



# Conference Call 1<sup>st</sup> Quarter 2012 Earnings Results

Itaú Unibanco Holding S.A.

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Investor Relations Officer

Apr | 25 | 2012



## 1. Results:

- Recurring net income reached R\$ 3.5 billion in the 1<sup>st</sup>Q/12 (20.0% ROE).

## 2. Loan Portfolio Growth:

- The loan portfolio exceeded R\$ 400 billion on March 31, 2012, a 0.9% growth from December 31, 2011 and 16.1% from March 31, 2011.

	Mar 31, 12	Dec 31, 11	Mar 31, 11	Variation	
				Mar/12– Dec/11	Mar/12– Mar/11
Individuals	147,570	147,573	128,696	0.0%	14.7%
Companies	231,232	228,761	201,453	1.1%	14.8%
Argentina/Chile/Uruguay/Paraguay	21,717	20,678	14,706	5.0%	47.7%
<b>Total with endorsements and sureties</b>	<b>400,519</b>	<b>397,012</b>	<b>344,855</b>	<b>0.9%</b>	<b>16.1%</b>
Private Securities (*)	17,067	15,220	15,598	12.1%	9.4%
<b>Adjusted Total Risk</b>	<b>417,586</b>	<b>412,233</b>	<b>360,453</b>	<b>1.3%</b>	<b>15.9%</b>
<b>Growth adjusted for the effects of exchange rate changes</b>				<b>1.4%</b>	<b>14.3%</b>

(\*) Includes Debentures, CRI and Commercial Paper

## 3. Financial Margin with Clients:

- Financial Margin with Clients grew 3.2% in the quarter, to reach R\$ 12.4 billion and 14.6% compared to the 1<sup>st</sup>Q/11;
- Net Interest Margin with Clients increased 20 basis points in the 1<sup>st</sup>Q/12 to 11.2%. The Credit Spread increased 50 basis points in the quarter to 13.5%, while the Risk adjusted Credit Spread (Net Spread) presented a 60 basis point decrease in the 1<sup>st</sup>Q/12.

## 4. **Banking Service Fees and Result from Insurance, Pension Plans and Capitalization:**

- Banking service fees plus result from insurance, pension plans and capitalization operations grew 14.1% in the 1<sup>st</sup>Q/12 compared to the same period of 2011, totaling R\$ 5.8 billion, but decreased 2.6% compared to the prior quarter due to seasonal reasons.

## 5. **Non-Performing Loans Ratio and Loan Losses:**

- Expense for allowance for loan and lease losses, net of recovery of credits, totaled R\$ 4.8 billion in the 1<sup>st</sup>Q/12. The expense for allowance for loan and lease losses increased 10.6% compared to the 4<sup>th</sup>Q/11 and reached R\$ 6.0 billion;
- The 90-day NPL ratio reached 5.1% in the 1<sup>st</sup>Q/12, a 20 basis point growth compared to the previous quarter and a 90 basis point increase compared to March 2011 and it continues to show an increasing trend.

## 6. **Non-Interest Expenses:**

- Non-interest expenses decreased 4.6% compared to last quarter, totaling R\$ 8.2 billion in the 1<sup>st</sup>Q/12. Annualized growth at 6.1% is in line with our expectations.

## 7. **Efficiency Ratio:**

- Efficiency ratio in the 1<sup>st</sup>Q/12 reached 44.5%, decreasing 250 basis points compared to the previous quarter and 290 basis points compared to the same period of 2011;
- During the past 12 months the efficiency ratio reached 46.6%, decreasing by 260 basis points from the same period of 2011.

## 8. **Subsequent Events:**

- The Brazilian Central Bank approved on April 23<sup>rd</sup> the acquisition of 49% of Banco Carrefour by Itaú Unibanco;
- Sell of Itaú Unibanco's stake in Banco Português de Investimento (BPI) to La Caixa Group.

# Results



R\$ million

	1 <sup>st</sup> Q/12	4 <sup>th</sup> Q/11	1 <sup>st</sup> Q/11	1 <sup>st</sup> Q/12 - 4 <sup>th</sup> Q/11	1 <sup>st</sup> Q/12 - 1 <sup>st</sup> Q/11
<b>Operating Revenues</b>	<b>19,914</b>	<b>19,676</b>	<b>17,674</b>	<b>1.2%</b>	<b>12.7%</b>
Financial Margin with Clients	12,352	11,969	10,779	3.2%	14.6%
Financial Margin with Market	954	1,025	935	-6.9%	2.1%
Banking Service Fees and Income from Banking Charges	5,003	5,088	4,467	-1.7%	12.0%
Result from Insurance, Pension Plans and Capit. Operations before Retained Claims and Selling Expenses	1,461	1,392	1,224	4.9%	19.3%
Other Operating Income	57	108	128	-46.6%	-55.2%
Equity in Earnings of Affiliates and Other Investments	81	93	97	-12.9%	-16.5%
Non-operating Income	4	2	43	-	-
<b>Loan Losses and Retained Claims</b>	<b>(5,304)</b>	<b>(4,202)</b>	<b>(3,575)</b>	<b>26.2%</b>	<b>48.4%</b>
Expense for Allowance for Loan Losses	(6,031)	(5,453)	(4,380)	10.6%	37.7%
Recovery of Credits Written Off as Losses	1,192	1,574	1,207	-24.2%	-1.2%
Retained Claims	(465)	(322)	(402)	44.2%	15.7%
<b>Other Operating Expenses</b>	<b>(9,659)</b>	<b>(10,039)</b>	<b>(9,069)</b>	<b>-3.8%</b>	<b>6.5%</b>
Non-interest Expenses	(8,153)	(8,547)	(7,686)	-4.6%	6.1%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,041)	(976)	(935)	6.7%	11.4%
Other Results (*)	(464)	(516)	(448)	-10.1%	3.6%
<b>Income Before Tax on Income</b>	<b>4,952</b>	<b>5,435</b>	<b>5,030</b>	<b>-8.9%</b>	<b>-1.6%</b>
Income Tax and Social Contribution	(1,408)	(1,689)	(1,392)	-16.6%	1.1%
<b>Recurring Net Income</b>	<b>3,544</b>	<b>3,746</b>	<b>3,638</b>	<b>-5.4%</b>	<b>-2.6%</b>
<b>Non-recurring Events</b>	<b>(118)</b>	<b>(65)</b>	<b>(108)</b>	<b>-</b>	<b>-</b>
<b>Net Income</b>	<b>3,426</b>	<b>3,681</b>	<b>3,530</b>	<b>-6.9%</b>	<b>-2.9%</b>

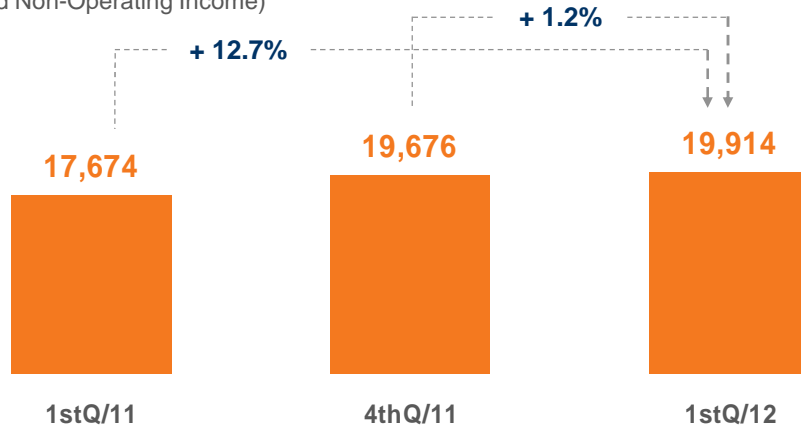
(\*) Includes selling expenses with insurance, profit sharing (management members) and minority interest. In the 1<sup>st</sup>Q/12 these expenses represented R\$ 246 million, R\$ 28 million and R\$ 191 million, respectively.

# Highlights



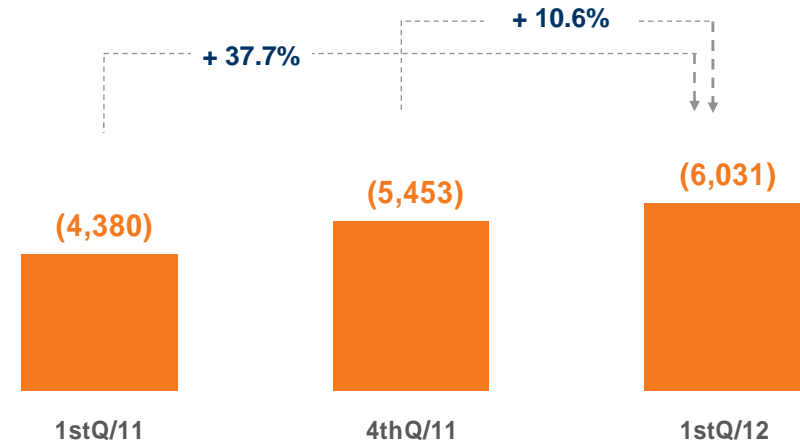
## Operating Revenues

(Financial Margin, Banking Service Fees, Result from Insurance, Pension Plans and Capitalization before Retained Claims, Other Income, Equity in Earnings of Affiliates and Non-Operating Income)



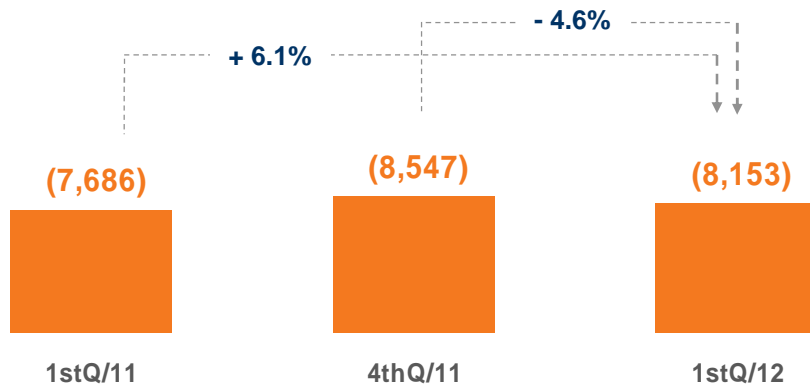
## Provision for Loan and Lease Losses

R\$ million

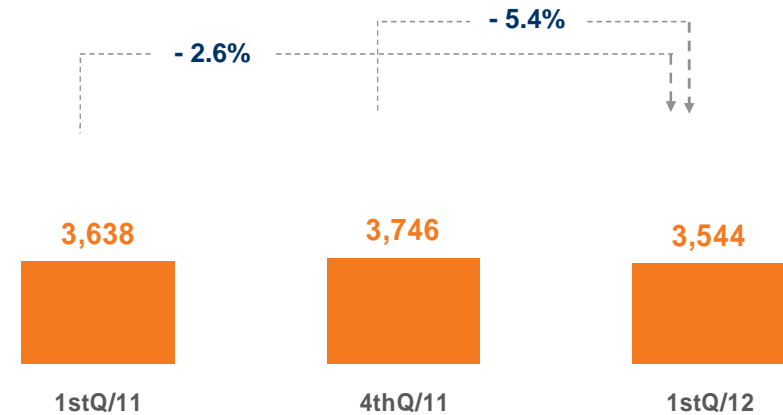


## Non-interest Expenses

(Personnel Administrative, Operating and Other Tax Expenses)



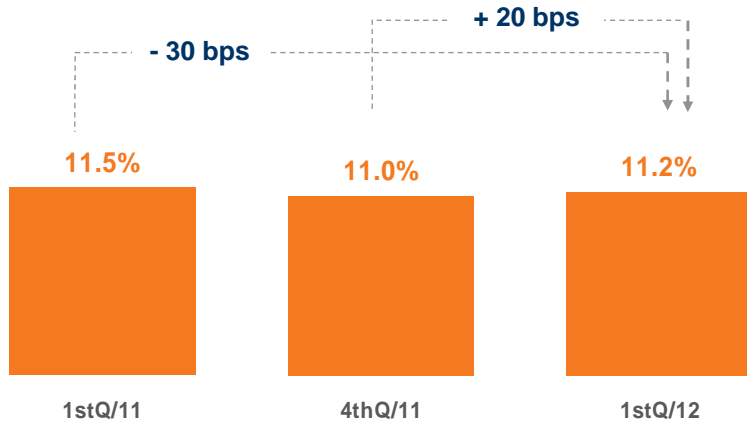
## Recurring Net Income



# Highlights



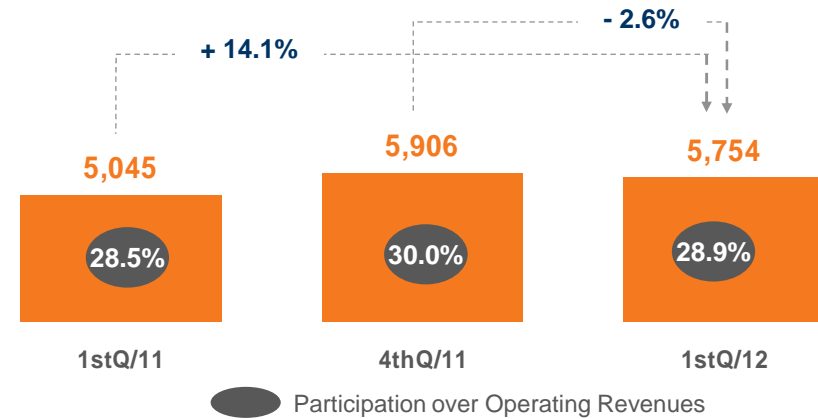
## Net Interest Margin (with Clients)



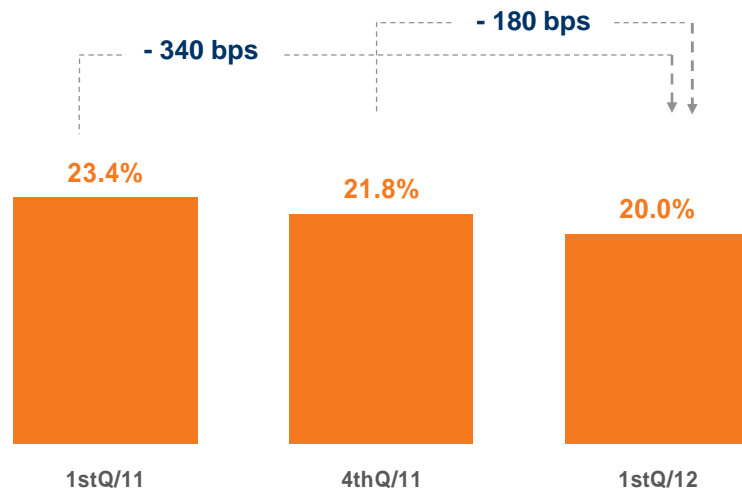
## Banking Service Fees and Result from Insurance

(Banking Service Fees and Result from Insurance, Pension Plans and Capitalization after Retained Claims and selling expenses)

R\$ million

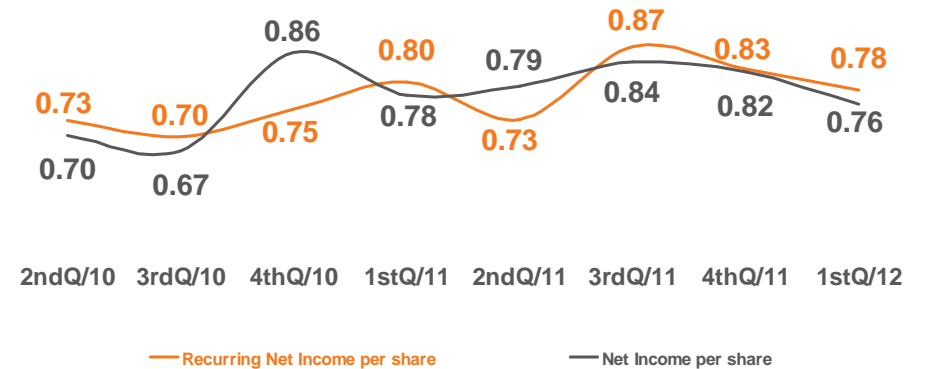


## Recurring ROE (average)

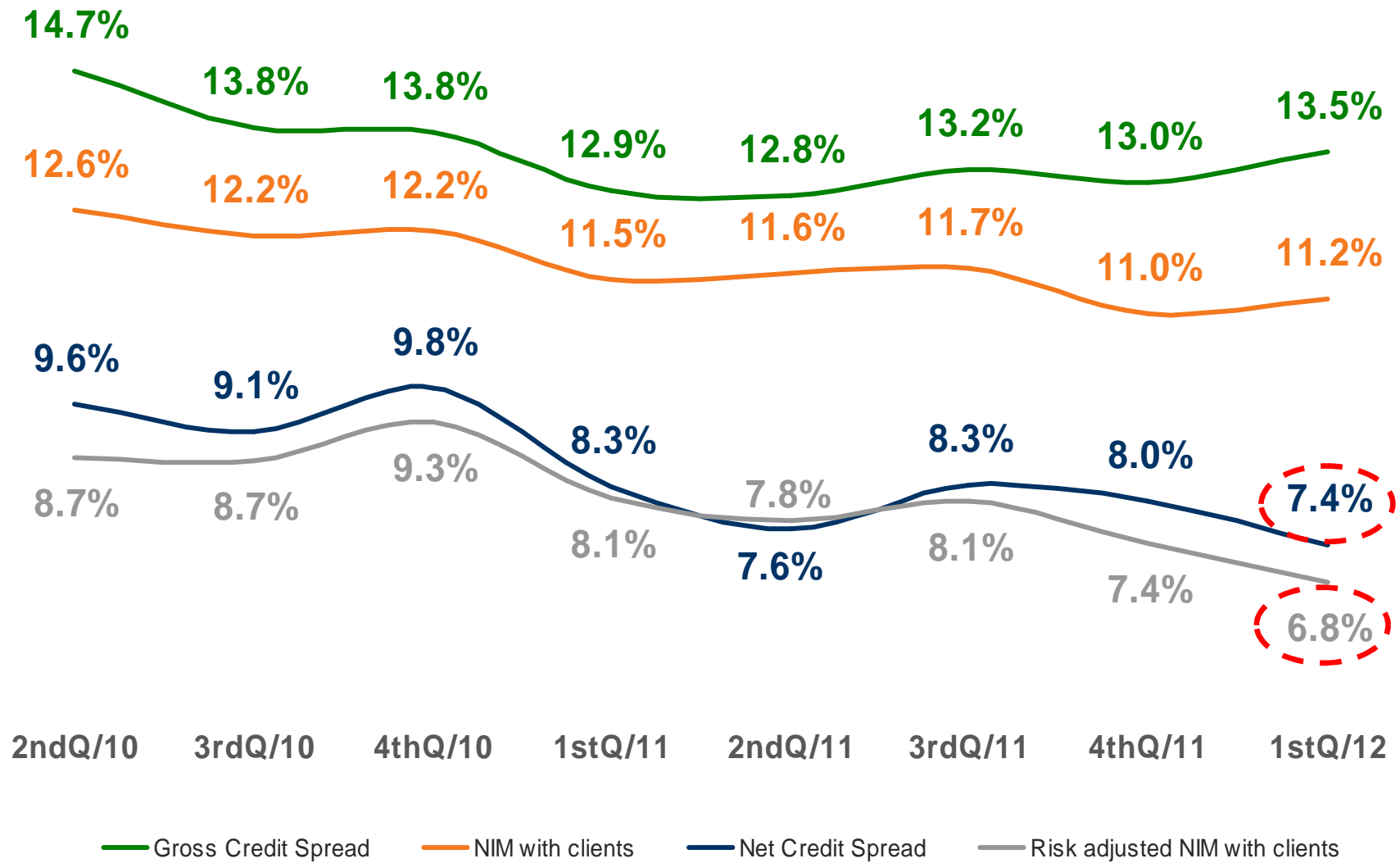


## Earnings per Share

R\$



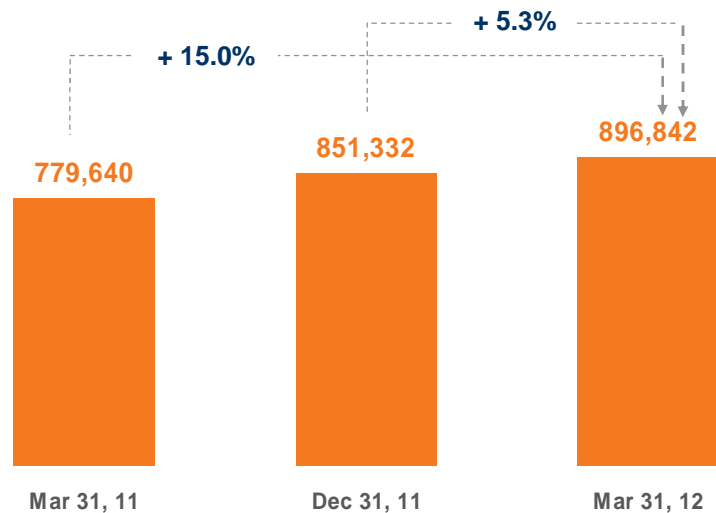
# Financial Margin



# Highlights

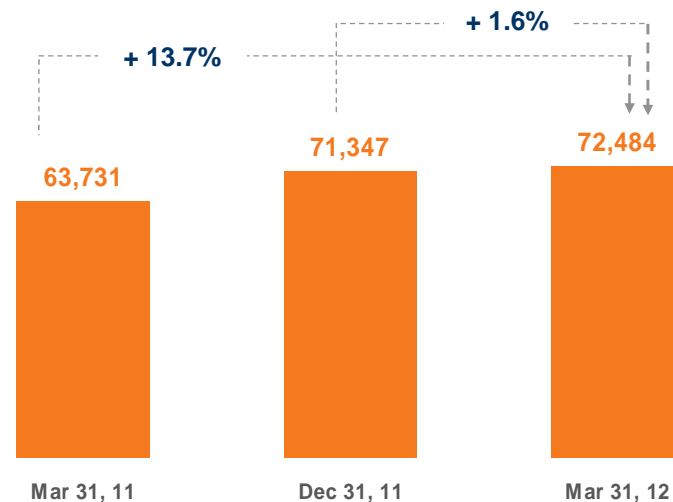


## Assets

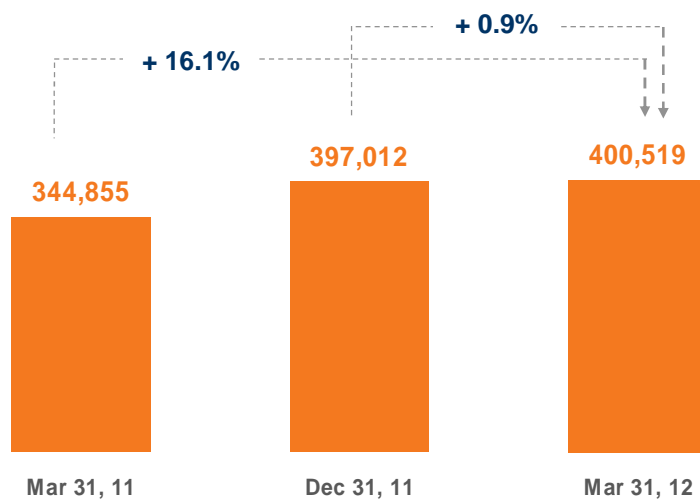


## Stockholders' Equity

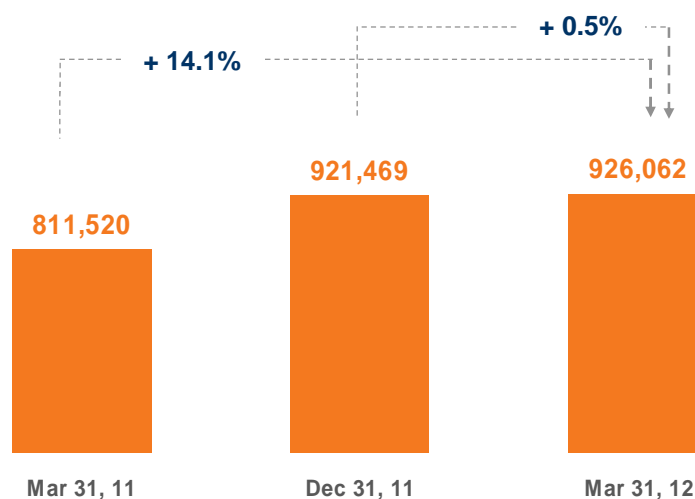
R\$ million



## Loan Portfolio (Includes Endorsements and Sureties)



## Total Funding with clients (Includes AuA)





# Loans by Type of Client / Product



R\$ million

	Mar 31, 12	Dec 31, 11	Mar 31, 11	Variation	
				Mar/12– Dec/11	Mar/12– Mar/11
<b>Individuals</b>	<b>147,570</b>	<b>147,573</b>	<b>128,696</b>	<b>0.0%</b>	<b>14.7%</b>
Credit Card	36,574	38,961	32,736	-6.1%	11.7%
Personal Loans	37,351	35,069	26,825	6.5%	39.2%
Vehicles	59,054	60,093	59,858	-1.7%	-1.3%
Mortgage Loans	14,591	13,450	9,276	8.5%	57.3%
<b>Companies</b>	<b>231,232</b>	<b>228,761</b>	<b>201,453</b>	<b>1.1%</b>	<b>14.8%</b>
Corporate	142,456	139,907	119,972	1.8%	18.7%
Very Small, Small and Middle Market	88,776	88,854	81,481	-0.1%	9.0%
<b>Argentina/Chile/Uruguay/Paraguay</b>	<b>21,717</b>	<b>20,678</b>	<b>14,706</b>	<b>5.0%</b>	<b>47.7%</b>
<b>Total with endorsements and sureties</b>	<b>400,519</b>	<b>397,012</b>	<b>344,855</b>	<b>0.9%</b>	<b>16.1%</b>
<b>Total Retail - Brazil</b>	<b>236,346</b>	<b>236,427</b>	<b>210,177</b>	<b>0.0%</b>	<b>12.5%</b>
<b>Corporate - Total Risk (*)</b>	<b>159,523</b>	<b>155,127</b>	<b>135,570</b>	<b>2.8%</b>	<b>17.7%</b>
<b>Endorsements and Sureties</b>	<b>53,150</b>	<b>51,530</b>	<b>41,199</b>	<b>3.1%</b>	<b>29.0%</b>
<b>Growth adjusted for the effects of exchange rate changes</b>				<b>1.4%</b>	<b>14.3%</b>

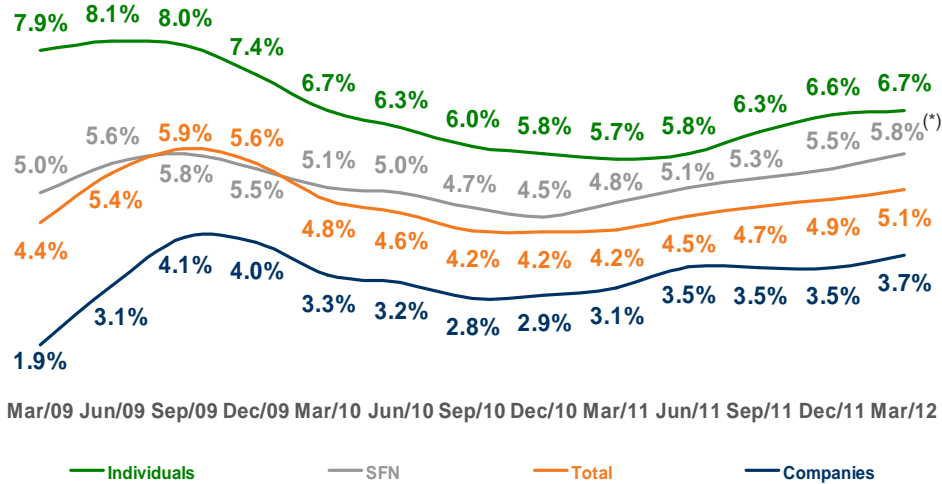
(\*) Includes private securities (debentures, CRIs and commercial papers).

Note: The acquired payroll loan portfolio is considered as corporate risk (balance of R\$ 1,732 million on March 31, 2012 with an increase of 36.9% compared with December 31, 2011 and a decrease of 2.1% compared with March 31, 2011).

# Credit Ratios

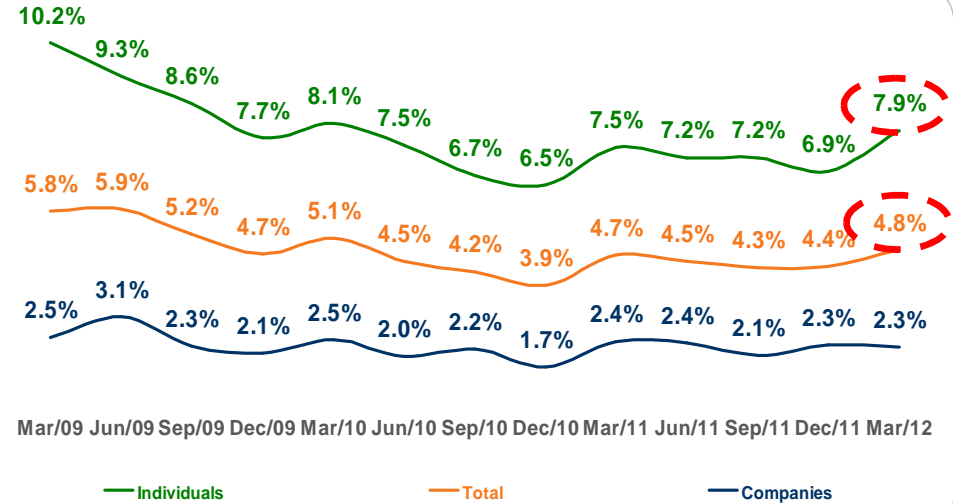


### 90-day NPL Ratio

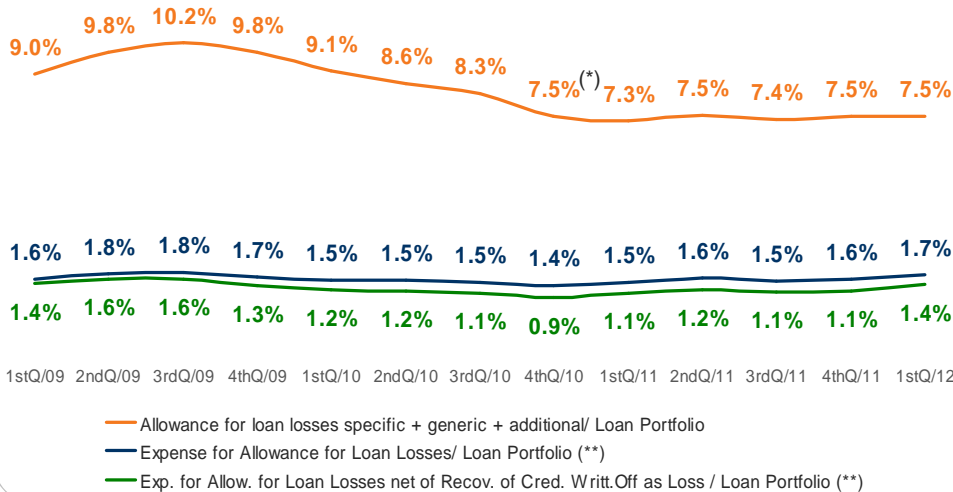


(\*)Source: Brazilian Central Bank (Mar/12 data refers to Feb/12, once Mar/12 data was not yet available).

### 15 to 90-day NPL Ratio

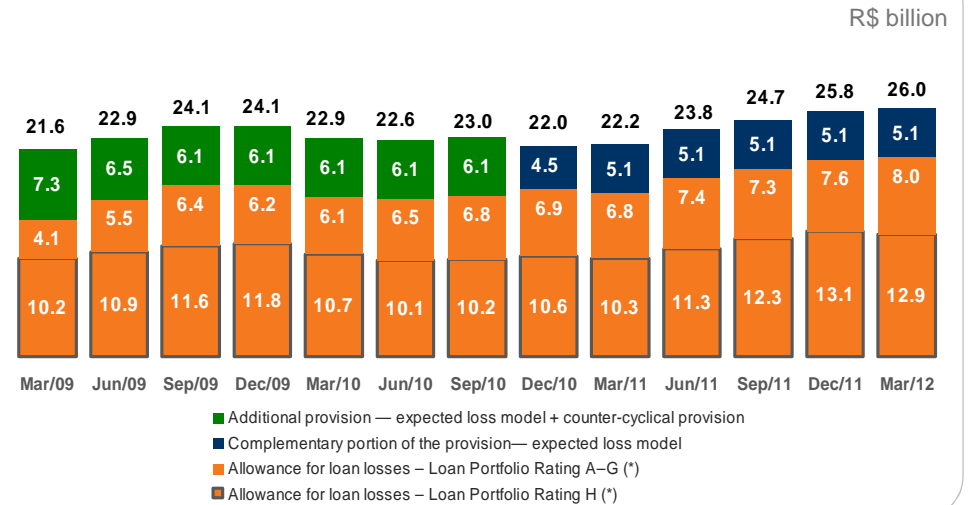


### Allowance for Loan Losses



(\*)There was an additional provision reversal in the amount of R\$ 1.6 billion.  
 (\*\*) Average loan portfolio balance considering two quarters.

### Balance of Allowance for Loan Losses

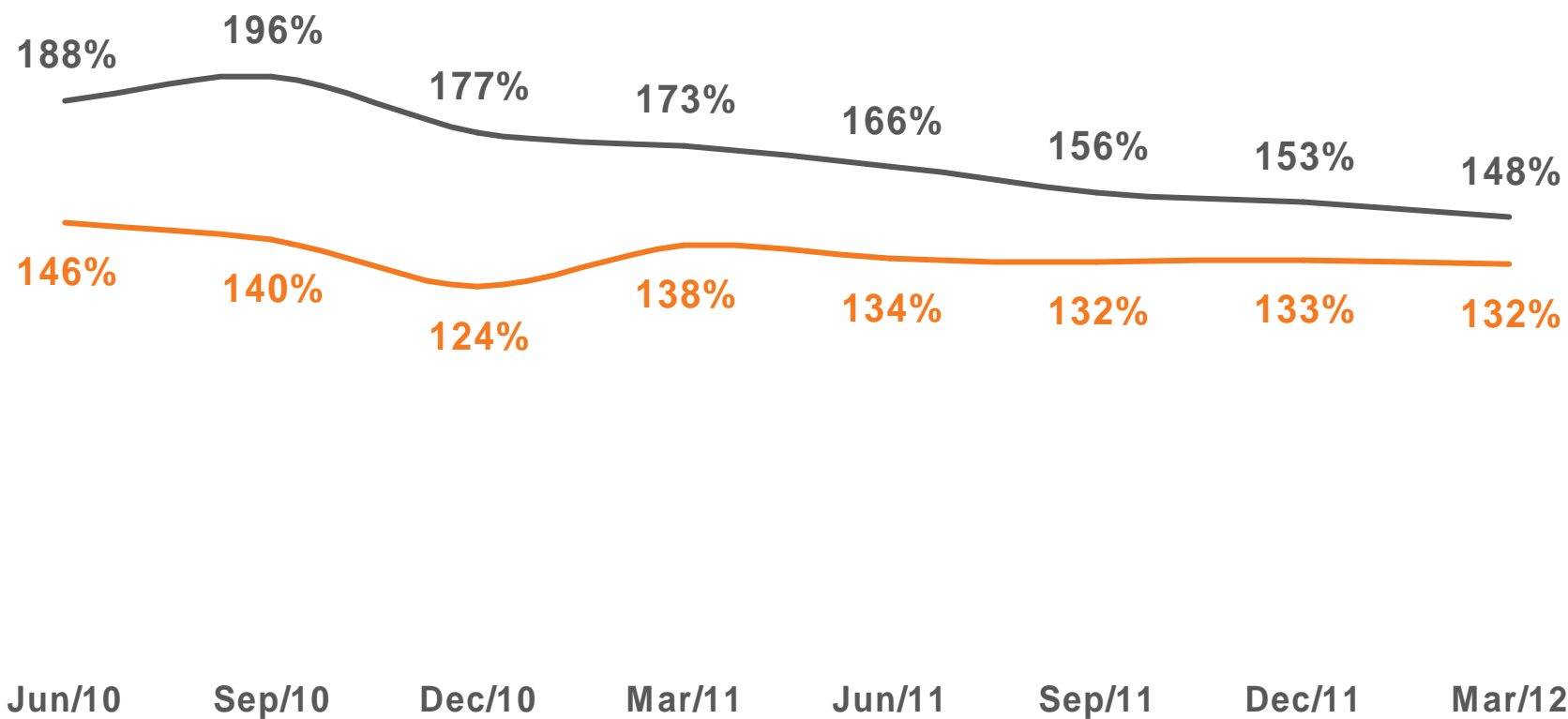


(\*) Resolution 2.682/99 CMN

# Credit Ratios



Credit coverage ratio



— Coverage Ratio (\*) - 90 days

— Coverage Ratio E-G (\*\*)

(\*) Allowance for loan and lease losses / Balance of operations more than 90 days overdue

(\*\*) Allowance for loan and lease losses excluding portfolio rating H / Portfolio rating E-G

## 1. **Perspectives** (Loan Loss Provision expenses):

- 1<sup>st</sup> Quarter: R\$ 6.0 billion
- 2<sup>nd</sup> Quarter: R\$ 6.0 to 6.4 billion
- 3<sup>rd</sup> Quarter: R\$ 6.5 to 7.1 billion

## 2. **Scenario :**

- NPL tends to rise;
- Individual loans (Vehicles and Personal Loans) are more impacted;

## 3. **Credit perspectives:**

- Stimulus to the “Responsible use of credit”;
- Changes in the product mix and types of clients towards lower risk (lower spreads), compensated by volume;
- Selectivity:
  - Quality of the client
  - Collateral structure
  - Attention to indebtedness
- Charging and renegotiation procedures.

# Funding and Assets Under Management



R\$ million

	Variation				
	Mar 31, 12	Dec 31, 11	Mar 31, 11	Mar/12– Dec/11	Mar/12– Mar/11
Demand Deposits	26,324	28,293	24,724	-7.0%	6.5%
Savings Deposits	68,463	67,145	58,971	2.0%	16.1%
Time Deposits	111,874	130,473	110,473	-14.3%	1.3%
Debentures (Repurchase Agreements)	100,221	107,781	92,123	-7.0%	8.8%
Funds from Bills <sup>(1)</sup>	37,318	33,587	16,317	11.1%	128.7%
<b>(1) Total - Funding from Account Holders</b>	<b>344,201</b>	<b>367,279</b>	<b>302,608</b>	<b>-6.3%</b>	<b>13.7%</b>
Institutional Clients	26,373	22,073	17,440	19.5%	51.2%
Onlending	34,932	35,459	32,868	-1.5%	6.3%
<b>(2) Total – Funding from Institutional &amp; Account Holders</b>	<b>405,505</b>	<b>424,812</b>	<b>352,916</b>	<b>-4.5%</b>	<b>14.9%</b>
Assets Under Administration	423,205	403,906	381,778	4.8%	10.9%
Technical Provisions for Insurance, Pension Plan and Capitalization	77,830	73,754	63,599	5.5%	22.4%
<b>(3) Total – Clients</b>	<b>906,540</b>	<b>902,472</b>	<b>798,293</b>	<b>0.5%</b>	<b>13.6%</b>
Deposits from Banks	8,569	2,066	2,913	314.8%	194.1%
Funds from Acceptance and Issuance of Securities Abroad	10,953	16,931	10,314	-35.3%	6.2%
<b>Total Funds from Clients + Banks</b>	<b>926,062</b>	<b>921,469</b>	<b>811,520</b>	<b>0.5%</b>	<b>14.1%</b>
Repurchase Agreements <sup>(2)</sup>	103,253	74,663	105,042	38.3%	-1.7%
Borrowings	17,142	21,143	18,196	-18.9%	-5.8%
Foreign Exchange Portfolio	49,364	26,182	27,508	88.5%	79.5%
Subordinated Debt	44,984	38,974	35,294	15.4%	27.5%
Collection and payment of Taxes and Contributions	5,837	856	4,918	581.9%	18.7%
Free Assets <sup>(3)</sup>	62,579	61,179	55,583	2.3%	12.6%
<b>Free Assets and Other</b>	<b>283,159</b>	<b>222,997</b>	<b>246,540</b>	<b>27.0%</b>	<b>14.9%</b>
<b>Total Funds (Free, Raised and Managed Assets)</b>	<b>1,209,221</b>	<b>1,144,466</b>	<b>1,058,061</b>	<b>5.7%</b>	<b>14.3%</b>

<sup>(1)</sup> Includes funds from Real estate, mortgage, financial, credit and similar notes.

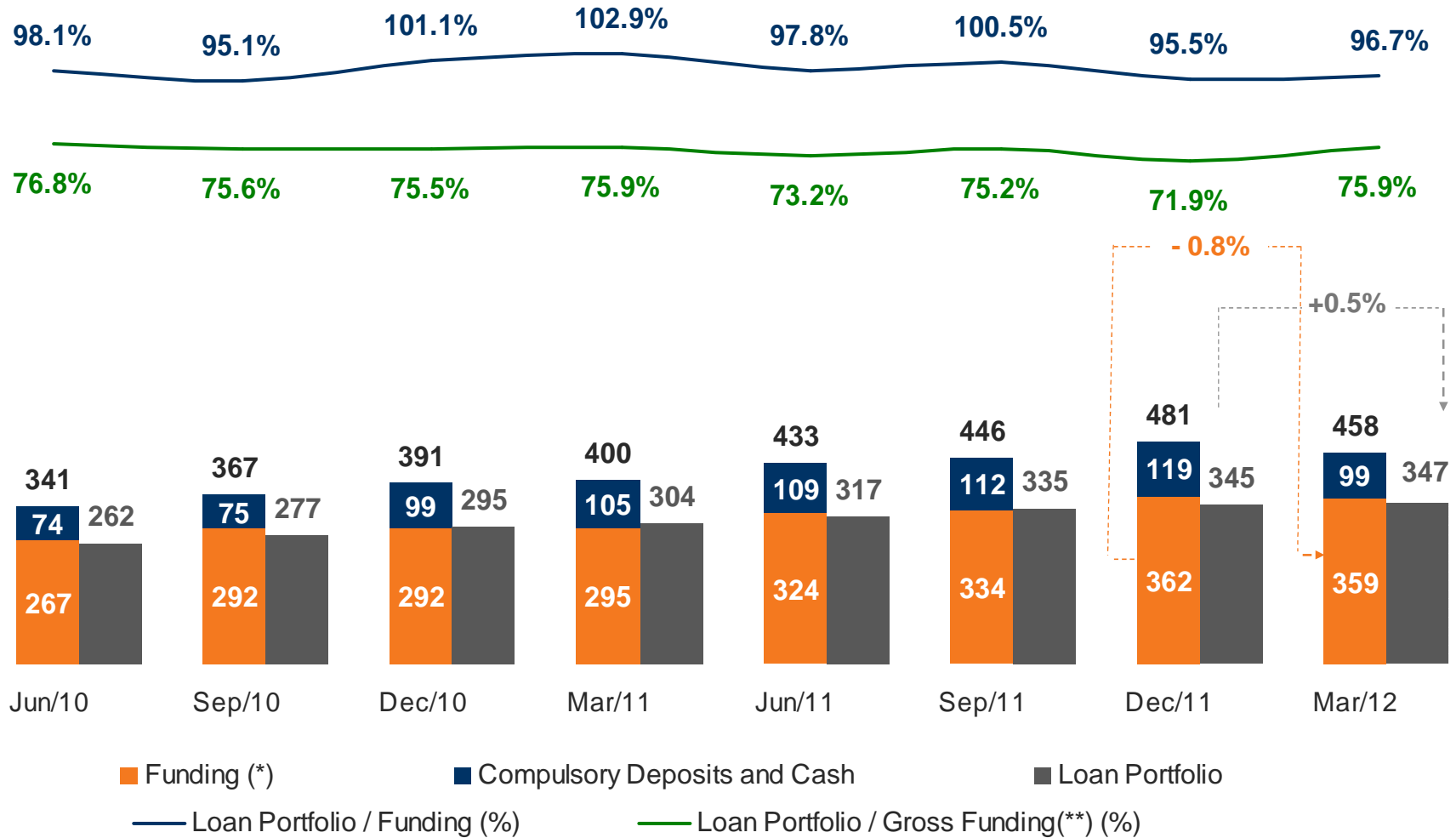
<sup>(2)</sup> Does not include own issued Debentures, classified as funding.

<sup>(3)</sup> Stockholders' Equity + Minority - Permanent Assets.

# Ratio between Loan Portfolio and Funding



R\$ billion



(\*) Includes resources obtained from account holders and institutional clients, onlending, foreign borrowings and securities, borrowings and subordinated debts that are not included in Tier II Reference Equity. Considers the deductions of compulsory deposits and cash and cash equivalents;

(\*\*) Considers gross funding (disregarding the deductions of compulsory deposits and cash and cash equivalents)

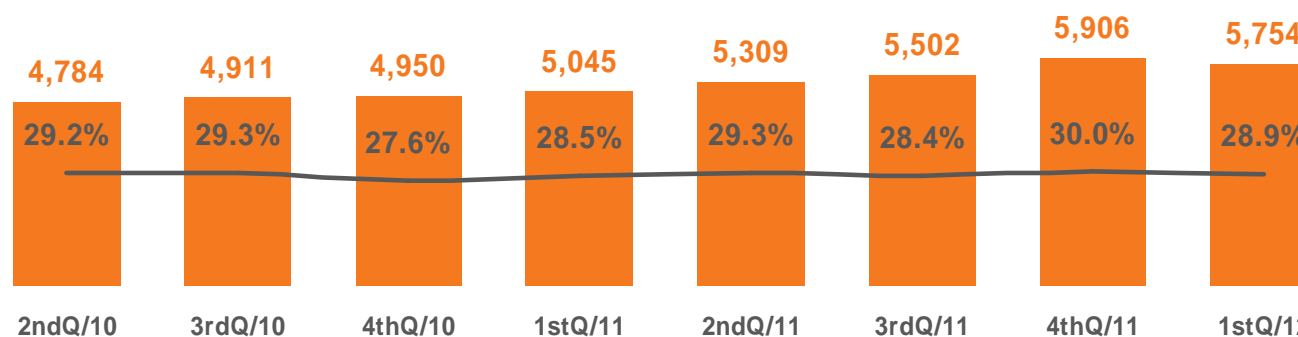
# Banking Service Fees and Result from Insurance, Pension Plans and Capitalization



R\$ million

	1 <sup>st</sup> Q/12	4 <sup>th</sup> Q/11	1 <sup>st</sup> Q/11	1 <sup>st</sup> Q/12 - 4 <sup>th</sup> Q/11	1 <sup>st</sup> Q/12 - 1 <sup>st</sup> Q/11
Asset Management	707	662	636	6.7%	11.0%
Current Account Services	750	680	576	10.3%	30.3%
Loan Operations and Guarantees Provided	687	859	778	-20.1%	-11.8%
Collection Services	345	345	330	0.1%	4.5%
Credit Cards	2,031	2,110	1,691	-3.7%	20.1%
Other	484	432	455	12.1%	6.3%
<b>Banking Service Fees Income</b>	<b>5,003</b>	<b>5,088</b>	<b>4,467</b>	<b>-1.7%</b>	<b>12.0%</b>
Result from Insurance, Pension Plans and Capitalization(*)	750	819	577	-8.4%	30.0%
<b>Total</b>	<b>5,754</b>	<b>5,906</b>	<b>5,045</b>	<b>-2.6%</b>	<b>14.1%</b>

(\*) Income from insurance, pension plan and capitalization operations (-) Expenses for claims (-) Selling expenses with insurance, pension plan and capitalization



■ Banking Service Fees and Income from Banking Charges + Result from Insur., Pens. Plans and Capit.

— (Banking Service Fees and Income from Banking Charges + Result from Insur., Pens. Plans and Capit.)/Operating Revenues

# Non-Interest Expenses and Efficiency Ratio



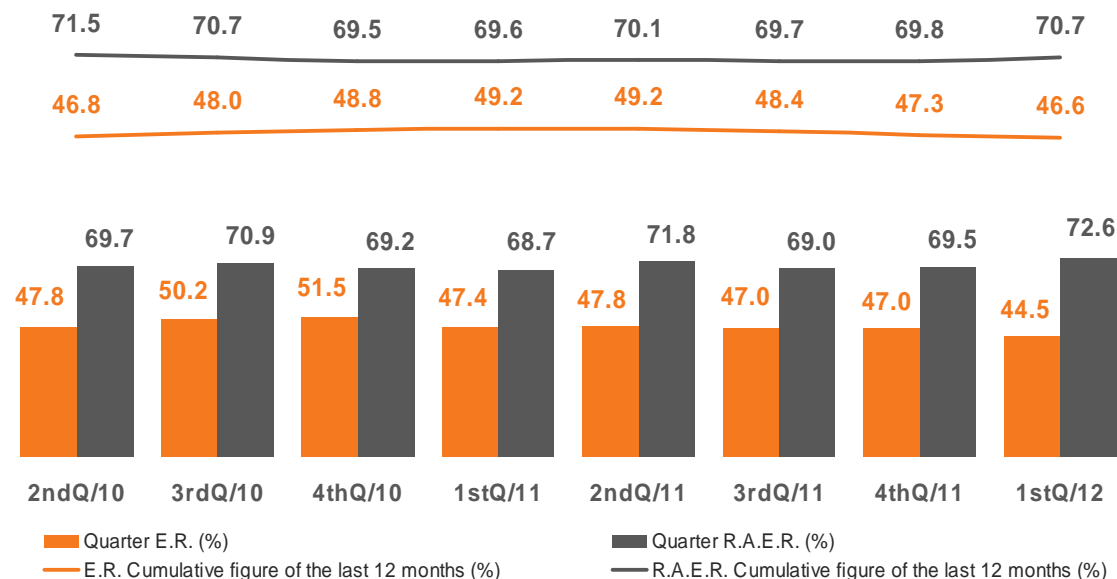
R\$ million

	1 <sup>st</sup> Q/12	4 <sup>th</sup> Q/11	1 <sup>st</sup> Q/11	1 <sup>st</sup> Q/12 - 4 <sup>th</sup> Q/11	1 <sup>st</sup> Q/12 - 1 <sup>st</sup> Q/11
Personnel Expenses	(3,392)	(3,308)	(3,243)	2.5%	4.6%
Administrative Expenses	(3,428)	(3,833)	(3,260)	-10.6%	5.1%
<b>Personnel Expenses and Administrative</b>	<b>(6,820)</b>	<b>(7,141)</b>	<b>(6,503)</b>	<b>-4.5%</b>	<b>4.9%</b>
Operating Expenses (*)	(1,234)	(1,284)	(1,105)	-3.9%	11.6%
Other Tax Expenses (**)	(99)	(122)	(78)	-18.2%	28.1%
<b>Non-Interest Expenses</b>	<b>(8,153)</b>	<b>(8,547)</b>	<b>(7,686)</b>	<b>-4.6%</b>	<b>6.1%</b>

(\*) Considers expenses for provision for contingencies, credit card selling, claims and other.

(\*\*) Includes IPTU, IPVA, IOF and other. Does not include PIS, Cofins and ISS

## Efficiency Ratio and Risk-Adjusted Efficiency Ratio

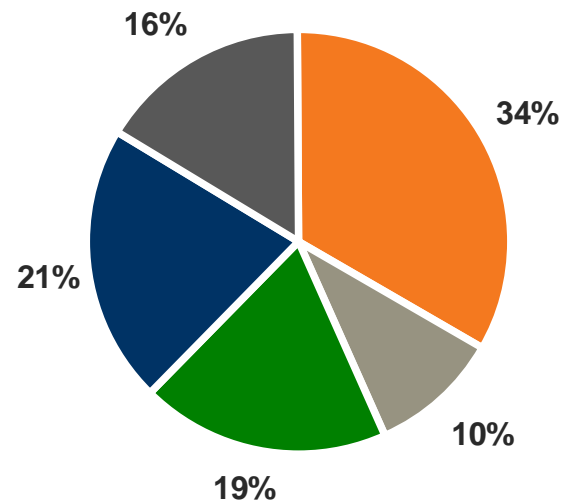




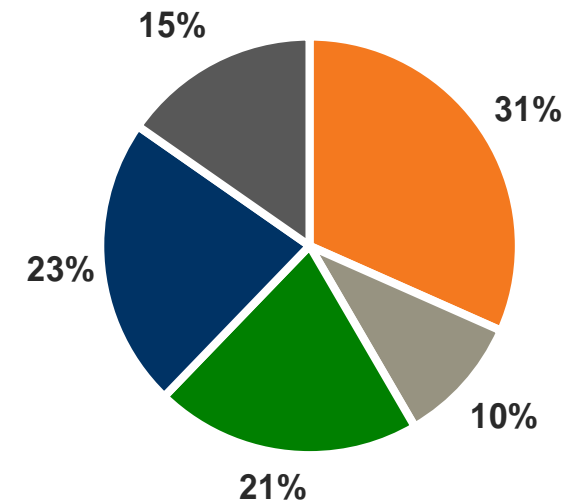
# Itaú Unibanco's Recurring Net Income Composition



4<sup>th</sup>Q/2011



1<sup>st</sup>Q/2012



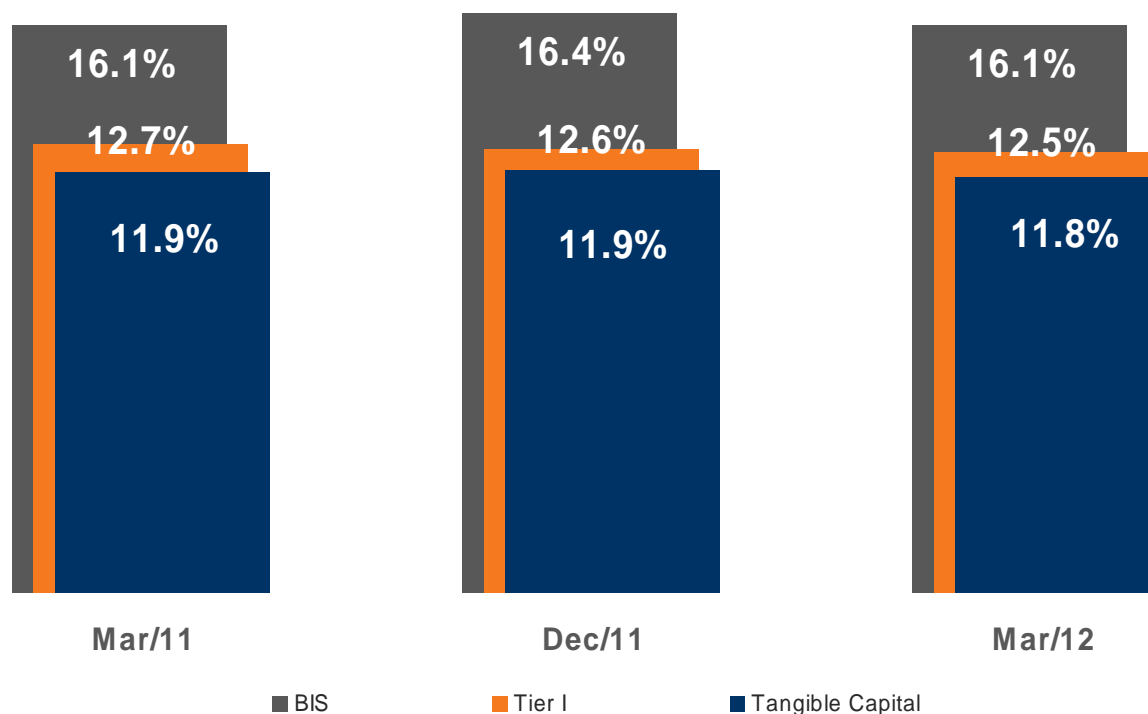
- Commercial Bank
- Itaú BBA
- Insurance, Pension Plans and Capitalization

- Consumer Credit
- Activities with the Market + Corporation

# BIS Ratio



Evolution of BIS Ratio, Tier I and Tangible Capital (\*)  
(Economic Financial Consolidated)



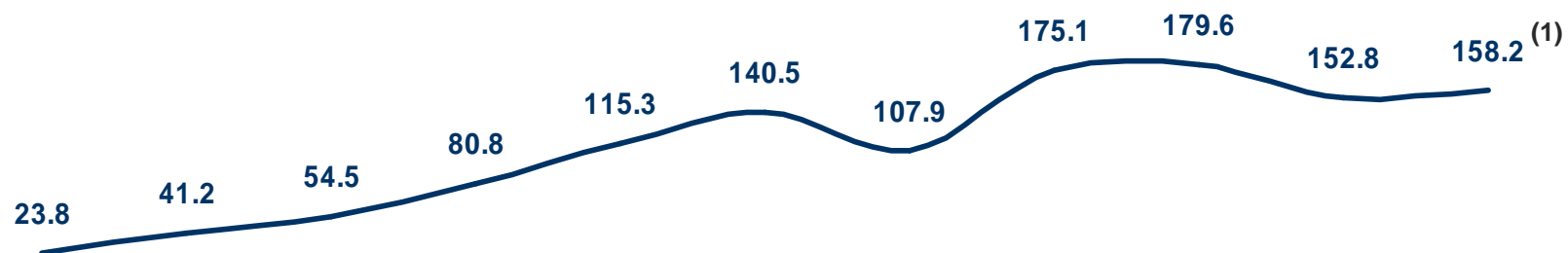
✓ Considers the Stockholder's Equity decrease of R\$ 1,847 million due to the supplementary payment of interest on capital that occurred on March 13, 2012 and the new method of calculating the portion required for Market Risk.

✓ On April 13, 2012, the Brazilian Central Bank approved R\$ 711 million of subordinated debt to compose our Tier II, and together with other issuances amounting to R\$ 860 million that are still pending approval, totaling R\$ 1,571 million, would lead our BIS ratio to 16.4% (30 bps increase).

(\*)The Tangible Common Equity – TCE is defined internationally as equity less intangible assets, goodwill and non-voting shares. In Brazil, non-voting shares essentially fulfill the role of capital and, therefore, were not excluded. We point out that the tax credits were not excluded for this calculation and, therefore, do not represent the concept of core capital introduced by the Basel Pillar III.

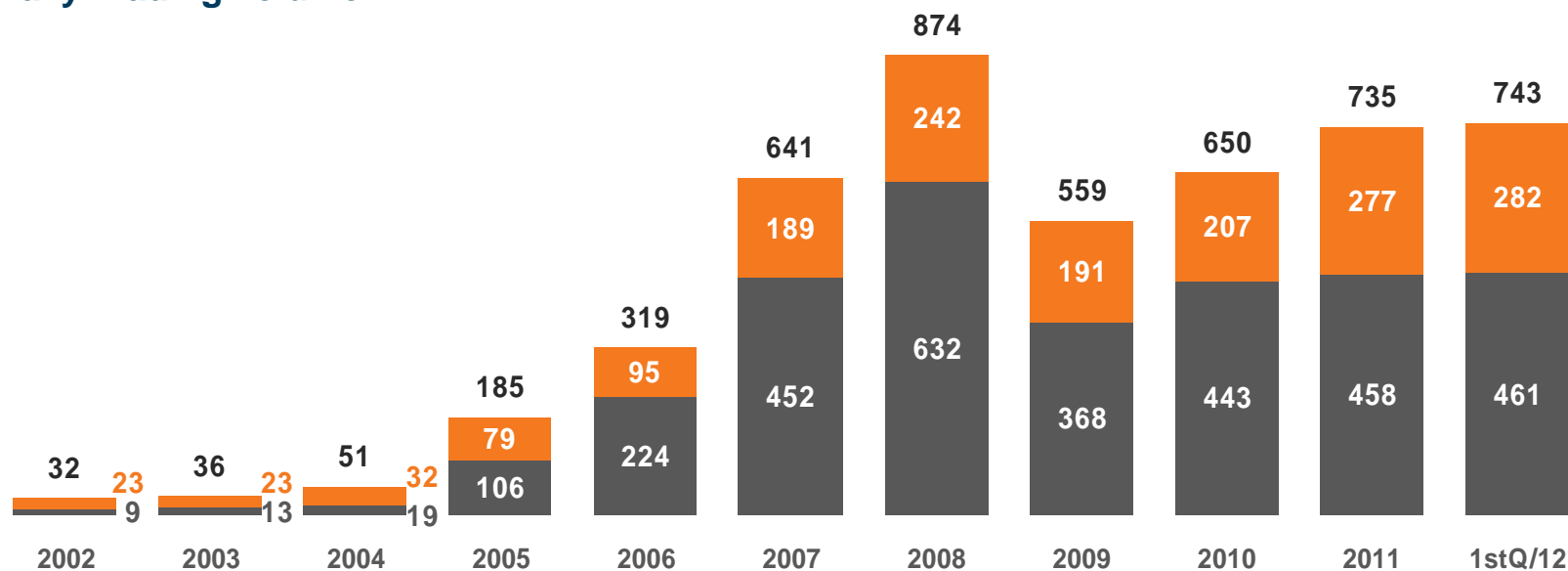
Note: Based on the financial conglomerate concept ("consolidado operacional"), the BIS ratio reached 15.6% on March 31, 2012.

# Market Capitalization and Average Daily Trading Volume



## Average Daily Trading Volume

R\$ million



— Market Capitalization (R\$ billion)    ■ NYSE (ADR)    ■ BM&FBOVESPA (Non-voting + Common)

<sup>(1)</sup> As of March 31, 2012, we were the 10<sup>th</sup> largest bank in the world in terms of market capitalization (Source: Bloomberg)

# Subsequent Event – Banco BPI



- ❑ Sell of our total stake in Banco BPI, representing 18.87% of the capital stock, to La Caixa Group;
- ❑ La Caixa Group has a strong presence in the Iberian Peninsula and is the largest stockholder of Banco BPI;
- ❑ The intended sale is conditional to the prior authorization of the Banco de Portugal;
- ❑ As a consequence of this operation, La Caixa will pay approximately € 93 million;
- ❑ The transaction will have a positive impact of about R\$ 100 million on the consolidated stockholders' equity and a negative non-recurring effect of approximately R\$ 200 million in the income statement;
- ❑ These impacts will be booked in the second quarter 2012 results.



# Conference Call 1<sup>st</sup> Quarter 2012 Earnings Results

Itaú Unibanco Holding S.A.

**Alfredo Egydio Setubal**  
Investor Relations Officer

Apr | 25 | 2012

