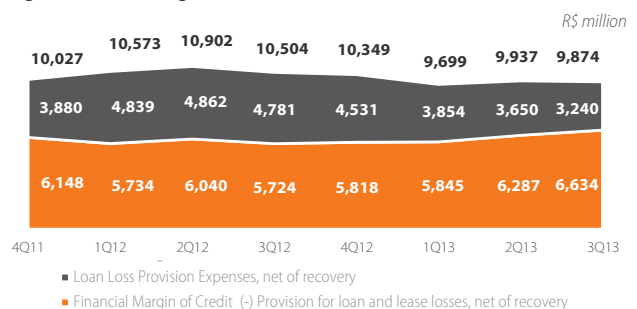
The managerial financial margin for the third quarter of 2013 totaled R\$11,835 million, an increase of R\$262 million in relation to the second quarter of 2013. Our financial margin with clients totaled R\$11,495 million, an increase of R\$190 million, mainly due to the increase in the volume of loan operations and the increase in the Brazilian benchmark rate (Selic), partially offset by the changes in the mix of products and clients. The financial margin with the market amounted to R\$340 million, an increase of R\$72 million from the previous quarter.



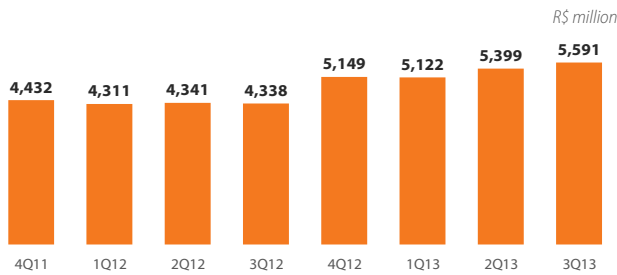
Our managerial financial margin recorded a decrease of R\$4,615 million when compared to the first nine months of 2012. This decrease is due to the decrease of R\$1,729 million in the financial margin with the market, in addition to the decrease of R\$2,885 million in the financial margin with clients, which is due to the changes in the loan portfolio mix (impact of R\$1,910 million), the fall of the average SELIC rate (effect of R\$527 million), and the acquisition of minority shareholders' interest in REDE carried out in the fourth quarter of 2012 that decreased our cash position (effect of R\$774 million).

Managerial Financial Margin, net of the Allowance for Loan Losses

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

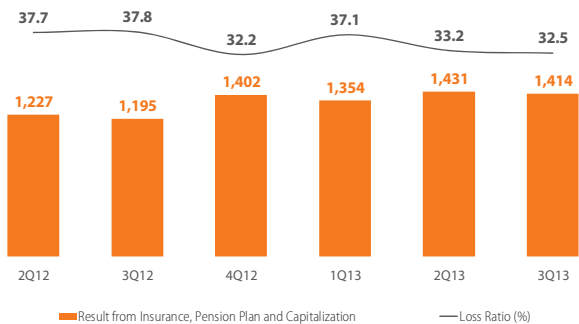


Banking Services Fees and Income from Banking Charges



Banking service fees, including income from banking charges increased R\$192 million (3.6%) in the third quarter of 2013 when compared to the previous quarter, totaling R\$5,591 million. In comparison to the first nine months of the previous year, these revenues increased 24.0%, boosted by the acquisition of minority shareholders' interest in REDE at the end of 2012. Even if the effect of the proportional increase of our stake in REDE were disregarded, the increase would have totaled of 14.2%.

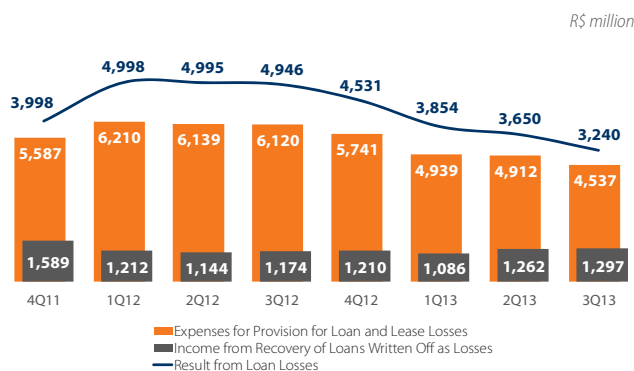
Result from Insurance, Pension Plan and Capitalization



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

In the third quarter of 2013, the result of insurance, pension plan and capitalization operations reached R\$1,414 million, an increase of R\$219 million compared to the previous year whereas the loss ratio improved 530 basis points in the same period.

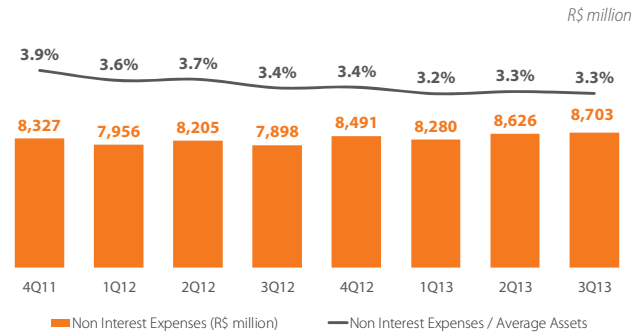
Result from Loan Losses, Net of Recovery



The result from loan losses, net of recovery, decreased 11.2% in relation to the previous quarter, totaling R\$3,240 million in the quarter, which was the sixth consecutive quarter of decrease. In comparison to the first nine months of the 2012, these results decreased 28.1% or R\$4,197 million in the first nine months of 2013.

The expenses for provisions for loan losses decreased R\$375 million in the quarter (7.6%) to R\$4,537 million. The income from the recovery of credits written off as losses increased R\$35 million (2.8%), totaling R\$1,297 million.

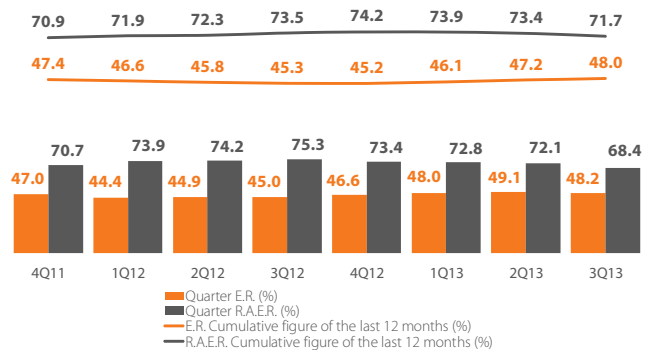
Non-Interest Expenses



Non-interest expenses increased 0.9% in the third quarter of 2013. Personnel expenses increased 2.7%, mainly due to the collective bargaining labor agreement with effects as from September 2013, which increased our personnel expenses by R\$161 million in the quarter. If this increase were disregarded, personnel expenses would have decreased by R\$58 million (1.5%) and total expenses by R\$84 million (1.0%). Administrative expenses decreased R\$14 million in the quarter, mainly due to the decrease in financial system services.

In the first nine months of 2013, non-interest expenses increased R\$1,549 million (6.4%) when compared to the same period of the previous year. If the effect of consolidation of REDE were disregarded, this increase would have totaled 4.4% (lower than the inflation rate of the period).

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



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

In the third quarter of 2013, the risk-adjusted efficiency ratio, in the full concept (including all expenses and also claims and expenses for allowance for loan losses), reached 68.4%, a decrease of 370 basis points from the previous quarter. In the last 12 months, the risk-adjusted efficiency ratio reached 71.7%.

In the third quarter of 2013, the efficiency ratio, in the full concept (including all expenses except claims and loan loss provisions), reached 48.2%, a decrease of 90 basis points from the previous quarter, this was the first reduction observed since the fourth quarter of 2011. In the 12-month period, the efficiency ratio reached 48.0%, an increase of 270 basis points from the same period of the previous year. The main reason behind this increase in the last quarters was the change of loan portfolio mix and the resulting revenue retraction.

Balance Sheet | Assets

R\$ million

	Variation				
	Sep 30,13	Jun 30,13	Sep 30,12	sep/13 - jun/13	sep/13 - sep/12
Current and Long-term Assets	1,068,222	1,043,947	937,069	2.3%	14.0%
Cash and Cash Equivalents	14,466	14,671	13,104	-1.4%	10.4%
Short-term Interbank Investments	193,263	183,578	163,342	5.3%	18.3%
Securities and Derivative Financial Instruments	272,110	272,789	234,556	-0.2%	16.0%
Interbank and Interbranch Accounts	73,878	69,855	68,761	5.8%	7.4%
Loan, Lease and Other Loan Operations	387,040	379,213	359,810	2.1%	7.6%
(Allowance for Loan Losses)	(25,653)	(26,399)	(27,682)	-2.8%	-7.3%
Other Assets	153,117	150,240	125,177	1.9%	22.3%
Foreign Exchange Portfolio	52,989	49,851	40,950	6.3%	29.4%
Other	100,128	100,389	84,227	-0.3%	18.9%
Permanent Assets	14,565	13,734	23,147	6.0%	-37.1%
Investments	3,068	2,996	3,324	2.4%	-7.7%
Fixed and Operating Lease Assets	6,108	5,834	5,330	4.7%	14.6%
Intangible Assets and Goodwill	5,388	4,904	14,493	9.9%	-62.8%
Total Assets	1,082,787	1,057,681	960,216	2.4%	12.8%

On September 30, 2013, our assets totaled R\$1.08 trillion, corresponding to an increase of 2.4% (R\$25.1 billion) when compared to the previous quarter and of 12.8% in relation to the same period of the previous year. This growth was due to the increases of 5.3% (R\$9.7 billion) in short-term interbank investments, 5.8% (R\$4.0 billion) in interbank and interbranch accounts, 2.1% (R\$7.8 billion) in loan, lease and other credit operations and 6.3% (R\$3.1 billion) in the foreign exchange portfolio. Noteworthy was the 2.8% decrease in the allowance for

loan and lease losses, although our loan portfolio increased 2.1% in the period.

In the past twelve months, the increase of R\$122.6 billion mainly arises from the increases of R\$37.6 billion in securities and derivative financial instruments, of R\$29.9 billion in short-term interbank investments and of R\$27.2 billion in loan, lease and other loan operations.

Balance Sheet | Liabilities and Equity

R\$ million

	Variation				
	Sep 30,13	Jun 30,13	Sep 30,12	sep/13 - jun/13	sep/13 - sep/12
Current and Long-Term Liabilities	1,001,600	978,999	879,304	2.3%	13.9%
Deposits	252,279	245,031	231,919	3.0%	8.8%
Demand Deposits	37,817	38,665	29,818	-2.2%	26.8%
Savings Deposits	98,228	92,324	77,414	6.4%	26.9%
Interbank Deposits	7,680	7,056	9,516	8.8%	-19.3%
Time Deposits	108,555	106,986	115,172	1.5%	-5.7%
Deposits Received under Securities Repurchase Agreements	295,136	289,269	245,272	2.0%	20.3%
Fund from Acceptances and Issue of Securities	50,672	53,202	57,044	-4.8%	-11.2%
Interbank and Interbranch Accounts	12,991	8,337	8,360	55.8%	55.4%
Borrowings and Onlendings	73,301	69,139	56,854	6.0%	28.9%
Derivative Financial Instruments	9,205	11,530	9,125	-20.2%	0.9%
Technical Provisions for Insurance, Pension Plans and Capitalization	98,758	97,447	87,281	1.3%	13.1%
Other Liabilities	209,258	205,044	183,449	2.1%	14.1%
Subordinated Debt	54,394	53,813	48,544	1.1%	12.1%
Foreign Exchange Portfolio	53,315	50,168	41,125	6.3%	29.6%
Other	101,549	101,063	93,780	0.5%	8.3%
Deferred Income	1,085	1,105	813	-1.8%	33.5%
Minority Interest in Subsidiaries	1,842	1,796	1,121	2.5%	64.3%
Stockholders' Equity	78,260	75,781	78,979	3.3%	-0.9%
Total Liabilities and Equity	1,082,787	1,057,681	960,216	2.4%	12.8%

Our stockholders' equity reached R\$78,260 million, an increase of R\$2,478 million in the third quarter of 2013 despite the impact of the mark-to-market of available-for-sale securities (R\$224 million) and the repurchase of shares for treasury (R\$406 million).

Liabilities grew 2.4%, driven by the increases of 6.4% (R\$5.9 billion) in savings deposits, 2.0% (R\$5.9 billion) in deposits received under securities repurchase agreements, 55.8% (R\$ 4.7 billion) in interbank and interbranch accounts, 6.0% (R\$ 4.2

billion) in borrowings and onlending and 6.3% (R\$3.1 billion) in foreign exchange portfolio, which were partially offset by the drops of 4.8% (R\$2.5 billion) in funds from acceptances and issue of securities, 20.2% (R\$ 2.3 billion) in derivative financial instruments and 2.2% in demand deposits.

In 12 months, we highlight the increases of R\$49.9 billion in deposits received under repurchase agreements, of R\$20.8 billion in saving deposits, of R\$16.4 billion in borrowings and onlending and of R\$12.2 billion in the foreign exchange portfolio.

Loan Portfolio with Endorsements and Sureties

As of September 30, 2013, our total loan portfolio (including sureties, endorsements and private securities) reached R\$481,017 million, growing 2.9% compared to the second quarter of 2013 and 9.9% compared to the same period of the previous year. Disregarding the vehicle portfolio, the increase in our loan portfolio would have been of 3.8% in the quarter and of 14.3% in the 12-month period.

In the individuals segment, the highlight was the growth of low-risk loan portfolios: payroll loans, which increased 11.6% in the quarter and of 64.0% in the 12-month period, and mortgage loan portfolios, which increased 8.1% in the quarter, and of 34.9% in the 12-month period.

The companies segment, without considering private securities, grew 2.6% in the quarter and 9.1% in the 12-month period. The corporate portfolio increased 4.2% in relation to the previous quarter and 16.9% in the past 12 months, whereas the very small,

small and middle market companies portfolio decreased 0.7% in the third quarter of 2013 and 4.1% in relation to September 2012. Considering the private security operations, the companies segment recorded a 3.1% increase compared to the second quarter of 2013 and 10.1% compared to 2012.

Our operations in Latin America grew 5.8% in the quarter and reached R\$36,354 million. In 12 months, the growth was 32.4%. Excluding the effect of the foreign exchange variation, the growth of this portfolio was 5.1% compared to the second quarter of 2013 and 20.6% year-on-year.

The balance of endorsements and sureties reached R\$69,522 million on September 30, 2013, representing an increase of 5.5% in the second quarter and of 20.3% in the past 12 months, mainly due to the increase in the portfolio of large companies, which grew 5.5% in relation to the previous quarter and 20.4% in relation to the same period of the previous year.

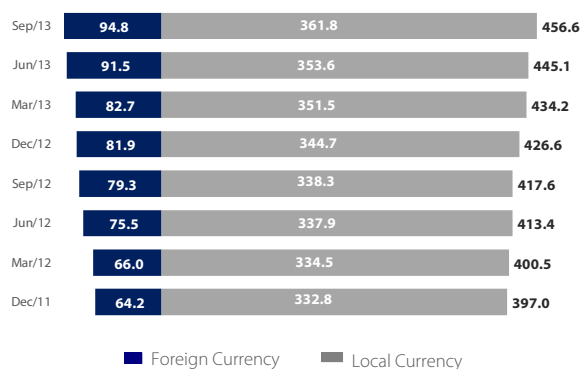
R\$ million

	Sep 30,13	Jun 30,13	Dec 31,12	Sep 30,12	Variation		
					sep/13 – jun/13	sep/13 – dec/12	sep/13 – sep/12
Individuals	156,198	153,386	150,430	148,174	1.8%	3.8%	5.4%
Credit Card	43,078	41,621	40,614	36,699	3.5%	6.1%	17.4%
Personal Loans	27,293	27,185	26,999	28,195	0.4%	1.1%	-3.2%
Payroll Loans ⁽¹⁾	20,579	18,442	13,551	12,547	11.6%	51.9%	64.0%
Vehicles	42,733	45,302	51,220	54,046	-5.7%	-16.6%	-20.9%
Mortgage Loans ⁽²⁾	22,515	20,836	18,047	16,687	8.1%	24.8%	34.9%
Companies	264,010	257,372	246,872	241,975	2.6%	6.9%	9.1%
Corporate	178,228	170,967	157,912	152,527	4.2%	12.9%	16.9%
Very Small, Small and Middle Market ⁽³⁾	85,782	86,405	88,959	89,448	-0.7%	-3.6%	-4.1%
Latin America ⁽⁴⁾	36,354	34,355	29,293	27,454	5.8%	24.1%	32.4%
Total with Endorsements and Sureties	456,561	445,114	426,595	417,603	2.6%	7.0%	9.3%
Corporate - Private Securities ⁽⁵⁾	24,455	22,400	22,652	20,030	9.2%	8.0%	22.1%
Total with Endorsements, Sureties and Private Securities	481,017	467,514	449,248	437,632	2.9%	7.1%	9.9%
Total with Endorsements, Sureties and Private Securities (ex-Vehicles)	438,284	422,212	398,028	383,587	3.8%	10.1%	14.3%
Endorsements and Sureties	69,522	65,900	60,310	57,792	5.5%	15.3%	20.3%
Individuals	580	392	201	197	48.0%	188.0%	194.3%
Corporate	62,553	59,274	54,184	51,967	5.5%	15.4%	20.4%
Very Small, Small and Middle Market	3,645	3,673	3,774	3,730	-0.7%	-3.4%	-2.3%
Latin America ⁽⁴⁾	2,743	2,561	2,151	1,899	7.1%	27.5%	44.5%

(1) It includes operations originated by the institution and acquired operations. On September 30, 2013, the portfolio of Itaú BMG Consignado reached R\$5,610 million. (2) The table does not include co-obligation in mortgage loan assignments in the amount of R\$296.7 million in the 4Q11. (3) It includes Rural Loans to Individuals. (4) It includes Argentina, Chile, Colombia, Paraguay and Uruguay. (5) It includes Debentures, CRI and Commercial Paper. Note: Mortgage and Rural Loan portfolios from the companies segment are allocated according to the client's size. For more details, please see page 29.

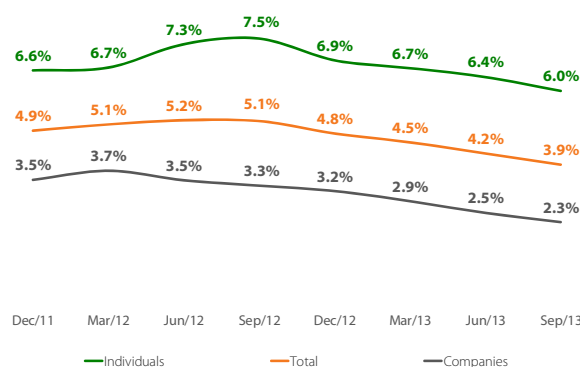
Loan Portfolio – Currency Disclosure

R\$ billion



On September 30, 2013, R\$94.8 billion of our loan portfolio was denominated in or indexed to foreign currencies and increased 3.6% in the quarter. The highlight in this portfolio is the increase of 5.8% in our operations in Latin America.

NPL Ratio (overdue 90 days)



The NPL ratio for operations more than 90 days overdue (NPL 90) decreased 30 basis points when compared to the second quarter of 2013 and 120 basis points when compared to September 2012, and reached the lowest level since the merger of Itaú and Unibanco in November 2008.

2013 Outlook

The table below, we reiterated our current expectations for the year 2013:

	2013 Outlook	Actual
Total Loan Portfolio	Growth of 8% to 11%	9.9% (12M) ✓
Loan Loss Provision	Between R\$ 19 billion and R\$ 22 billion	R\$14.4 (9M13) ✓
Service Fees and Result of Insurance ¹	Growth of 15% to 18%	21.7% (9M13/9M12) ✓
Non-Interest Expenses	Growth of 4% to 6%	6.4% (9M13/9M12) ✗ 4.4% (100% REDE 2012) (9M13/9M12)
Risk-Adjusted Efficiency Ratio	Improvement of 200 to 400 bps	- 340 bps (9M13/9M12) ✓

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

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