Risk Management

Pillar 3

Itaú Unibanco Holding S.A.



2nd Quarter of 2013

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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.

Executive Summary

The main concern of Itaú Unibanco's risk and capital management is to maintain the institution's risk profile in line with the risk strategy and guidelines of the Board of Directors. The main summarized metrics of the Economic-Financial Consolidated are:

Capital Adequacy:

The Referential Equity reached R$ 113,092 million, with R$ 75,988 million classified as Capital Tier I and R$ 37,571 million as Capital Tier II.

The Required Referential Equity totaled R$ 71,212 million and is composed of the regulatory portion required to cover credit risk (PEPR), amounting to R$ 63,425 million, the regulatory portions required to cover market risk, amounting to R$ 3,014 million, and the regulatory portion required to cover operating risk (POPR), amounting to R$ 4,773 million. As a result, Itaú Unibanco presented an excess of capital over the Required Referential Equity of R$ 41,880 million.

The BIS ratio reached 17.5%, a reduction of 0.2 percentage points in relation to the previous quarter. The explanation for the variation is due mainly to the increase of R$ 23,832 million on the total risk weighted exposure and the decrease in the Referential Equity Tier II, due to the impact of mark to market of securities.

Credit Risk:

The exposure of the portfolio of operations with credit risk characteristics, net of the allowance for loan losses (including sureties, endorsements and credit commitments) reached R$ 461,806 million.

The concentration of the 100 largest debtors in loan, lease and other credit operations represents 21.6% of total portfolio.

The allowance for loan losses totaled R$ 26,399 million, compared to 27,188 million in the previous quarter.

Market Risk:

Itaú Unibanco, adhering to its policy of operating within low limits in relation to its capital, maintained its conservative management and portfolio diversification approach through the period. The average Consolidated Global VaR value increased compared to the previous quarter, totaling R$ 236.2 million, due to position changes and increase in the volatility on some of the Itaú Unibanco's risk factors, remaining below 1% of net equity of Itaú Unibanco.

Liquidity Risk:

Itaú Unibanco maintained proper levels of liquidity in Brasil and abroad. The funding from clients totaled R$ 160.094 million.

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 Committees and Superiors Commissions, determines the overall objectives, expressed as targets and limits to the business units. The control and capital management units, in turn, support Itaú Unibanco's management by means of monitoring procedures and risk and capital analysis.

Meeting the National Monetary Council (CMN) Resolution No. 3,988, Itaú Unibanco implemented its capital management structure and it is preparing the first internal capital adequacy assessment process (ICAAP) report, which will be submitted to BACEN in September 2013 for the base date of June 2013.

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.

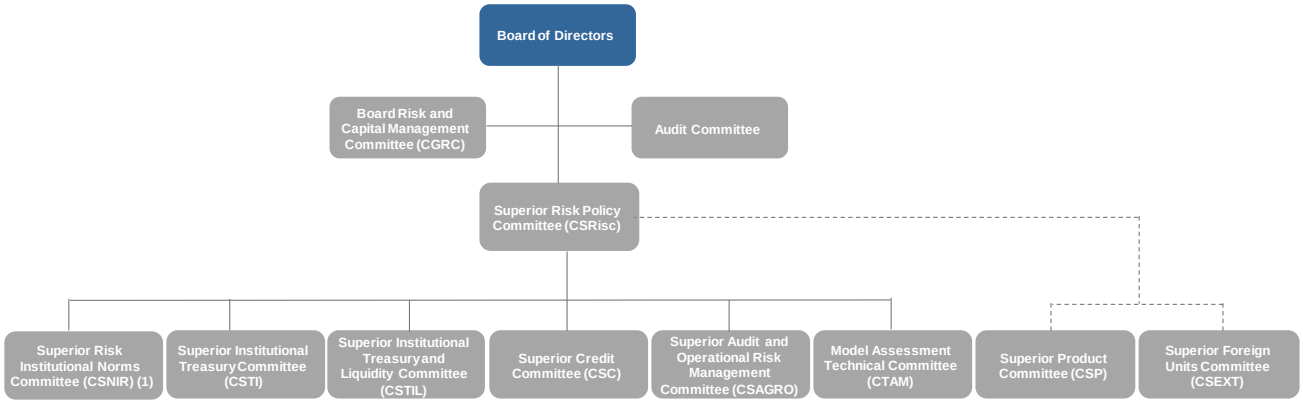
1.1 Organizational Structure

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 underwriting 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 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, as well as for risk measurement, following regulations and regulatory 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 and monitoring risks.

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 and CTAM are 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, control and capital 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 regulators 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 of positions (including conditions of stress), 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;
- 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: Maximum liquidity gap limits, minimum reserve levels, policy on funding and investment in financial market, criteria for transfer pricing of funds in the Itaú Unibanco companies and contingency plans for liquidity.

Superior Credit Committee (CSC)

The CSC meets on a weekly basis to discuss the credit risk of Itaú Unibanco and is the maximum level to approve individual credits. 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.

Model Assessment Technical Committee (CTAM)

The meetings of CTAM are held monthly to assess risk models, based on the independent opinion on model validation. Its main responsibilities are:

- To approve models related to risk and price calculation;
- To approve, suggest and monitor the action plans proposed for validated models;
- To follow-up the performance of models in the long term, determining the redevelopment or readjustment of models if necessary.

Decisions are subsequently presented to the CSRisc, thus ensuring that the top management is informed about the adopted decisions.

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.

2 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

At the beginning of 2013, the Brazilian economy maintained the same pace seen at the end of 2012. The Gross Domestic Product (GDP) grew 0.6% in the first quarter in relation to the fourth quarter of last year. Part of this performance reflects timely factors such as the strong truck sales, and the good soy harvest over the period. The fundamentals continue to indicate only a moderate recovery of the economy, supported by the slow restoration of the confidence of businessmen.

Inflation exceeded the top end of the target in the first quarter of the year. Price increases seem to be more widely spread among sectors. The decreases in the taxes levied by the government have been helping maintain inflation at more controlled levels in the short-term. The Broad Consumer Price Index (IPCA) for the 12 months to June was 6.7%.

With the deterioration of inflation, BACEN increased interest rates. In its most recent official communications, the Monetary Policy Committee (Copom) recognized the unfavorable outlook for inflation in the short term.

After staying close to the R$ 2.00/US$ 1.00 level, the Brazilian real depreciated in May and June and started to be traded close to the R$ 2.25/US$ 1.00 level. This movement partially reflects the depreciation of emerging market currencies in relation to the U.S. dollar.

International Market

The year 2013 began showing less risks of a crisis despite the maintenance of some volatility. The performance of developed countries has been heterogeneous. The United States (U.S.) has been maintaining a relatively high pace of growth and expansion of the labor market, whereas the Euro Zone remains in recession. The economy of emerging countries has been slowing down.

The economy of the U.S was stronger in the first quarter. The annualized expansion of GDP was 2.4% in the period, supported by household consumption. The balances of companies are relatively sound and the financial conditions favor the growth of private demand. This improvement led the Federal Reserve System (Fed) to indicate the gradual withdrawal of the economic stimulus starting at the end of this year, which led to an increase in long-term interest rates and a depreciation of emerging market currencies in relation to the U.S. dollar. Meanwhile, the adjustment of the public sector was strengthened in the second quarter of 2013 in relation to the first quarter.

In Asia, Japan has maintained its stimulating fiscal and monetary policies and is trying to start the implementation of reforms to support the economy's recovery in the medium and long terms. Meanwhile, China maintains a slow growth pace. Nevertheless, policymakers seem to be relatively comfortable with this scenario and have not signaled any further stimulus, showing that they are more concerned with structural reforms than with short-term growth.

3 Capital

3.1 Capital Management

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 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.

In the capital management context, a capital plan is prepared consistently with the strategic planning of Itaú Unibanco and is aimed at ensuring the maintenance of an adequate and sustainable capital level, taking into account analyses of the economic, competitive and political environment, besides other external factors. The capital plan comprises the following:

- Short and long-term capital goals and projections of Itaú Unibanco, under normal and stress scenarios, according to the Board of Directors' guidelines;
- Main sources of capital;
- Contingency capital plan, containing actions to be taken in case of a potential capital deficiency.

To prepare it, the following is the minimum taken into account:

- Analysis of the threats and opportunities related to the economic and business environment;
- Projections about balance sheets and income;
- Targets for growth and/or market share;
- Segments targeted by the institution and products targeted at each one of them;
- Policy on profit sharing and its impacts on capital.

As part of the capital planning, extreme market conditions are simulated, considering tragic events, aiming at finding potential capital restrictions. The stress scenarios are approved by the Board of Directors and their impacts on capital are considered when devising the strategy and positioning of businesses and capital.

Complementing the calculation of capital to cover the risks of Pillar 1, Itaú Unibanco have been developing mechanisms for identifying and analyzing the materiality of the other risks taken by the institution, besides methodologies for assessing and quantifying the need of additional capital to cover them.

In order to provide the necessary information for the Executives and Board of Directors to take decisions, managerial reports are prepared and presented in Commissions and Committees, informing them about the capital adequacy of Itaú Unibanco, as well as about the projections of future capital levels in normal and stress situations.

3.2 Capital Composition

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, 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 Conglomerate			Economic-Financial Consolidated		
	6/30/2013	3/31/2013	6/30/2012	6/30/2013	3/31/2013	6/30/2012
Stockholders' equity Itaú Unibanco Holding S.A. (Consolidated)	**75,781**	**74,416**	**75,636**	**75,781**	**74,416**	**75,636**
Minority Interest in Subsidiaries	1,713	1,613	1,251	1,261	1,183	1,817
Changes in ownership interest in a subsidiary in capital transactions	6,750	7,055	-	-	-	-
Unrealized Results	-	-	-	-	-	-
Consolidated Stockholders' Equity (BACEN)	**84,244**	**83,084**	**76,887**	**77,042**	**75,598**	**77,453**
Revaluation Reserves Excluded from Tier I	-	-	-	-	-	-
Deferred Tax Assets Excluded from Tier I	(585)	(585)	(593)	(585)	(586)	(593)
Deferred Permanent Assets Excluded from Tier I	(191)	(196)	(256)	(191)	(196)	(258)
Adjustment to Market Value – Securities and Derivative Financial Instruments Excluded from Tier I	598	(599)	(537)	598	(599)	(537)
Additional Provision for Loan, Lease and Other	-	-	-	-	-	-
Preferred Shares With Clause of Redemption Excluded from Tier I	(875)	(792)	(799)	(875)	(792)	(799)
Tier I	**83,191**	**80,912**	**74,702**	**75,988**	**73,426**	**75,267**
Subordinated Debt	39,518	38,785	26,705	37,994	36,713	26,705
Preferred shares With Clause of Redemption	175	317	319	175	317	319
Revaluation Reserves	-	-	-	-	-	-
Adjustments to Market Value - Securities and Derivative Financial Instruments	(598)	599	537	(598)	599	537
Tier II	**39,095**	**39,701**	**27,561**	**37,571**	**37,629**	**27,561**
Tier I + Tier II	**122,286**	**120,613**	**102,263**	**113,559**	**111,055**	**102,828**
Exclusions						
Funding Instruments Issued by Financial Institutions	(467)	(426)	(309)	(467)	(426)	(309)
Reference Equity (PR)	**121,819**	**120,187**	**101,954**	**113,092**	**110,629**	**102,519**

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						6/30/2013	03/31/2013	6/30/2012
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)	3,467	1,793	4,739	1,488	-	-	11,487	11,336	15,799
Financial Bills	371	-	-	7,285	9,968	6,987	24,611	23,371	13,967
Euronotes	241	-	-	-	-	17,040	17,281	15,706	9,217
Subordinated Debt	**4,079**	**1,793**	**4,739**	**8,773**	**9,968**	**24,027**	**53,379**	**50,413**	**38,983**
Subject to approval - BACEN [1] and Other	17	-	77	1	-	339	434	1,618	3,965
Subordinated Debt - Total	**4,096**	**1,793**	**4,816**	**8,774**	**9,968**	**24,366**	**53,813**	**52,031**	**42,948**
Subordinated Debt Reducer (Cons. Op.)	(4,079)	(1,435)	(2,844)	(3,509)	(1,994)	-	(13,861)	(11,628)	(12,278)
Subordinated Debt Reducer (Conef)	(4,079)	(1,435)	(2,844)	(3,509)	(1,994)	(1,524)	(15,385)	(13,700)	(12,278)
Subordinated Debt - Tier II (Cons. Op.)	**-**	**359**	**1,896**	**5,264**	**7,974**	**24,025**	**39,518**	**38,785**	**26,705**
Subordinated Debt - Tier II (Conef)	**-**	**359**	**1,896**	**5,264**	**7,974**	**22,501**	**37,994**	**36,713**	**26,705**
Total - 3/31/2013	**902**	**5,039**	**4,718**	**4,877**	**9,931**	**26,565**	**52,031**		
Total - 6/30/2012	**5,202**	**3,222**	**1,657**	**4,581**	**8,778**	**19,507**	**42,948**		

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

[2] In June 2013, these funds totaled R $ 39,518 million, of which only part consists of the Referential Equity Tier II, since its computation is limited to 50% of Tier II.

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.	6/30/2013 Principal Value	03/31/2013 Principal Value	6/30/2012 Principal Value	jun/13-mar/13 Variation	jun/13-jun/12 Variation	3/31/2013 Accouting Balance
Subordinated CDB [1] - BRL									
	2002	2012	102,5% do CDI	-	-	200	-	(200)	-
	2007	2012	103,8% do CDI	-	-	93	-	(93)	-
			100% do CDI + 0,35% a 0,45%	-	-	731	-	(731)	-
			IGPM + 7,31%	-	-	278	-	(278)	-
	2003	2013	102% do CDI	40	40	40	-	-	125
	2008	2013	100% do CDI + 0,5% a 0,6%	-	-	1,558	-	(1,558)	-
			106% a 107% do CDI	-	48	48	(48)	(48)	-
	2007	2014	.00% do CDI + 0,35% a 0,6%	1,865	1,865	1,865	-	-	3,450
			IGPM + 7,22%	33	33	33	-	-	71
	2008	2014	112% do CDI	1,000	1,000	1,000	-	-	1,614
	2008	2015	119,8% do CDI	400	400	400	-	-	684
	2010	2015	113% do CDI	50	50	50	-	-	71
	2006	2016	100% do CDI + 0,7% [1]	466	466	466	-	-	926
	2010	2016	110% a 114% do CDI	2,665	2,665	2,665	-	-	3,797
			IPCA + 7,21%	123	123	123	-	-	187
	2010	2017	IPCA + 7,33%	367	367	367	-	-	562
			Total	**7,009**	**7,057**	**9,918**	**(48)**	**(2,908)**	**11,487**
Subordinated Financial Bills - BRL									
	2010	2016	I0% do CDI + 1,35% a 1,36%	365	365	365	-	-	376
			112% a 112,5% do CDI	1,874	1,874	1,874	-	-	1,925
			IPCA + 7%	30	30	30	-	-	42
	2010	2017	IPCA + 6,95% a 7,2%	206	206	206	-	-	262
	2011	2017	108% a 112% do CDI	3,224	3,224	3,224	-	-	3,324
			100% do CDI + 1,29% a 1,52%	3,650	3,650	3,650	-	-	3,722
			IPCA + 6,15% a 7,8%	352	352	352	-	-	427
			IGPM + 6,55% a 7,6%	138	138	138	-	-	171
	2012	2017	100% do CDI + 1,12%	500	500	-	-	500	504
	2011	2018	IGPM + 7%	42	42	42	-	-	49
			IPCA + 7,53% a 7,7%	30	30	30	-	-	35
	2012	2018	108% a 113% do CDI	6,373	5,779	1,940	594	4,433	6,562
			IPCA + 4,4% a 6,58%	461	461	426	-	35	527
			100% do CDI + 1,01% a 1,32%	3,782	3,757	1,108	25	2,674	3,844
			9,95% a 11,95%	112	112	12	-	100	123
	2011	2019	109% a 109,7% do CDI	2	2	2	-	-	2
	2012	2019	110% do CDI	1	1	1	-	-	1
			12.0%	12	12	12	-	-	14
			IPCA + 4,7% a 6,3%	101	101	21	-	80	113
	2012	2020	111% do CDI	1	1	1	-	-	1
			IPCA + 6% a 6,17%	20	20	20	-	-	23
	2011	2021	109,25% a 110,5% do CDI	6	6	6	-	-	7
	2012	2022	IPCA + 5,15% a 5,83%	2,307	1,767	60	540	2,247	2,536
			IGPM + 4,63%	20	20	-	-	20	21
			Total	**23,609**	**22,450**	**13,520**	**1,159**	**10,089**	**24,611**
Subordinated Euronotes - USD									
	2010	2020	0.062	990	990	990	-	-	2,215
	2010	2021	5.8%	1,000	1,000	1,000	-	-	2,272
	2011	2021	5,75% a 6,2%	730	730	730	-	-	1,622
	2012	2021	0.062	550	550	550	-	-	1,232
	2012	2022	5,5% a 5,65%	2,600	2,600	1,235	-	1,365	5,810
	2012	2023	5.1%	1,851	1,851		-	1,851	4,130
			Total USD	**7,721**	**7,721**	**4,505**	**-**	**3,216**	**17,281**
			Total BRL						**53,379**

Subordinated Debt Reducer (Cons. Op.)	(13,861)
Subordinated Debt Reducer (Conef)	(15,385)
Subordinated Debt - Tier II (Cons. Op.)	**39,518**
Subordinated Debt - Tier II (Conef)	**37,994**

[1] *The subordinated notes are redeemable from November 2011.*

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 and No. 200) and Circular No. 411. The regulations describe 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.

3.3 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 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 Conglomerate					
Risk exposure	**6/30/2013**		**3/31/2013**		**6/30/2012**	
Regulatory Portion Required to Cover Credit Risk (PEPR)	66,115	90.4%	62,516	89.3%	61,229	90.8%
Regulatory Portion Required to Cover Market Risk	3,011	4.1%	3,414	4.9%	2,210	3.3%
Regulatory Portion Required to Cover Operational Risk (POPR)	4,039	5.5%	4,039	5.8%	3,963	5.9%
Required Reference Equity (PRE)	73,166	100%	69,969	100%	67,402	100%

Composition of Required Reference Equity (PRE)

R$ million

	Economic-Financial Consolidated					
Risk exposure	**6/30/2013**		**3/31/2013**		**6/30/2012**	
Regulatory Portion Required to Cover Credit Risk (PEPR)	63,425	89.1%	60,210	87.8%	60,038	90.0%
Regulatory Portion Required to Cover Market Risk	3,014	4.2%	3,607	5.2%	2,244	3.4%
Regulatory Portion Required to Cover Operational Risk (POPR)	4,773	6.7%	4,773	7.0%	4,394	6.6%
Required Reference Equity (PRE)	71,212	100%	68,590	100%	66,676	100%

Credit Risk Regulatory Portion (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 Conglomerate			Economic-Financial Consolidated		
	6/30/2013	3/31/2013	6/30/2012	6/30/2013	3/31/2013	6/30/2012
Risk exposures						
Exposure weighted by credit risk (EPR)	**601,049**	**568,326**	**556,627**	**576,592**	**547,365**	**545,796**
Regulatory Portion Required to Cover Credit Risk (PEPR)	**66,115**	**62,516**	**61,229**	**63,425**	**60,210**	**60,038**
a) Per Weighting Factor (FPR):						
FPR at 20%	881	608	299	1,394	1,061	437
FPR at 35%	647	592	184	647	592	184
FPR at 50%	2,944	2,537	3,780	3,518	2,854	4,759
FPR at 75%	23,769	23,069	13,562	23,425	22,726	13,166
FPR at 100%	33,086	31,421	39,748	29,529	28,462	37,722
FPR at 150%	2,076	2,040	1,619	2,068	2,034	1,616
FPR at 300%	2,210	1,822	1,732	2,341	2,053	1,846
Derivatives - potential future gain	503	428	305	503	428	308
b) Per Type:						
Securities	3,440	3,255	3,234	3,466	3,298	3,296
Loan operations - Retail	10,103	10,127	10,799	9,856	9,879	10,526
Loan operations - Non-retail	23,478	22,529	22,217	23,485	22,538	22,230
Joint liabilities - Retail	34	34	43	34	34	43
Joint liabilities - Non-retail	5,836	5,601	6,181	5,831	5,597	6,146
Loan commitments - Retail	2,771	2,748	2,720	2,674	2,650	2,597
Loan commitments - non-retail	1,838	1,781	1,790	1,838	1,782	1,791
Other exposures	18,615	16,442	14,244	16,241	14,433	13,409

BACEN Circular No. 3,644 establishes new criteria for calculating the capital portion related to credit risk. Part of the criteria is immediately effective while other part should be implemented in October of 2013.

The adoption of these criteria explains the observed reduction in PRE and especially reflects the reduction of weighting factors, mainly for large companies, but also for sovereign entities, financial and real estate credit institutions.

Market Risk Regulatory Portion

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 sets the original maturities of the operations with quarterly revisions of their parameters, based on historical data observed, which anticipates the cash flows terms originally traded. For products without defined maturities, such as cash deposits and savings accounts, balances are distributed in time generating exposure to changes in interest rates, according to internally approved methodologies.

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 Conglomerate			Economic-Financial Consolidated		
	6/30/2013	3/31/2013	6/30/2012	6/30/2013	3/31/2013	6/30/2012
Regulatory Portion Required to Cover Market Risk	**3.011**	**3.414**	**2.210**	**3.014**	**3.607**	**2.244**
Trades subject to interest rate variation (PJUR)	**2.538**	**3.110**	**2.030**	**2.540**	**3.303**	**2.064**
Fixed income interest rate denominated in reais (PJUR1)	689	1.032	506	689	1.032	506
Foreign exchange linked interest rate (PJUR2)	1.166	1.183	933	1.168	1.365	941
Price index linked interest rate (PJUR3)	378	648	425	378	660	451
Interest rate linked interest rate (PJUR 4)	304	247	166	304	247	166
Trades subject to commodity price variation (PCOM)	**170**	**85**	**101**	**170**	**85**	**101**
Trades subject to equities price variation (PACS)	**304**	**219**	**79**	**304**	**219**	**79**
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)	**2.956**	**1.985**	**6.169**	**3.461**	**2.469**	**6.749**

(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.

Operational Risk Regulatory Portion (POPR)

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 last six semi-annual 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 Conglomerate			Economic-Financial Consolidated		
	6/30/2013	3/31/2013	6/30/2012	6/30/2013	3/31/2013	6/30/2012
Regulatory Portion Required to Cover Operational Risk (POPR)	**4,039**	**4,039**	**3,963**	**4,773**	**4,773**	**4,394**
Retail	678	678	607	678	678	607
Commercial	1,147	1,147	958	1,147	1,147	958
Corporate finance	106	106	88	106	106	88
Negotiation and sales	1,445	1,445	1,691	1,445	1,445	1,691
Payments and settlements	290	290	272	290	290	272
Financial agent services	159	159	139	159	159	139
Asset management	205	205	192	205	205	192
Retail brokerage	9	9	16	9	9	16
Business plans	-	-	-	-	-	-
Conef additional	-	-	-	734	734	431

3.4 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 June 30th, 2013, the PR of the Economic-Financial Consolidated reached R$113,092 million, an increase of R$2,463 million when compared to March 31st, 2013, mainly due to the increase on Tier I. When compared to the same period of the previous year, the PR increased R$10,573 million.

Composition of Referential Equity (PR)

R$ million

	Financial Conglomerate			Economic-Financial Consolidated		
	6/30/2013	3/31/2013	6/30/2012	6/30/2013	3/31/2013	6/30/2012
Tier I	**83,191**	**80,912**	**74,702**	**75,988**	**73,426**	**75,267**
Tier II	**39,095**	**39,701**	**27,561**	**37,571**	**37,629**	**27,561**
Exclusions: Funding Instruments Issued by Financial Institutions	(467)	(426)	(309)	(467)	(426)	(309)
Referential Equity (PR)	**121,819**	**120,187**	**101,954**	**113,092**	**110,629**	**102,519**
Required Referential Equity (PRE)	**73,166**	**69,969**	**67,402**	**71,212**	**68,590**	**66,676**
Excess capital in relation to Required Referential Equity	**48,653**	**50,218**	**34,552**	**41,880**	**42,038**	**35,843**

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 17.5%, showing a reduction of 0.2 percentage points in relation to March 31st, 2013, mainly due to the increase of R$ 23,832 million on the total risk weighted exposure and the decrease in the Referential Equity Tier II, due to the impact of mark to market of securities. The BIS ratio of the Financial System Consolidated reached 18.3% on June 30th, 2013.

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.

The difference between the fixed assets ratio of the Financial System Consolidated and that of the Economic-Financial Consolidated arises from the inclusion of non-financial subsidiaries that have high liquidity and low investment level in fixed assets, which causes a reduction in the ratio of the Economic-Financial Consolidated and enables, when necessary, allocation of funds to financial companies.

Basel and Fixed Asset Ratios

R$ million

	Financial Conglomerate			Economic-Financial Consolidated		
	6/30/2013	3/31/2013	6/30/2012	6/30/2013	3/31/2013	6/30/2012
Basel ratio	**18.3%**	**18.9%**	**16.6%**	**17.5%**	**17.7%**	**16.9%**
Tier I	12.4%	12.7%	12.1%	11.7%	11.7%	12.4%
Tier II	5.9%	6.2%	4.5%	5.8%	6.0%	4.5%
Fixed assets ratio	**47.4%**	**47.2%**	**40.2%**	**14.4%**	**14.2%**	**14.3%**
Excess Capital in Relation to Fixed Assets	3,223	3,354	9,997	40,259	39,617	36,610

Circular No. 3,608 changes the procedures for calculating the portion of the Required Referential Equity (PRE) relating to the risk of foreign currencies (PCAM), mentioned in Circular No. 3,568.

Until December 31, 2013, in the event exposures are equal to or below 2% of PR, the PCAM value will be equal to zero. In case the new rule was effective, the ratios would be reduced by approximately 0.2%.

3.5 Basel II Adequacy

Basel II

The current international Basel Accord, commonly known as Basel II, suggests methodologies which generates capital to be maintained by financial institutions. It´s disclosure occurred in June 2004, it has been going through revisions since then taking into account that sound changes have been recently brought about as a result of the international crisis (known as Basel III) which were added to the Basel II rules, however, without modifying the essence of the Accord.

Brazil has been following up the international changes and the main requirements for capital allocation have been changed to adjust to the international standard.

The Resolution No. 3,490, establishes the standardized methods of calculating capital for credit, market and operational risks are in effect since July 1st, 2008, however, as of October 1, 2013, this requirement will be revoked by CMN Resolution No. 4,193, which provides for minimum requirements for Referential Equity (PR), Tier 1 Capital, and Common Equity Tier 1, and establishes the Additional Equity Tier 1. BACEN also published on this same date, effective as of October 1st, 2013, the Resolution No. 4,192, which establishes the calculation methodology for Referential Equity (PR), and the Resolution No. 4,195, which provides for the preparation and reporting of the Analytical Balance Sheet – Consolidated Enterprise Level (conglomerado prudencial). It is worth noting that these new Resolutions are already aligned with Basel III.

For approaches based on internal models, the respective rules for eligibility are defined in BACEN Circulars Nos. 3,646, 3,647 and 3,648, all published on March 4, 2013, for market, operational and credit risks, respectively. It should be highlighted that the aforementioned circulars are effective as of October 1st, 2013, revoking the 3,478 for market risk and the 3,581 for credit risk (currently in effect).

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 institution's risk management already has proprietary models for risk management that are continuously monitored and reviewed whenever necessary, aiming at ensuring effectiveness in strategic and business decisions. Therefore, the Basel Project efforts are mainly taken to guarantee the adherence to established standards and requirements, for use of internal models in the calculation of regulatory capital without, however, distancing them from their main internal management goals. For this purpose, a dialogue is frequently held with the regulating authority about the application of requirements for the risk management of Itaú Unibanco.

Independent Validation

Following the best practices introduced in Basel, Itaú Unibanco carries out the independent validation of processes aiming at identifying, measuring and evaluating, and responding to the operational risks of the organization and monitoring them, with the purpose of maintaining the losses and risks within the limits established by the institution.

The independent validation of the risk models of Itaú Unibanco, aims priority to ensure the models used in management, through independent technical evaluation on the adjustment of the model to the risk.

The scope of the validation comprises all risk models of the corporation, with the main focus on the credit risk models (credit score, risk rating, PD, LGD and EAD), the market risk models and pricing of financial instruments.

The validation results are submitted to CTAM that directly reports to CSRisc ensuring the involvement of the top management.

To complement the independent validation process, the validation of the use of credit risk parameters is carried out with the objective of assessing the level of integration of risk parameters in each stage of the credit decision-making process (credit granting, pricing, follow-up and recovery) integrated to and continuously in the business management.

Basel III - New capital rules

In March 2013, the Central Bank of Brazil published a set of four resolutions and 15 circulars on the adoption in Brazil of the recommendations of Basel III. The new rules aim at increasing the capacity of financial institutions to absorb shocks, increasing the strength financial system, and promoting sustainable economic growth.

Resolutions No. 4,192, 4,193 and 4,195 of the National Monetary Council (CMN) (Resolution No. 4,194 does not apply to Itaú Unibanco) regulate the new capital definitions and minimum capital requirements and determine which companies shall compose the cautionary consolidated balance to be used in the determination of capital basis and requirements. The new capital definitions gradually restrict the capital eligible for meeting the requirements determined in Basel III as the cautionary adjustments are deducted from the capital basis, in accordance with the transition schedule.

Basel III - Schedule

	10/01/2013	01/01/2014	01/01/2015	01/01/2016	01/01/2017	01/01/2018	01/01/2019
Common Equity Tier 1	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Tier 1	5.5%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
Total Capital	11.0%	11.0%	11.0%	9.875%	9.250%	8.625%	8.0%
Additional Equity Tier 1 (1)	-	-	-	1.250%	2.500%	3.750%	5.000%
Capital Conservation Buffer (2)	-	-	-	0.625%	1.250%	1.875%	2.500%
Countercyclical Capital Buffer (3)	0%	0%	0%	0.625%	1.250%	1.875%	2.500%
Equity Tier 1 with Additional	**4.5%**	**4.5%**	**4.5%**	**5.750%**	**7.000%**	**8.250%**	**9.500%**
Tier I with Additional	**5.5%**	**5.5%**	**6.0%**	**7.250%**	**8.500%**	**9.750%**	**11.000%**
Total Capital with Additional	**11.0%**	**11.0%**	**11.0%**	**11.125%**	**11.750%**	**12.375%**	**13.000%**
Prudential adjustments deductions	**40%**	**60%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Considering the upper limit (maximum requirement), due to conservatism.

(2) Lower limit (minimum requirement).

(3) Considering the largest range between the lower and higher limits.

In addition to the new minimum capital indexes (Main Capital, Tier I Capital and Total Capital), BACEN's rules establish the creation of the Additional Main Capital (conservation and counter-cyclical capital buffers) which will increase the requirements for long-term capital and establish new requirements for qualifying the instruments eligible for Tier I or Tier 2 capital. They also establishes the gradual reduction of eligibility for the inventory of instruments issued in accordance with Resolution No. 3,444 of CMN of February 28, 2007.

CMN´s Resolution No. 4,195 determines that, as from January 2014, the minimum capital requirement is determined based on a single consolidation center, the Cautionary Conglomerate, which covers the companies of the Financial Conglomerate and the companies similar to financial institutions such as consortium administrators, credit card issuers or accreditation companies, companies that purchase credit operations, insurance companies, reinsurance companies, capitalization companies, open-end pension funds and investment funds of which the conglomerate substantially holds the risks and rewards.

In addition to the resolutions and circular letters, Law No. 12,838 of July 9, 2013, which allows for the determination of deemed credit based on credits arising from temporary differences resulting from allowances from loan losses, changes the rules for the issue of financial bills, allowing for the inclusion of clauses for the suspension of the stipulated compensation and the extinction of the credit right or its conversion into shares, and conditions stockholders' remuneration to compliance with the cautionary requirements established by the CMN.

The concepts of Basel III have, since the beginning of the discussions, been promptly incorporated into the prospective analyses of working capital as part of the institution's process of adapting to the new regulation.

4 Credit Risk

4.1 Framework and Treatment

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, 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.

The document that details the credit 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 – Credit Risk Management.

Itaú Unibanco's credit risk management is aimed at maintaining the quality of the credit portfolio at proper levels for each market segment in which it operates and creating value for its stockholders through the analysis of the risk-adjusted return on capital.

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.

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.

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, 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, based on the governance, 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 approving credit policies and validating 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.

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.

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, contractual measures may be adopted, such as the right to demand early payment or requirement of additional guarantee.

4.2 Credit Portfolio Analysis

Evolution of the 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 Conglomerate			Economic-Financial Consolidated		
	6/30/2013	3/31/2013	6/30/2012	6/30/2013	3/31/2013	6/30/2012
Per FPR						
FPR at 0%	1	1		1	1	
FPR at 20%	3,188	913	1,739	3,188	913	1,739
FPR at 35%	16,801	15,364	4,782	16,801	15,364	4,782
FPR at 50%	7,393	7,687	16,235	7,393	7,687	16,235
FPR at 75%	276,404	269,886	164,394	272,223	265,712	159,585
FPR at 100%	155,317	152,423	243,822	155,416	152,504	243,664
FPR at 150%	12,581	12,361	9,811	12,536	12,330	9,792
FPR de 300%	819	729	299	816	728	299
Total	**472,504**	**459,363**	**441,083**	**468,373**	**455,239**	**436,096**
Per Country						
Brazil	395,274	390,278	378,855	391,116	386,123	373,818
Abroad [2]	77,230	69,085	62,228	77,257	69,116	62,278
Total	**472,504**	**459,363**	**441,083**	**468,373**	**455,239**	**436,096**
Per Geographic Region						
Southeastern	300,580	295,470	281,675	297,641	292,537	278,243
Southern	37,750	37,999	39,462	37,179	37,421	38,785
Northen	7,310	7,369	7,464	7,308	7,367	7,427
Nordeastern	31,482	31,192	31,167	31,063	30,776	30,566
Central-western	18,152	18,248	19,087	17,925	18,022	18,798
Total	**395,274**	**390,278**	**378,855**	**391,116**	**386,123**	**373,818**

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

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

Operations with Credit Granting Characteristics[1]: Average Exposure for the Quarter *R$ million*

	Financial Conglomerate			Economic-Financial Consolidated		
	2º Trim 2013	1º Trim 2013	2º Trim 2012	2º Trim 2013	1º Trim 2013	2º Trim 2012
Per FPR						
FPR at 0%	1	1		1	1	
FPR at 20%	2,051	1,107	1,578	2,051	1,107	1,578
FPR at 35%	16,082	10,328	4,665	16,082	10,328	4,665
FPR at 50%	7,540	12,153	15,959	7,540	12,153	15,959
FPR at 75%	273,145	211,844	166,949	268,967	207,578	162,127
FPR at 100%	153,870	209,622	236,419	153,960	209,580	236,394
FPR at 150%	12,471	11,829	9,237	12,433	11,794	9,219
FPR de 300%	774	723	254	772	722	254
Total	**465,933**	**457,606**	**435,060**	**461,806**	**453,263**	**430,196**
Per Country						
Brazil	392,776	388,589	376,358	388,620	384,193	371,455
Abroad [2]	73,158	69,017	58,703	73,186	69,070	58,741
Total	**465,933**	**457,606**	**435,060**	**461,806**	**453,263**	**430,196**
Per Geographic Region						
Southeastern	298,025	293,267	278,633	295,089	290,084	275,343
Southern	37,875	38,139	39,615	37,300	37,553	38,931
Northen	7,340	7,431	7,514	7,337	7,432	7,477
Nordeastern	31,337	31,418	31,321	30,920	31,010	30,724
Central-western	18,200	18,335	19,274	17,974	18,114	18,981
Total	**392,776**	**388,589**	**376,358**	**388,620**	**384,193**	**371,455**

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

[2] *Abroad: Bahamas, Grand Cayman, United States, Argentina, UK, 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 Conglomerate			
	6/30/2013		3/31/2013	
Economic Sectors	Total	%	Total	%
PUBLIC SECTOR	**5,509**	1.2%	**3,505**	0.8%
ENERGY	233	0.0%	237	0.1%
PETROCHEMICAL AND CHEMICAL	2,759	0.6%	3,010	0.7%
SUNDRY	2,517	0.5%	258	0.1%
PRIVATE SECTOR	**466,994**	98.8%	**455,858**	99.2%
COMPANIES	**283,459**	60.0%	**274,498**	59.8%
SUGAR AND ALCOHOL	10,050	2.1%	9,448	2.1%
AGRIBUSINESS AND FERTILIZERS	13,508	2.9%	12,654	2.8%
FOOD AND BEVERAGE	17,544	3.7%	16,606	3.6%
BANKS AND OTHER FINANCIAL INSTITUTIONS	7,146	1.5%	7,509	1.6%
CAPITAL ASSETS	9,060	1.9%	9,539	2.1%
PULP AND PAPER	3,331	0.7%	3,183	0.7%
ELECTRONIC AND IT	7,185	1.5%	6,881	1.5%
PACKAGING	2,423	0.5%	2,375	0.5%
ENERGY AND SEWAGE	12,186	2.6%	12,101	2.6%
EDUCATION	1,572	0.3%	1,523	0.3%
PHARMACEUTICALS AND COSMETICS	6,913	1.5%	6,688	1.5%
REAL ESTATE AGENTS	21,570	4.6%	20,346	4.4%
ENTERTAINMENT AND TOURISM	3,721	0.8%	3,766	0.8%
WOOD AND FURNITURE	3,176	0.7%	3,160	0.7%
CONSTRUCTION MATERIAL	6,423	1.4%	6,309	1.4%
STEEL AND METALLURGY	11,716	2.5%	11,586	2.5%
MEDIA	1,946	0.4%	1,436	0.3%
MINING	4,975	1.1%	4,844	1.1%
INFRASTRUCTURE WORK	6,807	1.4%	6,590	1.4%
OIL AND GAS	4,732	1.0%	4,698	1.0%
PETROCHEMICAL AND CHEMICAL	7,897	1.7%	7,611	1.7%
HEALTH CARE	2,368	0.5%	2,411	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	85	0.0%	65	0.0%
TELECOMMUNICATIONS	7,580	1.6%	6,526	1.4%
CLOTHING AND FOOTWEAR	5,700	1.2%	5,509	1.2%
TRADING	1,921	0.4%	2,062	0.4%
TRANSPORTATION	19,618	4.2%	18,665	4.1%
DOMESTIC APPLIANCES	3,693	0.8%	3,608	0.8%
VEHICLES AND AUTOPARTS	19,602	4.1%	19,674	4.3%
THIRD SECTOR	129	0.0%	134	0.0%
PUBLISHING AND PRINTING	1,687	0.4%	1,707	0.4%
COMMERCE - SUNDRY	16,177	3.4%	15,972	3.5%
INDUSTRY - SUNDRY	4,950	1.0%	4,744	1.0%
SUNDRY SERVICES	19,700	4.2%	19,140	4.2%
SUNDRY	16,367	3.5%	15,428	3.4%
INDIVIDUALS	**183,536**	**38.8%**	**181,360**	39.5%
CREDIT CARDS	39,416	8.3%	38,954	8.5%
REAL ESTATE FINANCING	25,616	5.4%	23,668	5.2%
CONSUMER LOANS/OVERDRAFT	76,535	16.2%	73,875	16.1%
VEHICLES	41,968	8.9%	44,863	9.8%
GRAND TOTAL	**472,504**	**100.0%**	**459,363**	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			
	6/30/2013		3/31/2013	
Economic Sectors	Total	%	Total	%
PUBLIC SECTOR	**5,513**	**1.2%**	**3,511**	0.8%
ENERGY	233	0.0%	237	0.1%
PETROCHEMICAL AND CHEMICAL	2,759	0.6%	3,010	0.7%
SUNDRY	2,521	0.5%	264	0.1%
PRIVATE SECTOR	**462,861**	**98.8%**	**451,728**	99.2%
COMPANIES	**283,494**	**60.5%**	**274,537**	60.3%
SUGAR AND ALCOHOL	10,050	2.1%	9,448	2.1%
AGRIBUSINESS AND FERTILIZERS	13,508	2.9%	12,654	2.8%
FOOD AND BEVERAGE	17,544	3.7%	16,606	3.6%
BANKS AND OTHER FINANCIAL INSTITUTIONS	7,146	1.5%	7,509	1.6%
CAPITAL ASSETS	9,060	1.9%	9,539	2.1%
PULP AND PAPER	3,331	0.7%	3,183	0.7%
ELECTRONIC AND IT	7,185	1.5%	6,881	1.5%
PACKAGING	2,423	0.5%	2,375	0.5%
ENERGY AND SEWAGE	12,186	2.6%	12,101	2.7%
EDUCATION	1,572	0.3%	1,523	0.3%
PHARMACEUTICALS AND COSMETICS	6,913	1.5%	6,688	1.5%
REAL ESTATE AGENTS	21,570	4.6%	20,346	4.5%
ENTERTAINMENT AND TOURISM	3,721	0.8%	3,766	0.8%
WOOD AND FURNITURE	3,176	0.7%	3,160	0.7%
CONSTRUCTION MATERIAL	6,423	1.4%	6,309	1.4%
STEEL AND METALLURGY	11,716	2.5%	11,586	2.5%
MEDIA	1,946	0.4%	1,436	0.3%
MINING	4,975	1.1%	4,844	1.1%
INFRASTRUCTURE WORK	6,807	1.5%	6,590	1.4%
OIL AND GAS	4,733	1.0%	4,700	1.0%
PETROCHEMICAL AND CHEMICAL	7,897	1.7%	7,611	1.7%
HEALTH CARE	2,368	0.5%	2,411	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	85	0.0%	65	0.0%
TELECOMMUNICATIONS	7,580	1.6%	6,526	1.4%
CLOTHING AND FOOTWEAR	5,700	1.2%	5,509	1.2%
TRADING	1,921	0.4%	2,062	0.5%
TRANSPORTATION	19,618	4.2%	18,665	4.1%
DOMESTIC APPLIANCES	3,693	0.8%	3,608	0.8%
VEHICLES AND AUTOPARTS	19,602	4.2%	19,674	4.3%
THIRD SECTOR	129	0.0%	134	0.0%
PUBLISHING AND PRINTING	1,687	0.4%	1,707	0.4%
COMMERCE - SUNDRY	16,177	3.5%	15,972	3.5%
INDUSTRY - SUNDRY	4,950	1.1%	4,744	1.0%
SUNDRY SERVICES	19,710	4.2%	19,152	4.2%
SUNDRY	16,392	3.5%	15,454	3.4%
INDIVIDUALS	**179,367**	**38.3%**	**177,191**	38.9%
CREDIT CARDS	36,889	7.9%	36,416	8.0%
REAL ESTATE FINANCING	25,616	5.5%	23,668	5.2%
CONSUMER LOANS/OVERDRAFT	74,893	16.0%	72,244	15.9%
VEHICLES	41,968	9.0%	44,863	9.9%
GRAND TOTAL	**468,373**	**100.0%**	**455,239**	100.0%

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

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

R$ million

	Financial Conglomerate			
	2nd quarter of 2013		1st quarter of 2013	
Economic Sectors	Total	%	Total	%
PUBLIC SECTOR	**4,507**	**1.0%**	**3,189**	**0.7%**
ENERGY	235	0.1%	237	0.1%
PETROCHEMICAL AND CHEMICAL	2,885	0.6%	2,716	0.6%
SUNDRY	1,388	0.3%	237	0.1%
PRIVATE SECTOR	**461,426**	**99.0%**	**454,417**	**99.3%**
COMPANIES	**278,979**	**59.9%**	**273,087**	**59.7%**
SUGAR AND ALCOHOL	9,749	2.1%	9,201	2.0%
AGRIBUSINESS AND FERTILIZERS	13,081	2.8%	12,783	2.8%
FOOD AND BEVERAGE	17,075	3.7%	16,221	3.5%
BANKS AND OTHER FINANCIAL INSTITUTIONS	7,328	1.6%	7,671	1.7%
CAPITAL ASSETS	9,300	2.0%	9,260	2.0%
PULP AND PAPER	3,257	0.7%	3,290	0.7%
ELECTRONIC AND IT	7,033	1.5%	6,971	1.5%
PACKAGING	2,399	0.5%	2,289	0.5%
ENERGY AND SEWAGE	12,144	2.6%	12,137	2.7%
EDUCATION	1,547	0.3%	1,498	0.3%
PHARMACEUTICALS AND COSMETICS	6,800	1.5%	6,656	1.5%
REAL ESTATE AGENTS	20,958	4.5%	20,496	4.5%
ENTERTAINMENT AND TOURISM	3,744	0.8%	3,708	0.8%
WOOD AND FURNITURE	3,168	0.7%	3,077	0.7%
CONSTRUCTION MATERIAL	6,366	1.4%	6,168	1.3%
STEEL AND METALLURGY	11,651	2.5%	11,348	2.5%
MEDIA	1,691	0.4%	1,395	0.3%
MINING	4,909	1.1%	4,701	1.0%
INFRASTRUCTURE WORK	6,698	1.4%	6,499	1.4%
OIL AND GAS	4,715	1.0%	4,691	1.0%
PETROCHEMICAL AND CHEMICAL	7,754	1.7%	7,493	1.6%
HEALTH CARE	2,389	0.5%	2,430	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	75	0.0%	72	0.0%
TELECOMMUNICATIONS	7,053	1.5%	6,219	1.4%
CLOTHING AND FOOTWEAR	5,605	1.2%	5,564	1.2%
TRADING	1,992	0.4%	2,123	0.5%
TRANSPORTATION	19,142	4.1%	18,613	4.1%
DOMESTIC APPLIANCES	3,651	0.8%	3,745	0.8%
VEHICLES AND AUTOPARTS	19,638	4.2%	19,093	4.2%
THIRD SECTOR	132	0.0%	140	0.0%
PUBLISHING AND PRINTING	1,697	0.4%	1,741	0.4%
COMMERCE - SUNDRY	16,075	3.4%	16,326	3.6%
INDUSTRY - SUNDRY	4,847	1.0%	4,934	1.1%
SUNDRY SERVICES	19,420	4.2%	19,049	4.2%
SUNDRY	15,898	3.4%	15,484	3.4%
INDIVIDUALS	**182,448**	**39.2%**	**181,330**	**39.6%**
CREDIT CARDS	39,185	8.4%	39,953	8.7%
REAL ESTATE FINANCING	24,642	5.3%	23,018	5.0%
CONSUMER LOANS/OVERDRAFT	75,205	16.1%	72,214	15.8%
VEHICLES	43,415	9.3%	46,146	10.1%
GRAND TOTAL	**465,933**	**100.0%**	**457,606**	**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

	Economic-Financial Consolidated			
	2nd quarter of 2013		1st quarter of 2013	
Economic Sectors	Total	%	Total	%
PUBLIC SECTOR	**4,512**	**1.0%**	**3,197**	**0.7%**
ENERGY	235	0.1%	237	0.1%
PETROCHEMICAL AND CHEMICAL	2,885	0.6%	2,716	0.6%
SUNDRY	1,392	0.3%	244	0.1%
PRIVATE SECTOR	**457,294**	**99.0%**	**450,067**	**99.3%**
COMPANIES	**279,015**	**60.4%**	**272,915**	**60.2%**
SUGAR AND ALCOHOL	9,749	2.1%	9,208	2.0%
AGRIBUSINESS AND FERTILIZERS	13,081	2.8%	12,783	2.8%
FOOD AND BEVERAGE	17,075	3.7%	16,221	3.6%
BANKS AND OTHER FINANCIAL INSTITUTIONS	7,328	1.6%	7,671	1.7%
CAPITAL ASSETS	9,300	2.0%	9,260	2.0%
PULP AND PAPER	3,257	0.7%	3,290	0.7%
ELECTRONIC AND IT	7,033	1.5%	6,971	1.5%
PACKAGING	2,399	0.5%	2,289	0.5%
ENERGY AND SEWAGE	12,144	2.6%	12,137	2.7%
EDUCATION	1,547	0.3%	1,498	0.3%
PHARMACEUTICALS AND COSMETICS	6,800	1.5%	6,656	1.5%
REAL ESTATE AGENTS	20,958	4.5%	20,496	4.5%
ENTERTAINMENT AND TOURISM	3,744	0.8%	3,708	0.8%
WOOD AND FURNITURE	3,168	0.7%	3,077	0.7%
CONSTRUCTION MATERIAL	6,366	1.4%	6,168	1.4%
STEEL AND METALLURGY	11,651	2.5%	11,348	2.5%
MEDIA	1,691	0.4%	1,395	0.3%
MINING	4,909	1.1%	4,701	1.0%
INFRASTRUCTURE WORK	6,698	1.5%	6,499	1.4%
OIL AND GAS	4,716	1.0%	4,692	1.0%
PETROCHEMICAL AND CHEMICAL	7,754	1.7%	7,493	1.7%
HEALTH CARE	2,389	0.5%	2,430	0.5%
INSURANCE AND REINSURANCE AND PENSION PLANS	75	0.0%	72	0.0%
TELECOMMUNICATIONS	7,053	1.5%	6,219	1.4%
CLOTHING AND FOOTWEAR	5,605	1.2%	5,575	1.2%
TRADING	1,992	0.4%	2,123	0.5%
TRANSPORTATION	19,142	4.1%	18,613	4.1%
DOMESTIC APPLIANCES	3,651	0.8%	3,745	0.8%
VEHICLES AND AUTOPARTS	19,638	4.3%	19,099	4.2%
THIRD SECTOR	132	0.0%	140	0.0%
PUBLISHING AND PRINTING	1,697	0.4%	1,741	0.4%
COMMERCE - SUNDRY	16,075	3.5%	16,326	3.6%
INDUSTRY - SUNDRY	4,847	1.0%	4,934	1.1%
SUNDRY SERVICES	19,431	4.2%	19,061	4.2%
SUNDRY	15,923	3.4%	15,276	3.4%
INDIVIDUALS	**178,279**	**38.6%**	**177,151**	**39.1%**
CREDIT CARDS	36,653	7.9%	37,366	8.2%
REAL ESTATE FINANCING	24,642	5.3%	23,018	5.1%
CONSUMER LOANS/OVERDRAFT	73,569	15.9%	70,622	15.6%
VEHICLES	43,415	9.4%	46,146	10.2%
GRAND TOTAL	**461,806**	**100.0%**	**453,263**	**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
	6/30/2013		3/31/2013		6/30/2012	
Largest debtor	5,055	1.1%	4,698	1.1%	4,070	1.0%
10 largest debtors	29,068	6.5%	28,320	6.5%	25,280	6.1%
20 largest debtors	45,627	10.3%	44,466	10.2%	40,950	9.9%
50 largest debtors	71,932	16.2%	69,783	16.1%	64,414	15.6%
100 largest debtors	96,213	21.6%	92,118	21.2%	84,541	20.5%

[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
	6/30/2013		3/31/2013		6/30/2012	
Largest debtor	5,394	1.1%	5,304	1.1%	5,856	1.3%
10 largest debtors	38,335	7.5%	37,005	7.5%	35,834	7.7%
20 largest debtors	61,146	12.0%	58,665	11.9%	57,086	12.3%
50 largest debtors	97,714	19.2%	95,699	19.4%	90,846	19.5%
100 largest debtors	128,534	25.3%	124,363	25.3%	116,546	25.0%

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

Overdue Amounts

Overdue Amounts

R$ million

	Financial Conglomerate			Economic-Financial Consolidated		
Overdue	6/30/2013	3/31/2013	6/30/2012	6/30/2013	3/31/2013	6/30/2012
Between 1 and 14 days	11,685	15,796	10,646	11,646	15,760	10,591
Up to 60 days	9,509	11,433	12,383	9,437	11,345	12,275
Between 61 and 90 days	3,213	3,538	4,054	3,167	3,488	3,992
Between 91 and 180 days	6,435	6,498	7,848	6,312	6,414	7,693
Over 180 days	9,490	10,283	11,031	9,356	10,094	10,749

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 Conglomerate			Economic-Financial Consolidated[1]		
	2nd quarter of 2013	1st quarter of 2013	2nd quarter of 2012	2nd quarter of 2013	1st quarter of 2013	2nd quarter of 2012
Opening Balance	**(27,058)**	**(28,050)**	**(26,468)**	**(27,188)**	**(27,745)**	**(25,951)**
Balance arising from the aquisition of full control of FAI	-	-	-	-	-	-
Change Effect in Consolidation Criteria	-	-	-	-	(483)	-
Net Increase for the Period	(4,875)	(4,943)	(6,108)	(4,907)	(4,945)	(5,988)
Required by Resolution No. 2,682/99	(4,875)	(4,943)	(6,108)	(4,907)	(4,945)	(5,988)
Additional	-	-	-	-	-	-
Write-Off	5,672	5,935	5,018	5,696	5,985	4,884
Closing Balance	**(26,261)**	**(27,058)**	**(27,558)**	**(26,399)**	**(27,188)**	**(27,056)**
Regulatory Allowance	(21,203)	(22,000)	(22,486)	(21,341)	(22,130)	(21,998)
Additional Allowance	(5,058)	(5,058)	(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 Conglomerate			Economic-Financial Consolidated		
	2nd quarter of 2013	1st quarter of 2013	2nd quarter of 2012	2nd quarter of 2013	1st quarter of 2013	2nd quarter of 2012
Expenses for Allowance for Loan Losses	(4,875)	(4,943)	(6,108)	(4,907)	(4,945)	(5,988)
Income from Recovery of Credits Written off as Loss	1,406	1,028	1,088	1,262	1,086	1,126
Result of Allowance for Loan Losses	**(3,469)**	**(3,915)**	**(5,020)**	**(3,645)**	**(3,859)**	**(4,862)**

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 Conglomerate			Economic-Financial Consolidated		
Security	6/30/2013	03/31/2013	6/30/2012	6/30/2013	31/03/2013	6/30/2012
CRI	8,074	8,414	8,706	8,078	8,418	8,714
FIDC	224	258	720	224	258	913

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, the amount of operations assigned with joint obligation, at June 30th, 2013 where the entity significantly retained the related risks and benefits is R$ 350 million, composed of real estate financing of R$ 333 million and farming financing of R$ 17 million.

Since beginning January 2012, as provided for by CMN Resolution No. 3,533 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 Conglomerate			Economic-Financial Consolidated		
	6/30/2013	3/31/2013	6/30/2012	6/30/2013	3/31/2013	6/30/2012
Balance of exposures assigned with significant withholding of risks and benefits	350	379	512	350	379	512
Flow of exposures assigned in the quarter with significant transfer of risks and benefits	177	367	151	177	367	151

The transactions of sale or transfer of financial assets in which the risks and rewards are not retained amounted to R$ 544 million with an impact on results of R$ 3 million, net of the Allowance for Loan Losses.

Acquisitions of credit portfolios with a risk retention transferor, held from January 2012 until June 30, 2013, totaling R$ 3,767 million. The total amount of acquired portfolios totaled R $ 4,411 million on June 30, 2013.

In the first semester of 2013, were acquired loan portfolios with assignor's risk retention, in the amount of R$ 927 million.

Counterparty Credit Risk

Itaú Unibanco considers the counterparty's credit risk as the possibility of failure by certain counterparty to fulfill its respective obligations related to the settlement of transactions 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 Conglomerate			Economic-Financial Consolidated		
	6/30/2013	03/31/2013	6/30/2012	6/30/2013	03/31/2013	6/30/2012
Notional Amount						
Liquidated in Liquidation Systems (Stock Exchange) (1)	1,993,432	1,697,431	1,710,049	1,992,376	1,700,838	1,714,472
Not Liquidated in Liquidation Systems (Over-The-Counter)	584,665	503,757	379,797	583,831	498,641	374,252
With Guarantees	209,489	197,179	102,922	209,147	196,869	102,610
Without Guarantees	375,176	306,578	276,875	374,684	301,772	271,642

(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 Conglomerate			Economic-Financial Consolidated		
	6/30/2013	03/31/2013	6/30/2012	6/30/2013	03/31/2013	6/30/2012
Total Gross Positive Amount	**223,722**	**227,448**	**141,983**	**223,245**	**227,057**	**141,458**
Liquidated in Liquidation Systems (Stock Exchange) (1)	4,514	2,585	4,796	3,623	2,586	4,796
Not Liquidated in Liquidation Systems (Over-The-Counter)	219,208	224,863	137,187	219,622	224,471	136,662
Derivatives	10,128	7,884	7,924	10,953	7,800	7,709
Unsettled transactions (2)	52,823	41,990	38,520	52,754	41,993	38,522
Repurchase agreements (2)	156,257	174,989	90,743	155,915	174,678	90,431
(-) Amounts related to Netting Arrangements	-	-			-	
(-) Guarantees	(162,626)	(180,155)	(96,452)	(162,284)	(179,844)	(96,140)
(=) Net Global Exposure to the Counterparty Credit Risk	**61,096**	**47,293**	**45,531**	**60,961**	**47,213**	**45,318**

(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 Conglomerate			Economic-Financial Consolidated		
	6/30/2013	03/31/2013	6/30/2012	6/30/2013	31/03/2013	6/30/2012
Risk Transferred	**1,230**	**1,563**	**1,280**	**1,230**	**1,563**	**1,280**
Credit Default Swap (CDS)	1,230	1,563	1,280	1,230	1,563	1,280
Total Return Swap (TRS)	-	-	-	-	-	
Risk Received	**(5,855)**	**(5,284)**	**(5,563)**	**(5,855)**	**(5,284)**	**(5,563)**
Credit Default Swap (CDS)	(4,461)	(4,017)	(4,505)	(4,461)	(4,017)	(4,505)
Total Return Swap (TRS)	(1,394)	(1,267)	- 1,058	(1,394)	(1,267)	- 1,058
Total	**(4,625)**	**(3,721)**	**(4,283)**	**(4,625)**	**(3,721)**	**(4,283)**
Referential Equity (PR) of Risk Received	**(183)**	**(125)**	**(107)**	**(183)**	**(125)**	**(107)**

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

5 Market Risk

5.1 Framework and Treatment

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, price indexes, equity 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 financial instruments, due to market movements, 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, 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. 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, 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. In addition, the daily risk reports, used by the business and control areas, are issued to the top management.

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 different 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 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 relevant market risk factors 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 Book or the Trading Book, in accordance with general criteria established by the Basel Capital Accord and subsequent amendments.

The Trading Book is composed of all trades with financial and commodity instruments (including derivatives) undertaken with the intention of trading them.

The Banking Book is predominantly characterized by portfolios originated from the banking business with clients, such as fundings and loans. It also includes derivatives with eligible clients and operations related to the management of the institution's balance sheet. As a general rule, this book's portfolios are intended to be either held to maturity, or sold in the medium and in the long run.

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:

- Brazilian Interest rates: the risk of losses from transactions subject to Brazilian interest rates variation;
- Other foreign interest rates: the risk of losses from transactions subject to foreign interest rates variations;
- FX Rates: the risk of losses from positions subject to foreign exchange rate variation (e.g., foreign currency positions);
- Brazilian inflation indexes: the risk of losses from transactions subject to the variations in inflation-linked;
- Equities and Commodities: the risk of losses from transactions subject to equity or commodities price variations.

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

For evaluating positions in shares held in either the Trading or the Banking Books, 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 Book.

Market risk is analyzed based on the following metrics:

- Value at Risk: 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: metric that aims to review the positions, if the accumulated losses in a given period reach a certain value;
- Concentration: cumulative exposure of certain asset or risk factor calculated at market value ("MtM - Mark to Market"); and
- Stressed VaR: statistical metric derived from VaR calculation, aimed at capturing the biggest risk in simulations of the current portfolio, taking into consideration the observable returns in historical scenarios.

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 point change is applied to current interest rates or on the index rates;
- 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 Book is authorized to reach.

5.2 Portfolio Analysis

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*

	6/30/2013		3/31/2013		6/30/2012	
	Long	Short	Long	Short	Long	Short
Interest Rates	396,674	(487,454)	298,171	(194,686)	206,795	(192,379)
Foreign Exchange Rates	173,167	(168,129)	150,958	(148,123)	121,504	(117,970)
Equities	13,520	(12,421)	10,331	(9,367)	6,802	(6,609)
Commodities	119	(205)	68	(159)	187	(86)

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*

	6/30/2013		3/31/2013		6/30/2012 [1]	
	Long	Short	Long	Short	Long	Short
Interest Rates	494,343	(730,242)	362,167	(390,950)	267,345	(272,193)
Foreign Exchange Rates	35,972	(44,614)	28,488	(38,446)	22,239	(39,262)
Equities	4,780	(4,848)	3,305	(2,788)	2,383	(1,895)
Commodities	593	(773)	170	(311)	447	(149)

[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*

	6/30/2013		3/31/2013		6/30/2012 [1]	
	Long	Short	Long	Short	Long	Short
Interest Rates	106,121	(109,702)	78,558	(83,735)	81,936	(136,146)
Foreign Exchange Rates	34,517	(42,342)	41,609	(45,552)	50,763	(50,580)
Equities	1,806	(2,152)	1,399	(1,403)	1,044	(1,129)
Commodities	14	(37)	242	(186)	176	(371)

[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*

	6/30/2013		3/31/2013		6/30/2012 [1]	
	Long	Short	Long	Short	Long	Short
Interest Rates	1,096	(328)	1,227	(1,160)	2,504	(767)
Foreign Exchange Rates	90,009	(89,591)	80,480	(78,906)	60,459	(59,549)
Equities	329	(422)	-	-	-	(41)
Commodities	591	(424)	28	(16)	5	(13)

[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*

	6/30/2013		3/31/2013		6/30/2012 [1]	
	Long	Short	Long	Short	Long	Short
Interest Rates	88,067	(119,119)	54,905	(57,289)	61,066	(63,186)
Foreign Exchange Rates	274,434	(270,134)	242,440	(241,730)	304,007	(304,486)
Equities	263	(140)	285	(355)	188	(167)
Commodities	-	-	14	(32)	23	(16)

[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 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*).

VaR - Itaú Unibanco Holding [1] *R$ million*

VaR per Risk Factor Group		6/30/2013	03/31/2013	6/30/2012
Itaú Unibanco	Brazilian Interest rates	138.9	166.4	190.8
	Other Foreign Interest rates	27.5	16.7	24.8
	FX rates	36.3	23.7	17.0
	Brazilian Inflation Indexes	144.3	55.8	229.6
	Equities and Commodities	44.4	16.9	17.7
Itaú Unibanco Foreign Units	*Banco Itaú BBA International*	2.9	2.7	1.6
	Banco Itaú Argentina	2.7	3.2	2.4
	Banco Itaú Chile	7.8	2.7	6.1
	Banco Itaú Uruguai	4.2	1.8	1.7
	Banco Itaú Paraguai	1.3	1.7	0.2
	Banco Itaú BBA Colômbia	1.2	0.0	
Diversification effect		(151.2)	(97.7)	(90.3)
Global VaR		**260.3**	**193.6**	**401.5**
Maximum Global VaR of the Quarter		**358.4**	**443.4**	**601.4**
Average Global VaR of the Quarter		**236.2**	**286.7**	**401.2**
Minimum Global VaR of the Quarter		**164.8**	**158.2**	**118.0**

[1] *Adjusted for tax purposes*

Itaú Unibanco, adhering to its policy of operating within low limits in relation to its capital, maintained its conservative management and portfolio diversification approach through the period.

The observed increase in the Consolidated Global VaR value compared to the last quarter is due to position changes and, mainly, increase in the volatility observed in Itaú Unibanco's risk factors.

VaR - Trading Book

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

The Trading Book takes positions aiming to optimize risk-weighted results.

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

VaR - Itaú Unibanco - Trading Portfolio [1] — *R$ millon*

VaR per Risk Factor Group	6/30/2013	03/31/2013	6/30/2012
Brazilian Interest rates	26.9	45.4	41.8
Other Foreign Interest rates	20.5	9.7	21.9
FX rates	37.1	19.2	16.6
Brazilian Inflation Indexes	7.3	8.4	9.5
Equities and Commodities	28.5	17.3	19.3
Diversification effect	(71.0)	(54.0)	(73.3)
Global VaR	**49.3**	**46.0**	**35.8**
Maximum Global VaR of the Quarter	**105.0**	**57.7**	**112.3**
Average Global VaR of the Quarter	**70.7**	**43.2**	**67.0**
Minimum Global VaR of the Quarter	**37.7**	**24.9**	**25.7**

[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 second quarter, when compared to the previous one, reflected an increase 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		6/30/2013	03/31/2013	6/30/2012
Banco Itaú BBA International	Euribor	0.7	0.5	0.1
	Libor	1.4	0.7	0.6
	FX rate	1.6	1.8	0.6
	Equities	0.2	0.0	0.3
	Others	0.4	0.3	0.2
	Diversification effect	(1.5)	(0.7)	(0.1)
	Global VaR IBBA International	2.9	2.7	1.6
Banco Itaú Argentina	Fixed income interest rate (Argentine peso)	2.4	3.0	2.1
	Inflation index linked interest rate	0.1	0.0	0.0
	Badlar	0.3	0.3	0.3
	FX + interest rate - Dollar	1.1	1.3	2.0
	FX + interest rate - Euro	0.0	0.0	1.0
	Diversification effect	(1.2)	(1.5)	(3.0)
	Global VaR *Itaú Argentina*	2.7	3.2	2.4
Banco Itaú Chile	Fixed income interest rate (Chilean peso)	4.0	0.5	1.8
	Inflation index linked interest rate	6.1	2.6	6.1
	FX + interest rate - Dollar	1.0	0.5	1.4
	FX rate - Other currencies	0.0	0.0	0.0
	Diversification effect	(3.3)	(1.0)	(3.3)
	Global VaR *Itaú Chile*	7.8	2.7	6.1
Banco Itaú Uruguai	Fixed income interest rate (Uruguayan peso)	0.2	0.6	0.4
	Inflation index linked interest rate	3.0	0.6	1.5
	Dollar linked interest rate	4.6	1.7	1.7
	FX rate	0.4	0.1	0.1
	Diversification effect	(4.0)	(1.2)	(2.0)
	Global VaR *Itaú Uruguai*	4.2	1.8	1.7
Banco Itaú Paraguai	Fixed income interest rate (guarani)	1.4	1.6	0.1
	Dollar linked interest rate	0.8	0.2	0.2
	FX rate	0.0	0.0	0.1
	Diversification effect	(0.9)	(0.2)	(0.1)
	Global VaR *Itaú Paraguai*	1.3	1.7	0.2
Banco Itaú BBA Colômbia	Fixed Income Interest Rate	1.3	0.0	
	Dollar linked interest rate	0.0	-	
	FX rate	0.1	0.0	
	Diversification effect	(0.1)	(0.0)	
	Global VaR *Itaú BBA Colômbia*	1.2	0.0	
	Total VaR	20.1	11.9	12.0

Sensitivity Analysis (Trading and Banking Portfolios)

As required by CVM Regulatory Instruction No. 475, Itaú Unibanco conducts sensitivity analysis against exceptional scenarios for market risk factors considered relevant. 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 under these exceptional scenarios.

The sensitivity analyses of Trading and Banking Books 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		6/30/2013		
Risk Factors	**Risk of change in:**	**Scenario I**	**Scenario II**	**Scenario III**
Interest Rate	Fixed Income Interest Rates in reais	(128)	(3,155)	(6,227)
Foreign Exchange Linked	Foreign Exchange Linked Interest Rates	(91)	(2,206)	(4,295)
Foreign Exchange Rates	Prices of Foreign Currencies	398	(9,947)	(19,894)
Price Index Linked	Price Indexes Linked Interest Rates	(80)	(1,920)	(3,668)
TR	TR Linked Interest Rates	398	(10,041)	(20,247)
Equities	Prices of Equities	5,818	(145,452)	(290,905)
	Total without correlation	**6,316**	**(172,721)**	**(345,236)**
	Total with correlation	**4,506**	**(123,223)**	**(246,300)**

[1] *Amounts net of tax effects.*

Sensitivity of Trading and Banking Portfolios [1]

R$ thousand

Exposures		6/30/2013		
Risk Factors	**Risk of change in:**	**Scenario I**	**Scenario II**	**Scenario III**
Interest Rate	Fixed Income Interest Rates in reais	(1,212)	(30,220)	(60,256)
Foreign Exchange Linked	Foreign Exchange Linked Interest Rates	(105)	(2,419)	(4,418)
Foreign Exchange Rates	Prices of Foreign Currencies	3,143	(78,574)	(157,148)
Price Index Linked	Price Indexes Linked Interest Rates	(2,566)	(62,568)	(121,997)
TR	TR Linked Interest Rates	(2,106)	(51,439)	(100,438)
Equities	Prices of Equities	7,464	(186,588)	(373,177)
	Total without correlation	**4,618**	**(411,809)**	**(817,434)**
	Total with correlation	**3,294**	**(293,794)**	**(583,177)**

[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 interest rates and associated indices, and 1 percentage point to currencies and equities prices;
- Scenario II: Shocks of 25 basis points to interest rates and associated indices, 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 interest rates and associated indices, 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 by the use of backtesting techniques that compare hypothetic 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 June 30th, 2013). 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:

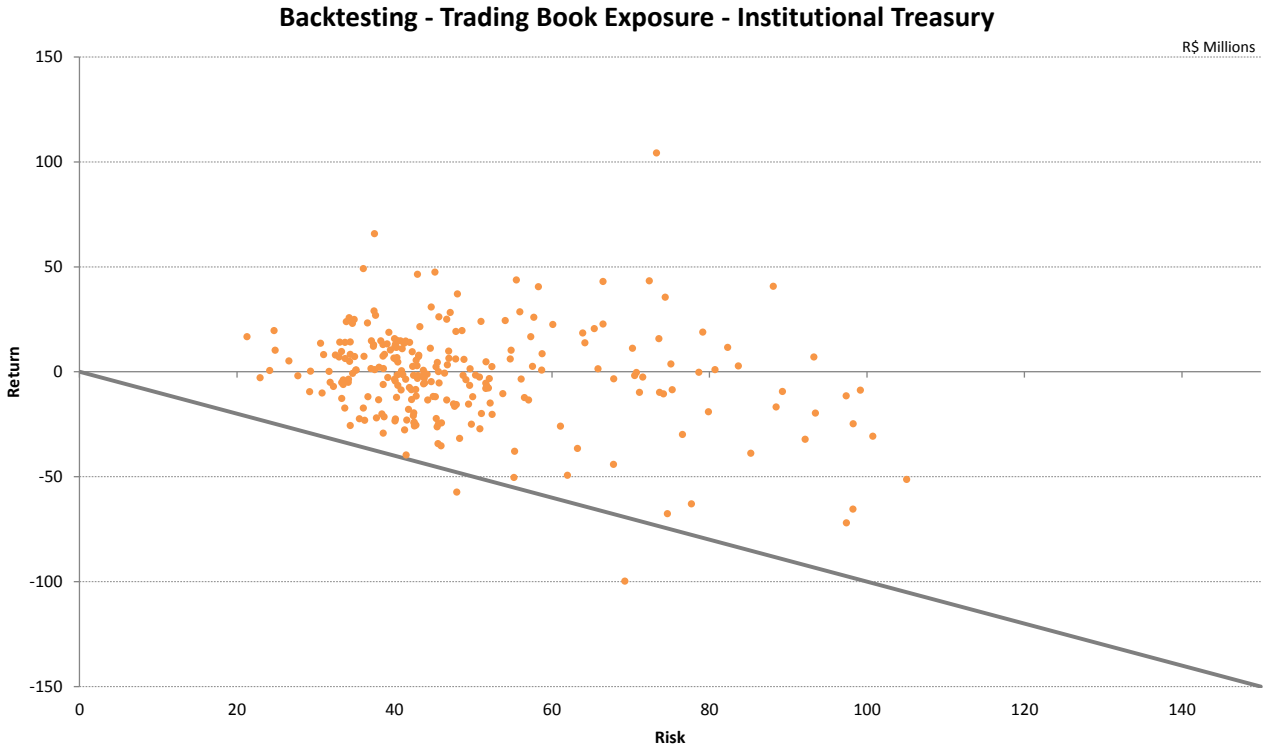
- Green (0 to 4 violations): corresponds to backtesting results that do not suggest any problems with the quality or accuracy of the models adopted;
- Yellow (5 to 9 violations): refers to an intermediate range group, which indicates the need to pay attention and/or monitoring; and
- Red (10 or more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

The exposure graph below illustrates the reliability of risk measures generated from the models used by Itaú Unibanco in the Institutional Treasury Trading Book (International Units are not included in these graph, given the immateriality of amounts involved).

The graph shows 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 exposure of the Institutional Treasury Trading Book, the hypothetic losses exceeded the VaR estimated by the model on 2 days in the period.



6 Operational Risk

6.1 Framework and Treatment

For Itaú Unibanco the operational risk is defined as the possibility that the strategic, tactical or operational goals are negatively influenced in view of uncertain events caused by 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 the Institution.

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, 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, internal control areas and compliance.

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 and compliance area 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, internal control and compliance area, 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 internal control and compliance forums 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.

6.2 Crisis Management and Business Continuity

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.

It is composed of procedures for relocating and/ or recovering operations in response to a variety of interruption levels, and can be divided into two key elements:

- Crisis Management: centralized communication and response processes to manage business interruption events and 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 the daily operations, as well as the media channels in which Itaú Unibanco is mentioned. 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 critical activities in acceptable terms and conditions. For the quick and safe resumption of the operations, 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 primary data center, ensuring the continuity of the processing of critical systems 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. There is approximately 2,000 contingency dedicated seats that are fully equipped to meet the needs of the business areas in emergency situations.
  - Emergency Plan: procedures aimed at minimizing the effects of emergency situations that may impact Itaú Unibanco's facilities, with a preemptive focus;
  - Processes Contingency Plan: 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): evaluates 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): evaluates the processes and the effectiveness of the controls in place to mitigate the inherent risks of interruption as well as to implement actions to the gaps eventually identified in the business;
- Threats and Vulnerabilities Analysis (AVA): identification of 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.

7 Liquidity Risk

7.1 Framework and Treatment

Liquidity risk is defined as the likelihood to the institution not being able to effectively honor its expected and unexpected obligations, current and future, including those from guarantees commitment, not affecting its daily operations and not incurring significant losses.

The liquidity control risk is carried out by an independent group of the business units and is responsible for determining the composition of the reserve, proposing assumptions for the performance of cash flows in different timeframes, proposing liquidity risk limits and monitoring the established limits, communicating any mismatches, considering liquidity risk on an individual basis in the countries where Itaú Unibanco operates, simulating the behavior of cash flows in stress conditions, assessing and reporting in advance the risks inherent to new products and operations and reporting on the information required by the regulatory agencies. All activities are subject to assessment by the independent validation, internal controls and audit departments.

The liquidity risk measurement has to comprise all financial trades of the companies of Itaú Unibanco, as well as possible contingent and unexpected exposures, such as derived from settlement services, provision of sureties and guarantees, credit lines contracted and not used.

The liquidity policies of management and associated limits are established based on prospective scenarios, reviewed periodically and based on definitions from senior management.

The document that details the liquidity 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 - Liquidity Risk.

Pursuant to the requirements of CMN Resolutions No. 4,090 and BACEN Circular No. 3,393, 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.

7.2 Primary sources of funding

Itaú Unibanco has different sources of funding, which main source arising from retail segment.

Primary sources of funding

R$ million

	Financial Conglomerate								
	06/30/13			03/31/13			06/30/12		
Funding from clients	**0 a 30 dias**	**Total**	**%**	**0 a 30 dias**	**Total**	**%**	**0 a 30 dias**	**Total**	**%**
Deposits	158,940	252,663		151,510	245,394		130,300	239,546	
Demand deposits	45,685	45,685	9%	39,960	39,960	8%	34,131	34,131	7%
Savings deposits	92,324	92,324	18%	87,072	87,072	18%	73,056	73,056	16%
Time deposits	18,703	107,587	21%	21,039	109,908	22%	19,871	122,674	26%
Other	2,228	7,067	1%	3,439	8,454	2%	3,242	9,685	2%
Funds from acceptances and issuance of securities [1]	2,847	71,375	14%	12,834	70,579	14%	2,876	69,090	15%
Funds from own issue [2]	3,870	124,437	25%	3,133	123,099	25%	3,659	116,414	25%
Subordinated debt	113	54,688	11%	341	52,823	11%	779	43,746	9%
Total	**165,770**	**503,163**		**167,818**	**491,895**		**137,614**	**468,796**	

[1] *Includes mortgage notes, real estate credit bills, agribusiness and financial credit bills recorded in interbank and institutional market debts and liabilities for issue of debentures and foreign borrowings and securities recorded in funds from institutional markets.*

[2] *Refer to deposits received under securities repurchase agreements with securities from own issue.*

Primary sources of funding

R$ million

	Economic-Financial Consolidated								
	06/30/13			03/31/13			06/30/12		
Funding from clients	**0 a 30 dias**	**Total**	**%**	**0 a 30 dias**	**Total**	**%**	**0 a 30 dias**	**Total**	**%**
Deposits	152,737	245,847		146,034	239,321		128,578	236,023	
Demand deposits	39,482	39,482	8%	34,484	34,484	7%	32,409	32,409	7%
Savings deposits	92,324	92,324	19%	87,072	87,072	18%	73,056	73,056	16%
Time deposits	18,703	106,985	22%	21,039	109,321	23%	19,871	120,872	26%
Other	2,228	7,056	1%	3,439	8,444	2%	3,242	9,686	2%
Funds from acceptances and issuance of securities [1]	3,374	71,038	14%	13,391	70,788	15%	2,876	70,853	15%
Funds from own issue [2]	3,870	123,367	25%	3,133	122,069	25%	3,659	113,911	25%
Subordinated debt	113	54,688	11%	341	52,823	11%	779	43,746	9%
Total	**160,094**	**494,940**		**162,899**	**485,001**		**135,892**	**464,533**	

[1] *Includes mortgage notes, real estate credit bills, agribusiness and financial credit bills recorded in interbank and institutional market debts and liabilities for issue of debentures and foreign borrowings and securities recorded in funds from institutional markets.*

[2] *Refer to deposits received under securities repurchase agreements with securities from own issue.*

8 Underwriting Risk

8.1 Framework and Treatment

The underwriting risk is the possibility of losses arising from insurance, private retirement plans and special savings (financial instrument which mergers lottery with savings for the customer) operations that go against the company's expectations, directly or indirectly associated with the technical and actuarial bases used for calculating premiums, contributions and technical provisions.

Underwriting risk management comprises the activities of management and control of insurance, private retirement plans and special savings transactions and it aims at creating value for stockholders. Risk control area accomplishes analysis and monitoring via risk and performance indicators focusing on of maintenance of the risk profile of the portfolio adjusted to Itaú Unibanco's strategies.

Underwriting risk management process is supported by roles and responsibilities determined by the business and risk control areas reinforcing the segregation of the management and control activities and, therefore, ensuring independence between the areas. Furthermore, there is governance which ensures an independent validation of the products and negotiation under analysis, insuring compliance with the many internal and regulatory requirements. According to risk level, decisions are taken at different levels and it may reach specific insurance risk committees or the CSRisc, observing the limits of authority levels.

Managers of each business unit exposed to underwriting risk are responsible for managing the risks concerning to their unit, using, to this end, models and methodologies which are developed and approved by corporative areas. As an instrument of underwriting risk mitigation, Itaú Unibanco has a reinsurance structure, under which exposure limits by reinsurer are set taking into account its credit quality, in accordance with National Council of Private Insurance (CNSP) Resolution No. 168. The defined credit governance is applicable for this structure.

In order to standardize practices and risk control throughout Itaú Unibanco, risk control area establishes policies, approved in different authority levels, in order to set institutional guidelines related to underwriting risk management such as roles and responsibilities, methodologies e procedures which support this process.

9 Enterprise Risk Management and Alignment of Incentives

In view of the variety of its businesses, Itaú Unibanco established processes for effectively identifying, assessing, monitoring and controlling risks, besides adequately allocating the capital to segments. In addition, Itaú Unibanco established processes, which enables the Executives and Board of Directors to hold a global view about the institution´s risk exposures, as well as a prospective view about the adequacy of its capital, besides promoting the alignment of incentives. We detail some of these processes below:

Integrated monitoring of risks and capital adequacy

Itaú Unibanco has an integrated structure to monitor credit, market, operational, liquidity and reputational risks, as well as the capital adequacy in static and prospective views. This structure combines complementary risk measurement types, aiming at getting an overall view of the exposures incurred by the institution. The monitoring is regularly followed-up and discussed at the executive levels and the Board of Directors, thus being used as an important risk management oversight tool of Itaú Unibanco.

Stress Test

The stress test performed by Itaú Unibanco is aimed at evaluating the solvency of the institution in extreme stress situations, as well as identifying areas that are more susceptible to stress impact that may undergo risk mitigation. It is based on stressed projections of macroeconomic and credit variables, with the purpose of analyzing the added effect and the distribution of these on income, capital and liquidity of the institution. It follows methodologies similar to those applied by FED in the stress tests in the US, and is consistent with the financial industry's standards. The test is performed on the main bank portfolios, simulating the impact on each business area through the calculation of stressed financial statements, under different scenarios approved by the Board of Directors, considering a horizon of two to three years.

The test results are reported to the top management and the Board of Directors reporting strategic decisions.

Risk-adjusted Compensation

The Compensation guidelines of Itaú Unibanco are aimed at attracting, retaining and compensating on merit its collaborators, encouraging prudent risk exposure levels in short-, medium- and long-term strategies, in line with the interests of its shareholders, regulatory authorities and the organization's culture. The governance structure of compensation and incentive to the prudent risk taking has been consolidating in line with the best international compensation and governance practices. More recently, in line with Resolution No. 3,921, a Compensation Committee was established, reporting to the Board of Directors and responsible for setting out the guidelines on models of compensation to collaborators and the policy on compensation of management members of the Conglomerate companies.

Compensation in Itaú Unibanco takes into account the strategy of the institution, the general and specific legislation that should be adopted for each business or region of operation, and the adequate risk management over time. The variable compensation considers the current and potential risks, giving incentive to the achievement of sustainable results and discouraging decisions that involve excess risks. The calculation of the aggregate and individual amounts considers, among others, long-term sustainable financial bases and adjustments to future payments in view of assumed risks, capital cost fluctuations and liquidity projections. The variable compensation also considers the individual performance, the results of the institution and/or of the area, when applicable, and the ratio between performance and risks taken.

In line with the provisions of CMN Resolution No. 3,921, a portion of the variable compensation of statutory officers is paid in stocks (at least 50%) and a percentage is deferred for three years (at least 40% of variable compensation). The deferred and unpaid portions must be reversed in case the institution has an unsatisfactory performance and the business unit has a negative performance.

Reflecting its concern with sustainable performance, Itaú Unibanco implements specific variable compensation practices for collaborators which roles and responsibilities have material impact on the risk of the bank, although they are not subject to the requirements of CMN Resolution No. 3,921. For such collaborators, mechanisms are provided for making adjustments to bonus arising from compliance, risk as well as deferral events.

10 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)
- 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
- COPOM - Monetary Policy Committee
- CRI - *Certificados de Recebíveis Imobiliários* (Securitized Real Estate Loans)

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

- FED – Federal Reserve System
- 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
- U.S. - United States of America
- UYU - Uruguayan Peso

V

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

11 Glossary of Norms

- BACEN Circular nº 3,354 of June 27th, 2007
- BACEN Circular nº 3,360 of Sebtember 12th, 2007
- BACEN Circular nº 3,383 of April 30 th, 2008
- BACEN Circular nº 3,393 of June 3rd, 2008
- BACEN Circular nº 3,477 of December 24th, 2009
- BACEN Circular nº 3,478 of December 24th, 2009
- BACEN Circular nº 3,568, of December 21th, 2011
- BACEN Circular nº 3.644, of March 04th, 2013
- BACEN Circular nº 3,646, of March 04th, 2013
- BACEN Circular nº 3,647, of March 04th, 2013
- BACEN Circular nº 3,648, of March 04th, 2013
- BACEN Circular Letter nº 3,315 of April 30th, 2008
- BACEN Circular Letter nº 3,316 of April 30th, 2008
- BACEN Circular Letter nº 3,581 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 2,804 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 3,721 of April 30th, 2009
- CMN Resolution nº 3,809 of October 28th 2009
- CMN Resolution nº 3,921 of November 25th, 2010
- CMN Resolution nº 3,988 of June 30th, 2011
- CMN Resolution nº 4,090, of May 24th, 2012
- CMN Resolution nº 4,192, of March 1st, 2013
- CMN Resolution nº 4,193, of March 1st, 2013
- CMN Resolution nº 4,194, of March 1st, 2013

- CMN Resolution nº 4,195, of March 1st, 2013
- CVM Regulatory Instruction nº 475 of December 17th, 2008
- Provisional Measure Presidency of the Republic nº 608, of February 28th, 2013