

**FINAL TERMS  
(IN CONNECTION WITH THE OFFERING MEMORANDUM DATED  
FEBRUARY 27, 2012)**

**THE SUBORDINATION NUCLEUS SET OUT IN EXHIBIT A HERETO (THE "SUBORDINATION NUCLEUS") FORMS PART OF THESE FINAL TERMS. THE SUBORDINATION NUCLEUS WILL PREVAIL OVER ANY TERMS SET OUT IN THESE FINAL TERMS OR ANY OTHER TRANSACTION DOCUMENT (INCLUDING ANY DOCUMENT REFERRED TO IN THESE FINAL TERMS). FOR THE AVOIDANCE OF DOUBT, PARAGRAPH 5 OF THE SUBORDINATION NUCLEUS IS A SUMMARY OF THE TERMS AND CONDITIONS OF THIS SERIES OF SUBORDINATED NOTES.**

Final Terms dated March 12, 2012

**Itaú Unibanco Holding S.A.**  
acting through its Grand Cayman Branch

**U.S.\$10,000,000,000  
Global Medium-Term Note Programme**

**Series No: 5  
Tranche No: 1**

**U.S.\$1,250,000,000 5.65% Subordinated Notes due 2022**

**Issue price: 100.000%**

**ITAU BBA USA SECURITIES, INC.  
J.P. MORGAN SECURITIES LLC  
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**

This document constitutes the Final Terms relating to the issue of the U.S.\$1,250,000,000 5.65% Subordinated Notes due 2022 (the "**Subordinated Notes**") described herein and the Subordination Nucleus contained in Exhibit A is an integral and inseparable part of these Final Terms. The subordination conditions contained in the Subordination Nucleus prevail over these Final Terms and over any other documents of the programme (including those referred to in these Final Terms), it being understood that section 5 of the Subordination Nucleus is a summary of the terms and conditions of the Subordinated Notes.

Terms used herein shall be deemed defined for the purposes of the Terms and Conditions of the Subordinated Notes (the "**Conditions**") set forth in the Offering Memorandum dated February 27, 2012 (the "**Offering Memorandum**"). These Final Terms contain the final terms of the Subordinated Notes and must be read in conjunction with the Offering Memorandum.

**THE SUBORDINATED NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE SUBORDINATED NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). THESE FINAL TERMS HAVE BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE SUBORDINATED NOTES OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND WITHIN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") AND FOR LISTING OF THE SUBORDINATED NOTES ON THE EURO MTF MARKET OF THE LUXEMBOURG STOCK EXCHANGE. THE SUBORDINATED NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE SUBORDINATED NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. AS A PROSPECTIVE PURCHASER, YOU SHOULD BE AWARE THAT YOU MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE SUBORDINATED NOTES AND DISTRIBUTION OF THESE FINAL TERMS AND THE OFFERING MEMORANDUM, SEE "SUBSCRIPTION AND SALE" AND "TRANSFER RESTRICTIONS" CONTAINED IN THE OFFERING MEMORANDUM.**

**BY ITS PURCHASE AND HOLDING OF SUBORDINATED NOTES (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS SUBORDINATED NOTES (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL OR OTHER BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW, OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS PURCHASE AND HOLDING OF SUBORDINATED NOTES WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF SUCH A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN, ANY SUCH**

**SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, OR LOCAL LAW, OR NON-U.S. LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.**

**THE SUBORDINATED NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR THE ADEQUACY OF THESE FINAL TERMS OR THE OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

**NOTICE TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

- |    |  |   |
|----|--|---|
| 1. | Issuer:  | Itaú Unibanco Holding S.A. (acting through its Grand Cayman Branch) |
| 2. | (i) Series Number:                                 | 5   |
|    | (ii) Tranche Number:                               | 1   |
| 3. | Specified Currency or Currencies (Condition 1(d)): | United States dollars (U.S.\$)                                      |
| 4. | Aggregate Nominal Amount:                          |   |
|    | (i) Series:  | U.S.\$1,250,000,000   |
|    | (ii) Tranche:                                      | U.S.\$1,250,000,000   |
| 5. | (i) Issue Price:                                   | 100.000% of the Aggregate Nominal Amount                            |
|    | (ii) Gross proceeds:                               | U.S.\$1,250,000,000   |

- |     |   |  |
|-----|---|--|
| 6.  | Specified Denominations (Condition 1(b)):       | U.S.\$200,000 and integral multiples of U.S.\$1,000 thereafter   |
| 7.  | (i) Issue Date:                                 | March 19, 2012   |
|     | (ii) Interest Commencement Date:                | March 19, 2012   |
| 8.  | Maturity Date:                                  | March 19, 2022   |
| 9.  | Interest Basis (Condition 5):                   | Fixed Rate   |
| 10. | Redemption/Payment Basis (Condition 6(a)):      | Redemption at par  |
| 11. | Change of Interest or Redemption/Payment Basis: | Not Applicable   |
| 12. | Status of the Notes (Condition 4):              | Subordinated   |
| 13. | Listing and Trading:                            | Application will be made to list the Subordinated Notes on the Euro MTF market of the Luxembourg Stock Exchange. The listing date on the Euro MTF market of the Luxembourg Stock Exchange for the Subordinated Notes is expected to be March 19, 2012. |
| 14. | Method of distribution:                         | Syndicated   |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- |     |  |   |
|-----|--|---|
| 15. | Fixed Rate Note Provisions (Condition 5(I)): | Applicable  |
|     | (i) Rate(s) of Interest:                     | 5.65% per annum payable semi-annually in arrears                        |
|     | (ii) Interest Payment Date(s):               | March 19 and September 19, commencing September 19, 2012                |
|     | (iii) Arrears Rate:                          | 1.0%  |
|     | (iv) Fixed Coupon Amount(s):                 | U.S.\$28.25 per Subordinated Note of U.S.\$1,000 Specified Denomination |
|     | (v) Broken Amount(s):                        | Not Applicable  |

- |  |                        |
|--|------------------------|
| (vi) Day Count Fraction:   | 30/360                 |
| (vii) Determination Date(s):   | Not Applicable         |
| (viii) Business Day Convention:  | Following Business Day |
| (ix) Business Centre(s):   | New York and São Paulo |
| (x) Other terms relating to the method of calculating interest for Fixed Rate Notes: | Not Applicable         |
16. Floating Rate Note Provisions (Condition 5(II)):
17. Index Linked Interest Note Provisions:
18. Dual Currency Note Provisions:

#### **PROVISIONS RELATING TO REDEMPTION**

19. Call Option (Condition 17(d)(vi)):
20. Final Redemption Amount of each Subordinated Note:
21. Early Redemption Amount:
- |   |   |
|---|---|
| (i) Early Redemption Amount(s) of each Subordinated Note payable on redemption for taxation reasons (Condition 17(d)(iv)), the occurrence of a Regulatory Event (Condition 17(d)(v)) or on an Event of Default (Condition 9) or the method of calculating the same (if required or if different from that set out in the Conditions): | U.S.\$1,000 per Subordinated Note of U.S.\$1,000 Specified Denomination |
| (ii) Original Withholding Level (Condition 17(d)(iv)):  | 100% of the U.S.\$1,000 Specified Denomination                          |
|   | 0%  |

#### **GENERAL PROVISIONS APPLICABLE TO THE SUBORDINATED NOTES**

22. Form of Subordinated Notes:

(i) DTC Global Notes, European Global Notes or individual Definitive Notes:	DTC Restricted Global Note or DTC Unrestricted Global Note available on Issue Date
23. Details relating to Partly Paid Subordinated Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Subordinated Notes and interest due on late payment:	Not Applicable
24. Redenomination, renominatisation and reconventioning provisions (Condition 21):	Not Applicable
25. Details relating to Instalment Notes:	Not Applicable
26. Maximum number of days (after the date on which the Issuer is no longer in violation of the Risk-Based Capital Requirements) for deferral of interest and principal (Condition 17(c)(ii)):	14
27. Minimum number of Relevant Business Days' notice to be given in connection with a deferral (Condition 17(c)(iv)):	2
28. Maximum number of Relevant Business Days' notice to be given in connection with a deferral (Condition 17(c)(iv)):	14
29. Other terms or special conditions:	<p>Subordination Nucleus, attached herein as Exhibit A, detailing the subordination terms and related conditions as set forth in Resolution 3,444.</p> <p>Upon (i) any consolidation, merger, conveyance or transfer (including in connection with a <i>cisão</i>) in accordance with Condition 18 ("Consolidation, Merger or Sales of Assets"), if the Successor Corporation is resident for tax purposes in a country other than Brazil or the Cayman Islands (the "<b>New Jurisdiction</b>"), or (ii) any substitution in accordance with Condition 11(d) ("Meetings of Noteholders,</p>

Modification, Waiver and Substitution—Substitution"), if the New Residence of the Substituted Debtor is a country other than Brazil or the Cayman Islands, all references in each of Condition 8 ("Taxation") and Condition 17(d)(ii) ("Terms of Subordination—Redemption, Repurchase and Guaranty or Insurance—Optional Redemption for Taxation Reasons") to "Brazil" and the "Cayman Islands" shall be substituted with references to the New Jurisdiction or to the New Residence, as the case may be, and the reference in Condition 17(d)(ii) ("Terms of Subordination—Redemption, Repurchase and Guaranty or Insurance—Optional Redemption for Taxation Reasons") to "Issue Date" shall be substituted with a reference to the "relevant date of consolidation, merger, conveyance, transfer or substitution, as the case may be". Capitalized terms used but not defined in this paragraph shall have the meanings ascribed to them in the Terms and Conditions of the Subordinated Notes.

The following paragraph shall be added to Condition 8 (Taxation):

"The Issuer, and any other person to or through which any payment with respect to the Subordinated Notes may be made, will be entitled to withhold or deduct from any payments made with respect to the Subordinated Notes amounts required to be withheld or deducted under or in connection with FATCA, and, notwithstanding anything herein, Holders and beneficial owners of Subordinated Notes will not be entitled to receive any gross up or other additional amounts on account of any such withholding or deduction. "**FATCA**" means sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (including any regulations or official interpretations issued, agreements or non-U.S. laws entered into or enacted, with respect thereto)."

## **DISTRIBUTION**

30. (i) If syndicated, names of Managers: Itau BBA USA Securities, Inc., J.P. Morgan

Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated

- (ii) Stabilising Manager (if any): Not Applicable
31. If non-syndicated, name of Dealer(s): Not Applicable
32. Additional selling restrictions: Not Applicable

#### **OPERATIONAL INFORMATION**

33. (i) ISIN: 144A: US46556LAF13  
Regulation S: US46556MAF95
- (ii) CUSIP: 144A: 46556LAF1  
Regulation S: 46556MAF9
- (iii) Other: Not Applicable
34. Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and DTC and the relevant identification number(s): Not Applicable
35. Delivery: We expect that delivery of the Subordinated Notes will be made free of payment for the Subordinated Notes on March 19, 2012, which will be the fifth business day following the date of the pricing of the Subordinated Notes (such settlement cycle being referred to as T+5). Purchasers of the Subordinated Notes should note that trading of the Subordinated Notes on the date of pricing or the next business day may be affected by the T+5 settlement.
36. Principal Paying Agent: The Bank of New York Mellon, acting through its New York Branch
37. Registrar: The Bank of New York Mellon, acting through its New York Branch
38. Calculation Agent: The Bank of New York Mellon, acting through its London Branch
39. Trustee: The Bank of New York Mellon, acting through its New York Branch
40. Additional Agent(s) (if any): The Bank of New York Mellon, acting



through its London Branch as London Paying Agent and The Bank of New York Mellon (Luxembourg) S.A. as Paying Agent

41. U.S. Tax:

See "Certain U.S. Tax Considerations" below.

## LISTING APPLICATION

These Final Terms comprise the final terms required to list the issue of the Subordinated Notes described herein pursuant to the U.S.\$10,000,000,000 Global Medium Term Note Programme of Itaú Unibanco Holding S.A., acting through its Grand Cayman Branch.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms which, when read together with the Offering Memorandum (and the information incorporated by reference therein) referred to above, contain all information that is material to the offering of the Subordinated Notes contemplated hereby.

## ADDITIONAL ISSUER DISCLOSURE

Carlos Eduardo de Souza Lara and Jackson Ricardo Gomes stepped down from their positions as officers of Itaú Unibanco Holding on February 29, 2012 and March 6, 2012, respectively.

The Brazilian federal authorities have recently issued Decree No. 7,683, effective as of March 1, 2012, which provides that foreign exchange transactions for inbound and outbound currency flows related to long-term loans (with a maturity term exceeding 1,080 days) entered into off-shore by a Brazilian borrower are subject to IOF/Exchange at a rate of zero per cent. Foreign exchange transactions for the inflow of funds related to short-term loans (with a maturity term not exceeding 1,080 days) entered into off-shore by a Brazilian borrower as of March 1, 2012 are subject to IOF/Exchange tax at a rate of 6 per cent., whereas the outflow of funds is subject to IOF/Exchange at zero per cent.

On March 1, 2012 the Central Bank of Brazil issued Circular No. 3,580 ("**Circular No. 3,580**") which amended Brazilian regulations on foreign exchange markets and international capital flows and established limitations on export financings. According to Circular No. 3,580, beginning on the day of its enactment, pre-payments on goods to be exported from Brazil can only be made by the importer of such goods and pre-payments can only be made for a period of up to 360 days.

On February 24, 2012, Moody's Investors Service ("**Moody's**") placed on review for downgrade certain long and short term debt and deposit ratings of 15 Mexican and Brazilian banking and insurance groups, including Itaú Unibanco Holding S.A. and its insurance and banking subsidiaries (the "**Review**").

The Review reflects Moody's assessment of the correlation between sovereign and financial institution credit risk globally, in order to determine to which degree the affected Mexican

and Brazilian entities' stand-alone credit profiles are correlated with sovereign risk. For Itaú Unibanco Holding, the Review does not reflect a credit profile deterioration.

Jacob Frenkel, a member of the executive committee of J.P. Morgan Securities LLC, is also a member of the International Advisory Board of Itaú Unibanco Holding S.A.

The second full paragraph on p. 256 of the Offering Memorandum under heading "Brazil—Taxation" is updated to read as follows: "Pursuant to Decree No. 6,306 of December 14, 2007, as amended, foreign exchange transactions are subject to the IOF/FX. Under the IOF regulations currently in force, the President is empowered to establish the applicable IOF/FX rate. Such IOF/FX rate can be increased at any time up to a rate of 25.0%. The above-mentioned Decree sets forth that the current general IOF/FX rate is 0.38%, although there are some exceptions, such as the inflow of proceeds into Brazil in connection with foreign financing or loans with a minimum average term longer than 1,800 days, which is subject to a 0.0% IOF/FX rate. However, the inflow of proceeds into Brazil derived from or destined to loans with minimum average terms of less than 1,800 days is subject to a 6.0% IOF/FX rate."

### Short Term Borrowings

The principal category of our short-term borrowings is securities held under repurchase agreements. The average balance outstanding during 2011, 2010 and 2009 for no other category of short-term borrowings was 30% or more of our stockholders' equity at the end of such fiscal year.

The table below presents a summary of the primary short-term borrowings as of the periods indicated.

	Year Ended December 31,		
	2011	2010	2009
	<i>(in millions of R\$, except percentages)</i>		
<b>Deposits received under securities repurchase agreements</b>			
Amount outstanding.....	188,819	199,656	131,944
Maximum amount outstanding during the period .....	206,753	199,656	150,576
Weighted average interest rate at period-end.....	9.67%	7.93%	6.22%
Monthly average amount outstanding during the period.....	197,251	163,901	127,683
Monthly weighted average interest rate' .....	10.34%	7.82%	10.04%

### RATINGS OF THE SUBORDINATED NOTES

The Subordinated Notes are expected to be rated "Baa1, negative outlook" by Moody's Investors Service and "BBB" by Fitch Rating Services.

The Subordinated Notes ratings above are not a recommendation to buy, sell or hold the Subordinated Notes offered hereby. The ratings may be subject to revision or withdrawal at any time by Moody's Investors Service and Fitch Rating Services. The Subordinated Notes ratings above should be evaluated independently of any other security rating.

## **CERTAIN U.S. TAX CONSIDERATIONS**

The following is a general discussion of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Subordinated Notes by U.S. Holders (as defined below) who purchase the Subordinated Notes in this offering at their issue price (determined as set forth in the Offering Memorandum) and hold the Subordinated Notes as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the "**Code**"). This discussion does not address all of the tax considerations that may be relevant to U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special rules under U.S. federal income tax laws, such as banks, insurance companies, retirement plans, regulated investment companies, real estate investment trusts, dealers in securities, brokers, tax-exempt entities, certain former citizens or residents of the United States, U.S. Holders who hold the Subordinated Notes as part of a "straddle," "hedging," "conversion" or other integrated transaction, U.S. Holders who mark their securities to market for U.S. federal income tax purposes, U.S. Holders whose functional currency is not the U.S. dollar or U.S. Holders that own (or are deemed to own) 10% or more (by voting power) of the Issuer's stock. In addition, this discussion does not address the effect of any state, local or non-U.S. tax laws or any U.S. federal estate, gift or alternative minimum tax considerations.

This discussion is based on the Code, the Treasury Regulations promulgated thereunder and administrative and judicial pronouncements, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect.

For purposes of this discussion, the term "U.S. Holder" means a beneficial owner of a Subordinated Note that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States or of any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on August 19, 1996 and were treated as domestic trusts on that date.

If an entity treated as a partnership for U.S. federal income tax purposes invests in a Subordinated Note, the U.S. federal income tax considerations relating to such investment generally will depend in part upon the status and activities of such entity and its partners. Such an entity should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners of the purchase, ownership and disposition of such Subordinated Note.

ANY DISCUSSION OF U.S. FEDERAL INCOME TAX ISSUES SET FORTH IN THESE FINAL TERMS WAS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER FEDERAL TAX LAW. SUCH DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION AND MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SUBORDINATED NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS.

Except where specifically described below, this discussion assumes that the Issuer is not a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes. Please see the discussion under "Passive Foreign Investment Company Considerations" below.

### **Characterisation of the Subordinated Notes**

The determination of whether a security should be classified as indebtedness or equity for U.S. federal income tax purposes depends on the terms of the security. As a result of (i) the level of subordination of the Subordinated Notes, (ii) the potential deferral of payment by the Issuer of interest and principal under certain circumstances and (iii) the absence of a right of the Holders to accelerate payment on the Subordinated Notes upon the Issuer's failure to pay interest on the Subordinated Notes, there is a substantial risk that the Subordinated Notes could be treated as equity of the Issuer for U.S. federal income tax purposes.

### **Treatment of the Subordinated Notes as Debt of the Issuer**

If the Subordinated Notes are treated as debt of the Issuer for U.S. federal income tax purposes, the U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Subordinated Notes are generally described in the Offering Memorandum under the heading "Taxation –U.S. Federal Income Taxation."

Under certain circumstances, the Issuer will defer payments on the Subordinated Notes. U.S. Treasury Regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a U.S. Holder's income, gain or loss with respect to the Subordinated Notes to be different from those described in the Offering Memorandum. For purposes of determining whether a debt instrument is a contingent payment debt instrument, remote or incidental contingencies are ignored. The Issuer intends to treat the possibility of its deferral of such payments as remote. Accordingly, the Issuer does not intend to treat the Subordinated Notes as contingent payment debt instruments. The Issuer's treatment will be binding on all U.S. Holders, except a U.S. Holder that discloses its differing treatment on its U.S. federal income tax return. However, the Issuer's treatment is not binding on the Internal Revenue Service (the "**IRS**"). If the IRS were to challenge the Issuer's treatment, U.S. Holders might be required to accrue income on the Subordinated Notes in excess of stated interest and to treat as ordinary income, rather than capital gain, any gain recognised on the disposition of the Subordinated Notes.

### **Treatment of the Subordinated Notes as Equity of the Issuer**

If the Subordinated Notes are treated as equity of the Issuer for U.S. federal income tax purposes, the U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Subordinated Notes will be as described below.

## **Interest**

Payments of interest on the Subordinated Notes will be treated as distributions paid with respect to shares of the Issuer's stock. A distribution paid by the Issuer out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Brazilian withholding tax paid by the Issuer with respect thereto, will generally be included in the gross income of a U.S. Holder as a dividend on the date such U.S. Holder actually or constructively receives such distribution, and will not be eligible for the dividends received deduction allowed to corporations or the reduced rate applicable to certain dividends received by non-corporate holders. A distribution on a Subordinated Note in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in such Subordinated Note and thereafter as gain from the sale or exchange of such Subordinated Note. The Issuer has not maintained and does not plan to maintain calculations of earnings and profits for U.S. federal income tax purposes. As a result, a U.S. Holder may need to include the entire amount of any such distribution in income as a dividend.

## **Sale, Exchange, Retirement or Other Disposition of the Subordinated Notes**

Upon a sale, exchange, retirement or other disposition of a Subordinated Note, a U.S. Holder generally will recognise gain or loss equal to the difference between the amount realised on such sale, exchange, retirement or other disposition and such U.S. Holder's tax basis in such Subordinated Note. Such gain or loss generally will be long-term capital gain or loss if such U.S. Holder will have held such Subordinated Note for more than one year at the time of disposition. Certain non-corporate U.S. Holders are entitled to preferential treatment for net long-term capital gains. The ability of a U.S. Holder to offset capital losses against ordinary income is limited.

## **Foreign Tax Credit Considerations**

As discussed in the Offering Memorandum under "Taxation—Brazil," under current law, payments of interest and original issue discount in respect of the Subordinated Notes could be subject to Brazilian withholding taxes. Distributions treated as dividends, before reduction for any Brazilian withholding taxes paid by the Issuer with respect thereto, will generally be included in the gross income of a U.S. Holder. Thus, such U.S. Holder may be required to report income for such purposes in an amount greater than the actual amount such U.S. Holder receives in cash. Distributions treated as dividends on a Subordinated Note generally will constitute income from sources outside the United States, and generally will be categorised for U.S. foreign tax credit purposes as "passive category income" or, in the case of some U.S. Holders, as "general category income." Subject to applicable limitations and holding period requirements, a U.S. Holder may be eligible to elect to claim a U.S. foreign tax credit against its U.S. federal income tax liability for any such Brazilian withholding taxes. However, the IRS may take the view that a U.S. Holder's legal right to receive the principal of the Subordinated Notes on a fixed date is sufficient to cause the Subordinated Notes to fail to satisfy the holding period requirement, in which case U.S. Holders may not be eligible to claim such a credit for such taxes, but may instead be able to claim a deduction. As discussed in the Offering Memorandum under "Taxation—Brazil," under current law, gain resulting from a sale or other disposal of a Subordinated Note may be subject to Brazilian income or withholding taxes. A U.S. Holder's use of a foreign tax credit with respect to any such Brazilian income or withholding taxes could be limited, as such gain generally will constitute income from sources within the United States. A U.S. Holder that

does not claim a U.S. foreign tax credit generally may instead claim a deduction for any such Brazilian taxes, but only for any taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes. Foreign currency exchange gain or loss generally will constitute income from sources within the United States. The rules relating to foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

### **Passive Foreign Investment Company Considerations**

Special U.S. federal income tax rules apply to U.S. persons owning shares of a PFIC. A non-U.S. corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of certain subsidiaries, either: at least 75% of its gross income is "passive income", or on average at least 50% of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income.

For this purpose, passive income generally includes, among other things, dividends, interest, rents, royalties, gains from the disposition of passive assets and gains from commodities transactions.

The application of the PFIC rules to banks is unclear under present U.S. federal income tax law. Banks generally derive a substantial part of their income from assets that are interest bearing or that otherwise could be considered passive under the PFIC rules. The IRS has issued a notice, and has proposed regulations, that exclude from passive income any income derived in the active conduct of a banking business by a qualifying foreign bank (the "**Active Bank Exception**"). The IRS notice and proposed regulations have different requirements for qualifying as a foreign bank, and for determining the banking income that may be excluded from passive income under the Active Bank Exception. Moreover, the proposed regulations have been outstanding since 1994 and will not be effective unless finalised.

Based on estimates of the Issuer's current and projected gross income and gross assets, the Issuer does not believe that it will be classified as a PFIC for its current or future taxable years. The determination of whether the Issuer is a PFIC, however, is made annually and is based upon the composition of the Issuer's income and assets (including income and assets of entities in which the Issuer holds at least a 25% interest), and the nature of the Issuer's activities (including its ability to qualify for the Active Bank Exception).

Because final regulations have not been issued and because the notice and the proposed regulations are inconsistent, the Issuer's status under the PFIC rules is subject to considerable uncertainty. While the Issuer conducts, and intends to continue to conduct, a significant banking business, there can be no assurance that the Issuer will satisfy the specific requirements for the Active Bank Exception under either the IRS notice or the proposed regulations. Accordingly, U.S. Holders could be subject to U.S. federal income tax under the rules described below.

If the Issuer is treated as a PFIC for any taxable year, any gain realised on a sale or other taxable disposition of the Subordinated Notes and certain "excess distributions" (generally distributions in excess of 125% of the average distribution over the prior three-year period, or if shorter, the holding period for the Subordinated Notes) will be treated as ordinary income and will be subject to tax as if (i) the excess distribution or gain had been realised ratably over the U.S. Holder's holding period for the Subordinated Notes, (ii) the amount deemed

realised in each year had been subject to tax in each such year at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before the Issuer became a PFIC, which would be subject to tax at such U.S. Holder's regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (iii) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years.

The Issuer does not expect to provide information that would allow U.S. Holders to avoid the foregoing consequences by making a "qualified electing fund" election.

If the Issuer is treated as a PFIC and, at any time, the Issuer invests in non-U.S. corporations that are classified as PFICs (each, a "**Subsidiary PFIC**"), U.S. Holders generally will be deemed to own, and also would be subject to the PFIC rules with respect to, their indirect ownership interest in any such Subsidiary PFIC. If the Issuer is treated as a PFIC, a U.S. Holder could incur liability for the deferred tax and interest charge described above if either (i) the Issuer receives a distribution from, or disposes of all or part of its interest in, any such Subsidiary PFIC or (ii) such U.S. Holder disposes of all or part of the Subordinated Notes.

A U.S. holder of stock in a PFIC (but possibly not a Subsidiary PFIC, as discussed below) may make a "mark-to-market" election, provided the PFIC stock is "marketable stock" as defined under applicable Treasury regulations (i.e., "regularly traded" on a "qualified exchange or other market"). Under applicable Treasury regulations, a "qualified exchange or other market" includes a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located and meets certain trading, listing, financial disclosure and other requirements set forth in applicable Treasury regulations. PFIC stock traded on a qualified exchange or other market is regularly traded on such exchange or other market for any calendar year during which such stock is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. The Issuer cannot assure U.S. Holders that the Subordinated Notes will be treated as "marketable stock" for any taxable year.

The tax consequences that would apply if the Issuer were a PFIC would be different from those described above if a U.S. Holder validly makes a mark-to-market election as of the beginning of such U.S. Holder's holding period. If such an election were made, such U.S. Holder generally would (i) include in gross income, entirely as ordinary income, an amount equal to the excess, if any, of the fair market value of the Subordinated Notes as of the close of each taxable year and such U.S. Holder's adjusted tax basis in such Subordinated Notes, and (ii) deduct as an ordinary loss the excess, if any, of such U.S. Holder's adjusted tax basis in such Subordinated Notes over the fair market value of such Subordinated Notes at the end of the taxable year, but only to the extent of the net amount previously included in gross income as a result of the mark-to-market election. Any gain from a sale, exchange, retirement or other disposition of the Subordinated Notes in a taxable year in which the Issuer was a PFIC would be treated as ordinary income, and any loss from such sale, exchange, retirement or other disposition would be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss. A U.S. Holder's adjusted tax basis in the Subordinated Notes would increase or decrease by the amount of the gain or loss taken into account under the mark-to-market regime. Even if a U.S. Holder is eligible to make a mark-to-market election with respect to the Subordinated Notes, however, it is not clear whether or how such election would apply with respect to the stock of any Subsidiary PFIC that such U.S. Holder is treated as owning, because such Subsidiary PFIC stock might not be marketable stock. The mark-to-market election is made

with respect to marketable stock in a PFIC on a stockholder-by-stockholder basis and, once made, can only be revoked with the consent of the IRS. Special rules would apply if the mark-to-market election is not made for the first taxable year in which a U.S. Holder owns any equity interest in the Issuer while it is a PFIC.

A U.S. Holder who owns the Subordinated Notes during any taxable year that the Issuer is treated as a PFIC generally would be required to file an information return with respect to the Issuer and any Subsidiary PFIC in which the U.S. Holder holds a direct or indirect interest. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to the Subordinated Notes and the availability and advisability of making a mark-to-market election should the Issuer be considered a PFIC for any taxable year.

### **Substitution of the Issuer**

If the Issuer substitutes for itself a Substituted Debtor, such substitution could be treated for U.S. federal income tax purposes as a taxable exchange of (i) such Subordinated Notes as in place prior to such substitution for (ii) such Subordinated Notes as in place after such substitution. See "—Sale, Exchange, Retirement or Other Disposition of the Subordinated Notes" above. U.S. Holders should consult their own tax advisors as to U.S. federal income tax considerations relating to such an event.

### **Backup Withholding and Information Reporting**

Backup withholding and information reporting requirements generally apply to certain U.S. Holders with respect to interest and principal payments on, and proceeds from the sale, exchange, retirement or other disposition of, the Subordinated Notes. A U.S. Holder not otherwise exempt from backup withholding generally can avoid backup withholding by providing a properly executed IRS Form W-9. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

### **Disclosure Requirements for Specified Foreign Financial Assets**

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury Department guidance) who, during any taxable year, hold any interest in any "specified foreign financial asset" generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. "Specified foreign financial asset" generally includes any financial account maintained with a non-U.S. financial institution and may also include the Subordinated Notes if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisors as to the possible application to them of this filing requirement.

### **Disclosure Requirements for Certain U.S. Holders Recognising Significant Losses**

A U.S. Holder that claims significant losses in respect of a Subordinated Note for U.S. federal income tax purposes (generally (i) U.S.\$10 million or more in a taxable year or U.S.\$20 million or more in any combination of taxable years for corporations or partnerships all of whose partners are corporations, (ii) U.S.\$2 million or more in a taxable year or U.S.\$4



million or more in any combination of taxable years for all other taxpayers, or (iii) U.S.\$50,000 or more in a taxable year for individuals or trusts with respect to a foreign currency transaction) may be subject to certain disclosure requirements for "reportable transactions." U.S. Holders should consult their own tax advisors concerning any possible disclosure obligation with respect to the Subordinated Notes.

### **CERTAIN POSSIBLE CONSEQUENCES UNDER THE U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")**

Legislation incorporating provisions referred to as FATCA was passed in the United States on March 18, 2010. Under the FATCA provisions, it is possible that the Issuer (or if the Subordinated Notes are held through another financial institution, such other financial institution) may be required (pursuant to an agreement to be entered into with the IRS or under applicable law) to (i) request certain information from holders or beneficial owners of Subordinated Notes, which may be provided to the IRS, and (ii) withhold U.S. federal tax on some portion of payments made after December 31, 2016 with respect to the Subordinated Notes if either (x) such information is not provided or (y) such payments are made to a foreign financial institution that has not entered into a similar agreement with the IRS (and is not otherwise required to comply with the FATCA regime under applicable law). If the Issuer or any other person is required to withhold amounts under or in connection with FATCA from any payments made in respect of the Subordinated Notes, holders and beneficial owners of Subordinated Notes will not be entitled to receive any gross up or other additional amounts to compensate them for such withholding.

This description is based on guidance issued by the IRS, including recently issued proposed regulations. Future guidance may affect the application of FATCA to the Subordinated Notes.

**FATCA IS COMPLEX AND ITS APPLICATION TO THE SUBORDINATED NOTES IS UNCERTAIN. PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE APPLICATION OF FATCA TO THE SUBORDINATED NOTES.**

### **CAYMAN ISLANDS TAXATION**

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Subordinated Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under Existing Cayman Islands Laws:

Payments of interest and principal on the Subordinated Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the Subordinated Notes, nor will gains derived from the disposal of Subordinated Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Subordinated Notes. An instrument of transfer in respect of a Subordinated Note is stampable if executed in or brought into the Cayman Islands.

## **GOVERNING LAW AND JURISDICTION**

The Trust Deed, the Subordinated Notes, the Final Terms (including the summary of the Final Terms set out in section 5 of the Subordination Nucleus) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, **provided that** the provisions contained in the Subordination Nucleus set out in Exhibit A hereto, imposed on the Issuer in order for the Subordinated Notes to qualify as Tier 2 Capital under Resolution 3,444, shall be governed by, and construed in accordance with, the laws of Brazil.

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Subordinated Notes or the Trust Deed (including the non-contractual obligations arising out of or in connection with the Subordinated Notes or the Trust Deed) and accordingly any legal action or proceedings arising out of or in connection with the Subordinated Notes or the Trust Deed may be brought in such courts. Under the Trust Deed, the Issuer irrevocably submits to the exclusive jurisdiction of the English courts.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorised signatory

By: \_\_\_\_\_  
Duly authorised signatory

*(Signature page to the Final Terms)*

## EXHIBIT A

### SUBORDINATION NUCLEUS ("Núcleo de subordinação")

This Subordination Nucleus ("*núcleo de subordinação*") has been prepared for the purposes of article 7 of Resolution No. 3,444, issued by the National Monetary Council of Brazil ("CMN") on February 28, 2007, as amended ("**Resolution No. 3,444**").

1. **Clauses showing compliance with all requirements of article 9 of Resolution No. 3,444:**

- (i) Pursuant to article 9, I, II and III of Resolution No. 3,444, the Subordinated Notes shall be issued in registered form, fully-paid in cash and may not have a maturity date, be redeemed, or amortized prior to five years from the issuance date, as set forth below:

***Form, Subscription in Cash and Maturity***

i. *Form: The Subordinated Notes will be issued as registered notes.*

ii. *Subscription and payment in cash: The Subordinated Notes may be issued in one or more Series or Tranches, consideration for which shall be paid to the Issuer in cash at the date of issue thereof.*

iii. *Maturity: The Subordinated Notes shall not, without the prior approval of the Central Bank, have a maturity date, be redeemed, or amortized prior to five (5) years from their issuance date.*

- (ii) Pursuant to article 9, IV, of Resolution No. 3,444, the payment of any amounts due and payable under the Subordinated Notes shall be subordinated to other obligations of the Issuer, in the case of the Issuer's dissolution, bankruptcy or liquidation, as set forth below:

***Status; Subordination Provisions***

i. *Status: The Subordinated Notes constitute unsecured and subordinated obligations of the Issuer.*

ii. *Subordination: The Subordinated Notes are subordinated in right of payment to all existing and future Senior Liabilities of the Issuer in accordance with this Subordination Nucleus.*

*Subject to applicable law (A) the rights and claims of Noteholders are and will be subordinated and accordingly subject in right of payment to prior payment in full of all principal, premium, if any, interest and any other amounts due or to become due on all Senior Liabilities upon the Issuer's winding-up, bankruptcy, liquidation, moratorium of payments, insolvency or similar proceedings (each a "**Bankruptcy Event**"), and (B)(i) Subordinated Notes shall rank pari passu with respect to each other without any preference among themselves, (ii) the rights and claims of Noteholders under the Subordinated Notes shall rank pari passu with the rights and claims of holders of the Parity*

*Liabilities and (iii) to the extent permitted by applicable law, the Subordinated Notes shall rank senior to the Issuer's Second Priority Liabilities; provided that the consolidation of the Issuer with, or the merger of the Issuer into any other corporation or the liquidation or dissolution of the Issuer following the conveyance or transfer (including in connection with a cisão) of its properties, assets and liabilities substantially as an entirety to another corporation shall not be deemed a Bankruptcy Event for the purposes of this clause if the Central Bank has approved such consolidation, merger, transfer or conveyance. Thereafter, the Issuer shall be automatically released and discharged from all obligations and covenants under the Trust Deed and the Subordinated Notes, and the Subordinated Notes will continue to be outstanding and will be treated as subordinated debt of such Successor Corporation pursuant to the terms of Resolution 3,444.*

- (iii) Pursuant to article 9, V, of Resolution No. 3,444, the payment of principal, interest or any amounts due and payable under the Subordinated Notes shall be postponed in case the Issuer is not in compliance with the risk-based capital requirements or its operational limits determined by the Central Bank or if such payment would cause the Issuer to fail to satisfy such risk-based capital requirements, as set forth below:

***Deferral of Interest and Principal***

i. Any payment (of principal, interest or any other amount) on the Subordinated Notes on any Interest Payment Date, the Maturity Date or any other date, as applicable, shall not be due at that time and the Issuer will defer that payment of interest or principal or any other amount relating thereto in full if the Issuer determines that it is, or if such payment would result in it being, in noncompliance with then applicable capital adequacy requirements or operational limits as set out in Resolution 3,444 or Resolution 2,099 or its financial ratios fall below the minimum levels required by regulations applicable to the Issuer either existing at the date of this Subordination Nucleus as specified in the Final Terms or subsequently promulgated or enacted by the Brazilian banking or monetary authorities or any other applicable Brazilian Governmental Authority (the "**Risk-Based Capital Requirements**").

ii. Upon the occurrence of sub-paragraph (i) above, the Issuer will defer payments of interest or principal or any other amount in full until the date no later than the number of days specified in the Final Terms after the date it is no longer in violation of the Risk-Based Capital Requirements and the payment of that interest or principal amount or other amount, or any portion thereof, would no longer cause the Issuer to violate the Risk-Based Capital Requirements.

iii. The deferral of any payment in accordance with this condition will not constitute an Event of Default under the Subordinated Notes.

iv. Deferred interest amounts will be determined on each Interest Payment Date only for the purpose of calculating the interest accruing thereafter on amounts in arrears. Such amounts in arrears will bear interest at the Rate of

*Interest for such Subordinated Notes plus the Arrears Rate as specified in the Final Terms. The Issuer will use reasonable efforts to give not more than the maximum number of Relevant Business Days' notice specified in the Final Terms and not less than the minimum number of Relevant Business Days' notice specified in the Final Terms to the Noteholders of any interest or principal payment that will be deferred and of any date on which any amount in arrears or any additional interest on such amount will be payable. If amounts in arrears are at any time only partially payable:*

*A. all amounts in arrears will be payable before additional interest on those amounts;*

*B. all amounts in arrears will be payable in the order of the Interest Periods for which they accrued, and the payment of additional interest on those amounts will follow the same order; and*

*C. all amounts in arrears or additional interest on those amounts, as the case may be, for any Interest Period will be paid pro rata to the Noteholders.*

- (iv) Pursuant to article 9, VI, of Resolution No. 3,444, the repurchase or early redemption of the Subordinated Notes, even if indirectly, through a legal entity related to the Issuer within the same financial conglomerate or economic/financial group, is subject to Central Bank prior authorization, as set forth below:

i. Repurchases: *Subject to the prior approval of the Central Bank (in accordance with art. 9, VI and § 3, of Resolution 3,444) or any other applicable Brazilian Governmental Authority, if then required, the Issuer or any Affiliate may at any time repurchase Subordinated Notes in the open market or otherwise in any manner and at any price, provided that the Issuer is in compliance with the Risk-Based Capital Requirements and that such repurchase would not cause the Issuer to fail to be in compliance with such Risk-Based Capital Requirements. Subordinated Notes so repurchased, while held by or on behalf of the Issuer or any of its Affiliates, shall not entitle the Noteholder to vote at any meetings of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders.*

ii. Optional Redemption for Taxation Reasons: *Subject to the prior approval of the Central Bank or any other applicable Brazilian Governmental Authority for such redemption (if such approval is then required), the Issuer may redeem or procure the purchase of any Series of Subordinated Notes at its option in whole, but not in part, at any time, on giving not less than 30 days nor more than 45 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount or, if none is so specified, at the nominal amount specified in the Final Terms (in each case together with interest accrued to, but excluding, the date fixed for redemption) if (i) there is more than an insubstantial risk that the Issuer has or will become obligated to pay additional amounts (such additional amounts to be determined in accordance with item 8 of the Terms and Conditions) in excess of the additional amounts which would be payable in respect of deductions or withholdings made at the*

rate of the Original Withholding Level, if any, specified in the Final Terms as a result of any change in, or amendment to, the laws or regulations of Brazil or the Cayman Islands, or any political subdivision or authority in or of Brazil or the Cayman Islands having the power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment is adopted or enacted or becomes effective on or after the Issue Date in respect of the relevant Series, and (ii) such obligation cannot be avoided by the Issuer taking ministerial measures available to it, provided that no such notice of redemption or purchase in lieu of redemption shall be given earlier than 90 days (or such other period as specified in the Final Terms) prior to the earliest date on which the Issuer would be obligated to pay such additional amounts were a payment in respect of such Subordinated Notes then due. Prior to the publication of any notice of redemption or purchase in lieu of redemption pursuant to this clause 1(iv)(ii) of this Subordination Nucleus, the Issuer shall deliver to the Trustee a certificate signed by two authorised officers or attorneys of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking ministerial measures available to it and the Trustee shall accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, which shall be conclusive and binding on the Noteholders.

iii. Optional Redemption due to a Regulatory Event: Subject to the prior approval of the Central Bank or any other applicable Brazilian Governmental Authority for such redemption (if such approval is then required), the Issuer may redeem or procure the purchase of any Series of Subordinated Notes, in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (together with interest accrued to, but excluding, the date fixed for redemption) if the Issuer certifies to the Trustee immediately prior to the giving of such notice that a Regulatory Event has occurred, provided, however, that no such notice of redemption or purchase in lieu of redemption shall be given earlier than 90 days (or such other period as specified in the Final Terms) prior to the earliest date on which the Regulatory Event is or is reasonably expected to be effective. Prior to the publication of any notice of redemption or purchase in lieu of redemption pursuant to this clause 1(iv)(iii) of this Subordination Nucleus, the Issuer shall deliver to the Trustee a certificate signed by two authorised officers or attorneys of the Issuer stating that the Issuer is entitled to effect such a redemption or to cause such purchase in lieu of redemption pursuant to this clause 1(v)(iii) of this Subordination Nucleus, and setting forth in reasonable detail a statement of the facts giving rise to such right of redemption. Concurrently, the Issuer will deliver to the Trustee a written Opinion of Counsel stating, among other things, that a Regulatory Event has occurred and that all governmental approvals necessary for the Issuer to effect such redemption or purchase in lieu of redemption have been obtained and are in full force and effect or specifying any such necessary approvals that as of the date of such opinion have not been obtained.

iv. Redemption of Subordinated Notes at the Option of the Issuer (Call Option): Not applicable.

- (v) Pursuant to article 9, VII, of Resolution No. 3,444, the Subordinated Notes shall not be redeemed at the Noteholders' option, as set forth below:

No Redemption at the Option of the Noteholders: The Subordinated Notes may not be redeemed at the option of the Noteholders.

- (vi) Pursuant to article 9, VIII and IX, of Resolution No. 3,444, the Subordinated Notes shall be unsecured obligations of the Issuer and shall not be subject to insurance coverage, as set forth below:

No Guarantee or Insurance: The Subordinated Notes are unsecured and subordinated obligations of the Issuer and do not benefit from any guarantee or insurance issued pursuant to any insurance policy or similar structure that compromises the subordination of the Subordinated Notes and/or requires or allows payments or transfers of funds to the Noteholders, directly or indirectly, by the Issuer or any Affiliate.

- (vii) Pursuant to paragraph one of article 9 of Resolution No. 3,444, the Trust Deed and the Subordinated Notes shall be governed by, and construed in accordance with, a specific governing law and jurisdiction:

Governing Law: The Trust Deed, the Subordinated Notes and any non-contractual obligations arising out of or in connection with them (including the summary of the Final Terms established on item 5 of this Subordination Nucleus) are governed by, and shall be construed in accordance with, English law, provided that the provisions contained in this Subordination Nucleus, imposed on the Issuer in order for the Subordinated Notes to qualify as Tier 2 Capital under Resolution No. 3,444, shall be governed by, and construed in accordance with, the laws of Brazil.

Jurisdiction: The courts of England have jurisdiction to settle any disputes which may arise out of or in connection with the Subordinated Notes or the Trust Deed (including a dispute relating to any non-contractual obligations arising out of or in connection with the Subordinated Notes or the Trust Deed) and accordingly any legal action or proceedings arising out of or in connection with the Subordinated Notes or the Trust Deed ("Proceedings") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the English courts.

2. **Clause providing that, pursuant to article 7, II, of Resolution No. 3,444, any provision, whether in the Trust Deed itself, in the Subordinated Notes or in another ancillary document, to the extent that they impair the fulfillment of, or conflict with, those requirements set out in article 9 of Resolution No. 3,444, is null and void, as set forth below:**

Conflicts: In the event of conflict between the provisions of this Subordination Nucleus and any other provision set forth in any Transaction Document with respect to the Subordinated Notes, the provision of this Subordination Nucleus shall prevail,



*as per art. 7, II, of Resolution 3,444 and any such conflicting provision shall be null and void.*

3. **Clause of each ancillary document providing, pursuant to article 7, paragraph 1 of Resolution No. 3,444, the subordination of such document to this Subordination Nucleus:**

- (i) Clause of the Trust Deed providing, pursuant to article 7, paragraph 1 of Resolution No. 3,444, the subordination of such document to this Subordination Nucleus:

*Pursuant to article 7, paragraph 1 of Resolution No. 3,444, any provision of this Trust Deed that conflicts with the Subordination Nucleus with respect to any Series of Subordinated Notes shall be null and void.*

- (ii) Clause of the Subordinated Notes providing, pursuant to article 7, paragraph 1 of Resolution No. 3,444, the subordination of such document to this Subordination Nucleus:

*Pursuant to article 7, paragraph 1 of Resolution No. 3,444, any provision of this Subordinated Note that conflicts with the Subordination Nucleus with respect to any Series of Subordinated Notes shall be null and void.*

- (iii) Clause of the Agency Agreement providing, pursuant to article 7, paragraph 1 of Resolution No. 3,444, the subordination of such document to this Subordination Nucleus:

*Pursuant to article 7, paragraph 1 of Resolution No. 3,444, any provision of this Agency Agreement that conflicts with the Subordination Nucleus with respect to any Series of Subordinated Notes shall be null and void.*

- (iv) Clause of the Dealer Agreement providing, pursuant to article 7, paragraph 1 of Resolution No. 3,444, the subordination of such document to this Subordination Nucleus:

*Pursuant to article 7, paragraph 1 of Resolution No. 3,444, any provision of this Dealer Agreement that conflicts with the Subordination Nucleus with respect to any Series of Subordinated Notes shall be null and void.*

4. **Clause providing that, pursuant to article 7, III and paragraph two, of Resolution No. 3,444, any amendment, change or revocation affecting the provisions of this Subordination Nucleus will be subject to prior authorization of the Central Bank, as set forth below:**

*The execution of any amendment, change or revocation of any provision of this Subordination Nucleus is subject to the prior consent of the Central Bank, if required pursuant to applicable regulations then in effect.*

5. **Summary of the transaction, pursuant to article 7, IV, of Resolution No. 3,444:**

*Fixed rate*

*This Series of Subordinated Notes, designated the "5.65% Subordinated Notes due 2022", issued in the aggregate principal amount of U.S.\$1,250,000,000 (the "Subordinated Notes"). Subject to the provisions of this Subordination Nucleus, the Subordinated Notes shall mature on March 19, 2022. Interest shall accrue on the Subordinated Notes from and including March 19, 2012 at the Rate of Interest of 5.65% per annum (the "Note Rate"), provided that (i) interest on the then-outstanding principal balance of the Subordinated Notes after the Maturity Date and (ii) interest on any overdue interest, shall accrue (to the extent permitted by applicable law), including, for the avoidance of doubt, during any period during which deferral of any payment is permitted pursuant to this Subordination Nucleus, at the Note Rate plus 1.0% per annum. Subject to the provisions of this Subordination Nucleus, all interest shall be paid by the Issuer to the Principal Paying Agent and distributed by the Principal Paying Agent semi-annually in arrears on March 19 and September 19 of each year (or if such date is not a Relevant Business Day, the next succeeding Relevant Business Day following such day) during which any portion of the Subordinated Notes shall be outstanding (each, an "Interest Payment Date"), commencing September 19, 2012. Interest shall be calculated based on a 360-day year of twelve 30-day months.*

6. **Definitions:**

For the purposes hereof, capitalized terms and expressions used herein and not otherwise defined shall have the following meanings:

For the purposes of this Subordination Nucleus:

**"Affiliate"** means any legal entity related to the Issuer within the same financial conglomerate or economic/financial consolidated group (*consolidado econômico-financeiro*).

**"Agency Agreement"** means the agency agreement dated March 29, 2010 between the Issuer, the Trustee, and the agents as amended and/or supplemented from time to time.

**"Arrears Rate"** means 1.0%.

**"Benchmark"** means one or more interest rate or exchange rate indices or as otherwise specified in the Final Terms.

**"Brazilian Governmental Authority"** means, as applicable, the government of Brazil, or any political subdivision thereof, whether federal, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government over the Issuer.

**"Business Day Convention"** means the number of days in the calculation period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the calculation period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the calculation

period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

**"Central Bank"** means the Central Bank of Brazil or any Brazilian Governmental Authority that replaces the Central Bank of Brazil in its current functions applicable to this Subordination Nucleus.

**"Dealer Agreement"** means the amended and restated dealer agreement dated the date of the Trust Deed between the Issuer, Banco Itaú BBA International, S.A. - London Branch, Goldman, Sachs and Co. and Morgan Stanley & Co. Incorporated and includes any agreement by which any additional dealers accede to such dealer agreement.

**"Early Redemption Amount"** means 100% of the U.S.\$1,000 Specified Denomination.

**"Event of Default"** subject to this Subordination Nucleus, means the following events: (1) the Issuer fails to pay any principal or interest (if any) in respect of any of the Subordinated Notes of such Series on the date when due and, with respect to principal, such failure continues for a period of three days and, with respect to interest, such failure continues for a period of ten days; or (2) the Issuer (a) is dissolved other than in connection with a consolidation, merger or reorganization not involving a bankruptcy or insolvency where the obligations of the Issuer in relation to the outstanding Subordinated Notes are assumed by the successor entity; (b) suspends payment on or fails or is unable to pay all or a material part of (or of a particular type of) its debts generally as they become due; (c) commences a voluntary case in bankruptcy or any other action or proceeding for any other relief under any law affecting creditors' rights that is similar to a bankruptcy law; (d) consents to the commencement against it of an involuntary case in bankruptcy or any other action or proceeding, or a proceeding is commenced in an involuntary case if such proceeding is not dismissed on or before the 60th day after the entry thereof or if any such dismissal or stay ceases to be in effect; or (3) any event occurs which under the laws of Brazil has an analogous effect to any of the events referred to on item (2) of this definition.

**"Euro"** means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty.

**"Exchange"** means any stock exchange on which the relevant Subordinated Notes could be listed.

**"Final Terms"** means the Final Terms dated March 12, 2012 with respect to the Subordinated Notes, which shall be deemed to include terms specified in the Subordination Nucleus set out as an annex to such Final Terms.

**"Interest Commencement Date"** means March 19, 2012.

**"Interest Payment Date"** means March 19 and September 19, commencing September 19, 2012.

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date to (but excluding) the first Specified Interest Payment Date and each successive period beginning on (and including) a Specified Interest Payment Date to (but excluding) the next succeeding Specified Interest Payment Date.

**"Issue Date"** means March 19, 2012.

**"Issuer"** means Itaú Unibanco Holding S.A. or any successor thereto, acting through its Grand Cayman Branch.

**"Maturity Date"** means March 19, 2022.

**"Noteholder"** means the person in whose name a Subordinated Note is registered.

**"Opinion of Counsel"** means a written opinion of counsel from any person which may include, without limitation, counsel for the Issuer, whether or not such counsel is an employee of the Issuer, in all cases in form and substance reasonably acceptable to the Trustee.

**"Original Withholding Level"** means 0%.

**"Parity Liabilities"** means, with respect to the Issuer, any securities or liabilities that have been or will be deemed part of the Issuer's regulatory capital (*Patrimônio de Referência*) in accordance with and established by Resolution 3,444, except for the Second Priority Liabilities.

**"Rate of Interest"** means 5.65% per annum payable semi-annually in arrear.

**"Regulatory Event"** means, subsequent to the time that the Subordinated Notes initially qualify as Tier 2 Capital, the Central Bank or any other applicable Brazilian Governmental Authority provides written notice that the Subordinated Notes may not be included in the consolidated Tier 2 Capital of the Issuer.

**"Relevant Business Day"** means (a) in case of a currency other than Euro, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the Relevant Financial Centre; or (b) in the case of euro, a TARGET Business Day; and (c) in the case of any currency, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in the Business Centre(s) specified in the Final Terms.

**"Relevant Financial Centre"** means the principal financial centre for the relevant currency (which in the case of Euro shall be Europe).

**"Resolution 2,099"** means Resolution No. 2,099 of August 17, 1994 issued by the *Conselho Monetário Nacional* (the National Monetary Council), as amended, modified, supplemented or superseded from time to time.

**"Resolution 3,444"** means Resolution No. 3,444 of February 28, 2007 issued by the *Conselho Monetário Nacional* (the National Monetary Council), as amended, modified, supplemented or superseded from time to time.

**"Second Priority Liabilities"** means all types or classes of the Issuer's capital stock.

**"Senior Liabilities"** means all liabilities of the Issuer except for the Parity Liabilities and the Second Priority Liabilities.

**"Series"** means Subordinated Notes of the Issuer in accordance with Resolution 3,444 which have identical terms and conditions, other than in respect of the Issue Date, the date on which interest commences to accrue and related matters.

**"Specified Denomination"** U.S.\$200,000 and integral multiples of U.S.\$1,000 thereafter.

**"Specified Interest Payment Date"** means each date which falls on the last day of the Interest Period specified in the Final Terms after the preceding Specified Interest Payment Date or, in the case of the first Specified Interest Payment Date, after the Interest Commencement Date or as is otherwise specified as such on the relevant Subordinated Note, in each case as adjusted by the Business Day Convention specified in the Final Terms.

**"Subordinated Notes"** means the Subordinated Notes issued by the Issuer in accordance with the Final Terms dated March 12, 2012 and Resolution 3,444.

**"Subordination Nucleus"** means this subordination nucleus prepared in accordance with Resolution 3,444.

**"Successor Corporation"** means the corporation formed by consolidation or into which the Issuer is merged or the person which acquires by conveyance or transfer (including in connection with a *cisão*) all or substantially all of the properties and assets of the Issuer.

**"TARGET Business Day"** means a day on which the TARGET System is operating.

**"TARGET System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System, which was launched on November 19, 2007 or any successor thereto.

**"Terms and Conditions"** means the terms and conditions of the Subordinated Notes as amended and supplemented by the Final Terms in relation to a Series of Subordinated Notes.

**"Tier 2 Capital"** means raising of capital carried out by the Issuer or by its Affiliates, which were, or will be, authorized by the Central Bank as Tier 2 of the regulatory capital (*Patrimônio de Referência*), as set forth in Resolution 3,444.

**"Tranche"** means, in relation to a Series, those Subordinated Notes of such Series which have the same Issue Date.

**"Transaction Documents"** means the Trust Deed, the Agency Agreement, the Dealer Agreement and the Subordinated Notes (other than this Subordination Nucleus).

**"Treaty"** means the treaty establishing the European Community, as amended.

**"Trustee"** shall include all persons for the time being the trustee or trustees under the Trust Deed.

**"Trust Deed"** means the amended and restated trust deed dated March 17, 2011 between the Issuer and the Trustee, as amended and/or supplemented from time to time.