

## **ITAÚ UNIBANCO HOLDING S.A.**

### **U.S. RESOLUTION PLAN**

#### **PUBLIC SECTION**

**DECEMBER 2013**

**THIS RESOLUTION PLAN MAY CONTAIN STATEMENTS THAT ARE OR MAY CONSTITUTE FORWARD-LOOKING STATEMENTS. ITAÚ HAS BASED THESE FORWARD-LOOKING STATEMENTS LARGELY ON ITS CURRENT EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING ITS BUSINESS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES AND ASSUMPTIONS INCLUDING, AMONG OTHER RISKS: GENERAL ECONOMIC, POLITICAL AND BUSINESS CONDITIONS IN BRAZIL AND CHANGES IN INFLATION, INTEREST RATES, EXCHANGE RATES AND THE PERFORMANCE OF FINANCIAL MARKETS; DISRUPTIONS AND VOLATILITY IN THE GLOBAL FINANCIAL MARKETS; DIFFICULTIES IN INTEGRATING ACQUIRED OR MERGED BUSINESSES; GOVERNMENT REGULATIONS AND TAX LAWS AND CHANGES THEREIN; COMPETITION AND INDUSTRY CONSOLIDATION; INCREASES IN RESERVE AND COMPULSORY DEPOSIT REQUIREMENTS; CHANGES IN ITAÚ'S LOAN, SECURITIES AND DERIVATIVES PORTFOLIOS; ITAÚ'S EXPOSURE TO BRAZILIAN FEDERAL GOVERNMENT DEBT; INCORRECT PRICING EXPECTATIONS AND INADEQUATE RESERVES; EFFECTIVENESS OF ITAÚ'S RISK MANAGEMENT POLICIES; FAILURE IN, OR BREACH OF, ITAÚ'S OPERATIONAL OR SECURITY SYSTEMS OR INFRASTRUCTURE; LOSSES ASSOCIATED WITH COUNTERPARTY EXPOSURES; THE ABILITY OF ITAÚ'S CONTROLLING SHAREHOLDER TO DIRECT ITAÚ'S BUSINESS; AND REGULATION OF ITAÚ'S BUSINESS ON A CONSOLIDATED BASIS.**

**THE WORDS "BELIEVE", "MAY", "WILL", "ESTIMATE", "CONTINUE", "ANTICIPATE", "INTEND", "EXPECT" AND SIMILAR WORDS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS, BUT ARE NOT THE EXCLUSIVE MEANS OF IDENTIFYING SUCH STATEMENTS. ITAÚ UNDERTAKES NO OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD-LOOKING STATEMENTS BECAUSE OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. IN LIGHT OF THESE RISKS AND UNCERTAINTIES, THE FORWARD-LOOKING INFORMATION, EVENTS AND CIRCUMSTANCES DISCUSSED IN THIS RESOLUTION PLAN MIGHT NOT OCCUR. ITAÚ ACTUAL RESULTS AND PERFORMANCE COULD DIFFER SUBSTANTIALLY FROM THOSE ANTICIPATED IN SUCH FORWARD-LOOKING STATEMENTS.**

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## 1. Introduction

Itaú Unibanco Holding S.A. (“IU Holding” and, together with its subsidiaries, “Itaú”) has prepared this resolution plan (the “U.S. Resolution Plan”) in accordance with the requirements for U.S. resolution plans under Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) and the implementing regulations promulgated by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Federal Deposit Insurance Corporation (the “FDIC”), 12 C.F.R. Parts 243 and 381 (the “SIFI Rule”). All information provided in the U.S. Resolution Plan is as of December 31, 2012, unless specified otherwise.

Under the SIFI Rule, a foreign bank that is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 and has \$50 billion or more in total consolidated assets is a “covered company” under the Rule and therefore required to file a U.S. resolution plan. The SIFI Rule requires that resolution plans demonstrate how, upon material financial distress or failure, a financial institution would be resolved in a rapid and orderly manner that substantially mitigates the risk that the institution’s resolution would have serious adverse effects on U.S. financial stability.

Although Itaú conducts both banking and non-banking activities in the United States, these limited operations are not material to Itaú’s global business and do not pose any systemic risk to U.S. financial stability.

### *Overview of Itaú’s Global Operations*

IU Holding is a Brazilian holding company organized under the laws of Brazil and has its headquarters in São Paulo, Brazil. IU Holding engages in banking and other financial services activities, including through its wholly owned subsidiary, Itaú Unibanco S.A. (“Itaú Unibanco”) a bank organized under the laws of Brazil. As of December 31, 2012, IU Holding’s consolidated assets totaled approximately R\$957.2 billion (US\$467.2 billion) and its consolidated liabilities (including deposits) totaled approximately R\$881.2 billion (US\$430.1 billion).<sup>1</sup> IU Holding was the largest banking organization in Brazil and was one of the world’s 10 largest banking organizations by market capitalization at December 31, 2012.

Itaú offers a diverse line of products and services that are designed to address the needs of various types of clients, including corporate clients, small and medium-sized businesses, retail customers, private bank clients, non-accountholders and credit card users. Itaú also has a broad range of overseas operations and has built its international presence based on strategically positioned units in the Americas, Europe and Asia. This has created significant synergies in foreign trade finance, equity and fixed income activities, sophisticated financial transactions, and private banking operations.

### Commercial Banking

The Commercial Banking business segment offers a wide range of banking services to a diversified base of individuals and companies. Services offered by the commercial banking segment include traditional retail deposit and credit products for individuals, as well as insurance, retirement planning and securities products, credit cards for accountholders, private banking, small business banking, middle-market

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<sup>1</sup> Amounts in Reais have been converted to U.S. dollars at the December 31, 2012 exchange rate of R\$ 2.0476 per U.S. dollar. See [http://www.federalreserve.gov/releases/h10/hist/dat00\\_bz.htm](http://www.federalreserve.gov/releases/h10/hist/dat00_bz.htm).

banking,<sup>2</sup> asset management, real estate financing, and customized products and solutions specifically developed to meet customer demands. This segment is an important funding source for Itaú's operations and generates significant financial income and banking fees.

Itaú has an extensive banking network with 4,121 branches and 27,960 ATMs in Brazil and abroad. Itaú's Brazilian branch network, while national in scope, is strategically concentrated in Southeast Brazil, the country's wealthiest region. Itaú's branch network in other countries of the Southern Cone (Argentina, Chile, Paraguay and Uruguay) is also positioned in regions with high levels of economic activity.

### Corporate and Investment Banking

Itaú BBA S.A. ("Itaú BBA"), a bank organized under the laws of Brazil and headquartered in São Paulo, Brazil, is responsible for Itaú's Corporate and Investment Banking activities. Itaú BBA's management model is based on building close relationships with its customers by obtaining an in-depth understanding of their needs and offering them customized solutions. Corporate Banking activities include providing banking services to large corporations and investment banking activities include offering funding resources to the corporate segment, including through fixed and variable income instruments. On February 21, 2013, Itaú announced certain changes to the management, which includes the middle-market banking business becoming part of the Itaú BBA operational segment.

### Consumer Credit

Through the Consumer Credit business segment, Itaú implements its strategy of expanding its offering of financial products and services beyond its deposit accountholders. As such, this business segment includes the issuance of credit cards to individuals who are not accountholders, and lending to lower income consumers.

### Activities with the Market Segment

The activities with the market and corporation segment manages interest income associated with Itaú capital surplus, subordinated debt surplus and the net balance of tax credits and debits, as well as net interest income from the trading of financial assets through proprietary positions (desks), management of currency interest rate gaps and other risk factors, arbitrage opportunities in the foreign and domestic markets, and mark-to-market of financial assets. This segment also includes the effect of non-recurring items that are not considered in the managerial statement of income.

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<sup>2</sup> Middle-market banking has transitioned from Commercial Banking to Corporate and Investment Banking in 2013.

### *Overview of U.S. Operations*

Itaú's U.S. operations focus principally on providing services to Itaú's Latin American customer base, including wholesale banking services to its corporate customers, commercial banking services primarily to its private banking customers and asset management services to both affiliates and non-affiliates.

Listed below are the five entities and offices through which Itaú conducts its U.S. operations (the "U.S. Operating Entities"):

<b>ENTITY</b>	<b>DESCRIPTION</b>
Itaú Unibanco S.A. New York Branch	New York-licensed Branch
Banco Itaú Europa International	Edge Corporation
Itaú BBA USA Securities Inc.	Broker-Dealer
Itaú USA Asset Management Inc.	Investment Adviser
Itaú International Securities Inc.	Broker-Dealer

## **2. Material Entities**

The SIFI Rule defines material entities ("MEs") as those legal entities of Itaú that are significant to the activities of a core business line ("CBL") or critical operation. Under the SIFI Rule, because Itaú is a foreign banking organization, the scope of the ME analysis is limited to those entities domiciled, or that conduct operations in whole or material part, in the United States. Because Itaú has no CBLs or critical operations in the United States under the SIFI Rule, none of its U.S. entities are MEs under the SIFI Rule.

## **3. Core Business Lines**

The SIFI Rule defines CBLs as those business lines of the covered company, including associated operations, services, functions and support, that, upon failure, would result in a material loss of revenue, profit or franchise value. Under the SIFI Rule, because Itaú is a foreign banking organization, the scope of the CBL analysis is limited to those operations conducted in whole or material part in the United States. IU Holding has determined that none of its U.S. operations satisfies the SIFI Rule's definition of a CBL for U.S. resolution planning purposes.

#### 4. Summary Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

##### Balance Sheet

The following tables present the consolidated balance sheet for IU Holding. All figures are presented in accordance with International Financial Reporting Standards as of December 31, 2012.<sup>3</sup>

Assets	As of December 31, 2012 (in millions of R\$)
Cash and deposits on demand .....	13,967
Central Bank compulsory deposits .....	63,701
Interbank deposits .....	23,826
Securities purchased under agreements to resell .....	162,737
Financial assets held for trading .....	145,516
Financial assets designated at fair value through profit or loss .....	220
Derivatives .....	11,597
Available-for-sale financial assets .....	90,869
Held-to-maturity financial assets .....	3,202
Loan operations and lease operations portfolio, net .....	341,271
Loan operations and lease operations portfolio .....	366,984
(-) Allowance for loan and lease losses .....	(25,713)
Other financial assets .....	44,492
Investments in unconsolidated companies .....	3,005
Fixed assets, net .....	5,628
Intangible assets, net .....	4,671
Tax assets .....	32,412
Assets held for sale .....	117
Other assets .....	9,923
<b>Total assets</b> .....	<b>957,154</b>
<b>Average interest-earning assets (*)</b> .....	<b>784,686</b>
<b>Average non-interest-earning assets (*)</b> .....	<b>70,758</b>
<b>Average total assets (*)</b> .....	<b>855,444</b>

(\*) The average balances are calculated based on a monthly basis.

<sup>3</sup> At December 31, 2012, the exchange rate was R\$2.0476 per U.S. Dollar. See [http://www.federalreserve.gov/releases/h10/hist/dat00\\_bz.htm](http://www.federalreserve.gov/releases/h10/hist/dat00_bz.htm).

<b>Liabilities</b>	<b>As of December 31, 2012</b>
	<b>(in millions of R\$)</b>
Deposits .....	243,200
Securities sold under repurchase agreements.....	267,405
Financial liabilities held for trading .....	642
Derivatives .....	11,069
Interbank market debt .....	97,073
Institutional market debt .....	72,028
Other financial liabilities.....	50,255
Reserves for insurance and private pension .....	90,318
Liabilities for capitalization plans.....	2,892
Provisions.....	19,209
Tax liabilities .....	7,109
Other liabilities.....	19,956
<b>Total liabilities</b> .....	<b>881,156</b>
<b>Stockholders' equity</b>	
Capital .....	45,000
Treasury shares .....	(1,523)
Additional paid-in capital .....	888
Appropriated reserves .....	22,423
Unappropriated reserves .....	7,379
Cumulative other comprehensive income .....	1,735
<b>Total stockholders' equity attributed to the owners of the parent company</b> .....	<b>75,902</b>
Non-controlling interests .....	96
<b>Total Stockholders' equity</b> .....	<b>75,998</b>
<b>Total liabilities and stockholders' equity</b> .....	<b>957,154</b>
<b>Average interest-bearing liabilities (*)</b> .....	<b>648,682</b>
<b>Average non-interest-bearing liabilities (*)</b> .....	<b>130,637</b>
<b>Total average stockholders' equity (*)</b> .....	<b>76,125</b>
<b>Total average liabilities and stockholders' equity (*)</b> .....	<b>855,444</b>

(\*) The average balances are calculated based on a monthly basis.

## Capital

The following table summarizes the consolidated regulatory capital ratios for IU Holding as of December 31, 2012. The ratios are calculated in accordance with rules of the Central Bank of Brazil implementing the Basel II standardized approaches.

<b>Summary Capital Position of IU Holding as of December 31, 2012</b>	
Tier I	10.9%
Tier II	5.8%
Total	16.7%

## **Major Funding Sources**

Itaú's principal source of funding is deposits. Deposits include non-interest bearing demand deposits, interest bearing savings account deposits, time deposit certificates sold to customers and interbank deposits from financial institutions. As of December 31, 2012, total deposits amounted to approximately R\$243.2 billion, representing 35.7% of Itaú's total funding.

Itaú also acts as an on-lender through a program in which it borrows funds from the Brazilian Development Bank ("BNDES") and lends such funds, at a spread determined by the Brazilian government, to targeted sectors of the economy. These borrowings are primarily in the form of credit lines that are directed by government agencies to specific sectors targeted for economic development through private banks. As of December 31, 2012, Itaú participated as on-lender in BNDES-financed and Finame transactions valued at approximately R\$36 billion.

Itaú also obtains U.S. dollar-denominated lines of credit from certain of its affiliates to provide trade finance funding for Brazilian companies. As of December 31, 2012, Itaú's total import and export funding was approximately R\$23.1 billion.

In addition, Itaú obtains foreign currency funds from the issuance of securities in the international capital markets, either by borrowing privately or by issuing debt securities generally to on-lend these funds in Brazil to Brazilian companies and financial institutions. These on-lending transactions are usually denominated in Reais and are indexed to the U.S. dollar. As of December 31, 2012, Itaú had approximately R\$15.3 billion outstanding of structured and financial transactions. Itaú's international operations represent additional funding vehicles for Itaú, by issuing securities and establishing programs for the issuance of several financial instruments.

Itaú also generates funds for its operations through the resale to its customers of securities issued by Itaú and previously held in treasury. Itaú's customers have the right to sell these securities back to Itaú at their option before the maturity date. Itaú's pay interest on these securities funds at variable rates based on the Interbank Deposit Certificate rate. As of December 31, 2012, total funding under this financial product amounted to R\$267.4 billion.

## **5. Derivative and Hedging Activities**

Itaú engages in derivative and hedging activities both on behalf of clients and to manage Itaú's own risks.

Itaú assists clients in the origination of structured financing and risk hedge operations, including exchange rate and interest rate derivatives, particularly involving European parent corporations of companies in Latin America, the financing of exports among Itaú's corporate clients, European companies investing in Latin America, and Latin American companies expanding abroad. Itaú also carries out financial transactions on behalf of middle-market customers. These transactions include interbank transactions, open market transactions, and futures, swaps, hedging and arbitrage transactions.

Itaú uses derivatives in a variety of ways to manage its own risks. Itaú employs credit derivatives, such as single name credit default swaps, to diminish the credit risks of its securities portfolio. With respect to foreign exchange, Itaú aims to maintain sufficient hedges to reduce the potential effects from foreign-exchange exposure. Specifically, Itaú hedges its investments in subsidiaries outside Brazil by using foreign-currency denominated liabilities or derivative instruments.



## **6. Memberships in Material Payment, Clearing and Settlement Systems**

In the United States, Itaú, through the New York branch of Itaú Unibanco and Banco Itaú Europa International, is a member of Fed Line Direct and SWIFT.

## **7. Foreign Operations**

Itaú is present in 19 countries outside Brazil, seven of which are in Latin America. In Argentina, Chile, Paraguay and Uruguay, Itaú provides retail banking, corporate and treasury services, with a focus on commercial banking. In Mexico, Itaú operates in the credit card market. Itaú BBA has a representative office in Peru and, in October, 2012, the Superintendencia Financiera de Colombia (Financial Services Superintendency of Colombia) issued an operating license for Itaú BBA S.A. Colombia– Corporación Financiera.

Additionally, Itaú has European operations in Portugal, the United Kingdom, Luxembourg, Spain, France, Germany, and Switzerland. In the United States, Itaú maintains offices in New York and Miami while in the Caribbean it operates in the Cayman Islands and the Bahamas. Itaú has a Middle East office in Dubai and Asian offices in Hong Kong, Shanghai, and Tokyo. These foreign offices mainly serve institutional, investment, corporate and private banking clients.

## 8. Material Supervisory Authorities

Itaú is subject to a significant body of laws and regulations that are a condition for authorization to conduct banking and financial services business in each country of incorporation and operation. These requirements are largely prescribed on a jurisdictional basis by the applicable government, central bank, regulatory authorities or other applicable bodies.

The following table provides the contact information of the U.S. regulators with supervisory or regulatory authority over Itaú's U.S. legal entities or offices:

ENTITY	DESCRIPTION OF LICENSE OR REGISTRATION	REGULATOR
Itaú Unibanco S.A, New York Branch	License to operate a New York branch of a foreign bank	New York State Department of Financial Services
		Federal Reserve Bank of New York
Banco Itaú Europa International	Edge Corporation	Federal Reserve Bank of Atlanta
Itaú BBA USA Securities, Inc.	Broker-Dealer	Securities and Exchange Commission
		Financial Industry Regulatory Authority
		National Futures Association
		Commodity Futures Trading Commission
Itaú USA Asset Management Inc.	Investment Adviser	Securities and Exchange Commission
Itaú International Securities Inc.	Broker-Dealer	Securities and Exchange Commission
		Financial Industry Regulatory Authority
		National Futures Association
		Commodity Futures Trading Commission
		Florida Office of Financial Regulation, Securities Division

## 9. Principal Officers

Information regarding IU Holding's Board of Directors is presented in the following table.

<b>Itaú Unibanco Holding S.A. Board of Directors</b>		
<b>Name</b>	<b>Title</b>	<b>Appointed</b>
Pedro Moreira Salles	Chairman	2008
Alfredo Egydio Arruda Villela Filho	Vice-Chairman	2003
Roberto Egydio Setubal	Vice-Chairman	2003
Alfredo Egydio Setubal	Director	2007
Candido Botelho Bracher	Director	2008
Demosthenes Madureira de Pinho Neto	Director	2012
Gustavo Jorge Laboissiere Loyola	Director	2006
Henri Penchas	Director	2003
Israel Vainboim	Director	2008
Nildemar Secches	Director	2012
Pedro Luiz Bodin de Moraes	Director	2008
Ricardo Villela Marino	Director	2008

Information regarding IU Holding's Executive Board is presented in the following table.

<b>Itaú Unibanco Holding S.A. Executive Board</b>	
<b>Name</b>	<b>Title</b>
Roberto Egydio Setubal	Chief Executive Officer
Alfredo Egydio Setubal	Executive Vice-President
Candido Botelho Bracher	Executive Vice-President
Caio Ibrahim David	Executive Officer
Claudia Politanski	Executive Officer
Eduardo Mazzilli de Vassimon	Executive Officer
Ricardo Baldin	Executive Officer
Alexsandro Broaedel Lopes	Director
Ana Tereza de Lima e Silva Prandini	Director
Eduardo Hiroyuki Miyaki	Director
Emerson Macedo Bortoloto	Director
Robert George Stribling	Director
Rodrigo Luís Rosa Couto	Director
Rogério Paulo Calderón Peres	Director

## **10. Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning**

The resolution planning governance structure of IU Holding is intended to ensure that the U.S. Resolution Plan meets all applicable elements of the SIFI Rule.

This Plan was prepared by the Resolution Planning Working Group (the “RP Working Group”) which consisted of members from the legal, risk and capital, and compliance departments. The broader Resolution Planning Team (the “RP Team”) includes representatives of the principal U.S. Operating Entities who were consulted and who participated as needed in developing the U.S. Resolution Plan. On a weekly basis, the RP Team shared significant updates with senior executives in the Risk, Legal and Compliance departments, each of which is represented on the RP Team. In addition, the RP Team shared information and updates with the IU Holding Steering Committee on Dodd-Frank Issues (the “DF Committee”) on a bi-monthly basis.

The DF Committee was informed of the progress in developing the U.S. Resolution Plan and has oversight and approval responsibilities. It is comprised of Itaú senior management that work in the Legal, Risk and Capital, Internal Controls, Compliance, and Market, Liquidity and Insurance Risk departments as well as some business areas.

The Risk and Capital Management Committee (the “RCMC”) is the committee of the Board responsible for supporting the Board in the performance of its functions related to Itaú’s risk and capital management.

Upon the recommendation of the RCMC, the Board delegated responsibility to approve the U.S. Resolution Plan to the Risk and Capital Management Director. The Risk and Capital Management Director is responsible and accountable for the development, maintenance and filing of the U.S. Resolution Plan. A draft of the U.S. Resolution Plan was first submitted to the DF Committee for review. The Board met and authorized the delegation of authority to approve the plan to the Director of Capital and Risk Management of the Bank as its delegee (the “Delegee”). Thereafter, the Delegee approved the U.S. Resolution Plan.

## **11. Material Management Information Systems**

The U.S. Operating Entities rely upon a number of management information systems (“MIS”) to conduct their “business-as-usual” operations, which they access through licenses directly with third-party vendors and systems hosted by head office and other affiliates. In certain cases, head office has contracted for MIS with third-party vendors and then provides access to these systems to the U.S. Operating Entities through service level agreements. The provision of MIS between affiliates generally is on a cost-plus basis. The MIS that would be needed in resolution are more limited in scope than those required on a daily basis. While IU Holding anticipates that, in many cases, it would be possible for the U.S. Operating Entities to access systems hosted by head office and other affiliates in resolution, these Entities do not rely upon those systems that would be the most relevant in resolution, such as MIS necessary to identify the assets and liabilities of each entity. Were the U.S. Operating Entities not to have access to trading systems hosted by head office, the applicable resolution authority would need to identify other means of disposing of certain assets. Even if there were limitations in resolution with respect to the use of and access to MIS, the resolution of the U.S. Operating Entities would not pose any risk to U.S. financial stability.

## **12. Resolution Strategy Summary**

The resolution strategy for the New York branch of Itaú Unibanco contemplates an orderly wind-down and liquidation conducted by the Superintendent of the New York State Department of Financial Services pursuant to Article 13 of the New York Banking Law.

The Itaú Edge would be resolved pursuant to Section 25A of the Federal Reserve Act (also known as the “Edge Act”). Due to the specific focus of the operations of Itaú Edge and the limited nature of its assets and liabilities, a liquidation of the Itaú Edge would be conducted expeditiously and in an orderly manner.

The remaining U.S. Operating Entities would each be eligible for resolution under Chapter 11 or Chapter 7 of the Bankruptcy Code. These entities would likely file under Chapter 11 of the Bankruptcy Code, which would enable existing management to remain in control of operations during resolution. The proceedings for these entities would likely be consolidated for procedural purposes.

In light of the composition of their assets and liabilities, the resolution of the U.S. Operating Entities would not be complex, would not be overly lengthy and would not be a risk to U.S. financial stability.