management discussion & analysis

Itaú Unibanco Holding S.A.

4th quarter of 2012

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Executive Summary

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

Highlights

R$ million (except where indicated)

	4Q12	3Q12	4Q11	2012	2011
Statement of Income					
Recurring Net Income	3,502	3,412	3,746	14,043	14,641
Net Income	3,492	3,372	3,681	13,594	14,621
Operating Revenues (1)	19,855	19,513	19,643	79,550	74,808
Managerial Financial Margin (2)	12,416	12,820	12,993	52,012	49,566
Shares (R$)					
Recurring Net Income per share (3)	0.78	0.76	0.83	3.11	3.23
Net Income per share (3)	0.77	0.75	0.82	3.01	3.23
Number of Outstanding Shares at the end of period – in thousands	4,518,380	4,518,244	4,513,640	4,518,380	4,513,640
Average price of non-voting share on the last trading day of the period	33.33	30.63	33.85	33.33	33.85
Book Value per share	16.43	17.48	15.81	16.43	15.81
Dividends/JCP net of taxes (4)	2,559	514	2,284	4,518	4,394
Dividends/JCP net of taxes (4) per share	0.57	0.11	0.51	1.00	0.97
Market Capitalization (5)	150,598	138,394	152,787	150,598	152,787
Market Capitalization (5) (US$ Million)	73,696	68,154	81,451	73,696	81,451
Performance Ratios (%)					
Recurring Return on Average Equity – Annualized (6)	19.3%	18.5%	21.8%	19.4%	22.3%
Return on Average Equity – Annualized (6)	18.4%	17.5%	21.4%	18.4%	22.3%
Recurring Return on Average Assets – Annualized (7)	1.4%	1.5%	1.8%	1.5%	1.8%
Return on Average Assets – Annualized (7)	1.4%	1.5%	1.7%	1.5%	1.8%
Solvency Ratio (BIS Ratio) - Economic Financial-Consolidated	16.7%	17.5%	16.4%	16.7%	16.4%
Annualized Credit Margin	12.3%	12.8%	13.0%	13.0%	13.0%
Annualized Net Interest Margin with Clients (8)	9.5%	10.6%	11.0%	10.5%	11.4%
Annualized Net Interest Margin with Credit after Provision for Credit Risk (8)	7.0%	7.0%	8.0%	7.2%	8.1%
Nonperforming Loans Index (NPL over 90 days)	4.8%	5.1%	4.9%	4.8%	4.9%
Coverage Ratio (Provision for Loan and Lease Losses/NPL over 90 days)	158%	149%	153%	158%	153%
Efficiency Ratio (ER) (9)	46.6%	45.5%	47.0%	45.4%	47.3%
Risk Adjusted Efficiency Ratio (RAER) (9)	73.3%	74.4%	69.5%	73.3%	69.7%
Balance Sheet	**Dec 31,12**	**Sep 30,12**	**Dec 31,11**		
Total Assets	1,014,425	960,216	851,332		
Total Loan Portfolio, including Sureties, Endorsements and Guarantees	426,595	417,603	397,012		
Loan Operations (A)	366,285	359,810	345,483		
Sureties, Endorsements and Guarantees	60,310	57,792	51,530		
Deposits + Debentures + Securities + Borrowings and Onlending (B) (10)	495,853	474,341	480,601		
Loan Operations/Funding (A/B)	73.9%	75.9%	71.9%		
Stockholders' Equity	74,220	78,979	71,347		
Relevant Data					
Assets Under Administration	561,958	536,458	449,693		
Employees (Individuals)	96,977	97,030	104,542		
Employees in Brazil (Individuals)	90,323	90,427	98,258		
Employees Abroad (Individuals)	6,654	6,603	6,284		
Number of Points of Service	32,987	32,833	33,753		
Branches (Units)	4,121	4,115	4,072		
CSB – Client Service Branches (Units)	906	901	912		
ATM – Automated Teller Machines (Units) (11)	27,960	27,817	28,769		

Macroeconomic | Indicators

	4Q12	3Q12	4Q11	2012	2011
EMBI Brazil Risk	146	164	224	146	224
CDI – In the Period (%)	1.7%	1.9%	2.7%	8.4%	11.6%
Dollar Exchange Rate – Quotation in R$	2.0435	2.0306	1.8758	2.0435	1.8758
Dollar Exchange Rate – Variation in the Period (%)	0.6%	0.5%	1.2%	8.9%	12.6%
Euro Exchange Rate – Quotation in R$	2.6954	2.6109	2.4342	2.6954	2.4342
Euro Exchange Rate – Variation in the Period (%)	3.2%	2.0%	-2.4%	10.7%	9.3%
IGP-M – In the Period (%)	0.7%	3.8%	0.9%	7.8%	5.1%

(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 page 16; **(3)** Calculated based on the weighted average number of outstanding shares; **(4)** JCP – Interest on Net Equity. Recognized and declared amounts paid/ accrued and declared; **(5)** 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; **(6)** Annualized Return was calculated by dividing Net Income by the Average Stockholders' Equity. The quotient was multiplied by the number of periods of the year to derive the annualized rate. The basis of calculations of the returns were adjusted by the amount of dividends which have not yet been approved in stockholder's meetings or by the Board of Director's, and on the 3rd Q/12, for the Recurring ROE, we have considered the acquisition of minority interests of Redecard as a capital transaction; **(7)** Annualized Return was computed by dividing Net Income by Average Assets. The quotient of this division was multiplied by the number of periods of the year to derive the annualized rate. **(8)** It does not include Margin with Market. See details on page 17; **(9)** For more details on the calculation methodology of both Efficiency and Risk Adjusted Efficiency ratios, please see page 24; **(10)** As described on page 32; **(11)** It includes ESBs (electronic service branches) and service points in third-parties' establishments.

Net Income and Recurring Net Income

Our recurring net income totaled R$3,502 million in the fourth quarter of 2012. This amount was adjusted by the impact of non-recurring events, which are presented in the table below, resulting in net income of R$3,492 million in the period.

Non-Recurring Events Net of Tax Effects

R$ million

	4Q12	3Q12	4Q11	2012	2011
Recurring Net Income	3,502	3,412	3,746	14,043	14,641
Non Recurring Events	(10)	(40)	(65)	(449)	(20)
Realization of Assets (a)	836	-	-	836	-
Increase in the Social Contribution Rate (b)	351	-	-	351	-
Program for Settlement or Installment Payment of Federal Taxes - Law No. 11,941/ 09 (c)	-	-	-	-	509
Provision for contingencies (d)	(740)	(40)	(54)	(873)	(285)
Tax and Social Security Contributions (d)	(253)	-	-	(253)	-
Civil Lawsuits (d)	(145)	-	-	(145)	-
Economic Plans (e)	(194)	(40)	(54)	(328)	(285)
Labor Claims (d)	(105)	-	-	(105)	-
Other (d)	(44)	-	-	(44)	-
Market value based on the share price – BPI (f)	-	-	(11)	(305)	(245)
Allowance for loan losses (d)	(229)	-	-	(229)	-
Reward Program - Credit Cards (g)	(185)	-	-	(185)	-
Other	(43)	-	-	(43)	-
Net Income	3,492	3,372	3,681	13,594	14,621

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

Non-Recurring Events in 2012 and 2011

(a) Realization of Assets: In the fourth quarter of 2012, this amount is mainly composed of the sale of our total interest (601,403 shares) in Serasa to Experian, as announced to the market on October 23, 2012.

(b) Increase of the Social Contribution Rate: A remaining balance related to Social Contribution tax credits from periods prior to the increase of the rate from 9% to 15% was recognized at the end of the fourth quarter of 2012. From 2013 on, Social Contribution expense will reflect the effect of the increase in the rate.

(c) Program for the Settlement or Installment Payment of Federal Taxes - Law No. 11,941/09: Additional effects of the adherence of Itaú Unibanco Holding and its subsidiaries to the Program for the Settlement or Installment Payment of Federal Taxes in 2009. This program includes the debts managed by the Federal Revenue Service of Brazil and by the Attorney General's Office of the National Treasury.

(d) Provisions for diverse risks and allowance for loan losses: The criteria were improved and determined the recognition of these provisions.

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

(f) Market Value based on the Share Price – BPI: On April 20, 2012, Itaú Unibanco sold its interest of 18.87% in Banco Português de Investimento to the La Caixa group and received approximately €93 million. This transaction negatively impacted our net income for the previous 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 2011 and 2012.

(g) Reward Program — Credit Cards: Reformulation of benefit.

Managerial Statement of Income

The tables on the next page are based on the Managerial Statement of Income, which arises from reclassifications made in the audited accounting statement of income. 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, were reclassified to the financial margin. Additionally, non-recurring effects were also adjusted.

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 the 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 fourth quarter of 2012, the Brazilian real depreciated 0.6% in relation to the U.S. dollar and 3.2% in relation to the Euro, compared with a depreciation of 0.5% and 2.0%, respectively, in the previous quarter.

Acquisition of Minority Shareholders' interest on Redecard

As from September 24, 2012, in one of the biggest operations of the Sao Paulo Stock Exchange (BM&FBovespa), we acquired 49.98% of the capital of Redecard through a public tender offer, totaling 100% of the shares. On October 18, 2012, the Brazilian Securities Commission (CVM) canceled the registration of Redecard as a public company.

We accounted this acquisition of the minority shareholders' interest as a capital transaction, because this change in our participation in Redecard did not imply in a change in control. The difference between the value paid and the value corresponding to the minorities' interests was recognized in our equity under "retained earnings" in the amount of R$ 11,150 million, which net of tax effects totaled R $ 7,360 million. For further details, please see note 2-C of our Financial Statements.

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

Reconciliation between the Accounting and Managerial Statements | 4th Quarter of 2012

R$ million

	Itaú Unibanco			
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial
Operating Revenues	**20,749**	**(1,085)**	**191**	**19,855**
Managerial Financial Margin	12,151	74	191	12,416
Financial Margin with Clients	11,475	74	-	11,549
Financial Margin with Market	677	-	191	868
Banking Service Fees and Income from Banking Charges	5,198	309	-	5,507
Results from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses	1,642	-	-	1,642
Other Operating Income	85	-	-	85
Equity in Earnings of Affiliates and Other Investments	145	-	-	145
Non-operating Income	1,527	(1,468)	-	60
Loan and Retained Claim Losses Net of Recovery	**(5,376)**	**381**	**-**	**(4,995)**
Expenses for Allowance for Loan and Lease Losses	(6,066)	381	-	(5,685)
Income from Recovery of Loans Written Off as Losses	1,186	-	-	1,186
Retained Claims	(496)	-	-	(496)
Other Operating Income/(Expenses)	**(11,141)**	**1,310**	**(19)**	**(9,850)**
Non-interest Expenses	(9,766)	1,310	-	(8,457)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,097)	-	(19)	(1,116)
Selling Expenses from Insurance	(278)	-	-	(278)
Income before Tax and Profit Sharing	**4,232**	**606**	**172**	**5,010**
Income Tax and Social Contribution	**(693)**	**(596)**	**(172)**	**(1,461)**
Profit Sharing	**(36)**	**-**	**-**	**(36)**
Minority Interests	**(12)**	**-**	**-**	**(12)**
Net Income	**3,492**	**10**	**-**	**3,502**

Reconciliation between the Accounting and Managerial Statements | 3rd Quarter of 2012

R$ million

	Itaú Unibanco			
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial
Operating Revenues	**19,353**	**-**	**159**	**19,513**
Managerial Financial Margin	12,660	-	159	12,820
Financial Margin with Clients	11,970	-	-	11,970
Financial Margin with Market	690	-	159	850
Banking Service Fees and Income from Banking Charges	5,034	-	-	5,034
Results from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses	1,497	-	-	1,497
Other Operating Income	52	-	-	52
Equity in Earnings of Affiliates and Other Investments	110	-	-	110
Non-operating Income	1	-	-	1
Loan and Retained Claim Losses Net of Recovery	**(5,344)**	**-**	**-**	**(5,344)**
Expenses for Allowance for Loan and Lease Losses	(5,939)	-	-	(5,939)
Income from Recovery of Loans Written Off as Losses	1,159	-	-	1,159
Retained Claims	(563)	-	-	(563)
Other Operating Income/(Expenses)	**(9,488)**	**61**	**(15)**	**(9,443)**
Non-interest Expenses	(8,209)	61	-	(8,148)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,008)	-	(15)	(1,023)
Selling Expenses from Insurance	(272)	-	-	(272)
Income before Tax and Profit Sharing	**4,521**	**61**	**144**	**4,726**
Income Tax and Social Contribution	**(960)**	**(21)**	**(144)**	**(1,125)**
Profit Sharing	**(43)**	**-**	**-**	**(43)**
Minority Interests	**(145)**	**-**	**-**	**(145)**
Net Income	**3,372**	**40**	**-**	**3,412**

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

Statement of Income | Operating Revenues Perspective

R$ million

	4Q12	3Q12	4Q11	2012	2011	Variation 4Q12 - 3Q12		Variation 4Q12 - 4Q11		Variation 2012 - 2011	
Operating Revenues	**19,855**	**19,513**	**19,643**	**79,550**	**74,808**	**342**	**1.8%**	**212**	**1.1%**	**4,743**	**6.3%**
Managerial Financial Margin	12,416	12,820	12,993	52,012	49,566	(403)	-3.1%	(577)	-4.4%	2,446	4.9%
Financial Margin with Clients	11,549	11,970	11,969	48,211	45,781	(421)	-3.5%	(420)	-3.5%	2,430	5.3%
Financial Margin with Market	868	850	1,025	3,801	3,785	18	2.1%	(157)	-15.3%	16	0.4%
Banking Service Fees and Income from Banking Charges	5,507	5,034	5,088	20,622	19,048	473	9.4%	419	8.2%	1,575	8.3%
Result from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses	1,642	1,497	1,392	6,066	5,215	145	9.7%	249	17.9%	850	16.3%
Other Operating Income	85	52	74	278	378	32	62.1%	10	13.8%	(100)	-26.4%
Equity in Earnings of Affiliates and Other Investments	145	110	93	488	410	36	32.8%	52	55.7%	77	18.9%
Non-operating Income	60	1	2	84	191	59	-	58	-	(106)	-
Loan and Retained Claim Losses Net of Recovery	**(4,995)**	**(5,344)**	**(4,202)**	**(21,016)**	**(15,936)**	**349**	**-6.5%**	**(793)**	**18.9%**	**(5,080)**	**31.9%**
Expenses for Allowance for Loan and Lease Losses	(5,685)	(5,939)	(5,453)	(23,644)	(19,912)	254	-4.3%	(232)	4.2%	(3,732)	18.7%
Income from Recovery of Loans Written Off as Losses (*)	1,186	1,159	1,574	4,663	5,488	27	2.4%	(387)	-24.6%	(825)	-15.0%
Retained Claims	(496)	(563)	(322)	(2,035)	(1,512)	68	-12.0%	(174)	53.9%	(523)	34.6%
Operating Margin	**14,860**	**14,169**	**15,441**	**58,534**	**58,872**	**692**	**4.9%**	**(580)**	**-3.8%**	**(338)**	**-0.6%**
Other Operating Income/(Expenses)	**(9,850)**	**(9,443)**	**(9,741)**	**(38,439)**	**(37,400)**	**(407)**	**4.3%**	**(110)**	**1.1%**	**(1,039)**	**2.8%**
Non-interest Expenses	(8,457)	(8,148)	(8,513)	(33,169)	(32,572)	(308)	3.8%	57	-0.7%	(597)	1.8%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,116)	(1,023)	(976)	(4,230)	(3,839)	(93)	9.1%	(140)	14.3%	(390)	10.2%
Selling Expenses From Insurance	(278)	(272)	(251)	(1,040)	(989)	(6)	2.1%	(26)	10.4%	(52)	5.2%
Income before Tax and Profit Sharing	**5,010**	**4,726**	**5,700**	**20,095**	**21,472**	**285**	**6.0%**	**(690)**	**-12.1%**	**(1,377)**	**-6.4%**
Income Tax and Social Contribution	**(1,461)**	**(1,125)**	**(1,689)**	**(5,340)**	**(5,861)**	**(336)**	**29.9%**	**228**	**-13.5%**	**521**	**-8.9%**
Profit Sharing	**(36)**	**(43)**	**(29)**	**(159)**	**(192)**	**7**	**-16.7%**	**(7)**	**26.2%**	**33**	**-17.1%**
Minority Interests in Subsidiaries	**(12)**	**(145)**	**(237)**	**(554)**	**(778)**	**134**	**-92.0%**	**225**	**-95.1%**	**224**	**-28.8%**
Recurring Net Income	**3,502**	**3,412**	**3,746**	**14,043**	**14,641**	**89**	**2.6%**	**(244)**	**-6.5%**	**(598)**	**-4.1%**

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

Statement of Income | Managerial Financial Margin Perspective

R$ million

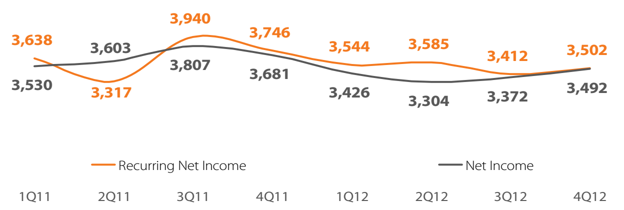
	4Q12	3Q12	4Q11	2012	2011	Variation 4Q12 - 3Q12		Variation 4Q12 - 4Q11		Variation 2012 - 2011	
Managerial Financial Margin	**12,416**	**12,820**	**12,993**	**52,012**	**49,566**	**(403)**	**-3.1%**	**(577)**	**-4.4%**	**2,446**	**4.9%**
Financial Margin with Clients	11,549	11,970	11,969	48,211	45,781	(421)	-3.5%	(420)	-3.5%	2,430	5.3%
Financial Margin with Market	868	850	1,025	3,801	3,785	18	2.1%	(157)	-15.3%	16	0.4%
Loan and Retained Claim Losses Net of Recovery	**(4,499)**	**(4,781)**	**(3,880)**	**(18,981)**	**(14,424)**	**282**	**-5.9%**	**(619)**	**16.0%**	**(4,557)**	**31.6%**
Expenses for Allowance for Loan and Lease Losses	(5,685)	(5,939)	(5,453)	(23,644)	(19,912)	254	-4.3%	(232)	4.2%	(3,732)	18.7%
Income from Recovery of Loans Written Off as Losses (*)	1,186	1,159	1,574	4,663	5,488	27	2.4%	(387)	-24.6%	(825)	-15.0%
Net Result from Financial Operations	**7,917**	**8,039**	**9,114**	**33,031**	**35,142**	**(122)**	**-1.5%**	**(1,196)**	**-13.1%**	**(2,111)**	**-6.0%**
Other Operating Income/(Expenses)	**(2,967)**	**(3,314)**	**(3,415)**	**(13,020)**	**(13,861)**	**347**	**-10.5%**	**448**	**-13.1%**	**841**	**-6.1%**
Banking Service Fees and Income from Banking Charges	5,507	5,034	5,088	20,622	19,048	473	9.4%	419	8.2%	1,575	8.3%
Result from Insurance, Pension Plan and Capitalization Operations	868	661	819	2,990	2,714	207	31.3%	50	6.1%	276	10.2%
Non-interest Expenses	(8,457)	(8,148)	(8,513)	(33,169)	(32,572)	(308)	3.8%	57	-0.7%	(597)	1.8%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,116)	(1,023)	(976)	(4,230)	(3,839)	(93)	9.1%	(140)	14.3%	(390)	10.2%
Equity in Earnings of Affiliates and Other Investments	145	110	93	488	410	36	32.8%	52	55.7%	77	18.9%
Other Operating Income	85	52	74	278	378	32	62.1%	10	13.8%	(100)	-26.4%
Operating Income	**4,951**	**4,725**	**5,699**	**20,011**	**21,281**	**226**	**4.8%**	**(748)**	**-13.1%**	**(1,270)**	**-6.0%**
Non-operating Income	60	1	2	84	191	59	-	58	-	(106)	-
Income before Tax and Profit Sharing	**5,010**	**4,726**	**5,700**	**20,095**	**21,472**	**285**	**6.0%**	**(690)**	**-12.1%**	**(1,377)**	**-6.4%**
Income Tax and Social Contribution	**(1,461)**	**(1,125)**	**(1,689)**	**(5,340)**	**(5,861)**	**(336)**	**29.9%**	**228**	**-13.5%**	**521**	**-8.9%**
Profit Sharing	**(36)**	**(43)**	**(29)**	**(159)**	**(192)**	**7**	**-16.7%**	**(7)**	**26.2%**	**33**	**-17.1%**
Minority Interests in Subsidiaries	**(12)**	**(145)**	**(237)**	**(554)**	**(778)**	**134**	**-92.0%**	**225**	**-95.1%**	**224**	**-28.8%**
Recurring Net Income	**3,502**	**3,412**	**3,746**	**14,043**	**14,641**	**89**	**2.6%**	**(244)**	**-6.5%**	**(598)**	**-4.1%**

(*) Since the beginning of 2012, the discounts granted in the recovery of credits written off as losses are no longer deducted from the financial margin and started to be deducted from the income from the recovery of these credits. In 2011, these discounts amounted to R$609 million. If this effect were considered in 2011, the income from the recovery of credits written off as losses would have dropped 4.4% in 2012,.

Executive Summary

Net Income

R$ million



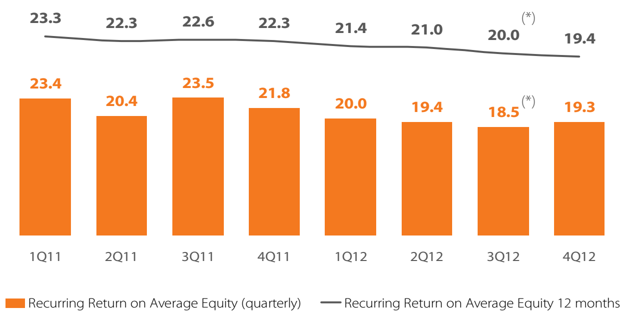
The recurring net income for the fourth quarter of 2012 amounted to R$3,502 million, representing an increase of 2.6% in relation to the previous quarter. Our income before taxes and profit sharing increased 6.0%.

This increase in net income in the last quarter of 2012 in relation to the previous quarter is mainly due to the increase of 1.8% in operating revenues, driven by the increase in banking service fees and income from banking charges and insurance operations, which was offset by the decrease in our financial margin with clients, and the decrease of 6.5% in loan and retained claim losses, net of recovery. In this quarter, we also recorded an increase of 3.8% in non-interest expenses.

In 2012, recurring net income totaled R$14,043 million, a decrease of 4.1% in relation to 2011.

Annualized Return on Average Equity

%

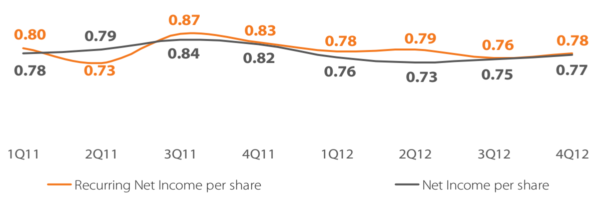


The annualized recurring return on average equity reached 19.3% in the fourth quarter of 2012 and19.4% in the year. On December 31, 2012, stockholders' equity totaled R$74.2 billion, a 4.0% increase from the same period of the previous year.

(*) For comparison purposes, the calculation of recurring return on average equity for the third quarter of 2012 and the year 2012 was calculated considering the acquisition of the minority shares of Redecard as a capital transaction on September 30, 2012. For further details, see Note 2-C of the Financial Statements.

Net Income per Share and Recurring Net Income per Share

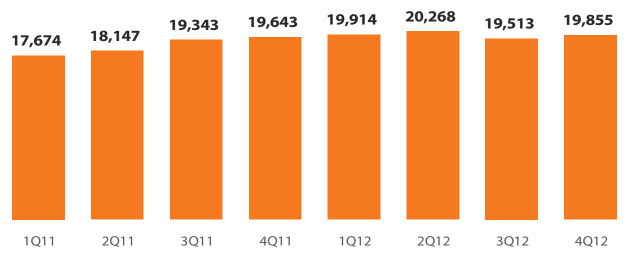
R$



In the fourth quarter of 2012, recurring net income per share totaled R$0.78, R$0.02 higher than in the previous quarter. Net income per share totaled R$0.77, an increase of R$0.02 from the previous quarter.

Operating Revenues

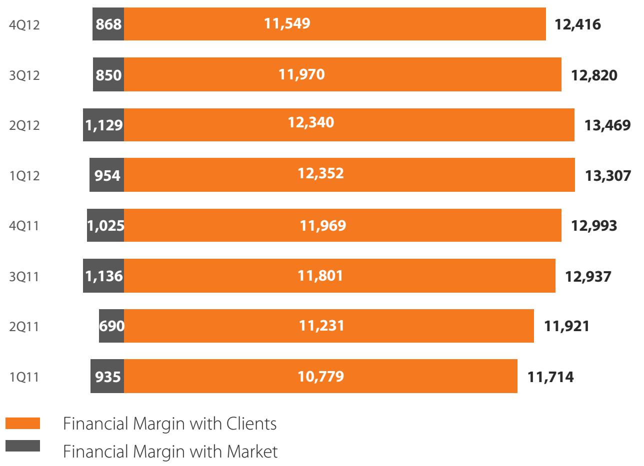
R$ million



In the fourth quarter of 2012, operating revenues, which represent revenues from banking and from insurance, pension plan and capitalization operations, totaled R$19,855 million, increasing 1.8% from the previous quarter and 6.3% from the same period of the previous year. The main components of operating revenues and other items of net income are presented below.

Managerial Financial Margin

R$ million

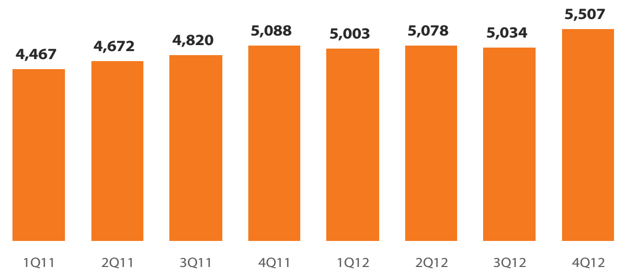


The managerial financial margin for the fourth quarter of 2012 totaled R$12,416 million, a decrease of R$403 million in relation to the third quarter of 2012. Our managerial financial margin with clients totaled R$11,549 million, a decrease of R$421 million, of which approximately R$199 million arise from the reduction in cash due to the acquisition of minority shareholders' interest of Redecard and R$ 120 million arise from the reduction of the annualized Brazilian benchmark rate (SELIC). The financial margin with the market amounted to R$868 million, an increase of R$18 million from the previous quarter. The financial margin with the market for the quarter was positively impacted by R$36 million from the sale of 2.9 million shares of BM&FBovespa.

In 2012, our managerial financial margin increased 4.9% in relation to 2011, as a result of the increase of 5.3% in the financial margin with clients and of 0.4% in the financial margin with the market.

Banking Services Fees and Income from Banking Charges

R$ million

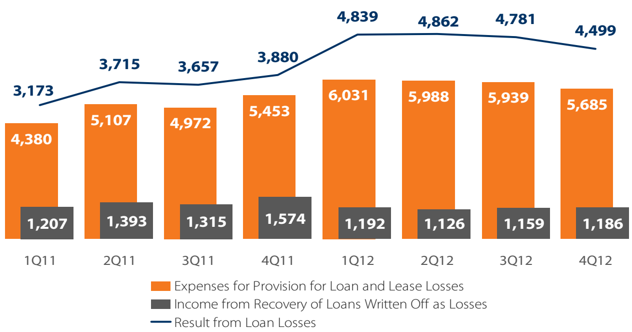


In the fourth quarter of 2012, banking service fees, including income from banking charges, grew 9.4% from the third quarter of 2012, totaling R$5,507 million.

For the year, these service fees grew 8.3% from the same period of the previous year.

Result from Loan Losses, Net of Recovery

R$ million

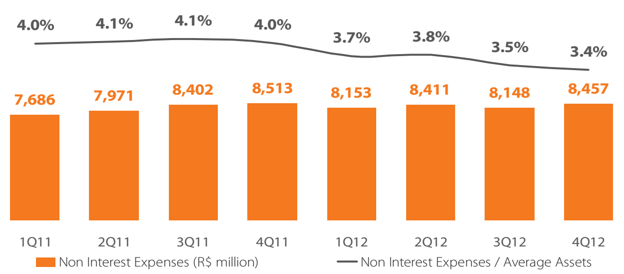


The result from loan losses, net of recovery, decreased 5.9% in relation to the previous quarter, totaling R$4,499 million in the quarter. The expenses for provisions for loan losses decreased R$254 million in the quarter (a drop of 4.3%), totaling R$5,685 million. The income from the recovery of credits written off as losses increased R$27 million, to reach R$1,186 million.

Since the beginning of 2012, the discounts granted in the recovery of credits written off as losses have no longer been deducted from the financial margin and started to be deducted from income from the recovery of those credits. In 2011, these discounts amounted to R$609 million. If this effect were considered in 2011, the income from the recovery of credits written off as losses would have dropped 4.4% in 2012.

Non-Interest Expenses

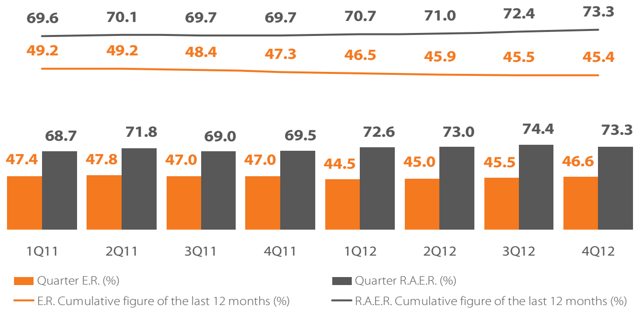
R$ million



In the fourth quarter of 2012, non-interest expenses increased R$308 million in relation to the previous quarter (3.8%), totaling R$8,457 million in the quarter. Personnel expenses dropped 2.2% in relation to the previous quarter despite the readjustment of 7.5% related to the Collective Bargaining Labor Agreement reached in October, which impacted expenses since September 2012. Administrative expenses increased 4.7% from the previous quarter, mainly due to higher expenses with third-party services, to the increase in depreciation and amortization expenses and to expenses for advertising, which grew in the quarter due to institutional advertising and promotional materials.

When compared to 2011, expenses grew only 1.8%, as a result of the dissemination of practices related to the efficiency project, responsible for the strong performance in the control of our expenses.

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



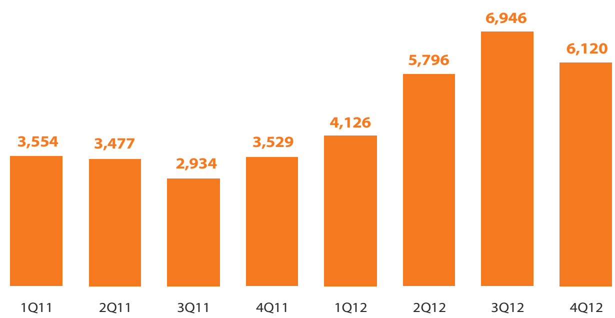
(*) The criteria for calculating the ratios are detailed on page 24.

In the fourth quarter of 2012, the efficiency ratio, in the full concept (that includes all expenses), reached 46.6%, an increase of 110 basis points from the third quarter of 2012. In the last 12 months, the efficiency ratio reached 45.4%, an increase of 190 basis points from the same period of the previous year. This increase was due to the growth of 6.3% of our operating revenues along with a rise of 1.8% in non-interest expenses.

The risk-adjusted efficiency ratio for the fourth quarter of 2012 was 73.3%, a decrease of 110 basis points from the third quarter of 2012, due to the reduced expenses for the provision for loan losses and retained claims. In the last 12 months, the risk-adjusted efficiency ratio reached 73.3%.

Unrealized Gains

R$ million



Unrealized gains dropped 11.9% from the previous quarter to R$6,120 million at the end of the fourth quarter of 2012, mainly due to the sale of the investment in Serasa, that in September 2012, totaled R$1,648 million. The balance of unrealized gains from our available for sale portfolio reached R$2,783 million in December 2012. In September 2012, the balance of this portfolio totaled R$2,431 million.

Balance Sheet | Assets

R$ million

	Dec 31,12	Sep 30,12	Dec 31,11	Variation Dec 31,12 - Sep 30,12	Variation Dec 31,12 - Dec 31,11
Current and Long-term Assets	**1,001,212**	**937,069**	**839,422**	**6.8%**	**19.3%**
Cash and Cash Equivalents	13,967	13,104	10,633	6.6%	31.4%
Short-term Interbank Investments	182,034	163,342	116,082	11.4%	56.8%
Securities and Derivative Financial Instruments	276,174	234,556	187,880	17.7%	47.0%
Interbank and Interbranch Accounts	64,610	68,761	98,923	-6.0%	-34.7%
Loan, Lease and Other Loan Operations	366,285	359,810	345,483	1.8%	6.0%
(Allowance for Loan Losses)	(27,745)	(27,682)	(25,772)	0.2%	7.7%
Other Assets	125,887	125,177	106,193	0.6%	18.5%
Foreign Exchange Portfolio	30,960	40,950	26,450	-24.4%	17.1%
Other	94,928	84,227	79,743	12.7%	19.0%
Permanent Assets	**13,213**	**23,147**	**11,909**	**-42.9%**	**10.9%**
Investments	2,956	3,324	2,717	-11.1%	8.8%
Fixed and Operating Lease Assets	5,566	5,330	5,287	4.4%	5.3%
Intangible Assets and Goodwill	4,690	14,493	3,906	-67.6%	20.1%
TOTAL ASSETS	**1,014,425**	**960,216**	**851,332**	**5.6%**	**19.2%**

On December 31, 2012, our total assets exceeded R$1.0 trillion, corresponding to an increase of 5.6% when compared to the end of the previous quarter and of 19.2% in relation to the same period of the previous year. We highlight the growth of 11.4% in short-term interbank investments this quarter, explained by both an increase in the financed position and a growth of 17.7% in securities. These increases were partially offset by the decrease in interbank and interbranch accounts (due to the decrease in reserve requirements from the Central Bank of Brazil), the decrease in our foreign exchange portfolio and the decrease in permanent assets.

In summary, the increase of R$54.2 billion in our assets in the fourth quarter was a result of the increases of R$18.7 billion in short-term interbank investments, of R$41.6 billion in securities, of R$6.5 billion in loan, lease and other operations and of R$3.3 billion in transactions with credit card issuers in "other", which were partially offset by the decreases of R$10.0 billion in the foreign exchange portfolio, R$9.9 billion in permanent assets, manily due to the capital transaction for acquisition of the minority shares of Redecard, and of R$4.2 billion in interbank and interbranch accounts.

Balance Sheet | Liabilities and Equity

R$ million

	Dec 31,12	Sep 30,12	Dec 31,11	Variation Dec 31,12 - Sep 30,12	Variation Dec 31,12 - Dec 31,11
Current and Long-term Liabilities	**938,165**	**879,304**	**777,407**	**6.7%**	**20.7%**
Deposits	243,200	231,919	242,636	4.9%	0.2%
Demand Deposits	34,916	29,818	28,933	17.1%	20.7%
Savings Deposits	83,451	77,414	67,170	7.8%	24.2%
Interbank Deposits	7,600	9,516	2,066	-20.1%	267.9%
Time Deposits	117,232	115,172	144,469	1.8%	-18.9%
Deposits Received under Securities Repurchase Agreements	288,818	245,272	188,819	17.8%	53.0%
Fund from Acceptances and Issue of Securities	55,108	57,044	51,557	-3.4%	6.9%
Interbank and Interbranch Accounts	4,979	8,360	4,048	-40.4%	23.0%
Borrowings and Onlendings	59,125	56,854	56,602	4.0%	4.5%
Derivative Financial Instruments	11,128	9,125	6,807	21.9%	63.5%
Technical Provisions for Insurance, Pension Plans and Capitalization	93,210	87,281	73,754	6.8%	26.4%
Other Liabilities	182,598	183,449	153,183	-0.5%	19.2%
Subordinated Debt	54,372	48,544	38,974	12.0%	39.5%
Foreign Exchange Portfolio	31,104	41,125	26,182	-24.4%	18.8%
Other	97,121	93,780	88,027	3.6%	10.3%
Deferred Income	**1,137**	**813**	**836**	**39.9%**	**36.0%**
Minority Interest in Subsidiaries	**903**	**1,121**	**1,741**	**-19.5%**	**-48.2%**
Stockholders' Equity	**74,220**	**78,979**	**71,347**	**-6.0%**	**4.0%**
TOTAL LIABILITIES AND EQUITY	**1,014,425**	**960,216**	**851,332**	**5.6%**	**19.2%**

Our stockholders' equity decrease 6.0% in the fourth quarter of 2012 due to the capital transaction for acquisition of the minority shares of Redecard and reached R$74,220 million. Liabilities increased in the fourth quarter of this year due to the increases of 17.8% in deposits received under securities repurchase agreements, of 21.9% in financial and derivative instruments, of 17.1% in demand deposits and of 12.0% in subordinated debts, which were partially offset by decreases of 40.4% in interbank and interbranch accounts and of 20.1% in interbank deposits.

Year-on-year, stockholders' equity showed a growth of 4.0%, deposits received under securities repurchase agreement grew 53.0%, technical provisions for insurance, pension plan and capitalization increased 26.4% and the foreign exchange portfolio grew 18.8%.

The increase in liabilities and equity in the 12-month period is a result of the increases of R$100.0 billion in deposits received under securities repurchase agreements, R$15.4 billion in subordinated debts and of R$19.5 billion in technical provisions for insurance, pension plan and capitalization.

Credit Portfolio with Endorsements and Sureties

The credit portfolio, including endorsements and sureties, amounted to R$426,595 million on December 31, 2012, growing 2.2% quarter-on-quarter and 7.5% from the same period of the previous year. If we add the operations with private securities to this total, the total portfolio amounts to R$449,248 million and the growth in the year reaches 9.0%. Disregarding our vehicle portfolio, the credit portfolio grew 3.8% in relation to the third quarter of 2012 and 13.0% from the same period of the previous year.

In the individuals segment, the highlights were the credit card, mortgage loan and payroll loan portfolios, which increased 10.7%, 8.2% and 7.1% in the quarter, respectively. For the year, these products increased 4.2%, 34.2%, and 29.4%, respectively.

The companies segment grew 2.1% in the quarter and 8.7% in the year. The corporate portfolio increased 3.6% in relation to the previous quarter and 15.5% in the past 12 months, whereas the very small, small and middle market companies portfolio decreased 0.5% in relation to the third quarter of 2012 and 1.6% in the past 12 months. Considering the operations of private bonds, this segment reached growth of 2.9% over the third quarter of 2012 and 11.2% compared to 2011.

Our operations in Latin America continue to grow consistently. In the fourth quarter of 2012, this portfolio grew 6.7% and totaled R$29,293 million. Year-on-year, the growth reached 41.7%. Excluding the effect of the foreign exchange variation, the growth of this portfolio was 6.0% in relation to the third quarter of 2012 and 30.0% year-on-year.

The balance of endorsements and sureties totaled R$60.310 million on December 31, 2012, representing an increase of 4.4% in the fourth quarter and 17.0% in the past 12 months, mainly due to the higher volume of transactions with large companies, which grew 4.3% quarter-on-quarter and 16.2% in relation to December 31, 2011.

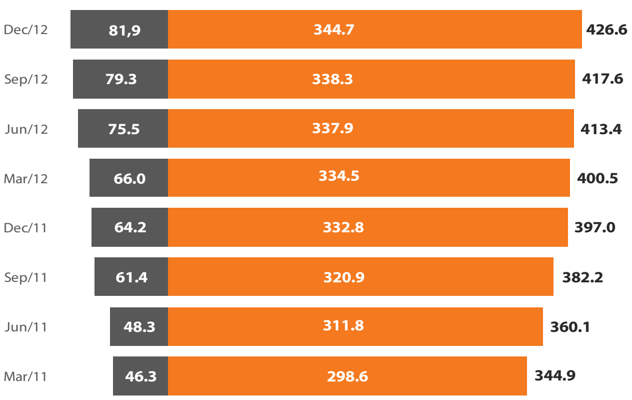
R$ million

	Dec 31,12	Sep 30,12	Dec 31,11	Variation Dec 31,12 – Sep 30,12	Variation Dec 31,12 – Dec 31,11
Individuals	**149,809**	**147,695**	**148,723**	**1.4%**	**0.7%**
Credit Card	40,614	36,699	38,961	10.7%	4.2%
Personal Loans	39,928	40,263	36,219	-0.8%	10.2%
Vehicles	51,220	54,046	60,093	-5.2%	-14.8%
Mortgage Loans (*)	18,047	16,687	13,450	8.2%	34.2%
Companies	**247,493**	**242,454**	**227,612**	**2.1%**	**8.7%**
Corporate	158,534	153,005	137,234	3.6%	15.5%
Very Small, Small and Middle Market (**)	88,959	89,448	90,378	-0.5%	-1.6%
Argentina/Chile/Uruguay/Paraguay	**29,293**	**27,454**	**20,678**	**6.7%**	**41.7%**
Total with Endorsements and Sureties	**426,595**	**417,603**	**397,012**	**2.2%**	**7.5%**
Corporate - Private Securities (***)	22,652	20,030	15,220	13.1%	48.8%
Total with Endorsements, Sureties and Private Securities	**449,247**	**437,633**	**412,232**	**2.7%**	**9.0%**
Total with Endorsements, Sureties and Private Securities (ex-Vehicles)	**398,027**	**383,587**	**352,139**	**3.8%**	**13.0%**
Endorsements and Sureties	**60,310**	**57,792**	**51,530**	**4.4%**	**17.0%**
Individuals	201	197	267	2.2%	-24.4%
Corporate	54,184	51,967	46,630	4.3%	16.2%
Very Small, Small and Middle Market	3,774	3,730	3,214	1.2%	17.4%
Argentina/Chile/Uruguay/Paraguay	2,151	1,899	1,419	13.3%	51.6%

(*) The table does not include co-obligation in mortgage loan assignments made in 4Q11 in the amount of R$389.5 million. (**) Includes Rural Loans to Individuals. (***) Includes Debentures, CRI and Commercial Paper. Note: The payroll loan portfolio acquired from BMG was regarded as personal loans, and, for comparison purposes, prior periods were reclassified. The rest of the loan portfolio acquired from other banks was classified as corporate risk. Mortgage and Rural Loans portfolios from the businesses segment are allocated according to the client's size. For more details, see page 29.

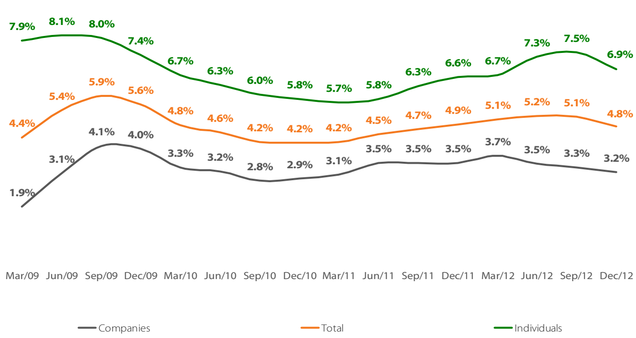
Credit Portfolio – Currency Disclosure

R$ billion



On December 31, 2012, R$81.9 billion of our total credit assets were denominated in or indexed to foreign currencies and increased 3.3% in the quarter. The growth of this portfolio reflects the increase of 6.7% in our operations in Argentina, Chile, Paraguay and Uruguay.

NPL Ratio (overdue 90 days)



The NPL ratio of credits more than 90 days overdue (NPL-90) dropped 30 basis points from the third quarter of 2012. This indicator fell 10 basis points in relation to December 2011.

2012 Expectations

The table below presents our expectations related to 2012:

	Performed 2012	Expectations 2012 Revised
Total Credit Portfolio (without vehicles for individuals)	Grew 13%	Growth of 13% to 15%
Vehicle Portfolio for Individuals	Decreased to R$ 51.2 billion	Decreasing to R$ 50 – 52 billion
Expenses for Provision for Loan Losses	NPL 90: -10 bps 4Q12: R$ 5.7 billion	4Q12: between R$ 5.5 – 6.0 billion
Banking Service Fees and Result of Insurance, Pension Plan and Capitalization(*)	Grew 8.5%	Growth of 10% to 12%
Non-Interest Expenses	Grew 1.8%	Growth of 3.5% to 6.5%
Efficiency Ratio	Improved 190 bps	Improvement of 200 to 300 bps

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

2013 Expectations

The table below presents our current expectations related to 2013:

	Expectations 2013
Total Credit Portfolio	Growth of 11% to 14%
Expenses for Provision for Loan Losses	Between R$ 19 billion and R$ 22 billion
Banking Service Fees and Result of Insurance, Pension Plan and Capitalization(*)	Growth of 11% to 14%
Non-Interest Expenses	Growth of 4% to 6%
Risk-Adjusted Efficiency Ratio	Improvement of 200 to 400 basis points

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

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analysis of net income

Itaú Unibanco Holding S.A.

Itaú

4th quarter of 2012
Management Discussion & Analysis

Analysis of Net Income

Managerial Financial Margin

Our managerial financial margin totaled R$12,416 million in the fourth quarter of 2012. This amount represents a decrease of R$403 million (3.1% lower) in relation to the third quarter of 2012. With respect to 2012, the managerial financial margin grew 4.9% when compared to 2011.

The main drivers of these variations are presented below:

R$ million

	4Q12	3Q12	2012	2011	Variation 4Q12 – 3Q12		Variation 2012 – 2011	
Financial Margin with Clients	**11,549**	**11,970**	**48,211**	**45,781**	**(421)**	**-3.5%**	**2,430**	**5.3%**
Interest Rate-Sensitive	945	1,238	4,848	7,158	(293)	-23.7%	(2,310)	-32.3%
Spread-Sensitive	10,603	10,732	43,363	38,623	(129)	-1.2%	4,740	12.3%
Financial Margin with Market	**868**	**850**	**3,801**	**3,785**	**18**	**2.1%**	**16**	**0.4%**
Total	**12,416**	**12,820**	**52,012**	**49,566**	**(403)**	**-3.1%**	**2,446**	**4.9%**

Financial Margin with Clients

The managerial financial margin with clients arises from the use of our financial products by clients, including both account and non-account holders.

In the fourth quarter of 2012, the financial margin with clients totaled R$11,549 million, corresponding to a decrease of 3.5% from the previous period, mainly impacted (a) by the reduction of the annualized Brazilian benchmark rate (SELIC), which was set at 7.25% at the end of the fourth quarter of 2012, (b) by the impact of the reduction in cash arising from the acquisition of minority interest in Redecard and (c) by the mix of credit origination that currently favors a larger growth of products and segments with lower spread and risk. For a better understanding of the financial margin, we divided the operations into two different groups: financial margin of operations that are sensitive to interest rate variations, and financial margin of operations that are sensitive to spread variations.

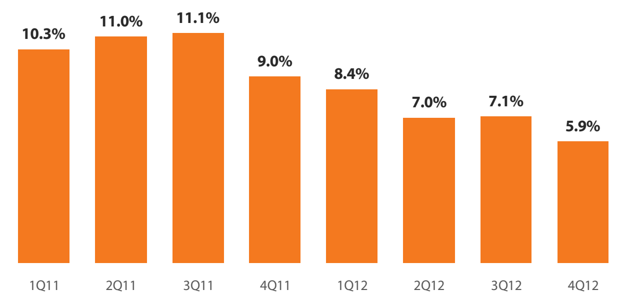
Interest Rate-Sensitive Operations

The financial margin of operations that are sensitive to interest rates totaled R$945 million in the quarter, which corresponds to a 23.7% decrease from the previous quarter, mainly impacted by a decrease in the balance of operations in Brazilian reais that are subject to the SELIC rate, due to the acquisition of Redecard minority shares, of approximately R$11.8 billion, and by an increase in the balance of operations in U.S. dollars, which consist of investments in U.S. Treasury Bonds. The decrease in the average SELIC rate for the period, which reduced our interest rate-sensitive financial margin, had an impact of R$120 million on the margin of this quarter in relation to the previous quarter and of R$1,777 million on the margin of the period from January to December 2012 compared to the same period of 2011. The detailed evolution of these margins is shown in the next page of this report.

Annualized Rate of Interest Rate-Sensitive Operations

R$ million

	4Q12	3Q12	Variation 4Q12 – 3Q12	
Average Balance	**64,323**	**69,988**	**(5,664)**	**-8.1%**
Financial Margin	**945**	**1,238**	**(293)**	**-23.7%**
Annualized Rate	**5.9%**	**7.1%**		**-120 bps**
SELIC - Annualized Rate	**7.1%**	**7.7%**		**-60 bps**



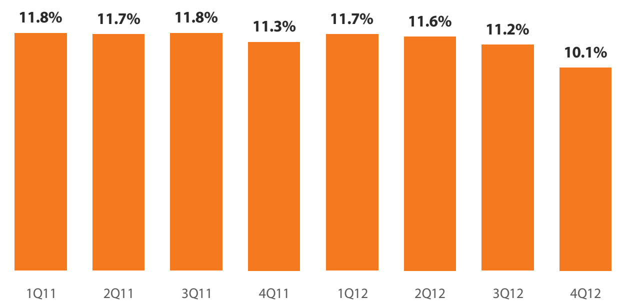
Spread-Sensitive Operations

The financial margin of spread-sensitive operations amounted to R$10,603 million in the period, corresponding to a decrease of 1.2%, or R$129 million, from the previous quarter. The credit spread dropped 50 basis points in the quarter, whereas the spread of the other interest-bearing assets considered in this analysis was practically stable and decreased by 10 basis point from the previous quarter. The combined spread of spread-sensitive operations decreased 110 basis points to 10.1% in the fourth quarter of 2012.

Annualized Rate of Spread-Sensitive Operations

R$ million

	4Q12	3Q12	Variation 4Q12 – 3Q12	
Average Balance	**421,095**	**383,218**	**37,878**	**9.9%**
Financial Margin	**10,603**	**10,732**	**(129)**	**-1.2%**
Annualized Rate	**10.1%**	**11.2%**		**-110 bps**



Managerial Financial Margin with Market

The financial margin with the market basically arises from treasury transactions that include asset and liability management (ALM) and proprietary portfolio management. In this quarter, the financial margin with market amounted to R$868 million, an increase of R$18 million from the previous quarter. This variation was mainly due to the higher results from proprietary positions and to the positive impact of R$36 million arising from the sale of 2.9 million shares of BM&FBovespa.

Managerial Financial Margin with Clients

As a result of the changes described before, the Net Interest Margin – NIM, which is the annualized rate of the managerial financial margin with clients and does not consider the financial margin with the market, reached 9.5% in the fourth quarter of 2012.

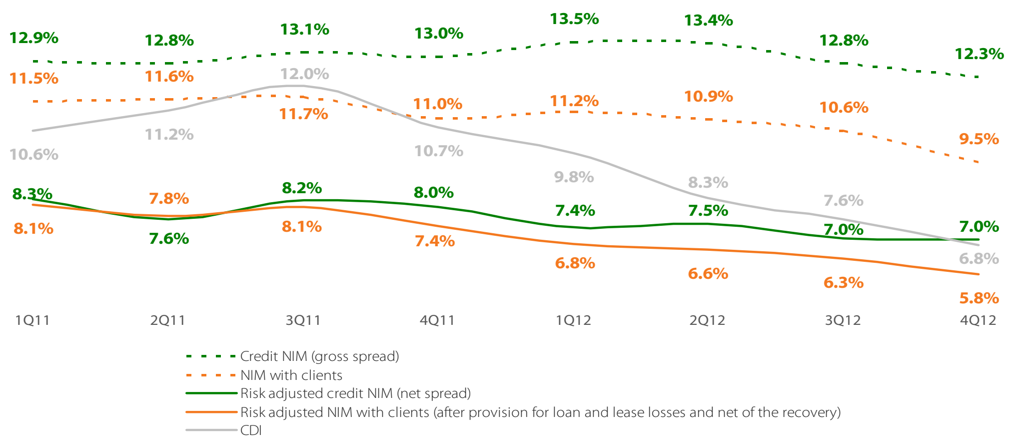
Taking into consideration the financial margin with clients after the expenses for provision for loan losses, net of the recovery of credits that had previously been written off as losses, the risk-adjusted NIM reached 5.8%.

R$ million

	4Q12			3Q12			2012		
	Average Balance	Financial Margin	Average Rate (p.y.)	Average Balance	Financial Margin	Average Rate (p.y.)	Average Balance	Financial Margin	Average Rate (p.y.)
Demand Deposits + Floatings	42,662			40,991			40,803		
(-) Compulsory Deposits	(14,089)			(13,501)			(13,039)		
Contingent Liabilities (-) Deposits in guarantee of Contingent Liabilities	1,781			1,153			1,312		
Tax and Social Security obligations (-) Deposits in guarantee	17,559			16,362			16,135		
Working Capital (Equity + Minority Interests - Permanent Assets - Capital Allocated to Treasury - Cash Equivalents Abroad)	40,660			51,270			45,111		
(-) Tax Credits	(33,140)			(31,657)			(31,029)		
Interest Rate-Sensitive Operations in Brazil	**55,432**	**940**	**6.8%**	**64,617**	**1,235**	**7.6%**	**59,293**	**4,826**	**8.1%**
Interest Rate-Sensitive Operations Abroad	**8,891**	**6**	**0.3%**	**5,371**	**3**	**0.3%**	**9,414**	**22**	**0.3%**
Interest Rate Sensitive Margin with Clients (A)	**64,323**	**945**	**5.9%**	**69,988**	**1,238**	**7.1%**	**68,706**	**4,848**	**7.1%**
	Average Balance	Financial Margin	Spread (p.y.)	Average Balance	Financial Margin	Spread (p.y.)	Average Balance	Financial Margin	Spread (p.y.)
Cash and Cash Equivalents + Interbank Deposits + Securities (*)	85,585			48,519			60,165		
Interbank and Interbranch Accounts (**)	683			3,997			3,819		
Spread-Sensitive Margin with Clients – Other Assets	**86,269**	**273**	**1.3%**	**52,516**	**178**	**1.4%**	**63,984**	**804**	**1.3%**
Loans, Leasing and Other Credits	362,402			358,168			354,338		
(Allowance for Loan Losses)	(27,575)			(27,467)			(26,897)		
Spread-Sensitive Margin with Clients – Credit (B)	**334,827**	**10,331**	**12.3%**	**330,701**	**10,554**	**12.8%**	**327,440**	**42,559**	**13.0%**
Spread-Sensitive Margin with Clients (C)	**421,095**	**10,603**	**10.1%**	**383,218**	**10,732**	**11.2%**	**391,424**	**43,363**	**11.1%**
Net Interest Margin with Clients (D = A+C)	**485,419**	**11,549**	**9.5%**	**453,205**	**11,970**	**10.6%**	**460,131**	**48,211**	**10.5%**
Provision for Loan and Lease Losses (E)		**(5,685)**			**(5,939)**			**(23,644)**	
Recovery of Credits Written Off as Losses (F)		**1,186**			**1,159**			**4,663**	
Net Interest Margin with Credit after Provision for Credit Risk (G = B+E+F)	**334,827**	**5,832**	**7.0%**	**330,701**	**5,773**	**7.0%**	**327,440**	**23,578**	**7.2%**
Net Interest Margin after Provision for Credit Risk (H = D+E+F)	**485,419**	**7,050**	**5.8%**	**453,205**	**7,189**	**6.3%**	**460,131**	**29,230**	**6.4%**

(*) Cash and Cash Equivalents + Interbank Deposits + Securities (-) Interbank Deposits related to Repurchase Liability (-) Derivative financial instruments (-) Assets Guaranteeing PGBL/VGBL Technical Provisions (-) Operations Sensitive to Variations in Interest Rate; (**) Net of compulsory deposits (Central Bank).

Net Interest Margin with Clients and Net Interest Margin of Credit before and after Provision for Credit Risk



Analysis of Net Income

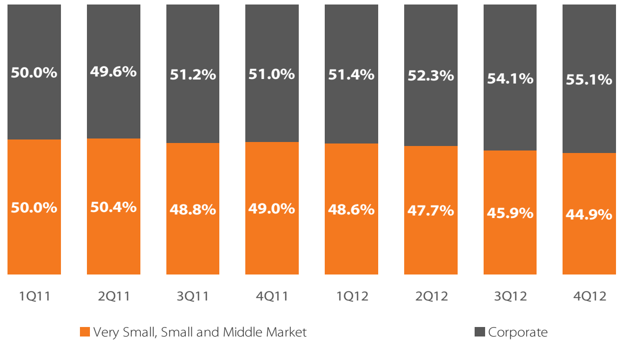
Complementary Aspects in Analysis of Financial Margin with Clients

Evolution of the Loan Portfolio Mix (excluding endorsements and sureties)

Our credit portfolio mix is presented below, highlighting its major components and their share in the past quarters.

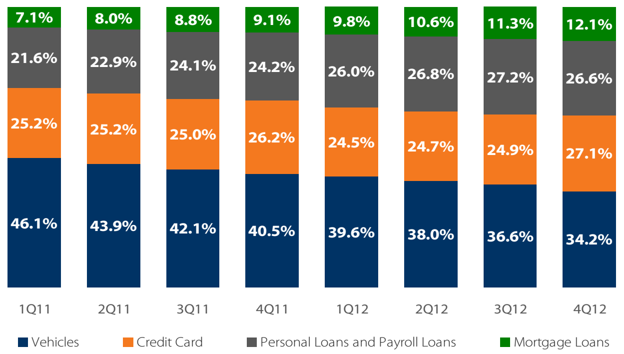
Loan Portfolio Mix – Companies

The mix of our credit portfolio to companies as of December 31, 2012 in relation to 2011 shows a reduction in the proportion of very small and small market companies compared to large and middle market companies.



Loan Portfolio Mix – Individuals

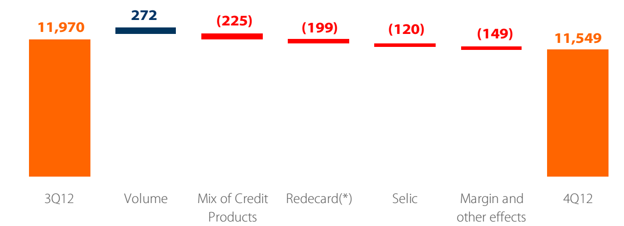
The evolution of our credit portfolio mix for individuals in the same period shows the growth of the mortgage loan and payroll loan portfolios. The decrease of the vehicle portfolio in our mix results from a reduction of the nominal balance of this portfolio.



The variation of Financial Margin with Clients

To demonstrate the effect of changes in the mix of product in our net interest margin, we isolated these effects from those resulting from volume growth, mix of credit products, decrease in the SELIC rate, cash reduction as a result of the purchase of shares from Redecard minority stakeholders and changes in spreads and other effects.

During the fourth quarter of 2012, the main factor responsible for the decrease in net interest income was the change implemented in our mix of credit, which is less risky and therefore generates lower net interest income, but also results in lower expenses for allowance for loan and lease losses. We also highlight the effect from the reduction of cash for the purchase of shares from Redecard minority stakeholders.

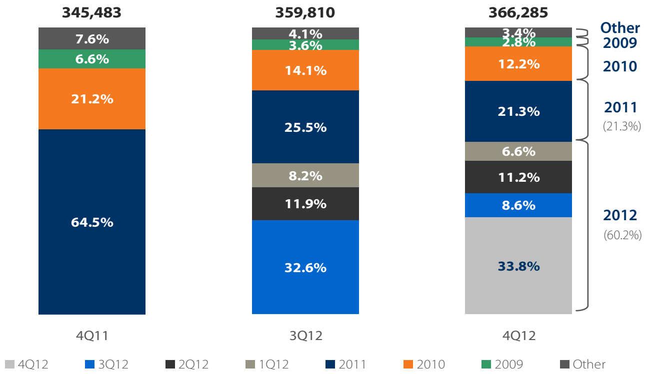


(*) Reduction of cash for the purchase of shares from Redecard minority stakeholders.

Loan Portfolio by Origination Period

The chart below shows the evolution of our credit portfolio, excluding sureties and endorsements, by origination period (vintages).

R$ million



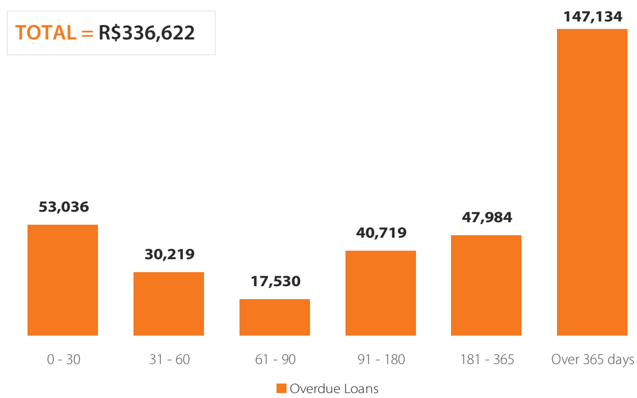
In this quarter, we maintained the policy of applying greater selectivity in the origination of credit, particularly in the vehicle and personal loan segments, and we noted that the volume of originations grew slightly. Additionally, given the profile of the terms of our different credit products, the composition of new contract vintages showed a similar profile over the past periods. On December 31, 2012, 60.2% of the credit portfolio was composed of vintages of 2012, 21.3% of 2011, 12.2% of 2010, 2.8% of 2009 and 3.4% of previous years.

We see, therefore, that the operations originated until 2010, corresponding mostly to vehicle and mortgage loans that have longer average maturity terms, already represent a smaller portion of the portfolio.

Loan Portfolio by Maturity

We present below our performing credit portfolio, that is, composed of operations for which payments made by clients are not overdue(*) according to the maturity schedule, including the concentration on operations longer than 365 days.

R$ million



(*) Overdue loans are loan operations having at least one installment more than 14 days overdue, irrespective of collateral provided.

Banking Service Fees and Income from Banking Charges and Result from Insurance, Pension Plan and Capitalization

R$ million

	4Q12	3Q12	2012	2011	Variation 4Q12 - 3Q12		Variation 2012 - 2011	
Asset Management	851	785	3,084	2,608	65	8.3%	476	18.2%
Current Account Services	907	846	3,311	2,510	62	7.3%	800	31.9%
Credit Operations and Guarantees Provided	651	613	2,607	3,255	37	6.1%	(648)	-19.9%
Collection Services	388	352	1,440	1,333	36	10.4%	107	8.0%
Credit Cards	2,179	2,042	8,281	7,497	137	6.7%	784	10.5%
Data Processing Service Fees from Orbitall	24	25	198	418	(1)	-3.8%	(220)	-52.7%
Other	531	395	1,901	1,845	136	34.3%	55	3.0%
Banking Service Fees and Income from Banking Charges	**5,507**	**5,034**	**20,622**	**19,048**	**473**	**9.4%**	**1,575**	**8.3%**
Result from Insurance, Pension Plan and Capitalization (*)	868	661	2,990	2,714	207	31.3%	276	10.2%
Total	**6,375**	**5,695**	**23,612**	**21,762**	**680**	**11.9%**	**1,850**	**8.5%**

(*) Income from Insurance, Pension Plan and Capitalization operations (-) Expenses for Claims (-) Selling Expenses with Insurance, Pension Plan and Capitalization.

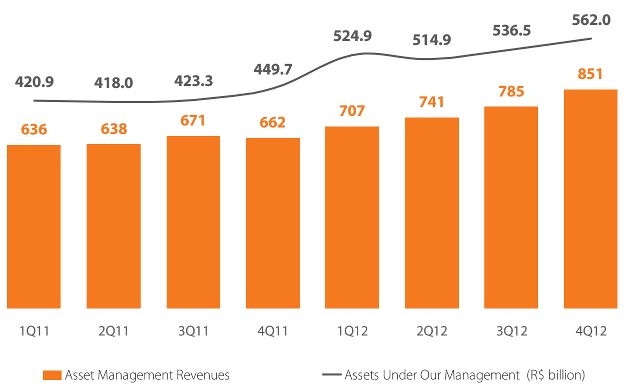
In the fourth quarter of 2012, banking service fees, including income from banking charges, amounted to R$5,507 million, an increase of 9.4% in relation to the previous quarter. In 2012, these revenues increased 8.3% when compared to the same period of the previous year. Additionally, if the revenues from the processing services rendered by Orbitall, which was sold in May 2012, were disregarded, service fees would have increased 9.6% in the year.

Taking into consideration the result of insurance, pension plan and capitalization operations, banking service fees totaled R$6,375 million, an increase of 11.9% from the previous quarter and up 8.5% from the same period of the previous year.

Asset Management

Asset management revenues totaled R$851 million in the fourth quarter of 2012, an increase of 8.3% from the third quarter of 2012, basically due to increased revenues from fund management. In the year, these revenues showed a growth of 18.2% in relation to the same period of 2011. The volume of assets under management totaled R$562.0 billion in December 2012, showing an increase of 4.8% from the previous quarter and 25.0% from the same period of the previous year.

R$ million



Note: Exclusive funds from consolidated companies have been consolidated in the balances presented above.

Current Account Services

Revenues from current account services totaled R$907 million in the fourth quarter of the year, representing a 7.3% growth in relation to the previous quarter, influenced by higher service packages revenues, mainly arising from the sale of packages that convert fees paid by clients into mobile phone credit. This variation was also influenced by the increase in revenues from services related to checks and electronic banking.

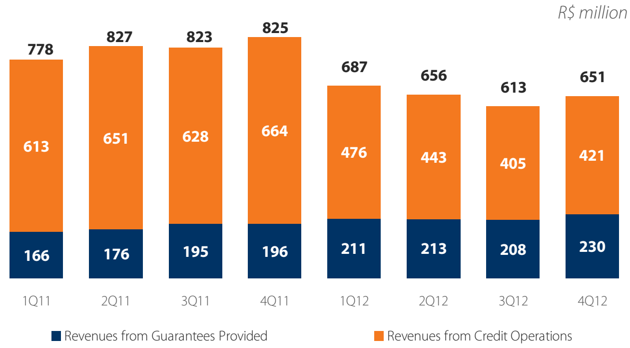
In 2012, these revenues showed a growth of 31.9% in relation to the same period of 2011.

Credit Operations and Guarantees Provided

Revenues from credit operations and guarantees provided totaled R$651 million in the fourth quarter, an increase of 6.1% from the previous quarter. The growth of these revenues was mainly due to the increased volume of transactions, mainly influenced by the characteristic seasonality of the period.

Since the first quarter of 2012, these revenues have been affected by the suspension of the collection of charges on contract amendments and the decreased pace of vehicle financing and leasing transactions.

R$ million



Collection Services

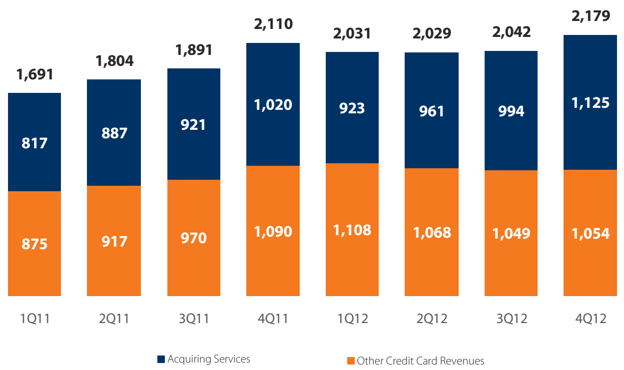
Revenues from collection services reached R$388 million, which represented a 10.4% increase in relation to the third quarter of 2012, mainly influenced by higher revenues from collection due to the seasonality of the period. In the year, these revenues showed a growth of 8.0% in relation to 2011.

Analysis of Net Income

Credit Cards

Credit card revenues amounted to R$2,179 million in the fourth quarter of 2012, an increase of 6.7% from the previous quarter, mainly as a result of the higher revenues resulting from interchange and MDR (Merchant Discount Rate) arising from the increased volume of transactions due to merchants' sales. In 2012, these revenues showed a growth of 10.5% in relation to the same period of 2011. If the revenues from credit card processing services were disregarded, as a consequence of the sale of Orbitall, credit card revenues would have increased 14.2%.

R$ million



Acquiring Services

Acquiring service revenues, which include revenues generated by Redecard and Hipercard, totaled R$1,125million in the fourth quarter of 2012, showing an increase of 13.3% from the previous quarter, mainly influenced by the characteristic seasonality of the period. In the year, these revenues showed a growth of 9.8% in relation to the same period of 2011.

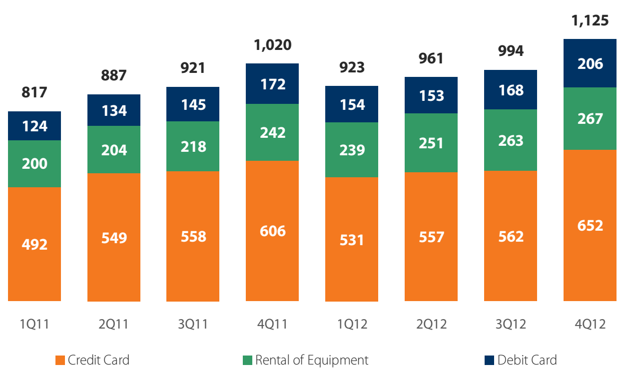
Credit card revenues related to acquiring services increased 15.9% from the previous quarter driven by the characteristic seasonality of the period. In 2012, these revenues showed a growth of 4.4% in relation to the same period of 2011.

Debit card revenues totaled R$206 million in the fourth quarter of 2012, an increase of 22.8% from the previous quarter, influenced by the the characteristic seasonality of the period. In the year, these revenues showed a growth of 18.2% in relation to the same period of 2011.

Revenues from the **rental of equipment** grew 1.6% from the previous quarter, totaling R$267 million, in line with the increase of the installed equipment base. In the year, these revenues showed a growth of 18.1% in relation to the same period of 2011.

Service Revenues from Acquiring

R$ million



Other

R$ million

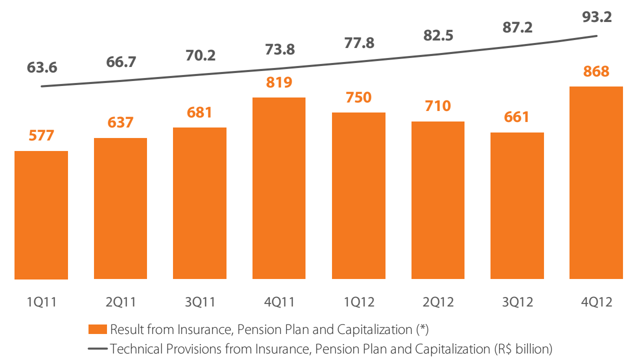
	4Q12	3Q12	Variation
Foreign Exchange Services	26	28	(2)
Brokerage and Securities Placement	103	68	36
Custody Services and Management of Portfolio	61	61	0
Economic and Financial Advisory Services	160	62	97
Other Services	181	177	4
Total	**531**	**395**	**136**

Revenues from economic and financial advisory services grew R$97 million, influenced by the larger volume of investment banking services and increased revenues from brokerage and security placement services by R$36 million, due to the larger volume of public offerings and fund quotas issuances in the period.

Result from Insurance, Pension Plan and Capitalization

The result from insurance, pension plan and capitalization operations totaled R$868 million in the fourth quarter of 2012, an increase of 31.3% when compared to the previous quarter. This increase was mainly influenced by the increase in the earned premiums and lower expenses for claims. In the year, these revenues showed a growth of 10.2% in relation to 2011.

R$ million

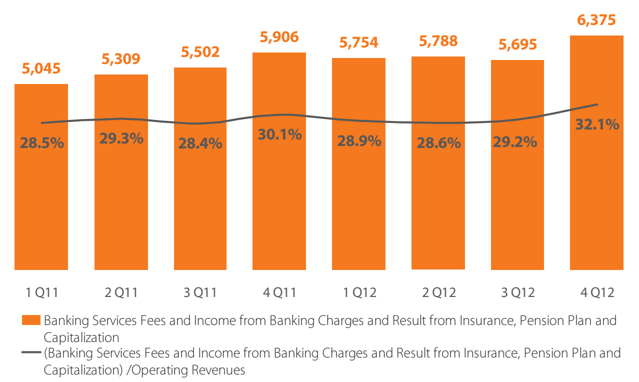


(*) Income from Insurance, Pension Plan and Capitalization operations (-) Expenses for Claims (-) Selling Expenses with Insurance, Pension Plan and Capitalization.

Banking Service Fees and Income from Banking Charges and Result from Insurance, Pension Plan and Capitalization

In the fourth quarter of 2012, the ratio between total banking service fees and income from bank charges plus the result from insurance, pension plan and capitalization operations divided by operating revenues – which includes, in addition to these revenues, the managerial financial margin and other operating revenues – reached 32.1%. In this quarter, this ratio was higher than the average ratio of the last quarters. The chart below presents the quarterly historical data of banking service fees, including the result from insurance, pension plan and capitalization operations and their relation with our operating revenues.

R$ million



Result from Loan Losses

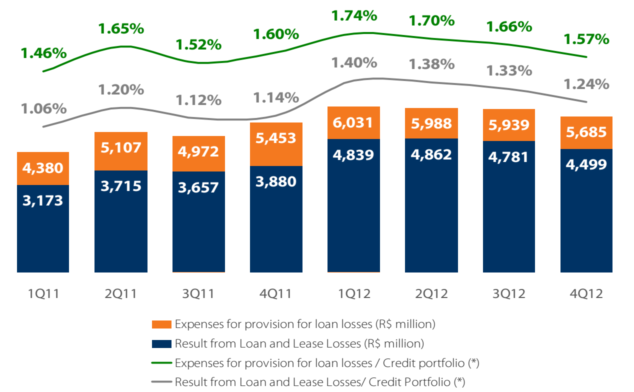
R$ million

	4Q12	3Q12	2012	2011	Variation 4Q12 - 3Q12		Variation 2012 - 2011	
Expenses for Provision for Loan and Lease Losses	(5,685)	(5,939)	(23,644)	(19,912)	254	-4.3%	(3,732)	18.7%
Income from Recovery of Loans Written Off as Losses	1,186	1,159	4,663	5,488	27	2.4%	(825)	-15.0%
Result from Loan and Lease Losses	**(4,499)**	**(4,781)**	**(18,981)**	**(14,424)**	**282**	**-5.9%**	**(4,557)**	**31.6%**

The result from loan and lease losses, net of recovery, improved in relation to the previous quarter, with a decrease of 5.9%, totaling R$4,499 million in the quarter. The expenses for provisions for loan losses dropped R$254 million in the quarter (less 4.3%) to R$5,685 million, and income from the recovery of credits written off as losses increased R$27 million (2.4%) to total R$1,186 million.

Since the beginning of 2012, the discounts granted in the recovery of credits written off as losses have no longer been deducted from the financial margin and started to deduct the income from the recovery of these credits. In 2011, these discounts amounted to R$609 million. If this effect were considered in 2011, the income from the recovery of credits written off as losses would have dropped 4.4% in 2012.

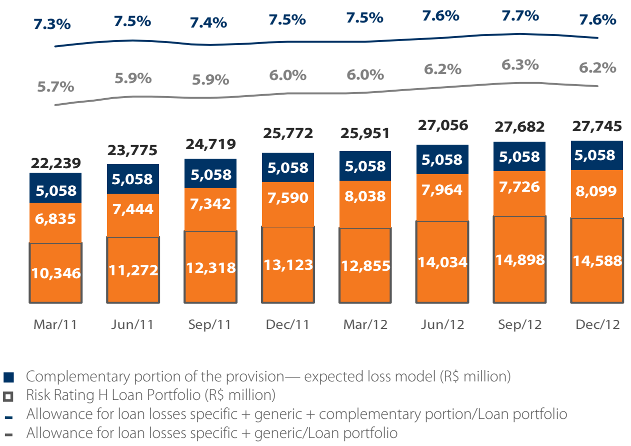
Expenses for Provision for Loan Losses and Loan Portfolio



(*) Average balance of the Loan Portfolio of the two previous quarters.

The ratio of expenses for provision for loan losses to the credit portfolio reached 1.57% in the fourth quarter of 2012, a decrease of 9 basis points when compared to the previous quarter.

Allowance for Loan Losses and Credit Portfolio



In December 2012, the balance of the credit portfolio without endorsements and sureties increased R$6,475 million (1.8%) in relation to September 2012, amounting to R$366,285 million, whereas the balance of the allowance for loan losses grew R$63 million (0.2%) to reach R$27,745 million.

The complementary allowance for loan losses in addition to the minimum required by Resolution No. 2,682/99 of the National Monetary Council (CMN) stood at R$5,058 million at the end of the fourth quarter of 2012.

Non–Performing Loans

Delinquency ratios and Non Performing Loans

R$ million

	Dec 31,12	Sep 30,12	Dec 31,11
Non-performing Loans – 60 days (a)	20,791	22,201	20,448
Non-performing Loans – 90 days (b)	17,563	18,528	16,847
Credit Portfolio (c)	366,285	359,810	345,483
NPL Ratio [(a)/(c)] x 100 over 60 days	5.7%	6.2%	5.9%
NPL Ratio [(b)/(c)] x 100 over 90 days	4.8%	5.1%	4.9%
Coverage:			
Non-performing Loans – 60 days	133%	125%	126%
Non-performing Loans – 90 days	158%	149%	153%

(a) Loans overdue for more than 60 days and that do not accrue revenues.
(b) Loans overdue for more than 90 days.
(c) Endorsements and sureties not included.

Overdue Loans

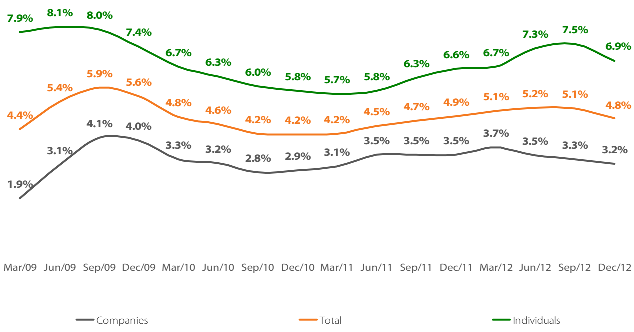
The overdue credit portfolio decreased 7.0% in the fourth quarter, whereas the balance of the allowance for loan losses increased, as mentioned above, 0.2% in relation to the same period of 2011.

R$ million

	Dec 31,12	Sep 30,12	Dec 31,11
Overdue Loans	29,663	31,891	29,809
Allowance for Loan and Lease Losses	(27,745)	(27,682)	(25,772)
Coverage	(1,918)	(4,209)	(4,037)

Note: overdue loans are loan operations having at least one installment more than 14 days overdue, irrespective of collateral provided.

NPL Ratio | 90 days

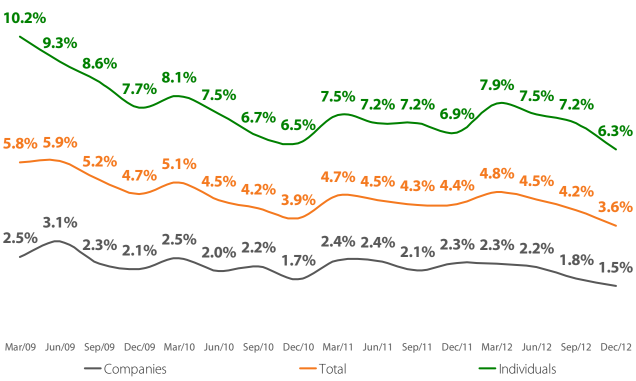


Note: On the fourth quarter of 2012, sales of financial assets with affiliated companies were carried out in the amount of R$ 480 million, without effect on the consolidated net income. These assignments gave rise to a decrease of R$ 409 million in the amount of the portfolio of loans in default over 90 days in the end of the last quarter of 2012. Excluding the effects of this sale, the 90 days delinquency ratio would have been 7.1% for individuals and 4.9% in the total portfolio of Itaú Unibanco.

The assigned operations are composed of vehicles loans that were more than 360 days overdue on the date of the assignment. As from 2013, we intend to continue to assign assets with these characteristics.

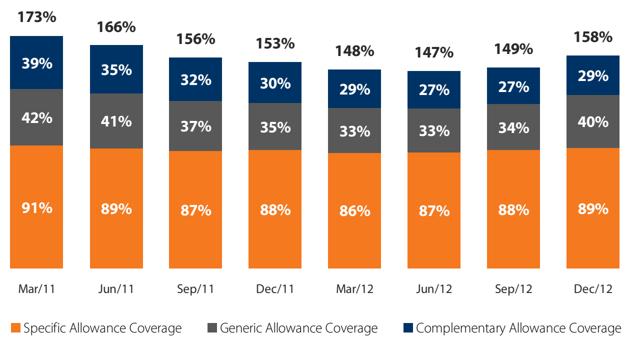
The NPL ratio of credits more than 90 days overdue (NPL-90) decreased 30 and 10 basis points from the previous quarter and from the end of 2011, respectively, and represented 4.8% of our credit portfolio at the end of the fourth quarter of 2012.

NPL Ratio | 15 to 90 days



Short-term delinquency, measured based on the balance of operations overdue from 15 to 90 days, decreased 60 basis points from the previous quarter. The reduction was due to the decrease of 90 basis points for individuals and of 30 basis points for companies.

Coverage | 90 days



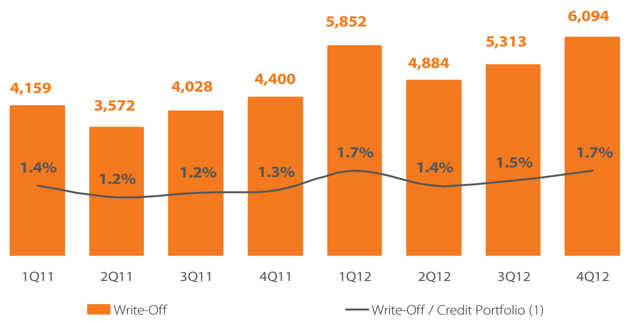
Note: The coverage ratio is derived from the division of the allowance for loans and lease losses balance by the balance of operations more than 90 days overdue.

The 90-day coverage ratio reached 158% in December 2012, impacted by the reduction of 5.2% in the portfolio of credits overdue for more than 90 days, whereas the balance of the allowance for loan losses increased 0.2% and reached R$27,745 million in December 2012.

Credit Portfolio Write-Offs

Write-offs from the credit portfolio totaled R$6,094 million in the fourth quarter of 2012, an increase of R$781 million and R$1,694 million from the prior period and the fourth quarter of 2011, respectively, due to the maturity of the higher risk portfolio originated in the past. The ratio of written-off operations to the average balance of the credit portfolio reached 1.7% in the fourth quarter of 2012, an increase of 20 basis points when compared to the previous quarter.

R$ million



(1) Average balance of the two previous quarters.

Non-interest Expenses

R$ million

	4Q12	3Q12	2012	2011	Variation 4Q12 – 3Q12		Variation 2012 - 2011	
Personnel Expenses	(3,380)	(3,456)	(13,666)	(13,356)	77	-2.2%	(310)	2.3%
Administrative Expenses	(3,626)	(3,463)	(14,176)	(14,100)	(163)	4.7%	(76)	0.5%
Operating Expenses	(1,380)	(1,128)	(4,923)	(4,746)	(252)	22.3%	(177)	3.7%
Other Tax Expenses	(71)	(101)	(404)	(370)	30	-29.8%	(34)	9.2%
Total	**(8,457)**	**(8,148)**	**(33,169)**	**(32,572)**	**(308)**	**3.8%**	**(597)**	**1.8%**

(*) Does not include ISS, PIS and Cofins.

Non-interest expenses totaled R$8,457 million in the fourth quarter of 2012, an increase of 3.8% from the previous quarter, mainly due to the increase in administrative expenses and operating expenses resulting from the characteristic increase in operations in the last quarter of the year.

Personnel Expenses

R$ million

	4Q12	3Q12	Variation
Compensation, Charges and Social Benefits	(2,086)	(2,265)	179
Training	(64)	(54)	(10)
Profit Sharing (*)	(607)	(680)	73
Employee Terminations and Labor Claims	(623)	(458)	(165)
Total	**(3,380)**	**(3,456)**	**77**

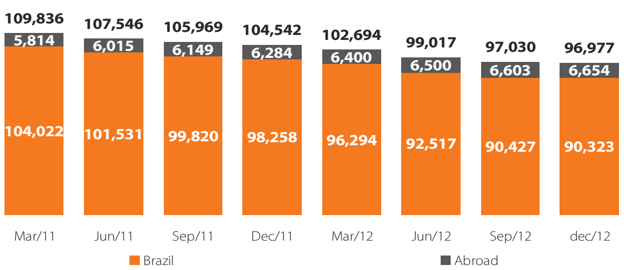
(*) Includes variable compensation and stock option plans.

Personnel expenses totaled R$3,380 million in the fourth quarter, representing a 2.2% decrease from the previous period, despite of the 7.5% readjustment related to the Collective Bargaining Labor Agreement reached in October, which impacted the expenses as from September 2012. The changes resulted mainly from the R$179 million lower expenses with compensation, charges and social benefits. This reduction was partially offset by the increase in expenses with employee terminations and labor claims in the amount of R$165 million.

In 2012, personnel expenses totaled R$13,666 million, representing an 2.3% increase in relation to the same period of the previous year, mainly due to R$ 718 million higher expenses with employee terminations and labor claims in the period.

Number of Employees

The number of employees remained stable in the fourth quarter of 2012.



Note: For companies under the control of Itaú Unibanco, 100% of the number of employees is considered. No employee is considered for companies that are not under Itaú Unibanco's control.

Administrative Expenses

R$ million

	4Q12	3Q12	Variation
Third-Party Services	(878)	(824)	(54)
Depreciation and Amortization	(436)	(404)	(32)
Advertising, Promotions and Publications	(252)	(227)	(25)
Facilities	(554)	(531)	(23)
Financial System Services	(132)	(117)	(15)
Data Processing and Telecommunications	(882)	(873)	(9)
Materials	(87)	(82)	(6)
Security	(126)	(122)	(5)
Transportation	(123)	(121)	(3)
Travel	(49)	(49)	0
Other	(105)	(114)	8
Total	**(3,626)**	**(3,463)**	**(163)**

Administrative expenses increased 4.7% from the previous quarter, driven by R$54 million higher expenses with third-party services because of the larger volume of advisory services, the increase of R$32 million in depreciation and amortization expenses, and the increase of R$25 million in expenses with advertising, promotions and publications due to the new institutional campaigns.

Operating Expenses

R$ million

	4Q12	3Q12	Variation
Provision for contingencies	(418)	(311)	(107)
Selling - Credit Cards	(518)	(454)	(65)
Claims	(152)	(134)	(18)
Other	(291)	(230)	(61)
Total	**(1,380)**	**(1,128)**	**(252)**

In the fourth quarter, operating expenses grew 22.3% from the previous quarter, due to the credit card selling expenses increase of R$65 million, mainly representing the increase in the volume of operations in the period, and the R$107 million increase in expenses with provisions for contingencies due to higher expenses with civil lawsuits.

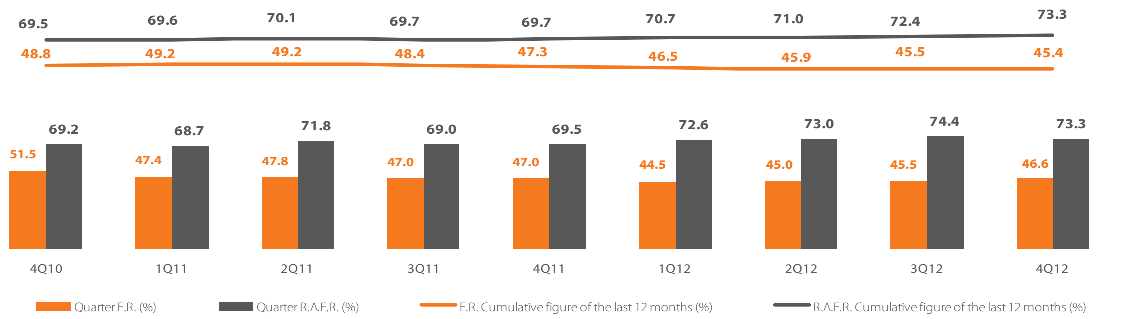
Other Tax Expenses

In the fourth quarter of 2012, other tax expenses decreased R$ 30 million in relation to the previous quarter. In 2012, these expenses increased 9.2% mainly due to the effect of the increase in the levy of IOF on Foreign Exchange Operations and Exchange Rate Exposure this year.

(*) Does not include ISS, PIS and Cofins.

Efficiency Ratio and Risk-Adjusted Efficiency Ratio

We present the efficiency ratio and the risk-adjusted efficiency ratio, which includes the risk portions associated with banking transactions (result of the provision for loan losses) and insurance and pension plan transactions (claims).



Risk Ajusted Efficiency Ratio = Non-Interest Expenses (Personnel Expenses + Administrative Expenses + Operating Expenses + Other Tax Expenses) +Insurance Selling Expenses + Result from Loan Losses + Retained Claims / (Managerial Financial Margin + Banking Service Fees and Banking Charges + Operating Result of Insurance, Capitalization and Pension Plan before Retained Claims and Insurance Selling Expenses + Other Operating Income + Equity in Earnings of Affiliates and Other Investments + Non-operating Income - Tax Expenses for ISS, PIS, Cofins and Other Taxes)

Efficiency Ratio

In the fourth quarter, the efficiency ratio, in the full concept (that includes all expenses), reached 46.6%, an increase of 110 basis points from the third quarter of 2012. This variation was due to the decrease in the financial margin with clients so as the evolution of the operating revenues (1.8% increase from the previous quarter) did not follow the evolution of the expenses in the quarter (3.8% increase from the previous quarter).

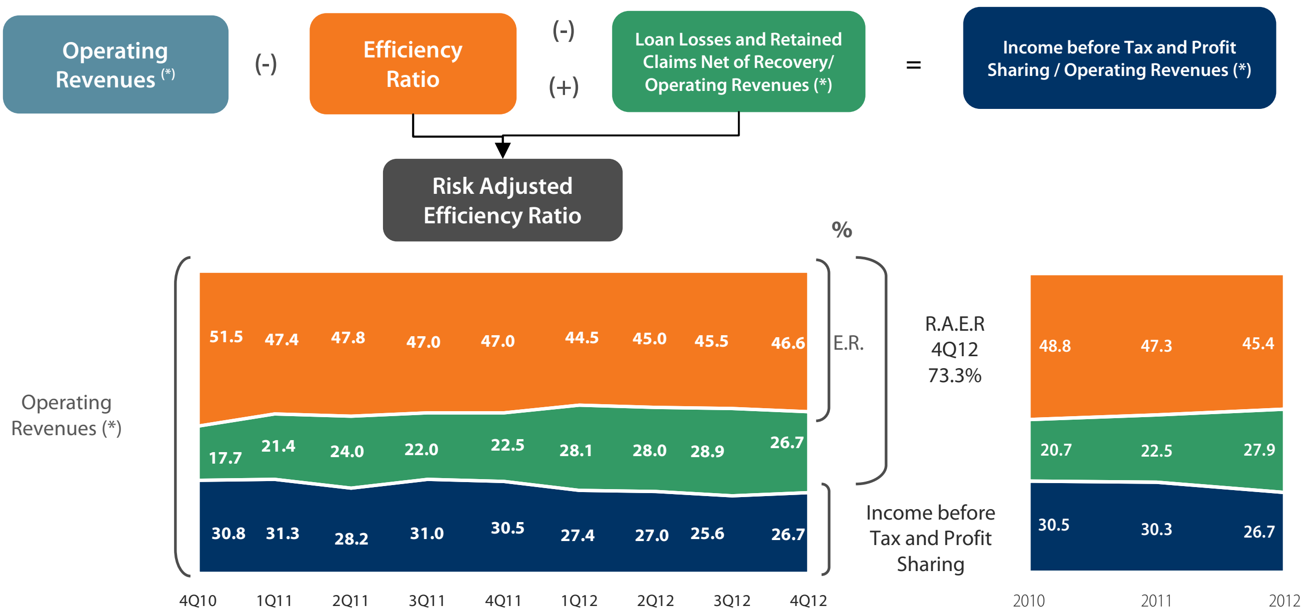
In the last 12 months, the efficiency ratio reached 45.4%, a decrease of 190 basis points from the same period of the previous year. This decline was due to the increase of operating revenues, which is composed of banking service fees and banking charges, managerial financial margin and the result of insurance, pension plan and capitalization transactions before claims and selling expenses the managerial financial margin, banking service fees and bank charges and the result of insurance, pension plan and capitalization operations before retained claims and selling expenses (6.3% compared to the previous quarter) higher than the expenses growth (1.9% in the same period).

Risk-Adjusted Efficiency Ratio

The risk-adjusted efficiency ratio for the fourth quarter of 2012 reached 73.3%, an increase of 110 basis points from the third quarter of 2012, due to the decrease in the expenses with the provision for loan losses and with claims, partially offset by the same factors that impacted the efficiency ratio. Year-on-year, the risk-adjusted efficiency ratio reached 73.3%.

Usage of Operating Revenues

The chart below shows the portions of the operating revenues that are used to cover non-interest expenses, result from loan losses and expenses with claims.

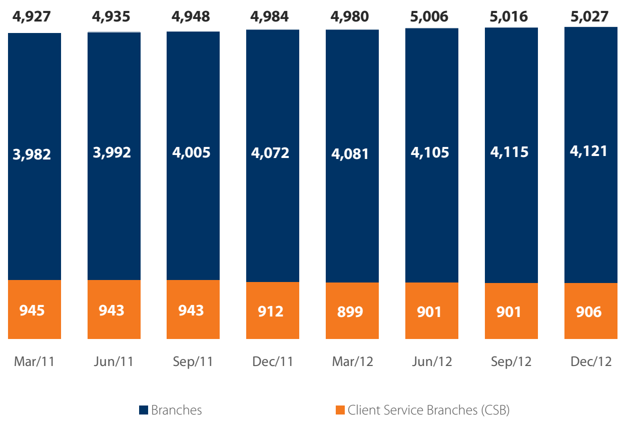


(*) Net of Tax Expenses for ISS, PIS and Cofins and Other.

Points of Service

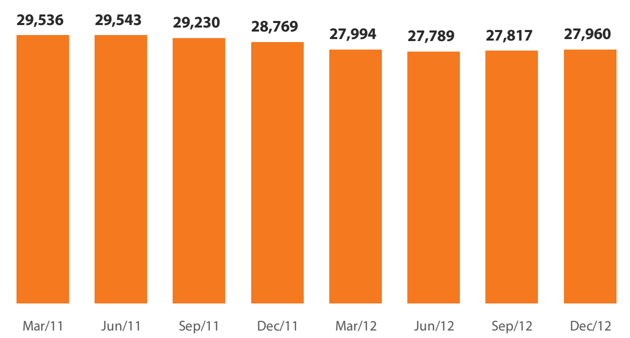
At the end of the fourth quarter of 2012, our network comprised 5,027 branches and Client Service Branches (CSB), including Brazil and abroad. The number of ATMs in the period totaled approximately 28 thousand, representing a 0.5% increase from the previous quarter.

Branches and Client Service Branches (CSB) | Brazil and Abroad



Note: Includes Banco Itaú BBA, Banco Itaú Argentina and Chile, Uruguay and Paraguay companies.

Automated Teller Machines (ATMs) | Brazil and Abroad



Note: (i) Includes Banco Itaú Argentina and Chile, Uruguay and Paraguay companies.
(ii) Includes ESBs (Electronic Service Branches) and service points in third-party establishments.
(iii) Does not include points of sale and ATMs of Banco 24h.

Tax Expenses for ISS, PIS, Cofins and Other

Tax expenses amounted to R$1,116 million in the fourth quarter of 2012, an increase of 9.1% from the previous quarter.

Income Tax and Social Contribution on Net Income

In the fourth quarter of 2012, Income Tax and Social Contribution on Net Income (CSLL) expenses totaled R$1,461 million, a R$ 336 million growth from the previous quarter.

At the end of the fourth quarter of 2012, the remaining balance of tax credits related to Social Contribution from periods prior to the increase of the rate from 9% to 15% was fully recognized as a non-recurring gain. As from the first quarter of 2013, Social Contribution expenses will reflect the effect of the increase in the rate.

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balance sheet, balance sheet by currency, risk management and ownership structure

Itaú Unibanco Holding S.A.

Itaú

4th quarter of 2012
Management Discussion & Analysis

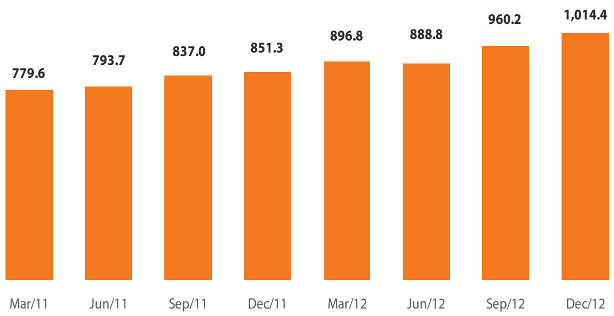
Balance Sheet

Assets

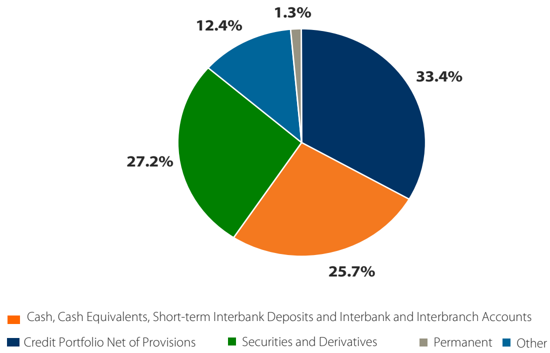
On December 31, 2012, total assets exceeded R$1.0 trillion, an increase of 5.6% from the end of the previous quarter and of 19.2% from the previous year. The breakdown of our assets and the details on their main components are presented below:

Total Assets

R$ billion



Assets Breakdown | December 31, 2012



Short-term Interbank Investments and Securities Portfolio

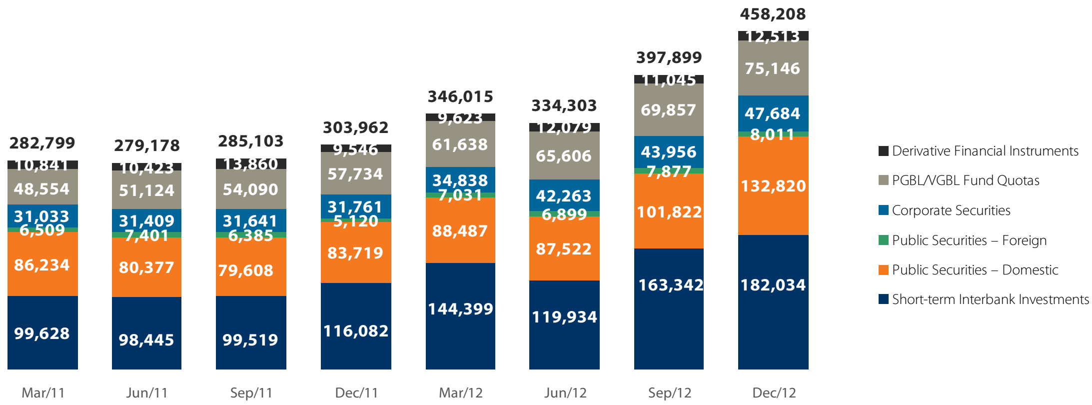
On December 31, 2012, the balance of our short-term interbank investments and securities portfolio, including derivative financial instruments, totaled R$458,208 million, corresponding to a 15.2% growth from the previous quarter. The mix of short-term interbank investments and securities portfolio changed during the quarter, mainly due to the increase in Brazilian government securities of R$30,998 million.

R$ million

	Dec 31, 12	%	Sep 30, 12	%	Dec 31, 11	%	Variation Dec 31,12 – Sep 30, 12	Variation Dec 31,12 – Dec 31, 11
Short-term Interbank Investments	**182,034**	**39.7%**	**163,342**	**41.1%**	**116,082**	**38.2%**	**11.4%**	**56.8%**
Total Public Securities	**140,831**	**30.7%**	**109,699**	**27.6%**	**88,840**	**29.2%**	**28.4%**	**58.5%**
Government Securities – Domestic	132,820	29.0%	101,822	25.6%	83,719	27.5%	30.4%	58.6%
Government Securities – Foreign	8,011	1.7%	7,877	2.0%	5,120	1.7%	1.7%	56.5%
Denmark	2,554	0.6%	1,721	0.4%	1,949	0.6%	48.4%	31.0%
Korea	1,662	0.4%	1,672	0.4%	295	0.1%	-0.6%	463.4%
Chile	1,641	0.4%	1,942	0.5%	1,046	0.3%	-15.5%	57.0%
United States	719	0.2%	828	0.2%	292	0.1%	-13.1%	146.1%
Paraguay	491	0.1%	287	0.1%	344	0.1%	70.9%	42.7%
Uruguay	347	0.1%	361	0.1%	295	0.1%	-3.8%	17.4%
Mexico	225	0.0%	618	0.2%	215	0.1%	-63.6%	4.4%
Argentina	88	0.0%	141	0.0%	225	0.1%	-37.4%	-60.8%
United Kingdom	83	0.0%	-	-	-	-	-	-
France	57	0.0%	27	0.0%	-	-	111.6%	-
Colombia	34	0.0%	170	0.0%	-	-	-79.9%	-
Spain	-	-	-	-	418	0.1%	-	-100.0%
Other	108	0.0%	110	0.0%	40	0.0%	-1.4%	172.2%
Corporate Securities	**47,684**	**10.4%**	**43,956**	**11.0%**	**31,761**	**10.4%**	**8.5%**	**50.1%**
PGBL/VGBL Fund Quotas	**75,146**	**16.4%**	**69,857**	**17.6%**	**57,734**	**19.0%**	**7.6%**	**30.2%**
Derivative Financial Instruments	**12,513**	**2.7%**	**11,045**	**2.8%**	**9,546**	**3.1%**	**13.3%**	**31.1%**
Total	**458,208**	**100.0%**	**397,899**	**100.0%**	**303,962**	**100.0%**	**15.2%**	**50.7%**

Evolution of Short-term Interbank Investments and Securities Portfolio

The breakdown of short-term interbank investments and securities in the past few quarters is shown below:

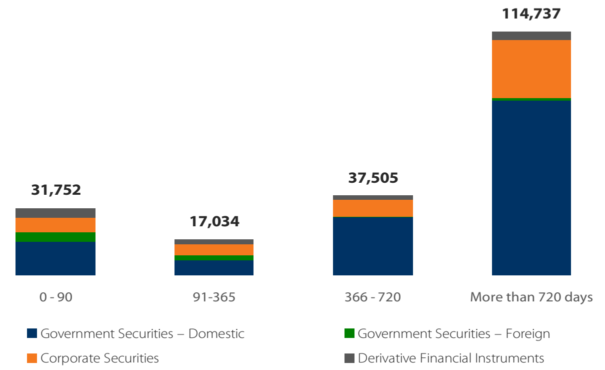


Balance Sheet

Short-term Interbank Investments and Securities Portfolio by maturity (*)

Our securities and derivative financial instruments are presented below in accordance with their maturity period, allowing us to see our positions by maturity date.

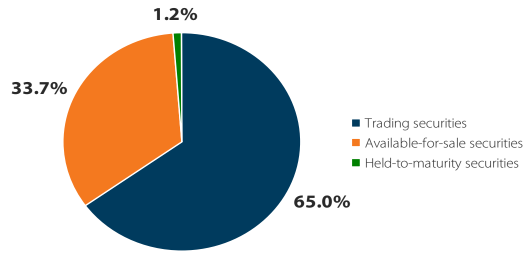
R$ million



(*) It does not consider the securities portfolio of the PGBL and VGBL plans .

Securities by Categories

Our securities portfolio is classified into three categories: trading, available-for-sale and held-to-maturity. On December 31, 2012, the securities portfolio totaled R$263,661 million and trading securities accounted for 65.0% of it, a decrease of 520 basis points from the previous quarter. The available-for-sale securities increased their share in 530 basis points, due to an increase of R$25.5 billion, mainly of Brazilian government securities. The breakdown of the securities portfolio is presented in the chart below:



Credit Portfolio

Credit Portfolio by Product

In the table below, the credit portfolio is split into two groups: individuals and companies. For a better understanding of the performance of these portfolios, the main product groups of each segment are presented below:

R$ million

	Dec 31, 12	Sep 30, 12	Dec 31, 11	Variation Dec 31,12– Sep 30,12	Variation Dec 31,12– Dec 31,11
Individuals	**160,234**	**157,471**	**155,151**	**1.8%**	**3.3%**
Vehicles	51,220	54,046	60,093	-5.2%	-14.8%
Credit Card	40,614	36,699	38,961	10.7%	4.2%
Personal Loans	26,798	27,998	25,960	-4.3%	3.2%
Own and BMG Acquired Payroll Loans	12,929	12,068	9,992	7.1%	29.4%
Mortgage Loans (*)	18,047	16,687	13,450	8.2%	34.2%
Rural Loans	266	267	287	-0.4%	-7.3%
Argentina/Chile/Uruguay/Paraguay	10,361	9,706	6,408	6.7%	61.7%
Companies	**206,051**	**202,339**	**190,332**	**1.8%**	**8.3%**
Working Capital (**)	106,268	105,011	101,196	1.2%	5.0%
BNDES/Onlending	40,951	39,242	38,023	4.4%	7.7%
Export / Import Financing	21,258	22,253	18,318	-4.5%	16.1%
Vehicles	6,031	6,634	8,077	-9.1%	-25.3%
Acquired Payroll Loans	621	478	115	29.9%	441.4%
Mortgage Loans	7,790	7,344	6,100	6.1%	27.7%
Rural Loans	6,349	5,528	5,651	14.9%	12.3%
Argentina/Chile/Uruguay/Paraguay	16,782	15,849	12,852	5.9%	30.6%
Total without Endorsements and Sureties	**366,285**	**359,810**	**345,483**	**1.8%**	**6.0%**
Endorsements and sureties	60,310	57,792	51,530	4.4%	17.0%
Total with Endorsements and Sureties	**426,595**	**417,603**	**397,012**	**2.2%**	**7.5%**
Private Securities (***)	22,652	20,030	15,220	13.1%	48.8%
Adjusted Total Risk	**449,247**	**437,633**	**412,232**	**2.7%**	**9.0%**

(*) Does not consider co-obligation in mortgage loan assignment in the amount of R$389.5 million on the 4th Q/11.
(**) Also includes Revolving, Receivables, Hot Money, Leasing, and other; (***) Includes Debentures, CRI and Commercial Paper.

The portfolio of credits to individuals reached R$160,234 million on December 31, 2012. This growth is primarily attributable to the following increases: 8.2% in mortgage loans, amounting to R$18,047 million; 7.1% in the own payroll loan portfolio, amounting to R$12,929 million and 6.7% in our operations in the Southern Cone, amounting to R$10,361 million. On the other hand, our vehicle portfolio dropped 5.2% in the quarter to R$51.220 million.

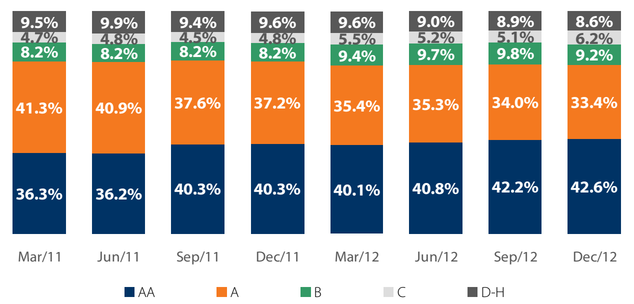
The portfolio of credit to companies grew 1.8% in the quarter to R$206.051 million. The changes in this portfolio were driven by the increase in mortgage loans, of 6.1%, to R$7,790 million, and in onlending from BNDES, of 4.4%, to R$40,951 million, which offset the decreases seen in the vehicle portfolio and in export/import financing.

Taking into account our fixed income private securities portfolio and the balance of sureties and endorsements, the adjusted balance of our overall credit portfolio amounted to R$449,247 million, a growth of 2.7% from September 30, 2012 and an increase of 9.0% in the full year of 2012.

Credit Portfolio by Risk Level

On December 31, 2012, the share of credits rated "AA" to "C" in the total portfolio was 91.4%, an increase of 30 basis points from the previous quarter.

Evolution of Loan Portfolio by Risk Level



Credit Portfolio by Business Sector (excluding endorsements and sureties)

The changes in the portfolio of credit to companies are listed below:

R$ million

			Variation	
Business Sector	**Dec 31,12**	**Sep 30,12**	**Dec 31,12 - Sep 30,12**	
Transportation	17,022	16,581	441	2.7%
Real estate agents	14,137	13,142	995	7.6%
Vehicles and autoparts	12,497	12,759	(262)	-2.1%
Agribusiness and fertilizers	11,769	11,233	536	4.8%
Food and beverage	10,303	9,980	323	3.2%
Steel and metallurgy	8,470	8,075	395	4.9%
Sugar and alcohol	7,419	7,656	(237)	-3.1%
Capital assets	7,199	7,201	(2)	0.0%
Petrochemical and chemical	5,722	5,889	(167)	-2.8%
Energy and sewage	5,677	5,517	160	2.9%
Construction material	5,328	5,073	255	5.0%
Clothing and footwear	5,322	5,167	155	3.0%
Electronic and IT	5,143	5,058	85	1.7%
Infrastructure work	4,496	4,812	(316)	-6.6%
Pharmaceuticals and cosmetics	4,142	3,908	234	6.0%
Banks and other financial institutions	3,772	4,352	(580)	-13.3%
Entertainment and tourism	3,451	3,356	94	2.8%
Oil and gas	3,261	2,963	298	10.1%
Pulp and paper	3,041	2,885	157	5.4%
Mining	2,729	2,835	(106)	-3.8%
Other	63,270	65,930	(2,660)	-4.0%
Total	**204,170**	**204,372**	**(202)**	**-0.1%**

Credit Concentration

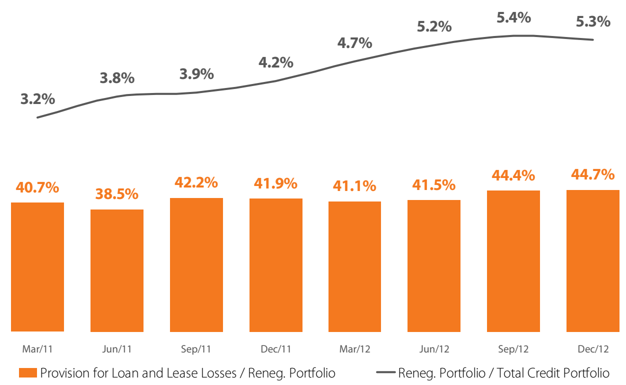
Our loan, lease and other credit operations, including endorsements and sureties, are diversified in our credit portfolio. Around 21.0% of the credit risk was concentrated in the 100 largest debtors at the end of December 2012.

R$ million

	Dec 31, 12	
Loan, lease and other credit operations	**Risk**	**% of Total**
Largest debtor	4,573	1.1
10 largest debtors	27,130	6.4
20 largest debtors	43,344	10.2
50 largest debtors	67,372	15.8
100 largest debtors	89,405	21.0

Operations under Renegotiation

Our portfolio of credits under renegotiation, including extended, modified and deferred repayments, decreased R$40 million and amounted to R$19,483 million at the end of 2012, which represents 5.3% of the total credit portfolio, a 10 basis point decrease from the previous quarter. At the end of the fourth quarter of 2012, the ratio of the allowance for loan losses to the renegotiated portfolio was 44.6% in the period, an increase of 20 basis points from the previous quarter. The following chart presents the changes in the past quarters:



The portfolio of operations under renegotiation includes both renegotiated operations from the portfolio that had already been written off as losses and overdue and renegotiated operations, provided that at least one of their installments had been paid. At the time of the renegotiation of credits that had already been written off as losses, we recognize a provision for the total amount renegotiated, which is reversed only when there is a strong indication of the recovery of this credit, thus not generating an immediate result. Such result is accrued after payments are received on a regular basis for a few months.

The 90-day non-performing loans (NPL) in the renegotiated portfolio reached R$6,440 million, the coverage ratio of the corresponding allowance for loan losses was 135% on December 31, 2012, and the 90-day NPL ratio was 33.1%, a decrease of 60 basis points from the third quarter of 2012. The overall over 90 days of the bank presented in the chapter does include the NPL on renegotiated credits.

Other and Permanent Assets

In the fourth quarter of 2012, "Other Assets" increased 0.6% and reached R$125,887 million driven by the decrease in the foreign exchange portfolio, which is equivalent to 12.4% of our total assets. This item basically comprises "foreign exchange portfolio" (see Note 9 to the financial statements), "tax credits", "taxes and contributions for offset" and "escrow deposits".

The tax credit balance reached R$36.2 billion, an increase of 22.5% from the previous quarter. Of this total, R$31.6 billion refers to temporary differences between disbursed and non disbursed provisions and R$4.6 billion, or 12.7% of total tax credits, refers to tax losses and social contribution tax loss carryforwards and social contribution for offset.

Our permanent assets, in the amount of R$13,213 million, are represented by "non-consolidated investments in Brazil and abroad", "fixed assets" and "deferred charges". This quarter, this category represented 1.3% of total assets and decreased 42.9% in relation to the previous quarter, due to the accounting of the acquisition of the minorities' shares of Redecard as a capital transaction.

Balance Sheet

Funding

R$ million

	Dec 31, 12	Sep 30, 12	Dec 31, 11	Variation Dec 31,12 - Sep 30,12	Variation Dec 31,12 - Dec 31,11
Demand Deposits	34,916	29,818	28,933	17.1%	20.7%
Savings Deposits	83,451	77,414	67,170	7.8%	24.2%
Time Deposits	117,232	115,172	144,469	1.8%	-18.9%
Debentures (Linked to Repurchase Agreements and Third Parties' Operations)	129,222	124,394	115,194	3.9%	12.2%
Funds from Bills (1)	37,539	39,823	33,587	-5.7%	11.8%
(1) Total - Funding from Account Holders and Institutional Clients (*)	**402,360**	**386,620**	**389,352**	**4.1%**	**3.3%**
Onlending	36,048	34,860	35,459	3.4%	1.7%
(2) Total – Funding from Clients	**438,408**	**421,480**	**424,812**	**4.0%**	**3.2%**
Assets Under Administration (2)	561,958	536,458	449,693	4.8%	25.0%
Technical Provisions for Insurance, Pension Plan and Capitalization	93,210	87,281	73,754	6.8%	26.4%
(3) Total – Clients	**1,093,576**	**1,045,219**	**948,259**	**4.6%**	**15.3%**
Interbank deposits	7,600	9,516	2,066	-20.1%	267.9%
Funds from Acceptance and Issuance of Securities	15,999	14,604	16,931	9.6%	-5.5%
Total Funds from Clients + Interbank Deposits	**1,117,175**	**1,069,339**	**967,256**	**4.5%**	**15.5%**
Repurchase Agreements (3)	161,165	123,495	74,663	30.5%	115.9%
Borrowings	23,077	21,994	21,143	4.9%	9.1%
Foreign Exchange Portfolio	31,104	41,125	26,182	-24.4%	18.8%
Subordinated Debt	54,372	48,544	38,974	12.0%	39.5%
Collection and payment of Taxes and Contributions	399	4,517	856	-91.2%	-53.4%
Free Assets (4)	61,910	56,952	61,179	8.7%	1.2%
Free Assets and Other	**332,027**	**296,627**	**222,997**	**11.9%**	**48.9%**
Total Funds (Free, Raised and Managed Assets)	**1,449,203**	**1,365,966**	**1,190,253**	**6.1%**	**21.8%**

(*) Funds from Institutional Clients totaled R$26,880 million, which corresponds to 6.7% of the total raised with Account Holders and Institutional Clients.
(1) It includes funds from Real Estate, Mortgage, Financial, Credit and Similar Notes. (2) In December 2012, we began consolidating the exclusive investment funds for the implementation of consolidated subsidiaries. (3) It does not include own issued debentures, classified as funding. (4) Stockholders' Equity + Minority Interests - Permanent Assets.

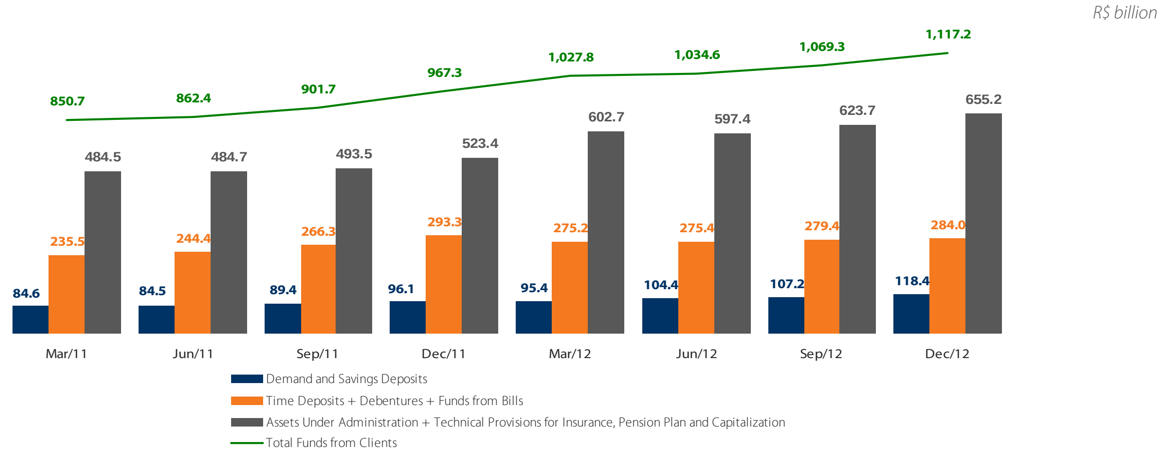
On December 31, 2012, total funds from clients, including interbank deposits, amounted to R$1.1 trillion, corresponding to an increase of R$47,836 million from the third quarter. The main drivers were increases of R$6,037 million in savings deposits, of R$5,099 million in demand deposits, of R$4,828 million in debentures, of R$25,500 million in funds obtained through assets under administration, and of R$5,929 million in technical provisions for insurance, pension plan and capitalization, partially offset by the decreases of R$2,284 million in funds from notes and of R$1,916 million in interbank deposits.

The debentures issued made by leasing companies of the conglomerate, after purchased by the bank, are traded with the same features as a time deposit or other deposits, although come they are classified as borrowings from the open market. Therefore, these deposits are reclassified in the table above as deposits from account holders. In the fourth quarter of 2012, this type of funding totaled R$127,652 million, including institutional clients.

Total funds (free, raised and managed assets) amounted to approximately R$1.4 trillion on December 31, 2012, an increase of R$83,237 million when compared to September 2012, mainly driven by the increase in funds from clients and repurchase agreements and subordinated debt.

In the last 12 months, we highlight the increase of R$149,920 million in funds obtained from clients, mainly due to the increase in funds obtained through assets under administration and savings deposits, partially offset by the decrease in time deposits. Total funds (free, raised and managed assets) grew R$258,950 million.

Funds from clients (1)



(1) It includes institutional clients in the proportion of each type of product invested by them.

Balance Sheet

Ratio between Credit Portfolio and Funding

R$ million

	Dec 31, 12	Sep 30, 12	Dec 31, 11	Variation Dec 31,12 - Sep 30,12	Variation Dec 31,12 - Dec 31,11
Funding from Clients + Account Holders	438,408	421,480	424,812	4.0%	3.2%
Funds from Acceptance and Issuance of Securities Abroad	15,999	14,604	16,931	9.6%	-5.5%
Borrowings	23,077	21,994	21,143	4.9%	9.1%
Other [1]	18,369	16,263	17,716	12.9%	3.7%
Total (A)	**495,853**	**474,341**	**480,601**	**4.5%**	**3.2%**
(-) Reserve Required by BACEN	(75,374)	(76,951)	(108,183)	-2.0%	-30.3%
(-) Cash (Currency) [2]	(13,967)	(13,104)	(10,633)	6.6%	31.4%
Total (B)	**406,512**	**384,287**	**361,785**	**5.8%**	**12.4%**
Loan Portfolio (C) [3]	**366,285**	**359,810**	**345,483**	**1.8%**	**6.0%**
C/A	**73.9%**	**75.9%**	**71.9%**	**-200 bps**	**200 bps**
C/B	**90.1%**	**93.6%**	**95.5%**	**-350 bps**	**-540 bps**

(1) These comprise installments of subordinated debts that are not included in the Tier II Referential Equity.
(2) It includes cash, bank deposits of institutions without reserve requirements, foreign currency deposits in Brazil, foreign currency deposits abroad, and cash and cash equivalents in foreign currency. (3) The credit portfolio balance does not include endorsements and sureties.

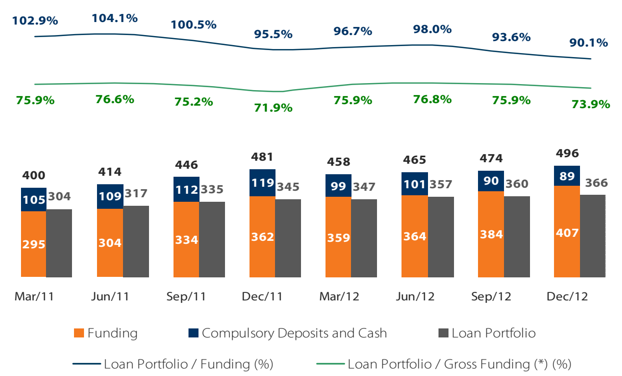
The ratio of the credit portfolio to funding, before the deduction of compulsory deposits and cash and cash equivalents, reached 73.9% in December 31, 2012 compared to 75.9% in September 2012. If we consider the compulsory deposits and cash and cash equivalents, this ratio reached 90.1% in December 2012 versus 93.6% in September 2011.

As of May 22, 2012, part of the funds that were previously intended for compulsory deposits started to be used in vehicle and small commercial vehicle financing and leasing operations through September 14, 2012, when vehicle financing was replaced by motorcycle financing, due to the change in the criteria for the remuneration on compulsory deposits determined by Circular No. 3,569/11 and Circular No. 3,576/12 of the Central Bank of Brazil.

Additionally, on September 14, 2012, the rules for determining the compulsory deposits were changed by Circular No. 3,609/12, with impacts as from the fourth quarter of 2012.The changes include the reduction of the compulsory deposit remunerated by the SELIC from 64% to 50% and the decrease in the additional rates of compulsory time deposits from 12% to 11% and of demand deposits from 6% to 0%.

Ratio between Loan Portfolio and Funding

R$ billion



(*) Gross funding, disregarding the deductions of compulsory deposits and cash and cash equivalents.

External Funding [1]

The table below highlights the main issues of Itaú Unibanco abroad in effect on December 31, 2012.

US$ million

Instrument	Issuer	Balance at Sep 30,12	Issuances	Amortization	Exchange Variation	Balance at Dec 31,12	Issue Date	Maturity Date	Coupon % p.y.
Fixed Rate Notes [2]	Itaú Chile	97				97	07/24/2007	07/24/2017	UF [6] + 3.79%
Fixed Rate Notes [3]	Itaú Chile	98				98	10/30/2007	10/30/2017	UF [6] + 3.44%
Floating Rate Notes	Itaubank	393				393	12/31/2002	03/30/2015	Libor [7] + 1.25%
Floating Rate Notes [4]	IBBA International	69		(69)		-	12/22/2005	12/22/2015	Euribor [8] + 0.55%
Medium Term Notes	Banco Itaú Holding Cayman	1,000				1,000	04/15/2010	04/15/2020	6.2%
Medium Term Notes [5]	Banco Itaú Holding Cayman	1,000				1,000	09/23/2010	01/22/2021	5.75%
Medium Term Notes	Banco Itaú Holding Cayman	246			(2)	245	11/23/2010	11/23/2015	10.5%
Medium Term Notes	Banco Itaú Holding Cayman	250				250	01/24/2011	01/22/2021	5.75%
Medium Term Notes	Banco Itaú Holding Cayman	500				500	06/15/2011	12/21/2021	6.2%
Medium Term Notes	Banco Itaú Holding Cayman	550				550	01/24/2012	12/21/2021	6.2%
Medium Term Notes	Banco Itaú Holding Cayman	1,250				1,250	03/19/2012	3/19/2022	5.65%
Medium Term Notes	Banco Itaú Holding Cayman	1,375				1,375	6/8/2012	6/8/2022	5.5%
Medium Term Notes	Banco Itaú Holding Cayman	-	1,870			1,870	11/13/2012	05/13/2023	5.13%
Structured Notes		5,212	518	(38)	48	5,740			
Total		**12,040**	**2,388**	**(107)**	**46**	**14,367**			

(1) The balances refer to principal amounts; (2) and (3) Amounts in US$ equivalent on the issuance dates to CHP46.9 billion and CHP48.5 billion, respectively; (4) Amounts in US$ equivalent on the issuance dates to €55 million; (5) Amounts in US$ equivalent on the date to R$500 million, respectively; (6) Development Financial Unit; (7) 180-day Libor; (8) 90-day Euribor.

On December 31, 2012, funds obtained abroad totaled US$14,367 million, an increase of US$2,327 million from the previous quarter (presented in the "Funding" table in the previous section as Funds from Acceptance and Issuance of Securities and Subordinated Debt).

Balance Sheet by Currency

We adopt a management policy for foreign exchange risk associated with our asset and liability positions that is primarily intended to prevent impacts on consolidated results from fluctuations in foreign exchange rate parities.

Brazilian tax legislation determines that gains and losses from exchange rate variations on permanent foreign investments must not be included in the tax basis. On the other hand, gains and losses arising from financial instruments used to hedge such asset positions are impacted by tax effects. Therefore, in order not to expose net income to foreign exchange rate variations, a liability position must be built at a higher volume than the hedged assets.

The Balance Sheet by Currency shows our assets and liabilities denominated in local and foreign currencies. On December 31, 2012, the net foreign exchange position was a liability of US$6,817 million.

Assets | Dec 31, 2012

R$ million

		Business in Brazil			
	Consolidated	Total	Local Currency	Foreign Currency	Business Abroad
Cash and Cash Equivalents	**13,967**	**8,019**	**6,370**	**1,649**	**7,061**
Short - Term Interbank Deposits	**182,034**	**168,830**	**168,717**	**113**	**14,962**
Securities	**276,174**	**239,405**	**239,220**	**185**	**65,014**
Loan, Lease and Other Loan Operations	**338,540**	**276,136**	**262,915**	**13,221**	**68,514**
Loans	366,285	302,667	289,446	13,221	69,728
(Allowance for Loan Losses)	(27,745)	(26,531)	(26,531)	-	(1,214)
Other Assets	**190,497**	**167,316**	**155,458**	**11,858**	**35,893**
Foreign Exchange Portfolio	30,960	14,258	4,427	9,830	28,984
Other	159,537	153,059	151,031	2,028	6,909
Permanent Assets	**13,213**	**32,861**	**12,402**	**20,459**	**811**
Total Assets	**1,014,425**	**892,567**	**845,082**	**47,485**	**192,254**
Derivatives – Purchased Positions				**69,179**	
Total Assets After Adjustments (a)				**116,663**	

Liabilities and Equity | Dec 31, 2012

R$ million

		Business in Brazil			
	Consolidated	Total	Local Currency	Foreign Currency	Business Abroad
Deposits	**243,200**	**183,769**	**183,494**	**275**	**61,522**
Funds Received under Securities Repurchase	**288,818**	**271,039**	**271,039**	**-**	**17,778**
Funds from Acceptances and Issue of Securities	**55,108**	**67,402**	**39,575**	**27,827**	**14,744**
Borrowings and On Lendings	**59,125**	**44,496**	**36,724**	**7,771**	**21,975**
Interbank and Interbranch Accounts	**4,979**	**4,858**	**2,593**	**2,265**	**121**
Derivative Financial Instruments	**11,128**	**8,422**	**8,422**	**-**	**3,453**
Other Liabilities	**182,598**	**144,055**	**134,233**	**9,823**	**51,258**
Foreign Exchange Portfolio	31,104	14,430	4,946	9,484	28,956
Other	151,494	129,625	129,287	339	22,303
Technical Provisions of Insurance, Pension Plan and Capitalization	**93,210**	**93,173**	**91,256**	**1,916**	**37**
Deferred Income	**1,137**	**1,039**	**761**	**278**	**98**
Minority Interest in Subsidiaries	**903**	**95**	**95**	**-**	**807**
Stockholders' Equity of Parent Company	**74,220**	**74,220**	**74,220**	**-**	**20,459**
Capital Stock and Reserves	60,626	60,626	60,626	-	19,067
Net Income	13,594	13,594	13,594	-	1,392
Total Liabilities and Equity	**1,014,425**	**892,567**	**842,412**	**50,155**	**192,254**
Derivatives – Sold Positions				**80,439**	
Total Liabilities and Equity After Adjustments (b)				**130,594**	
Net Foreign Exchange Position Itaú Unibanco (c = a - b)				**(13,931)**	
Net Foreign Exchange Position Itaú Unibanco (c) in US$				**(6,817)**	

Note: It does not consider eliminations of operations between local and foreign business units.

Assets and liabilities denominated in foreign currencies

We present below the net foreign exchange position, a liability position at a higher volume than the balance of the hedged assets (overhedge), which, when considering the tax effects on the net balance of other assets and liabilities denominated in foreign currency, reflects the elimination of the exposure to foreign exchange variations.

R$ million

	Balance Sheet		Variation	
	Dec/12	Sep/12	Dec 12 – Sep 12	
Investments Abroad	20,459	19,342	1,117	5.8%
Net Foreign Exchange Position (Except Investments Abroad)	(34,390)	(31,370)	(3,020)	9.6%
Total	**(13,931)**	**(12,028)**	**(1,903)**	**15.8%**
Total in US$	**(6,817)**	**(5,923)**	**(894)**	**15.1%**

Risk Management

Corporate Principles of Risk and Capital Management

Itaú Unibanco regards risk management as an essential instrument for optimizing the use of resources and selecting the best business opportunities in order to create value to its stockholders.

The risk management processes permeate the entire institution and are in line with the guidelines of the Board of Directors and Senior Management, which, through Committees and Superior Commissions, determine the overall objectives, expressed as targets and limits for the risk management business units. The control units, in turn, support the Itaú Unibanco's management by means of monitoring processes and risk analysis.

Complementing the risk management process, we concluded the implementation of the capital management structure, meeting of National Monetary Council (CMN) Resolution No. 3,988 of June 30th, 2011. The first ICAAP (Internal Capital Adequacy Assessment Process) report will be submitted to BACEN in September 2013.

For additional information on the risk and capital management structure, please see the Investor Relations website at www.itau-unibanco.com/ir >> Corporate Governance >> Risk Management Risk – Circular 3,477.

Credit Risk

Our credit risk management is aimed at creating value to stockholders based on the analysis of the risk-adjusted return and focused on maintaining the quality of the credit portfolio at levels that are appropriate to each market segment in which we operate.

The credit risk control is centralized, carried out by an independent executive area responsible for preparing institutional credit risk control policies, evaluating credit policies and new products, establishing governance in model development, including its validation, calculating and monitoring the Referential Equity, evaluating the calculation of the portfolio's risk and return parameters, as well as their monitoring, and monitoring the allowance for loan losses. Itaú Unibanco's centralized process for validating and approving credit policies and models ensures the timing of credit actions and the optimization of business opportunities.

Operational Risk

Our operational risk management structure is composed of operational risk management and control activities aimed at supporting the organization in decision-making processes, always in the search for the proper identification and evaluation of risks, the creation of value for stockholders, as well as the protection of the assets and image of Itaú Unibanco.

Liquidity Risk

The liquidity risk management is aimed at ensuring sufficient liquidity to withstand potential outflows of funds in times of market stress scenario, as well as the compatibility between funding and terms and liquidity of assets.

We have a structure that is dedicated to monitor, control and analyze liquidity risk using models for the projection of variables that impact cash flows and the level of local and foreign currency reserve.

Market Risk

Our risk management strategy is aimed at balancing corporate business goals, taking into account, among others, political, economic and market conditions; market risk portfolio of the institution and the expertise to operate in specific markets.

The market risk control is conducted by a group that is independent from the business areas and that is responsible for performing the daily activities of risk measurement, evaluation, analysis and reporting to people and areas responsible according to the governance defined and monitoring the necessary actions to readjust the position and/or level of risk. For this, Itaú Unibanco has a structured process of communication and information which provides information to Superior Committees and to ensure compliance with the requirements of Brazilian and foreign regulatory agencies.

VaR of Itaú Unibanco

The exposure to market risk of the portfolios of Itaú Unibanco and its foreign subsidiaries is presented in the table Global VaR by Risk Factor Group, which shows where the larger concentrations of market risk are. This quarter, we maintained our conservative management approach and diversified portfolio, keeping our policy of operating within lower limits in relation to our capital.

The observed increase in the Global VaR value compared to the previous quarter is due to an increase in the market volatility and an increase in our positions.

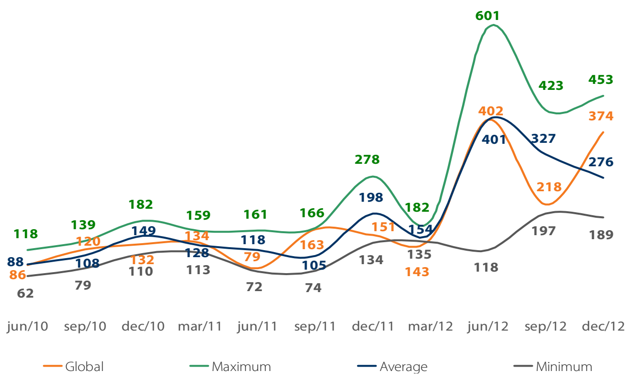
VaR by Risk Factor

R$ million

		Dec 31, 12	Sep 30, 12
Itaú Unibanco	Interest rate	348.7	175.4
	Foreign exchange linked interest rate	11.4	12.1
	Foreign exchange	8.8	5.4
	Prices indices	51.2	62.6
	Equities	16.8	26.3
Itaú Unibanco Foreign Units	Banco Itaú BBA International	1.1	1.4
	Banco Itaú Argentina	5.5	4.3
	Banco Itaú Chile	4.4	6.0
	Banco Itaú Uruguay	2.0	2.1
	Banco Itaú Paraguay	1.0	0.6
	Banco Itaú BBA Colombia	-	-
Diversification Effect		**(77.1)**	**(78.4)**
Global VaR		**373.7**	**217.8**
Maximum VaR in the Quarter		**452.7**	**422.5**
Average VaR in the Quarter		**275.9**	**326.7**
Minimum VaR in the Quarter		**189.0**	**197.2**

Adjusted for tax effects.
VaR refers to the maximum potential loss for a day, with a 99% confidence level. Volatilities and correlations are estimated based on a methodology that attributes more weight to the most recent information.

Evolution of Itaú Unibanco's Value at Risk



Capital Adequacy

Itaú Unibanco maintains adequate levels of Referential Equity in relation to the Required Referential Equity, which is the minimum regulatory capital required. We systematically compare this minimum capital with our internal estimates of economic capital required and we concluded that it is, in total, sufficient to cover the risks incurred, including those that are not directly covered by the Required Referential Equity.

Capital Ratios (BIS)

Solvency Ratios | Economic-Financial Consolidated

R$ million

	Dec 31, 12	Sep 30, 12	Dec 31, 11	Variation Dec 31,12 – Sep 30,12	Variation Dec 31,12 – Dec 31, 11
Stockholder´s Equity of Parent Company	74,220	78,979	71,347	(4,759)	2,872
Referential Equity Tier I	72,007	77,282	71,601	(5,275)	406
Referential Equity Tier II	37,833	33,790	21,564	4,043	16,269
Total exposure weighted by risk	654,872	632,186	568,693	22,686	86,179
Ratios (%)					
BIS (Referential Equity / Total exposure weighted by risk)	16.7	17.5	16.4	-80 bps	30 bps
Tier I	10.9	12.2	12.6	-130 bps	-170 bps
Tier II	5.8	5.3	3.8	50 bps	200 bps

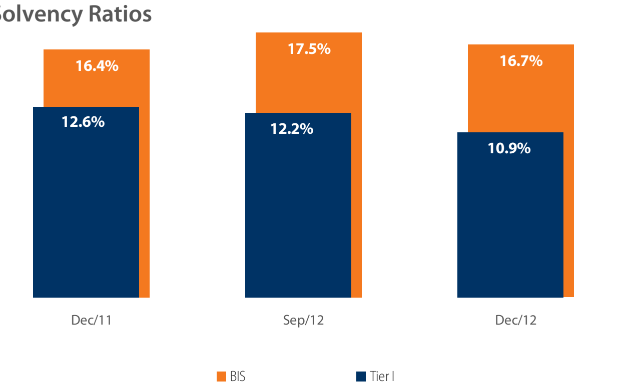
On December 31, 2012, the stockholders' equity of the parent company totaled R$74,220 million, a decrease of R$4,759 million in relation to September 30, 2012, mainly due to the accounting of the acquisition of the minorities' shares of Redecard as a capital transaction.

The BIS ratio reached 16.7%, a 120 basis point decrease from September 30, 2012, mainly due to the capital transaction explained before, partially compensated by the approval, of the Central Bank of Brazil, of subordinated debt amounting to R$5,661 million to compose the Tier II of the Referential Equity. This ratio exceeds the minimum of 11% required by the Central Bank of Brazil and indicates an excess of R$37.4 billion of referential equity, allowing for the increase of up to R$339.9 billion in credit assets based on an 100% risk-weighting. Tier I ratio reduced 130 basis points.

If the remaining values of assets realization and the complementary allowance for loan losses were taken into consideration, our BIS Ration would have been 17.6%.

The evolution of the BIS ratio and Referential Equity Tier I is presented below.

Solvency Ratios



Note: The BIS ratio of the financial system consolidated (another criterion used by the Central Bank of Brazil) reached 18.1% on December 31, 2012. The difference between the BIS ratios of the financial system consolidated and the economic and financial consolidated (CONEF) arises from the inclusion of non-financial subsidiaries in the economic-financial consolidated, the funds of which may, when necessary, be distributed to financial companies through the payment of dividends/JCP (interest on net equity) or corporate restructuring.

Referential Equity | Economic-Financial Consolidated

R$ million

	Dec 31, 12		Sep 30, 12		Dec 31, 11		Variation Dec 31,12 – Sep 30, 12	Variation Dec 31,12 – Dec 31, 11
Referential Equity Tier I	72,007	65.8%	77,282	69.8%	71,601	76.9%	(5,275)	406
Referential Equity Tier II (*)	37,414	34.2%	33,484	30.2%	21,510	23.1%	3,930	15,904
Referential Equity	**109,421**		**110,766**		**93,111**		**(1,345)**	**16,309**

(*) It takes into consideration the redeemable non-voting shares and the exclusion of credit instruments issued by financial institutions and adjustments to market value—securities and derivatives.

On December 31, 2012, our Referential Equity reached R$109,421 million, a decrease of R$1,345 million when compared to September 30, 2012, mainly due to the accounting of the acquisition of the minorities' shares of Redecard as a capital transaction, partially compensated by the approval, of the Central Bank of Brazil, of subordinated debt amounting to compose the Tier II of the Referential Equity. When compared to the same period of the previous year, the Referential Equity increased R$16,309 million.

The ratio between Tier I and Referential Equity reached 65.8%, a drop of 400 basis points when compared to September 30, 2012.

Subordinated Debt and Referential Equity Tier II | Dec 31, 2012

R$ million

	Maturities < 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years	Total
CDB	2,797	4,951	725	4,720	524	-	**13,717**
Financial Treasury Bills	347	-	-	2,277	8,218	10,641	**21,483**
Euronotes	222	-	-	-	-	15,713	**15,935**
Subordinated Debt	**3,366**	**4,951**	**725**	**6,997**	**8,742**	**26,353**	**51,134**
Subject to approval - Central Bank of Brazil (*) and Other	12	-	-	75	0	3,151	**3,238**
Subordinated Debt - Total	**3,378**	**4,951**	**725**	**7,072**	**8,742**	**29,504**	**54,372**

(*) Subordinated debt that does not make up the Tier II Referential Equity.

Subordinated Debt (part of Referential Equity Tier II)	**-**	**990**	**290**	**4,198**	**6,994**	**23,532**	**36,004**

Capital Ratios (BIS)

Exposure by Risk

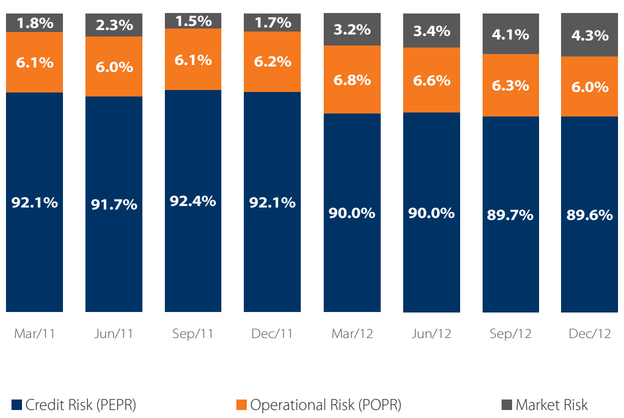
R$ million

	Dec 31, 12	Sep 30, 12	Dec 31, 11	Variation: Dec 31,12 – Sep 30,12	Variation: Dec 31,12 – Dec 31, 11
Exposure weighted by credit risk (EPR)	**587,087**	**566,832**	**523,898**	**20,255**	**63,189**
Portion required for credit risk coverage (PEPR = 0.11x(EPR))	**64,580**	**62,351**	**57,629**	**2,228**	**6,951**
FPR at 20%	411	375	349	36	62
FPR at 35%	204	194	164	9	39
FPR at 50%	5,189	4,737	4,672	452	518
FPR at 75%	12,329	12,750	13,587	(420)	(1,258)
FPR at 100%	42,578	40,441	35,392	2,137	7,186
FPR at 150%	1,858	1,689	1,568	169	290
FPR at 300%	1,535	1,803	1,467	(267)	69
Derivatives – potential future gain	476	363	431	112	45
Portion required for operational risk coverage (POPR)	**4,356**	**4,356**	**3,851**	**-**	**505**
Portion required for market risk coverage	**3,100**	**2,832**	**1,076**	**267**	**2,024**
Operations subject to interest rate variation (PJUR)	2,834	2,489	965	345	1,869
Operations subject to commodity price variation (PCOM)	90	120	72	(30)	18
Operations subject to stock price variation (PACS)	176	224	39	(48)	137
Total exposure weighted by risk (Risk Weighted Assets - RWA) [EPR + (1/0.11x(Operational Risk+Market Risk)]	**654,872**	**632,186**	**568,693**	**22,686**	**86,179**

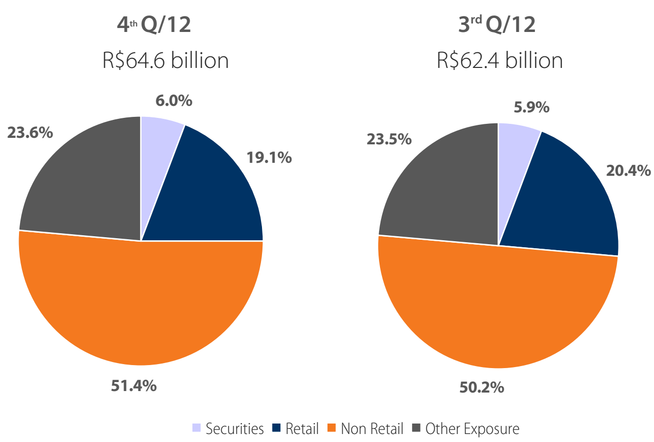
The total exposure weighted by risk amounted to R$654,872 million on December 31, 2012. The growth of R$22,686 million in relation to September 30, 2012 is mainly due to the increase of R$2,228 million in the portion required for credit risk coverage, influenced by the increase in the volume of credit operations and repurchase agreements. In addition to this change, the portion required for market risk coverage also grew R$267 million due to the increase in the capital required for operations that are subject to interest rate variations (R$345 million).

In accordance with the Circular Letters No. 3,383 and No. 3,476 of the Central Bank of Brazil, the portion required to cover operational risk is recalculated every six months. In December 2012, this portion reached R$4,356 million, stable on relation to September 30, 2012.

Evolution of the Composition of the Risk Weighted Exposure



Composition of the Portion to Cover Credit Risk (PEPR = 0.11x(EPR))



ROA - Risk Adjusted

	4Q12	3Q12	4Q11	4Q12 – 3Q12	4Q12 – 4Q11
ROA - Return on Assets (A)	1.4%	1.5%	1.8%	-10 bps	-30 bps
Return on Average Risk Weighted Assets / Average Assets (B)	65.6%	67.0%	67.6%	-140 bps	-200 bps
ROA Risk Adjusted (A/B)	**2.2%**	**2.2%**	**2.6%**	**0.0 bp**	**-50 bps**

In the fourth quarter of 2012, the annualized recurring return on average assets reached 2.2%.

The ratio between the exposure weighted by credit, operational and market risks and the average total assets reached 65.6% in the fourth quarter of 2012 compared to 67.0% in the previous period, an increase of 160 basis points.

As a consequence, the risk-adjusted ROA, which considers the return and total weighted assets that require capital allocation, was 2.2% in the fourth quarter of 2012, stable in relation to the third quarter of 2012.

Ownership Structure

The management of our ownership structure is mainly intended to optimize the capital allocation to the various segments comprising the conglomerate.

The average acquisition cost of treasury shares, as well as the activity of options granted to conglomerate executives under the Stock Option Plan, are set out in Note 16-f of the Complete Financial Statements.

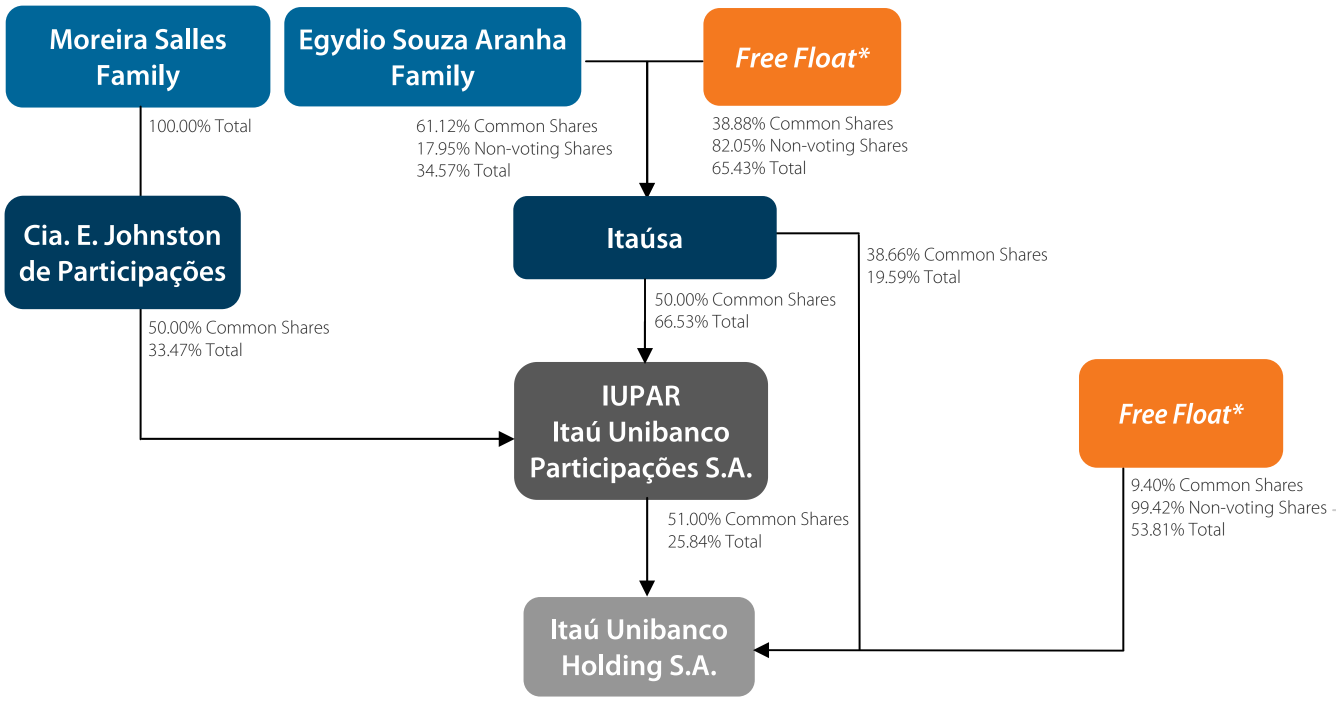
The table below shows the number of shares of capital stock and treasury shares as of December 31, 2012, the average cost of the 53 million shares in Treasury was R$28.99 per share:

Number of Shares | Itaú Unibanco Holding S.A.

In thousands

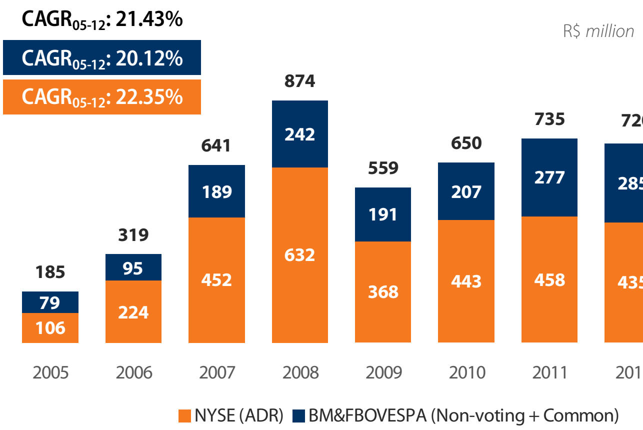
	Common Shares	Non-Voting Shares	Total
Balance of Shares	2,289,286	2,281,650	4,570,936
Treasury Shares			
On 12/31/2011	2	57,294	57,296
Purchase of treasury shares	-	4,300	4,300
Exercised options - Granting of stock options	-	(5,784)	(5,784)
Disposals - Stock option plan	-	(3,256)	(3,256)
On 12/31/2012	2	52,554	52,556
Total Shares (-) Treasury	**2,289,284**	**2,229,096**	**4,518,380**

The organization chart below summarizes the current ownership structure on December 31, 2012:

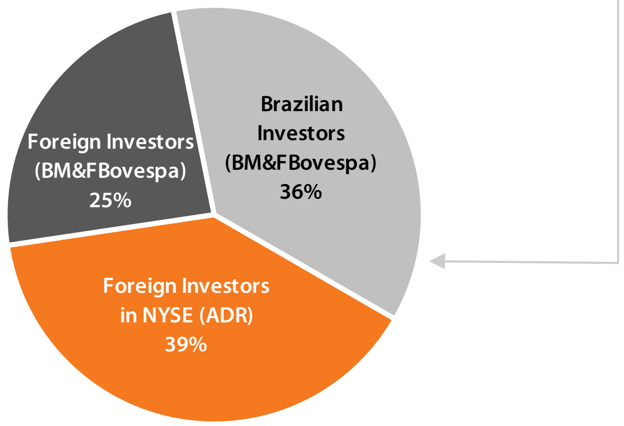


(*) Excluding Controlling Stockholders and Treasury .

Average Daily Trading Volume (BM&FBovespa + NYSE)



Non-voting Shares Mix | on December 31, 2012



Performance in the Stock Market

Performance in the Stock Market | 4th Q/12

Our voting and non-voting shares were traded on all BM&FBOVESPA's sessions in 2012. Additionally, our non-voting shares are included in all stock exchange indexes where financial institution shares may be listed.

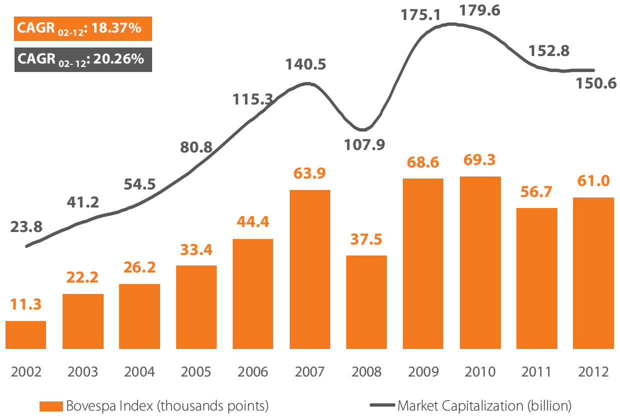
	(R$)	(R$)	(US$)
	Non-voting Shares	Common Shares	ADRs
	ITUB4	ITUB3	ITUB
Closing Price at 12/31/2012	**33.39**	**31.18**	**16.46**
Maximum price in quarter	34.47	32.44	16.57
Average price in quarter	31.18	28.22	15.19
Minimum price in quarter	28.19	25.72	13.93
Closing Price at 09/30/2012	**30.59**	**27.25**	**15.28**
Maximum price in 2012	38.94	33.30	22.00
Average price in 2012	32.34	28.41	16.71
Minimum price in 2012	26.73	24.30	12.84
Closing Price at 12/31/2011	**33.99**	**27.01**	**18.56**
Change in the last 12 months	**-1.8%**	**15.4%**	**-11.3%**
Change in 4th Q/12	**9.2%**	**14.4%**	**7.7%**
Average daily trading financial volume - in 2012 (million)	**286**	**6**	**211**
Average daily trading financial volume in 4th Q/12 (million)	**258**	**6**	**159**

* prices on 03/16/12 for non-voting shares, on 03/19/12 for common shares and 03/02/12 for ADRs.
** prices on 05/17/12 for non-voting shares and 06/28/12 for common shares and ADRs.

Market Capitalization (*) vs. Ibovespa Index

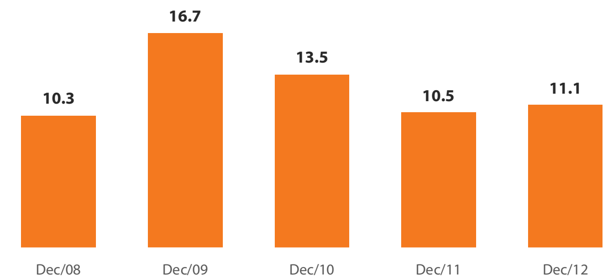
As of December 31, 2012, our market capitalization was R$150,598 million. When compared to the fourth quarter of 2002, our market capitalization grew the equivalent to 6.3-fold whereas the Ibovespa grew 5.4-fold.

According to the information provided by Bloomberg, as of December 31, 2012, we were the 16th largest bank in the ranking of banks by world market capitalization.



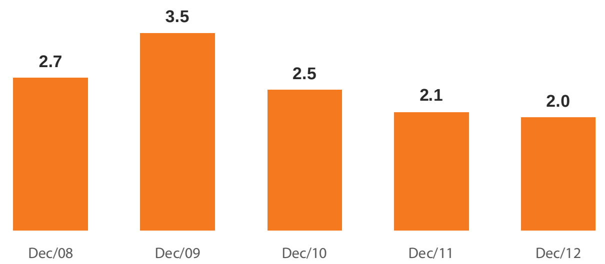
(*) Average price of non-voting shares (the most liquid) at the last trading day of the period x total shares outstanding.

Price/Earnings *



(*) Closing price at the period-ended/Earnings per share.

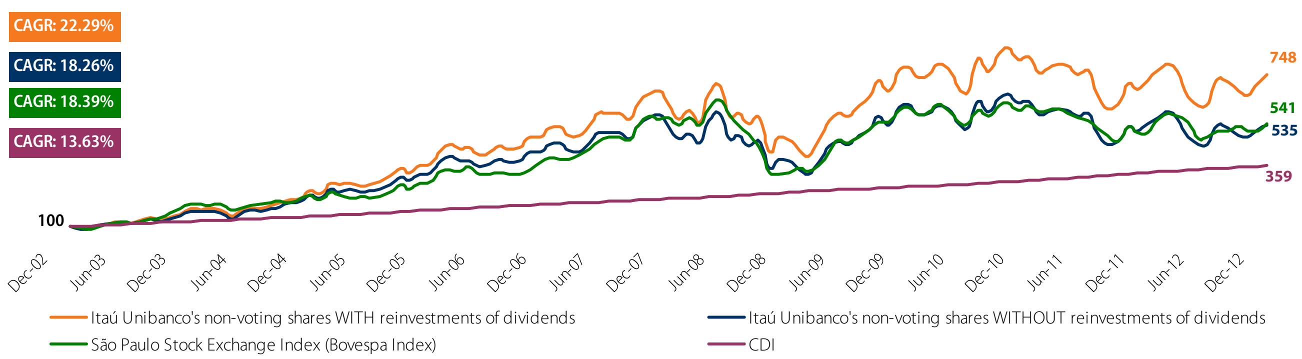
Price/Book Value *



(*) Closing price at the period-ended/Book Value per share.

Non–voting Shares (PN - ITUB4) Appreciation

The chart below shows the evolution of R$100 invested on December 31, 2002 through December 31, 2012, by comparing the values, with and without reinvestment of dividends, to the performance of the Ibovespa and the CDI (Interbank Deposit Certificate).



Market Relations

We completed the Apimec 2012 meeting cycle around Brazil with the attendance of 5,017 participants, an increase of 33% in the number of attending participants in relation to 2011. We continue to be the company that sponsors the largest number of Apimec meetings (totaling 22) in Brazil. Itaú Unibanco received the best Apimec meeting awards held in the Northeast and Brasília.

We also participated in all 13 Expo Money fairs carried out in Brazil in 2012. During these events, professionals from the Investor Relations area, Itaú Corretora, Kinea and experts in investment products were available to talk to stockholders, investors and other stakeholders and spoke about financial education and performance in the stock market, among other subjects.

With respect to funds and other institutional investors, approximately 950 investors were attended in 26 national and international conferences and road shows.

Repurchase of Own Shares

Since November 2004, Itaú Unibanco has been disclosing, on a monthly basis, on its Investor Relations website, its transactions with its own shares. We believe that the spontaneous disclosure of these transactions reinforce Itaú Unibanco's commitment and transparency in its relationship with capital markets, adopting the best Corporate Governance practices in its business.

In October 2012, we purchased 800,000 non-voting shares at the average price of R$29.11, totaling R$23.3 million.

In 2012, we purchased 4.3 million non-voting shares at the average price of R$28.45, totaling R$122.3 million. For more information on these transactions, please see: www.itau-unibanco.com/ir > Corporate Governance > Repurchase of Shares.

On November 5, 2012, a new program for the repurchase of shares was launched and it will be effective until November 4, 2013. In this program, the repurchase limit was increased to 100 million shares, 13.7 million of which are common and 86.3 are non-voting shares.

Market Consensus

Main market analysts periodically issue their recommendations on shares subject to their analysis. These recommendations help a number of investors to select the best option in which to invest.

Based on information provided by Bloomberg and Thomson Analytics, on January 16, we reproduce in the table below the recommendations on Itaú Unibanco Holding's non-voting shares.

	Thomson	Bloomberg
Buy	11	13
Hold	7	9
Sell	0	0
Number of Analysts	**18**	**22**

According to Bloomberg, the average target price estimated for the end of 2013 is R$39.74. Based on this average estimated by third parties, the potential appreciation for 2013 is 19.1%. Thomson does not publish the target price indicated by the analysts.

Corporate Sustainability Index - ISE

Itaú Unibanco was chosen, for the eighth consecutive year, to make up the portfolio of the Corporate Sustainability Index (ISE), with a 5.3% share. This index portfolio is made up of companies with renowned commitment to social responsibility and corporate sustainability, in addition to promoting the good practices in the Brazilian corporate environment.

Additionally, it is worth noting that, in September, we were selected, for the 13th consecutive time to compose the Dow Jones Sustainability Index, the main corporate sustainability index in the world.

ICO2

Itaú Unibanco also composes, for the 3rd consecutive year, the ICO2 – Carbon Efficient Index. We are the company with the largest share in this index, with 12.9%. The portfolio of this index is composed of companies of the IBRX-50 index that accepted to take part in this initiative and adopt transparent practices with respect to greenhouse gas (GHG) emissions.

Main Ratings

In 2012, Itaú Unibanco's credit ratings changed as follows:

- In June, the rating agency Moody's disclosed a new global methodology and revised Brazilian banks' ratings. The new ratings of Itaú Unibanco and Itaú BBA are one level above Brazil's sovereign rating.
- In July, the rating agency Standard & Poor's disclosed its revision of the ratings of Brazilian banks, and the ratings attributed to Itaú Unibanco in terms of capacity of payment of short-term liabilities were upgraded.

The ratings attributed to Itaú Unibanco by the main rating agencies are presented below:

Itaú Unibanco Holding

	International Scale				Domestic Scale	
	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term
Fitch Ratings	Domestic Currency		Foreign Currency		Domestic Currency	
	A-	F1	BBB+	F2	AAA(bra)	F1+(bra)
Standard & Poor's	Domestic Currency		Foreign Currency		Domestic Currency	
	BBB	A-2	BBB	A-2	brAAA	brA-1
Moody's	Issuer - Domestic Currency		Issuer - Foreign Currency		Issuer - Domestic Currency	
	Baa1	P-2	Baa1	P-2	Aaa.br	BR-1
Moody's (Itaú Unibanco and Itaú BBA)	Domestic Currency Deposit		Foreign Currency Deposit		Domestic Currency	
	A3	P-2	Baa2	P-2	Aaa.br	BR-1

Ordinary General Meeting

Our Annual and Extraordinary Stockholders' Meetings will be held on April 19, 2013.

As in 2012, we will make available on our Investor Relations website (www.itauunibanco.com/ir) the electronic platform for our stockholders to cast their votes remotely and in advance. The system allows the votes to be cast through online proxies by means of a digital certificate, which facilitates investors' access.

Agenda

The Investor Relations department makes Itaú Unibanco's corporate calendar available on its website (www.itauunibanco.com/ir). Please find below the upcoming scheduled events:

Results	Disclosure of Fianancial Statements	Teleconference
1 Q 2013	April 30	May 2
1 S 2013	July 30	July 31
3 Q 2013	October 29	October 30

Ordinary General Meeting and Other Activities	
Ordinary General Meeting	April 19
Form 20-F	until April 30
Reference Form - CVM 480	until May 31

Awards

The awards and recognition granted to Itaú Unibanco in the fourth quarter of 2012 are presented below:

- We ranked first in the **Best Domestic Cash Manager in Brazil** ranking of Euromoney magazine. The winners are chosen by means of a survey conducted by the magazine with clients and institutions of the industry that elect the most admired companies in the provision of services;

- First place among financial institutions in Private Banking in Latin America and Brazil in the **Global Private Banking Awards 2012** (The Banker);

- We were elected the best Brazilian bank in foreign exchange in the **World's Best Foreign Exchange Providers** award granted by Global Finance;

- **The Most Admired Companies in Brazil:** Itaú Unibanco ranked first in the Retail Bank segment. In the general ranking, regardless of the segment, the bank ranked eighth[h]. The purpose of this award is to recognize the companies that contribute to the dissemination of corporate ethics and social and environmental development of Brazil.

analysis of segments, products and services

Itaú Unibanco Holding S.A.

4th quarter of 2012

Management Discussion & Analysis

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Pro Forma Adjustments

Adjustments made to the balance sheet and statement of income for the year are based on managerial information from the business units.

The Activities with the Market + Corporation column presents the result from excess of capital, excess of subordinated debt and the net balance of tax assets and liabilities. It also shows the financial margin on market transactions, costs of Treasury operations, equity in the earnings of companies that are not linked to any segment, as well as those adjustments relating to minority shareholdings in subsidiaries and our interest in Porto Seguro.

The financial statements were adjusted in order to replace the accounting stockholders' equity with funding at market prices. Subsequently, the financial statements were adjusted in order to include revenues linked to allocated capital at each segment. The cost of subordinated debt and the respective remuneration at market prices were allocated to segments on a *pro rata* basis, in accordance with the economic allocated capital.

Allocated Capital

Impacts related to capital allocation are considered in the *Pro Forma* financial statements by segment. To this end, adjustments were made to the financial statements, using a proprietary model.

The economic allocated capital model (EAC) was adopted for the *Pro Forma* financial statements by segment, which considers, in addition to allocated capital Tier I, the allocated capital Tier II (Subordinated Debt) and the effects of the calculation of expected credit losses, in addition to that required by the Brazilian Central Bank Circular No. 2,682/99 of the CMN.

Accordingly, the allocated capital considers the following components: credit risk (including expected loss), operational risk, market risk, and insurance underwriting risk.

Based on this measure of capital, we determined the Risk Adjusted Return on Capital (RAROC), which corresponds to an operational performance ratio consistently adjusted to the required capital needed to support the risks of the financial positions assumed.

Income Tax Rate

We consider the full income tax rate, net of the tax effect of the payment of interest on net equity, for the Commercial Bank, Itaú BBA, Consumer Credit and Activities with the Market. The difference between the amount of income tax determined by segment and the amount of the effective income tax, as indicated in the consolidated financial statement, is allocated to the Activities with the Market + Corporation segment column.

Analysis of Segments

The *pro forma* financial statements of the Commercial Bank, Consumer Credit, Itaú BBA and Activities with the Market + Corporation, presented below, are based on managerial information derived from internal models, so as to more accurately reflect the activities of the business units.

Pro Forma Balance Sheet by Segment | On December 31, 2012

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Assets					
Current and Long-Term Assets	**737,964**	**87,495**	**232,288**	**132,142**	**1,001,212**
Cash and Cash Equivalents	12,441	-	1,527	-	13,967
Short-term Interbank Investments	267,502	-	26,411	3,769	182,034
Short-term Interbank Deposits in the Market	218,371	-	5,281	3,769	182,034
Short-term Interbank Deposits in Intercompany (*)	49,131	-	21,130	-	-
Securities and Derivative Financial Instruments	159,360	-	81,492	85,172	276,174
Interbank and Interbranch Accounts	61,679	-	2,967	-	64,610
Loan, Lease and Other Credit Operations	166,718	85,839	109,435	4,309	366,285
(Allowance for Loan Losses)	(14,554)	(6,751)	(1,362)	(20)	(22,687)
(Complementary Expected Loss Provisions)	-	-	-	(5,058)	(5,058)
Other Assets	84,819	8,407	11,818	43,971	125,887
Foreign Exchange Portfolio	27,483	-	10,158	13,936	30,960
Others	57,336	8,407	1,660	30,035	94,928
Permanent Assets	**7,068**	**2,601**	**1,142**	**2,402**	**13,213**
Total Assets	**745,032**	**90,096**	**233,430**	**134,544**	**1,014,425**
Liabilities and Equity					
Current and Long-Term Liabilities	709,566	79,982	219,954	117,418	938,165
Deposits	205,391	8	82,793	13,305	243,200
Deposits from Clients	197,428	8	33,662	13,305	243,200
Intercompany deposits (*)	7,963	-	49,131	-	-
Deposits Received under Securities Repurchase Agreements	161,888	57,910	62,825	67,188	288,818
Securities Repurchase Agreements in the Market	148,722	57,910	16,384	67,188	288,818
Securities Repurchase Agreements - Intercompany (*)	13,167	-	46,441	-	-
Funds from Acceptances and Issue of Securities	90,066	-	8,264	-	55,108
Interbank and Interbranch Accounts	1,730	18	3,267	-	4,979
Borrowings and Onlendings	24,916	2,822	32,692	-	59,125
Derivative Financial Instruments	5,752	-	7,842	-	11,128
Other Liabilities	126,613	19,224	22,270	36,926	182,598
Foreign Exchange Portfolio	27,681	-	10,104	13,936	31,104
Subordinated Debt and Other	98,932	19,224	12,166	22,990	151,494
Technical Provisions for Insurance, Pension Plans and Capitalization	93,210	-	-	-	93,210
Deferred Income	**955**	**-**	**182**	**-**	**1,137**
Minority Interest in Subsidiaries	**-**	**-**	**-**	**903**	**903**
Economic Allocated Capital - Tier I (**)	**34,511**	**10,114**	**13,293**	**16,223**	**74,220**
Total Liabilities and Equity	**745,032**	**90,096**	**233,430**	**134,544**	**1,014,425**

(*) The Intercompany operations were eliminated in the Consolidated.
(**) The Economic Capital allocated to the Activities with the Market + Corporation column contains all the excess capital of the institution so as to arrive at the accounting net equity.

Pro Forma Income Statement by Segment | 4th Quarter of 2012

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Operating Revenues	**12,763**	**3,605**	**1,925**	**1,573**	**19,856**
Managerial Financial Margin	7,623	2,014	1,321	1,443	12,417
Banking Service Fees and Income from Banking Charges	3,297	1,559	640	22	5,507
Result from Insurance, Pension Plans and Capitalization Operations before Retained Claims and Selling Expenses	1,628	1	12	1	1,642
Other Operating Income	143	(5)	(38)	-	85
Equity in earnings of affiliates and Other investments	-	40	0	105	145
Non-operating Income	73	(3)	(10)	-	60
Loan and Retained Claims/ Losses net of Recovery	**(3,398)**	**(1,237)**	**(495)**	**135**	**(4,995)**
Expenses for Allowance for Loan Losses	(3,715)	(1,484)	(499)	14	(5,685)
Income from Recovery of Credits Written Off as Losses	813	247	4	122	1,186
Retained Claims	(496)	-	-	-	(496)
Operating Margin	**9,365**	**2,368**	**1,430**	**1,708**	**14,861**
Other Operating Income/(Expenses)	**(6,908)**	**(1,969)**	**(783)**	**(200)**	**(9,849)**
Non-interest Expenses	(5,917)	(1,717)	(668)	(165)	(8,456)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(714)	(252)	(115)	(35)	(1,116)
Selling Expenses From Insurance	(278)	-	-	-	(278)
Income before Tax and Profit Sharing	**2,457**	**400**	**647**	**1,508**	**5,012**
Income Tax and Social Contribution	**(883)**	**(110)**	**(179)**	**(289)**	**(1,462)**
Profit Sharing	**(13)**	**(2)**	**(20)**	**(1)**	**(36)**
Minority Interests in Subsidiaries	**-**	**-**	**-**	**(12)**	**(12)**
Recurring Net Income	**1,561**	**287**	**447**	**1,206**	**3,502**
(RAROC) – Return on Average Tier I Allocated Capital	**19.4%**	**10.8%**	**13.4%**	**29.8%**	**19.3%**
Efficiency Ratio (ER)	**51.4%**	**51.2%**	**36.9%**	**10.7%**	**46.6%**

Note: Non-interest Expenses item is made up of Personnel Expenses, Administrative Expenses, Other Tax Expenses and Operating Expenses.
The Consolidated figures do not represent the sum of the parts, because there are transactions between the companies that were eliminated only in the Consolidated figures.

Analysis of Segments

The *pro forma* financial statements of the Commercial Bank, Consumer Credit, Itaú BBA and Activities with the Market + Corporation, presented below, are based on managerial information derived from internal models, so as to more accurately reflect the activities of the business units.

Pro Forma Balance Sheet by Segment | On September 30, 2012

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Assets					
Current and Long-Term Assets	**700,480**	**87,635**	**217,094**	**69,938**	**937,069**
Cash and Cash Equivalents	11,616	-	1,488	-	13,104
Short-term Interbank Investments	211,020	-	19,317	3,333	163,342
Short-term Interbank Deposits in the Market	169,670	-	(462)	3,333	163,342
Short-term Interbank Deposits in Intercompany (*)	41,350	-	19,779	-	-
Securities and Derivative Financial Instruments	181,081	-	73,139	25,295	234,556
Interbank and Interbranch Accounts	65,519	-	3,274	-	68,761
Loan, Lease and Other Credit Operations	163,516	86,357	106,166	3,772	359,810
(Allowance for Loan Losses)	(14,986)	(6,677)	(944)	(17)	(22,624)
(Complementary Expected Loss Provisions)	-	-	-	(5,058)	(5,058)
Other Assets	82,714	7,955	14,655	42,613	125,177
Foreign Exchange Portfolio	27,575	-	13,704	20,275	40,950
Others	55,139	7,955	950	22,338	84,227
Permanent Assets	**7,930**	**2,552**	**1,147**	**11,518**	**23,147**
Total Assets	**708,411**	**90,188**	**218,241**	**81,456**	**960,216**
Liabilities and Equity					
Current and Long-Term Liabilities	677,735	79,051	204,724	55,912	879,304
Deposits	195,926	26	70,076	13,890	231,919
Deposits from Clients	187,244	26	28,726	13,890	231,919
Intercompany deposits (*)	8,683	-	41,350	-	-
Deposits Received under Securities Repurchase Agreements	150,716	57,807	62,668	-	245,272
Securities Repurchase Agreements in the Market	139,620	57,807	50,255	-	245,272
Securities Repurchase Agreements - Intercompany (*)	11,096	-	12,412	-	-
Funds from Acceptances and Issue of Securities	87,888	-	7,713	-	57,044
Interbank and Interbranch Accounts	5,614	18	2,759	-	8,360
Borrowings and Onlendings	23,566	3,097	31,495	-	56,854
Derivative Financial Instruments	4,226	-	7,467	-	9,125
Other Liabilities	122,518	18,103	22,546	42,022	183,449
Foreign Exchange Portfolio	27,918	-	13,536	20,275	41,125
Subordinated Debt and Other	94,599	18,103	9,010	21,748	142,324
Technical Provisions for Insurance, Pension Plans and Capitalization	87,281	-	-	-	87,281
Deferred Income	**654**	**-**	**159**	**-**	**813**
Minority Interest in Subsidiaries	**-**	**-**	**-**	**1,121**	**1,121**
Economic Allocated Capital - Tier I (**)	**30,021**	**11,136**	**13,358**	**24,422**	**78,979**
Total Liabilities and Equity	**708,411**	**90,188**	**218,241**	**81,456**	**960,216**

(*) The Intercompany operations were eliminated in the Consolidated.
(**) The Economic Capital allocated to the Activities with the Market + Corporation column contains all the excess capital of the institution so as to arrive at the accounting net equity.

Pro Forma Income Statement by Segment | 3rd Quarter of 2012

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Operating Revenues	**12,758**	**3,548**	**1,743**	**1,504**	**19,513**
Managerial Financial Margin	8,133	2,051	1,261	1,359	12,820
Banking Service Fees and Income from Banking Charges	3,041	1,476	504	53	5,034
Result from Insurance, Pension Plans and Capitalization Operations before Retained Claims and Selling Expenses	1,485	(2)	12	2	1,497
Other Operating Income	96	8	(36)	-	52
Equity in earnings of affiliates and Other investments	-	19	1	89	110
Non-operating Income	3	(2)	0	-	1
Loan and Retained Claims/ Losses net of Recovery	**(3,962)**	**(1,288)**	**(62)**	**(31)**	**(5,344)**
Expenses for Allowance for Loan Losses	(4,260)	(1,551)	(72)	(57)	(5,939)
Income from Recovery of Credits Written Off as Losses	861	263	9	25	1,159
Retained Claims	(563)	-	-	-	(563)
Operating Margin	**8,796**	**2,260**	**1,680**	**1,472**	**14,169**
Other Operating Income/(Expenses)	**(6,612)**	**(1,890)**	**(856)**	**(125)**	**(9,443)**
Non-interest Expenses	(5,663)	(1,645)	(754)	(126)	(8,148)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(677)	(245)	(102)	1	(1,023)
Selling Expenses From Insurance	(272)	-	-	-	(272)
Income before Tax and Profit Sharing	**2,184**	**370**	**824**	**1,348**	**4,726**
Income Tax and Social Contribution	**(700)**	**(70)**	**(255)**	**(101)**	**(1,125)**
Profit Sharing	**(22)**	**(1)**	**(19)**	**(1)**	**(43)**
Minority Interests in Subsidiaries	**-**	**-**	**-**	**(145)**	**(145)**
Recurring Net Income	**1,462**	**299**	**551**	**1,100**	**3,412**
(RAROC) – Return on Average Tier I Allocated Capital	**19.2%**	**10.9%**	**17.0%**	**22.6%**	**18.5%**
Efficiency Ratio (ER)	**49.1%**	**49.8%**	**46.0%**	**8.4%**	**45.5%**

Note: Non-interest Expenses item is made up of Personnel Expenses, Administrative Expenses, Other Tax Expenses and Operating Expenses.
The Consolidated figures do not represent the sum of the parts, because there are transactions between the companies that were eliminated only in the Consolidated figures.

Commercial Banking

The revenues from the Commercial Banking segment arise from the offer of banking products and services to a diversified client base, including individuals and companies. The segment includes retail, high-income clients, high-net-worth clients (private banking) and very small, small and middle market companies.

In the fourth quarter of 2012, recurring net income from Commercial Banking totaled R$1,561 million, an increase of 6.8% from the previous quarter. This increase, which corresponds to R$99 million, is due to the combination between the stability of the operating revenues (in which the reduction of 6.3% in the financial margin was offset by the growth of other incomes, especially of service fees and income from banking charges, that grew R$256 million) and the 14.2% lower losses from loans and retained claims, net of recovery, which was partially offset by the increase in other operating expenses, mainly in non-interest expenses, that grew 4.5%.

The credit portfolio totaled R$166,718 million at the end of 2012, increasing 2.0% when compared to the third quarter of the previous year. The Commercial Banking segment's return on allocated capital reached 19.4% a year, and the efficiency ratio was 51.4%.

Some additional Commercial Bank Highlights:

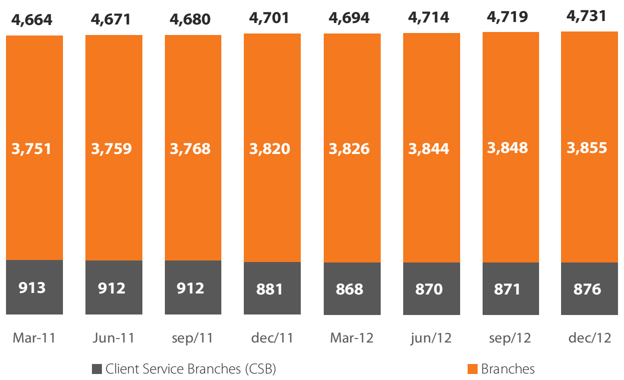
Branch Network (*) | Individuals

Our service network covers the entire Brazilian territory and adopts a segmentation strategy that includes structures, products and services that are developed to meet the specific needs of our many different clients. Our segments are: Itaú, Itaú Personnalité and Itaú Private Bank.

Our products are available in our branch network and through the "30 Horas" electronic channels and include: current accounts, investments, credit cards, personal loans, insurance, mortgage loans, vehicle financing and other banking products.

At the end of 2012, our branch network in Brazil comprised 4,731 units, including regular branches and Client-Service Branches (CSB). In 2012, 81 branches and 57 CSBs were opened.

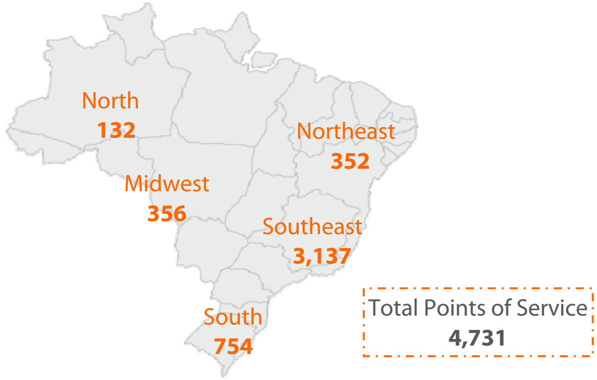
Retail Points of Service in Brazil (*)



(*) It does not include branches and CSBs abroad and Itaú BBA.

Geographical Distribution of Service Network (*)

Number of Branches and Client Service Branches **(CSB)**



(*) Does not include branches and CSBs abroad and Itaú BBA.

Loan Portfolio

At the end of the fourth quarter, the credit portfolio of the individuals segment totaled R$81,533 million, an increase of 4.8% from the previous quarter.

On December 31, 2012, the credit portfolio of the companies segment (excluding endorsements and sureties), composed of very small, small and middle market companies with sales of up to R$150 million, amounted to R$85,185 million, a decrease of 0.6% both quarter-on-quarter and year-on-year.

Consumer Credit

Revenues from the Consumer Credit segment arise from financial products and services offered to our non-account holder clients. In the fourth quarter of 2012, the segment's recurring net income totaled R$287 million.

The segment's operating revenues showed a growth of 1.6% from the previous quarter, mainly due to the increase of 5.6% in service fees and income from banking charges which surpassed the decrease of 1.8% in the financial margin. Also, loan and retained claim losses, net of recovery, dropped 4.0% and there was an increase of 4.2% in other operating expenses.

The return on allocated capital was 10.8% a year, and the efficiency ratio reached 51.2% in the last quarter of the year. As of December 31, 2012, the balance of the credit portfolio was R$85,839 million.

Itaú BBA

Itaú BBA is the arm responsible for banking transactions with large companies and for investment banking services. Our clients are the approximately 2,600 largest Brazilian corporate groups, over 200 financial institutions and 700 institutional investors. We offer them a wide portfolio of banking products and services, from cash management to structured operations and transactions in the Capital Markets.

In 2012, for the third time, Itaú BBA was recognized as "the most innovative Investment Bank in Latin America", by the English magazine The Banker, of the Financial Times group.

And, for the fifth consecutive year, Itaú BBA was chosen by Euromoney magazine as the best Cash Management Bank in Brazil and is ranked among the top three Best Regional Cash Management in Latam. To determine the best banks in the segment, the magazine evaluates quality of service, technical support, expertise in the area, commitment and innovation, based on the perception of clients.

The credit portfolio (including endorsements and sureties) in Brazil increased 3.6% from the third quarter of 2012 and 15.5% when compared to the same period of the previous year, to R$158.5 billion. This year-on-year increase is basically due to Itaú BBA's commercial effort to strengthen its relationship with clients, in particular (i) funding operations in foreign currency, which grew 22.9% (if we disregard the effect of the foreign exchange variation, the increase would be 12.8%), and (ii) portfolio of sureties and endorsements, which increased 16.2%.

The financial margin totaled R$1,321 million in the fourth quarter, up 4.7% from the previous quarter. Banking service fees and income from banking charges amounted to R$640 million, an increase of 27.1% when compared to the previous quarter.

In the fourth quarter of 2012, a R$428 million increase in the expenses for provisions for loan losses was noticed. This increase is mainly due to the recognition of general provisions for some economic groups as a result of the revision of ratings. There was no increase in overdue balances of the corporate portfolio. We continue to distinguish ourselves for the excellent level of quality of the credit portfolio, in which 92.1% of the credits are attributed "AA", "A" and "B" ratings in accordance with the criteria set forth in Resolution No. 2,682 of the National Monetary Council.

Thus, our net income totaled R$447 million in the fourth quarter of 2012, a drop of 18.8% from the previous quarter.

Once again in 2012, our performance in investment banking stood out:

Domestic Fixed Income Issues: First place in volume in the ANBIMA distribution ranking, for the participation in debenture, promissory note and securitization transactions, which totaled R$21.7 billion, corresponding to a market share of 32.5% from January to November of 2012.

International Fixed Income Issues: First place in the BondRadar ranking, for Issues by Brazilian Companies of December 2012 in Brazilian *reais* and in U.S. dollars.

Mergers and Acquisitions: In 2012, we provided financial advisory services for 69 transactions, reaching the top of the Thomson Reuters ranking in volume of operations, with a total of US$16.9 billion.

In the corporate banking segment, we highlight the following Itaú BBA's operations:

Derivatives: We have maintained our leading position in CETIP (Clearing House for the Custody and Financial Settlement of Securities) in derivative instruments with companies in the over-the-counter markets. It focused on operations that hedge our clients' exposures to foreign currencies, interest rates and commodities. The volume contracted between January and December 2012 was 36.7% higher than in the same period of the previous year.

Project Finance: At the end of the fourth quarter of 2012, the bank had 72 projects involving structuring and/or advisory in the period between January and December 2012. The total investments involved in these projects in many industries, such as oil and gas, energy, industrial, mining, logistics and sanitation, exceeded R$103 billion.

The results of each product and each service are classified in the segments according to the characteristics of the operations. Accordingly, some of the products and services listed below may be included in more than one segment.

Mortgage Loans

At the end of the fourth quarter of 2012, the mortgage loans portfolio, including securitized loans, amounted to R$26,226 million, with a growth of 7.3% and 30.6%, in the quarter when compared to the previous quarter and to December 2011, respectively. The individuals portfolio, totaling R$18,437 million at the end of the fourth quarter, increased 7.8% when compared to the previous quarter and 31.8% in relation to December 2011, thus keeping the pace of expansion that characterized the real estate market in the past quarters. At the end of December 2012, the companies portfolio totaled R$7,790 million.

In the last quarter of 2012, the volume of new mortgage loan financing contracts for individuals was R$2,079 million, whereas financing for companies totaled R$1,549 million, totaling R$3,628 million.

Volume of Originations

R$ million

	4Q12	3Q12	4Q11
Individuals	2,079	1,712	1,975
Companies	1,549	1,546	3,312
Total	**3,628**	**3,257**	**5,287**

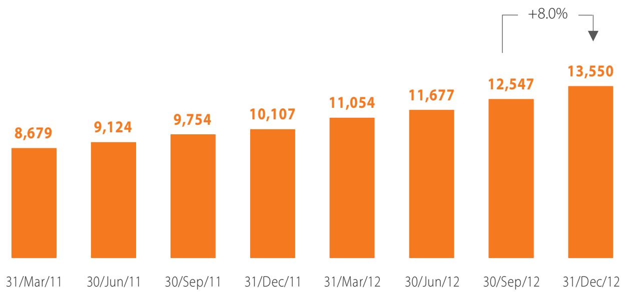
Payroll Loans

A payroll loan is a loan with fixed installments that are directly discounted from the client's payroll.

We incorporated a new financial institution - Banco Itaú BMG Consignado S.A. - in partnership with Banco BMG S.A. (70% controlled by Itaú Unibanco and 30% by BMG), aiming at the offering, distribution and sale of payroll loans in Brazil. The association was approved by the Administrative Council for Economic Defense (Cade) in October and operations started in December 2012. It will enable us to expand our business in this segment and will operate under our transparency values and principles, following our good management practices and policies. This operation aims at diversifying our loan portfolio, supplementing our payroll loan strategy, and improving the risk profile of our individuals loan portfolio. The conclusion of the operation is subject to approval by the Central Bank of Brazil.

Evolution of the Payroll Loan Portfolio

R$ million



Loans to retirees and pensioners of the INSS presented the highest growth in the payroll loan portfolio, which reached R$13,550 million in December 2012, an increase of 8.0% from September 2012. Year-on-year, the payroll loan portfolio increased 34.1% (R$3,443 million). Excluding the portfolio of acquired loans(*), the volume of the portfolio is R$12,929 million, an increase of 7.1% in the quarter and 29.4% in relation to the same period of the previous year.

(*) It does not include the payroll loan portfolio acquired from BMG, that from this quarter is being considered along with Own Payroll Loans. For comparability purposes, prior periods have been reclassified.

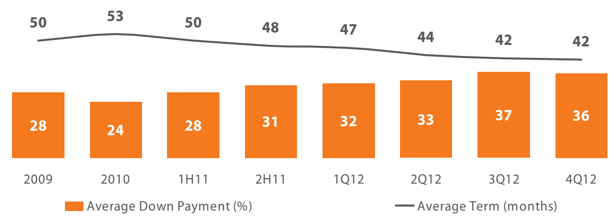
Vehicle Financing

The vehicle financing portfolio to individuals amounted to R$51,220 million at the end of the fourth quarter of 2012. New vehicle financing and leasing transactions totaled R$5,655 million, an increase of 12.7% from the previous quarter. Considering the portfolio balance, our market share was 27.5% at the end of November 2012.

Default Levels and Selectivity

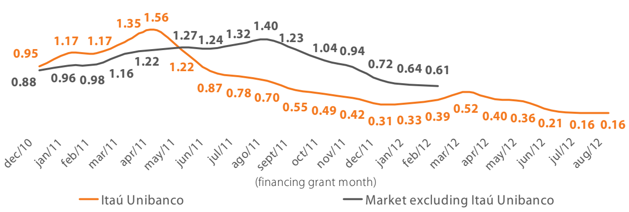
The NPL over 90 days of Itaú Unibanco, measured by vintages four months after the origination, reached its peak, 1.56%, in April 2011. The negative performance led to stricter selectivity in origination from the second half of 2011, affecting the approval rates of new financing contracts and risk profile of clients. The new criteria for origination led to a decrease in the default levels in the most recent vintages.

Average Term and Down Payments (Itaú Unibanco)



The chart below shows that, in August 2012, little more than one year after the peak of default rate levels, the NPL over 90 days of the new origination vintages decreased 140 basis points, reaching 0.16%.

NPL over 90 (%) | 4 months after vehicle financing origination



Source: Brazilian Central Bank.

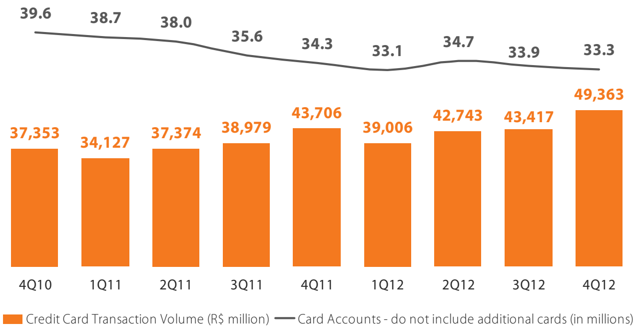
Cards

Through proprietary and partnership operations, we offer a wide range of credit and debit cards to more than 57.7 million current and non-current account holders (in number of accounts). In the fourth quarter of 2012, the volume of transactions amounted to R$65,046 million, an increase of 13.0% from the same period of the previous year.

Credit Cards

We are a leading player in the Brazilian credit card market. Through Itaucard, Hipercard, *joint ventures* and commercial agreements with major retailers in the Brazilian market, we have reached 33.3 million client accounts, including both current and non-current account holders.

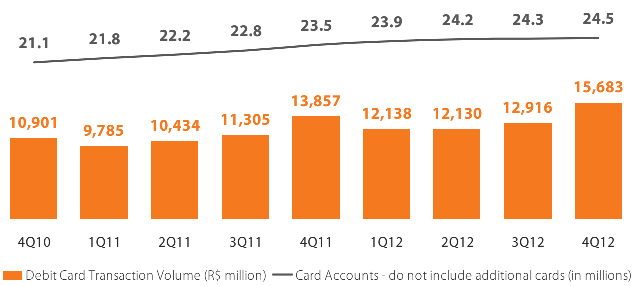
This quarter, we continued to reduce the number of partnerships to concentrate on business of larger scale, in line with the efficiency-gain strategy. At the same time, we kept the more conservative financing policy in order to maintain the credit quality of our card portfolio. In the fourth quarter of 2012, the volume of credit card transactions amounted to R$49,363 million, which corresponds to an increase of 12.9% from the same period of the previous year.



Note: Personal Loan and Consumer Credit products are not taken into consideration; For demonstration purposes, the volumes and results presented here include the portion corresponding to current account holders, although these clients are reported in the Pro Forma in the Commercial Bank column.

Debit Cards

In the debit card segment, which includes only current account holders, we have 24.5 million accounts. The volume of debit card transactions amounted to R$15,683 million in the last quarter of 2012, a 13.2% increase from the same period of the previous year.



Note: Data for December, 2012 are preliminary, calculated based on results obtained to date prior to the closing of the period.

Acquiring

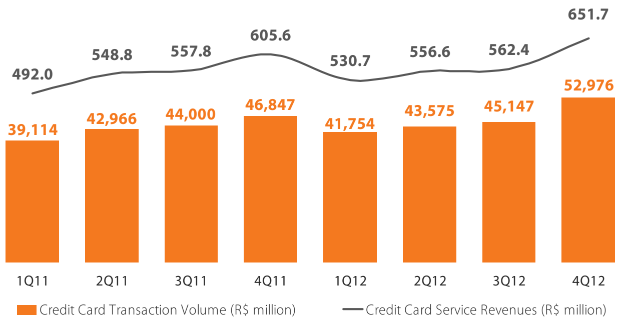
Our acquiring business comprises the process of capture of transactions through the affiliation, management and relationship with commercial establishments through the companies Hipercard and Redecard.

This quarter, the transaction volume totaled R$82.0 billion, an increase of 19.8% from the third quarter of 2012 and 16.5% from the same period of the previous year.

Credit Card Transactions

In the fourth quarter of 2012, the volume of credit card transactions was R$53.0 billion, representing 64.6% of the total volume of transactions generated by the acquiring services, an increase of 17.3% from the third quarter of 2012 and of 13.1% from the same period of the previous year.

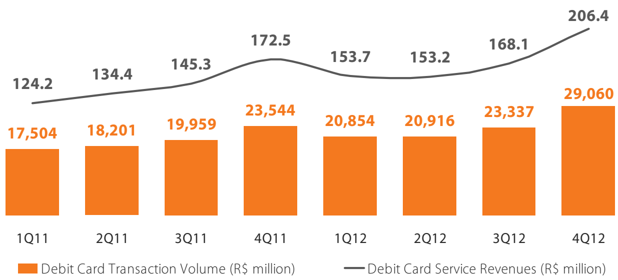
In relation to the third quarter of 2012, service revenues from credit cards grew R$89.3 million, or 15.9%, due to the increase in the amount of transactions, as mentioned above.



Debit Card Transactions

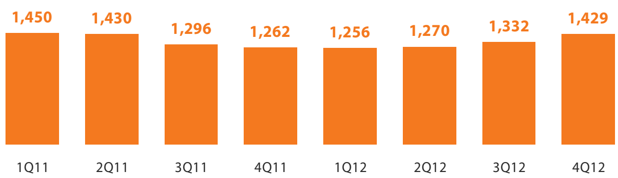
In the last quarter of 2012, the volume of debit card transactions was R$29.0 billion, representing 35.4% of the total transaction volume, an increase of 24.5% from the third quarter of 2012 and of 23.4% from the same period of the previous year.

In relation to the third quarter of 2012, service revenues from debit cards grew R$38.3 million, or 22.8%, due to the increase in the amount of transactions, as mentioned above.



Equipment Base(*)

At the end of the fourth quarter of 2012, our base of active installed equipment reached 1,429 thousand units, showing a growth of 7.3% from the previous quarter.



(*) 100% of the equipment base of Redecard is able to capture Hipercard cards transactions.

Products and Services

Wealth Management & Services (WMS)

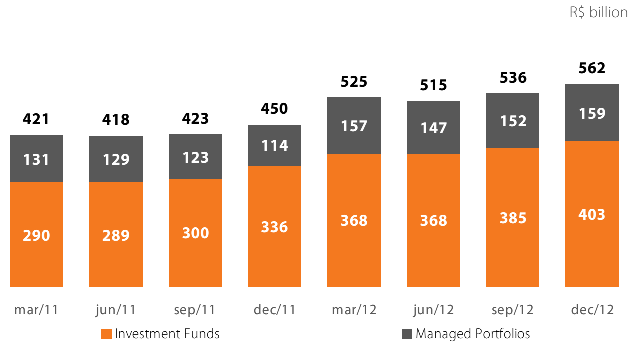
Asset Management(*)

In November 2012, we had R$343.2 billion(*) in managed assets, representing 15.2% of the market. In the year, our growth totaled 14.5%, and the main highlights were the fixed-income and pension funds. In addition to the strong local presence, we are expanding internationally with professionals who are strategically allocated, searching for investment opportunities and solutions that are appropriate for global clients.

(*) Source: ANBIMA (Brazilian Financial and Capital Markets Association) Management Ranking – December/12 – Includes Itaú Unibanco and Intrag.

Asset Administration

We administer Privatization, Fixed Income and Equity Funds, Investment Clubs and Client Portfolios both in Brazil and abroad.



At the end of the fourth quarter of 2012, assets under administration totaled R$562.0 billion, a 4.8% increase from the previous quarter and 25.0% when compared to the end of 2011.

This quarter, we began to consider exclusive application funds of consolidated companies in the balance of administered assets, in order to demonstrate our total fund position using a disclosure criterion that is closer to ANBIMA's. Accordingly, the historical data disclosed were reprocessed.

According to ANBIMA, in December 2012 we ranked second in the global ranking of fund management and managed portfolios, with a market share of 19.7%.

Solutions for Capital Markets

With four lines of business, the area of Solutions for Capital Markets serves both publicly and closely-held companies, pension funds, asset management and international investors, totaling 1,600 clients in 21 countries. We ended December 2012 with a market share of 24.8% and a total of R$939.7 billion in assets under custody, representing an increase of 14% from the same period of 2011. Our business lines are:

Local Custody and Trust Administration: we offer custody and controllership solutions for portfolios, investment, mutual and pension funds, services of investment fund management, legal representation, localization and contracting of service providers. At the end of December, we had a total of R$725.3 billion under custody, representing a growth of 23% from the same period of 2011.

International Custody: we offer services of custody and representation to investors outside Brazil, custody of ADR programs and also depositary services for Brazilian Depositary Receipts (BDR) programs. At the end of December, we had a total of R$214.4 billion under custody, representing a reduction of 7% from the same period of 2011.

Solutions for Corporations: we offer many solutions for capital markets, such as the control of stock option programs, bookkeeping, debentures , settlement and custody of promissory notes and bank credit notes. We also work as guarantee agent in operations of project finance, escrow accounts, and loan and financing contracts. We are leaders in the bookkeeping of shares, providing services to 229 companies listed at the BM&F Bovespa, representing 62.9% of the total, and we also led the bookkeeping of debentures issued in 2012.

In December 2012, we reached R$3.2 trillion in assets under services. The quality of our service provision was once again recognized by renowned institutions. We were elected by the Global Custodian magazine as the Best Custody Service Provider in Brazil for domestic clients (5th consecutive time) and international clients (4th consecutive time). In 2012, we were also recognized by the Global Finance magazine as the Best Custody Service Provider in Brazil for international clients. Our management model was evaluated by the Paulista Management Excellence Institute and we were awarded the Gold Medal in the Paulista Quality Management Award.

Source: Internal Financial Planning, ANBIMA (Brazilian Financial and Capital Markets Association) and Bovespa - December/12.

insurance, life and pension plan & capitalization

Itaú Unibanco Holding S.A.

4th quarter of 2012
Management Discussion & Analysis

Insurance, Life and Pension Plan & Capitalization

The Pro Forma financial statements below were prepared based on Itaú Unibanco's managerial information and are intended to explain the performance of the insurance-related businesses.

The numbers presented in this chapter are part of the Commercial Bank segment and do not include the results of the association with Porto Seguro [1], which are in the Activities with the Market and Corporation segment.

Pro Forma Statement of Recurring Income of the Insurance, Life and Pension Plan and Capitalization Segment

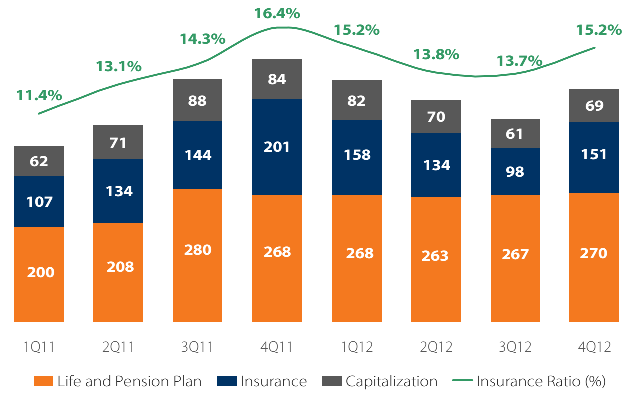
R$ million

	4Q12	3Q12	Variation 4Q12 - 3Q12	
Earned Premiums (a)	**1,437**	**1,359**	**77**	**5.7%**
Result of Pension Plan and Capitalization (b)	**181**	**138**	**43**	**31.3%**
Retained Claims (c)	**(491)**	**(558)**	**67**	**-12.0%**
Selling Expenses (d)	**(425)**	**(413)**	**(13)**	**3.1%**
Other Operating Income/(Expenses) of Insurance Operations (e)	**3**	**(15)**	**18**	**-**
Underwriting Margin (f=a+c+d+e)	**523**	**373**	**150**	**40.1%**
Result from Insurance, Pension Plan and Capitalization (g=b+f)	**704**	**511**	**193**	**37.7%**
Managerial Financial Margin	246	269	(23)	-8.6%
Service Fees	236	229	7	2.9%
Non-Interest Expenses	(369)	(290)	(79)	27.3%
Tax Expenses for ISS, PIS and Cofins and Other Taxes	(60)	(57)	(3)	5.8%
Other Operating Income/(Expenses)	(0)	(11)	11	-
Operating Income	**757**	**652**	**105**	**16.1%**
Non-operating Income	10	11	(1)	-10.4%
Income Before Income Tax and Social Contribution	**766**	**662**	**104**	**15.7%**
Income Tax/Social Contribution	(275)	(234)	(41)	17.6%
Recurring Net Income	**491**	**428**	**63**	**14.7%**
(RAROC) — Return on Average Tier I Allocated Capital	**34.4%**	**31.4%**		**300 bps**
Efficiency Ratio (ER)	**38.8%**	**37.2%**		**160 bps**

Note: Retained Claims are different from Consolidated Retained Claims, because they do not consider the operations of the Activities Abroad.
The Underwriting Margin refers to Insurance and Life and Pension Plan.
Non-Interest Expenses comprise Personnel Expenses, Administrative Expenses, Tax Expenses, and Other Operating Expenses.
[1] Except for the calculation of the insurance ratio that includes the 30% interest in Porto Seguro.

Recurring Net Income and Insurance Ratio

R$ million



Insurance Ratio (%) = Insurance, Life and Pension Plan and Capitalization segment's Recurring Net Income/ Itaú Unibanco's Recurring Net Income.

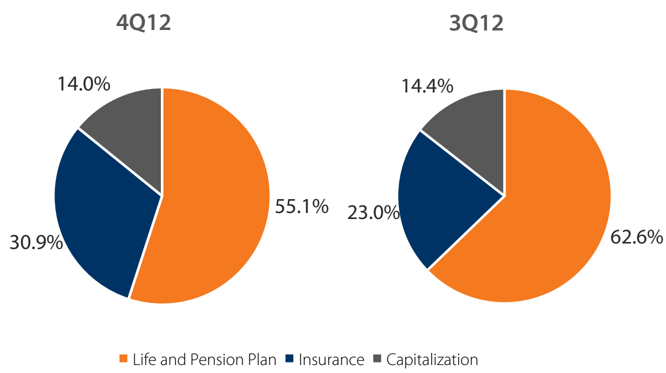
Note: The insurance ratio considers the 30% interest in Porto Seguro. For the fourth quarter of 2012 we consider the equity in earnings of affiliates of the third quarter of 2012, due to the differences in the timing of disclosure of companies.

In the fourth quarter of 2012, the Insurance, Life and Pension Plan and Capitalization segment recurring net income totaled R$491 million, a 14.7% growth from the previous quarter. The return on allocated capital reached 34.4% in the period, a 300 basis point increase from the previous quarter.

Compared to the previous quarter, the main factor that impacted net income was the increase in the underwriting margin, mainly influenced by the increase in earned premiums and the decrease in expenses with retained claims in the period. These changes were partially offset by the increase in non-interest expenses.

The insurance ratio represents the share of recurring net income from Insurance, Life and Pension Plan and Capitalization in Itaú Unibanco Holding's recurring net income. In the fourth quarter of 2012, the insurance ratio reached 15.2%, an increase of 150 basis points from the previous quarter.

Composition of Recurring Net Income of Insurance, Life and Pension Plan and Capitalization



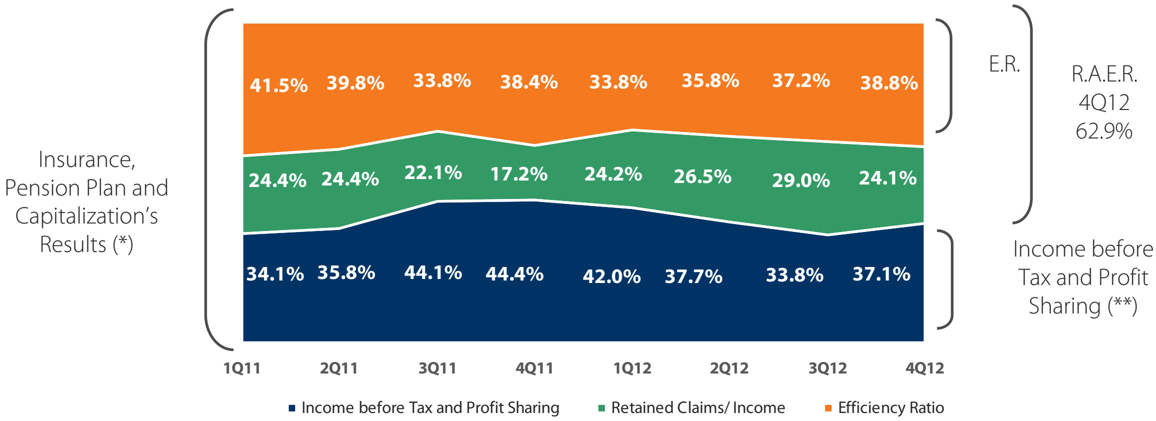
In this quarter, in the composition of recurring net income, the Insurance subsegment increased 790 basis points in relation to the previous quarter.

Insurance, Life and Pension Plan & Capitalization

Efficiency Ratio

In the fourth quarter, the efficiency ratio, in the full concept (that includes all expenses), was 38.8%, corresponding to a 160 basis point increase from the previous period, mainly as a result of the increase in non-interest expenses and the decrease in the managerial financial margin.

The risk-adjusted efficiency ratio adds to the formula the impacts of risk portions associated with Insurance and Life and Pension Plan (claims). In the fourth quarter, the index was 62.9%, a decrease of 330 basis points from the third quarter of 2012.



(*) Net of Tax Expenses for ISS, PIS and Cofins and Other.
(**) Does not include Equity in Earnings of Affiliates and Other Investments and Non-Operating Income.

Pro Forma Insurance, Pension Plan and Capitalization Balance Sheet

The Balance Sheet of the Insurance, Pension Plan and Capitalization segments is presented below. On December 31, 2012, total assets amounted to R$105.0 billion, an increase of R$6.6 billion from the end of the third quarter of 2012. Technical provisions added up to R$93.2 billion, a 6.8% increase from the previous quarter, mainly due to the increase in the technical provisions of the VGBL product. We note that these numbers do not include the operations of the Activities Abroad and the 30% interest in Porto Seguro.

R$ million

	Dec 31,12				Sep 30,12				Variation Dec 31,12 - Sep 30,12	
	Insurance	Life and Pension Plan	Capitalization	Total	Insurance	Life and Pension Plan	Capitalization	Total	Total	
Assets										
Current and Long-Term Assets	**11,865**	**88,095**	**3,303**	**104,553**	**12,151**	**82,485**	**3,299**	**97,897**	**6,656**	**6.8%**
Cash and Cash Equivalents	137	47	14	**199**	154	4	4	**162**	37	**22.5%**
Securities	3,876	87,058	3,214	**94,142**	3,428	81,502	3,219	**88,147**	5,996	**6.8%**
Other Assets (mainly receivables from insurance)	7,852	991	75	**10,212**	8,569	979	76	**9,588**	624	**6.5%**
Permanent Assets	**382**	**56**	**37**	**467**	**391**	**81**	**37**	**502**	**(35)**	**-6.9%**
Total Assets	**12,247**	**88,151**	**3,340**	**105,020**	**12,542**	**82,566**	**3,336**	**98,399**	**6,621**	**6.7%**
Liabilities and Equity										
Current and Long – Term Liabilities	**11,071**	**83,679**	**3,136**	**99,169**	**11,373**	**78,376**	**3,131**	**92,835**	**6,333**	**6.8%**
Technical Provisions – Insurance	6,842	978	-	**9,130**	7,553	1,020	-	**8,573**	557	**6.5%**
Technical Provisions – Pension Plan and VGBL	507	80,644	-	**81,151**	496	75,278	-	**75,773**	5,378	**7.1%**
Technical Provisions – Capitalization	-	-	2,910	**2,892**	-	-	2,915	**2,900**	(9)	**-0.3%**
Other Liabilities	3,722	2,057	226	**5,996**	3,324	2,078	217	**5,588**	408	**7.3%**
Allocated Tier I Capital	**1,175**	**4,472**	**204**	**5,852**	**1,169**	**4,190**	**205**	**5,564**	**288**	**5.2%**
Total Liabilities and Equity	**12,247**	**88,151**	**3,340**	**105,020**	**12,542**	**82,566**	**3,336**	**98,399**	**6,621**	**6.7%**

Note: The Insurance, Pension Plan and Capitalization technical provisions are different from the consolidated technical provisions because they do not consider the operations of the Activities Abroad and the 30% interest in Porto Seguro.

The Consolidated does not represent the sum of the parts because there are transactions between companies that were eliminated.

Insurance

The numbers presented in this chapter are part of the Commercial Bank segment and do not include the results of the association with Porto Seguro, which were included in the Activities with the Market Corporation segment.

Pro Forma Recurring Income Statement of Insurance Segment

R$ million

	4Q12	3Q12	Variation 4Q12 - 3Q12	
Earned Premiums (a)	**1,211**	**1,105**	**106**	**9.6%**
Retained Claims (b)	**(409)**	**(445)**	**36**	**-8.1%**
Selling Expenses (c)	**(397)**	**(384)**	**(13)**	**3.5%**
Other Operating Income/(Expenses) of Insurance Operations (d)	**(21)**	**(15)**	**(5)**	**34.2%**
Underwriting Margin (e=a+b+c+d)	**384**	**261**	**123**	**47.4%**
Result from Insurance	**385**	**261**	**125**	**47.8%**
Managerial Financial Margin	79	73	6	8.3%
Non-Interest Expenses	(201)	(166)	(35)	21.4%
Tax Expenses for ISS, PIS and Cofins and Other Taxes	(26)	(22)	(3)	13.8%
Other Operating Income/(Expenses)	(3)	0	(3)	-
Operating Income	**235**	**146**	**89**	**61.2%**
Non-operating Income	7	7	(0)	-4.3%
Income Before Income Tax and Social Contribution	**242**	**153**	**89**	**58.1%**
Income Tax/Social Contribution	(90)	(55)	(36)	65.6%
Recurring Net Income	**151**	**98**	**53**	**54.4%**
(RAROC) — Return on Average Tier I Allocated Capital	**33.5%**	**33.8%**		**-30 bps**
Efficiency Ratio (ER)	**49.0%**	**48.9%**		**10 bps**

We carry out significant business with large industrial and commercial clients. Our Corporate Solution area provides dedicated service and specific products for the civil construction, chemicals and petrochemicals, energy generation, infrastructure, transportation, aviation and other industries. For individuals, and small and middle market companies, our focus is to simplify the product portfolio and use electronic policies to better meet the clients' needs with products that are straightforward and easy to understand.

The customer relationship management area has implemented a number of projects, tailoring specific products to each customer's profile, which enables the more efficient use of different relationship channels. This department also seeks to continuously improve its operational efficiency by managing costs, investing in new technologies and optimizing processes.

Additionally, we also work to simplify and improve the efficiency of the processes for contracting our products, bringing more agility to our client service.

In the individuals segment, the highlights were the products in the Life line for which we carried out a sales campaign advertised in the major media vehicles in Brazil.

Products to be highlighted in the companies segment include Group Life and Corporate Solutions.

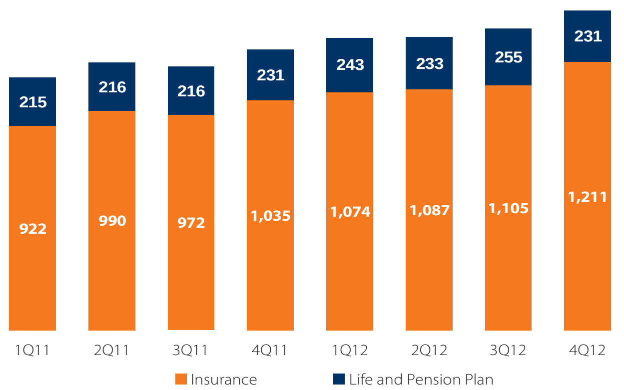
In relation to the accumulated total from January to November (*) 2012, our market share reached 13.3%, based on information disclosed by SUSEP (Superintendency of Private Insurance, which regulates all insurance lines, except Health Insurance, which is regulated by ANS, the National Health Agency), and earned premiums reached R$6,995 million, considering our 30% interest in Porto Seguro.

In this quarter, the Insurance segment's recurring net income reached R$151 million, a 54.4% increase from the previous quarter, mainly driven by the increase in the underwriting margin, which was influenced by the increase in earned premiums and the decrease in expenses with retained claims.

(*) November data is the most recent available.

Earned Premiums

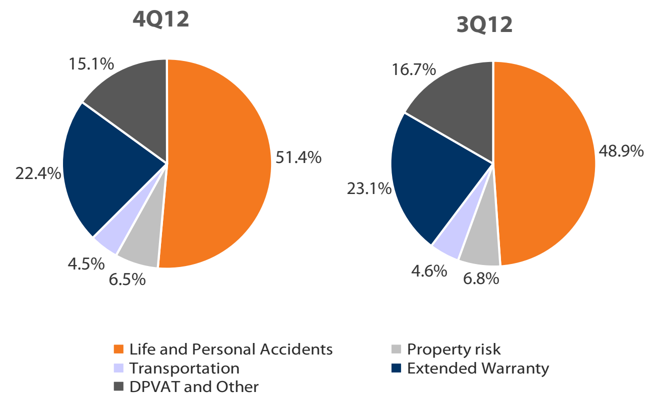
R$ million



In the fourth quarter of 2012, earned premiums added up to R$1,211 million in the Insurance subsegment, a 9.6% increase when compared to the previous quarter as a result of the good performance of the extended warranty, life and personal accidents and property risk products. Earned premiums in the Life and Pension Plan subsegment added up to R$231 million, a 9.4% decrease when compared to the previous quarter.

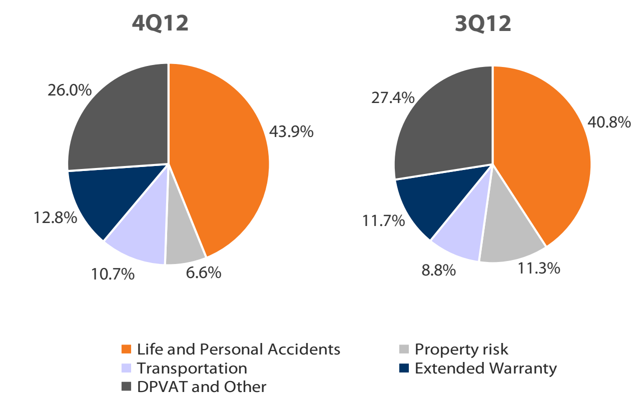
Insurance

Composition of Earned Premiums



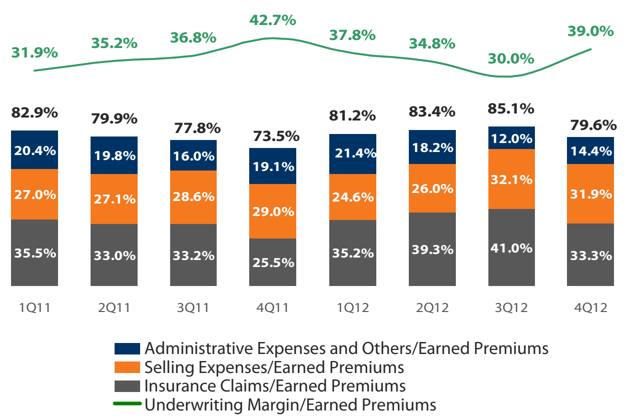
Note: The charts do not include the Itauseg Saúde company and include the Life product of Itaú Vida e Previdência S.A.

Composition of Retained Claims



Note: The charts do not include the Itauseg Saúde company and include the Life product of Itaú Vida e Previdência S.A.

Combined Ratio and Underwriting Margin



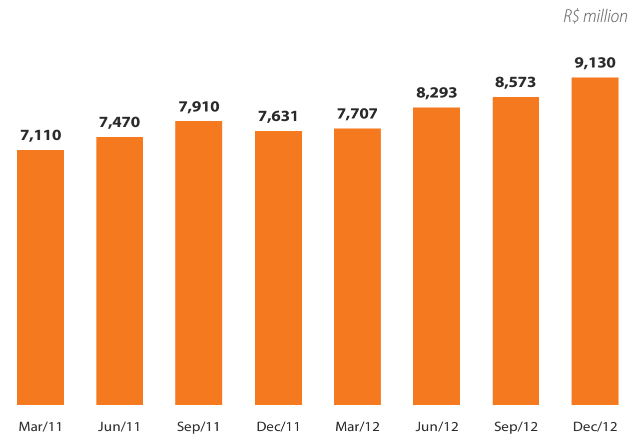
Note: The combined ratio is the sum of the following ratios: retained claims/ earned premiums, selling expenses/ earned premiums and administrative expenses and other operating income and expenses /earned premiums.
The underwriting margin is the sum of: earned premiums, retained claims, selling expenses and other operating income (expenses) of insurance operations.
Note: The charts do not include the Itauseg Saúde company and include the Life product of Itaú Vida e Previdência S.A.

The consolidated underwriting margin (which includes Insurance and Life of Itaú Vida e Previdência S.A.) amounted to R$523 million in the fourth quarter of 2012, an increase of 40.1% when compared to the previous quarter. If the health insurance line (in process of discontinuation due to a strategic decision) is disregarded, the underwriting margin totaled R$548 million. The ratio of underwriting margin to earned premiums reached 39.0%, a 900 basis point growth from the previous period.

The combined ratio, which reflects the efficiency of the operating expenses in relation to income from earned premiums, was 79.6%, a 550 basis point decrease from the previous quarter, mainly influenced by the increase in earned premiums and the decrease in expenses with retained claims, partially offset by the increase in selling expenses.

Insurance Technical Provisions

On December 31, 2012, insurance technical provisions totaled R$9,130 million, a 6.5% increase from the previous quarter and 19.6% from the same period of the previous year.



Life and Pension Plan

Pro Forma Recurring Income Statement of Life and Pension Plan Segment

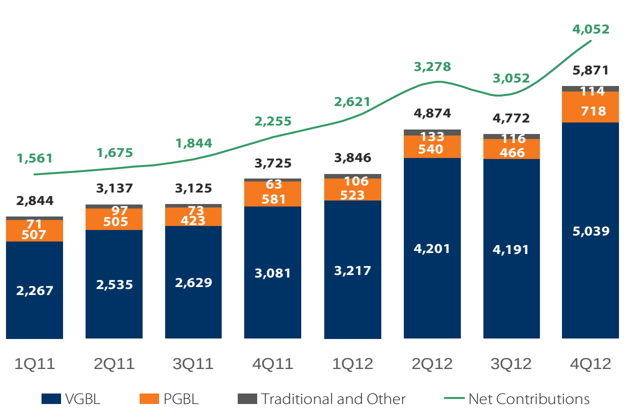
R$ million

	4Q12	3Q12	Variation 4Q12 - 3Q12	
Earned Premiums (a)	**231**	**255**	**(24)**	**-9.4%**
Result of Pension Plan (b)	**51**	**19**	**32**	**-**
Retained Claims (c)	**(82)**	**(113)**	**31**	**-27.5%**
Selling Expenses (d)	**(23)**	**(23)**	**(0)**	**0.8%**
Other Operating Income/(Expenses) of Insurance Operations (e)	**1**	**(2)**	**3**	**-**
Underwriting Margin (f=a+c+d+e)	**127**	**117**	**10**	**8.9%**
Result from Insurance, Pension Plan (g=b+f)	**178**	**136**	**42**	**31.0%**
Managerial Financial Margin	138	162	(24)	-15.0%
Service Fees	236	230	7	2.9%
Non-Interest Expenses	(115)	(93)	(22)	24.1%
Tax Expenses for ISS, PIS and Cofins and Other Taxes	(27)	(29)	2	-5.8%
Other Operating Income/(Expenses)	1	0	1	-
Operating Income	**411**	**407**	**4**	**1.1%**
Non-operating Income	(0)	1	(1)	-
Income Before Income Tax and Social Contribution	**411**	**407**	**4**	**0.9%**
Income Tax/Social Contribution	(141)	(140)	(1)	0.6%
Recurring Net Income	**270**	**267**	**3**	**1.0%**
(RAROC) — Return on Average Tier I Allocated Capital	**25.0%**	**26.2%**		**-120 bps**
Efficiency Ratio (ER)	**21.7%**	**18.5%**		**320 bps**

Product innovation has played a significant role in the sustainable growth of our pension plan operations. For individuals, multi-market and multi-strategy products are to be highlighted, as they allow for the investment of funds on a long-term basis, seeking the best short-term investment strategies. In pension plan for companies, we offer specialized advisory services and develop customized solutions for each company. We establish long-term partnerships with our corporate customers, keeping a close relationship with the human resources departments and adopting a communication strategy designed for the financial education of their employees.

The Life and Pension Plan subsegment's recurring net income totaled R$270 million, a 1.0% increase from the previous quarter, driven by the growth in the result of pension plan of R$32 million.

Evolution of Contributions and Net Contributions



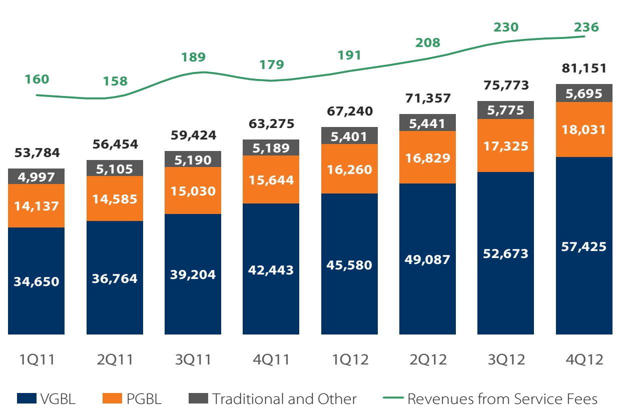
Total contributions to pension plan in the quarter reached R$5,871 million, an increase of 23.0% when compared to the third quarter. In relation to the same period of the previous year, contributions increased 57.6%, chiefly on account of the 63.6% growth in contributions to the VGBL product. Net contributions, which comprise total contributions less redemptions and external portabilities, increased 32.8% from the previous quarter and 79.7% when compared to the same period of the previous year.

Taking into consideration net contributions from January to November (according to data provided by SUSEP), our market share reached 30.5% in the period.

Pension Plan Technical Provisions and Administration Fees

Pension plan technical provisions totaled R$81,151 million on December 31, 2012, representing an increase of 7.1% and of 28.3% when compared to the previous quarter and the same period of the previous year, respectively.

Revenues from administration fees totaled R$236 million in the fourth quarter of 2012, a 2.9% increase from the previous quarter and a 32.1% increase from the same period of 2011.



Capitalization

Pro Forma Capitalization Recurring Income Statement

R$ million

	4Q12	3Q12	Variation 4Q12 - 3Q12	
Result of Capitalization (a)	**129**	**119**	**10**	**8.6%**
Selling Expenses (b)	**(5)**	**(6)**	**1**	**-12.4%**
Result from Capitalization Operations (c=a+b)	**124**	**113**	**11**	**9.7%**
Managerial Financial Margin	28	33	(5)	-14.7%
Non-Interest Expenses	(53)	(35)	(17)	48.5%
Tax Expenses for ISS, PIS and Cofins and Other Taxes	(7)	(6)	(2)	33.8%
Other Operating Income/(Expenses)	18	(7)	25	-
Operating Income	**110**	**97**	**12**	**12.8%**
Non-operating Income	3	3	(0)	-0.7%
Income Before Income Tax and Social Contribution	**113**	**100**	**12**	**12.4%**
Income Tax/Social Contribution	(44)	(39)	(5)	12.8%
Recurring Net Income	**69**	**61**	**7**	**12.1%**
(RAROC) — Return on Average Tier I Allocated Capital	**134.7%**	**119.9%**		**1480 bps**
Efficiency Ratio (ER)	**34.4%**	**29.7%**		**470 bps**

The Capitalization Certificate (PIC) product is targeted at clients that like to compete for prizes. It can be purchased through a single or monthly payment, in accordance with the profile and segment of each customer.

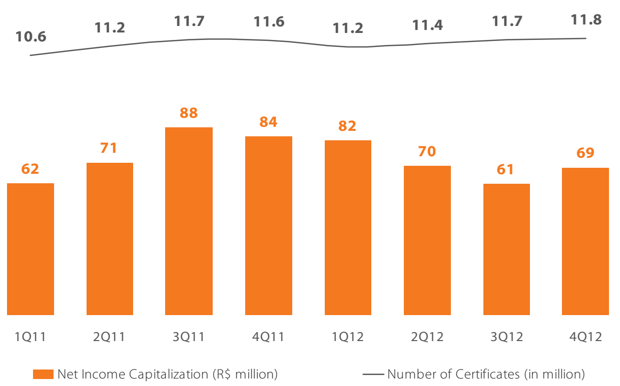
PIC was remodeled in mid 2011 and increased the chances of rewarding its customers. Now, the product is effective for shorter terms, more customers win and prizes are higher. The product was also launched for companies as PIC Empresas.

In the period between January and December 2012, 4,177 customers received prizes in the aggregate amount of R$36.6 million.

The capitalization segment's net income reached R$69 million, or a 12.1% increase from the third quarter, influenced by the increase in the result of capitalization and operating income.

Capitalization Subsegment's Net Income

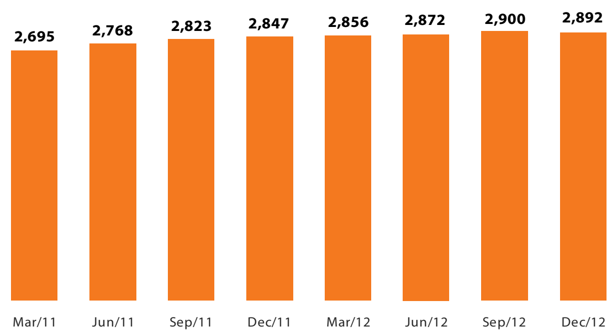
R$ million



Capitalization Technical Provisions

On December 31, 2012, capitalization technical provisions reached R$2,892 million, representing a slight decrease of 0.3% from the third quarter of 2012 and an increase of 1.6% when compared to the same period of the previous year.

R$ million



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activities abroad

Itaú Unibanco Holding S.A.

Itaú

4th quarter of 2012
Management Discussion & Analysis

Activities Abroad

International Presence

In the Brazilian market, our position is well consolidated and our strong international footprint confirms our recognition abroad, where we are focused on the expansion of our regional and global objectives, providing high-quality services to our local clients and to Brazilians clients operating abroad.

We have presence in 19 countries outside Brazil, seven of which are in Latin America. In Argentina, Chile, Paraguay and Uruguay, we focus on the banking retail, companies, corporate and treasury segments, with a focus on commercial banking. In Mexico, we operate in the credit card segment. We also have an Itaú BBA representation office in Peru and, in October, the Superintendencia Financiera de Colombia (Financial Services Superintendency of Colombia) issued the operating license for Itaú BBA Colombia S.A. - Corporación Financiera, which has a total capitalization of approximately US$ 200 million. The unit's operations will be gradually increased in 2013.

Additionally, we have operations in Europe (Portugal, the United Kingdom, Luxembourg, Spain, France, Germany and Switzerland), in the United States (Miami and New York), in the Caribbean (the Cayman Islands and the Bahamas), in the Middle East (Dubai), and in Asia (Hong Kong, Shanghai and Tokyo). These are operations that mainly serve institutional, investment, corporate and private banking clients.

Information about our international operations (including results and assets and liabilities of our foreign branches) is presented below:

Highlights of International Units

Statement of Income

R$ million (except where indicated)

	4Q12	3Q12	4Q11	4Q12 - 3Q12	4Q12 - 4Q11	2012	2011
Recurring Net Income	304	474	714	-35.9%	-57.5%	1,855	2,559
Operating Revenues	1,354	1,208	1,301	12.2%	4.1%	5,112	4,454
Financial Margin	988	877	991	12.7%	-0.3%	3,709	3,217

Balance Sheet

	Dec 31,12	Sep 30,12	Dec 31,11	Dec/12 - Sep/12	Dec/12 - Dec/11
Total Assets	192,254	189,207	162,143	1.6%	18.6%
Loans, Leases and Other Credit Operations	69,728	66,547	61,764	4.8%	12.9%
Deposits	61,522	63,271	58,883	-2.8%	4.5%
Stockholders' Equity	20,459	19,342	26,678	5.8%	-23.3%

International Service Network

	Dec 31,12	Sep 30,12	Dec 31,11	Dec/12 - Sep/12	Dec/12 - Dec/11
Employees (Individuals)	6,654	6,603	6,284	0.8%	5.9%
Number of Points of Service (Units)	837	840	779	-0.4%	7.4%
Branches (*)	256	257	243	-0.4%	5.3%
Client Service Branches	30	30	31	0.0%	-3.2%
Automated Teller Machines	551	553	505	-0.4%	9.1%

(*) It does not include Itaú BBA.

Main Commercial Banking Operations in Latin America ([1])

Our main operations in Latin America are concentrated in Argentina, Chile, Paraguay and Uruguay, originated from investments made by Itaú and Unibanco before the merger. We are also present in the Mexican credit card market through Itaucard México. In Colombia and Peru, our activities are only related to corporate and investment banking.

In addition to showing a growth faster than the world's average, Latin America is a priority in our international expansion due to the geographic and cultural proximity to Brazil. Our purpose is to be recognized as the "Latin American Bank", becoming a reference in the region for all financial services provided to individuals or legal entities.

We have expanded our businesses in the region in a sustainable way over the past years and our priority now is to gain economies of scale, maintain a strong relationship with the local retail market and strengthen our footprint with local companies. The increasing expansion of Brazilian companies in the region favors our strategy by setting up a client base for us to start or expand our operations.

In 2013 we begin a new stage of this strategy. Continuing the efforts made last year, we will continue to invest in the communication and marketing of our brand, in the expansion of our portfolio of products and services supported by a strong risk analysis, financial education initiatives for clients and the consolidation of our corporate culture with our employees.

In terms of management, we are consistently investing in technological infrastructure and processes, so that we can keep growing with quality and security.

Below we present some highlights of our regional operations:

Latin America Statement of Income [(1)]

R$ million

	Argentina		Chile		Paraguay		Uruguay	
	4Q12	3Q12	4Q12	3Q12	4Q12	3Q12	4Q12	3Q12
Operating Revenues	**174**	**168**	**259**	**244**	**116**	**110**	**126**	**118**
Financial Margin	123	120	186	172	78	77	32	35
Banking Service Fees and Income from Banking Charges	52	45	48	51	36	34	94	83
Operations Before Retained Claims and Selling Expenses	-	-	16	14	-	-	-	-
Other Operating Income	(1)	2	7	7	0	0	0	0
Non-operating Income	1	1	1	1	2	(1)	0	0
Loans and Retained Claims Losses net of Recovery	**(13)**	**(7)**	**(34)**	**(49)**	**(9)**	**(21)**	**(8)**	**0**
Operational Margin	**161**	**161**	**224**	**196**	**107**	**89**	**118**	**118**
Other Operating Expenses	**(140)**	**(119)**	**(161)**	**(140)**	**(51)**	**(47)**	**(114)**	**(101)**
Non-interest Expenses	(140)	(119)	(161)	(141)	(51)	(47)	(114)	(101)
Selling Expenses from Insurance	-	-	(0)	1	-	-	-	-
Income before Tax and Profit Sharing	**21**	**41**	**63**	**56**	**56**	**42**	**3**	**18**
Income Tax and Social Contribution	**(10)**	**(15)**	**(13)**	**(10)**	**(1)**	**(6)**	**(2)**	**(14)**
Minority Interest in Subsidiaries	**(0)**	**(0)**	**(0)**	**(0)**	**-**	**-**	**-**	**(0)**
Recurring Net Income	**11**	**26**	**50**	**46**	**55**	**36**	**1**	**3**
Return on Average Equity – Annualized	**9.5%**	**22.3%**	**7.7%**	**7.9%**	**33.1%**	**24.1%**	**1.1%**	**2.8%**
Return on Average Assets – Annualized	**1.0%**	**2.5%**	**0.9%**	**0.8%**	**4.8%**	**3.4%**	**0.1%**	**0.2%**
Efficiency Ratio	**80.2%**	**71.0%**	**62.3%**	**57.2%**	**44.0%**	**42.8%**	**91.1%**	**85.2%**

Net income from our main operations in Latin America increased by R$7 million when compared to the third quarter of 2012. The highlight was the increase in the financial margin in Chile, mainly due to the growth of the credit portfolio and the favorable impact of inflation on the result of inflation-linked assets.

Regarding Banking Services revenues, we recorded an increase in Uruguay, due to revenues from credit cards and exchange rate operations, and in Argentina, mainly from operations with credit cards and current accounts.

The provisions for loan losses also impacted positively the fourth quarter net income, as they fell in Paraguay, due to the implementation of a new provisioning model, and Chile, as a result of ratings upgrades of borrowers in the corporate segment. Meanwhile, provisions in Uruguay increased due to higher provisions for credit losses stemming from the change in criteria used by our credit card operator (OCA) in accordance with local legislation. In Argentina, there was an increase in provisions (larger volume of credit portfolio).

Administrative expenses increased in the fourth quarter, mainly in Chile, as a result of higher expenses related to telecommunications (data transmission) and commissions paid for the use of ATMs, and in Argentina, due to higher fees paid and advertising expenditures. In Paraguay and Uruguay it is worth to mention the increase in marketing expenditures and the growth of the operational structure.

(1) The information refers to our main operations in Latin America (Argentina, Chile, Paraguay and Uruguay).

Activities Abroad

Latin America Statement of Income [1]

R$ million

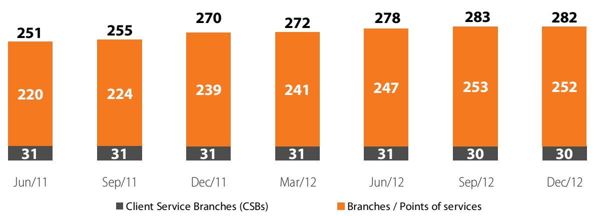
	Argentina		Chile		Paraguay		Uruguay	
	2012	2011	2012	2011	2012	2011	2012	2011
Operating Revenues	**608**	**424**	**894**	**631**	**422**	**324**	**550**	**408**
Financial Margin	425	244	629	444	296	233	227	166
Banking Service Fees and Income from Banking Charges	180	132	188	148	126	92	322	241
Operations Before Retained Claims and Selling Expenses	-	-	48	22	-	-	-	-
Other Operating Income	2	8	25	13	0	(0)	1	1
Non-operating Income	1	40	4	3	(0)	(1)	0	0
Loans and Retained Claims Losses net of Recovery	**(37)**	**(18)**	**(145)**	**(48)**	**(30)**	**(31)**	**1**	**(25)**
Operational Margin	**572**	**406**	**750**	**583**	**391**	**292**	**551**	**382**
Other Operating Expenses	**(486)**	**(364)**	**(539)**	**(410)**	**(187)**	**(131)**	**(383)**	**(287)**
Non-interest Expenses	(486)	(364)	(538)	(409)	(187)	(131)	(383)	(287)
Selling Expenses from Insurance	-	-	(1)	(1)	-	-	-	-
Income before Tax and Profit Sharing	**85**	**42**	**211**	**173**	**205**	**161**	**168**	**95**
Income Tax and Social Contribution	**(39)**	**(8)**	**(43)**	**(24)**	**(16)**	**(15)**	**(42)**	**(34)**
Minority Interest in Subsidiaries	**(1)**	**(8)**	**(0)**	**(0)**	**-**	**-**	**(0)**	**-**
Recurring Net Income	**46**	**26**	**168**	**149**	**189**	**147**	**126**	**62**
Return on Average Equity – Annualized	**11.9%**	**11.5%**	**7.1%**	**8.8%**	**32.5%**	**37.8%**	**27.3%**	**18.2%**
Return on Average Assets – Annualized	**1.2%**	**0.9%**	**0.8%**	**1.0%**	**4.4%**	**4.9%**	**2.2%**	**1.5%**
Efficiency Ratio	**80.0%**	**85.8%**	**60.3%**	**65.0%**	**44.3%**	**40.5%**	**69.6%**	**70.4%**

Net income in 2012 was R$145 million higher than in 2011, because of the increase in the financial margin in Chile due to the the larger volume of loans in the retail and corporate segments in 2012 and the loss in foreign exchange and derivatives in 2011. In Argentina, there were better results with derivatives and an increase in corporate loans, personal loans and credit card financing portfolios in 2012.

Banking services fees increased mainly in Uruguay and Argentina, due to credit cards fees (higher in both countries), commissions from loans and current accounts in Argentina and foreign exchange transactions and transfers in Uruguay. In Chile, there was an increase in fees in the corporate and in credit cards segments. In Paraguay we highlight the growth in customer base.

Costs have increased, to support the growth of structures (points of service, employees, technology, etc.), variable compensation packages, marketing needs, data processing, outsourcing and others.

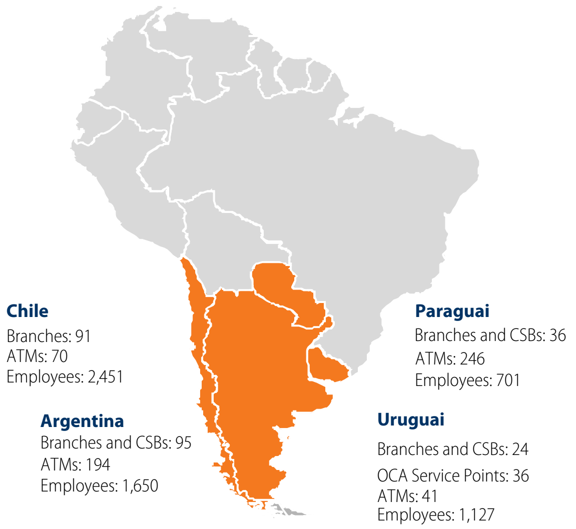
Service Network [1]



To support services to our client base of more than 1.4 million customers, we have a network of 282 branches and Client Service Branches (CSBs) in Latin America. In 2012 we opened 3 branches in Chile and 1 in Uruguay. In Argentina, 6 branches were closed due to a strategic decision, while expansion plans in the country are being reassessed. In 2013, we expect to open 14 new branches in the region, 10 of which would be in Chile, 2 in Paraguay and the remaining 2 in Uruguay.

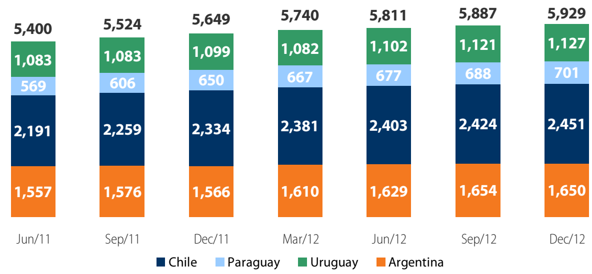
The service network of OCA, our credit card operator in Uruguay and the country's market leader, had 15 new points of service in 2012 and is expected to grow even further in 2013, with 3 additional points of service planned.

Service Network | Geographical Distribution [1]



Latin America Employees [1]

The number of employees in our major units in Latin America grew 0.7% in the fourth quarter and 5,0% year over year. The chart below presents the distribution in the main operations:



(1) The information refers to our main operations in Latin America (Argentina, Chile, Paraguay and Uruguay).

Activities Abroad

Latin America Balance Sheet [1]

R$ million

	Argentina			Chile			Paraguay			Uruguay		
	Dec 31,12	Sep 30,12	Dec 31,11	Dec 31,12	Sep 30,12	Dec 31,11	Dec 31,12	Sep 30,12	Dec 31,11	Dec 31,12	Sep 30,12	Dec 31,11
Assets												
Current and Long-term Assets	**4,023**	**4,239**	**3,308**	**23,198**	**22,389**	**16,378**	**4,844**	**4,305**	**3,692**	**6,363**	**6,036**	**4,788**
Cash and Cash Equivalents	176	174	162	622	857	893	557	407	369	836	869	828
Short-term Interbank Investments	182	405	249	1,010	335	57	21	56	33	804	666	817
Securities and Derivative Financial Instruments	104	151	228	2,816	3,335	1,891	491	287	344	615	827	309
Interbank and Interbranch Accounts	549	595	439	323	207	657	573	572	463	1,177	1,166	640
Loans, Lease and Other Credit Operations	2,955	2,784	2,162	18,213	17,469	12,537	3,056	2,827	2,364	2,919	2,479	2,201
(Allowance for Loan Losses)	(66)	(60)	(45)	(329)	(321)	(230)	(60)	(55)	(60)	(109)	(97)	(108)
Other Assets	123	192	112	544	508	573	206	211	178	121	126	101
Foreign Exchange Portfolio	27	103	20	152	165	306	144	147	128	-	5	21
Other	95	88	92	392	343	266	62	64	51	121	121	80
Permanent Assets	**104**	**109**	**108**	**357**	**353**	**291**	**47**	**34**	**33**	**34**	**28**	**27**
Total Assets	**4,127**	**4,348**	**3,416**	**23,555**	**22,742**	**16,669**	**4,891**	**4,339**	**3,725**	**6,397**	**6,064**	**4,815**
Liabilities and Equity												
Current and Long-term Liabilities	**3,654**	**3,867**	**3,105**	**20,752**	**20,303**	**14,712**	**4,184**	**3,716**	**3,268**	**5,854**	**5,572**	**4,433**
Deposits	3,102	3,048	2,599	14,522	14,918	10,655	3,648	3,111	2,665	4,930	4,747	3,691
Deposits Received under Securities Repurchase Agreements	16	253	71	606	162	106	-	-	-	-	-	-
Fund from Acceptances and Issue of Securities	149	97	-	2,302	2,021	1,321	-	-	-	-	-	-
Interbank and Interbranch Accounts	-	-	-	11	8	18	18	74	11	89	93	100
Borrowings and Onlendings	68	107	96	1,771	1,690	1,304	256	288	322	50	44	30
Derivative Financial Instruments	0	0	0	277	293	184	-	-	-	4	(0)	1
Foreign Exchange Portfolio	27	103	20	152	165	306	137	147	132	-	5	21
Other Liabilities	291	258	318	1,073	1,011	804	125	95	138	781	683	590
Technical Provisions for Insurance, Pension Plans and Capitaliz	-	-	-	37	34	16	-	-	-	-	-	-
Deferred Income	**-**	**-**	**-**	**1**	**2**	**6**	**1**	**1**	**0**	**2**	**3**	**4**
Minority Interest in Subsidiaries	**9**	**9**	**9**	**0**	**0**	**0**	**-**	**-**	**-**	**-**	**-**	**-**
Stockholders' Equity	**465**	**472**	**303**	**2,802**	**2,436**	**1,951**	**706**	**623**	**457**	**541**	**490**	**378**
Total Liabilities and Equity	**4,127**	**4,348**	**3,416**	**23,555**	**22,742**	**16,669**	**4,891**	**4,339**	**3,725**	**6,397**	**6,064**	**4,815**

Assets [1]

As of December 31, 2012, the total assets of our main operations in Latin America reached R$39.0 billion, an increase of 3.9% (2.4% in current currency[2]) compared to September 2012, and 36.1% (19.5% in current currency[2]) when compared to December 2011. 60.4% of the total Latin American assets are in Chile, which grew 3.6% in the quarter (4.0% in current currency[2]) and 41.3% in 2012 (19.6% in current currency[2]), basically due to the increase in credit operations.

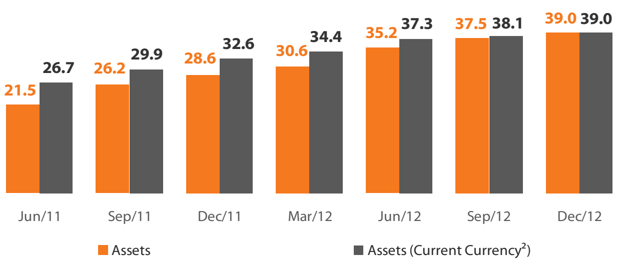
In Paraguay, the increase in volume of credit operations in the fourth quarter of 2012 when compared to September 2012, is the main reason for the 12.7% increase in total assets (7.3% in current currency[2]). Considering the annual comparison, in 2012, the increase was 31.3% (16.3% in current currency[2]), with a significant impact from larger positions in securities and short-term interbank investments.

In Uruguay, total assets expanded 5.5% in December 2012 when compared to September 2012 (-4.5% in current currency[2]), a result positively impacted by the exchange rate variation. In 2012, total assets grew 32.9% (17.3% in current currency[2]) due to the increase of credit operations, short-term interbank investments and securities.

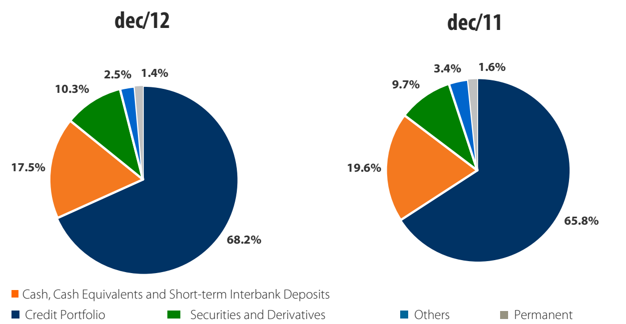
In Argentina, the increase in the credit portfolio was offset mainly by a decrease in short-term interbank investments and securities, resulting in a fourth quarter total assests contraction of 5.1% (1.3% in current currency[2]). During the year, the exchange rate variation had a negative impact, with total assets growing 20.8% (26.6% in current currency[2]).

Assets Devolopment [1]

R$ billion



Assets Breakdown [1]



Credit Portfolio [1]

The total credit portfolio increased 6.2% (5.3% in current currency[2]) when compared to September 2012, and 40.9% (23.2% in current currency[2]) over the December 2011 balance, reaching R$ 27.1 billion.

This performance is mainly explained by a 4.3% growth of the credit portfolio in Chile (4.7% in current currency[2]) in the quarter and 45.3% in 2012 (23.0% in current currency[2]) due to the increase in commercial loans and consumer credit. The weight of Chile in the Latin American credit portfolio grew from 65.1% to 67.1% in the year.

In Uruguay, the credit portfolio increased 17.7% in the quarter (6.6% in current currency[2]), particularly as a result of larger volumes of loans in foreign currency and credit cards. In 2012, the credit portfolio grew 32.6% (17.1% in current currency[2]).

The credit portfolio in Argentina was negatively impacted by the foreign exchange rate variation, increasing 6.2% in the quarter (10.4% in current currency[2]) and 36.7% in the year (43.3% in current currency[2]), due to the increase in personal loans, credit cards and factoring operations.

The credit portfolio in Paraguay grew 8.1% (2.9% in current currency[2]), due to higher personal loans and credit cards. In 2012, it expanded 29.3% (14.5% in current currency[2]).

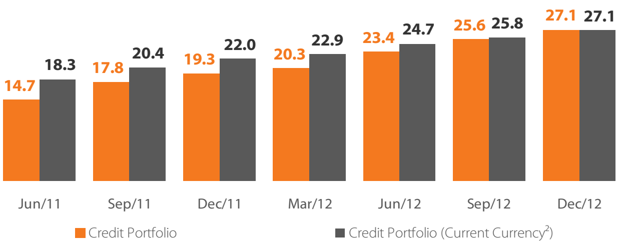
(1) The information refers to our main operations in Latin America (Argentina, Chile, Paraguay and Uruguay).
(2) Current Currency for December 31, 2012
Note: The elimination of the exchange rate variation impact was obtained by applying the closing rate of December 31, 2012 to all periods.

Activities Abroad

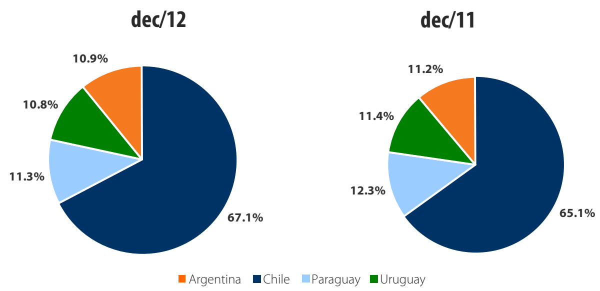
Itaú

Credit Portfolio Development (1)

R$ billion



Credit Portfolio | Geographical Distribution (1)



Europe, Caribbean Islands and Miami

Our banking activities are carried out in Europe (Portugal, United Kingdom, Switzerland and Luxembourg) and outside Europe (Miami, the Cayman Islands and The Bahamas), mainly in two business segments:

· *Corporate & Investment Banking*: we meet the financial needs of companies with international presence and operations, with a focus on operations related to financing and investment relationships between companies in Latin America and Europe. Services offered include origination of structured financing, hedging transactions, trade financing and advisory to both European companies investing in Latin America and Latin American companies investing overseas.

· *Private Banking*: under the corporate structure of Banco Itaú BBA International, we manage private banking activities in Luxembourg, Miami, Bahamas and Switzerland, offering specialized financial products and services to high net-worth Latin American customers.

It is important to point out that, due to the strategic and geographic importance of the London financial market and for purposes of consolidation and expansion of the Itaú Unibanco Group operations in Europe, Banco Itaú BBA International is currently undergoing an internal reorganization that will result in the transfer of its headquarters from Portugal to the United Kingdom on February of 2013. These initiatives will allow IBBA International to improve its performance, expand its client base, strengthen its position as the international platform of the Group, improve and optimize its financing sources, enhance risk diversification and achieve higher profitability levels.

Information on our operations consolidated in Banco Itaú BBA International is presented:

Itaú BBA International Statement of Income

R$ million

	Itaú BBA International			
	4Q12	3Q12	2012	2011
Operating Revenues	**109**	**84**	**396**	**420**
Financial Margin	31	31	125	158
Banking Service Fees and Income from Banking Charge:	73	54	232	229
Other Operating Income	6	(0)	12	18
Equity in Earnings of Affiliates and Other Investments	0	(0)	25	14
Non-operating Income	(1)	(1)	3	1
Loans and Retained Claims Losses net of Recovery	**0**	**1**	**3**	**3**
Operational Margin	**109**	**86**	**398**	**422**
Other Operating Expenses	**(111)**	**(86)**	**(352)**	**(304)**
Income before Tax and Profit Sharing	**(2)**	**(0)**	**46**	**119**
Income Tax and Social Contribution	**31**	**(7)**	**15**	**(34)**
Profit Sharing	**(2)**	**(3)**	**(5)**	**(7)**
Recurring Net Income	**27**	**(10)**	**56**	**77**
Return on Average Equity – Annualized	**6.5%**	**-2.9%**	**3.4%**	**5.7%**

Net income in the quarter amounted to R$27 million, basically due to an increase in service revenues generated by the good performance of commissions in the corporate banking and capital markets segments. Net income was negatively impacted by the increase in non-interest expenses, especially related to advisory services and personnel expenses.

In 2012 the consolidated net income was lower than the previous year, due to the decrease in the financial margin, mainly because of the impact from the European market fluctuations on our trading, and higher operational expenses due to the reorganization of our structure in Europe.

Itaú BBA International Balance Sheet

R$ million

	Itaú BBA International		
	Dec 31,12	Sep 30,12	Dec 31,11
Assets			
Current and Long-term Assets	**17,163**	**16,052**	**14,606**
Cash and Cash Equivalents	332	313	399
Short-term Interbank Investments	2,562	2,298	2,691
Securities and Derivative Financial Instruments	1,947	2,036	1,730
Interbank and Interbranch Accounts	0	0	13
Loans, Lease and Other Credit Operations	7,934	7,492	7,419
(Allowance for Loan Losses)	(10)	(10)	(12)
Other Assets	4,398	3,923	2,367
Foreign Exchange Portfolio	4,020	3,636	2,220
Other	378	286	147
Permanent Assets	**176**	**180**	**288**
Total Assets	**17,339**	**16,233**	**14,895**
Liabilities and Equity			
Current and Long-term Liabilities	**15,407**	**14,782**	**13,542**
Deposits	6,669	5,885	6,193
Fund from Acceptances and Issue of Securities	3,785	3,993	3,387
Interbank and Interbranch Accounts	2	1	1
Borrowings and Onlendings	1	2	561
Derivative Financial Instruments	571	660	700
Foreign Exchange Portfolio	4,028	3,668	2,224
Other Liabilities	351	574	478
Deferred Income	**18**	**20**	**23**
Stockholders' Equity	**1,915**	**1,431**	**1,329**
Total Liabilities and Equity	**17,339**	**16,233**	**14,895**

(1) The information refers to our main operations in Latin America (Argentina, Chile, Paraguay and Uruguay).
(2) Current Currency for December 31, 2012
Note: The elimination of the exchange rate variation impact was obtained by applying the closing rate of December 31, 2012 to all periods.

Activities Abroad

As of December 31, 2012, the consolidated assets of Banco Itaú BBA International amounted to R$17.3 billion, 6.8% (3.5% in current currency[2]) higher compared to the previous quarter. Credit operations increased 5.9% (2.6% in current currency[2]), while volumes of operations in the foreign exchange assets and liabilities portfolios also were higher. Another important event was the capital increase of R$409 million (US$200 million) in December 2012 in our European structure, as a result of the corporate restructuring process.

Comparing December 2012 against December 2011, total assets increased 16.4% (5.1% in current currency[2]), due to the growth of the loan portfolio in the private banking segment, the higher positions in the foreign exchange assets and liabilities portfolios - due to larger volumes of operations-, and the abovementioned capital increase.

Itaú Private Bank International

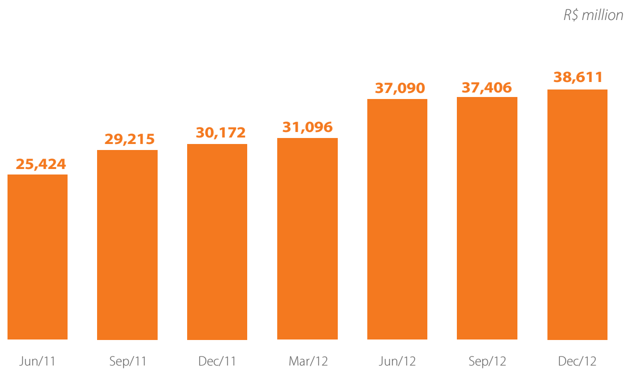
Itaú Private Bank International is the unit responsible for our wealth management services within our offshore platforms. It focus on individual clients with at least US$ 1 million in assets available for investments. We offer our customers a complete portfolio of banking and investment solutions from our operations in Miami (Banco Itaú Europa International), Luxembourg (Banco Itau Europa Luxembourg) and Zurich (Banco Itaú Suisse S.A.). All banks were created exclusively to deal with private banking activities. We provide a wide range of specialized financial and asset management services for high net-worth Latin American clients, including the negotiation and management of securities and other financial instruments, trusts and investment vehicles on behalf of clients.

In addition to our platforms established in Europe and in the United States under the structure of Banco Itaú BBA International, we have operations in other countries. In Chile, we are positioned among the local market leaders through a joint venture with Munita, Cruzat & Claro (MCC), recognized for its expertise in managing global fixed income. In addition, we have dedicated relationship management teams in Asunción, Miami, Montevideo and Zurich.

We also have offices in Nassau (Itaú Bank & Trust Bahamas Ltd.) and George Town (Itaú Bank & Trust Cayman Ltd.), incorporated under robust legal systems based on Common Law, which enable us to offer Trusts and Offshore Companies to our clients.

Assets under management (including customer deposits) and loans to clients of our Private Banking segment reached R$ 38.6 billion, increasing 3.2% when compared to the third quarter of 2012. Excluding the effect of the real depreciation against the dollar during the period, the increase was 2.6% in the quarter. Compared to December 2011, growth in 2012 was 28.0%. Excluding the effect of the exchange rate variation in the period, the annual growth was 17.5%, mainly due to net new clients' assets and the increase of loans granted to customers.

Assets under management and credits to clients (1)



As of December 2012, our team was composed of 301 employees representing 27 nationalities, serving approximately 6.9 thousand Latin American clients.

Products and services for Foreign Institutional Clients

We also provide our international institutional clients with a broad range of products and services, such as asset management, custody, alternative investment products, equities, fixed-income and treasury. Our clients are served by professionals based in New York, London, Hong Kong, Tokyo and Dubai, as well as by our specialized product teams in Latin America.

(1) Includes 50% stake we have in MCC.
(2) Current Currency for December 31, 2012
Note: The elimination of the exchange rate variation impact was obtained by applying the closing rate of December 31, 2012 to all periods.

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(A free translation of the original in Portuguese)

Report of independent auditors on supplementary information

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

Introduction

In connection with our audit of the financial statements of Itaú Unibanco Holding S.A. (Bank) and Itaú Unibanco Holding S.A. and its subsidiary companies (Consolidated) as of December 31, 2012, on which we issued an unqualified opinion dated February 4, 2013, we performed a review of the accounting information contained in the supplementary information included in the Management Discussion and Analysis Report of Itaú Unibanco Holding S.A. and its subsidiaries for the year ended December 31, 2012.

Scope of the Review

We conducted our review in accordance with NBC TA 720 – "The auditor´s responsibility relating to other information in documents containing audited financial statements" which establishes procedures to be applied in those circumstances. Our procedures comprised: (a) inquiry of, and discussion with, management responsible for the accounting, financial and operational areas of the Bank and its subsidiaries with regard to the main criteria adopted for the preparation of the accounting information presented in the supplementary information and (b) review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and the operations of the Bank and its subsidiaries. The supplementary information included in the Management Discussion and Analysis Report is presented to permit additional analysis. Notwithstanding, this information should not be considered an integral part of the financial statements, reviewed by us.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accounting information contained in this supplementary information, in order for it to be adequately presented, in all material respects, in relation to the financial statements as of December 31, 2012, taken as a whole, prepared in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

São Paulo, February 4, 2013

PricewaterhouseCoopers
PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647/O-5

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