

3rd quarter of 2012

Risk Management - Circular No. 3,477

Itaú Unibanco Holding S.A.

OBJECTIVE 4

INTRODUCTION 4

1 RISK MANAGEMENT 5

1.1 Centralized Control 5

1.2 Risk Governance 6
Board Risk and Capital Management Committee (CGRC) 6
Audit Committee 6
Superior Risk Policy Committee (CSRisc) 7
Superior Institutional Treasury Committee (CSTI) 7
Superior Institutional Treasury and Liquidity Committee (CSTIL) 7
Superior Credit Committee (CSC) 8
Superior Audit and Operational Risk Management Committee (CSAGRO) 8
Superior Product Committee (CSP) 8
Superior Foreign Units Committee (CSEXT) 9
Superior Risk Institutional Norms Committee (CSNIR) 9

1.3 Credit Risk 10

1.4 Market Risk 12

1.5 Liquidity Risk 15

1.6 Insurance Risk 16

1.7 Operational Risk 17

1.8 Crisis Management and Business Continuity 18

1.9 Requirements for Regulatory Capital Allocation 20
Basel II 20
Internal Models 20
Basel III 20

2 REFERENTIAL EQUITY 21

3 REQUIRED REFERENTIAL EQUITY 25

3.1 Economic Analysis 27
Domestic Market 27
International Market 28

3.2 Credit Risk 29
Risk-Factor Weighted Exposures (PEPR) 29
Evolution of Credit Portfolio 29
Operations with Credit Granting Characteristics per FPR, Country, and Geographic Region 30
Operations with Credit Granting Characteristics per Economic Sector 31
Credit Concentration on the Major Debtors 35
Overdue Amounts 35
Allowance for Loan Losses 35
Mitigating Instruments 36
Operations of Securitization 36
Sale or Transfer of Financial Assets 37
Counterparty Credit Risk 37
Credit Derivatives 38

3.3 Market Risk 39

Trading and Banking Portfolios – Regulatory Model 39
Evolution of the Trading Portfolio 39
Evolution of the Derivatives Portfolio 39
VaR – Consolidated Itaú Unibanco 40
VaR - Institutional Treasury 41
VaR - Banking Portfolio 41
VaR - Trading Portfolio 41
VaR - Foreign Units 42
Sensitivity Analysis (Trading and Banking Portfolios) 43
Backtesting 44

3.4 Operational Risk 47

3.5 Methodology for Determining Risks Not Covered in the PRE 47

4 SUFFICIENCY OF CAPITAL 48

5 GLOSSARY OF ACRONYMS 49

6 GLOSSARY OF NORMS 52

Objective

This document aims at presenting the information of Itaú Unibanco Holding S.A. (Itaú Unibanco) required by Central Bank of Brazil (BACEN) Circular No. 3,477, of December 24th, 2009, which provides on the disclosure of information related to risk management, Required Referential Equity (PRE) and to the adequacy of the Referential Equity (PR), in conformity with the institutional norms of Itaú Unibanco.

For additional information to that mentioned above, we recommend you consult the other reports that are publicly available at www.itau-unibanco.com/ir.

Introduction

On November 3rd, 2008, the largest private financial conglomerate in Brazil, Itaú Unibanco, was created, becoming one of the ten largest banks in the world in market value. Itaú Unibanco arose from the merger of Itaú, founded in 1944, with Unibanco, founded in 1924, bringing together the values and principles established over more than eight decades of history.

By means of a segmented business strategy, Itaú Unibanco operates mainly in Brazil, and abroad, and its shares are traded at the São Paulo Stock, Mercantile and Future Exchange *(BM&FBOVESPA)*, New York Stock Exchange (NYSE) and Buenos Aires Stock Exchange (*BCBA*), participating in all areas of the economic activity and playing a lead role in many segments of the industry. Itaú Unibanco has structures, products and services developed to meet the specific needs of the many different client profiles, including individuals and very small, small, medium and large-sized companies, microcredit, government authorities, institutional investors and clients with large equities.

Additionally, Itaú Unibanco also manages activities of underwriting, custody, securities brokerage, credit cards, consortiums, insurance, capitalization and pension plan, vehicle financing and financing transactions to non-current account holders.

Itaú Unibanco is aligned with good Corporate Governance practices, always in search for transparency with its many strategic stakeholders in order to create value for its stockholders. The financial soundness of Itaú Unibanco is recognized by high levels of capitalization, profitability, asset liquidity, cash generation and risk management to prepare Itaú Unibanco for:

- Strengthening its support to Brazilian companies in its local and foreign operations;
- Expanding its operations in Brazil;
- Supporting the growth of our client's loan operations;
- Competing in the international market;
- Creating economy of scale in all client segments; and
- Exploring significant synergies in many business activities.

Itaú Unibanco's service network includes all regions of the Brazilian territory. The presence and international robustness of Itaú Unibanco are reflected in its broad network of operations abroad, showing that it is a company that has global objectives and reinforcing the support to Brazilian companies in its foreign operations. For further information on Itaú Unibanco merger, see our hot site[1].

[1] http://ww13.itau.com.br/PortalRI/HTML/port/hotsite_itau_unibanco/index.htm

1 Risk Management

Itaú Unibanco regards risk management as an essential instrument to optimize the use of resources and to select the best business opportunities in order to maximize the value creation to the shareholders.

Risk management at Itaú Unibanco is the process where:

- Existing and potential risks in Itaú Unibanco's operations are identified and measured;
- Risk management and control institutional norms, procedures and methodologies are approved with the guidelines of the Board of Directors and Itaú Unibanco's strategies;
- The Itaú Unibanco's portfolio is managed with respect to the best risk-return ratios.

The purpose of the identification of risks is to map the internal and external risk events that may affect the strategies of the business and support units, as well as the achievement of their goals, with potential impacts on Itaú Unibanco's results, capital and liquidity.

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

Meeting of National Monetary Council (CMN) Resolution No. 3,988 of June 30th, 2011, the Capital Management structure is being adapted and implemented in Itaú Unibanco. In January 2012, the Board of Directors has approved the appointment of the officer in charge and the establishment of the organizational structure, applicable to Itaú Unibanco. In June 2012, the Board of Directors has also approved institutional norm and it was defined the processes, procedures and systems needed to effectively implement the Capital Management structure.

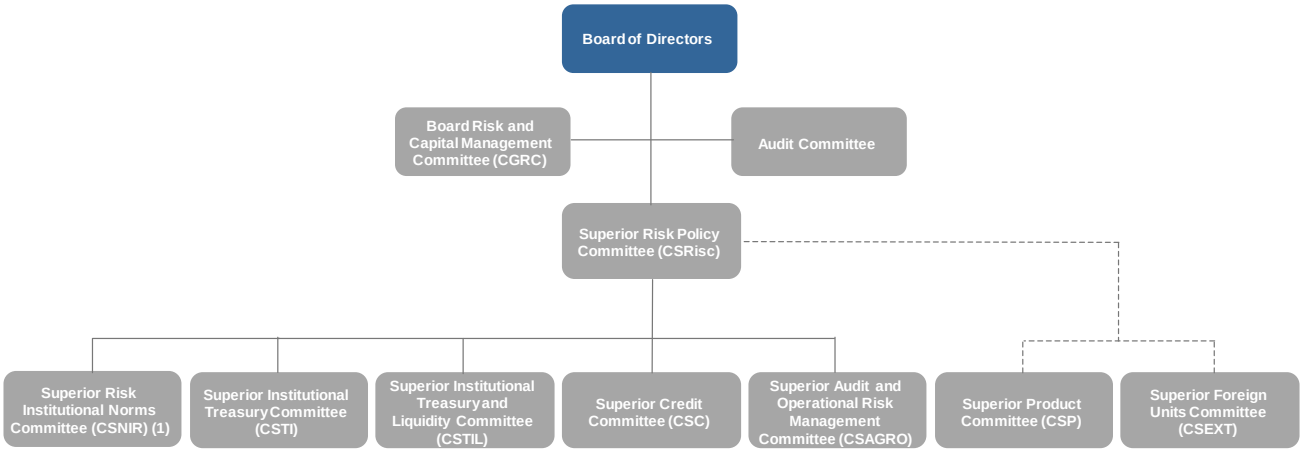
1.1 Centralized Control

Itaú Unibanco's risk management organizational structure is compliant with the regulations in Brazil and abroad and in line with market best practices. The credit, market, liquidity, operational and insurance risk control is performed in a centralized way by an independent unit, in order to ensure that the risks faced by Itaú Unibanco are managed in accordance with the policies, institutional norms and procedures in place. The purpose of the centralized control is to provide the Board and the Senior Management with a global view of the exposures of Itaú Unibanco to risks so as to optimize and speed up corporate decisions.

Itaú Unibanco manages proprietary Information Technology (IT) systems to fully meet the capital reserve regulations, pursuant to BACEN's determinations and models. It also coordinates actions to verify the adherence to the qualitative and quantitative requirements established by the proper authorities to maintain the minimum capital required.

1.2 Risk Governance

Itaú Unibanco established Committees responsible for risk management that report directly to the Board of Directors and the members of these Committees are elected or appointed by this body. At the executive level, risk management is performed by the Superiors Commissions, all of which are chaired by Itaú Unibanco's Chairman.



(1) CSNIR intends to improve risk institutional norms review governance, being chaired by Itaú Unibanco's risk vice-president.

Board Risk and Capital Management Committee (CGRC)

The CGRC is responsible for supporting the Board of Directors in the performance of its functions related to Itaú Unibanco's risk and capital management, submitting reports and recommendations for the analysis of the Board for deliberation with respect to:

- Supervising Itaú Unibanco's risk management and control activities, for the purpose of ensuring their adequacy to the risk levels assumed and to the complexity of operations, as well as complying with regulatory requirements;
- Reviewing and approving capital management institutional norms and strategies that establish mechanisms and procedures aimed at maintaining capital compatible with the risks incurred by Itaú;
- Determining the minimum return expected on the capital of Itaú Unibanco as a whole and of its business lines, as well as performance monitoring;
- Supervising incentive structures, including compensation, aimed at ensuring their alignment with risk control and value creation objectives;
- Promoting the improvement of Itaú Unibanco's risk culture.

Audit Committee

There is a single Audit Committee for the institutions authorized to operate by BACEN and for the companies supervised by the Superintendence of Private Insurance (SUSEP) that are part of Itaú Unibanco. In accordance with its internal regulation, which was approved by the Board of Directors, the Audit Committee is responsible for taking care of the quality and integrity of the Financial Statements and for compliance with the legal and regulatory requirements, as well as supervising:

- Internal controls and risk management processes;
- Internal audit activities; and
- Activities of the independent auditors of Itaú Unibanco.

In addition, the Committee shall, individually or together with the respective independent auditors of Itaú Unibanco, formally communicate to BACEN and SUSEP about possible evidences concerning the following:

- Non-compliance with legal and regulatory rules that may put the continuity of the any of the companies of Itaú Unibanco at risk;
- Frauds of any degree committed by the administration of any of the companies of Itaú Unibanco ;
- Relevant frauds committed by the employees of any of the companies of Itaú Unibanco or by third parties; and
- Errors that result in material inaccuracies in the Financial Statements of any of the companies of Itaú Unibanco.

Superior Risk Policy Committee (CSRisc)

The CSRisc meets, at least, every two months and it is responsible for:

- Establishing general risk policies that determine the performance and approval levels for the specific forums that are the managers of each type of risk;
- Approving the procedures necessary for the effective compliance with the institutional norms and processes established;
- Approving decisions about taking risks with great impact on capital and review decisions taken by other Committees within its authority level;
- Setting and monitoring limits combined per type of risk;
- Ensuring, over time, the consistency of risk management in Itaú Unibanco;
- Monitoring the process for implementing risk management tools.

Superior Institutional Treasury Committee (CSTI)

The meetings of this Committee are held on a monthly basis. Its main responsibilities are to discuss and decide, within the authority delegated by the CSRisc:

- On the exposure limits for market risk and the maximum loss limits (VaR) of Trading and Banking Portfolios positions (including conditions of stress for each risk type) based on those determined by CSRisc, which may include the establishing of additional controls and limits, when necessary;
- On the guidelines for the work and decision-making authority delegated to the Institutional Treasury Management Committee (CGTI);
- On the retention periods of the main types of risks in view of the amount of the positions and market liquidity;
- On the positions under the management of this Committee of Trading and Banking Portfolios;
- On the risk control models and procedures, including those additional to those delegated by the CSRisc;
- On matters and limits related to treasury operational risk;
- On stop loss policies;
- On incentive policies;
- On accounting hedge strategies.

Superior Institutional Treasury and Liquidity Committee (CSTIL)

The meetings of this Committee are held on a quarterly basis. Its main responsibilities are:

- To control liquidity limits;
- To analyze the current and future levels of liquidity and to take actions to promote a safe and efficient progress for the cash flows of Itaú Unibanco;
- To discuss and decide within the authority delegated by the CSRisc:

- On the maximum levels of liquidity mismatch (GAP) for the various terms and currencies, minimum levels of reserves in local and foreign currency based on those determined by the CSRisc, and it may also establish additional controls and limits, when necessary;
- The guidelines for action and decision-making powers delegated to CGTI;
- The retention period of the main risks' types, given the positions' size and market liquidity;
- On the policy for raising and investing funds in the domestic and foreign financial market;
- On the criteria and rules for setting internal transfer prices of resources in the companies of Itaú Unibanco;
- On the strategies for financing the portfolios of Itaú Unibanco;
- On the criteria and models for assessing liquidity risk;
- On contingency plans;
- On matters and limits related to operational treasury risk.

Superior Credit Committee (CSC)

The CSC meets on a weekly basis to discuss the credit risk of Itaú Unibanco. Its main responsibilities include:

- Analyze and decide on credit proposals that are beyond the authority of the Credit Commissions and Committees of the business units and the intermediate authority level;
- Analyze and decide on credit policies or changes in maximum credit authority levels of the related business units and the intermediate authority level;
- The review of transactions for which any member of the intermediate authority-level is against or those which, due to their relevance or special characteristics, the Committee decides to submit to its analysis;

Superior Audit and Operational Risk Management Committee (CSAGRO)

The purpose of this Committee is to understand the risks associated with Itaú Unibanco's processes and business, define the guidelines for managing operational risks, and assess the results from the operation of the Itaú Unibanco Internal Control and Compliance System. Its responsibilities include:

- The analysis of audit results, emphasizing those matters relating to policies, investments and structure, and the determination and monitoring of actions;
- The determination of operational risk management guidelines;
- The monitoring of the development of models for the provision for losses and allocation of capital to operational risk;
- The analysis of the results of Internal Controls, Operational Risks and Legal Compliance activities.

Superior Product Committee (CSP)

The CSP is the maximum level to approve products, operations, services, processes in Itaú Unibanco

The main responsibilities of this Committee include:

- Evaluate products, operations, services and processes that are beyond the decision boundaries of the Committees' Products;
- Ensure adherence of products, operations, services and processes to the needs of clients/segments (suitability);
- Evaluate products, operations, services and processes that involve risk to the image of Itaú Unibanco.

Superior Foreign Units Committee (CSEXT)

The purpose of the CSEXT is to supervise businesses abroad and this is the highest level of authority for approving initiatives, transactions, services and processes on the markets where Itaú Unibanco operates outside Brazil. The main functions of this Committee are:

- To ensure that the business initiatives are supported by the corporate governance of the parent company in the following areas: accounting, corporate tax, financial and liquidity, risk control, internal control, audit and technology;
- To make decisions with respect to initiatives, operations, services and processes that are not covered by the local Committees or that involve risks to the image of Itaú Unibanco on the markets where it operates outside Brazil.

Superior Risk Institutional Norms Committee (CSNIR)

The CSNIR aims to develop the risk governance. The purpose of the CSNIR is to validate and approve, within the authority level established by the CSRisc, the institutional norms for the control of market, liquidity, credit, operational and insurance risk.

1.3 Credit Risk

The credit risk is the possibility of losses associated with: (i) the failure by the borrower or counterparty to fulfill their respective financial obligations under agreed upon terms, (ii) the depreciation of the credit agreement arising from the deterioration of the borrower's rating, (iii) the reduction of gains or remuneration, (iv) the benefits granted upon renegotiation or (v) the recovery of costs.

In line with the principles of CMN Resolution No. 3,721, of April 30th, 2009, Itaú Unibanco's credit risk management structure and institutional norm are approved by its Board of Directors, applicable to companies and subsidiaries in Brazil and abroad.

Itaú Unibanco's credit risk management aims at creating value to the shareholders, through the analysis of the risk adjusted return, focusing on maintaining the quality of loan portfolio at appropriate levels for each market segment in which Itaú Unibanco operates.

The governance of the credit risk management is conducted through collegiate bodies that are subordinated to the Board of Directors or the executive structure of Itaú Unibanco and act primarily by assessing the competitive market conditions, setting the credit limits of the institution, reviewing control practices and policies and approving the actions at the respective authority levels. The risk communication and reporting process, including the disclosure of institutional norms on credit risk management, also derives from this structure.

The credit risk control is carried out by an independent executive area responsible for risk control, separated from the business units and the internal audit, as required by the current regulation. As regards the credit risk control processes, the risk control area has, among others, the following responsibilities:

- Preparation of institutional norms for credit risk control;
- Definition of model development governance;
- Validation of credit models;
- Assessment of credit policies and their forwarding for approval by the respective authority level;
- Definition of rules and follow up of allowance for loan losses;
- Evaluation and approval of new products;
- Assessment of the calculation of the parameters of the portfolio's risk and return;
- Consolidated portfolio monitoring;
- Calculation and monitoring of the PR.

Itaú Unibanco's credit policy is developed on the basis of internal factors, such as the client rating criteria, performance and evolution in portfolio, default levels, return rates, and the allocated economic capital; and external factors, related to the economic environment, market share, interest rates, market default indicators, inflation and changes in consumption.

The centralized control area evaluates the impact of creation or modification of credit policies or products, before their implantation, in a manner to allow the identification and quantification of uncertainties inherent in each business unit. The policies and products' evaluation process enables the Itaú Unibanco to identify potential risks in order to ensure that credit decisions make sense from an economic and risk perspective.

Itaú Unibanco's centralized process for validating and approving credit policies and models ensures the synchronization of credit actions and the optimization of business opportunities.

Itaú Unibanco considers three components to quantify the credit risk: the client´s or counterparty´s probability of default (PD), the estimated exposure default (EAD), and the loss given default (LGD). Assessment of these risk components is part of the process for granting credit for managing the portfolio and for defining limits.

The credit rating for wholesale transactions is based on information such as economic and financial condition of the potential borrower, its cash-generating capabilities, the economic group to which it belongs, the current and prospective situation of the economic sector in which it operates. The credit proposals are analyzed on a case-by-case basis through a structure of approval, under the CSC.

With respect to retail transactions (individuals and small and medium enterprises), the rating is assigned based on statistical models of application and behavior score. The decisions are made based on scoring models that are

continuously monitored by an independent structure. Extraordinarily, an individual analysis of specific cases may be performed, in which case credit approval follows the applicable authority levels.

Itaú Unibanco rates government securities and other debt instruments according to their credit quality with the purpose of managing the exposures.

The centralized monitoring of portfolios is carried out by an independent executive area responsible for controlling credit risk, which uses risk and performance indicators to analyze the credit portfolio on an aggregate basis, by business line, segment, product and other variables that it deems relevant.

When relevant, other analysis processes such as the backtesting are used in the monitoring, thus ensuring the permanent alignment between the strategies determined by Itaú Unibanco and possible changes in the credit scenario.

The decentralized management of portfolios, focused on management, is performed by all credit areas of the business units, which assess the portfolios on a detailed level.

Itaú Unibanco strictly controls the exposure to clients and counterparties credit, taking action to remedy occasional situations in which the actual exposure exceeds the desired one. In this sense, a series of measures provided for in contract may be adopted, such as the right to demand early payment or requirement of additional guarantee.

1.4 Market Risk

Market risk is the possibility of losses resulting from fluctuations in the market values of positions held by a financial institution, including risks of transactions subject to variations in foreign exchange rates, interest rates, equities and commodities prices.

Market risk management is the process by which Itaú Unibanco plans, monitors and controls risks of variations in financial instruments market values, aiming optimization of the risk-return ratio through adequate limits structure, models and management tools.

The market risk control carried out by Itaú Unibanco covers all financial instruments contained in all portfolios of the companies under its responsibility. In this respect, Itaú Unibanco's market risk management institutional norm is in line with the principles of CMN Resolution No. 3,464, of June 26th, 2007 and the later changes, constituting a set of principles that guide Itaú Unibanco's strategy of market risk control and management in all its business units and legal entities.

The document that details the market risk control institutional norm is on the Investor Relations website www.itau-unibanco.com/ir, in the route: Corporate Governance, Rules and Policies, Public Access Report - Market Risk.

Itaú Unibanco's risk management strategy is aimed at balancing corporate business goals, taking into account, among others:

- Political, economic and market conditions;
- Market risk portfolio of Itaú Unibanco;
- Expertise to operate in specific markets.

The Itaú Unibanco market risk management process is subject to the governance and hierarchy of Committees and limits are specifically approved for its support, covering from aggregated risk indicators to granulated limits, guaranteeing effectiveness and coverage of control. These limits are calibrated based on evaluations of projected results on future balance sheets, amount of shareholder's equity and risk profile of each legal entity, being defined in terms of risk measurement and used on the risk management. The limits are monitored in a daily basis and its excesses are reported and discussed at the competent Committees.

The structure of limits and alerts follows the Board guidelines and is approved by the CSRisc after discussions and resolutions of the CSTI on market risk metrics and limits. This structure is reviewed at least annually.

This limits control structure must:

- Demonstrate to all levels of executives that the assumption of market risk is in line with risk-return objectives of Itaú Unibanco, promoting dialogue disciplined and well-informed about the risk profile and its evolution;
- Increase transparency on how the business reaches to optimize the results;
- Provide early alerts mechanisms to facilitate effective risk management, without obstructing the business objectives, and
- Avoid concentration risks.

The limits are monitored and trigger alerts starting deliberative discussions about the positions.

The market risk management and control process is subject to periodic reviews, to ensure that it is aligned with best market practices and that it reflects continuous improvement processes implemented throughout Itaú Unibanco.

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.

Itaú Unibanco hedges transactions with clients and proprietary positions, including foreign investments, aiming at mitigating risks derived from prices fluctuations of the relevant market risk factors and take the trades thought the ongoing exposition limits. Derivatives are the instruments commonly used for these hedging activities. When these transactions are classified as hedge accounting, specific supporting documentation is provided, including the

continuous follow-up of the hedge effectiveness (retrospective and prospective) and other changes in the accounting process. The hedges accounting and economic procedure are governed by the institutional norms of Itau Unibanco.

Hedge accounting subject is presented in detail in explanatory notes of the Financial Statements.

The market risk measurement segregates its operations in Banking and Trading Portfolios, according to the criterias established by the New Capital Accord – Basel II and by CMN Resolution No. 3,464 and BACEN Circular No. 3,354, of June 27th, 2007.

The Trading Portfolio consists of all transactions, including derivatives, held with intent to trade in the short term or to hedge other financial instruments of this portfolio, and that have no restriction on their trading. They are intended for obtaining profit from the changes in actual or expected prices in the short term or arbitrage execution.

The Banking Portfolio is composed of transactions that are not classified in the Trading Portfolio. It's consists of transactions focused on the financial risk management and held without intent to trade in the short term. Its composition may include derivatives.

The market risk exposures that underlie various financial instruments, including derivatives, are decomposed in risk factors. Market risk factors are primarily market components in prices' formation. The main risk factors groups measured by Itaú Unibanco are:

- Interest rates: risk of losses from transactions subject to interest rates variations, including:
  - Fixed income interest rates denominated in real (BRL);
  - Coupon rates indexed to certain interest rates;
- Foreign exchange linked: risk of losses in transactions subject to the foreign exchange linked interest rate;
- Foreign exchange rates: risk of losses in transactions subject to foreign exchange rate variation;
- Price index linked: risk of losses from transactions subject to the variations of price index linked interest rates;
- Equities: risk of losses from transactions subject to equity price variations.

The treatment of market risk for the interest rate of the Banking Portfolio is the adoption of the method of marking to market of many products, determining sensitivity to interest rate variations and shocks, Value at Risk (VaR) and Earning at Risk (EaR), as established in Itaú Unibanco's institutional norms.

For evaluating positions in shares of the Trading and Banking Portfolios, Itaú Unibanco uses VaR, in addition to applying stress testing, as presented in the paragraph below. For regulatory purposes, considering Banking and Trading Portfolios, the regulations of BACEN regarding the portion of market risk for shares, described in item 3 – Required Referential Equity, of this publication are observed.

Market risk is analyzed based on the following metrics:

- Value at Risk (VaR): statistical metric that quantifies the maximum expected potential economic loss in normal market conditions, considering a determined holding period and confidence interval;
- Losses in Stress Scenarios (Stress Testing): simulation technique to evaluate the impact, in the assets, liabilities and derivatives portfolio, of various risk factors in extreme market situations (based in prospective scenarios);
- Stop Loss Alert: effective losses added to the potential maximum loss in bullish and bearish scenarios;
- Earnings at Risk (EaR): measure that quantifies the impact on the impact on the unrealized profits of a certain portfolio, taking into consideration normal market conditions, time horizon related to the longest operation of the Banking portfolio and a pre-determined confidence interval.

In addition, sensitivity and loss control measures are also analyzed. They include:

- Gap Analysis: accumulated exposure of the cash flows, per risk factor, expressed in marked-to-market value and allocated in their settlement dates;
- Sensitivity (DV01 – Delta Variation): impact on the market value of cash flows when a 1 annual basis point change is applied to current interest rates;

- Sensitivities to Various Risk Factors (Greeks) - partial derivatives of a portfolio of options on the prices of the underlying assets, implied volatilities, interests rates and time; and
- Stop Loss: maximum loss that a portfolio classified in the Trading Portfolio is authorized to reach.

1.5 Liquidity Risk

The liquidity risk is defined as the occurrence of imbalances between tradable assets and falling due liabilities - mismatch between payments and receipts - which may affect Itaú Unibanco's payment capability, taking into consideration the different currencies and settlement terms of their rights and obligations.

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

Itaú Unibanco has a structure dedicated to monitoring, control and analyses liquidity risk by applying models of forecasts of the variables that impact cash flows and the level of local and foreign currency reserve.

The liquidity risk measurement process uses corporate systems and internally developed applications. Itaú Unibanco manages proprietary information systems to serve the liquidity risk measurement processes.

In addition, Itaú Unibanco establishes guidelines and limits and the compliance with which is periodically reviewed by technical committees to ensure an additional safety margin to the projected minimum requirements. The liquidity management policies and related limits are established based on prospective scenarios periodically reviewed, as well as on the directives of the Senior Management.

These scenarios may be reviewed in the light of cash requirements due to atypical market conditions or arising from strategic decisions made by Itaú Unibanco.

Pursuant to the requirements of CMN Resolution No. 2,804, of December 21st, 2000, and BACEN Circular No. 3,393, of June 3rd, 2008, Itaú Unibanco monthly delivery its Liquidity Risk Statements (DLR) to BACEN and the following items are regularly prepared and submitted to the Senior Management for monitoring and decision support:

- Different scenarios for liquidity projections;
- Contingency plans for crisis situations;
- Reports and charts to enable monitoring risk positions;
- Assessment of funding costs and alternatives;
- Tracking the sort of funding sources trough a continuous control of funding sources considering counterparty type, maturity and others aspects.

1.6 Insurance Risk

The insurance risk is the possibility of losses arising from insurance, pension and capitalization operations that go against the organization's expectations, directly or indirectly associated with the technical and actuarial bases used for calculating premiums, contributions and technical provisions.

In accordance with the National Council of Private Insurance (CNSP) Resolution No. 228, of December 6th, 2010, Itaú Unibanco establishes limits for the boundary between insurance and credit risks. Itaú Unibanco defines the credit risk quality of reinsurance companies and the concentration limits in accordance with CNSP Resolution No. 168, of December 17th, 2007, following the same credit governance of Itaú Unibanco.

Insurance risk management comprises the activities of management and control of insurance, pension and capitalization transactions and it aims to create value for stockholders through the analysis and monitoring of the risk-return ratio with a focus on the maintenance of the risk profile of the portfolio adjusted to the organization's strategies.

The insurance risk management process is supported by roles and responsibilities determined by the business and risk control areas so as to reinforce the separation of the management and control activities and, therefore, ensure the independence between the areas. Additionally, there is a governance process that ensures an independent validation of the products and negotiations in question, ensuring compliance with the many internal and regulatory demands. According to the risk level, the decisions are made in different levels and they may reach the conglomerate's specific insurance risk Committees or the CSRisc, observing the limits of authority levels.

The managers of each of the business units exposed to insurance risk of Itaú Unibanco are responsible for managing the risks under their responsibilities, using, to this end, models and methodologies that are developed and approved by the corporate areas.

With the purpose of standardize practices and risk controls throughout Itaú Unibanco, the risk control area establishes institutional norms, approved in different authority levels of Itaú Unibanco, for determining the institutional guidelines regarding the topics related to insurance risks.

The set of principles, governance, roles and responsibilities, methodologies and procedures that support the operational risk management process applied to products, services, activities, processes and systems is described and published in an insurance risk institutional norm.

1.7 Operational Risk

The operational risk is the possibility of losses resulting from failure, deficiency or inadequacy of internal processes, people and systems or external events. It includes legal risk coupled with inadequacy or deficiency in contracts signed by the institution, as well as penalties due to noncompliance with laws and punitive damages to third parties arising from the activities undertaken by Itaú Unibanco.

Itaú Unibanco internally classifies its events in the first level in:

- Internal fraud;
- External fraud;
- Labor demands and deficient security in the workplace;
- Inadequate practices related to clients, products and services;
- Damages to own physical assets or assets in use by Itaú Unibanco;
- Interruption of Itaú Unibanco's activities;
- Failures in information technology systems;
- Failures in the performance, compliance with deadlines and management of activities at Itaú Unibanco.

In line with the principles of the CMN Resolution No. 3,380, of June 29th, 2006, Itaú Unibanco has an operational risk management structure and institutional norm, which are annually approved by the Board of Directors and are applicable to its local and foreign companies and subsidiaries.

Operational risk management is composed by activities of operational risk control and management, the purpose of which is to support the organization in decision making, always in the search for the proper identification and evaluation of risks, the creation of value for stockholders and the protection of Itaú Unibanco's assets and image.

Operational risk management is supported by a governance process that is structured through forums and Committees that are subordinated to CSAGRO and CSRisc, which, in turn, report to the Board of Directors, and by well defined roles and responsibilities so as to reinforce the segregation of the business, management and control activities, ensuring independence between the areas and, consequently, well balanced decisions with respect to risks. This is reflected in the risk management carried out on a decentralized basis under the responsibility of the business areas and in the centralized control carried out by the operational risk and internal control areas.

The purposes of operational risk management is to identify, evaluate, measure and respond to the organization's operational risks and monitor them for the purpose of maintaining losses and risks within the limits established by Itaú Unibanco and to ensure adherence to the internal guidelines and current regulation. The managers of the business and support areas use corporate methodologies that are built and made available by the operational risk and internal control areas to support the management process. Among the methodologies currently used, we can highlight the identification of risks, self-evaluation of risks, approval of processes and products and monitoring of key risk indicators that are all supported by a database of operational losses.

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

The set of principles, governance, roles and responsibilities, methodologies and procedures that support the operational risk management process applied to products, services, activities, processes and systems is described and published in an operational risk management institutional norm.

1.8 Crisis Management and Business Continuity

Effective business continuity measures have a crucial role in the life of a financial institution. With this in mind, Itaú Unibanco has been developing throughout its history procedures to minimize impacts related to possible interruptions inherent to its business.

The purpose of Itaú Unibanco's Business Continuity Program is to protect its employees, ensure the continuity of the critical functions of its business lines, safeguard revenue and sustain both a stable financial market in which it operates and the trust of its clients and strategic partners in the provision of services and products.

The Program is composed of procedures for relocating and/ or recovering operations in response to a variety of interruption levels, through stages that involve but are not limited to: the safeguard of its employees and assets of Itaú Unibanco; resumption of operations, ensuring business continuity; evaluation of the root cause of the interruption to determine action plans; establishment of forms of communication between Itaú Unibanco and employees, clients and regulators. The Program can be divided into two key elements:

- Crisis Management: It includes the centralized communication process and the response procedures through which Itaú Unibanco manages business interruption events and also any other types of threats to the image and reputation of its identity before its employees, clients, strategic partners and regulators. The structure has a command center that constantly monitors Itaú Unibanco's daily operations, as well as the media channels in which Itaú Unibanco is mentioned, which allows for a prompt action by means of pre-established crisis management procedures and coordinated responses in situations that could materialize into potential crises for Itaú Unibanco's business if they were not properly handled. The success of Crisis Management takes place through the Focal Agent Network, who are the representatives appointed by the business areas and that work in the monitoring of potential problems, resolution of crisis, resumption of business, improvement of processes and search for prevention actions;
- Business Continuity Plans (PCN): documentation of procedures and information developed, consolidated and maintained in a way that is available for use in possible incidents, allowing the resumption of Itaú Unibanco's critical activities in acceptable terms and conditions. The proper use of these plans preserves the integrity of people, assets, systems, information and, consequently, the reputation of the institution. For the quick and safe resumption of the operation's critical functions, Itaú Unibanco has established, in its PCN, corporate wide and customized actions for its line of business by means of:
  - Disaster Recovery Plan: focused on the recovery of its main infrastructure (primary data center), including networks, applications, telecommunication links and operation data that ensure the continuity of the processing of critical systems that support Itaú Unibanco's activities within minimum pre-established periods;
  - Workplace Contingency Plan: employees responsible for carrying out critical business functions have alternative facilities to perform their activities in the event the buildings in which they usually work become unavailable. Itaú Unibanco has approximately 2,300 contingency dedicated seats that are fully equipped to meet the needs of the business areas in emergency situations.

These dedicated seats, including telecommunications and systems infrastructure, are constantly tested to ensure their prompt use.

  - Emergency Plan: procedures aimed at minimizing the effects of emergency situations that may impact Itaú Unibanco's facilities, with a preemptive focus, since, when the risks are identified, it not only establishes the means to deal with the emergency, but also the definition of the composition of the intervention teams and their respective assignments;
  - Processes Contingency Plan: evaluation of alternatives (Plan B) to carry out the critical processes identified in the business areas.

In order to keep the continuity solutions aligned with the business requirements (processes, minimum resources, legal requirements, etc) the Program applies the following tools to understand the organization:

  - Business Impact Analysis (BIA): a tool used to evaluate the criticality and resumption requirement of the processes that support the delivery of products and services. Through this analysis the businesses' resumption priorities are defined.

- Risk Assessment (RA): a tool used to evaluate the processes and the effectiveness of the controls in place to mitigate the inherent risks of interruption of the business as well as to implement actions to the gaps eventually identified;
- Threats and Vulnerabilities Analysis (AVA): a tool that focus on understanding the threats inherent to the locations where Itaú Unibanco runs its processes. The control's efficiency is evaluated against the potential threats in order to eventually identify vulnerabilities so that controls are adjusted or implemented to enhance the resilience level of the firm's critical facilities.

For the sake of keeping the Program aligned and adapted with the complexity of markets where Itaú Unibanco operates, the organization has a team of professionals who are dedicated to the creation of its guidelines, implementation, maintenance, management, as well as the constant training and education of its employees.

Itaú Unibanco has the commitment to ensure that its Business Continuity Program is comprehensive and updated, particularly when new information, techniques and technologies become available. Therefore, the Program may be changed as Itaú Unibanco deems necessary to protect all the stakeholders and resources involved in this context.

1.9 Requirements for Regulatory Capital Allocation

Basel II

The current international Basel Accord, commonly known as Basel II, suggests methodologies which generates a more risk sensitive required capital to be maintained by financial institutions. It´s disclosure occurred in June 2004, going through some revisions since then and is in various stages of deployment around the world.

In Brazil, according to Resolution No. 3,490, the standardized methods of calculating capital for credit, market and operational risks are in effect since July 1st, 2008, while approaches based on internal models already have their own rules and the date for application properly defined, through BACEN Circular 3,581 of March 8th, 2012, and BACEN Circular 3,478 of December 24th, 2009, for credit risk and market risk, respectively. Regarding operational risk, the implementation schedule was defined by the BACEN's Statement 19,028, and in time, BACEN, in collaboration with the financial industry, is adapting the guidelines of Basel II Accord to the characteristics and needs of the local market (Public Hearing Notice No. 39 of December 29th, 2011).

Internal Models

Itaú Unibanco has a specific governance structure to monitor the implementation of Basel II in the form of Committees that meet regularly with the participation of all areas involved in the adequacy of the structures, processes and systems that support the risk management standards required by the New Accord.

The risk management structure was also reviewed so as to reinforce the separation of business, management and control activities, ensuring the independence of the areas and, consequently, sensible decisions regarding the risks incurred, fully meeting the requirements of CMN Resolutions No. 3,380, 3,464 and 3,721 to operational, market and credit risks, respectively.

The project for the implementation of Basel II at Itaú Unibanco is structured to ensure that these structures work on a coordinated basis, with methodologies and processes that comply with Basel II and that are in synergy with data and infrastructure needs for the implementation of the system in charge of the consolidation of information to calculate the capital ratio for Basel II.

Basel III

Approved by the members of the Basel Committee on Banking Supervision during the G20 Summit held in Seoul in September 2010, the Basel III Accord was signed to strengthen the soundness of financial institutions and improve the ability of the banking industry to absorb shocks arising from crises and stress scenarios as those seen during the last global financial crisis.

In Brazil, BACEN Release No. 20,615 of February 17th, 2011, published the general guidelines regarding the Basel III Accord. Later, BACEN published the Public Hearing Notice No. 40 of February 17th, 2012, wich proposes new rules and implementation period in Brazil, such as, the new capital definition and its requirements and the creation of a new consolidation center, covering, mainly, financial institutions and similar.

Therefore, the adoption of final rules is still being discussed nationally and internationally. Itaú Unibanco actively participates in discussions and studies on Basel III with regulatory agencies and forums of discussion in Brazil and abroad.

Since the publication of new accord, internal processes have been implemented to evaluate the impact of the changes, and new published concepts of the Basel III had been incorporated in the prospective analyses of capital and liquidity and the process to conform our business to the new regulation is ahead of schedule.

Itaú Unibanco intends not only to be in compliance with these ratios, but also to maintain liquidity, resulting in ratios that are higher than the minimum requirements of the Basel III.

2 Referential Equity

The PR, used to monitor the compliance with the operational limits imposed by BACEN, is the sum of Tier I and Tier II, pursuant to CMN Resolution No. 3,444, of February 28th, 2007, where:

- Tier I: comprises capital, some reserves and retained earnings, less some intangibles assets;
- Tier II: which includes, among others and under some limitations, asset revaluation reserves and subordinated debt and it is limited to the amount of Capital Tier I.

According to the regulations of BACEN, the banks must calculate the compliance with the minimum requirement:

- Based on the consolidation of all financial subsidiaries regulated by BACEN, including branches and foreign investments (Financial System Consolidated); and
- Based on full consolidation, taking into consideration all the companies owned by Itaú Unibanco, regardless of whether they are regulated by BACEN or not (Economic-Financial Consolidated).

The table below presents the breakdown of capital Tier I, Tier II and exclusions, as provided for in the Resolution mentioned above.

Composition of Tier I and Tier II

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Stockholders' equity Itaú Unibanco Holding S.A. (Consolidated)	**78,979**	**75,636**	**68,206**	**78,979**	**75,636**	**68,206**
Minority Interest in Subsidiaries	1,266	1,251	1,153	1,121	1,817	1,541
Unrealized Results	-	-	-	-	-	
Consolidated Stockholders' Equity (BACEN)	**80,245**	**76,887**	**69,359**	**80,100**	**77,453**	**69,747**
Revaluation Reserves Excluded from Tier I	-	-	-	-	-	-
Deferred Tax Assets Excluded from Tier I	(595)	(593)	(587)	(595)	(593)	(610)
Deferred Permanent Assets Excluded from Tier I	(234)	(256)	(317)	(234)	(258)	(319)
Adjustment to Market Value – Securities and Derivative Financial Instruments Excluded from Tier I	(1,190)	(537)	251	(1,190)	(537)	251
Additional Provision for Loan, Lease and Other	-	-	-	-	-	-
Preferred Shares With Clause of Redemption Excluded from Tier I	(798)	(799)	(729)	(798)	(799)	(729)
Tier I	**77,428**	**74,702**	**67,977**	**77,282**	**75,267**	**68,340**
Subordinated Debt	32,281	26,705	20,000	32,281	26,705	20,000
Preferred shares With Clause of Redemption	319	319	437	319	319	438
Revaluation Reserves	-	-	-	-	-	-
Adjustments to Market Value - Securities and Derivative Financial Instruments	1,190	537	(251)	1,190	537	(251)
Tier II	**33,790**	**27,561**	**20,186**	**33,790**	**27,561**	**20,187**
Tier I + Tier II	**111,218**	**102,263**	**88,163**	**111,072**	**102,828**	**88,527**
Exclusions						
Funding Instruments Issued by Financial Institutions	(306)	(309)	(25)	(306)	(309)	(25)
Reference Equity (PR)	**110,912**	**101,954**	**88,138**	**110,766**	**102,519**	**88,502**

The funds obtained through the issue of subordinated debts and which are considered Tier II capital, for the purpose of the ratio between capital and risk-weighted assets, are described below:

Subordinated Debt and Referential Equity Tier II

R$ million

	Maturities						9/30/2012	6/30/2012	9/30/2011
Name of instrument	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total	Total	Total
Bank Deposit Certificate (CDB)	4,474	3,373	2,252	3,821	1,381	-	15,301	15,799	22,501
Financial Bills	-	-	-	2,205	7,448	7,987	17,640	13,967	8,091
Euronotes	-	-	-	-	-	12,039	12,039	9,217	5,109
Subordinated Debt	**4,474**	**3,373**	**2,252**	**6,026**	**8,829**	**20,026**	**44,980**	**38,983**	**35,701**
Subject to approval - BACEN [1] and Other	-	-	-	213	0	3,350	3,564	3,965	1,937
Subordinated Debt - Total	**4,474**	**3,373**	**2,252**	**6,239**	**8,829**	**23,376**	**48,544**	**42,948**	**37,638**
Subordinated Debt Reducer	(4,474)	(2,698)	(1,351)	(2,410)	(1,766)	-	(12,699)	(12,278)	(15,701)
Subordinated Debt - Tier II	**-**	**675**	**901**	**3,616**	**7,063**	**20,026**	**32,281**	**26,705**	**20,000**
Total - 6/30/2012	**5,343**	**3,222**	**1,657**	**4,581**	**8,778**	**19,367**	**42,948**		
Total - 9/30/2011	**8,782**	**4,042**	**3,071**	**2,028**	**5,880**	**13,835**	**37,638**		

[1] *Subordinated debt that does not make up the Tier II (PR)*

The details concerning the maturities, the compensation, the principal and the amount of subordinated debts are described below:

Subordinated Debts Elegibles to Capital

R$ million

Name of instrument/ Currency	Issue	Maturity	Compensation p.a.	09/30/2012	6/30/2012	9/30/2011	set/12-jun/12	set/12-set/11	09/30/2012
				Principal Value			Variation		Accouting Balance
Subordinated CDB [1] - BRL									
	2002	2012	102.5% of CDI [1]	200	200	200	-	-	736
	2007	2012	108% of CDI	93	93	4,970	-	(4,877)	156
			CDI + 0.35% to 0.45%	237	732	732	(495)	(495)	400
			IGPM [3] + 7.31%	278	278	278	-	-	553
	2003	2013	102% of CDI	40	40	40	-	-	119
	2008	2013	CDI + 0.5% to 0.6%	1,558	1,558	1,508	-	50	2,551
			106% to 107% of CDI	48	48	48	-	-	77
	2007	2014	CDI + 0.35% to 0.6%	1,865	1,865	1,865	-	-	3,271
			IGPM + 7.35%	33	33	33	-	-	66
	2008	2014	112% of CDI	1,000	1,000	1,000	-	-	1,526
	2008	2015	119.8% of CDI	400	400	400	-	-	644
	2010	2015	113% of CDI	50	50	50	-	-	67
	2006	2016	CDI + 0.7% [2]	466	466	466	-	-	876
	2010	2016	110% to 114% of CDI	2,665	2,665	2,714	-	(49)	3,586
			IPCA [3] + 7.33%	123	123	123	-	-	168
	2010	2017	IPCA + 7.45%	367	367	367	-	-	505
			Total	**9,423**	**9,918**	**14,794**	**(495)**	**(5,371)**	**15,301**
Subordinated Financial Bills - BRL									
	2010	2016	CDI + 1.35% to 1.36%	365	365	365	-	-	368
			112% to 112.5% of CDI	1,874	1,874	1,874	-	-	1,890
			IPCA + 7%	30	30	30	-	-	37
	2010	2017	IPCA + 6.95% to 7.2%	206	206	206	-	-	238
	2011	2017	108% to 112% of CDI	3,224	3,224	2,322	-	902	3,342
			CDI + 1.29% to 1.52%	3,650	3,650	2,897	-	753	3,783
			IPCA + 6.15% to 7.8%	352	352	140	-	212	394
			IGPM + 6.55% to 7.6%	138	138	5	-	133	159
	2012	2017	CDI + 1.12%	500	-	-	500	500	515
	2011	2018	IGPM + 7%	42	42	42	-	-	49
			IPCA + 7.53% to 7.7%	30	30	30	-	-	33
	2012	2018	108% to 113% of CDI	3,427	1,940	-	1,487	3,427	3,556
			IPCA + 5.76% to 6.58%	426	426	-	-	426	457
			CDI + 1.05% to 1.32%	2,527	1,108	-	1,419	2,527	2,587
			10.15% to 12.2%	22	12	-	11	23	23
	2011	2019	109% to 109.7% of CDI	2	2	-	-	2	2
	2012	2019	110% of CDI	1	1	-	-	1	1
			12.2%	12	12	-	-	12	13
			IPCA + 4.7% to 6.3%	97	21	-	76	97	101
	2012	2020	111% of CDI	1	1	-	-	1	1
			IPCA + 6% to 6.17%	20	20	-	-	20	21
	2011	2021	109% to 111% of CDI	6	6	-	(0)	6	7
	2012	2022	IPCA + 5.4% to 5.83%	60	60	-	(0)	60	63
			Total	**17,011**	**13,520**	**7,911**	**3,491**	**9,100**	**17,640**
Subordinated Euronotes - USD									
	2010	2020	6.2%	1,000	1,000	1,000	-	-	2,081
	2010	2021	5.75%	1,000	1,000	1,000	-	-	2,045
	2011	2021	5.75% to 6.2%	730	730	730	-	-	1,439
	2012	2021	6.2%	550	550	-	-	550	1,166
	2012	2022	5.5% to 5.65%	2,600	1,235	-	1,365	2,600	5,308
			Total USD	**5,880**	**4,515**	**2,730**	**1,365**	**3,150**	
			Total BRL	**12,039**	**7,799**	**4,604**	**4,240**	**7,435**	**12,039**
			Grand Total	**38,473**	**31,237**	**27,309**	**7,236**	**11,164**	**44,980**
	Subordinated Debt Reducer			(10,862)	(9,839)	(12,010)	-	-	(12,699)
	Subordinated Debt - Tier II			**27,611**	**21,398**	**15,299**	-	-	**32,281**
	Interests (Subordinated Debt - Tier II)			4,670	5,307	4,701	-	-	-
	Amount Subordinated Debt - Tier II			**32,281**	**26,705**	**20,000**	-	-	**32,281**

[1] CDB is the Bank Certificates of Deposit - like Time Deposits in USA - and CDI is the Interbank Deposit Rate.

[2] The subordinated notes are redeemable from November 2011.

[3] IPCA and IGP-M are Brazilian Inflation Indexes.

The movement of funds is free between the consolidated institutions provided that the minimum capital requirements determined by local regulatory bodies of foreign subsidiaries, as well as the minimum capital requirements of insurance companies established by the SUSEP are observed.

The CNSP following the worldwide trend towards the strengthening of the insurance market, disclosed on December 6th, 2010 the Resolutions Nos. 227 (which revoked amended by Resolutions No. 178 of December 28th, 2007, and No. 200 of December 16th, 2008) and Circular No. 411 of December 22nd, 2010. The regulations provide for the rules on regulatory capital required for authorization and operation of insurance companies and pension plans and rules for the allocation of capital from subscription risk for several insurance lines. In January 2011, CNSP Resolution No. 228 came into effect, providing for the criteria for establishment of additional capital based on the credit risk of the supervised companies.

3 Required Referential Equity

The PRE is the equity required from financial institutions to cover risk exposures inherent to the activities developed. In accordance with CMN Resolution No. 3,490, of August 29th, 2007, the calculation of the institution's regulatory capital to cover risks takes into consideration the sum of the following portions for composing the PRE:

$$PRE = \overbrace{PEPR}^{\text{Credit Risk}} + \overbrace{PCAM + PJUR + PCOM + PACS}^{\text{Market Risk}} + \overbrace{POPR}^{\text{Operational Risk}}$$

- PEPR = regulatory portion required to cover credit risk and other asset exposures not included in the other portions;
- PCAM = regulatory portion required to cover the risk of exposures in gold, foreign exchange rate and transactions subject to foreign exchange rate variations;
- PJUR = regulatory portion required to cover the risk of transactions subject to variations in interest rates and classified in the trading portfolio pursuant to CMN Resolution No. 3,464;
- PCOM = regulatory portion required to cover the risk of transactions subject to variations in commodity prices;
- PACS = regulatory portion required to cover the risk of transactions subject to variations in equities prices and classified in the trading portfolio pursuant to CMN Resolution No. 3,464;
- POPR = regulatory portion required to cover the operational risk calculated based on the volume of retail and commercial loans, gross income from financial intermediation and service fees from other standardized beta-weighted business lines.

The portions mentioned above were calculated using the procedures disclosed by BACEN, through Circulars and Circular Letters, and by CMN, through Resolutions.

The regulations below are related to the regulatory portion required to cover credit risk (PEPR):

- BACEN Circular No. 3,360: risk-factor weighted exposures, comprising investments of funds in assets and rights, recorded in assets, loan commitments, endorsement sureties and joint liability or any other personal guarantee, potential future gain, arising from transactions with derivative instruments, and advances granted (PEPR);
- BACEN Circular No. 3,425: changed the weighting factor for tax credits from temporary differences to 100% from 300%, considerably reducing the capital of these exposures;
- BACEN Circular No. 3,563: amended BACEN Circular No. 3,360, of September 12nd, 2007 increasing capital requirements, Risk Weighting Factors (FPR) at 150% and 300%, for loan and lease transactions with individuals that mature after 24 months and start on or after December 6th, 2010 or are renegotiated on or after November 11st, 2011, depending on the funding period. It also resolved that for determining the exposure amount related to the investment in investment fund quotas linked to open private pension plans such as *Vida Gerador de Benefício Livre* (VGBL) or *Plano Gerador de Benefício Livre* (PGBL), the amounts shall be deducted from the mathematical provisions for benefits to be granted of the respective plans. It is effective from the base date November 2011.

The regulations below are related to the regulatory portion required to cover market risk (PJUR, PCAM, PCOM e PACS):

- BACEN Circular No. 3,361: exposures subject to variation in fixed interest rates denominated in real (PJUR1);
- BACEN Circular No. 3,362: exposures subject to variation in the foreign exchange linked interest rate (PJUR2);
- BACEN Circular No. 3,363: exposures subject to variation in the price index linked interest rates (PJUR3);
- BACEN Circular No. 3,364: exposures subject to variation in the interest rate index linked interest rates (PJUR4);
- BACEN Circular No. 3,366: exposures subject to variation in equities prices (PACS);
- BACEN Circular No. 3,368: exposures subject to variation in commodity prices (PCOM);
- BACEN Circular No. 3,389: exposures in gold, foreign currency and assets and liabilities subject to foreign exchange rate variation (PCAM);
- BACEN Circular No. 3,478: set out the minimum requirements and procedures to be observed when using internal models to calculate capital for market risk;
- BACEN Circular Letter No. 3,309: clarifies the methodology used to determine standard volatilities and multipliers to be disclosed by BACEN for the calculation of PJUR1;

- BACEN Circular Letter No. 3,310: clarifies the methodology used to calculate the portions related to market risk.

The regulations below are related to the regulatory portion required to cover operational risk (POPR):

- BACEN Circular No. 3,383: calculation of the portion of PRE related to operational risk (POPR);
- BACEN Circular No. 3,476: determines that, as from June 30th, 2010, an additional amount should be included in the Portion Related to the Operational risk (POPR), for the Economic-Financial Consolidated by using an indicator based on equity in earnings of subsidiaries and affiliates;
- BACEN Circular Letter No. 3,315: shows examples of calculation of the operational risk portion according to BACEN Circular No. 3,383, of April 30th, 2008;
- BACEN Circular Letter No. 3,316: shows the composition of the exposure indicator for the calculation of the operational risk portion according to BACEN Circular No. 3,383.

The table below presents the consolidated evolution of capital allocation of Itaú Unibanco and each of the portions mentioned above will be presented in detail in the topics below.

Composition of Required Reference Equity (PRE)

R$ million

	Financial System Consolidated					
Risk exposure	**9/30/2012**		**6/30/2012**		**9/30/2011**	
Regulatory Portion Required to Cover Credit Risk (PEPR)	63,453	90.6%	61,229	90.8%	59,797	93.1%
Regulatory Portion Required to Cover Market Risk	2,791	4.0%	2,210	3.3%	949	1.5%
Regulatory Portion Required to Cover Operational Risk (POPR)	3,807	5.4%	3,963	5.9%	3,460	5.4%
Required Reference Equity (PRE)	70,051	100%	67,402	100%	64,206	100%

Composition of Required Reference Equity (PRE)

R$ million

	Economic-Financial Consolidated					
Risk exposure	**9/30/2012**		**6/30/2012**		**9/30/2011**	
Regulatory Portion Required to Cover Credit Risk (PEPR)	62,351	89.7%	60,038	90.0%	58,153	92.4%
Regulatory Portion Required to Cover Market Risk	2,832	4.1%	2,244	3.4%	952	1.5%
Regulatory Portion Required to Cover Operational Risk (POPR)	4,356	6.3%	4,394	6.6%	3,852	6.1%
Required Reference Equity (PRE)	69,540	100%	66,676	100%	62,957	100%

3.1 Economic Analysis

The whole business strategy and related impacts on market risk control are based on an analysis of the macroeconomic contexts of domestic and international markets, predominantly the main events that recently occurred, as a way to assess the changes seen in the portfolio. Therefore, the macroeconomic analyses produced by Itaú Unibanco are presented below, followed by analyses of the portfolio evolution and risk measures.

Domestic Market

The Brazilian economy showed low growth in the first half of this year. In view of this scenario, we are projecting growth of 1.7% in 2012, lower than the 2.7% growth seen in 2011. The economic policy stimuli implemented, such as the reduction in interest rates, tax cuts, among others, have already started to push up growth. The economic growth in the second half is expected to be higher than in the first half.

Gross Domestic Product (GDP) grew only 0.4% in the second quarter in relation to the first quarter of this year, after the seasonal adjustment. A major part of this increase is due to the stimuli that drove demand for durable consumer goods, particularly automobiles. The reduction of the excise tax (IPI) led to a sharp increase in sales in June and avoided a drop in production levels. Loans to individuals also increased in the second quarter but they weakened again in July and August. Despite the weakening loans to credit market, economic activity data showed some strength. Industrial production resumed growth and the confidence of industrial businessmen resumed its growth trajectory in August and September.

Bank loans in Brazil dropped for the second consecutive month in August, after modest growth in the first half of the year. Loans to companies dropped 3% in real terms in relation to July, after the seasonal adjustment, whereas loans to individuals dropped 2%. Interest rates to individuals and companies continue to drop but not as much as in March and June. Default rates of individuals and companies are showing signs of stabilization.

The slower growth in Brazil and abroad reduces the risk of stronger inflation for the coming quarters. Food prices continue to be pressured by the increase in the price of grains and climate factors. Despite the weaker growth, the labor market remains strong. The increasing salary mass and low unemployment rate weaken the impact of inflation's low growth. Microeconomic measures adopted by the government (tax incentives and managed prices) have been helping maintain inflation rates at more reasonable levels. The Broad Consumer Price Index (IPCA) is projected at 5.5% for 2012 and at 5.3% for 2013.

With the slowdown of domestic activity and continuing uncertainties in the international scenario, BACEN continued its process to reduce the Selic basic interest rate in the third quarter of 2012. At the end of the period, the Selic rate was at 7.5% per year, compared with 8.5% at the end of the second quarter. In addition to loosening monetary policy, the government has been using other instruments to stimulate the economy, including a reduction of taxes for some industries and credit incentive measures.

The foreign exchange rate was practically stable in the third quarter of 2012 and it is at around R$ 2.02 BRL/USD. In the period, BACEN resumed buying U.S. dollars in the derivatives market, via reverse foreign exchange swaps, having purchased a little more than US$ 6 billion with this instrument. International reserves totaled US$ 378.6 billion in mid September, an increase of US$ 4.4 billion from June.

The interest rate curve in the second quarter moved parallely downwards, and the market is adjusting itself to higher interest rate cuts in the margin. The curve will keep its downward trajectory until the beginning of 2013 and the market projects the Interbank Deposit Certificate (CDI) at around 7.3% at the end of 2012. From then on, the curve will resume its upward trajectory, with interest rates projected at around 9.5% in the long section.

In the third quarter of this year, the *BM&FBovespa* index showed an increase of around 11.7%, influenced by the decrease in risk aversion and the recovery from the low levels seen in the first half of 2012. In line with this movement, the market capitalization of *BM&FBovespa* rose to R$ 2.4 trillion, higher than the R$ 2.2 trillion seen at the end of June. Issues of fixed-income securities totaled US$ 19.5 billion and new issues of shares amounted to US$ 1.1 billion.

International Market

New rounds of monetary loosening in developed countries brought some relief to foreign markets. The improvement in financial conditions is expected to help stabilize the economic activity in these countries; however, it is still expected to drop.

The increase in the main economic indicators in the United States (USA) has been consistent with the projection of a 2.2% increase in GDP in 2012. The annualized GDP growth rate in the first half was 1.9%. The prospects for the second half are similar, except for the drop in agricultural production caused by the drought in the mid-western region of the USA. In view of the expectation of modest growth in demand and employment, the Federal Reserve (Central Bank of USA) adopted new monetary stimulation programs in June and September that are expected to limit the deterioration of financial conditions. Given the combination of favorable financial conditions with the additional fiscal tightening, we project a real GDP growth of 1.8% in 2013. After a stronger slowdown in the second quarter of this year, the recent economic indicators in China have indicated stabilization at lower growth rates. The annual growth of industrial production was 9.2% in July and 8.9% in August, a slight decrease from the previous months. With respect to the components of demand, the urban fixed investment remains weak, whereas data on retail sales show a sustained growth in consumption. Weaker data, together with the perception that new stimuli would be reduced and have a limited impact, we reduced our projection from 7.8% to 7.6% for GDP in 2012.

The decrease in risk aversion and the monetary loosening favored the appreciation of other currencies in relation to the U.S. dollar. The Dollar Index Spot (DXY) – an index of the USA dollar price in relation to the main six currencies – dropped 2.1% in the third quarter. The euro increased 1.5% in relation to the U.S. dollar.

The better financial conditions also affected the stock exchange indexes and the interest rate curve. The S&P 500 increased 5.5% and the German Stock Index (DAX) increased 18.3% in the third quarter of 2012. The interest rate of the 10-year Treasury bond was practically stable at around 1.6% at the end of the quarter.

3.2 Credit Risk

Risk-Factor Weighted Exposures (PEPR)

The portion required to cover the credit risk is the PEPR. It is presented in detail by weighting factor (FPR) and type, are presented below:

Opening Regulatory Portion Required to Cover Credit Risk (PEPR)

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Risk exposures						
Exposure weighted by credit risk (EPR)	**576,846**	**556,627**	**543,609**	**566,832**	**545,796**	**528,664**
Regulatory Portion Required to Cover Credit Risk (PEPR)	**63,453**	**61,229**	**59,797**	**62,351**	**60,038**	**58,153**
a) Per Weighting Factor (FPR):						
FPR at 20%	264	299	242	375	437	394
FPR at 35%	194	184	152	194	184	152
FPR at 50%	3,653	3,780	3,190	4,737	4,759	4,126
FPR at 75%	13,132	13,562	12,329	12,750	13,166	11,939
FPR at 100%	42,587	39,748	37,662	40,441	37,722	35,232
FPR at 150%	1,692	1,619	4,192	1,689	1,616	4,193
FPR at 300% [1]	1,572	1,732	1,595	1,803	1,846	1,676
Derivatives - potential future gain	360	305	435	363	308	441
b) Per Type:						
Securities	3,591	3,234	2,732	3,648	3,296	2,858
Loan operations - Retail	10,385	10,799	13,668	10,120	10,526	13,403
Loan operations - Non-retail	23,083	22,217	18,029	23,093	22,230	18,045
Joint liabilities - Retail	40	43	7	40	43	7
Joint liabilities - Non-retail	6,303	6,181	5,024	6,269	6,146	5,020
Loan commitments - Retail	2,707	2,720	2,785	2,590	2,597	2,661
Loan commitments - non-retail	1,951	1,790	1,574	1,951	1,791	1,575
Other exposures	15,394	14,244	15,977	14,641	13,409	14,584

[1] The 300% weighting factor was expanded as from base date November 2011 in accordance with Circular No. 3,563.

Evolution of Credit Portfolio

The information presented in the following table allows the analysis of the credit portfolio and its behavior from many points of view: operations with credit granting characteristics separated by FPR, country, geographic region and economic sector, concentration of the credit portfolio on major debtors, in addition to the amount of the overdue transactions.

Operations with Credit Granting Characteristics per FPR, Country, and Geographic Region

Operations with Credit Granting Characteristics[1]: Exposure

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Per FPR						
FPR at 20%	982	1,739	1,545	982	1,739	1,545
FPR at 35%	5,049	4,782	3,957	5,049	4,782	3,957
FPR at 50%	17,151	16,235	14,244	17,151	16,235	14,244
FPR at 75%	159,178	164,394	149,438	154,542	159,585	144,718
FPR at 100%	252,659	243,822	214,524	252,470	243,664	214,620
FPR at 150%	10,254	9,811	25,403	10,235	9,792	25,413
FPR de 300% [2]	474	299		474	299	
Total	**445,746**	**441,083**	**409,112**	**440,902**	**436,096**	**404,498**
Per Country						
Brazil	379,687	378,855	357,408	374,814	373,818	352,775
Abroad [3]	66,059	62,228	51,704	66,088	62,278	51,723
Total	**445,746**	**441,083**	**409,112**	**440,902**	**436,096**	**404,498**
Per Geographic Region						
Southeastern	284,231	281,675	260,290	280,893	278,243	257,244
Southern	38,512	39,462	39,193	37,884	38,785	38,535
Northen	7,475	7,464	7,573	7,439	7,427	7,532
Nordeastern	30,904	31,167	31,520	30,314	30,566	30,927
Central-western	18,565	19,087	18,832	18,284	18,798	18,537
Total	**379,687**	**378,855**	**357,408**	**374,814**	**373,818**	**352,775**

[1] *The values include endorsements, sureties and committed loans.*

[2] *Inclusion of the 300% weighting factor as from base date November 2011 in accordance with Circular No. 3,563.*

[3] *Abroad: Bahamas, Grand Cayman, United States, Argentina, Portugal, Luxembourg, Mexico, Switzerland, Chile, Uruguay and Paraguay.*

Operations with Credit Granting Characteristics[1]: Average Exposure for the Quarter

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	3rd quarter of 2012	2nd quarter of 2012	3rd quarter of 2011	3rd quarter of 2012	2nd quarter of 2012	3rd quarter of 2011
Per FPR						
FPR at 20%	1,361	1,578	1,340	1,361	1,578	1,340
FPR at 35%	4,916	4,665	2,111	4,916	4,665	2,111
FPR at 50%	16,693	15,959	11,089	16,693	15,959	11,090
FPR at 75%	161,786	166,949	162,681	157,064	162,127	158,080
FPR at 100%	248,241	236,419	207,492	248,067	236,394	207,565
FPR at 150%	10,032	9,237	12,702	10,013	9,219	12,707
FPR de 300% [2]	387	254		386	254	
Total	**443,415**	**435,060**	**397,415**	**438,499**	**430,196**	**392,892**
Per Country						
Brazil	379,271	376,358	351,556	374,316	371,455	347,015
Abroad [3]	64,144	58,703	45,859	64,183	58,741	45,877
Total	**443,415**	**435,060**	**397,415**	**438,499**	**430,196**	**392,892**
Per Geographic Region						
Southeastern	282,953	278,633	256,278	279,568	275,343	253,252
Southern	38,987	39,615	38,484	38,334	38,931	37,872
Northen	7,469	7,514	7,431	7,433	7,477	7,388
Nordeastern	31,035	31,321	30,924	30,440	30,724	30,356
Central-western	18,826	19,274	18,440	18,541	18,981	18,147
Total	**379,271**	**376,358**	**351,556**	**374,316**	**371,455**	**347,015**

[1] *The values include endorsements, sureties and committed loans.*

[2] *Inclusion of the 300% weighting factor as from base date November 2011 in accordance with Circular No. 3,563.*

[3] *Abroad: Bahamas, Grand Cayman, United States, Argentina, Portugal, Luxembourg, Mexico, Switzerland, Chile, Uruguay and Paraguay.*

Operations with Credit Granting Characteristics per Economic Sector

The balances were reclassified on March 31st, 2012 in order to align the criteria for industry exposure for the purposes of disclosure in internal reports and of publication. We present this classification below:

Operations with Credit Granting Characteristics [1]: Exposure

R$ million

	Financial System Consolidated			
	9/30/2012		6/30/2012	
Economic Sectors	Total	%	Total	%
COMPANIES	**268,136**	**60.2%**	**263,579**	**59.8%**
SUGAR AND ALCOHOL	8,670	1.9%	8,667	2.0%
AGRIBUSINESS AND FERTILIZERS	12,209	2.7%	13,114	3.0%
FOOD AND BEVERAGE	14,855	3.3%	14,023	3.2%
BANKS AND OTHER FINANCIAL INSTITUTIONS	8,655	1.9%	9,190	2.1%
CAPITAL ASSETS	8,918	2.0%	8,864	2.0%
PULP AND PAPER	3,379	0.8%	3,009	0.7%
ELECTRONIC AND IT	6,801	1.5%	6,383	1.4%
PACKAGING	1,899	0.4%	2,155	0.5%
ENERGY AND SEWAGE	11,501	2.6%	10,668	2.4%
EDUCATION	1,470	0.3%	1,430	0.3%
PHARMACEUTICALS AND COSMETICS	6,301	1.4%	6,225	1.4%
REAL ESTATE AGENTS	20,174	4.5%	19,611	4.4%
ENTERTAINMENT AND TOURISM	3,556	0.8%	3,605	0.8%
WOOD AND FURNITURE	3,080	0.7%	3,021	0.7%
CONSTRUCTION MATERIAL	5,658	1.3%	5,601	1.3%
STEEL AND METALLURGY	10,620	2.4%	10,717	2.4%
MEDIA	1,423	0.3%	1,464	0.3%
MINING	4,679	1.0%	4,308	1.0%
INFRASTRUCTURE WORK	6,745	1.5%	6,949	1.6%
OIL AND GAS	4,178	0.9%	4,129	0.9%
PETROCHEMICAL AND CHEMICAL	9,823	2.2%	9,890	2.2%
HEALTH CARE	2,331	0.5%	2,281	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	81	0.0%	44	0.0%
TELECOMMUNICATIONS	5,897	1.3%	5,556	1.3%
CLOTHING AND FOOTWEAR	5,342	1.2%	5,144	1.2%
TRADING	2,402	0.5%	1,999	0.5%
TRANSPORTATION	17,786	4.0%	17,528	4.0%
DOMESTIC APPLIANCES	3,545	0.8%	3,206	0.7%
VEHICLES AND AUTOPARTS	18,671	4.2%	19,224	4.4%
THIRD SECTOR	158	0.0%	148	0.0%
PUBLISHING AND PRINTING	1,730	0.4%	1,716	0.4%
COMMERCE - SUNDRY	16,539	3.7%	16,408	3.7%
INDUSTRY - SUNDRY	5,855	1.3%	5,536	1.3%
SUNDRY SERVICES	18,539	4.2%	19,092	4.3%
SUNDRY	14,666	3.3%	12,675	**2.9%**
INDIVIDUALS	**177,582**	**39.8%**	**177,439**	40.2%
CREDIT CARDS	36,918	8.3%	36,414	8.3%
REAL ESTATE FINANCING	20,874	4.7%	19,507	4.4%
CONSUMER LOANS/OVERDRAFT	70,494	15.8%	69,813	15.8%
VEHICLES	49,296	11.1%	51,705	11.7%
OTHERS	**28**	**0.0%**	**65**	**0%**
GRAND TOTAL	**445,746**	**100%**	**441,083**	**100%**

[1] *The values include endorsements, sureties and loan commitments.*

Operations with Credit Granting Characteristics [1]: Exposure

	Economic-Financial Consolidated			
	9/30/2012		6/30/2012	
Economic Sectors	**Total**	**%**	**Total**	**%**
COMPANIES	**267,883**	**60.8%**	**263,332**	**60.4%**
SUGAR AND ALCOHOL	8,670	2.0%	8,667	2.0%
AGRIBUSINESS AND FERTILIZERS	12,209	2.8%	13,114	3.0%
FOOD AND BEVERAGE	14,855	3.4%	14,023	3.2%
BANKS AND OTHER FINANCIAL INSTITUTIONS	8,655	2.0%	9,190	2.1%
CAPITAL ASSETS	8,918	2.0%	8,864	2.0%
PULP AND PAPER	3,379	0.8%	3,009	0.7%
ELECTRONIC AND IT	6,801	1.5%	6,383	1.5%
PACKAGING	1,899	0.4%	2,155	0.5%
ENERGY AND SEWAGE	11,501	2.6%	10,689	2.4%
EDUCATION	1,470	0.3%	1,430	0.3%
PHARMACEUTICALS AND COSMETICS	6,301	1.4%	6,225	1.4%
REAL ESTATE AGENTS	20,174	4.6%	19,611	4.5%
ENTERTAINMENT AND TOURISM	3,556	0.8%	3,605	0.8%
WOOD AND FURNITURE	3,080	0.7%	3,021	0.7%
CONSTRUCTION MATERIAL	5,658	1.3%	5,601	1.3%
STEEL AND METALLURGY	10,620	2.4%	10,717	2.5%
MEDIA	1,423	0.3%	1,464	0.3%
MINING	4,679	1.1%	4,308	1.0%
INFRASTRUCTURE WORK	6,745	1.5%	6,949	1.6%
OIL AND GAS	4,178	0.9%	4,130	0.9%
PETROCHEMICAL AND CHEMICAL	9,823	2.2%	9,890	2.3%
HEALTH CARE	2,331	0.5%	2,281	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	81	0.0%	44	0.0%
TELECOMMUNICATIONS	5,897	1.3%	5,556	1.3%
CLOTHING AND FOOTWEAR	5,342	1.2%	5,144	1.2%
TRADING	2,402	0.5%	1,999	0.5%
TRANSPORTATION	17,786	4.0%	17,528	4.0%
DOMESTIC APPLIANCES	3,545	0.8%	3,206	0.7%
VEHICLES AND AUTOPARTS	18,671	4.2%	19,224	4.4%
THIRD SECTOR	158	0.0%	148	0.0%
PUBLISHING AND PRINTING	1,730	0.4%	1,716	0.4%
COMMERCE - SUNDRY	16,539	3.8%	16,408	3.8%
INDUSTRY - SUNDRY	5,855	1.3%	5,536	1.3%
SUNDRY SERVICES	18,551	4.2%	19,103	4.4%
SUNDRY	14,401	3.3%	12,395	2.9%
INDIVIDUALS	**172,981**	**39.2%**	**172,687**	**39.6%**
CREDIT CARDS	34,070	7.7%	33,444	7.7%
REAL ESTATE FINANCING	20,874	4.7%	19,507	4.5%
CONSUMER LOANS/OVERDRAFT	68,740	15.6%	68,031	15.6%
VEHICLES	49,296	11.2%	51,705	11.8%
OTHERS	**39**	**0.0%**	**77**	**0.0%**
GRAND TOTAL	**440,902**	**100%**	**436,096**	**100%**

[1] *The values include endorsements, sureties and loan commitments.*

Operations with Credit Granting Characteristics [1]: Average Exposure for the Quarter

R$ milhões

	Financial System Consolidated			
	3rd quarter of 2012		2nd quarter of 2012	
Economic Sectors	Total	%	Total	%
COMPANIES	**265,857**	**60.0%**	**257,301**	**59.1%**
SUGAR AND ALCOHOL	8,668	2.0%	8,325	1.9%
AGRIBUSINESS AND FERTILIZERS	12,661	2.9%	12,780	2.9%
FOOD AND BEVERAGE	14,439	3.3%	13,602	3.1%
BANKS AND OTHER FINANCIAL INSTITUTIONS	8,922	2.0%	9,082	2.1%
CAPITAL ASSETS	8,891	2.0%	8,720	2.0%
PULP AND PAPER	3,194	0.7%	2,951	0.7%
ELECTRONIC AND IT	6,592	1.5%	6,293	1.4%
PACKAGING	2,027	0.5%	2,137	0.5%
ENERGY AND SEWAGE	11,085	2.5%	10,725	2.5%
EDUCATION	1,450	0.3%	1,372	0.3%
PHARMACEUTICALS AND COSMETICS	6,263	1.4%	6,409	1.5%
REAL ESTATE AGENTS	19,893	4.5%	19,319	4.4%
ENTERTAINMENT AND TOURISM	3,581	0.8%	3,536	0.8%
WOOD AND FURNITURE	3,050	0.7%	2,974	0.7%
CONSTRUCTION MATERIAL	5,629	1.3%	5,500	1.3%
STEEL AND METALLURGY	10,668	2.4%	10,427	2.4%
MEDIA	1,443	0.3%	1,510	0.3%
MINING	4,494	1.0%	4,102	0.9%
INFRASTRUCTURE WORK	6,847	1.5%	6,873	1.6%
OIL AND GAS	4,153	0.9%	4,068	0.9%
PETROCHEMICAL AND CHEMICAL	9,856	2.2%	9,985	2.3%
HEALTH CARE	2,306	0.5%	2,262	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	62	0.0%	44	0.0%
TELECOMMUNICATIONS	5,727	1.3%	5,340	1.2%
CLOTHING AND FOOTWEAR	5,243	1.2%	5,136	1.2%
TRADING	2,201	0.5%	1,998	0.5%
TRANSPORTATION	17,657	4.0%	17,427	4.0%
DOMESTIC APPLIANCES	3,375	0.8%	3,182	0.7%
VEHICLES AND AUTOPARTS	18,948	4.3%	19,038	4.4%
THIRD SECTOR	153	0.0%	153	0.0%
PUBLISHING AND PRINTING	1,723	0.4%	1,700	0.4%
COMMERCE - SUNDRY	16,474	3.7%	15,844	3.6%
INDUSTRY - SUNDRY	5,695	1.3%	4,576	1.1%
SUNDRY SERVICES	18,816	4.2%	17,690	4.1%
SUNDRY	13,671	3.1%	12,224	2.8%
INDIVIDUALS	**177,511**	**40.0%**	**177,718**	**40.8%**
CREDIT CARDS	36,666	8.3%	36,207	8.3%
REAL ESTATE FINANCING	20,191	4.6%	18,708	4.3%
CONSUMER LOANS/OVERDRAFT	70,154	15.8%	69,782	16.0%
VEHICLES	50,501	11.4%	53,021	12.2%
OTHERS	**46**	**0.0%**	**41**	**0.0%**
GRAND TOTAL	**443,415**	**100%**	**435,060**	**100%**

[1] *The values include endorsements, sureties and loan commitments.*

Operations with Credit Granting Characteristics [1]: Average for the Quarter

R$ milhões

	Economic-Financial Consolidated			
	3rd quarter of 2012		2nd quarter of 2012	
Economic Sectors	**Total**	**%**	**Total**	**%**
COMPANIES	**265,607**	**60.6%**	**257,178**	**59.8%**
SUGAR AND ALCOHOL	8,668	2.0%	8,325	1.9%
AGRIBUSINESS AND FERTILIZERS	12,661	2.9%	12,780	3.0%
FOOD AND BEVERAGE	14,439	3.3%	13,602	3.2%
BANKS AND OTHER FINANCIAL INSTITUTIONS	8,922	2.0%	9,082	2.1%
CAPITAL ASSETS	8,891	2.0%	8,720	2.0%
PULP AND PAPER	3,194	0.7%	2,951	0.7%
ELECTRONIC AND IT	6,592	1.5%	6,293	1.5%
PACKAGING	2,027	0.5%	2,137	0.5%
ENERGY AND SEWAGE	11,095	2.5%	10,735	2.5%
EDUCATION	1,450	0.3%	1,372	0.3%
PHARMACEUTICALS AND COSMETICS	6,263	1.4%	6,409	1.5%
REAL ESTATE AGENTS	19,893	4.5%	19,319	4.5%
ENTERTAINMENT AND TOURISM	3,581	0.8%	3,536	0.8%
WOOD AND FURNITURE	3,050	0.7%	2,974	0.7%
CONSTRUCTION MATERIAL	5,629	1.3%	5,500	1.3%
STEEL AND METALLURGY	10,668	2.4%	10,427	2.4%
MEDIA	1,443	0.3%	1,510	0.4%
MINING	4,494	1.0%	4,102	1.0%
INFRASTRUCTURE WORK	6,847	1.6%	6,873	1.6%
OIL AND GAS	4,154	0.9%	4,069	0.9%
PETROCHEMICAL AND CHEMICAL	9,856	2.2%	9,985	2.3%
HEALTH CARE	2,306	0.5%	2,262	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	62	0.0%	44	0.0%
TELECOMMUNICATIONS	5,727	1.3%	5,340	1.2%
CLOTHING AND FOOTWEAR	5,243	1.2%	5,136	1.2%
TRADING	2,201	0.5%	1,998	0.5%
TRANSPORTATION	17,657	4.0%	17,427	4.1%
DOMESTIC APPLIANCES	3,375	0.8%	3,182	0.7%
VEHICLES AND AUTOPARTS	18,948	4.3%	19,038	4.4%
THIRD SECTOR	153	0.0%	153	0.0%
PUBLISHING AND PRINTING	1,723	0.4%	1,700	0.4%
COMMERCE - SUNDRY	16,474	3.8%	15,844	3.7%
INDUSTRY - SUNDRY	5,695	1.3%	4,576	1.1%
SUNDRY SERVICES	18,827	4.3%	17,701	4.1%
SUNDRY	13,398	3.1%	12,079	2.8%
INDIVIDUALS	**172,834**	**39.4%**	**172,962**	**40.2%**
CREDIT CARDS	33,757	7.7%	33,219	7.7%
REAL ESTATE FINANCING	20,191	4.6%	18,708	4.3%
CONSUMER LOANS/OVERDRAFT	68,386	15.6%	68,015	15.8%
VEHICLES	50,501	11.5%	53,021	12.3%
OTHERS	**58**	**0.0%**	**55**	**0.0%**
GRAND TOTAL	**438,499**	**100%**	**430,196**	**100%**

[1] *The values include endorsements, sureties and loan commitments.*

Credit Concentration on the Major Debtors

Concentration of Major Clients with Credit Granting Characteristics

R$ million

Loan, Lease and Other Credit Operations [1]	Exposure	% of portfolio	Exposure	% of portfolio	Exposure	% of portfolio
	9/30/2012		6/30/2012		9/30/2011	
Largest debtor	4,333	1.0%	4,070	1.0%	2,720	0.7%
10 largest debtors	26,375	6.3%	25,280	6.1%	20,279	5.3%
20 largest debtors	42,362	10.1%	40,950	9.9%	33,845	8.9%
50 largest debtors	66,156	15.8%	64,414	15.6%	55,363	14.5%
100 largest debtors	86,983	20.8%	84,541	20.5%	73,252	19.2%

[1] *The amounts include endorsements and sureties. Do not include loan commitments.*

Concentration of Major Clients with Credit Granting Characteristics

R$ million

Loan, Lease and Other Credit Operations and Securities of Companies and Financial Institutions[1]	Exposure	% of portfolio	Exposure	% of portfolio	Exposure	% of portfolio
	9/30/2012		6/30/2012		9/30/2011	
Largest debtor	4,962	1.1%	5,856	1.3%	5,514	1.3%
10 largest debtors	36,220	7.7%	35,834	7.7%	31,496	7.4%
20 largest debtors	58,564	12.4%	57,086	12.3%	50,146	11.7%
50 largest debtors	91,802	19.4%	90,846	19.5%	79,071	18.5%
100 largest debtors	119,037	25.2%	116,546	25.0%	103,282	24.1%

[1] *The amounts include endorsements and sureties. Do not include loan commitments.*

Overdue Amounts

Overdue Amounts

R$ million

Overdue	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Between 1 and 14 days	13,088	10,646	9,511	13,034	10,591	9,442
Up to 60 days	11,370	12,383	11,610	11,275	12,275	11,505
Between 61 and 90 days	3,722	4,054	3,115	3,673	3,992	3,051
Between 91 and 180 days	7,465	7,848	7,168	7,338	7,693	6,984
Over 180 days	11,425	11,031	9,135	11,189	10,749	8,814

Allowance for Loan Losses

In order to be hedged against losses arising from loan operations, Itaú Unibanco takes into consideration all the aspects that determine the client's credit risk to determine the provision level that is appropriate to the risk incurred in each operation. For each operation, the assessment and the client or economic group rating, the operation rating, and the possible existence of past due amounts are taken into account and the volume of the regulatory provision is determined.

Itaú Unibanco recognizes an allowance additional to that minimum required by BACEN, aiming at ensuring an allowance level compatible with the expected loss, according to internal models. This allowance is usually quantified in view of the past performance of loan portfolios, based on exposure, probabilities of default and expected recovery of transactions.

Changes in Allowance for Loan Losses in the Quarter

R$ million

	Financial System Consolidated			Economic-Financial Consolidated[1]		
	3rd quarter of 2012	2nd quarter of 2012	3rd quarter of 2011	3rd quarter of 2012	2nd quarter of 2012	3rd quarter of 2011
Opening Balance	**(27,558)**	**(26,468)**	**(24,305)**	**(27,056)**	**(25,951)**	**(23,775)**
Net Increase for the Period	(6,179)	(6,108)	(5,136)	(5,939)	(5,988)	(4,972)
Required by Resolution No. 2,682/99	(6,179)	(6,108)	(5,136)	(5,939)	(5,988)	(4,972)
Additional	-	-	-	-	-	-
Write-Off	5,549	5,018	4,119	5,313	4,884	4,028
Closing Balance	**(28,188)**	**(27,558)**	**(25,322)**	**(27,682)**	**(27,056)**	**(24,719)**
Regulatory Allowance	(23,116)	(22,486)	(20,216)	(22,624)	(21,998)	(19,661)
Additional Allowance	(5,072)	(5,072)	(5,106)	(5,058)	(5,058)	(5,058)

[1] *In 2011, there was a change in the criterion for consolidating certain companies particularly for Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento, with the change from full to partial consolidation, and Porto Seguro S.A., which is now stated under the equity method, including for comparative purposes.*

Composition of the Result of Allowance for Loan Losses

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	3rd quarter of 2012	2nd quarter of 2012	3rd quarter of 2011	3rd quarter of 2012	2nd quarter of 2012	3rd quarter of 2011
Expenses for Allowance for Loan Losses	(6,179)	(6,108)	(5,136)	(5,939)	(5,988)	(4,972)
Income from Recovery of Credits Written off as Loss	1,122	1,088	1,272	1,159	1,126	1,315
Result of Allowance for Loan Losses	**(5,057)**	**(5,020)**	**(3,864)**	**(4,780)**	**(4,862)**	**(3,657)**

Mitigating Instruments

As a way to control credit risk, Itaú Unibanco has an institutional norm that sets out the general guidelines and responsibilities related to the use of guarantees; in addition, each business unit, responsible for credit risk management, formalizes the use of the guarantees in its credit policies.

Itaú Unibanco uses guarantees aimed at increasing resiliencies in operations with credit risk. The using guarantees can be personal guarantees, secured guarantees, legal structures with mitigating power and netting arrangements.

To be considered as risk reduction instrument, the guarantees need to comply with requirements and determinations of the regulations that govern the guarantees, whether internal or external.

Itaú Unibanco ensures that any guarantee that impacts mitigation, allocation and provision of capital, is legally valid (effective), enforceable and periodically reassessed.

Itaú Unibanco also uses credit derivatives, such as single name CDS, to mitigate the risk of its portfolios of loans and securities; these instruments are priced based on models that use the fair value of market inputs, such as credit spreads, recovery rates, correlations and interest rates.

The credit limits are continuously monitored and changed according to client behavior. Thus, the potential loss values represent a fraction of the amount available.

It is worth noting that purchase and sale commitments and residential real estate or first mortgage-backed loan operations are considered when determining risk weights as provided for in the BACEN Circular No. 3,360 to calculate regulatory capital.

Operations of Securitization

Itaú Unibanco's portfolio includes securities arising from securitization processes. The portfolio is made up of Securitized Real Estate Loans (CRI) and quotas of Credit Rights Investment Funds (FIDC).

The CRIs are backed by real estate loans and predominantly are not subordinated. The quotas of FIDCs are usually senior and backed by receivables, such as trade notes, promissory notes, etc.

Itaú Unibanco classifies securities arising from securitization processes based on the governance of products determined, and the credit is approved at the proper authority levels. The balances of these operations are presented below.

Operations with Securities Arising from Securitization Process

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
Security	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
CRI	8,682	8,706	7,872	8,690	8,714	7,884
FIDC	808	720	721	1,004	913	925

Sale or Transfer of Financial Assets

Credit assignments (transfers of receivables) carried out through December 2011 were recorded in accordance with current regulation together with income recognition at the time of the assignment, regardless of the risks and benefits being retained or not.

In compliance with CMN Resolution No. 3,809, of October 28th, 2009, the amount of operations assigned with joint obligation, at September 30th, 2012 where the entity significantly retained the related risks and benefits is R$ 449 million, composed of real estate financing of R$ 430 million and farming financing of R$ 19 million.

Beginning January 2012, as provided for by CMN Resolution No. 3,533, of January 31th, 2008, and supplementary regulation, accounting records take into consideration the retention or non-retention of risks and benefits on sale or transfers of financial assets.

Itaú Unibanco carried out operations for the sale or transfer of financial assets in which the credit risks of the financial assets transferred were retained by means of the acquisition of subordinated quotas of credit rights funds. The financial assets that are the subject matter of the assignment of credits that were recorded as credit operations amount to R$ 55 million and the amount received recorded as liabilities from credit assignment operations totals R$ 55 million.

Sale or Transfer of Financial Assets

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Balance of exposures assigned with significant withholding of risks and benefits	504	512	31	504	512	31
Flow of exposures assigned in the quarter with significant transfer of risks and benefits	611	151	763	611	151	763

In the period, loan portfolios with assignor's risk retention, in the amount of R$ 1,823 million, totaling R$3,273 million at September 30th, 2012, were also purchased.

Counterparty Credit Risk

Itaú Unibanco considers the counterparty's credit risk as the possibility of failure by certain counterparty to fulfill its respective obligations contracted that involve the trading of derivative financial instruments, unsettled transactions, loans of assets and repurchase agreements.

The table below presents the contracts of Itaú Unibanco that are subject to counterparty credit risk:

Contracts Subject to Counterparty Credit Risk

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Notional Amount						
Liquidated in Liquidation Systems (Stock Exchange) (1)	1,778,188	1,656,197	1,899,343	1,783,977	1,660,891	1,904,052
Not Liquidated in Liquidation Systems (Over-The-Counter)	465,814	431,749	326,627	459,329	451,382	320,410
Total Gross Positive Amount	152,668	140,047	126,061	152,166	139,520	125,606
(-) Amounts related to Netting Arrangements	-	-	-	-	-	-
(-) Guarantees	(31,086)	(21,425)	(37,045)	(31,081)	(10,257)	(37,177)
(=) Net Global Exposure to the Counterparty Credit Risk	121,582	118,622	89,016	121,085	129,263	88,429

(1) *BM&F Bovespa is currently the only stock exchange operating with Itaú Unibanco in the capacity of a central counterparty.*

Contracts Subject to Counterparty Credit Risk

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Hedges [1]	2,397	3,643	3,023	2,397	3,643	3,023
Exposures to credit risk covered by notional amount of hedges [1]	2,397	3,643	3,023	2,397	3,643	3,023
Percentage	100%	100%	100%	100%	100%	100%

[1] *Hedges carried out through credit derivatives.*

Credit Derivatives

Itaú Unibanco buys and sells credit protection mainly related to securities of the Brazilian government and securities of Brazilian listed companies in order to meet the needs of its customers. When Itaú Unibanco sells contracts for credit protection, the exposure for a given reference entity may be partially or totally offset by a credit protection purchase contract of another counterparty for the same reference entity or similar entity. The credit derivatives for which Itaú Unibanco is protection seller are credit default swap (CDS), total return swap (TRS) and credit-linked note (CLN).

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

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

The maximum potential loss that may be incurred with the credit derivative is based on the notional amount of the derivative. Itaú Unibanco believes that, based on its historical experience, the amount of the maximum potential loss does not represent the actual level of loss. This is so because, should there be an event of loss, the amount of maximum potential loss should be reduced from the notional amount by the recoverable amount.
The credit derivatives sold are not covered by guarantees, and during this period, Itaú Unibanco has not incurred any loss related to credit derivative contracts.

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

Notional Amount of Credit Derivatives Held in Portfolio

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Risk Transferred	**2,397**	**3,643**	**3,023**	**2,397**	**3,643**	**3,023**
Credit Default Swap (CDS)	2,387	2,585	2,154	2,387	2,585	2,154
Total Return Swap (TRS)	10	1,058	869	10	1,058	869
Risk Received	**(4,705)**	**(5,472)**	**(1,078)**	**(4,705)**	**(5,472)**	**(1,078)**
Credit Default Swap (CDS)	(4,705)	(5,472)	(1,069)	(4,705)	(5,472)	(1,069)
Total Return Swap (TRS)	-	-	(9)	-	-	(9)
Total	**(2,308)**	**(1,829)**	**1,945**	**(2,308)**	**(1,829)**	**1,945**
Referential Equity (PR) of Risk Received	**(98)**	**(107)**	**(72)**	**(98)**	**(107)**	**(72)**

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

Itaú Unibanco does not trade credit derivatives for intermediation purposes.

3.3 Market Risk

Trading and Banking Portfolios – Regulatory Model

For the regulatory monitoring of the banking portfolio, two stressed scenarios based on historical returns of the past five years are generated for each relevant risk factor. These scenarios are applied to the exposure in each risk factor, calculating the P&L of these shocks and considering the worst P&L for each risk factor. For the treatment of the credit portfolio subject to relevant volumes of early terminations, Itaú Unibanco adopts statistical models with quarterly revisions of their parameters, estimated with their historical data, which anticipates the cash flows terms originally traded. For products without defined maturities, such as cash deposits and savings accounts, a projected gradual decrease in funds is used, for conservative reasons, reducing their hedge effect in relation to the remaining exposure of Itaú Unibanco.

The PJUR (1, 2, 3 and 4), PCOM, PCAM and PACS regulatory portions are calculated in accordance with the instructions provided by the resolutions previously mentioned.

The evolution of the portions, which, when combined together, compose the regulatory capital required to market risk:

Opening Regulatory Portion Required to Cover Market Risk

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Regulatory Portion Required to Cover Market Risk	**2,791**	**2,210**	**949**	**2,832**	**2,244**	**952**
Trades subject to interest rate variation (PJUR)	**2,447**	**2,030**	**823**	**2,489**	**2,064**	**826**
Fixed income interest rate denominated in reais (PJUR1)	623	506	172	623	506	172
Foreign exchange linked interest rate (PJUR2)	960	933	291	955	941	294
Price index linked interest rate (PJUR3)	618	425	242	665	451	242
Interest rate linked interest rate (PJUR 4)	246	166	118	246	166	118
Trades subject to commodity price variation (PCOM)	**120**	**101**	**96**	**120**	**101**	**96**
Trades subject to equities price variation (PACS)	**224**	**79**	**30**	**224**	**79**	**30**
Trades subject to the risk of exposures in gold, foreign currency and foreign exchange rate variations (PCAM) [1]	-	-	-	-	-	-
Referential equity calculated for covering the interest rate risk of trades of the banking book (RBAN)	**3,201**	**6,169**	**1,446**	**3,559**	**6,749**	**1,698**

[1] Trades subject to the risk of exposures in gold, foreign currency and foreign exchange rate variations were less than 5% of the Referential Equity, therefore the capital allocation is equal to 0, according to the Circular No. 3,568.

Evolution of the Trading Portfolio

The evolution of the Trading Portfolio, broken down by risk factor, is tabulated below:

Total Value of Trading Position

R$ million

	9/30/2012		6/30/2012		9/30/2011	
	Long	Short	Long	Short	Long	Short
Interest Rates	212,479	(185,416)	206,795	(192,379)	105,583	(239,225)
Foreign Exchange Rates	120,531	(115,758)	121,504	(117,970)	69,510	(67,760)
Equities	10,229	(9,390)	6,802	(6,609)	6,805	(6,722)
Commodities	250	(83)	187	(86)	61	(267)

Evolution of the Derivatives Portfolio

The main purpose of the positions in derivatives is to minimize the risks of the Banking and Trading Portfolios positions in the corresponding risk factors. The evolution of the Itaú Unibanco's derivatives portfolio, is broken down by group of risk factor, by the existence or absence of a central counterparty (exchange or over-the-counter market) and whether it is in Brazil or abroad, is presented below:

Derivatives: Trades in Brazil - Trading + Banking - With Central Counterparty

R$ million

	9/30/2012		6/30/2012 [1]		9/30/2011	
	Long	Short	Long	Short	Long	Short
Interest Rates	509,323	(556,441)	267,345	(272,193)	484,808	(564,580)
Foreign Exchange Rates	26,628	(36,111)	22,239	(39,262)	41,176	(59,852)
Equities	3,213	(2,379)	2,383	(1,895)	4,129	(3,750)
Commodities	370	(143)	447	(149)	33	(264)

[1] *From this quarter it was eliminated for comparisons purposes the Itau Unibanco's internal operations.*

Derivatives: Trades in Brazil - Trading + Banking - Without Central Counterparty

R$ million

	9/30/2012		6/30/2012 [1]		9/30/2011	
	Long	Short	Long	Short	Long	Short
Interest Rates	46,149	(55,057)	81,936	(136,146)	664,578	(830,160)
Foreign Exchange Rates	36,612	(40,416)	50,763	(50,580)	146,747	(146,167)
Equities	197	(570)	1,044	(1,129)	1,232	(1,657)
Commodities	209	(290)	176	(371)	510	(490)

[1] *From this quarter it was eliminated for comparisons purposes the Itau Unibanco's internal operations.*

Derivatives: Foreign Trades - Trading + Banking - With Central Counterparty

R$ million

	9/30/2012		6/30/2012 [1]		9/30/2011	
	Long	Short	Long	Short	Long	Short
Interest Rates	4,970	(4,015)	2,504	(767)	4,352	(1,552)
Foreign Exchange Rates	67,160	(65,745)	60,459	(59,549)	48,645	(48,590)
Equities	-	(63)	-	(41)	54	(107)
Commodities	38	(26)	5	(13)	100	(100)

[1] *From this quarter it was eliminated for comparisons purposes the Itau Unibanco's internal operations.*

Derivatives: Foreign Trades - Trading + Banking - Without Central Counterparty

R$ million

	9/30/2012		6/30/2012 [1]		9/30/2011	
	Long	Short	Long	Short	Long	Short
Interest Rates	69,457	(73,100)	61,066	(63,186)	46,641	(49,850)
Foreign Exchange Rates	532,797	(533,102)	304,007	(304,486)	532,539	(531,503)
Equities	937	(754)	188	(167)	41	(41)
Commodities	45	(35)	23	(16)	12	(6)

[1] *From this quarter it was eliminated for comparisons purposes the Itau Unibanco's internal operations.*

VaR – Consolidated Itaú Unibanco

The internal VaR model used by Itaú Unibanco considers a one-day holding period and a 99% confidence level. Volatilities and correlations are estimated based on a methodology that confers higher weight to the most recent information.

The table Consolidated Global VaR provides an analysis of the exposures to market risk faced by the portfolios of Itaú Unibanco and its foreign subsidiaries showing where there are higher concentrations of market risk (foreign subsidiaries: *Banco Itaú BBA* International *S.A., Banco Itaú Argentina S.A., Banco Itaú Chile S.A., Banco Itaú Uruguai S.A.* and *Banco Itaú Paraguai S.A.*).

The Itaú Unibanco, maintaining its conservative management and portfolio diversification, kept its policy of operating within lower limits in relation to its capital.

In order to improve the quality of the market risk quantitative information and in line with the institution's vision for continuous improvement, in the second quarter of 2012, Itaú Unibanco reallocated, in the VaR table, the risk factors to their respective groups. This reallocation does not affect the institution's exposure to market risk, which can be verified based on the absence of changes in the Total Global VaR amounts. The figures presented in this publication, related to the current and previous quarters, already reflect the reallocation of the risk factors.

The observed reduction in values compared to the last quarter is due to a decrease in the volatility and reductions in our positions.

VaR - Itaú Unibanco Holding [1]

R$ million

VaR per Risk Factor Group		9/30/2012	6/30/2012	9/30/2011
Itaú Unibanco	Interest Rate	175.4	190.8	147.8
	Foreign Exchange Linked	12.1	24.8	37.6
	Exchange Rate Variation	5.4	17.0	13.0
	Price Index Linked	62.6	229.6	28.7
	Variable Income	26.3	17.7	30.0
Itaú Unibanco Foreign Units	*Banco Itaú BBA International*	1.4	1.6	2.1
	Banco Itaú Argentina	4.3	2.4	9.3
	Banco Itaú Chile	6.0	6.1	8.6
	Banco Itaú Uruguai	2.1	1.7	1.1
	Banco Itaú Paraguai	0.6	0.2	0.5
Diversification effect		(78.4)	(90.3)	(115.4)
Global VaR		**217.8**	**401.5**	**163.2**
Maximum Global VaR of the Quarter		**422.5**	**601.4**	**166.5**
Average Global VaR of the Quarter		**326.7**	**401.2**	**105.3**
Minimum Global VaR of the Quarter		**197.2**	**118.0**	**74.0**

[1] *Adjusted for tax purposes*

VaR - Institutional Treasury

The Institutional Treasury maintains its risk management segregated in Banking and Trading Portfolios.

VaR - Banking Portfolio

The Banking Portfolio, which has a portfolio composed of commercial transactions and related financial instruments, decreased the Global VaR of its portfolio in the third quarter compared to the previous one. Conservative management of the portfolio composition enabled the average Global VaR to remain at lower levels in comparison to Itaú Unibanco's equity.

VaR - Itaú Unibanco - Banking Portfolio [1]

R$ million

VaR per Risk Factor Group	9/30/2012	6/30/2012	9/30/2011
Interest Rate	180.4	177.9	180.7
Foreign Exchange Linked	14.0	11.9	36.6
Exchange Rate Variation	0.2	1.0	9.1
Price Index Linked	52.8	220.5	19.8
Variable Income	3.4	3.8	9.3
Diversification effect	(45.4)	(45.6)	(109.9)
Global VaR	**205.3**	**369.5**	**145.6**
Maximum Global VaR of the Quarter	**391.0**	**508.5**	**156.5**
Average Global VaR of the Quarter	**298.1**	**336.2**	**66.7**
Minimum Global VaR of the Quarter	**195.3**	**80.9**	**39.5**

[1] *Adjusted for tax purposes*

VaR - Trading Portfolio

The Institutional Treasury Trading Portfolio acts to build positions aiming at optimizing risk-weighted profit and loss.

Effective market risk control enabled Itaú Unibanco to manage efficiently market changes, as well as maintain the continuous improvement of diversification and sophistication of its transactions.

The Trading Portfolio seeks the best domestic and foreign market opportunities, within the pre-established limits, and objectives to create a well-diversified risk exposure.

In this context, the risk assumed by the Institutional Treasury did not change significantly, strengthening Itaú Unibanco's tendency to incur only limited market risk exposures in relation to its capital. The average Global VaR in the quarter remained below 1% of net equity of Itaú Unibanco.

VaR - Itaú Unibanco - Trading Portfolio [1]

R$ million

VaR per Risk Factor Group	9/30/2012	6/30/2012	9/30/2011
Interest Rate	27.0	41.8	57.1
Foreign Exchange Linked	11.0	21.9	8.9
Exchange Rate Variation	5.7	16.6	13.5
Price Index Linked	11.8	9.5	12.4
Variable Income	25.4	19.3	22.3
Diversification effect	(51.5)	(73.3)	(25.8)
Global VaR	**29.4**	**35.8**	**88.4**
Maximum Global VaR of the Quarter	**64.2**	**112.3**	**125.0**
Average Global VaR of the Quarter	**43.5**	**67.0**	**66.2**
Minimum Global VaR of the Quarter	**29.4**	**25.7**	**38.4**

[1] *Adjusted for tax purposes*

VaR - Foreign Units

Itaú Unibanco's foreign units are financial institutions based in different countries that operate with local treasuries whose market risk exposures are monitored by local risk control groups. These treasury and risk control groups report to equivalent structures of Itaú Unibanco. These foreign units are *Banco Itaú BBA* International*, Banco Itaú Argentina, Banco Itaú Chile, Banco Itaú Uruguai* and *Banco Itaú Paraguai*.

The consolidated exposure of market risk of the foreign units in the third quarter, when compared to the previous one, reflected an increase as can be seen in the following table.

The Total VaR of the foreign units represents less than 1% of net equity of Itaú Unibanco.

VaR - Itaú Unibanco Foreign Units [1]

R$ millon

VaR per Risk Factor		9/30/2012	6/30/2012	9/30/2011
Banco Itaú BBA International	Euribor	0.3	0.1	0.1
	Libor	0.7	0.6	1.0
	Exchange Rate Variation	0.4	0.6	1.0
	Equities	0.1	0.3	-
	Others	0.1	0.2	0.3
	Diversification effect	(0.2)	(0.1)	(0.2)
	Global VaR IBBA International	1.4	1.6	2.1
Banco Itaú Argentina	Fixed Income Interest Rate Denominated in Pesos (ARS)	3.0	2.1	9.5
	Inflation Index Linked Interest Rate (CER)	0.0	0.0	0.0
	Badlar	0.2	0.3	1.2
	Foreign Exchange Linked and Exchange Rate Variation - Dollar	4.1	2.0	6.3
	Foreign Exchange Linked and Exchange Rate Variation - Euro	0.5	1.0	0.1
	Diversification effect	(3.5)	(3.0)	(7.7)
	Global VaR Itaú Argentina	4.3	2.4	9.3
Banco Itaú Chile	Fixed Income Interest Rate Denominated in Pesos (CLP)	0.6	1.8	2.5
	Inflation Index Linked Interest Rate (UF)	5.4	6.1	7.3
	Foreign Exchange Linked and Exchange Rate Variation - Dollar	1.0	1.4	0.7
	Exchange Rate Variation - Other Currencies	0.0	0.0	0.0
	Diversification effect	(1.0)	(3.3)	(1.9)
	Global VaR Itaú Chile	6.0	6.1	8.6
Banco Itaú Uruguai	Fixed Income Interest Rate Denominated in Pesos (UYU)	1.2	0.4	0.0
	Inflation Index Linked Interest Rate (UI)	1.0	1.5	0.9
	Foreign Exchange Linked - Dollar	1.4	1.7	0.0
	Foreign Exchange Rate - Dollar	0.1	0.1	0.3
	Diversification effect	(1.5)	(2.0)	(0.7)
	Global VaR Itaú Uruguay	2.1	1.7	1.1
Banco Itaú Paraguai	Fixed Income Interest Rate Denominated in Guaranis (PYG)	0.5	0.1	0.3
	Foreign Exchange Linked - Dollar	0.2	0.2	0.3
	Foreign Exchange Rate - Dollar	0.0	0.1	0.1
	Diversification effect	(0.2)	(0.1)	(0.3)
	Global VaR Itaú Paraguay	0.6	0.2	0.5
Total VaR		14.4	12.0	21.6

[1] *Adjusted for tax purposes*

Sensitivity Analysis (Trading and Banking Portfolios)

In compliance with the CVM Regulatory Instruction No. 475 of December 17th, 2008, Itaú Unibanco carried out a sensitivity analysis by market risk factors to which Itaú Unibanco was exposed that are considered relevant. Each market risk factor was analyzed based on the application of shocks of 25% and 50% for both growth and decline. The highest resulting losses, per risk factor, in each of the scenarios, were presented with an impact on results, net of tax effects, providing a view of the Itaú Unibanco's exposure in exceptional scenarios.

The sensitivity analyses of Trading and Banking Portfolios here presented are an ecstatic assessment of the portfolio exposure and, therefore, does not consider the dynamic response capability of the management (treasury and risk control areas) that, once a loss or a high risk related to these positions is identified, initiate mitigating measures, minimizing the possibility of significant losses. In addition, it should be noted that the P&L presented do not necessarily reflect accounting P&L since the study has the sole purpose of disclosing the risk exposures and the related hedging measures taking into consideration the fair value of the financial instruments, dissociated from any accounting practices adopted by Itaú Unibanco.

Sensitivity of Trading Portfolio [1]

R$ thousand

Exposures		09/30/2012		
Risk Factors	**Risk of change in:**	**Scenario I**	**Scenario II**	**Scenario III**
Interest Rate	Fixed Income Interest Rates in reais	(71)	(1,734)	(3,373)
Foreign Exchange Linked	Foreign Exchange Linked Interest Rates	(191)	(4,898)	(9,750)
Foreign Exchange Rates	Prices of Foreign Currencies	51	(1,264)	(2,527)
Price Index Linked	Price Indexes Linked Interest Rates	(641)	(15,890)	(31,527)
TR	TR Linked Interest Rates	370	(9,326)	(18,815)
Equities	Prices of Equities	4,850	(121,247)	(242,494)
	Total without correlation	**4,367**	**(154,358)**	**(308,486)**
	Total with correlation	**3,512**	**(124,127)**	**(248,068)**

[1] *Amounts net of tax effects.*

Sensitivity of Trading and Banking Portfolios [1]

R$ thousand

Exposures		09/30/2012		
Risk Factors	**Risk of change in:**	**Scenario I**	**Scenario II**	**Scenario III**
Interest Rate	Fixed Income Interest Rates in reais	(1,456)	(36,252)	(72,224)
Foreign Exchange Linked	Foreign Exchange Linked Interest Rates	(1,065)	(26,295)	(51,897)
Foreign Exchange Rates	Prices of Foreign Currencies	2,925	(73,130)	(146,260)
Price Index Linked	Price Indexes Linked Interest Rates	(3,375)	(82,430)	(160,998)
TR	TR Linked Interest Rates	(5,425)	(132,481)	(258,608)
Equities	Prices of Equities	6,674	(166,852)	(333,704)
	Total without correlation	**(1,722)**	**(517,441)**	**(1,023,689)**
	Total with correlation	**(1,384)**	**(416,097)**	**(823,195)**

[1] *Amounts net of tax effects.*

In order to measure these sensitivities, the following scenarios are used:

- Scenario I: Addition of 1 basis point to the fixed income, FX-linked, inflation linked and interest rate indices linked interest rates curves, and 1 percentage point to currencies and equities prices, which are based on market information (*BM&FBOVESPA, Anbima*, etc.);
- Scenario II: Shocks of 25 basis points to the fixed income, FX-linked, inflation linked and interest rate indices linked interest rates curves, and 25 percentage points to currencies and equities prices, increasing and decreasing the closing market data, considering the highest loss per risk factor.
- Scenario III: Shocks of 50 basis points to the fixed income, FX-linked, inflation linked and interest rate indices linked interest rates curves, and 50 percentage points to currencies and equities prices, increasing and decreasing the closing market data, considering the highest loss per risk factor.

Backtesting

The effectiveness of the VAR model is validated on a daily basis by the use of backtesting techniques that compare actual daily results with the estimated daily VaR. The number of violations to the VaR pre-established limits should be consistent, within an acceptable statistical margin, with the hypothesis of 99% confidence intervals (i.e., there is a 1% probability that financial losses could be greater than the losses estimated by the model). Considering a 250 business-day time frame (ended in September 28th, 2012). As from 2012, the backtesting analyses presented below take into consideration the range groups suggested by the Basel document "Supervisory Framework for the use of backtesting in conjunction with the internal models approach to market risk capital requirements". These range groups are separated into:

- Green (0 to 4 violations): corresponds to backtesting results that do not suggest any problems with the quality or accuracy of the models adopted;
- Yellow (5 to 9 violations): refers to an intermediate range group, which indicates the need to pay attention and/or monitor; and
- Red (10 or more violations): shows the need for an improvement action.

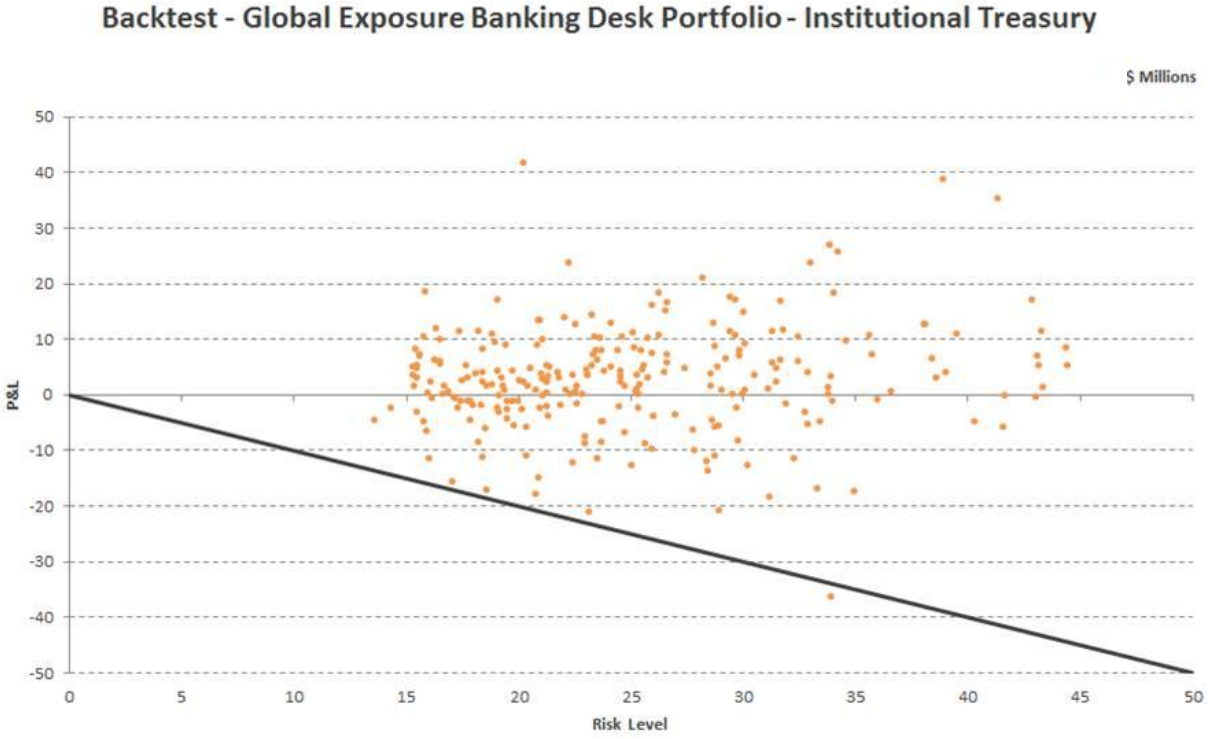
In order to illustrate the reliability of risk measures generated from the models used by Itaú Unibanco, it is presented below the backtesting graphs of the total Banking Portfolio and the fixed income interest rate risk factor, in order to be the most relevant risk factor of this portfolio, as well as the backtesting of the total Trading Portfolio. These analyses are performed based on the period of the last 250 business days (ended in September 28th, 2012) and consider in general the most relevant positions for both portfolios.

Due to the limited importance of the VaR amounts of the international units, the following backtesting analyses do not include the portfolio of these units.

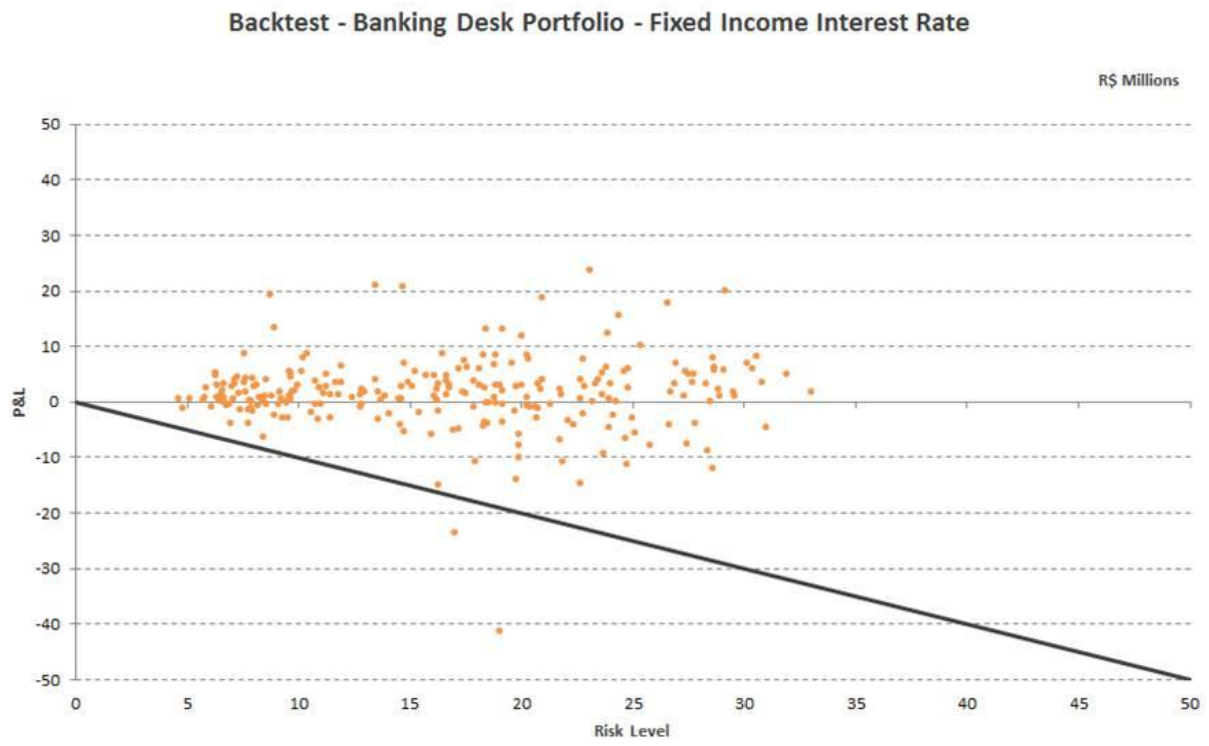
The graphs show the adequacy level of the market risk models used by Itaú Unibanco, presenting the risk (absolute value) versus the return pairs for the period considered.

Since the diagonal line represents risk equal to P&L, all the dots below this line indicate violations to the estimated risk.

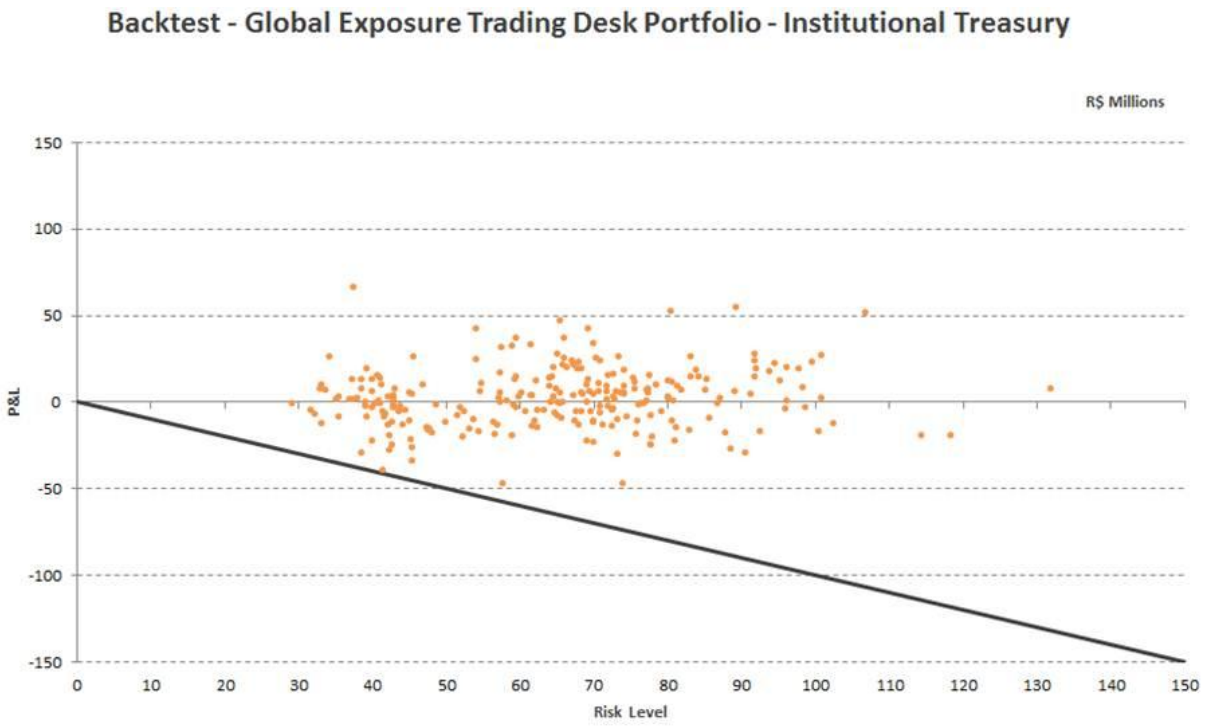
For the global VaR of the Banking portfolio of the Institutional Treasury, the financial losses exceeded the VaR estimated by the model on only 1 day in the period, the backtesting of this portfolio is in the green range.



For the fixed income interest rate risk factor of the Banking portfolio, financial losses exceeded the VaR estimated by the model on 2 days in the period, the backtesting of this factor is in the green range.



For the global VaR of the Trading portfolio of the Institutional Treasury, no financial losses exceeded the VaR estimated by the model in the period, the backtesting of this factor is in the green range.



3.4 Operational Risk

On April 30th, 2008, BACEN published Circular No. 3,383 and Circular Letters No. 3,315 and No. 3,316 that established the criteria for determining the regulatory portion required to cover the operational risk (POPR) addressed by CMN Resolution No. 3,490, in effect since July 1st, 2008. Therefore, since this date, Itaú Unibanco began to allocate capital for operational risk through the Alternative Standardized Approach.

The amount of the POPR portion is calculated on a semiannual basis with information related to the closing balances at June 30th and December 31st and takes into consideration the most recent six-month periods.

As from June 30th, 2010, an additional portion was added to the POPR of the economic and financial consolidated by using an indicator based on equity in earnings of subsidiaries and affiliates.

Opening Regulatory Portion Required to Cover Operational Risk

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Regulatory Portion Required to Cover Operational Risk (POPR)	**3,807**	**3,963**	**3,460**	**4,356**	**4,394**	**3,851**
Retail	648	607	562	648	607	562
Commercial	1,033	958	921	1,033	958	921
Corporate finance	103	88	82	103	88	82
Negotiation and sales	1,383	1,691	1,289	1,383	1,691	1,289
Payments and settlements	280	272	269	280	272	269
Financial agent services	148	139	128	148	139	128
Asset management	200	192	190	200	192	190
Retail brokerage	13	16	19	13	16	19
Business plans	-	-	-	-	-	-
Conef additional	-	-	-	549	431	391

3.5 Methodology for Determining Risks Not Covered in the PRE

Itaú Unibanco, in accordance with the recommendations of the Basel Accord and the best risk management practices, has internal models that identify the risks that are not covered in the PRE.

The market risk models take into consideration the risk of loss of the positions of Banking Portfolio. Our internal economic capital model for credit risk includes the concentration risk. The risks of the insurance, pension plan and capitalization portfolio are also measured. It is also take into consideration the residual risk related to the imperfections of the modeling processes, as well as the impacts in stress situations.

The models are an effective part in Itaú Unibanco's risk management process and are monthly monitored by the risk areas and Commissions and Committees responsible for risk management.

4 Sufficiency of Capital

Itaú Unibanco maintains proper levels of PR in relation to the PRE, which is a regulatory minimum requirement. We compare, on a systematic basis, this minimum requirement with our internal estimates of required economic capital and we concluded that the PRE is, in aggregate, sufficient to cover the risks incurred, including those that are not directly covered in the PRE.

On September 30th, 2012, our PR reached R$ 110,766 million, an increase of R$ 8,247 million when compared to June 30th, 2012, mainly due to the approval, by BACEN, for subordinated debts amounting to R$ 6,260 million to compose the Tier II of the PR. When compared to the same period of the previous year, the PR increased R$ 22,264 million.

Composition of Referential Equity (PR)

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Tier I	**77,428**	**74,702**	**67,977**	**77,282**	**75,267**	**68,340**
Tier II	**33,790**	**27,561**	**20,186**	**33,790**	**27,561**	**20,187**
Exclusions: Funding Instruments Issued by Financial Institutions	(306)	(309)	(25)	(306)	(309)	(25)
Referential Equity (PR)	**110,912**	**101,954**	**88,138**	**110,766**	**102,519**	**88,502**
Required Referential Equity (PRE)	**70,051**	**67,402**	**64,206**	**69,540**	**66,676**	**62,957**
Excess capital in relation to Required Referential Equity	**40,861**	**34,552**	**23,932**	**41,225**	**35,843**	**25,545**

In order to ensure the robustness of Itaú Unibanco and the availability of capital to support business growth, we maintain PR levels that are way above the minimum levels, according to the Basel Ratio. Therefore, our capital levels are quite sufficient in view of the entailed risks.

The BIS ratio reached 17.5%, up 60 basis points from June 30st, 2012, mainly due to the approval, by BACEN, for subordinated debts amounting to R$ 6,264 million to compose the Tier II of the PR. If it took into consideration the other issuances that are pending approval of the BACEN, amounting to R$ 2,421 million, our BIS ratio would reach 17.9% (effect of 40 basis points).

The BIS ratio of the Financial System Consolidated reached 17.4% on September 30th, 2012. The difference between the BIS ratio of the Financial System Consolidated and that of the Economic and Financial Consolidated arises from the inclusion of non-financial subsidiaries in the Economic and Financial Consolidated and the funds of which can be distributed to financial companies by means of the payment of dividends/interest on capital or corporate restructuring.

The fixed asset ratio shows the percentage at which the PR is committed to the permanent assets. Itaú Unibanco is within the maximum limit of 50% on the Adjusted PR, established by BACEN.

Basel and Fixed Asset Ratios

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	9/30/2012	6/30/2012	9/30/2011	9/30/2012	6/30/2012	9/30/2011
Basel ratio	**17.4%**	**16.6%**	**15.1%**	**17.5%**	**16.9%**	**15.5%**
Tier I	12.1%	12.1%	11.6%	12.2%	12.4%	12.0%
Tier II	5.3%	4.5%	3.5%	5.3%	4.5%	3.5%
Fixed assets ratio	**45.5%**	**40.2%**	**49.8%**	**22.9%**	**14.3%**	**14.0%**
Excess Capital in Relation to Fixed Assets	4,949	9,997	197	30,053	36,610	31,840

Circular No. 3,568, of December 21st, 2011, changes the provisions of Circulars Nos. 3,361, of September 12nd, 2007, 3,388, of June 4th, 2008, 3,389, of June 25th, 2008, 3,478 of December 24th, 2009 and 3,498, of June 28th, 2010, which set forth the procedures for calculation of the portion related to market risk. The new calculation method will be adopted gradually from January 1st, 2012, taking into account that it shall be fully employed from December 31st, 2012. Should the new rules already be applicable, the ratios would be reduced by about 0.2%.

5 Glossary of Acronyms

A

- Anbima - *Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais* (Brazilian Association of Financial and Capital Market Entities)
- AVA - *Avaliação de Vulnerabilidades e Ameaças* (Threats and Vulnerabilities Analysis)
- ARS - Argentine Peso

B

- BACEN - *Banco Central do Brasil* (Central Bank of Brazil)
- BCBA - *Bolsa de Comercio de Buenos Aires* (Buenos Aires Stock Exchange)
- BIA - Business Impact Analysis
- *BM&FBOVESPA - Bolsa de Valores, Mercadorias e Futuros de São Paulo* (São Paulo Stock, Mercantile and Future Exchange)
- BRL - Brazilian Real

C

- CDB - *Certificado de Depósito Bancário* (Bank Deposit Certificate)
- CDC - *Crédito Direto ao Consumidor* (Consumer Credit)
- CDI - *Certificado de Depósito Interfinanceiro* (Interbank Deposit Certificate)
- CDS - Credit Default Swap
- CER - *Coeficiente de Estabilización de Referencia* (Argentine inflation index linked interest rate)
- CGRC - *Comitê de Gestão de Riscos e de Capital* (Board Risk and Capital Management Committee)
- CLN - Credit Linked Note
- CLP - Chilean Peso
- CMN - *Conselho Monetário Nacional* (National Monetary Council)
- CNSP - *Conselho Nacional de Seguros Privados* (National Council of Private Insurance)
- CONEF - Economic-Financial Consolidated
- CRI - *Certificados de Recebíveis Imobiliários* (Securitized Real Estate Loans)
- CSAGRO - *Comissão Superior de Auditoria e Gestão de Riscos Operacionais* (Superior Audit and Operational Risk Management Committee)
- CSC - *Comissão Superior de Crédito* (Superior Credit Committee)
- CSEXT - *Comissão Superior das Unidades Externas* (Superior Foreign Units Committee)
- CSP - *Comissão Superior de Produtos* (Superior Product Committee)
- CSRisc - *Comissão Superior de Políticas de Risco* (Superior Risk Policy Committee)
- CSTI - *Comissão Superior de Tesouraria Institucional* (Superior Institutional Treasury Committee)
- CSTIL - *Comissão Superior de Tesouraria Institucional - Liquidez* (Superior Institutional Treasury and Liquidity Committee)

D

- DAX - *Deutscher Aktien Index* (German Stock Index)
- DRL - *Demonstrativo de Risco de Liquidez* (Liquidity Risk Statements)
- DV01 - Delta Variation Risk
- DXY - Dolar Index Spot

E

- EAD - Exposure at Default
- EaR - Earning at Risk
- EPR - *Exposição Ponderada pelo Risco de Crédito* (Exposure weighted by credit risk)

F

- FIDC - *Fundos de Investimento em Direito Creditórios* (Credit Rights Investment Funds)
- FPRs - *Fatores de Ponderação de Riscos* (weighting factor)

G

- GDP - Gross Domestic Product

I

- Ibovespa - *Índice Bovespa* (Bovespa index)
- IPCA - *Índice de Preço ao Consumidor Amplo* (Brazilian consumer index)
- IPI - *Imposto sobre Produtos Industrializados* (Tax on Industrialized Products)
- IT - Information Technology

J

- *JCP - Juros sobre Capital Próprio* (Interest on capital)

L

- LGD - Loss Given Default

N

- NYSE - New York Stock Exchange

P

- PACS - Regulatory portion required to cover the risk of transactions subject to variations in stock prices and classified in the Trading Portfolio
- PCAM - Regulatory portion required to cover the risk of exposures in gold, foreign currency and transactions subject to foreign exchange rate variations
- PCN - *Planos de Continuidade de Negócios* (Business Continuity Plans)
- PCOM - Regulatory portion required to cover the risk of transactions subject to variations in commodity prices
- PD - Probability of default
- PEPR - Regulatory portion required to cover credit risk and other asset exposures not included in the other portions
- PF - *Pessoa Física* (Individuals)
- PGBL - *Plano Gerador de Benefício Livre* (Brazilian private pension plan)

- PJ - *Pessoa Jurídica* (Corporate)
- PJUR - Regulatory portion required to cover the risk of transactions subject to variations in interest rates and classified in the Trading Portfolio
- PJUR1 - Exposures subject to variation in fixed interest rates denominated in real
- PJUR2 - Exposures subject to variation in the foreign exchange linked interest rate
- PJUR3 - Exposures subject to variation in the price index linked interest rates
- PJUR4 - Exposures subject to variation in the interest rate index linked interest rate
- POPR - Regulatory portion required to cover operational risk calculated based on the volume of wholesale and commercial loans, gross income from financial intermediation and service fees from other standardized beta-weighted business lines
- PRE - *Patrimônio de Referência Exigido* (Required Referential Equity)
- PR - *Patrimônio de Referência* (Referential Equity)
- PYG - Paraguayan Guarani

R

- RA - Risk Assessment
- RBAN - Referential equity calculated for covering the interest rate risk of trades of the banking book

S

- Selic - *Sistema Especial de Liquidação e de Custódia* (Special Clearance and Escrow System)
- SUSEP - *Superintendência de Seguros Privados* (Superintendence of Private Insurance)
- SP - São Paulo

T

- TRS - Total Return Swap
- TR - *Taxa Referencial* (Referential Rate)
- TVM - *Títulos de valores mobiliários* (Securities)

U

- UF - Chilean consumer index
- UI - Uruguayan consumer index
- USA - United States of America
- UYU - Uruguayan Peso

V

- VaR - Value at Risk
- VGBL - *Vida Gerador de Benefício Livre* (Brazilian private pension plan)

6 Glossary of Norms

- BACEN Circular nº 3,354 of June 27th, 2007
- BACEN Circular nº 3,360 of Sebtember 12th, 2007
- BACEN Circular nº 3,361 of Sebtember 12th, 2007
- BACEN Circular nº 3,362 of Sebtember 12th, 2007
- BACEN Circular nº 3,363 of Sebtember 12th, 2007
- BACEN Circular nº 3,364 of Sebtember 12th, 2007
- BACEN Circular nº 3,366 of Sebtember 12th, 2007
- BACEN Circular nº 3,368 of Sebtember 12th, 2007
- BACEN Circular nº 3,383 of April 30th, 2008
- BACEN Circular nº 3,388 of June 4th, 2008
- BACEN Circular nº 3,389 of June 25th, 2008
- BACEN Circular nº 3,393 of June 3rd, 2008
- BACEN Circular nº 3,425 of December 17th, 2008
- BACEN Circular nº 3,476 of December 24th, 2009
- BACEN Circular nº 3,477 of December 24th, 2009
- BACEN Circular nº 3,478 of December 24th, 2009
- BACEN Circular nº 3,498 of July 28th, 2010
- BACEN Circular nº 3,563 of November 11th, 2007
- BACEN Circular nº 3,568 of December 21th, 2011
- BACEN Public Hearing Notice nº 39 of December 29th, 2011
- BACEN Public Hearing Notice nº 40 of February 17th, 2012
- BACEN Statement nº 20,615 of February 17th, 2011
- BACEN Statement nº 19,028 of October 29th, 2009
- BACEN Circular Letter nº 3,309 of April 15th, 2008
- BACEN Circular Letter nº 3,310 of April 15th, 2008
- BACEN Circular Letter nº 3,315 of April 30th, 2008
- BACEN Circular Letter nº 3,316 of April 30th, 2008
- BACEN Circular Letter nº 3,478 of December 24th, 2009
- BACEN Circular Letter nº 3,581 of March 08th, 2012
- CNSP Circular nº 411 of December 22nd, 2010
- CNSP Resolution nº 168 of December 17th, 2007
- CNSP Resolution nº 178 of December 17th, 2007
- CNSP Resolution nº 200 of December 16th, 2008
- CNSP Resolution nº 227 of December 06th, 2010

- CNSP Resolution nº 228 of December 06th, 2010
- CMN Resolution nº 2,682 of December 21st, 1999
- CMN Resolution nº 2,804 of December 21st, 2000
- CMN Resolution nº 3,380 of June 29th, 2006
- CMN Resolution nº 3,444 of February 28th, 2007
- CMN Resolution nº 3,464 of June 26th, 2007
- CMN Resolution nº 3,490 of August 29th, 2007
- CMN Resolution nº 3,533 of January 31st, 2008
- CMN Resolution nº 3,674 of December 30th, 2008
- CMN Resolution nº 3,721 of April 30th, 2009
- CMN Resolution nº 3,809 of October 28th 2009
- CMN Resolution nº 3,825 of December 16th, 2009
- CMN Resolution nº 3,988 of June 30th, 2011
- CVM Regulatory Instruction nº 475 of December 17th, 2008