

4th quarter of 2012

Risk Management - Circular No. 3,477

Itaú Unibanco Holding S.A.

OBJECTIVE 4

INTRODUCTION 4

1 RISK AND CAPITAL MANAGEMENT 5

1.1 Organizational Structure 5

1.2 Risk and Capital Governance 7
Board Risk and Capital Management Committee (CGRC) 7
Audit Committee 7
Superior Risk Policy Committee (CSRisc) 8
Superior Risk Institutional Policies Committee (CSNIR) 8
Superior Institutional Treasury Committee (CSTI) 8
Superior Institutional Treasury and Liquidity Committee (CSTIL) 9
Superior Credit Committee (CSC) 9
Superior Audit and Operational Risk Management Committee (CSAGRO) 9
Superior Product Committee (CSP) 9
Superior Foreign Units Committee (CSEXT) 10

1.3 Credit Risk 11

1.4 Market Risk 13

1.5 Liquidity Risk 16

1.6 Insurance Risk 17

1.7 Operational Risk 18

1.8 Crisis Management and Business Continuity 19

1.9 Requirements for Regulatory Capital Allocation 21
Basel II 21
Internal Models 21
Basel III 21

2 REFERENTIAL EQUITY 22

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 34
Overdue Amounts 34
Allowance for Loan Losses 34
Mitigating Instruments 35
Operations of Securitization 35
Sale or Transfer of Financial Assets 36
Counterparty Credit Risk 36
Credit Derivatives 37

3.3 Market Risk 39

Trading and Banking Portfolios – Regulatory Considerations 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 CAPITAL ADEQUACY 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 policies 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/ri.

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 and Capital Management

Itaú Unibanco regards risk management as an essential instrument to optimize the use of its 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 policies, 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, liquidity and reputation.

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 business units. The control units, in turn, support Itaú Unibanco's management by means of monitoring procedures and risk analysis.

Meeting the National Monetary Council (CMN) Resolution No. 3,988 of June 30th, 2011, Itaú Unibanco completed the implementation of its capital management structure. The first internal capital adequacy assessment process (ICAAP) report will be submitted to BACEN in September 2013 for the base date of July 2013.

The Board of Directors is the ultimate body in the Itaú Unibanco's capital management and it is responsible for monitoring the capital adequacy and analyzing the results of the ICAAP independent validation, as well as for approving the capital management institutional policy and the ICAAP report. At the executive level, the Superior Risk Policy Committee (CSRisc) is responsible for approving risk assessment and capital calculation methodologies, as well as reviewing, monitoring and recommending capital-related documents and topics to the Board of Directors. Supporting the governance of Commissions and Committees, Itaú Unibanco has a structure that is dedicated to the capital management of the institution, which coordinates and consolidates information and related processes, all subjected to verification by independent validation, internal control and audit departments.

The capital management process supports Itaú Unibanco by means of the continuous process of:

- Monitoring the capital need maintained by Itaú Unibanco in scenarios of normality and stress, considering the regulatory requirements and the guidelines of the Board of Directors;
- Planning of targets and capital need taking into consideration Itaú Unibanco's strategic objectives;
- Adoption of a prospective posture in relation to capital management.

The document that presents the guidelines established by the institutional capital management policy can be viewed on the http://www.itau-unibanco.com/ri website under Corporate Governance, Regulations and Policies, Public Access Report – Capital Management.

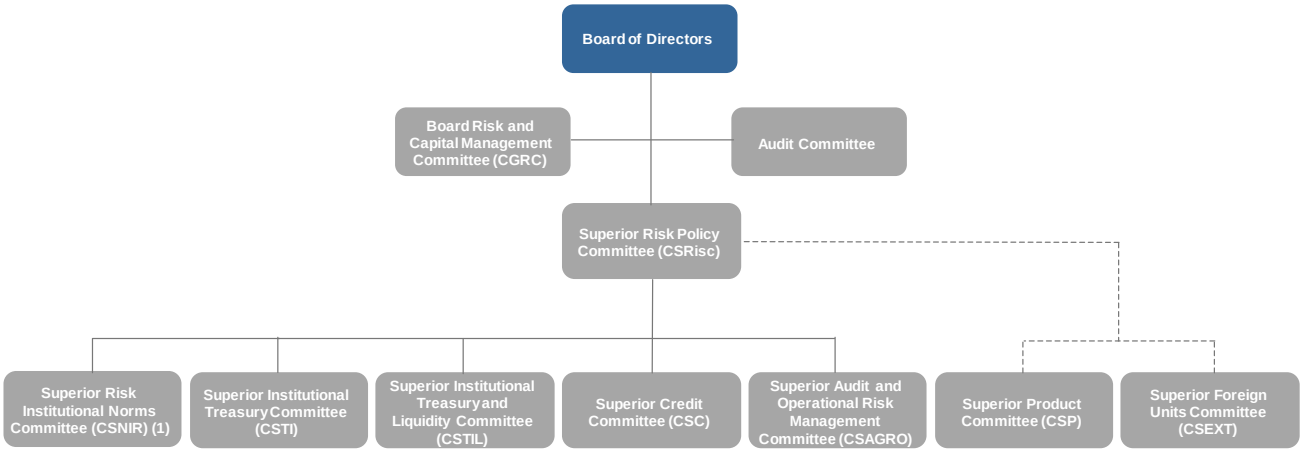
1.1 Organizational Structure

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 risks 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 policies and procedures in place. This independent unit is also responsible for centralizing Itaú Unibanco's capital management. 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 as well as a prospective view of its capital adequacy, so as to optimize and speed up corporate decisions.

Itaú Unibanco manages proprietary information technology (IT) systems to comply with Central Bank's capital reserve regulations 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 and Capital Governance

Itaú Unibanco established Committees responsible for risk and capital 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 policies 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 policies 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 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 policies and processes established;
- Approving decisions about taking risks with great impact on capital and reviewing 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 and capital management in Itaú Unibanco;
- Monitoring the process for implementing risk and capital management tools;
- Approving risk assessment and capital calculation methodologies.

Superior Risk Institutional Policies Committee (CSNIR)

The CSNIR aims at improving the risk governance. The purpose of the CSNIR is to validate and approve, within the authority level established by the CSRisc, the market, liquidity, credit, operational and insurance risks control and capital management institutional policies.

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 usage;
- 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 losses provision and capital allocation 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 it 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.

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 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 policy 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.

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

Itaú Unibanco has a structured process to maintain a diversified portfolio considered appropriate by the institution. The continuous monitoring of the level of concentration of its portfolios, analyzing the economic sectors and largest debtors, allows preventive measures to be taken to avoid the violation of the limits established and ensures the properly diversified distribution of clients.

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

The credit risk management governance 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 policies 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 policies 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;
- 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;
- Monitoring of the consolidated portfolio;
- Calculation and monitoring of the PR.

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.

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.

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 credit exposure to clients and counterparties, taking action to remedy occasional situations in which the actual exposure exceeds the desired one. In this sense, a series of contractual measures 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, most typically caused by variations in foreign exchange rates, interest rates, equity prices, price indexes and commodity prices, along with various indexes on these risk factors.

At Itaú Unibanco, market risk management is the process by which management monitors and controls risk of variations in the value of financial instruments, while aiming to optimize the risk-return ratio through an adequate limits structure, effective risk management models and related management tools.

The market risk control framework covers all financial instruments contained in all portfolios of the companies under Itaú Unibanco's control. In this respect, Itaú Unibanco's institutional policies and general market risk management framework is in line with the principles of CMN Resolution No. 3,464, of June 26th, 2007 and subsequent amendments. These principles guide the institution's approach to market risk control and management across all business units and legal entities of the Itaú Unibanco.

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

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

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

Itaú Unibanco's market risk management framework is subject to the governance and hierarchy of committees, with specific limits and established authorities. These range from aggregated risk indicators at the portfolio level, to more granular limits at the individual desk level. They help ensure the effectiveness and coverage of control. Limits are calibrated based on projections of future balance sheets, stockholders' equity available to support trading activities, and the risk profile of each organizational entity (defined in terms of risk measurement as used within the risk management process). Limits are monitored on a daily basis, with compliance reported to and discussed at the relevant board and management Committees.

The structure of limits and alerts follows Board of Directors guidelines. These are approved by the CSRisc, after endorsement by the CSTI. The limits structure is reviewed at least annually.

Key principles underlying market risk control are as follows:

- All market risk taken should be in line with Itaú Unibanco's risk-return objectives;
- Through disciplined dialogue, senior management is to be kept informed of the overall market risk profile and its evolution through time;
- There should be transparency as to how the business works to optimize its results;
- The market risk control structure should provide early warning mechanisms to facilitate effective risk management, without obstructing the business objectives, and
- Concentration risks should be avoided.

The market risk management and control process is subject to periodic reviews, to ensure it reflects alignment with best market practices, and continuous improvement over time.

Market risk control is managed by a group that is independent from the "risk origination" business units, and is responsible for performing the daily activities of risk measurement, evaluation, analysis and reporting to responsible individuals and units, according to established governance requirements, and monitoring the necessary actions to readjust the position and/or level of risk. For this purpose, there is a structured process of communication and information flow, which provides information to the Superior Committees and ensures compliance with the requirements of Brazilian and relevant foreign regulatory agencies.

Itaú Unibanco hedges transactions with clients and proprietary positions, including its foreign investments, in order to mitigate risk arising from fluctuations in market risk factors (e.g., prices) and to prevent positions from breaching relevant limits. Derivatives are commonly used for these hedging activities. When these transactions are classified as

hedges for accounting purposes, specific supporting documentation is provided, including ongoing follow-up of hedge effectiveness (retrospective and prospective) and other changes in the accounting process. The accounting and managerial hedging procedures are governed by the institutional polices of Itaú Unibanco.

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

The market risk framework categorizes transactions as part of either the Banking Portfolio or the Trading Portfolio, in accordance with criteria established by the New Capital Accord (Basel II) and by BACEN Circular No. 3.354, of June 27th, 2007 and Resolution No. 3.464.

The Trading Portfolio consists of all qualifying transactions (including derivatives) held with intent to trade in the short term, to benefit from arbitrage opportunities, or to hedge risk within this portfolio, and that have no restriction. Profit arises from the changes in actual or expected prices in the short term.

The Banking Portfolio is composed of transactions that are not classified in the Trading Portfolio. Treasury transactions in the Banking Portfolio are executed in conjunction with active management of financial risks inherent in the Itaú Unibanco's overall balance sheet, and are held without intent to trade in the short term. The Banking Portfolio may include derivatives.

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

- Interest rates: the risk of losses from transactions subject to interest rates variations, including:
  - Fixed income interest rates denominated in real (BRL); and
  - An interest rate index linked to interest rates;
- Foreign exchange-linked: the risk of losses arising from positions in transactions which are subject to a foreign exchange-linked interest rate;
- Foreign exchange rates: the risk of losses from positions subject to foreign exchange rate variation (e.g., foreign currency positions);
- Price index-linked: the risk of losses from transactions subject to the variations in the price of index-linked interest rates;
- Equities: the risk of losses from transactions subject to equity price variations;
- Commodities: the risk of losses from transactions subject to commodity price variations.

Market risk for interest rate in the Banking Portfolio is managed by a combination of processes, including marking-to-market positions, determining sensitivity to interest rate variations, Value at Risk (VaR) modeling and running stress tests across the portfolio. These processes are consistent with Itaú Unibanco's institutional policies incorporated into the market risk framework.

For evaluating positions in shares held in either the Trading or the Banking Portfolios, Itaú Unibanco uses VaR, in addition to applying stress testing, as presented in the paragraph below. From a regulatory perspective, the regulations of BACEN, regarding the portion of the market risk for shares, described in item 3 of this publication, are observed for the Trading Portfolio.

Market risk is analyzed based on the following metrics:

- Value at Risk (VaR): a statistical metric that quantifies the expected potential economic loss in normal market conditions, considering a defined holding period and confidence level;
- Losses in Stress Scenarios (Stress Testing): a simulation technique to evaluate the impact, in the assets, liabilities and derivatives of the portfolio, of various risk factors in extreme market situations (based on prospective scenarios);
- Stop Loss Alerts: an additional stress scenario where cumulative results are added to the potential maximum loss in bullish and bearish scenarios;
- Concentration: cumulative exposure of certain asset or risk factor calculated at market value ("MtM - Mark to Market").

In addition to the risk metrics described above, sensitivity and loss control measures are also analyzed. They include:

- Gap Analysis: accumulated exposure of the cash flows by risk factor, which are marked-to-market and positioned by settlement dates;
- Sensitivity (DV01 – Delta Variation Risk): impact on the market value of cash flows when a 1.0 annual basis point change is applied to current interest rates or on the index rates and 1 percentage point in share prices and currencies;
- Sensitivities to Various Risk Factors (Greek): partial derivatives of a portfolio of options on the prices of the underlying assets, implied volatilities, interest 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 the monitoring, control and analysis 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 institution'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 at creating 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 Itaú Unibanco'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 specific insurance risk Committees or the CSRisc, observing the limits of authority levels.

The managers of each 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 policies, 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 insurance risk management process applied to products, services, activities, processes and systems is described and published in an insurance risk institutional policy.

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 associated 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 policy, 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 is to support the institution in decision making, always looking for the proper identification and assessment 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 in order 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 purpose of operational risk management is to identify, evaluate, measure and respond to the institution's operational risks and monitor them in order to maintain 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, it can be highlighted 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 institution'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 policy.

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 institution 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 dates 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 the business of Itaú Unibanco 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, being 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 in the Resolution mentioned above.

Composition of Tier I and Tier II

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	9/30/2012	12/31/2011
Stockholders' equity Itaú Unibanco Holding S.A. (Consolidated)	**74,220**	**78,979**	**71,347**	**74,220**	**78,979**	**71,347**
Minority Interest in Subsidiaries	1,246	1,266	1,181	903	1,121	1,742
Changes in ownership interest in a subsidiary in capital transactions	7,360	-	-	-	-	-
Unrealized Results	-	-	-	-	-	-
Consolidated Stockholders' Equity (BACEN)	**82,825**	**80,245**	**72,528**	**75,122**	**80,100**	**73,089**
Revaluation Reserves Excluded from Tier I	-	-	-	-	-	-
Deferred Tax Assets Excluded from Tier I	(586)	(595)	(581)	(587)	(595)	(590)
Deferred Permanent Assets Excluded from Tier I	(215)	(234)	(294)	(215)	(234)	(294)
Adjustment to Market Value – Securities and Derivative Financial	(1,507)	(1,190)	139	(1,507)	(1,190)	138
Additional Provision for Loan, Lease and Other	-	-	-	-	-	-
Preferred Shares With Clause of Redemption Excluded from Tier I	(807)	(798)	(741)	(807)	(798)	(741)
Tier I	**79,711**	**77,428**	**71,051**	**72,007**	**77,282**	**71,602**
Subordinated Debt	38,825	32,281	21,259	36,004	32,281	21,259
Preferred shares With Clause of Redemption	323	319	444	323	319	444
Revaluation Reserves	-	-	-	-	-	-
Adjustments to Market Value - Securities and Derivative Financial	1,507	1,190	(139)	1,507	1,190	(138)
Tier II	**40,654**	**33,790**	**21,564**	**37,833**	**33,790**	**21,565**
Tier I + Tier II	**120,365**	**111,218**	**92,615**	**109,840**	**111,072**	**93,166**
Exclusions						
Funding Instruments Issued by Financial Institutions	(420)	(306)	(55)	(420)	(306)	(55)
Reference Equity (PR)	**119,945**	**110,912**	**92,561**	**109,421**	**110,766**	**93,111**

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						12/31/2012	9/30/2012	12/31/2011
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)	2,797	4,951	725	4,720	524	-	13,717	15,301	23,156
Financial Bills	347	-	-	2,277	8,218	10,641	21,483	17,640	9,942
Euronotes	222	-	-	-	-	15,713	15,935	12,039	5,159
Subordinated Debt	**3,366**	**4,951**	**725**	**6,997**	**8,742**	**26,353**	**51,134**	**44,980**	**38,257**
Subject to approval - BACEN [1] and Other	12	-	-	75	-	3,151	3,238	3,564	717
Subordinated Debt - Total	**3,378**	**4,951**	**725**	**7,072**	**8,742**	**29,504**	**54,372**	**48,544**	**38,974**
Subordinated Debt Reducer (Cons. Op.)	(3,366)	(3,961)	(435)	(2,799)	(1,748)	-	(12,309)	(12,699)	(16,999)
Subordinated Debt Reducer (Conef)	(3,366)	(3,961)	(435)	(2,799)	(1,748)	(2,821)	(15,130)	(12,699)	(16,999)
Subordinated Debt - Tier II (Cons. Op.)	**-**	**990**	**290**	**4,198**	**6,994**	**26,353**	**38,825**	**32,281**	**21,259**
Subordinated Debt - Tier II (Conef)	**-**	**990**	**290**	**4,198**	**6,994**	**23,532**	**36,004**	**32,281**	**21,259**
Total - 9/30/2012	**4,475**	**3,373**	**2,252**	**6,239**	**8,829**	**23,376**	**48,544**		
Total - 12/31/2011	**10,715**	**2,567**	**4,538**	**659**	**6,891**	**13,604**	**38,974**		

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

The details concerning the maturities, the compensation, the principal, the accounting balance 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.	12/31/2012	9/30/2012	12/31/2011	dec/12-sep/12	dec/12-dec/11	12/31/2012
				Principal Value			Variation		Accouting Balance
Subordinated CDB [1] - BRL									
	2002	2012	102.5% of CDI [1]	-	200	200	(200)	(200)	-
	2007	2012	103.8% of CDI	-	93	4,969	(93)	(4,969)	-
			CDI + 0.35% to 0.45%	-	237	731	(237)	(731)	-
			IGPM [3] + 7.31%	-	278	278	(278)	(278)	-
	2003	2013	102% of CDI	40	40	40	-	-	121
	2008	2013	CDI + 0.5% to 0.6%	1,558	1,558	1,558	-	-	2,597
			106% to 107% of CDI	48	48	48	-	-	79
	2007	2014	CDI + 0.35% to 0.6%	1,865	1,865	1,865	-	-	3,329
			IGPM + 7.22%	33	33	33	-	-	68
	2008	2014	112% of CDI	1,000	1,000	1,000	-	-	1,554
	2008	2015	119.8% of CDI	400	400	400	-	-	657
	2010	2015	113% of CDI	50	50	50	-	-	69
	2006	2016	CDI + 0.7% [2]	466	466	466	-	-	892
	2010	2016	110% to 114% of CDI	2,665	2,665	2,665	-	-	3,654
			IPCA [3] + 7.21%	123	123	123	-	-	174
	2010	2017	IPCA + 7.33%	367	367	367	-	-	524
			Total	**8,614**	**9,423**	**14,793**	**(808)**	**(6,179)**	**13,717**
Subordinated Financial Bills - BRL									
	2010	2016	CDI + 1.35% to 1.36%	365	365	365	-	-	375
			112% to 112.5% of CDI	1,874	1,874	1,874	-	-	1,924
			IPCA + 7%	30	30	30	-	-	39
	2010	2017	IPCA + 6.95% to 7.2%	206	206	206	-	-	244
	2011	2017	108% to 112% of CDI	3,224	3,224	3,011	-	213	3,308
			CDI + 1.29% to 1.52%	3,650	3,650	3,650	-	-	3,716
			IPCA + 6.15% to 7.8%	352	352	343	-	9	408
			IGPM + 6.55% to 7.6%	138	138	55	-	84	163
	2012	2017	CDI + 1.12%	500	500	-	-	500	503
	2011	2018	IGPM + 7%	42	42	42	-	-	50
			IPCA + 7.53% to 7.7%	30	30	30	-	-	34
	2012	2018	108% to 113% of CDI	5,761	3,427	-	2,334	5,761	5,902
			IPCA + 4.4% to 6.58%	461	426	-	35	461	508
			CDI + 1.05% to 1.32%	2,597	2,527	-	70	2,597	2,640
			9.95% to 11.95%	112	22	-	90	112	118
	2011	2019	109% to 109.7% of CDI	2	2	1	-	1	2
	2012	2019	110% of CDI	1	1	-	-	1	1
			11.96%	12	12	-	-	12	13
			IPCA + 4.7% to 6.3%	101	97	-	4	101	108
	2012	2020	111% of CDI	1	1	-	-	1	1
			IPCA + 6% to 6.17%	20	20	-	-	20	22
	2011	2021	109% to 111% of CDI	6	6	6	-	-	7
	2012	2022	IPCA + 5.4% to 5.83%	1,317	60	-	1,257	1,317	1,375
			IGPM + 4.63%	20	-	-	20	20	20
			Total	**20,821**	**17,011**	**9,612**	**3,810**	**11,209**	**21,483**
Subordinated Euronotes - USD									
	2010	2020	6.2%	990	990	990	-	-	2,043
	2010	2021	5.75%	1,000	1,000	1,000	-	-	2,095
	2011	2021	5.75% to 6.2%	730	730	730	-	-	1,493
	2012	2021	6.2%	550	550	-	-	550	1,140
	2012	2022	5.5% to 5.65%	2,600	2,600	-	-	2,600	5,354
	2012	2023	5.13%	1,851	-	-	1,850	1,850	3,810
			Total USD	**7,721**	**5,870**	**2,720**	**1,850**	**5,000**	
			Total BRL			-			**15,935**
			Grand Total						**51,134**
			Subordinated Debt Reducer (Cons. Op.)						(12,309)
			Subordinated Debt Reducer (Conef)						(15,130)
			Subordinated Debt - Tier II (Cons. Op.)						**38,825**
			Subordinated Debt - Tier II (Conef)						**36,004**

[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, respected 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.

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 describes the rules on regulatory capital required for authorization and operation of insurance companies and pension plans and rules for the insurance risk capital allocation 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 capital 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:

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

- 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, weighted by beta factors.

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: changes the weighting factor for deferred tax assets arising from temporary differences from 300% to 100%, 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 loan maturity. 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 becomes 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. 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	**12/31/2012**		**9/30/2012**		**12/31/2011**	
Regulatory Portion Required to Cover Credit Risk (PEPR)	65,964	90.6%	63,453	90.6%	59,188	92.9%
Regulatory Portion Required to Cover Market Risk	3,027	4.2%	2,791	4.0%	1,079	1.7%
Regulatory Portion Required to Cover Operational Risk (POPR)	3,807	5.2%	3,807	5.4%	3,460	5.4%
Required Reference Equity (PRE)	**72,798**	**100%**	**70,051**	**100%**	**63,727**	**100%**

Composition of Required Reference Equity (PRE)

R$ million

	Economic-Financial Consolidated					
Risk exposure	**12/31/2012**		**9/30/2012**		**12/31/2011**	
Regulatory Portion Required to Cover Credit Risk (PEPR)	64,580	89.7%	62,351	89.7%	57,628	92.1%
Regulatory Portion Required to Cover Market Risk	3,100	4.3%	2,832	4.1%	1,076	1.7%
Regulatory Portion Required to Cover Operational Risk (POPR)	4,356	6.0%	4,356	6.3%	3,852	6.2%
Required Reference Equity (PRE)	**72,036**	**100%**	**69,540**	**100%**	**62,556**	**100%**

3.1 Economic Analysis

The whole business strategy and related impacts on 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 moderate growth in the third quarter of 2012. Gross Domestic Product (GDP) grew only 0.6% in relation to the second quarter of this year, after seasonal adjustment. Household consumption remained stable. The stimuli to demand, in particular the reduction of the Tax on Industrialized Products (IPI) on vehicles, had a positive effect. The robust labor market and high levels of confidence in the economy helped drive consumer demand for products and services. Meanwhile, investments were a disappointment. Gross capital formation dropped 2.0%. It has dropped for five consecutive quarters. The existence of idle capacity in industry and increased uncertainties regarding the evolution of the domestic and international scenarios have kept investments away.

The increase in the fourth quarter is expected to be slightly stronger. Based on this scenario, Itaú Unibanco projects a growth of 0.9% in 2012. The economic policy stimuli implemented, such as the reduction in interest rates and tax cuts, have already started to push up growth, but in a slower-than-expected pace. The prospects for 2013 are slightly better. Brazil is expected to grow by around 3.2%.

The daily average of new loans to individuals grew, in real seasonally-adjusted terms, 3.5% in December in relation to the previous month, up for two consecutive months (1.1% in November). Comparing 2012 with 2011, the total volume of loans to individuals increased 2.1% in real terms, the lowest annual result since 2008. As a proportion of GDP, the inventory of total loans of the economy grew 0.9%, growing 53.5% in 2012. Default rates of individuals have been stable for the past months whereas interest rates and spreads have been dropping.

The Brazilian Consumer Index (IPCA) was up 2.0% in the fourth quarter of 2012 compared with 1.4% in the previous quarter. Despite moderate growth, the labor market remains strong. The increase in the total wages and the unemployment rate at close to the minimum historical rates have been keeping inflation in services at high levels. Inflation in industrialized products increased as a result of the weaker foreign exchange rate. Prices of food rose again at the end of the year. The IPCA over the past twelve months increased from 5.3% in September to 5.8% at the end of 2012. Our projection for the IPCA is 5.6% in 2013.

In October, BACEN interrupted the cycle of interest rate cuts that began in August 2011. After dropping 525 basis points, the Selic basic interest rate stood at 7.25% at the end of 2012. BACEN has suggested that this rate will be maintained for a prolonged period but if the resumption of growth is disappointing again, the Monetary Policy Committee (Copom) may opt for additional cuts.

The Brazilian real-U.S. dollar exchange rate was practically stable in the fourth quarter of 2012 at 2.05 BRL/USD. In December, the authorities signaled some discomfort regarding possible further depreciation of the Brazilian real in relation to the U.S. dollar. The government and BACEN acted against further depreciation of the Brazilian real by loosening controls over the entry of foreign capital and resuming sales in the derivatives market (swaps). These actions caused an appreciation of 4% of the Brazilian real in relation to the U.S. dollar despite a foreign currency outflow of US$ 6.8 billion, the highest since 2008. International reserves totaled US$ 379.6 billion in December, practically stable in relation to September.

Interest rates continued to fall in the fourth quarter of the year. With the indication of Copom that it will maintain the Selic rate unchanged for a prolonged period, the interest rate curve started to show a slightly positive inclination in the short term, with the market pricing the Interbank Deposit Certificate (CDI) at around 7.6% at the end of 2013 (compared to 6.9% now). After that, the inclination becomes more accentuated, pricing interest at approximately 9.4% in the long term.

In the fourth quarter of 2012, the Bovespa Index (Ibovespa) increased by around 3%, driven by the improvement of the international scenario. In line with this movement, the market capitalization of BM&FBOVESPA rose to R$ 2.5 trillion, higher than the R$ 2.4 trillion seen at the end of September, with US$ 868 million raised from new issues of shares.

International Market

Some risks that posed a threat to the international scenario were dissipated during the last quarter of 2012. Adverse scenarios did not materialize. The prospects for 2013 are slightly better. The global economy is starting to stabilize and risks are lower.

In the United States, the Congress approved new legislation in the first minute of the year in order to avoid the so-called fiscal cliff. The arrangement represents a moderate fiscal contraction of 1.2% of GDP, in line with our scenario and the market consensus. Our projections are for an increase of GDP of 2.3% in 2012 and of 2.0% in 2013.

Economic activity in China maintained its trend for improvement. In November, industrial production rose 10.1% from 9.6% in October compared to the same month of the previous year, giving continuity to the recent upward trend. The risk of a strong slowdown seems to be behind us. Itaú Unibanco expects GDP to grow 7.7% in 2012 and 7.9% in 2013.

In the Euro Zone, the scenario remains complex. However, the chances of rupture are lower. The European Central Bank (BCE) is ready to use the new plan to purchase securities. Greece completed a debt repurchase operation and received €34 billion (US$ 45 billion) from its official creditors. Spain continued to access the securities market at reasonable volume and costs. With respect to economic activity, the prospects are still for stagnation, with recession in the neighboring countries.

The Dollar Index Spot (DXY), an index of the U.S. dollar price in relation to the main six currencies, remained stable in the quarter. The euro increased 1.5% in relation to the U.S. dollar.

The decrease in risk aversion and the improvement of financial conditions drove the stock exchange indexes and the interest rate curve. The S&P 500 resumed trading above 1,450 points and the German Stock Index (DAX) rose 5.5% in the fourth quarter of 2012. The interest rate of the 10-year Treasury bond was practically stable in the quarter at around 1.8%.

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		
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	9/30/2012	12/31/2011
Risk exposures						
Exposure weighted by credit risk (EPR)	**599,670**	**576,846**	**538,082**	**587,087**	**566,832**	**523,900**
Regulatory Portion Required to Cover Credit Risk (PEPR)	**65,964**	**63,453**	**59,189**	**64,580**	**62,351**	**57,629**
a) Per Weighting Factor (FPR):						
FPR at 20%	282	264	209	411	375	349
FPR at 35%	204	194	164	204	194	164
FPR at 50%	3,988	3,653	3,468	5,189	4,737	4,671
FPR at 75%	12,689	13,132	13,990	12,329	12,750	13,587
FPR at 100%	45,151	42,587	37,981	42,578	40,441	35,392
FPR at 150%	1,864	1,692	1,568	1,858	1,689	1,568
FPR at 300%	1,310	1,572	1,381	1,535	1,803	1,467
Derivatives - potential future gain	476	360	428	476	363	431
b) Per Type:						
Securities	3,798	3,591	2,540	3,854	3,648	2,602
Loan operations - Retail	9,972	10,385	11,167	9,715	10,120	10,886
Loan operations - Non-retail	24,491	23,083	20,141	24,504	23,093	20,150
Joint liabilities - Retail	37	40	49	37	40	49
Joint liabilities - Non-retail	6,555	6,303	5,550	6,518	6,269	5,546
Loan commitments - Retail	2,680	2,707	2,774	2,578	2,590	2,652
Loan commitments - non-retail	2,148	1,951	1,730	2,149	1,951	1,731
Other exposures	16,282	15,394	15,238	15,226	14,641	14,013

Evolution of Credit Portfolio

The information presented in the following tables allows the analysis of the credit portfolio and its behavior from many points of view: operations with credit granting characteristics segregated by FPR, country, geographic region and economic sector, concentration of the credit portfolio on major debtors and 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		
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	9/30/2012	12/31/2011
Per FPR						
FPR at 20%	1,301	982	2,043	1,301	982	2,043
FPR at 35%	5,291	5,049	4,266	5,291	5,049	4,266
FPR at 50%	16,619	17,151	14,648	16,619	17,151	14,647
FPR at 75%	153,802	159,178	169,574	149,445	154,542	164,690
FPR at 100%	266,822	252,659	225,440	266,655	252,470	225,514
FPR at 150%	11,296	10,254	9,506	11,258	10,235	9,501
FPR de 300%	717	474	120	717	474	120
Total	**455,847**	**445,746**	**425,597**	**451,286**	**440,902**	**420,781**
Per Country						
Brazil	386,901	379,687	371,159	382,264	374,814	366,321
Abroad [2]	68,946	66,059	54,437	69,022	66,088	54,460
Total	**455,847**	**445,746**	**425,597**	**451,286**	**440,902**	**420,781**
Per Geographic Region						
Southeastern	291,064	284,231	271,869	287,631	280,893	268,687
Southern	38,278	38,512	39,968	37,685	37,884	39,267
Northen	7,492	7,475	7,660	7,497	7,439	7,619
Nordeastern	31,644	30,904	32,216	31,244	30,314	31,607
Central-western	18,423	18,565	19,446	18,206	18,284	19,142
Total	**386,901**	**379,687**	**371,159**	**382,264**	**374,814**	**366,321**

[1] *The amount includes endorsements, sureties and committed loans, net of allowance for loan losses.*

[2] *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		
	4th quarter of 2012	3rd quarter of 2012	4th quarter of 2011	4th quarter of 2012	3rd quarter of 2012	4th quarter of 2011
Per FPR						
FPR at 20%	1,141	1,361	1,794	1,141	1,361	1,794
FPR at 35%	5,170	4,916	4,112	5,170	4,916	4,112
FPR at 50%	16,885	16,693	14,446	16,885	16,693	14,446
FPR at 75%	156,490	161,786	159,506	151,994	157,064	154,704
FPR at 100%	259,741	248,241	219,982	259,562	248,067	220,067
FPR at 150%	10,775	10,032	17,455	10,747	10,013	17,457
FPR de 300%	595	387	60	595	386	60
Total	**450,797**	**443,415**	**417,354**	**446,094**	**438,499**	**412,640**
Per Country						
Brazil	383,294	379,271	364,284	378,539	374,316	359,548
Abroad [2]	67,503	64,144	53,071	67,555	64,183	53,092
Total	**450,797**	**443,415**	**417,354**	**446,094**	**438,499**	**412,640**
Per Geographic Region						
Southeastern	287,648	282,953	266,080	284,262	279,568	262,965
Southern	38,395	38,987	39,581	37,785	38,334	38,901
Northen	7,483	7,469	7,616	7,468	7,433	7,576
Nordeastern	31,274	31,035	31,868	30,779	30,440	31,267
Central-western	18,494	18,826	19,139	18,245	18,541	18,839
Total	**383,294**	**379,271**	**364,284**	**378,539**	**374,316**	**359,548**

[1] *The amount includes endorsements, sureties and committed loans, net of allowance for loan losses.*

[2] *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 and on September 30th, 2012 in order to align the economic sectors exposure criteria for the purposes of disclosure in internal reports and of publication. The classification is presented below:

Operations with Credit Granting Characteristics [1]: Exposure

R$ million

	Financial System Consolidated			
	12/31/2012		9/30/2012	
Economic Sectors	Total	%	Total	%
PUBLIC SECTOR	**2,873**	**0.6%**	**2,919**	**0.7%**
ENERGY	236	0.1%	284	0.1%
PETROCHEMICAL AND CHEMICAL	2,422	0.5%	2,406	0.5%
SUNDRY	216	0.0%	229	0.1%
PRIVATE SECTOR	**452,974**	**99.4%**	**442,828**	**99.3%**
COMPANIES	**271,674**	**59.6%**	**265,245**	**59.5%**
SUGAR AND ALCOHOL	8,954	2.0%	8,670	1.9%
AGRIBUSINESS AND FERTILIZERS	12,913	2.8%	12,209	2.7%
FOOD AND BEVERAGE	15,836	3.5%	14,855	3.3%
BANKS AND OTHER FINANCIAL INSTITUTIONS	7,832	1.7%	8,652	1.9%
CAPITAL ASSETS	8,982	2.0%	8,918	2.0%
PULP AND PAPER	3,397	0.7%	3,379	0.8%
ELECTRONIC AND IT	7,061	1.5%	6,801	1.5%
PACKAGING	2,204	0.5%	1,899	0.4%
ENERGY AND SEWAGE	12,173	2.7%	11,021	2.5%
EDUCATION	1,473	0.3%	1,470	0.3%
PHARMACEUTICALS AND COSMETICS	6,625	1.5%	6,301	1.4%
REAL ESTATE AGENTS	20,645	4.5%	20,174	4.5%
ENTERTAINMENT AND TOURISM	3,650	0.8%	3,556	0.8%
WOOD AND FURNITURE	2,995	0.7%	3,080	0.7%
CONSTRUCTION MATERIAL	6,026	1.3%	5,658	1.3%
STEEL AND METALLURGY	11,110	2.4%	10,620	2.4%
MEDIA	1,354	0.3%	1,423	0.3%
MINING	4,559	1.0%	4,679	1.0%
INFRASTRUCTURE WORK	6,408	1.4%	6,745	1.5%
OIL AND GAS	4,684	1.0%	4,177	0.9%
PETROCHEMICAL AND CHEMICAL	7,376	1.6%	7,417	1.7%
HEALTH CARE	2,448	0.5%	2,331	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	80	0.0%	81	0.0%
TELECOMMUNICATIONS	5,912	1.3%	5,897	1.3%
CLOTHING AND FOOTWEAR	5,618	1.2%	5,342	1.2%
TRADING	2,184	0.5%	2,402	0.5%
TRANSPORTATION	18,561	4.1%	17,786	4.0%
DOMESTIC APPLIANCES	3,882	0.9%	3,545	0.8%
VEHICLES AND AUTOPARTS	18,512	4.1%	18,671	4.2%
THIRD SECTOR	146	0.0%	158	0.0%
PUBLISHING AND PRINTING	1,775	0.4%	1,739	0.4%
COMMERCE - SUNDRY	16,681	3.7%	16,539	3.7%
INDUSTRY - SUNDRY	5,124	1.1%	5,855	1.3%
SUNDRY SERVICES	18,959	4.2%	18,539	4.2%
SUNDRY	15,538	3.4%	14,657	3.3%
INDIVIDUALS	**181,300**	**39.8%**	**177,582**	**39.8%**
CREDIT CARDS	40,952	9.0%	36,918	8.3%
REAL ESTATE FINANCING	22,367	4.9%	20,874	4.7%
CONSUMER LOANS/OVERDRAFT	70,552	15.5%	70,494	15.8%
VEHICLES	47,428	10.4%	49,296	11.1%
GRAND TOTAL	**455,847**	**100.0%**	**445,746**	**100.0%**

[1] *The amount includes endorsements, sureties and committed loans, net of allowance for loan losses.*

Operations with Credit Granting Characteristics [1]: Exposure

R$ million

	Economic-Financial Consolidated			
	12/31/2012		9/30/2012	
Economic Sectors	**Total**	**%**	**Total**	**%**
PUBLIC SECTOR	**2,883**	**0.6%**	**2,929**	**0.7%**
ENERGY	236	0.1%	284	0.1%
PETROCHEMICAL AND CHEMICAL	2,422	0.5%	2,406	0.5%
SUNDRY	225	0.0%	240	0.1%
PRIVATE SECTOR	**448,403**	**99.4%**	**437,973**	**99.3%**
COMPANIES	**271,292**	**60.1%**	**264,992**	**60.1%**
SUGAR AND ALCOHOL	8,967	2.0%	8,670	2.0%
AGRIBUSINESS AND FERTILIZERS	12,913	2.9%	12,209	2.8%
FOOD AND BEVERAGE	15,836	3.5%	14,855	3.4%
BANKS AND OTHER FINANCIAL INSTITUTIONS	7,832	1.7%	8,652	2.0%
CAPITAL ASSETS	8,982	2.0%	8,918	2.0%
PULP AND PAPER	3,397	0.8%	3,379	0.8%
ELECTRONIC AND IT	7,061	1.6%	6,801	1.5%
PACKAGING	2,204	0.5%	1,899	0.4%
ENERGY AND SEWAGE	12,173	2.7%	11,021	2.5%
EDUCATION	1,473	0.3%	1,470	0.3%
PHARMACEUTICALS AND COSMETICS	6,625	1.5%	6,301	1.4%
REAL ESTATE AGENTS	20,645	4.6%	20,174	4.6%
ENTERTAINMENT AND TOURISM	3,650	0.8%	3,556	0.8%
WOOD AND FURNITURE	2,995	0.7%	3,080	0.7%
CONSTRUCTION MATERIAL	6,026	1.3%	5,658	1.3%
STEEL AND METALLURGY	11,110	2.5%	10,620	2.4%
MEDIA	1,354	0.3%	1,423	0.3%
MINING	4,559	1.0%	4,679	1.1%
INFRASTRUCTURE WORK	6,408	1.4%	6,745	1.5%
OIL AND GAS	4,684	1.0%	4,177	0.9%
PETROCHEMICAL AND CHEMICAL	7,376	1.6%	7,417	1.7%
HEALTH CARE	2,448	0.5%	2,331	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	80	0.0%	81	0.0%
TELECOMMUNICATIONS	5,912	1.3%	5,897	1.3%
CLOTHING AND FOOTWEAR	5,640	1.2%	5,342	1.2%
TRADING	2,184	0.5%	2,402	0.5%
TRANSPORTATION	18,561	4.1%	17,786	4.0%
DOMESTIC APPLIANCES	3,882	0.9%	3,545	0.8%
VEHICLES AND AUTOPARTS	18,525	4.1%	18,671	4.2%
THIRD SECTOR	146	0.0%	158	0.0%
PUBLISHING AND PRINTING	1,775	0.4%	1,739	0.4%
COMMERCE - SUNDRY	16,681	3.7%	16,539	3.8%
INDUSTRY - SUNDRY	5,124	1.1%	5,855	1.3%
SUNDRY SERVICES	18,971	4.2%	18,551	4.2%
SUNDRY	15,096	3.3%	14,391	3.3%
INDIVIDUALS	**177,111**	**39.2%**	**172,981**	**39.2%**
CREDIT CARDS	38,316	8.5%	34,070	7.7%
REAL ESTATE FINANCING	22,367	5.0%	20,874	4.7%
CONSUMER LOANS/OVERDRAFT	69,000	15.3%	68,741	15.6%
VEHICLES	47,428	10.5%	49,296	11.2%
GRAND TOTAL	**451,286**	**100.0%**	**440,902**	**100.0%**

[1] *The amount includes endorsements, sureties and committed loans, net of allowance for loan losses.*

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

R$ million

	Financial System Consolidated		Economic-Financial Consolidated	
	4th quarter of 2012		4th quarter of 2012	
Economic Sectors	Total	%	Total	%
PUBLIC SECTOR	**2,896**	**0.6%**	**2,906**	**0.7%**
ENERGY	260	0.1%	260	0.1%
PETROCHEMICAL AND CHEMICAL	2,414	0.5%	2,414	0.5%
SUNDRY	223	0.0%	232	0.1%
PRIVATE SECTOR	**447,901**	**99.4%**	**443,188**	**99.3%**
COMPANIES	**268,460**	**59.6%**	**268,142**	**60.1%**
SUGAR AND ALCOHOL	8,812	2.0%	8,818	2.0%
AGRIBUSINESS AND FERTILIZERS	12,561	2.8%	12,561	2.8%
FOOD AND BEVERAGE	15,346	3.4%	15,346	3.4%
BANKS AND OTHER FINANCIAL INSTITUTIONS	8,242	1.8%	8,242	1.8%
CAPITAL ASSETS	8,950	2.0%	8,950	2.0%
PULP AND PAPER	3,388	0.8%	3,388	0.8%
ELECTRONIC AND IT	6,931	1.5%	6,931	1.6%
PACKAGING	2,052	0.5%	2,052	0.5%
ENERGY AND SEWAGE	11,597	2.6%	11,597	2.6%
EDUCATION	1,472	0.3%	1,472	0.3%
PHARMACEUTICALS AND COSMETICS	6,463	1.4%	6,463	1.4%
REAL ESTATE AGENTS	20,410	4.5%	20,410	4.6%
ENTERTAINMENT AND TOURISM	3,603	0.8%	3,603	0.8%
WOOD AND FURNITURE	3,037	0.7%	3,037	0.7%
CONSTRUCTION MATERIAL	5,842	1.3%	5,842	1.3%
STEEL AND METALLURGY	10,865	2.4%	10,865	2.4%
MEDIA	1,388	0.3%	1,388	0.3%
MINING	4,619	1.0%	4,619	1.0%
INFRASTRUCTURE WORK	6,577	1.5%	6,577	1.5%
OIL AND GAS	4,430	1.0%	4,431	1.0%
PETROCHEMICAL AND CHEMICAL	7,396	1.6%	7,396	1.7%
HEALTH CARE	2,390	0.5%	2,390	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	81	0.0%	81	0.0%
TELECOMMUNICATIONS	5,905	1.3%	5,905	1.3%
CLOTHING AND FOOTWEAR	5,480	1.2%	5,491	1.2%
TRADING	2,293	0.5%	2,293	0.5%
TRANSPORTATION	18,173	4.0%	18,173	4.1%
DOMESTIC APPLIANCES	3,714	0.8%	3,714	0.8%
VEHICLES AND AUTOPARTS	18,592	4.1%	18,598	4.2%
THIRD SECTOR	152	0.0%	152	0.0%
PUBLISHING AND PRINTING	1,757	0.4%	1,757	0.4%
COMMERCE - SUNDRY	16,610	3.7%	16,610	3.7%
INDUSTRY - SUNDRY	5,489	1.2%	5,489	1.2%
SUNDRY SERVICES	18,749	4.2%	18,761	4.2%
SUNDRY	15,097	3.3%	14,744	3.3%
INDIVIDUALS	**179,441**	**39.8%**	**175,046**	**39.2%**
CREDIT CARDS	38,935	8.6%	36,193	8.1%
REAL ESTATE FINANCING	21,621	4.8%	21,621	4.8%
CONSUMER LOANS/OVERDRAFT	70,523	15.6%	68,870	15.4%
VEHICLES	48,362	10.7%	48,362	10.8%
GRAND TOTAL	**450,797**	**100.0%**	**446,094**	**100.0%**

[1] *The amount includes endorsements, sureties and committed loans, net of allowance for loan losses.*

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
	12/31/2012		9/30/2012		12/31/2011	
Largest debtor	4,573	1.1%	4,333	1.0%	3,100	0.8%
10 largest debtors	27,130	6.4%	26,375	6.3%	22,000	5.5%
20 largest debtors	43,344	10.2%	42,362	10.1%	36,716	9.3%
50 largest debtors	67,372	15.8%	66,156	15.8%	59,377	15.0%
100 largest debtors	89,405	21.0%	86,983	20.8%	77,454	19.5%

[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
	12/31/2012		9/30/2012		12/31/2011	
Largest debtor	5,219	1.1%	4,962	1.1%	4,516	1.0%
10 largest debtors	37,368	7.7%	36,220	7.7%	30,722	7.0%
20 largest debtors	60,239	12.4%	58,564	12.4%	49,680	11.3%
50 largest debtors	95,629	19.6%	91,802	19.4%	80,560	18.4%
100 largest debtors	124,043	25.5%	119,037	25.2%	104,000	23.7%

[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		
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	9/30/2012	12/31/2011
Between 1 and 14 days	10,755	13,088	12,014	10,725	13,034	11,972
Up to 60 days	10,095	11,370	11,668	10,025	11,275	11,566
Between 61 and 90 days	3,268	3,722	3,672	3,228	3,673	3,602
Between 91 and 180 days	7,108	7,465	7,156	7,031	7,338	6,991
Over 180 days	10,719	11,425	10,190	10,532	11,189	9,856

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]		
	4th quarter of 2012	3rd quarter of 2012	4th quarter of 2011	4th quarter of 2012	3rd quarter of 2012	4th quarter of 2011
Opening Balance	**(28,188)**	**(27,558)**	**(25,322)**	**(27,682)**	**(27,056)**	**(24,719)**
Balance arising from the aquisition of full control of FAI	-	-	-	(90)	-	-
Net Increase for the Period	(6,119)	(6,179)	(5,562)	(6,066)	(5,939)	(5,453)
Required by Resolution No. 2,682/99	(6,133)	(6,179)	(5,596)	(6,066)	(5,939)	(5,453)
Additional	14	-	34	-	-	-
Write-Off	6,257	5,549	4,547	6,093	5,313	4,400
Closing Balance	**(28,050)**	**(28,188)**	**(26,337)**	**(27,745)**	**(27,682)**	**(25,772)**
Regulatory Allowance	(22,992)	(23,116)	(21,265)	(22,687)	(22,624)	(20,714)
Additional Allowance	(5,058)	(5,072)	(5,072)	(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		
	4th quarter of 2012	3rd quarter of 2012	4th quarter of 2011	4th quarter of 2012	3rd quarter of 2012	4th quarter of 2011
Expenses for Allowance for Loan Losses	(6,119)	(6,179)	(5,562)	(6,066)	(5,939)	(5,453)
Income from Recovery of Credits Written off as Loss	1,154	1,122	1,532	1,186	1,159	1,574
Result of Allowance for Loan Losses	**(4,965)**	**(5,057)**	**(4,030)**	**(4,880)**	**(4,780)**	**(3,879)**

Mitigating Instruments

As a way to control credit risk, Itaú Unibanco has an institutional policy 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 credit risk of its portfolios of 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	**12/31/2012**	**9/30/2012**	**12/31/2011**	**12/31/2012**	**9/30/2012**	**12/31/2011**
CRI	8,581	8,682	8,032	8,586	8,690	8,041
FIDC	257	808	755	257	1,004	941

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 December 31st, 2012 where the entity significantly retained the related risks and benefits is R$ 415 million, composed of real estate financing of R$ 398 million and farming financing of R$ 17 million.

Since 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.

Sale or Transfer of Financial Assets

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	12/31/2012	**9/30/2012**	**12/31/2011**	**12/31/2012**	**9/30/2012**	**12/31/2011**
Balance of exposures assigned with significant withholding of risks and benefits	415	504	554	415	504	554
Flow of exposures assigned in the quarter with significant transfer of risks and benefits	272	611	406	272	611	406

Sales or transfers of financial assets without risk and benefit retention totaling R$ 1,348 million, with effect on results of R$ (73) million.

In the period, loan portfolios with assignor's risk retention, in the amount of R$ 2,840 million, totaling R$ 3,998 million at December 31st, 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 derivatives, unsettled transactions, loans of assets and repurchase agreements.

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

Notional of Contracts Subject to Counterparty Credit Risk

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	12/31/2012	**9/30/2012**	**12/31/2011**	**12/31/2012**	**9/30/2012**	**12/31/2011**
Notional Amount						
Liquidated in Liquidation Systems (Stock Exchange) (1)	2,583,423	1,761,962	1,362,211	2,583,565	1,761,962	1,362,211
Not Liquidated in Liquidation Systems (Over-The-Counter)	411,990	481,952	317,856	408,179	479,307	316,293
With Guarantees	241,572	225,851	99,306	240,650	222,377	92,274
Without Guarantees	170,418	256,101	218,550	167,529	256,930	224,019

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

In December 2012, changes were made to the recording of derivatives and guarantees in contracts subject to counterparty credit risk. The table below presents the exposures of the contracts of Itaú Unibanco that are subject to counterparty credit risk:

Exposure of Contracts Subject to Counterparty Credit Risk

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	9/30/2012	12/31/2011
Total Gross Positive Amount	**199,898**	**195,577**	**119,343**	**198,943**	**195,057**	**147,423**
Liquidated in Liquidation Systems (Stock Exchange) [1]	4,363	3,661	3,528	4,365	3,661	3,527
Not Liquidated in Liquidation Systems (Over-The-Counter)	195,535	191,916	115,815	194,578	191,396	143,896
Derivatives	8,584	7,781	6,280	8,407	7,592	6,116
Unsettled transactions [2]	33,321	42,909	27,456	32,855	42,891	27,423
Repurchase agreements [2]	153,630	141,226	82,079	153,316	140,913	110,357
(-) Guarantees	(159,976)	(148,208)	(86,357)	(159,652)	(147,895)	(114,635)
(=) Net Global Exposure to the Counterparty Credit Risk	**39,922**	**47,369**	**32,986**	**39,291**	**47,162**	**32,788**

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

[2] The total gross positive amount corresponds to the notional amount

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) and total return swap (TRS).

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 maximum potential loss does not represent the actual level of loss. It happens because, when a loss event occurs, 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.

In December 2012, changes were made to the recording of derivatives. 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		
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	9/30/2012	12/31/2011
Risk Transferred	**1,066**	**907**	**2,189**	**1,066**	**907**	**2,189**
Credit Default Swap (CDS)	1,066	907	1,001	1,066	907	1,001
Total Return Swap (TRS)	-	-	1,188	-	-	1,188
Risk Received	**(5,132)**	**(5,057)**	**(4,409)**	**(5,132)**	**(5,057)**	**(4,409)**
Credit Default Swap (CDS)	(3,847)	(3,994)	(3,427)	(3,847)	(3,994)	(3,427)
Total Return Swap (TRS)	(1,285)	(1,063)	(982)	(1,285)	(1,063)	(982)
Total	**(4,066)**	**(4,150)**	**(2,220)**	**(4,066)**	**(4,150)**	**(2,220)**
Referential Equity (PR) of Risk Received	**(86)**	**(98)**	**(92)**	**(86)**	**(98)**	**(92)**

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

3.3 Market Risk

Trading and Banking Portfolios – Regulatory Considerations

For monitoring of the Banking Portfolio, in line with regulatory requirements, 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, which is subject to relevant volumes of early terminations, Itaú Unibanco adopts statistical models with quarterly revisions of their parameters, based on historical data, which anticipates the cash flows terms originally traded. For products without defined maturities, such as cash deposits and savings accounts, a decrease in funds available is projected. These projections are designed to conservatively reduce their hedge effect in relation to the remaining exposure of Itaú Unibanco.

For regulatory capital, the categories PJUR (1, 2, 3 and 4), PCOM, PCAM and PACS are calculated in accordance with the instructions provided by BACEN.

The evolution of the regulatory categories that, when added together, make up the regulatory capital required for market risk is presented below:

Opening Regulatory Portion Required to Cover Market Risk

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	9/30/2012	12/31/2011
Regulatory Portion Required to Cover Market Risk	**3,027**	**2,791**	**1,078**	**3,100**	**2,832**	**1,076**
Trades subject to interest rate variation (PJUR)	**2,761**	**2,447**	**967**	**2,834**	**2,489**	**965**
Fixed income interest rate denominated in reais (PJUR1)	671	623	224	706	623	224
Foreign exchange linked interest rate (PJUR2)	1,157	960	488	1,161	955	486
Price index linked interest rate (PJUR3)	670	618	170	705	665	170
Interest rate linked interest rate (PJUR 4)	263	246	85	263	246	85
Trades subject to commodity price variation (PCOM)	**90**	**120**	**72**	**90**	**120**	**72**
Trades subject to equities price variation (PACS)	**176**	**224**	**39**	**176**	**224**	**39**
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)	**4,680**	**3,201**	**1,383**	**5,076**	**3,559**	**1,605**

[1] *Trades subject to the risk of exposures in gold, foreign currency and foreign exchange rate variations were less than 2% 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 major risk factors, is tabulated below:

Total Value of Trading Position

R$ million

	12/31/2012		9/30/2012		12/31/2011	
	Long	Short	Long	Short	Long	Short
Interest Rates	281,215	(263,714)	212,479	(185,416)	90,662	(117,106)
Foreign Exchange Rates	139,484	(136,356)	120,531	(115,758)	85,464	(84,826)
Equities	6,935	(6,149)	10,229	(9,390)	5,124	(5,033)
Commodities	7	(183)	250	(83)	135	(35)

Evolution of the Derivatives Portfolio

The main purpose of the positions in derivatives in the Banking Portfolio is to manage risks in this portfolio and in the corresponding risk factors. The evolution of Itaú Unibanco's derivatives portfolio, 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 for both Trading and Banking Portfolios:

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

R$ million

	12/31/2012		9/30/2012		12/31/2011	
	Long	Short	Long	Short	Long	Short
Interest Rates	654,111	(770,556)	509,323	(556,441)	402,595	(483,108)
Foreign Exchange Rates	31,271	(39,473)	26,628	(36,111)	33,016	(49,608)
Equities	1,274	(1,072)	3,213	(2,379)	1,898	(1,252)
Commodities	70	(180)	370	(143)	66	(67)

(1) *Since June 30th, 2012, it was eliminated for comparisons purposes the Itau Unibanco's internal operations.*

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

R$ million

	12/31/2012		9/30/2012		12/31/2011	
	Long	Short	Long	Short	Long	Short
Interest Rates	51,870	(61,608)	46,149	(55,057)	479,844	(497,362)
Foreign Exchange Rates	35,858	(41,375)	36,612	(40,416)	129,228	(130,488)
Equities	2,334	(2,447)	197	(570)	1,297	(1,830)
Commodities	231	(288)	209	(290)	667	(559)

(1) *Since June 30th, 2012, it was eliminated for comparisons purposes the Itau Unibanco's internal operations.*

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

R$ million

	12/31/2012		9/30/2012		12/31/2011	
	Long	Short	Long	Short	Long	Short
Interest Rates	2,712	(1,647)	4,970	(4,015)	3,448	(824)
Foreign Exchange Rates	74,395	(72,859)	67,160	(65,745)	45,181	(45,030)
Equities	-	-	-	(63)	6	(53)
Commodities	47	(30)	38	(26)	94	(105)

(1) *Since June 30th, 2012, it was eliminated for comparisons purposes the Itau Unibanco's internal operations.*

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

R$ million

	12/31/2012		9/30/2012		12/31/2011	
	Long	Short	Long	Short	Long	Short
Interest Rates	44,924	(46,346)	69,457	(73,100)	49,653	(53,692)
Foreign Exchange Rates	213,200	(215,470)	532,797	(533,102)	610,704	(609,206)
Equities	398	(233)	937	(754)	63	(63)
Commodities	2	(29)	45	(35)	4	(1)

(1) *Since June 30th, 2012, 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 "volatility weighting" methodology that confers higher weight to the most recent information.

The table below shows the Consolidated Global VaR, comprising the portfolios of Itaú Unibanco, and its subsidiaries abroad, showing where there are higher concentrations of market risk (subsidiaries abroad: *Banco Itaú BBA International S.A. , Banco Itaú Argentina S.A., Banco Itaú Chile S.A., Banco Itaú Uruguai S.A., Banco Itaú Paraguai S.A. and Itaú BBA Colômbia S.A. - Corporación Financiera*).

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 quantitative market risk information, beginning in June 2012, Itaú Unibanco changed the composition of the risk factors presented in the following VaR tables, reclassifying certain risks between risk factors. Itaú Unibanco's total market risk exposure was not impacted by this reclassification. Prior year figures have been restated, so the figures presented for both current and previous years reflect the revised risk factors and facilitate comparison.

The observed increase in the Global VaR value compared to the last quarter is due to a increase in the volatility and in Itaú Unibanco's positions.

VaR - Itaú Unibanco Holding [1]

R$ million

VaR per Risk Factor Group		12/31/2012	9/30/2012	12/31/2011
Itaú Unibanco	Brazilian Interest rate	348.7	175.4	104.8
	Other Interest rate	11.4	12.1	23.6
	FX rate	8.8	5.4	18.0
	Brazilian Inflation Indexes	51.2	62.6	21.1
	Equities and Commodities	16.8	26.3	25.2
Itaú Unibanco Foreign Units	*Banco Itaú BBA International*	1.1	1.4	1.5
	Banco Itaú Argentina	5.5	4.3	3.7
	Banco Itaú Chile	4.4	6.0	5.3
	Banco Itaú Uruguai	2.0	2.1	0.7
	Banco Itaú Paraguai	1.0	0.6	0.2
	Banco Itaú BBA Colômbia	0.0		
Diversification effect		(77.1)	(78.4)	(53.4)
Global VaR		**373.7**	**217.8**	**150.9**
Maximum Global VaR of the Quarter		**452.7**	**422.5**	**278.5**
Average Global VaR of the Quarter		**275.9**	**326.7**	**198.1**
Minimum Global VaR of the Quarter		**189.0**	**197.2**	**134.4**

[1] *Adjusted for tax purposes*

In April 2012, Itaú Unibanco was authorized to create Itaú BBA Colômbia S. A. - *Corporación Financiera*. The establishment of this new unit happened in June 2012, and the operating license was issued by the *Superintendencia Financiera de Colombia* in October 2012. During the year of 2013, the operation of the unit will be intensified in a gradual manner.

VaR - Institutional Treasury

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

VaR - Banking Portfolio

The Banking Portfolio, which has a portfolio composed of commercial transactions and related financial instruments, increased the Global VaR of its portfolio in the fourth quarter 2012, in comparison with the third quarter 2012. However, conservative management of the portfolio composition enabled the average Global VaR to remain at low levels in comparison to Itaú Unibanco consolidated stockholders' equity.

VaR - Itaú Unibanco - Banking Portfolio [1]

R$ million

VaR per Risk Factor Group	12/31/2012	9/30/2012	12/31/2011
Brazilian Interest rate	342.6	180.4	95.2
Other Interest rate	11.4	14.0	23.6
FX rate	2.0	0.2	4.7
Brazilian Inflation Indexes	44.5	52.8	17.9
Equities and Commodities	3.6	3.4	5.2
Diversification effect	(59.5)	(45.4)	(49.2)
Global VaR	**344.6**	**205.3**	**97.5**
Maximum Global VaR of the Quarter	**403.0**	**391.0**	**171.5**
Average Global VaR of the Quarter	**248.6**	**298.1**	**117.9**
Minimum Global VaR of the Quarter	**177.2**	**195.3**	**84.5**

[1] *Adjusted for tax purposes*

VaR - Trading Portfolio

The Institutional Treasury Trading Portfolio takes positions aiming to optimize risk-weighted results.

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 strives to create a well-diversified risk exposure.

In this context, the risk assumed by the Institutional Treasury did not change significantly, reflecting 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	12/31/2012	9/30/2012	12/31/2011
Brazilian Interest rate	25.2	27.0	18.4
Other Interest rate	6.4	11.0	7.5
FX rate	9.9	5.7	22.0
Brazilian Inflation Indexes	7.1	11.8	4.7
Equities and Commodities	14.8	25.4	24.0
Diversification effect	(38.6)	(51.5)	(22.6)
Global VaR	**24.7**	**29.4**	**53.9**
Maximum Global VaR of the Quarter	**75.3**	**64.2**	**117.1**
Average Global VaR of the Quarter	**39.3**	**43.5**	**73.9**
Minimum Global VaR of the Quarter	**21.3**	**29.4**	**47.5**

[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, with market risk exposures 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, Banco Itaú Paraguai and Itaú BBA Colombia S.A. Corporación Financiera.

The consolidated exposure of market risk of the foreign units in the fourth quarter, when compared to the previous one, reflected a decrease as can be seen in the table below.

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		12/31/2012	9/30/2012	12/31/2011
Banco Itaú BBA International	Euribor	0.4	0.3	0.1
	Libor	0.4	0.7	0.7
	FX rate	0.2	0.4	0.6
	Equities	0.1	0.1	-
	Others	0.5	0.1	0.3
	Diversification effect	(0.4)	(0.2)	(0.2)
	Global VaR IBBA International	1.1	1.4	1.5
Banco Itaú Argentina	Fixed income interest rate (Argentine peso)	3.8	3.0	2.9
	Inflation index linked interest rate	0.0	0.0	0.0
	Badlar	0.1	0.2	2.0
	FX + interest rate - Dollar	4.2	4.1	3.8
	FX + interest rate - Euro	0.4	0.5	0.2
	Diversification effect	(2.9)	(3.5)	(5.2)
	Global VaR *Itaú Argentina*	5.5	4.3	3.7
Banco Itaú Chile	Fixed income interest rate (Chilean peso)	1.4	0.6	0.8
	Inflation index linked interest rate	4.1	5.4	4.3
	FX + interest rate - Dollar	0.7	1.0	1.9
	FX rate - Other currencies	0.0	0.0	0.0
	Diversification effect	(1.8)	(1.0)	(1.8)
	Global VaR *Itaú Chile*	4.4	6.0	5.3
Banco Itaú Uruguai	Fixed income interest rate (Uruguayan peso)	0.7	1.2	0.1
	Inflation index linked interest rate	0.4	1.0	0.7
	Dollar linked interest rate	1.8	1.4	0.1
	FX rate	0.1	0.1	0.0
	Diversification effect	(1.0)	(1.5)	(0.2)
	Global VaR *Itaú Uruguai*	2.0	2.1	0.7
Banco Itaú Paraguai	Fixed income interest rate (guarani)	1.0	0.5	0.0
	Dollar linked interest rate	0.1	0.2	0.2
	FX rate	0.0	0.0	0.0
	Diversification effect	(0.1)	(0.2)	(0.1)
	Global VaR *Itaú Paraguai*	1.0	0.6	0.2
Banco Itaú BBA Colômbia	Fixed Income Interest Rate	-		
	Diversification effect	0.0		
	Global VaR *Itaú BBA Colômbia*	0.0		
Total VaR		14.1	14.4	11.4

[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 against market risk factors 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, by risk factor, in each of the scenarios, were calculated, net of tax effects, providing a view of the Itaú Unibanco's exposure in exceptional scenarios.

The sensitivity analyses of Trading and Banking Portfolios presented here are based on a static assessment of the portfolio exposure. Therefore, they do not consider the dynamic response capability of management (both treasury and risk control areas) to initiate mitigating measures and minimize the possibility of significant losses. In addition, the P&L presented does not reflect accounting P&L - since the analysis is intended to assess risk exposure based on the fair value of positions, even when the positions are accounted for on an accrual basis.

Sensitivity of Trading Portfolio [1]

R$ thousand

Exposures		12/31/2012		
Risk Factors	**Risk of change in:**	**Scenario I**	**Scenario II**	**Scenario III**
Interest Rate	Fixed Income Interest Rates in reais	(1,125)	(27,972)	(55,628)
Foreign Exchange Linked	Foreign Exchange Linked Interest Rates	(119)	(2,947)	(5,850)
Foreign Exchange Rates	Prices of Foreign Currencies	(407)	(10,184)	(20,369)
Price Index Linked	Price Indexes Linked Interest Rates	(515)	(12,674)	(24,966)
TR	TR Linked Interest Rates	355	(8,943)	(18,041)
Equities	Prices of Equities	4,497	(112,417)	(224,834)
	Total without correlation	**2,686**	**(175,137)**	**(349,688)**
	Total with correlation	**1,879**	**(122,545)**	**(244,679)**

[1] *Amounts net of tax effects.*

Sensitivity of Trading and Banking Portfolios [1]

R$ thousand

Exposures		12/31/2012		
Risk Factors	**Risk of change in:**	**Scenario I**	**Scenario II**	**Scenario III**
Interest Rate	Fixed Income Interest Rates in reais	(3,823)	(95,225)	(189,727)
Foreign Exchange Linked	Foreign Exchange Linked Interest Rates	(1,494)	(36,754)	(72,318)
Foreign Exchange Rates	Prices of Foreign Currencies	4,212	(105,306)	(210,611)
Price Index Linked	Price Indexes Linked Interest Rates	(2,695)	(65,562)	(127,546)
TR	TR Linked Interest Rates	(5,173)	(126,114)	(245,750)
Equities	Prices of Equities	6,644	(166,106)	(332,212)
	Total without correlation	**(2,328)**	**(595,067)**	**(1,178,164)**
	Total with correlation	**(1,629)**	**(416,373)**	**(824,370)**

[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&F BOVESPA, 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 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 range of 250 business days (ending on December 31st, 2012). Starting in 2012, the backtesting analysis presented below takes into consideration the ranges suggested by the Basel document "Supervisory Framework for the use of backtesting in conjunction with the internal models approach to market risk capital requirements." The ranges are divided into:

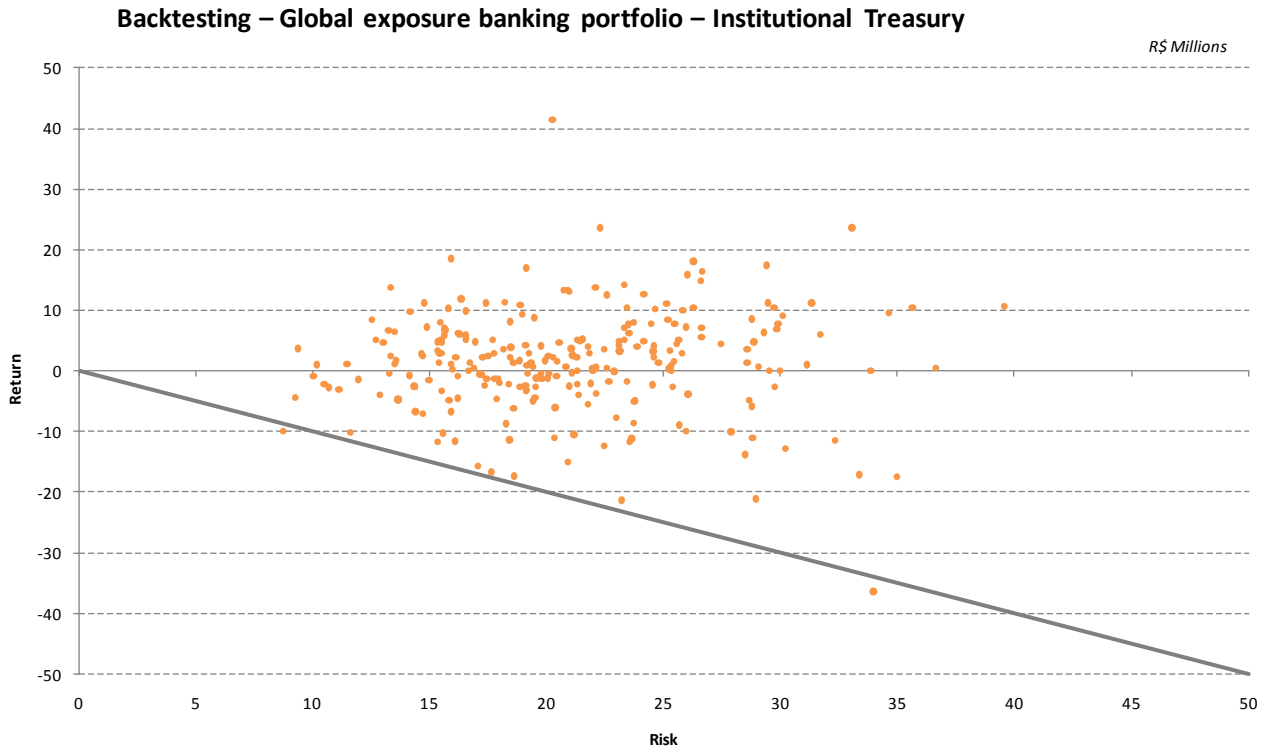
- Green (0 to 4 violations): corresponds to backtesting results that do not suggest any problems with the quality or accuracy of the models adopted;
- Yellow (5 to 9 violations): refers to an intermediate range group, which indicates the need to pay attention and/or monitoring; and
- Red (10 or more violations): demonstrate the need for 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 global exposure of the Banking Portfolio and the fixed income interest rate risk factor of the Banking Portfolio (the most significant risk factor for the Banking Portfolio), as well as the backtesting graph of the total Trading Portfolio. These analyses are performed for the last 250 business days (ending on December 31st , 2012) and consist of a comprehensive analysis and review of positions of both portfolios.

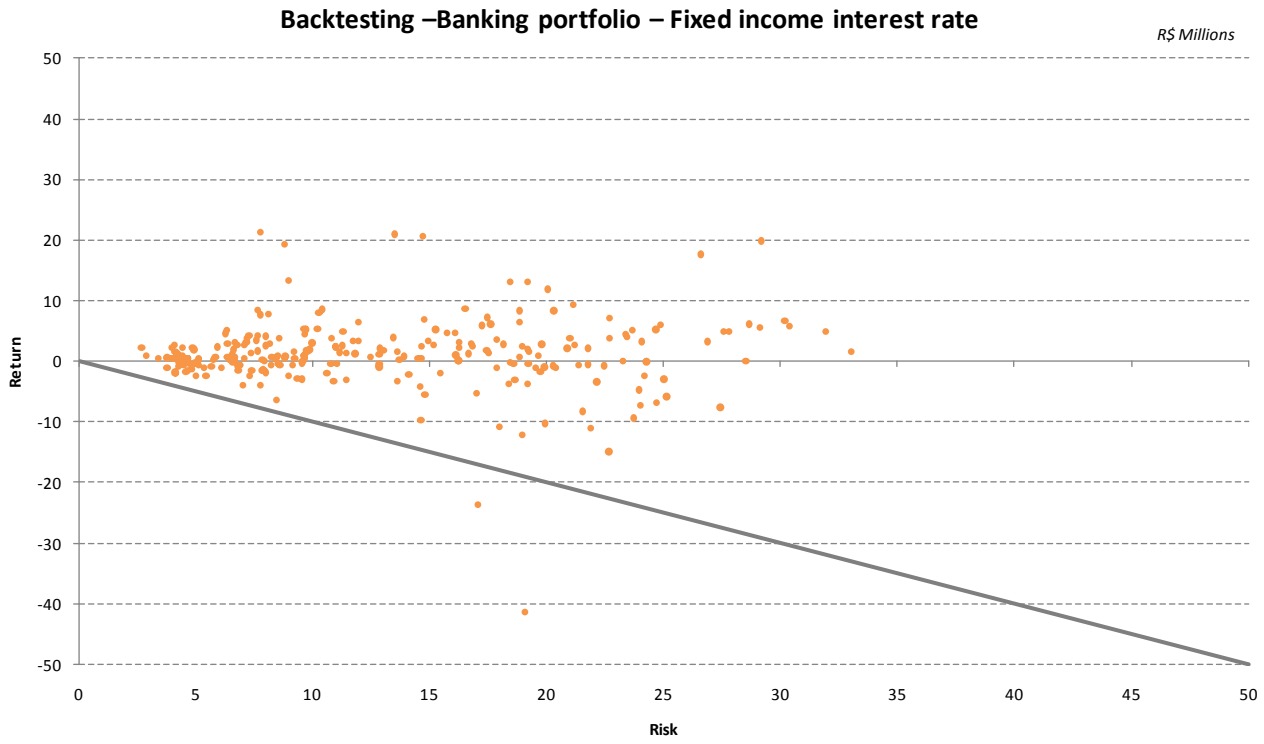
The graphs show the adequacy level of the market risk models used by Itaú Unibanco, presenting the risk (absolute value) x return pairs for the period considered.

Since the diagonal line represents the threshold where risk equals results, all the dots below this line indicate violations to the estimated risk.

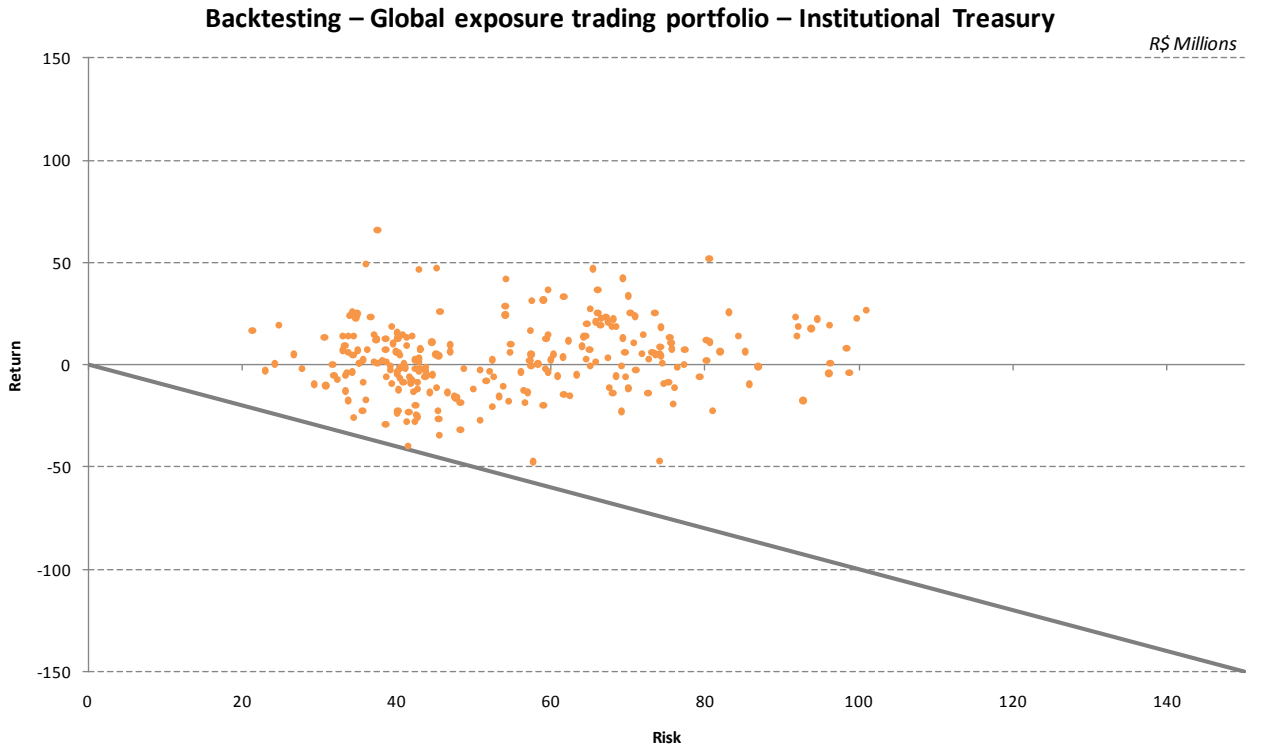
For the global exposure of the Banking Portfolio, financial losses exceeded the VaR estimated by the model on two days in the period, placing the tested portfolio result in the range GREEN.



For the fixed income interest rate risk factor of the Banking Portfolio, financial losses exceeded the VaR estimated by the model on two days in the period, placing the tested portfolio in the range GREEN.



For the global exposure of the Trading Portfolio, actual financial losses never exceeded the VaR estimated by the model, placing the tested portfolio in the range GREEN.



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		
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	9/30/2012	12/31/2011
Regulatory Portion Required to Cover Operational Risk (POPR)	**3,807**	**3,807**	**3,460**	**4,356**	**4,356**	**3,851**
Retail	648	648	562	648	648	562
Commercial	1,033	1,033	921	1,033	1,033	921
Corporate finance	103	103	82	103	103	82
Negotiation and sales	1,383	1,383	1,289	1,383	1,383	1,289
Payments and settlements	280	280	269	280	280	269
Financial agent services	148	148	128	148	148	128
Asset management	200	200	190	200	200	190
Retail brokerage	13	13	19	13	13	19
Business plans	-	-	-	-	-	-
Conef additional	-	-	-	549	549	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. The internal economic capital model for credit risk includes the concentration risk. The risks of the insurance, pension plan and capitalization portfolio are also measured.

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 Capital Adequacy

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

On December 31st, 2012, the PR of the Economic-Financial Consolidated reached R$109,421 million, a decrease of R$1,345 million when compared to September 30th, 2012, mainly due to the accounting of the acquisition of the minorities' shares of Redecard as a capital transaction, partially compensated by the approval, of the BACEN, of subordinated debt amounting to compose the Tier II of the PR. When compared to the same period of the previous year, the PR increased R$16,309 million.

Composition of Referential Equity (PR)

R$ million

	Financial System Consolidated			Economic-Financial Consolidated		
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	9/30/2012	12/31/2011
Tier I	**79,711**	**77,428**	**71,051**	**72,007**	**77,282**	**71,602**
Tier II	**40,654**	**33,790**	**21,564**	**37,833**	**33,790**	**21,565**
Exclusions: Funding Instruments Issued by Financial Institutions	(420)	(306)	(55)	(420)	(306)	(55)
Referential Equity (PR)	**119,945**	**110,912**	**92,561**	**109,421**	**110,766**	**93,111**
Required Referential Equity (PRE)	**72,798**	**70,051**	**63,727**	**72,036**	**69,540**	**62,556**
Excess capital in relation to Required Referential	**47,148**	**40,861**	**28,833**	**37,385**	**41,225**	**30,555**

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

The BIS ratio of the Economic-Financial Consolidated reached 16.7%, a 120 basis point decrease from September 30th, 2012, mainly due to the capital transaction explained before, partially compensated by the approval, of the BACEN, of subordinated debt amounting to R$5,661 million to compose the Tier II of the PR.

The BIS ratio of the Financial System Consolidated reached 18.1% on December 31st, 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		
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	9/30/2012	12/31/2011
Basel ratio	**18.1%**	**17.4%**	**16.0%**	**16.7%**	**17.5%**	**16.4%**
Tier I	12.0%	12.1%	12.3%	10.9%	12.2%	12.6%
Tier II	6.1%	5.3%	3.7%	5.8%	5.3%	3.8%
Fixed assets ratio	**43.4%**	**45.5%**	**48.6%**	**14.1%**	**22.9%**	**14.4%**
Excess Capital in Relation to Fixed Assets	7,910	4,949	1,272	39,247	30,053	33,148

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, 2013. Should the new rules already be applicable, the ratios would be reduced by about 0.1%.

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)
- BCE - European Central Bank
- 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)
- 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)
- Cons. Op. - Financial System Consolidated
- 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
- 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)
- ICAAP - Internal capital adequacy assessment process
- 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
- PGBL - *Plano Gerador de Benefício Livre* (Brazilian private pension plan)

- 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 Portfolio

S

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

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