

Conference Call about 2nd Quarter 2010 Earnings Results

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Investor Relations Officer

Aug | 04th | 2010

Itaú Unibanco Holding S.A.



Highlights

1. Net Income:

- In the second quarter of 2010, our Recurring Net Income totaled R\$ 3.3 billion, a rise of 4.1% from former quarter, and our Recurring ROE reached 24.4%.
- In the first semester of 2010, our Recurring Net Income reached R\$ 6.5 billion, growing 29.6% over the same period of 2009.

2. Financial Margin with Clients and Credit Expansion:

- Growth of 6.7% compared to former quarter, totaling R\$ 10.0 billion, driven by credit expansion of 4.0% compared to last quarter and 11.4% compared to Jun 30, 09, in which retail credit grew 18.8%.

3. Banking Service Fees and Income from Banking Charges:

- 4.4% growth in comparison to the first quarter, reaching R\$ 4.3 billion due mainly to credit card operations volumes, current account services and investment banking.

4. Delinquency Rate and Result from Loan Losses:

- 90 days delinquency rate fell 30 bps in comparison to last quarter, reaching 4.6% and keeping the downward trend that already accumulates a 100 bps reduction in 2010.
- In the first semester of 2010 our provision for loan losses, net of recovery of credits, was 15.8% less than that of the same period of last year. The additional provision for loan losses balance as of Jun 30, 10 of R\$ 6.1 billion was kept stable in the quarter.

5. Non interest expenses

- Grew 4.4% in the first semester of 2010 compared to same period of last year. Excluding expenses with Unibanco's branches migration, opening of new points of sale, and those of Redecard and Porto Seguro, we observed a slight drop (-0.6%) in total expenses when compared to the first semester of 2009.

Non Recurring Effects – Net of Taxes

R\$ million

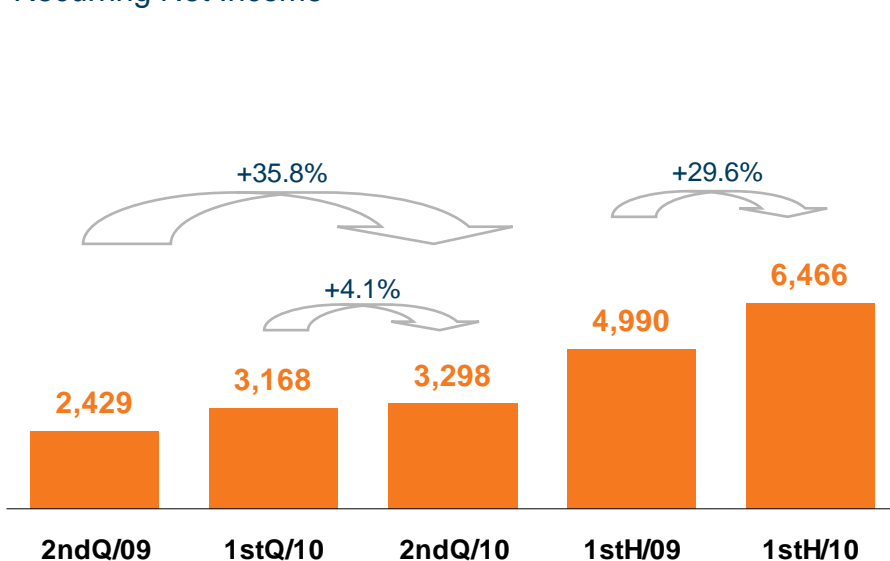
	2 nd Q/10	1 st Q/10	1 st H/10	1 st H/09
Recurring Net Income (A)	3,298	3,168	6,466	4,990
Sale of investments	-	-	-	212
Program for Settlement or Installment Payment of Federal Taxes- Law No.11,941/09	-	145	145	-
Provision for contingencies – economic plans	(133)	(79)	(211)	(110)
Amortization of goodwill (*)	-	-	-	(506)
Total Non-Recurring Effects (B)	(133)	66	(66)	(405)
Net Income (A + B)	3,165	3,234	6,399	4,586

(*) In the first half of 2009, refers basically to the Redecard operation.

Highlights

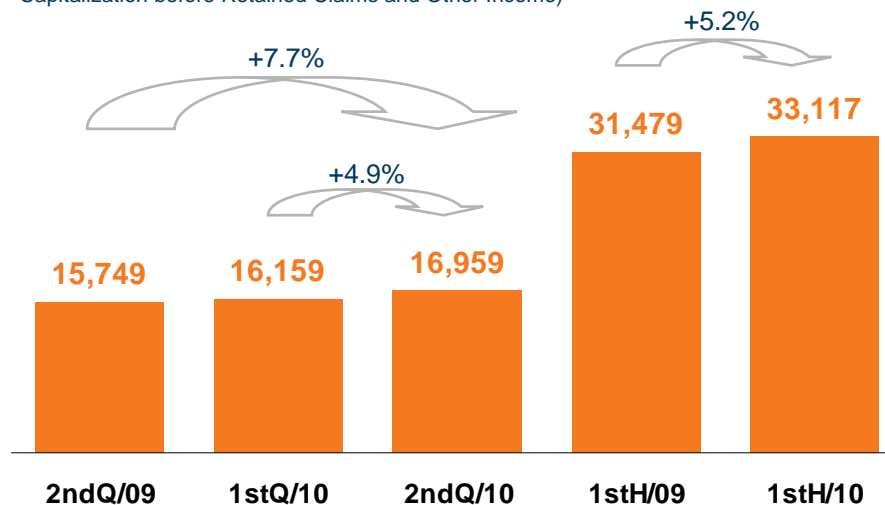
R\$ million

Recurring Net Income



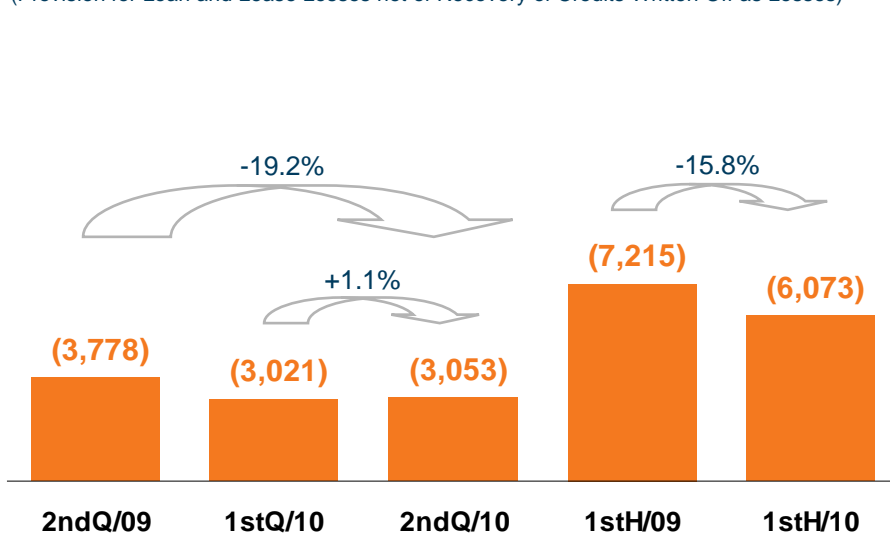
Managerial Financial Margin Plus Banking Service Fees

(Financial Margin, Banking Service Fees, Result from Op. of Insurance, Pension Plans and Capitalization before Retained Claims and Other Income)



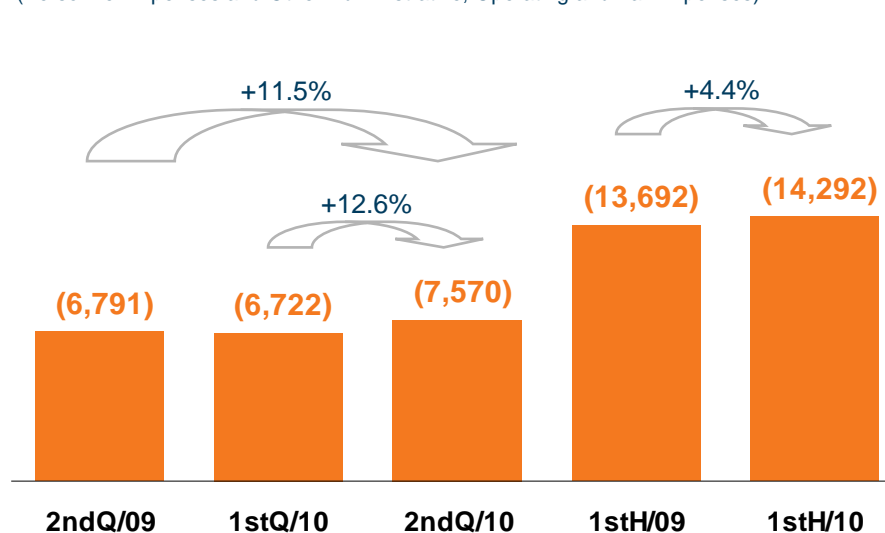
Result from Loan Losses

(Provision for Loan and Lease Losses net of Recovery of Credits Written Off as Losses)



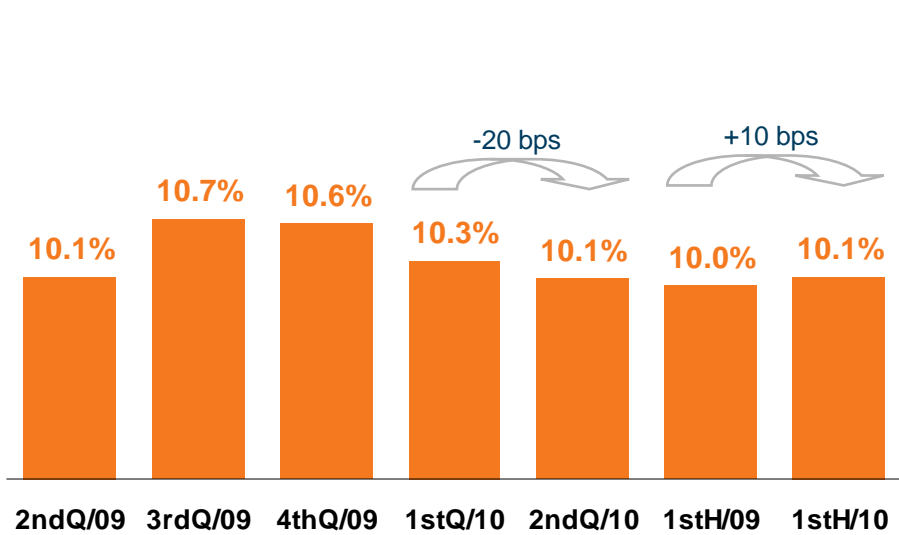
Non-interest Expenses

(Personnel Expenses and Other Administrative, Operating and Tax Expenses)

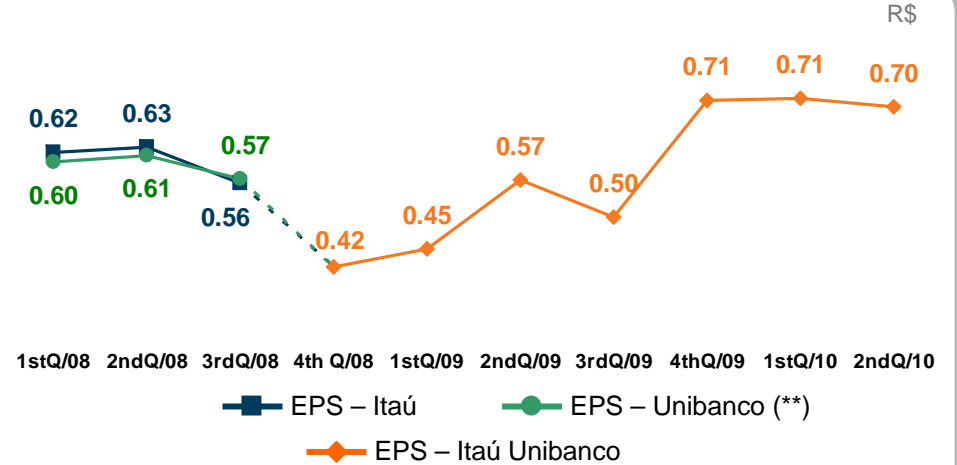


Highlights

Net Interest Margin (with Clients)

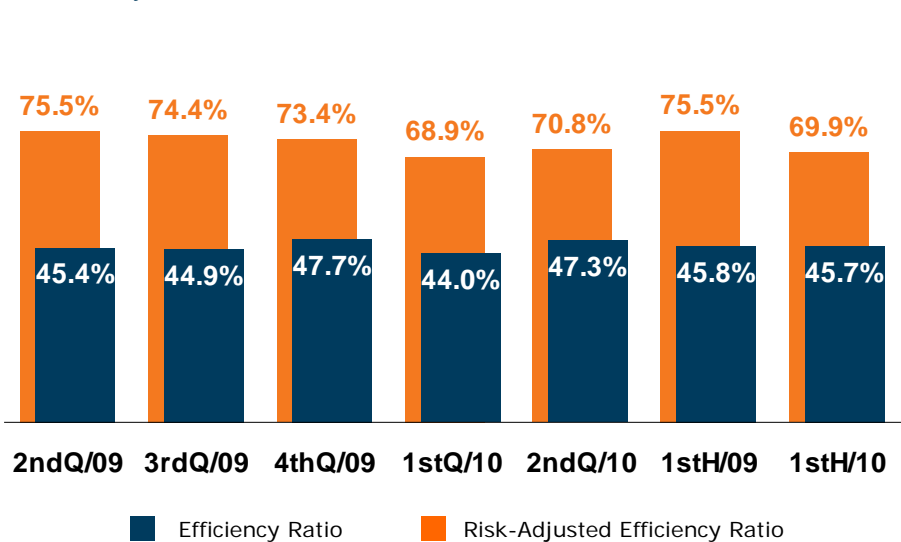


Earnings Per Share (*)

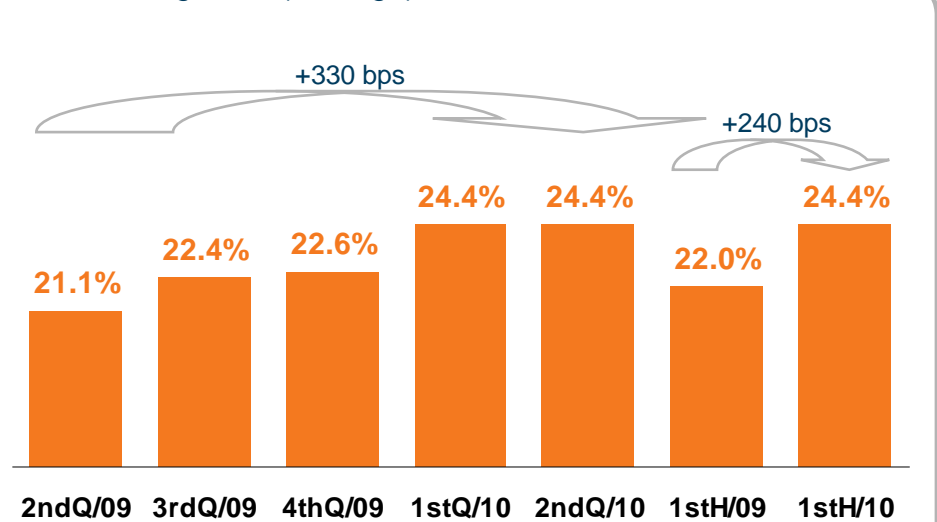


(*) The number of shares outstanding was adjusted to reflect the 10% share bonus that occurred on August 28, 2009.
 (**) Adjusted by the exchange ratio of shares in relation to Itaú and Unibanco merger.

Efficiency Ratio



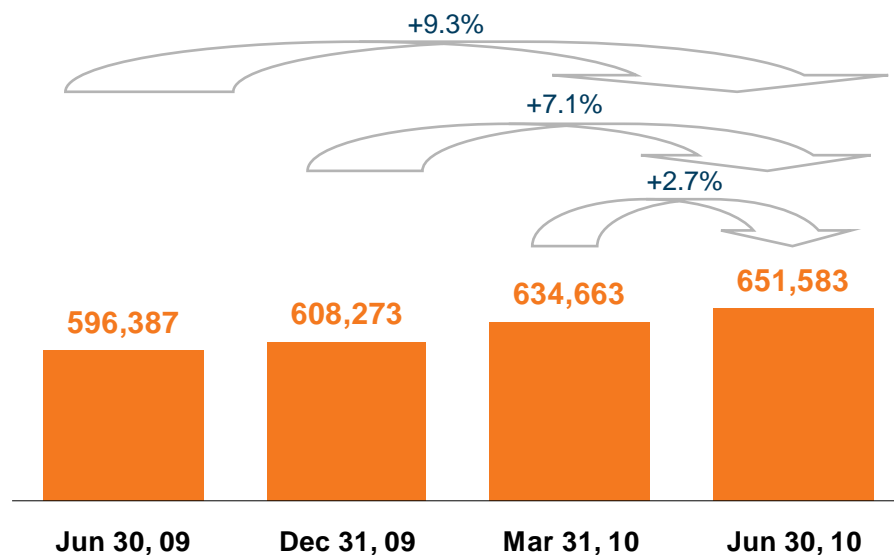
Recurring ROE (average)



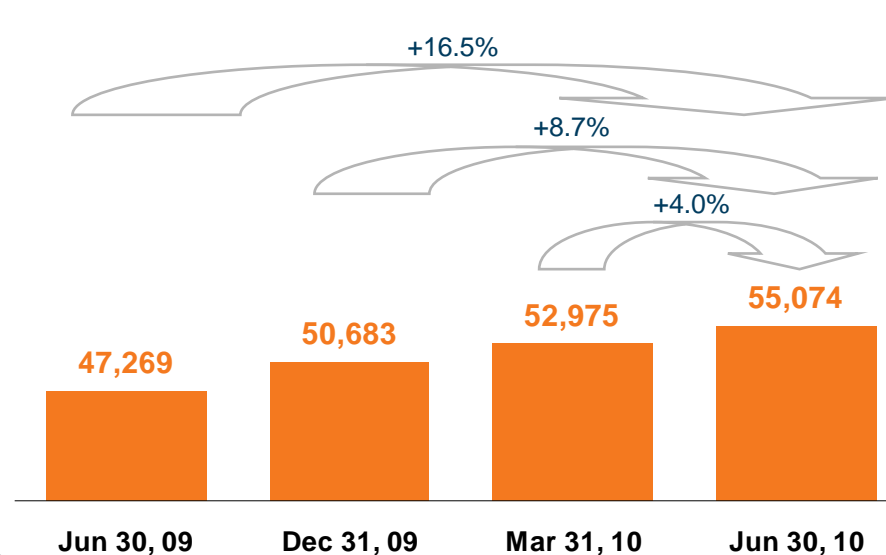
Highlights

R\$ million

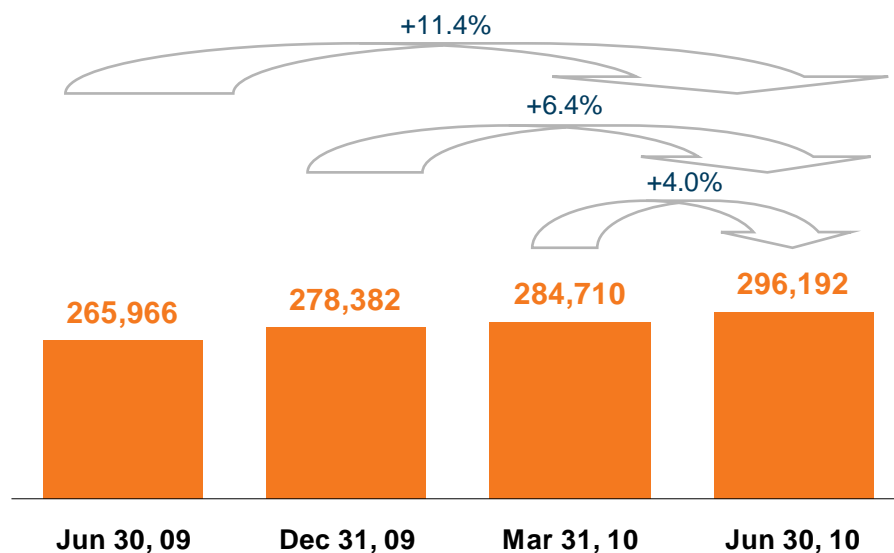
Assets



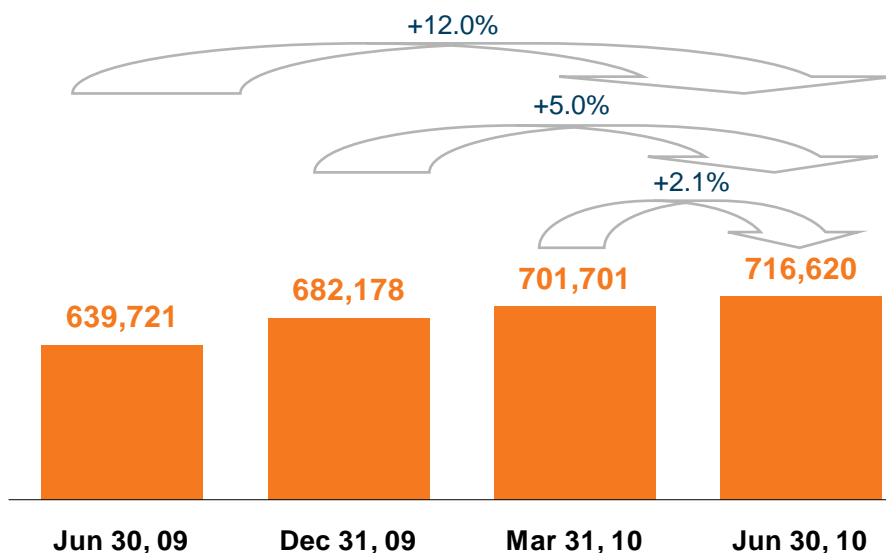
Stockholders' Equity



Loan Portfolio (Includes Endorsements and Sureties)



Total Funding with Clients (includes AUM)



Itaú Unibanco - Results

R\$ million

	2 nd Q/10	1 st Q/10	2 nd Q/10 – 1 st Q/10	1 st H/10	1 st H/09	1 st H/10 – 1 st H/09
Managerial Financial Margin Plus Banking Service Fees	16,959	16,159	4.9%	33,117	31,479	5.2%
Financial Margin with Customers	10,001	9,370	6.7%	19,371	18,442	5.0%
Financial Margin with Market	891	1,019	-12.6%	1,909	2,677	-28.7%
Banking Service Fees and Income from Banking Charges	4,300	4,120	4.4%	8,419	7,143	17.9%
Result from Op. of Insurance, Pension Plans and Capitalization before Retained Claims	1,411	1,448	-2.6%	2,858	2,779	2.9%
Other Operating Income	357	203	75.7%	560	439	27.5%
Loan Losses and Retained Claims	(3,745)	(3,821)	-2.0%	(7,565)	(8,872)	-14.7%
Provision for Loan and Lease Losses	(4,019)	(3,866)	4.0%	(7,886)	(9,400)	-16.1%
Reversal / (Increase) of Additional Provision for Loan Losses	-	-	-	-	1,314	-
Recovery of Credits Written Off as Losses	967	846	14.3%	1,813	871	108.1%
Retained Claims	(692)	(800)	-13.5%	(1,492)	(1,657)	-10.0%
Other Operating Income/(Expenses)	(9,916)	(9,170)	8.1%	(19,086)	(17,616)	8.3%
Non-interest Expenses	(7,570)	(6,722)	12.6%	(14,292)	(13,692)	4.4%
Tax Expenses for ISS, PIS and Cofins	(970)	(865)	12.2%	(1,835)	(1,591)	15.4%
Other Results (*)	(1,376)	(1,583)	-13.1%	(2,959)	(2,334)	26.8%
Recurring Net Income	3,298	3,168	4.1%	6,466	4,990	29.6%
Non-recurring Events	(133)	66	-300.5%	(66)	(405)	-83.6%
Net Income	3,165	3,234	-2.1%	6,399	4,586	39.5%

(*) Other results is composed by Equity in earnings of affiliates and other investments, Non Operating Income, Income Tax and Social Contribution, Profit Sharing (Officers) and Minority Interest in subsidiaries.

Loans by Type of Client (*)

R\$ million

	Jun 30, 10	Mar 31, 10	Dec 31, 09	Jun 30, 09	Variation		
					Jun/10 - Mar/10	Jun/10 - Dec/09	Jun/10 - Jun/09
Individuals	107,237	104,257	101,912	95,034	2.9%	5.2%	12.8%
Credit Card	29,619	28,419	29,096	24,307	4.2%	1.8%	21.9%
Personal Loans	22,525	21,703	20,612	21,192	3.8%	9.3%	6.3%
Vehicles	55,092	54,135	52,204	49,535	1.8%	5.5%	11.2%
Businesses	160,584	153,378	150,805	147,486	4.7%	6.5%	8.9%
Corporate	91,982	89,057	89,813	93,174	3.3%	2.4%	-1.3%
Micro, Small and Middle Market	68,602	64,321	60,992	54,312	6.7%	12.5%	26.3%
Directed Loans	15,515	14,601	13,653	11,784	6.3%	13.6%	31.7%
Rural Loans	5,015	5,233	5,143	4,674	-4.2%	-2.5%	7.3%
Mortgage Loans	10,501	9,368	8,510	7,110	12.1%	23.4%	47.7%
Argentina/Chile/Uruguay/Paraguay	12,555	12,176	11,708	11,663	3.1%	7.2%	7.6%
Porto Seguro	302	299	303	-	1.0%	-0.4%	-
Total	296,192	284,710	278,382	265,966	4.0%	6.4%	11.4%
Total Retail (**)	191,354	183,179	176,557	161,130	4.5%	8.4%	18.8%
Corporate - Total Risk (***)	104,702	100,069	100,348	103,614	4.6%	4.3%	1.0%

(*) Includes endorsements and sureties.

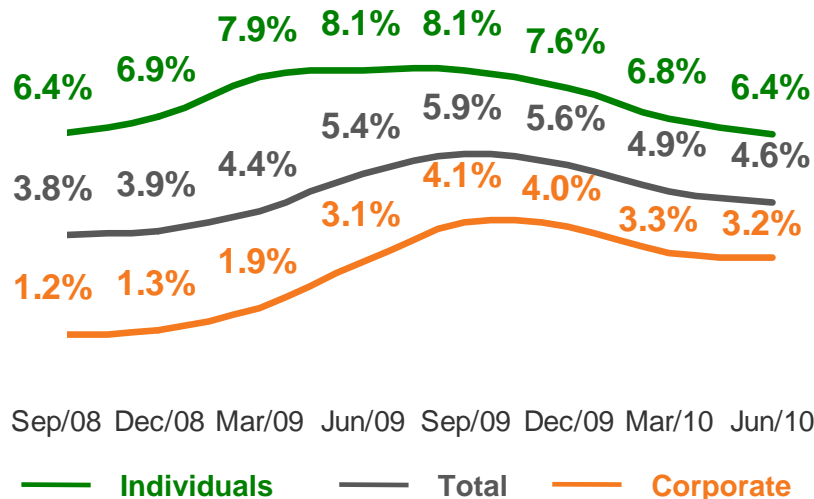
(**) Includes Credit Card, Personal Loans, Vehicles, Micro, Small and Middle Market, Rural Loans and Mortgage Loans.

(***) Includes Private Bonds (Debentures, CRI and Commercial Paper). Without considering the exchange rate variation, the growth would be 4.4% in relation to Mar 31, 10, 3.6% in relation to Dez 31, 09 and 3.0% in relation to Jun 30, 09.

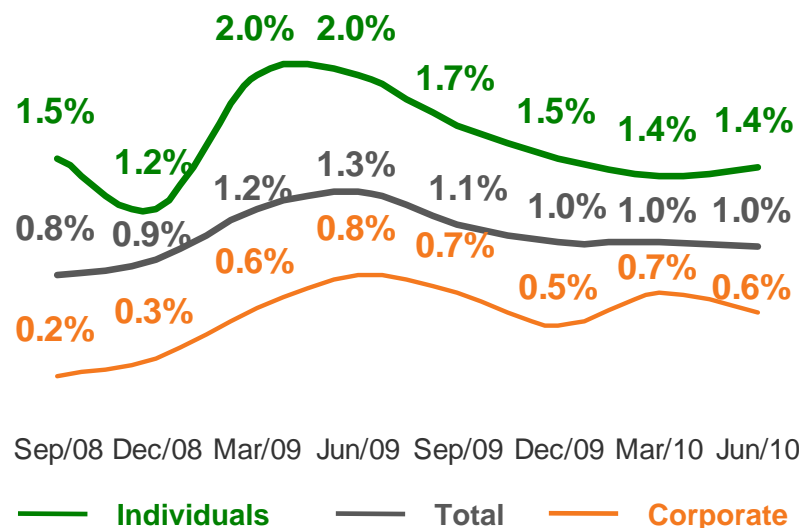
Note: The acquired payroll credit portfolio started to be considered as corporate risk and, thus the prior quarters were adjusted for comparability.

Non-Performing Loans and Coverage Ratios

NPL Ratio (90 days)

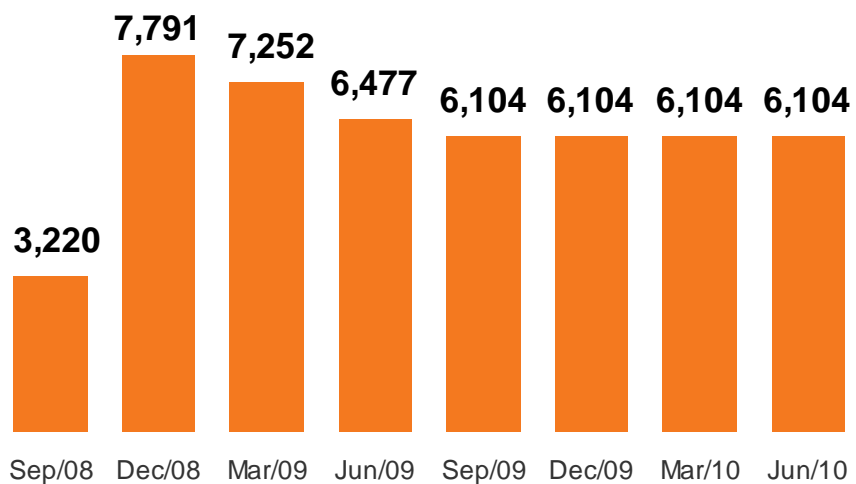


NPL Ratio (61-90 days)

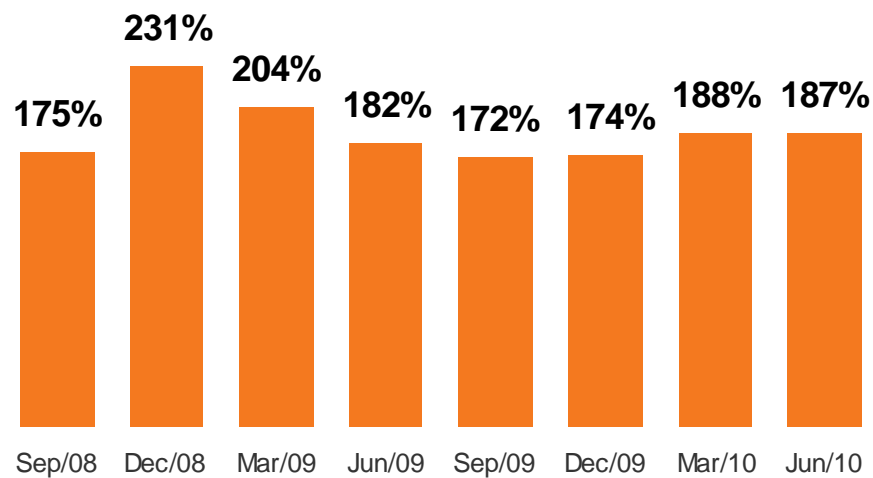


Additional Balance of Allowance for Loan Losses

R\$ million



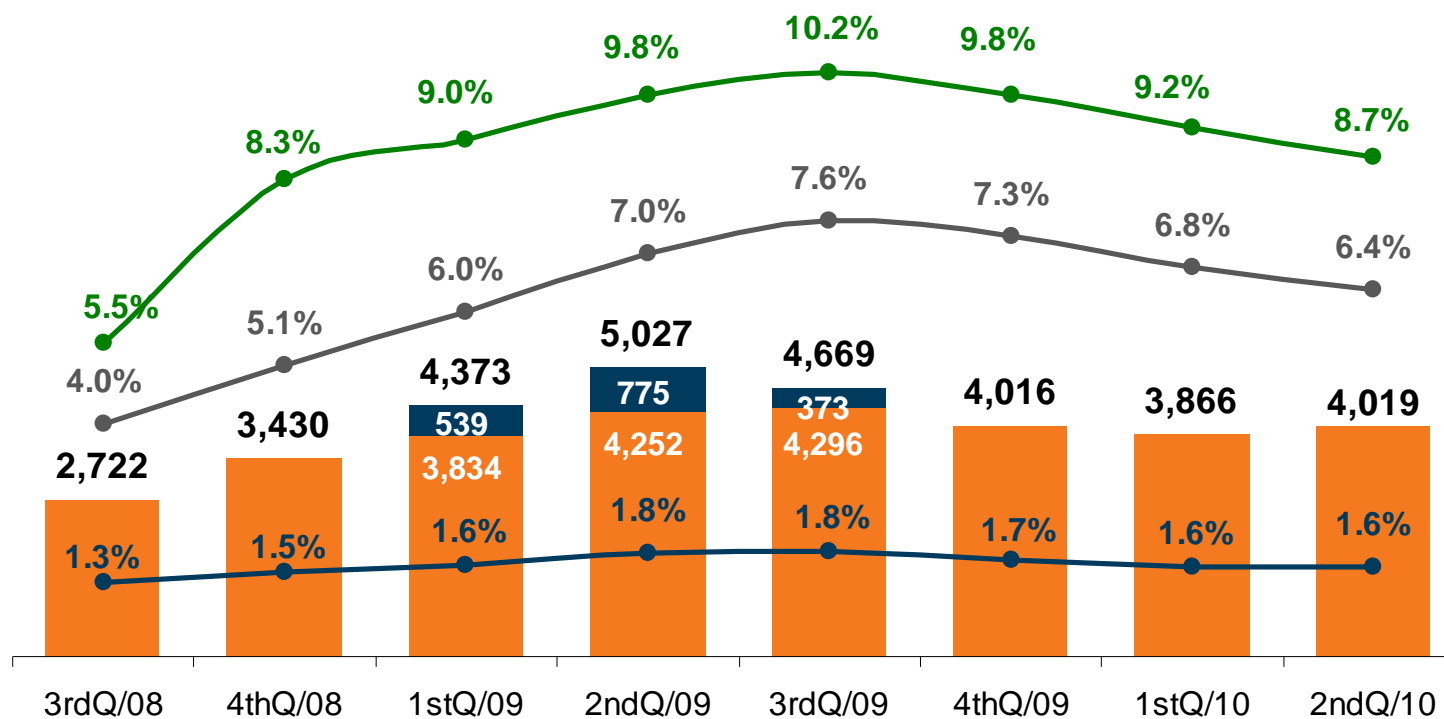
Coverage ratio (*) – 90 days



(*) Allowance por Loan Losses / Credits overdue more than 90 days.

Data until September 2008 reflect the sum of results and balances separately posted by Itaú and Unibanco.

Provision for Loan Losses



- Expenses for Provisions for Loan Losses (R\$ million)
- Use of additional provision (R\$ million)
- Expenses for Provisions for Loan Losses / Credit Portfolio ⁽¹⁾
- Provisions for Loan Losses (Specific + Generic) / Credit Portfolio (end of period balance)
- Provisions for Loan Losses (Specific + Generic + Additional) / Credit Portfolio (end of period balance)

(1) Average balance of the two previous quarters.

Data until 3Q08 reflect the sum of results and balances separately posted by Itaú and Unibanco.

Funding and Assets Under Management

R\$ million

	Jun 30, 10	Mar 31, 10	Jun 30, 09	Variation	
				Jun/10 - Mar/10	Jun/10 - Jun/09
Demand Deposits	25,838	24,316	23,499	6.3%	10.0%
Savings Deposits	51,836	50,069	40,835	3.5%	26.9%
Time Deposits	104,750	95,446	108,228	9.7%	-3.2%
Debentures (Committed operations) / Notes (*)	86,566	78,266	64,317	10.6%	34.6%
Subtotal 1 – Funding from Account Holders Customers	268,990	248,096	236,879	8.4%	13.6%
Institutional Customers	13,583	19,338	21,865	-29.8%	-37.9%
Onlending	24,749	23,247	18,400	6.5%	34.5%
Subtotal 2 – Funding from Institutional & Account Holders Customers	307,322	290,681	277,144	5.7%	10.9%
Assets under Management	344,689	348,591	304,609	-1.1%	13.2%
Technical Provisions of Insurance, Pension Plans and Capitalization	56,001	54,274	48,044	3.2%	16.6%
Deposits from Banks	2,307	1,747	3,147	32.1%	-26.7%
Funds from Acceptance and Issuance of Securities	6,301	6,408	6,778	-1.7%	-7.0%
Total – Funding with Clients	716,620	701,701	639,721	2.1%	12.0%

(*) Real estate, mortgage, credit and similar notes

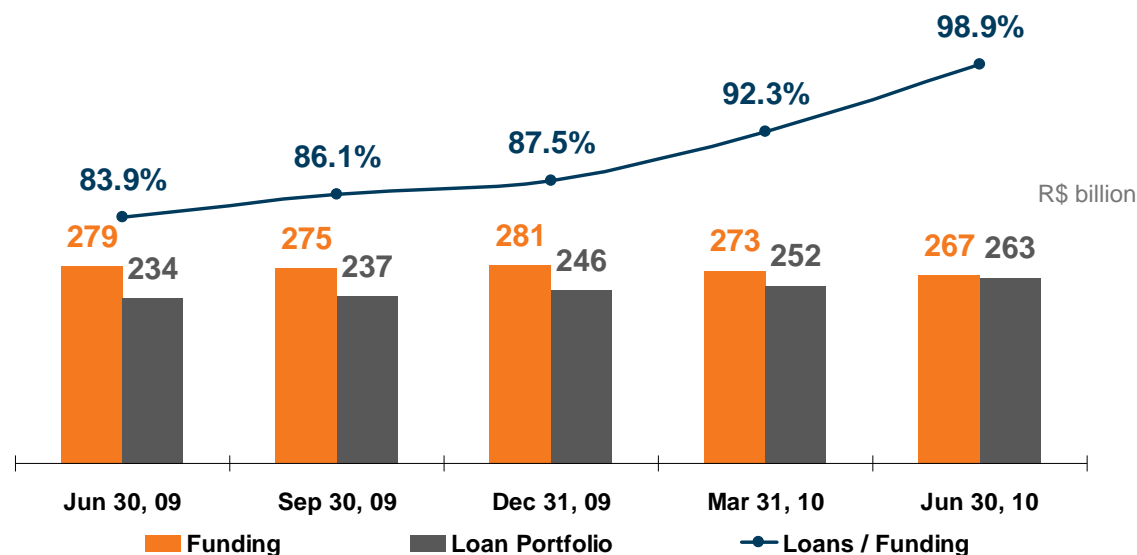
Ratio between Loan Portfolio and Funding

R\$ million

				Variation	
	Jun 30, 10	Mar 31, 10	Jun 30, 09	Jun/10 - Mar/10	Jun/10 - Jun/09
Funding from Institutional & Account Holders Customers	307,322	290,681	277,144	5.7%	10.9%
(-) Compulsory Deposits	(61,585)	(37,572)	(19,092)	63.9%	222.6%
(-) Available Funds	(12,415)	(11,249)	(9,378)	10.4%	32.4%
Funds from Acceptance and Issuance of Securities Abroad	6,301	6,408	6,778	-1.7%	-7.0%
Borrowings	13,321	13,981	14,138	-4.7%	-5.8%
Other (*)	13,614	10,974	9,834	24.1%	38.4%
Total (A)	266,558	273,224	279,423	-2.4%	-4.6%
Loan Portfolio (B) (**)	263,498	252,117	234,490	4.5%	12.4%
B/A	98.9%	92.3%	83.9%	660 bps	1,490 bps

(*) These are comprised of installments of subordinated debt that is not included in Tier II Reference Equity.

(**) The credit portfolio balance does not include sureties and endorsements.

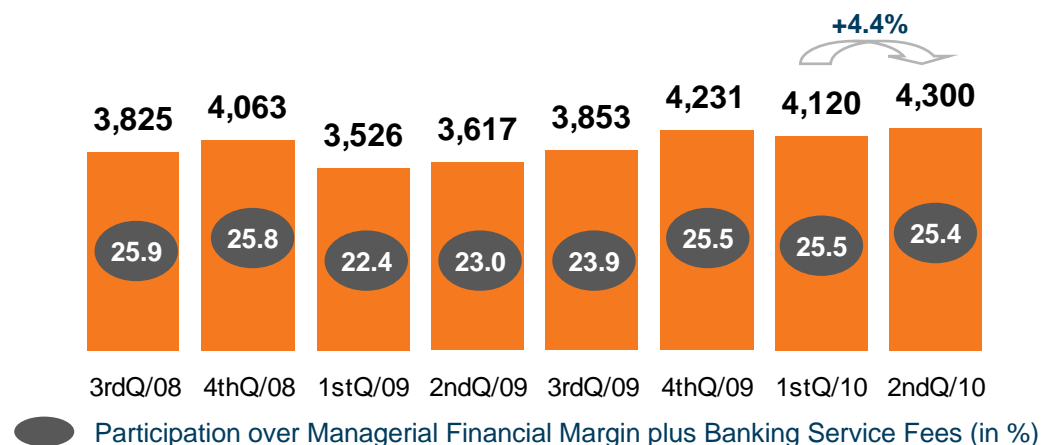


Banking Fees Revenues and Income from Banking Charges

R\$ million

	2 nd Q/10	1 st Q/10	2 nd Q/10 – 1 st Q/10	1 st H/10	1 st H/09	1 st H/10 – 1 st H/09
Asset Management	615	599	2.7%	1,214	1,021	19.0%
Current Account Services (*)	608	579	5.0%	1,188	1,005	18.2%
Loan Operations and Guarantees Provided	672	657	2.3%	1,330	1,129	17.7%
Collection Services	317	322	-1.5%	640	596	7.4%
Credit Cards	1,639	1,553	5.5%	3,192	2,771	15.2%
Other	447	408	9.6%	856	621	37.7%
Total	4,300	4,120	4.4%	8,419	7,143	17.9%

Historical Data of Banking Fees Revenues and Income from Banking Charges



(*) In the 1stQ/09 a reversal of R\$ 95 million income was made related to the reversion of provision of the credit information renewal charge constituted during the period of 2008. The 2008 data reflect the sum of first nine months separately posted by Itaú and Unibanco. For comparison purposes, we have adjusted the 2008 accounting statements with the full consolidation of Redecard.

Non-interest Expenses

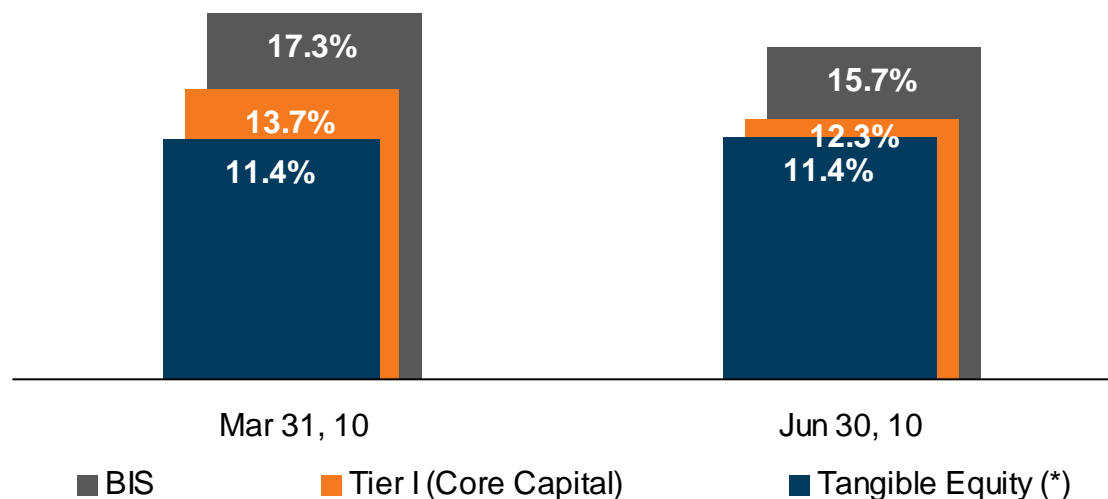
R\$ million

	2 nd Q/10	1 st Q/10	2 nd Q/10 – 1 st Q/10	1 st H/10	1 st H/09	1 st H/10 – 1 st H/09
Personnel Expenses	(3,186)	(2,882)	10.5%	(6,068)	(5,886)	3.1%
Other Administrative Expenses	(3,335)	(2,978)	12.0%	(6,313)	(5,656)	11.6%
Other Operating Expenses	(956)	(793)	20.7%	(1,749)	(1,996)	-12.4%
Tax Expenses (*)	(93)	(69)	34.2%	(162)	(154)	5.5%
Non-interest Expenses	(7,570)	(6,722)	12.6%	(14,292)	(13,692)	4.4%
(+) Redecard Expenses	263	233	13.1%	496	451	10.0%
(+) Porto Seguro Expenses	117	107	9.3%	224	-	-
(+) New Points of Sale Expenses	68	54	25.9%	122	-	-
(+) Branches' Migration Expenses	235	59	298.3%	294	-	-
Non-interest Expenses without Redecard, Porto Seguro, New Points of Sale Openings and Branches' Migration effects.	(6,887)	(6,270)	9.8%	(13,157)	(13,241)	-0.6%

(*) PIS, Cofins and ISS not included.

BIS Ratio

R\$ million



BIS Ratio Evolution

BIS Ratio Evolution	Referential equity			Adjusted Risk-weighted Exposure	BIS Ratio	Tier I / Referential equity
	Tier I	Tier II	Total			
Mar 31, 10	59,998	15,482	75,479	437,407	17.3%	79.5%
Additional Provision for Loan Losses deduction	(6,104)		(6,104)	(6,104)	-1.2%	
Net income (**)	3,399		3,399		0.8%	
Dividends and Interest on capital	(1,115)		(1,115)		-0.3%	
Subordinated debt variation and Other	33	(144)	(110)		0.0%	
Adjusted Risk-weighted Exposure				23,623	-0.9%	
Jun 30, 10	56,210	15,338	71,548	454,925	15.7%	78.6%
Jun/10 - Mar/10 (%)	-6.3%	-0.9%	-5.2%	4.0%	-160 bps	-90 bps

(*) The Tangible Common Equity (TCE) is internationally defined as Stockholders' Equity less intangible assets, goodwill and preferred shares. In the case of Brazil, non-voting shares have primarily a capital function and, for this reason, have not been excluded from Tangible Equity.

(**) Economic-financial Consolidated.

Segmentation Highlights Pro Forma

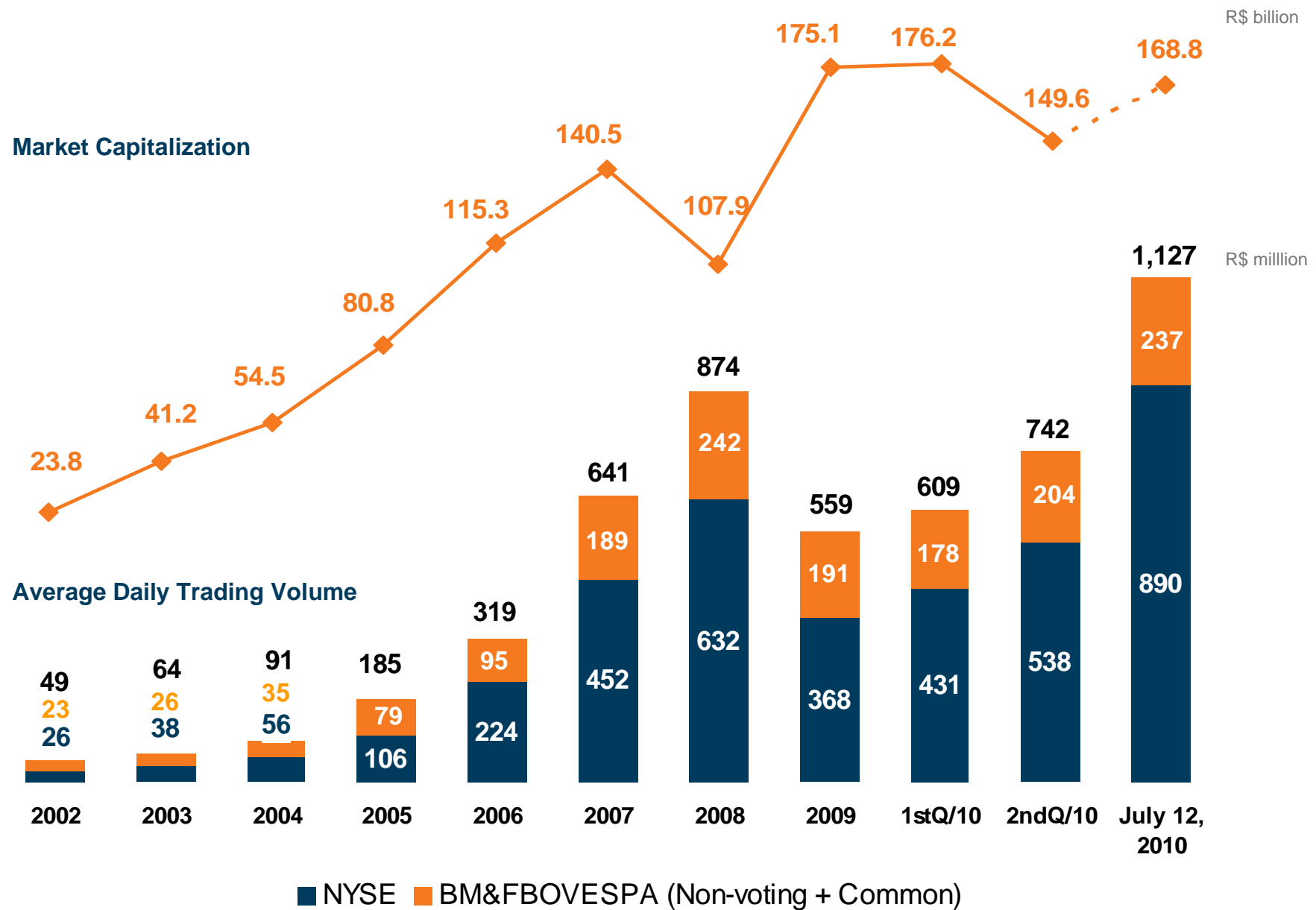
R\$ million

	Commercial Bank	Itaú BBA	Consumer Credit	Corporation + Treasury	Itaú Unibanco (*)
2nd Quarter 2010					
Recurring Net Income	1,494	592	679	532	3,298
Allocated Tier I Capital	17,301	11,887	7,649	18,238	55,074
RAROC in the quarter (% p.y.)	36.5%	19.9%	35.3%	11.8%	24.4%
Efficiency Ratio (ER)	53.0%	36.9%	45.8%	25.6%	47.3%
Total Assets	469,628	180,947	80,704	56,020	651,583
1st Quarter 2010					
Recurring Net Income	1,512	569	703	384	3,168
Allocated Tier I Capital	15,472	11,935	7,733	17,836	52,975
RAROC in the quarter (% p.y.)	42.1%	18.6%	37.9%	8.6%	24.4%
Efficiency Ratio (ER)	49.6%	35.1%	42.9%	18.5%	44.0%
Total Assets	445,525	174,098	78,781	59,068	634,663

(*) Does not reflect the sum of the parts because certain intercompany transactions were eliminated only at the Consolidated level.

Note: As from 4Q09, it includes 30% stake of Porto Seguro at Corporation + Treasury.

Market Capitalization and Average Daily Trading Volume



15th Consecutive Annual Meeting - São Paulo

Date: August 17th, 2010 - Time: 03:00 p.m. (Brasília Time)

RSVP by phone: 0800 774 4072 (only in Brazil)

The video webcast will be available through the website:

www.itaú-unibanco.com.br/ri

Conference Call about 2nd Quarter 2010 Earnings Results

Alfredo Egydio Setubal
Investor Relations Officer

Aug | 04th | 2010

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