



Conference Call about 2nd Quarter 2011 Earnings Results

Itaú Unibanco Holding S.A.

Alfredo Egydio Setubal
Investor Relations Officer

Aug | 03 | 2011



1. Results:

- Net income was **R\$ 3.6 billion** in the second quarter (22.2% ROE), an increase of 2.1% from the first quarter of 2011. Recurring net income reached **R\$ 3.3 billion** in the second quarter of 2011 (20.4% ROE), a decrease of 8.8% from the prior quarter.
- In the first half of 2011, the recurring net income reached **R\$ 7.0 billion** (21.9% ROE), an increase of 7.6% compared to the first half of 2010. Net income was **R\$ 7.1 billion** in the first half of this year (22.4% ROE).

2. Loan Portfolio Growth:

- The loan portfolio totaled **R\$ 360.1 billion** in the second quarter of 2011, a 4.4% increase quarter-on-quarter and 22.3% from June, 2010.

R\$ million

	Jun 30, 11	Mar 31, 11	Dec 31, 10	Jun 30, 10	Variation		
					jun/11 - mar/11	jun/11 - dec/10	jun/11 - jun/10
Individuals	135,942	128,696	125,079	112,039	5.6%	8.7%	21.3%
Companies	208,668	201,453	193,951	169,757	3.6%	7.6%	22.9%
Argentina/Chile/Uruguay/Paraguay	15,497	14,706	14,397	12,555	5.4%	7.6%	23.4%
Total with endorsements and sureties	360,107	344,855	333,427	294,350	4.4%	8.0%	22.3%

3. Financial Margin with Clients:

- Managerial financial margin with clients **grew 4.3%** in the quarter, in line with portfolio growth, and NIM with clients slightly declined in the quarter (10 bps) but grew in performing credits (30 bps). Other effects in the margin indicate stability in the mix during the semester and a decrease in the importance of older vintages amid larger spreads in the origination.
- Financial margin with the market totaled **R\$ 0.7 billion**, 26.2% lower than in the first quarter, particularly because of proprietary positions.

4. NPL and Result of Loan Losses:

- The balance of provisions for loan and lease losses **increased by 6.9%**, therefore, higher than the loan portfolio. Expenses for loan and lease losses **increased 16.6%** and reached R\$ 5.1 billion. This growth is due to the increase in the regulatory portion of the provision, as a consequence of the number of days in delay of payments from clients, according to CMN resolution 2682/99, particularly by very small and small companies.
- The 90 days delinquency ratio increased 30 basis points to **4.5%** on June 30, 2011. However, it is still lower than the ratio of 1 year ago (4.6%), by 10 basis point. Short-term delinquency rate, which is measured by the 31 to 90 days ratio, declined by 20 basis points in the quarter to reach at 2.7% of the loan portfolio. The balance of the Complementary Allowance for Loan Losses remained stable at R\$ 5.1 billion this quarter, despite the 4.4% growth in the loan portfolio.

5. Banking Service Fees:

- **Grew 4.6%** in the second quarter and 11.1% in the first semester compared to the same period of last year.

6. Non-Interest Expenses and Efficiency Ratio:

- The non-interest expenses **increased 3.7%** compared to the prior quarter, to reach R\$ 8.0 billion, confirming a trend of deceleration. They grew 11.7% over the 2ndQ10 against a growth of 18.1% recorded in the 1stQ11 versus 1stQ10 and accumulated a 14.7% growth in the current year over the same period of last year.
- The efficiency ratio reached **48.3%** in the quarter, mainly due to the decrease in net interest income with the market. The improvement of the efficiency ratio can be observed by comparing the six month period ended in June, 2011 (48.0%) with the efficiency ratio of 2010 (49.1%).

7. Expectations for 2011:

Original

Current (Revised)

1. Credit growth: 16%–20% (*)	1. Reiterate credit growth: 16%–20% (*)
2. A Slight Increase in NPL Levels	2. A Slight increase in NPL from current levels
3. Banking Services Fees growth: 14–16%	3. Reiterate Banking Services Fees growth: 14–16%
4. Non-Interest Expenses growth: 10%–13%	4. Non-Interest Expenses growth: 8%–10%
5. A 250 Basis Points Improvement in the Efficiency Ratio	5. Reiterate a 250 Basis Points Improvement in the Efficiency Ratio

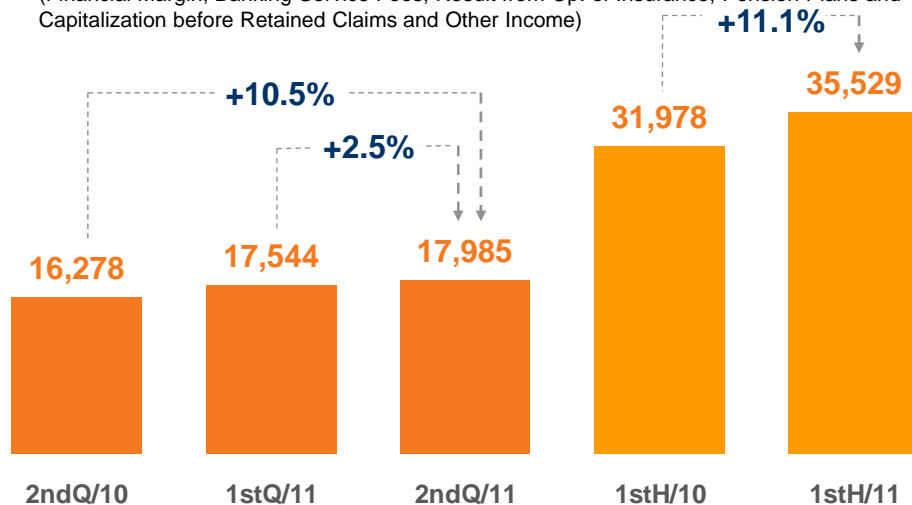
(*) Does not include endorsements and sureties.

Highlights



Managerial Financial Margin Plus Banking Service Fees

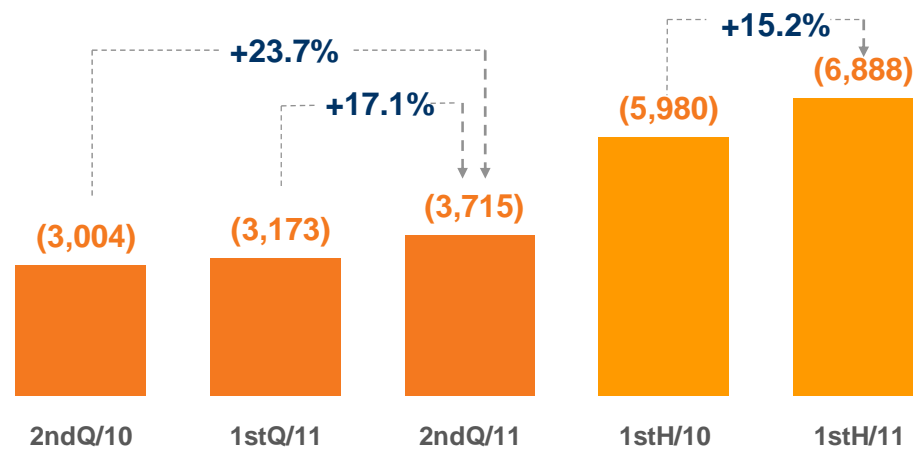
(Financial Margin, Banking Service Fees, Result from Op. of Insurance, Pension Plans and Capitalization before Retained Claims and Other Income)



Result from Loan Losses

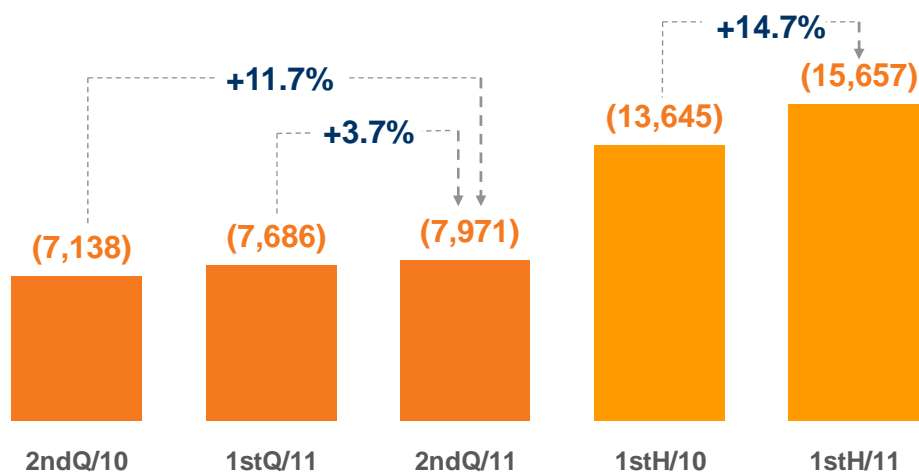
(Provision for Loan and Lease Losses net of Recovery of Credits Written Off as Losses)

R\$ million

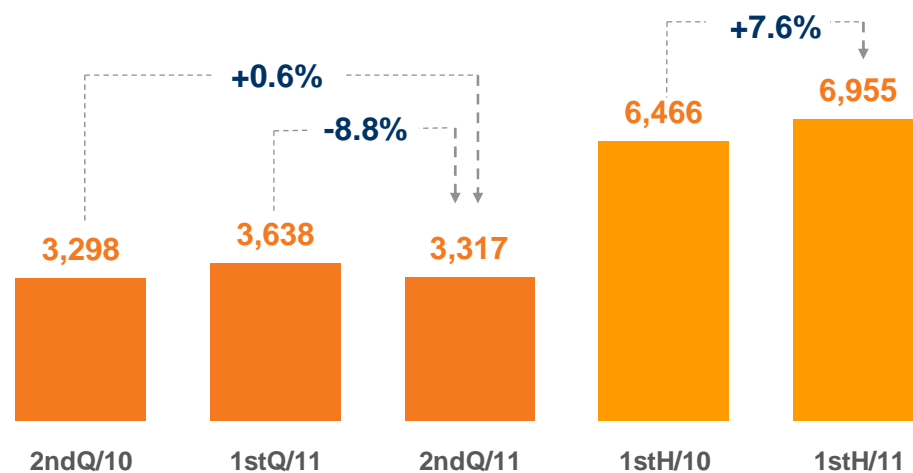


Non-interest Expenses

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



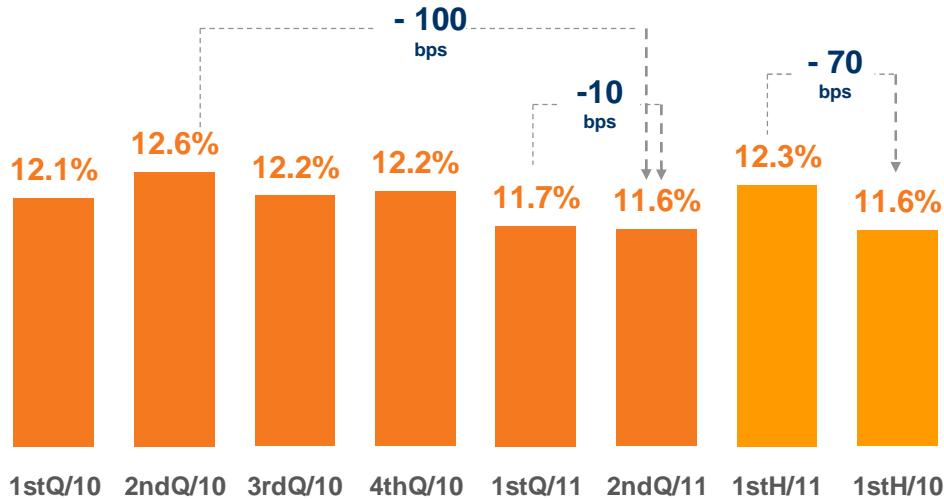
Recurring Net Income



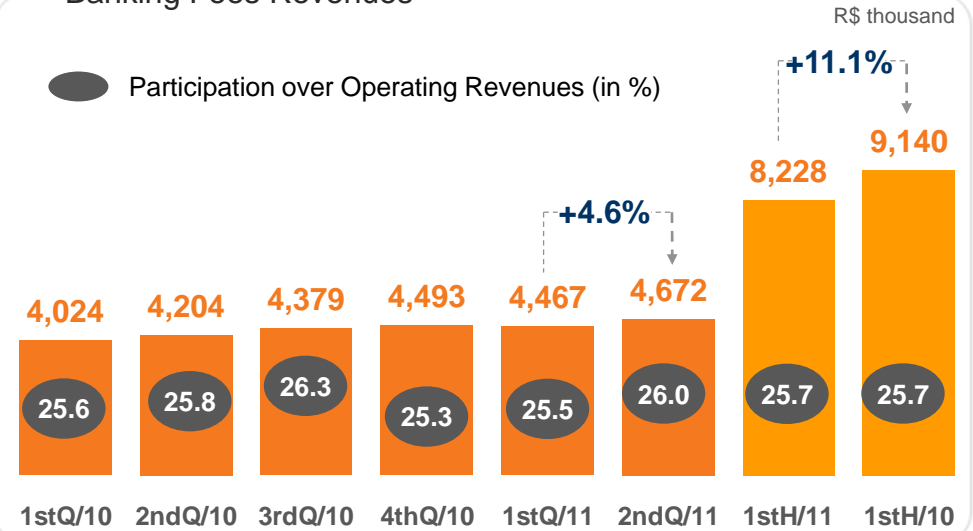
Highlights



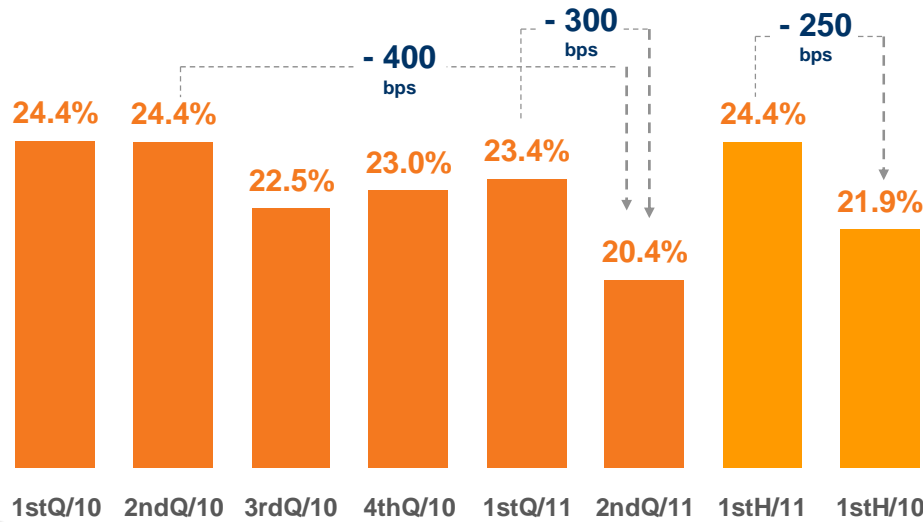
Net Interest Margin (with Clients)



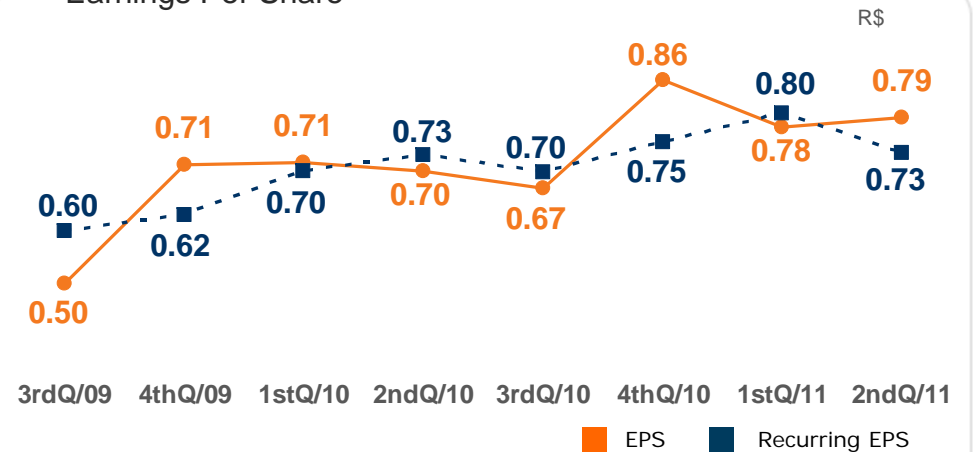
Banking Fees Revenues



Recurring ROE (average)

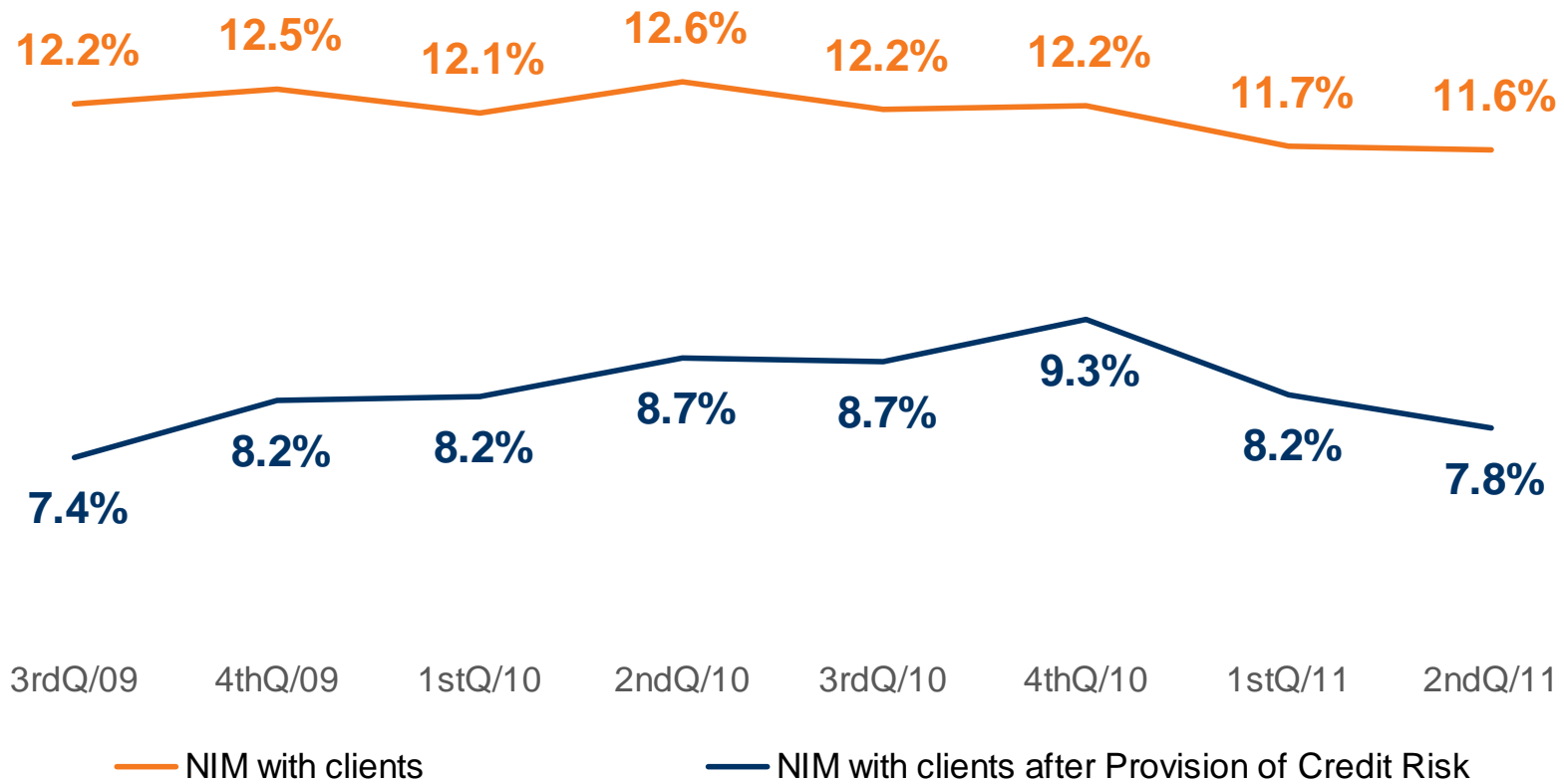


Earnings Per Share (1)



Obs.: The financial statements from the first quarter of 2011 and prior quarters, for comparability purposes, have been adjusted by the non consolidation of Porto Seguro (previously consolidated at 30%) and by the proportional consolidation of FIC at 50% (previously consolidated at 100%), without impact on net income.

Net Interest Margin



Analysis of Financial Margin



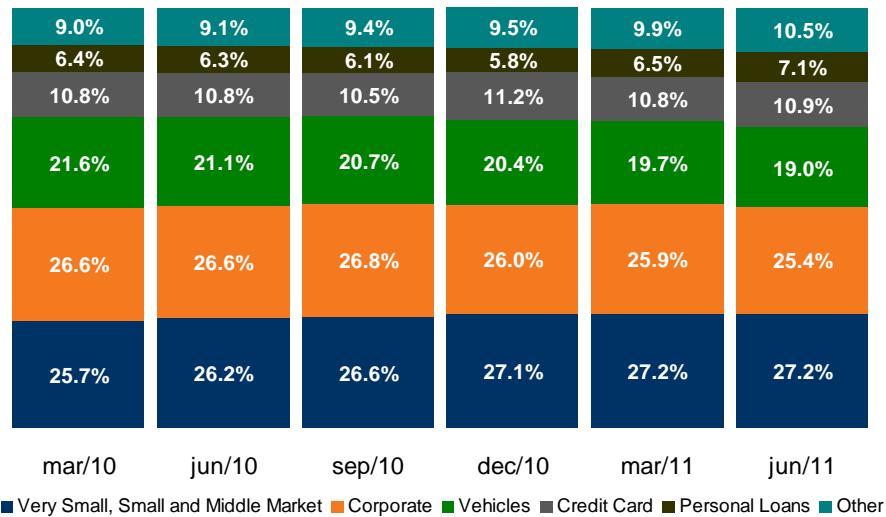
(A) NIM in Performing Credits:

The NIM in performing credits reached **11.3%** in the quarter, a **30 basis point** increase quarter-on-quarter;

(B) Portfolio Credit Mix:

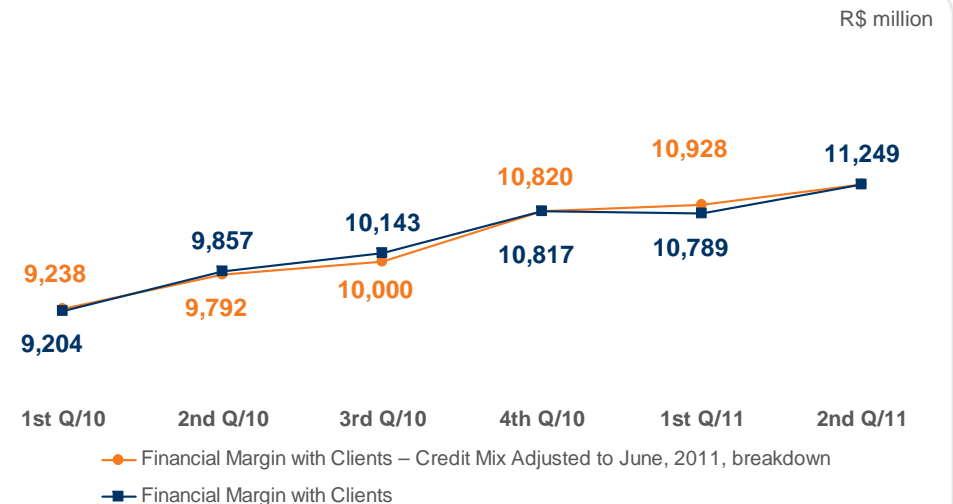
The portfolio credit mix contributed positively for the financial margin in the quarter but it was neutral for the accumulated result of the year.

Evolution of the Credit Portfolio Mix (*)



(*) excluding endorsements and sureties

Simulation of a Constant Mix in the Loan Portfolio



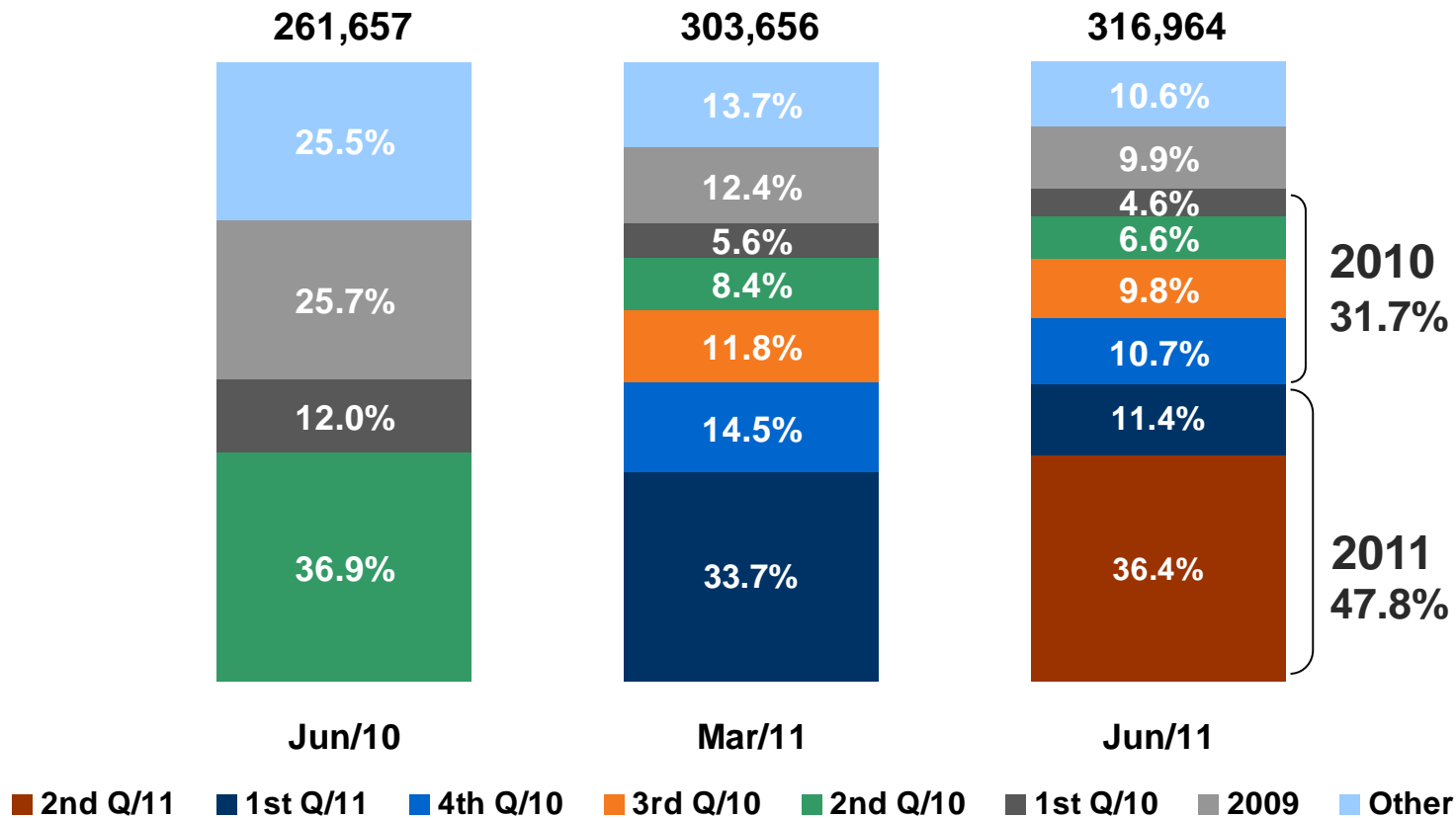
Analysis of Financial Margin



(C) Profile of the portfolio of credit by origination period:

Older vintages, which had higher spreads, lost relevance compared to the most recent ones, with higher spreads than those observed in 2010.

R\$ million

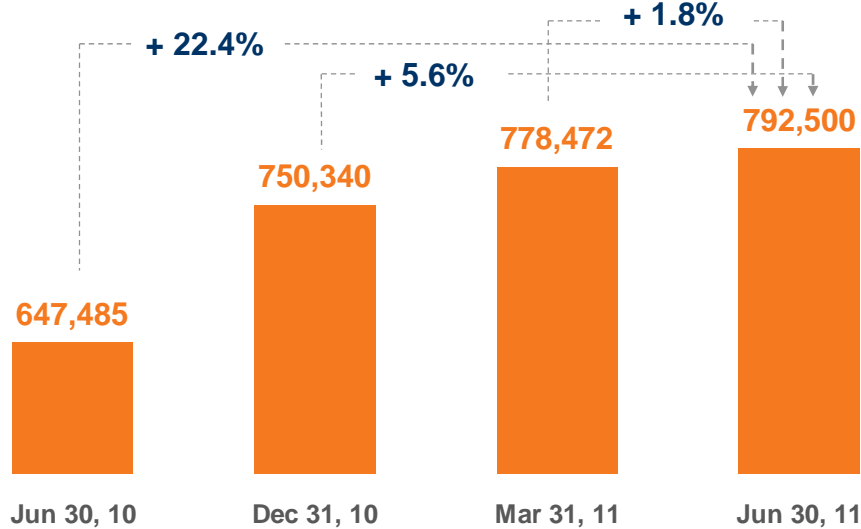


Highlights

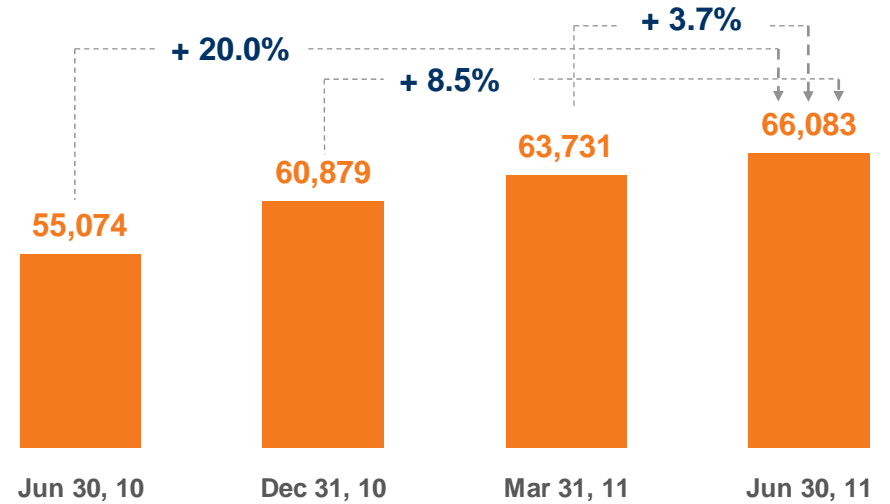


R\$ million

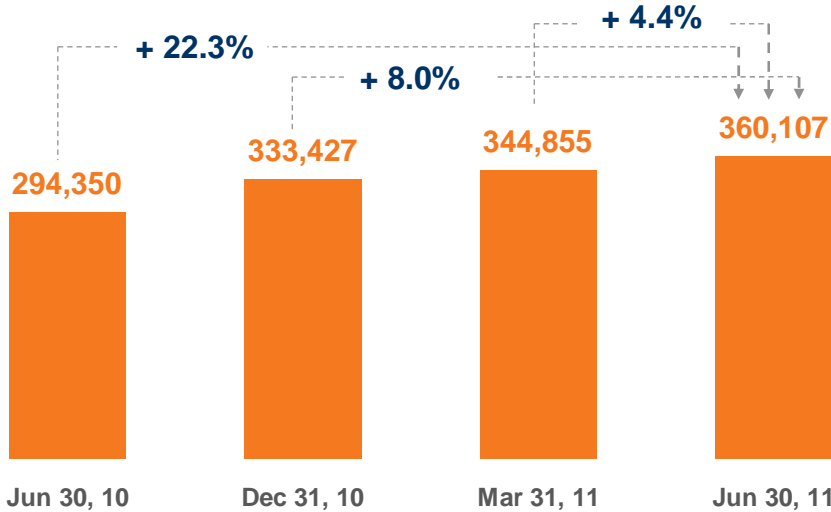
Assets



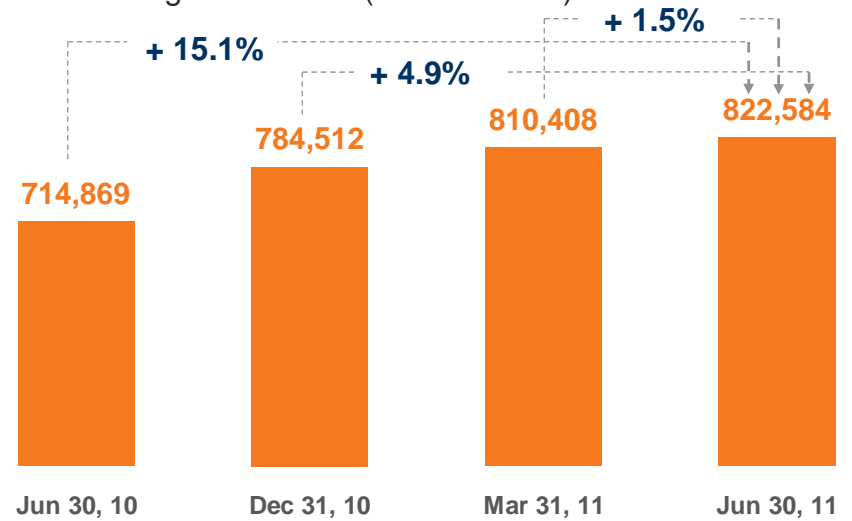
Stockholders' Equity



Loan Portfolio (Includes Endorsements and Sureties)



Total Funding with Clients (includes AUA)



Results



R\$ million

	2ndQ/11	1stQ/11	2ndQ/11 - 1stQ/11	1stH/11	1stH/10	1stH/11 - 1stH/10
Operating Revenues	17,985	17,544	2.5%	35,529	31,978	11.1%
Financial Margin with Clients	11,249	10,789	4.3%	22,038	19,061	15.6%
Financial Margin with Market	690	935	-26.2%	1,625	1,909	-14.9%
Banking Service Fees and Income from Banking Charges	4,672	4,467	4.6%	9,140	8,228	11.1%
Result from Insurance, Pension Plans and Capit. Operations before Retained Claims and Selling Expenses	1,279	1,224	4.5%	2,503	2,459	1.8%
Other Operating Income	95	128	-26.0%	223	321	-30.6%
Loan Losses and Retained Claims	(4,118)	(3,575)	15.2%	(7,693)	(6,833)	12.6%
Expense for Allowance for Loan Losses	(5,107)	(4,380)	16.6%	(9,487)	(7,765)	22.2%
Recovery of Credits Written Off as Losses	1,393	1,207	15.4%	2,600	1,785	45.7%
Retained Claims	(403)	(402)	0.4%	(805)	(853)	-5.6%
Other Operating Income/(Expenses)	(10,550)	(10,331)	2.1%	(20,881)	(18,680)	11.8%
Non-interest Expenses	(7,971)	(7,686)	3.7%	(15,657)	(13,645)	14.7%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(983)	(935)	5.1%	(1,918)	(1,780)	7.7%
Other Results (*)	(1,596)	(1,711)	-6.7%	(3,307)	(3,255)	1.6%
Recurring Net Income	3,317	3,638	-8.8%	6,955	6,466	7.6%
Non-recurring Events	286	(108)	-364.0%	178	(66)	-368.3%
Net Income	3,603	3,530	2.1%	7,133	6,399	11.5%

(*) Other results is composed by equity in earnings of affiliates and other investments, non operating income, selling expenses, income tax and social contribution, profit sharing (officers) and minority interest in subsidiaries.

Loans by Type of Client



R\$ million

	Jun 30, 11	Mar 31, 11	Dec 31, 10	Jun 30, 10	Variation		
					jun/11 - mar/11	jun/11 - dec/10	jun/11 - jun/10
Individuals	135,942	128,696	125,079	112,039	5.6%	8.7%	21.3%
Credit Card	34,555	32,736	33,030	28,141	5.6%	4.6%	22.8%
Personal Loans	30,262	26,825	23,864	22,463	12.8%	26.8%	34.7%
Vehicles	60,141	59,858	60,118	55,092	0.5%	0.0%	9.2%
Mortgage Loans	10,984	9,276	8,067	6,342	18.4%	36.2%	73.2%
Companies	208,668	201,453	193,951	169,757	3.6%	7.6%	22.9%
Corporate	118,958	115,407	110,793	98,643	3.1%	7.4%	20.6%
Very Small, Small and Middle Market (*)	89,710	86,046	83,158	71,114	4.3%	7.9%	26.2%
Argentina/Chile/Uruguay/Paraguay	15,497	14,706	14,397	12,555	5.4%	7.6%	23.4%
Total with endorsements and sureties	360,107	344,855	333,427	294,350	4.4%	8.0%	22.3%
Total Retail (**)	225,652	214,741	208,237	183,152	5.1%	8.4%	23.2%
Corporate - Total Risk (***)	134,182	130,636	126,391	109,655	2.7%	6.2%	22.4%
Endorsements and Sureties	43,144	41,199	38,374	32,694	4.7%	12.4%	32.0%
Individuals	237	225	252	189	5.1%	-6.1%	25.1%
Corporate	38,429	36,737	34,111	29,135	4.6%	12.7%	31.9%
Very Small, Small and Middle Market	3,653	3,318	3,123	2,577	10.1%	17.0%	41.8%
Argentina/Chile/Uruguay/Paraguay	825	918	888	792	-10.1%	-7.1%	4.1%

(*) Includes rural loans from individuals.

(**) Includes all individuals products and very small, small and middle market companies.

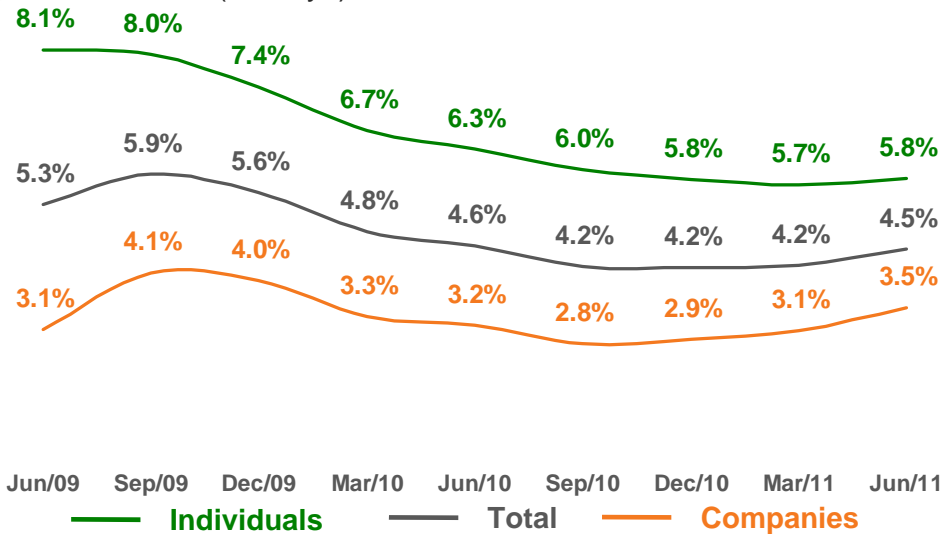
(***) Includes private bonds (debentures, CRI and commercial paper). Without considering the exchange rate variation, the growth would have been 3.6% in relation to Mar 31, 11, and 25.7% in relation to Jun 30, 10.

Note: The acquired payroll credit portfolio is considered as corporate risk. Mortgage loans and rural loans portfolios from the businesses segment are allocated according to the client's size.

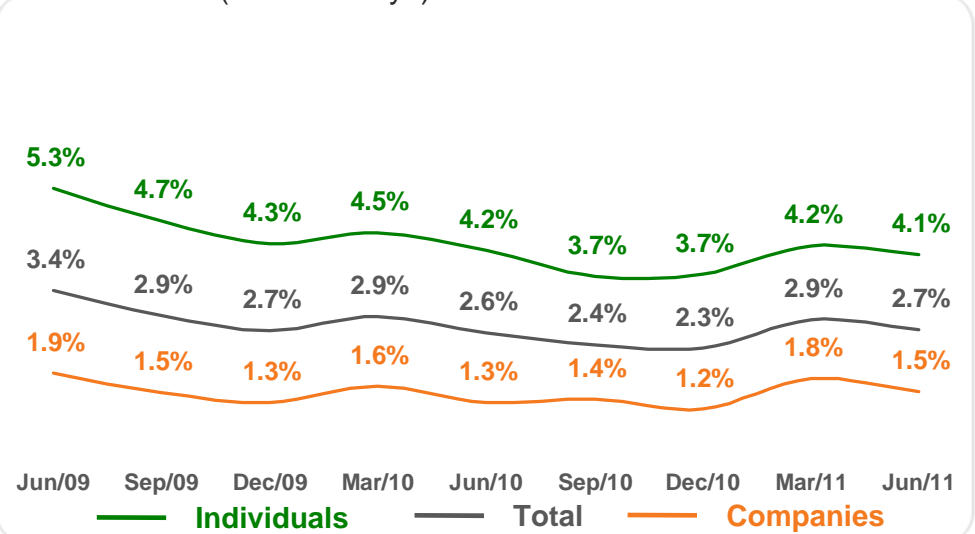
Credit Ratios



NPL Ratio (90 days)

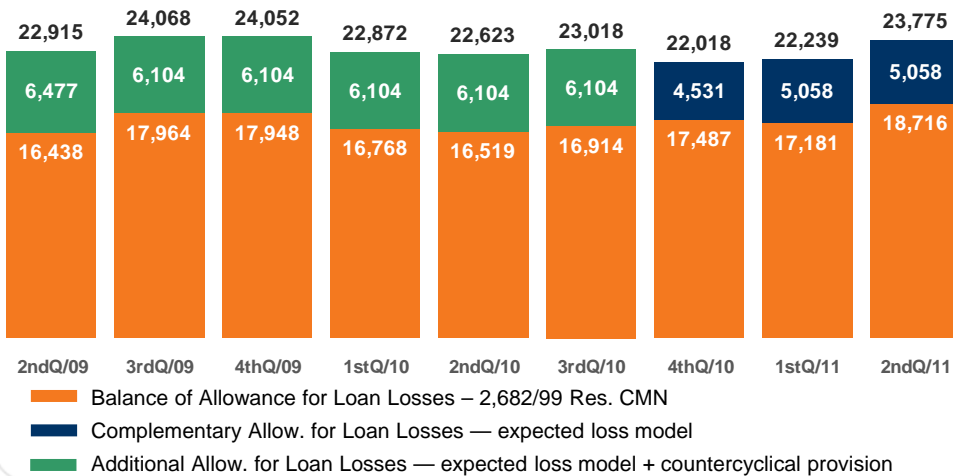


NPL Ratio (31 to 90 days)

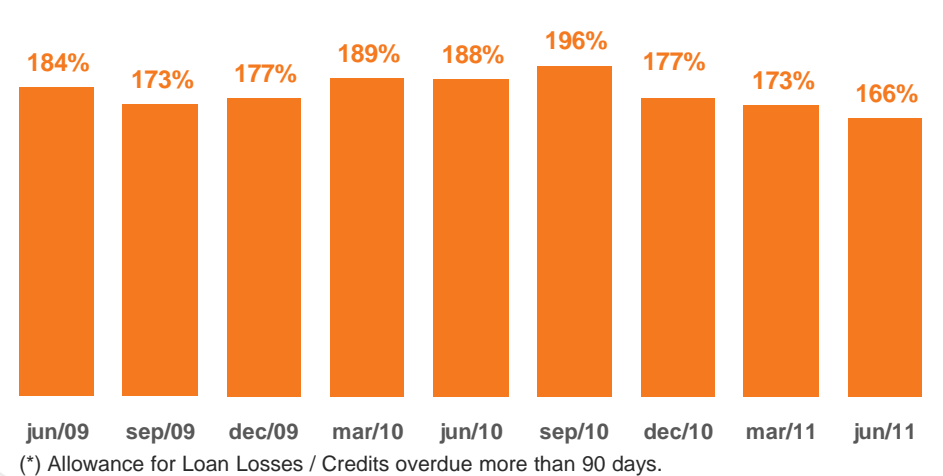


Balance of Allowance for Loan Losses

R\$ million



Coverage ratio (*) – 90 days

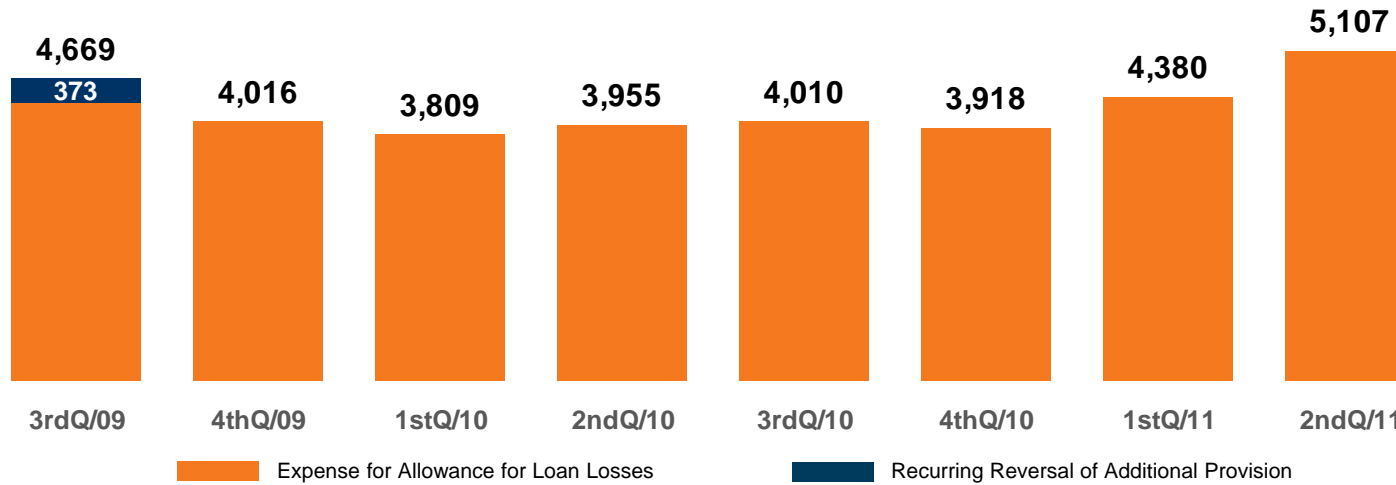


Credit Ratios

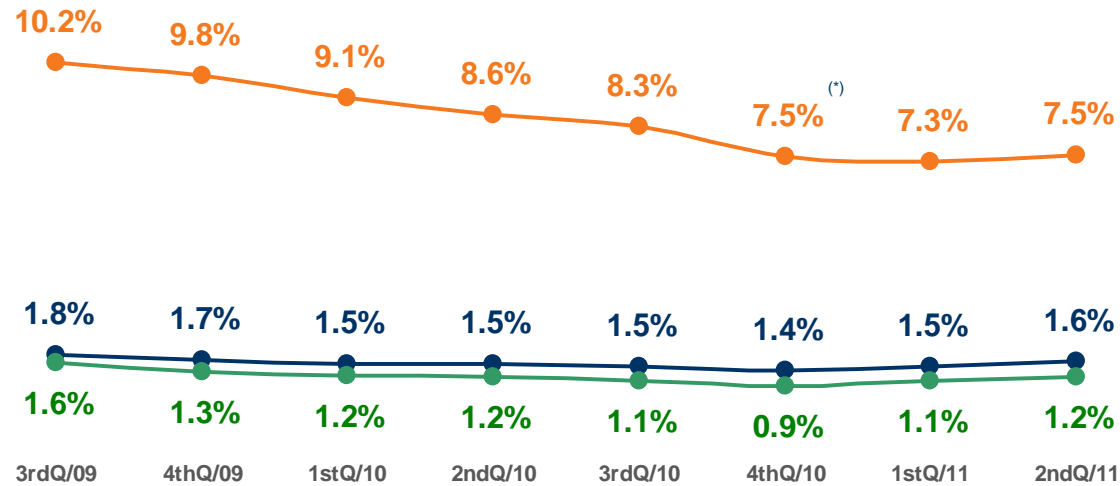


R\$ million

Evolution of Expense for Allowance for Loan Losses



Allowance for Loan Losses



● Expense for Allowance for Loan Losses / Loan Portfolio (**)
● Exp. for Allow. for Loan Losses net of Recov. of Cred. Writt.Off as Loss / Loan Portfolio (**)
● Allowance for loan losses specific + generic + additional / Loan Portfolio

(*) There was a R\$ 1.6 billion of additional provision reversal.
 (**) Average balance of the two previous quarters.

Total Funds



R\$ million

	Variation				
	Jun 30, 11	Mar 31, 11	Jun 30, 10	jun/11 - mar/11	jun/11 - jun/10
Demand Deposits	23,792	24,724	25,844	-3.8%	-7.9%
Savings Deposits	59,982	58,971	51,836	1.7%	15.7%
Time Deposits	114,785	110,473	104,794	3.9%	9.5%
Debentures (Repurchase Agreements) and Mortgage – Backed Notes (*)	115,154	108,495	86,548	6.1%	33.1%
Subtotal 1 – Funding from Account Holders Customers	313,712	302,663	269,022	3.7%	16.6%
Institutional Clients	15,140	17,440	13,583	-13.2%	11.5%
Onlending	34,277	32,868	24,749	4.3%	38.5%
Subtotal 2 – Funding from Institutional & Account Holders Customers	363,130	352,971	307,354	2.9%	18.1%
Assets under Administration	379,392	381,778	344,689	-0.6%	10.1%
Technical Provisions of Insurance, Pension Plans and Capitalization	65,524	62,432	54,253	5.0%	20.8%
Deposits from Banks	2,802	2,913	2,272	-3.8%	23.4%
Funds from Acceptance and Issuance of Securities Abroad	11,736	10,314	6,301	13.8%	86.3%
Total – Funding from Clients	822,584	810,408	714,869	1.5%	15.1%
Repurchase Agreements (**)	95,684	105,042	74,641	-8.9%	28.2%
Borrowings	18,670	18,196	13,256	2.6%	40.8%
Foreign Exchange Portfolio	25,458	27,508	18,793	-7.5%	35.5%
Subordinated Debt	37,210	35,294	28,255	5.4%	31.7%
Collection and Payment of Taxes and Contributions	9,385	4,918	3,738	90.8%	151.1%
Free Assets (***)	58,445	56,095	48,170	4.2%	21.3%
Free Assets and Other	244,853	247,052	186,853	-0.9%	31.0%
Total Funds	1,067,437	1,057,460	901,722	0.9%	18.4%

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

(**) Does not include own issued Debentures.

(***) Stockholders' Equity + Minority- Permanent Assets.

Banking Fees Revenues



R\$ million

	2ndQ/11	1stQ/11	2ndQ/11 - 1stQ/11	1stH/11	1stH/10	1stH/11 - 1stH/10
Asset Management	638	636	0.3%	1,275	1,195	6.7%
Current Account Services	598	576	3.9%	1,174	1,169	0.4%
Loan Operations and Guarantees Provided	827	778	6.2%	1,606	1,336	20.2%
Collection Services	301	330	-8.9%	631	639	-1.3%
Credit Cards	1,804	1,691	6.7%	3,496	3,067	14.0%
Other	503	455	10.6%	959	822	16.7%
Total	4,672	4,467	4.6%	9,140	8,228	11.1%

Non-Interest Expenses



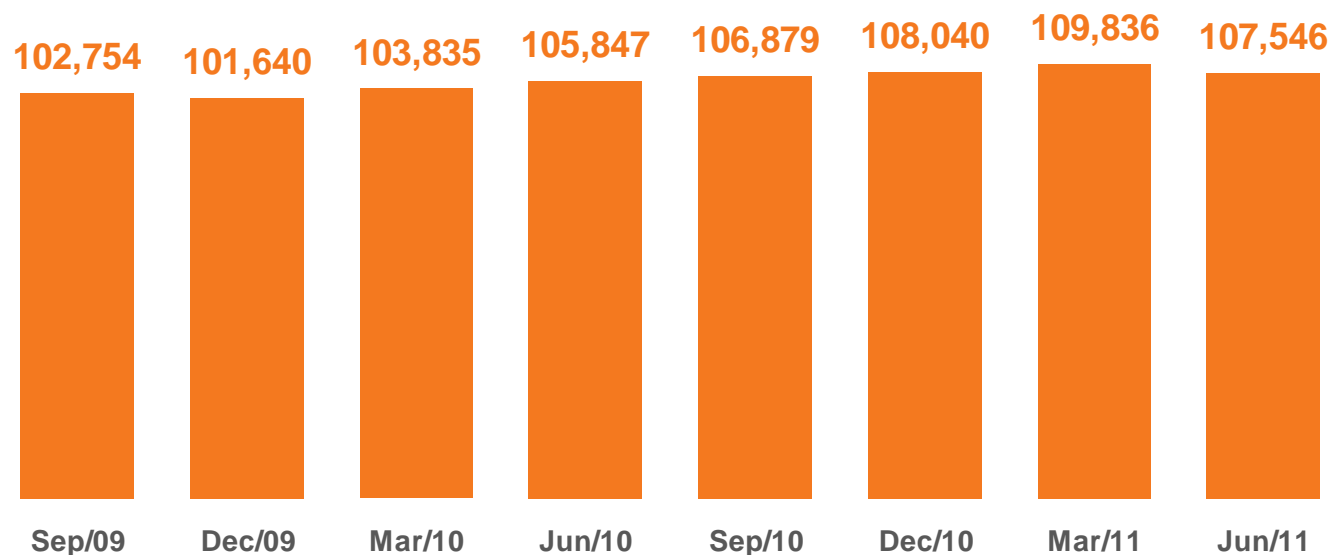
R\$ million

	2ndQ/11	1stQ/11	2ndQ/11 - 1stQ/11	1stH/11	1stH/10	1stH/11 - 1stH/10
Personnel Expenses	(3,335)	(3,243)	2.9%	(6,578)	(5,896)	11.6%
Administrative Expenses	(3,422)	(3,260)	5.0%	(6,682)	(6,120)	9.2%
Operating Expenses	(1,129)	(1,105)	2.2%	(2,234)	(1,472)	51.8%
Other Tax Expenses (*)	(84)	(78)	8.2%	(162)	(156)	3.3%
Non-Interest Expenses	(7,971)	(7,686)	3.7%	(15,657)	(13,645)	14.7%

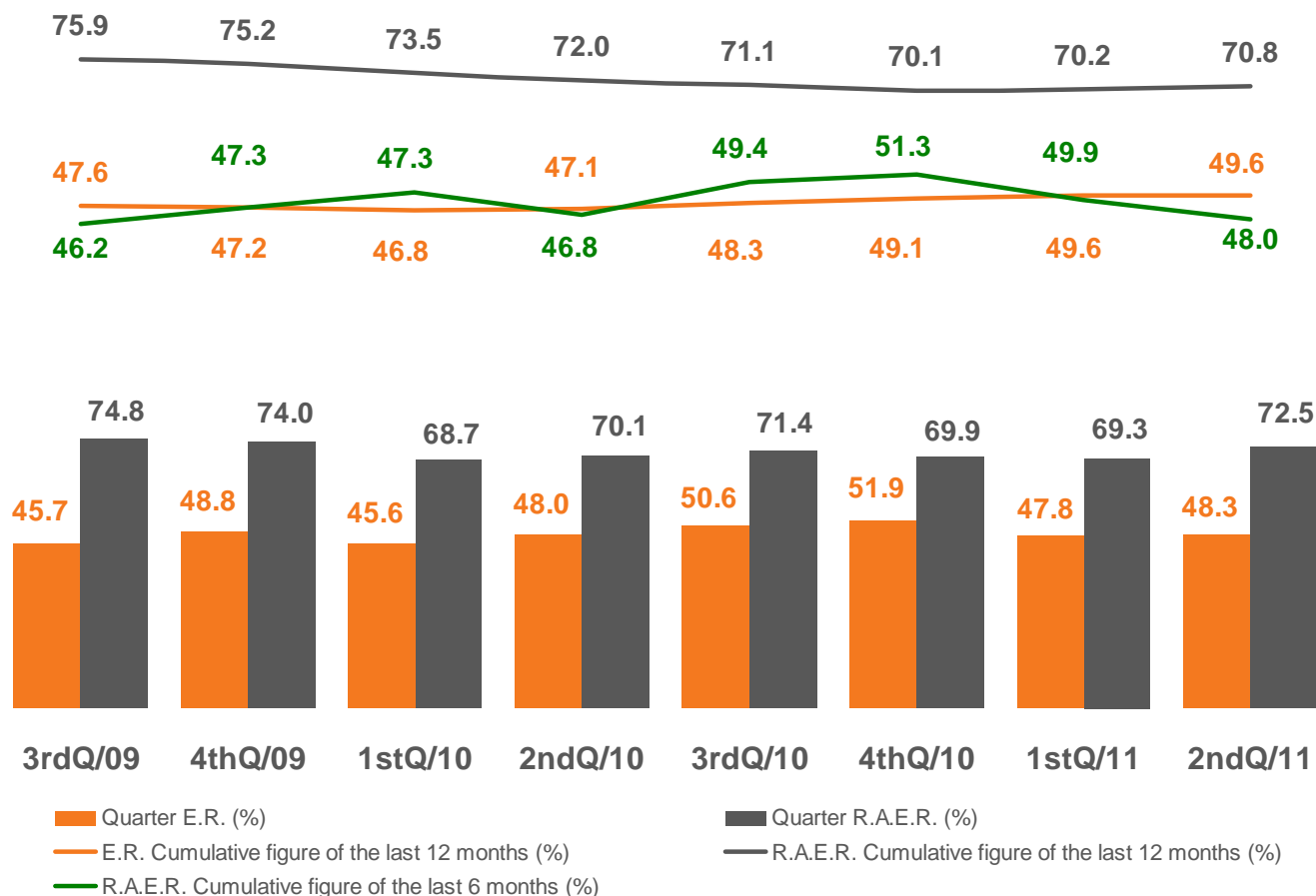
(*) PIS, Cofins and ISS not included.

Expectation for 2011: 8%–10% growth

Evolution of the Number of Employees



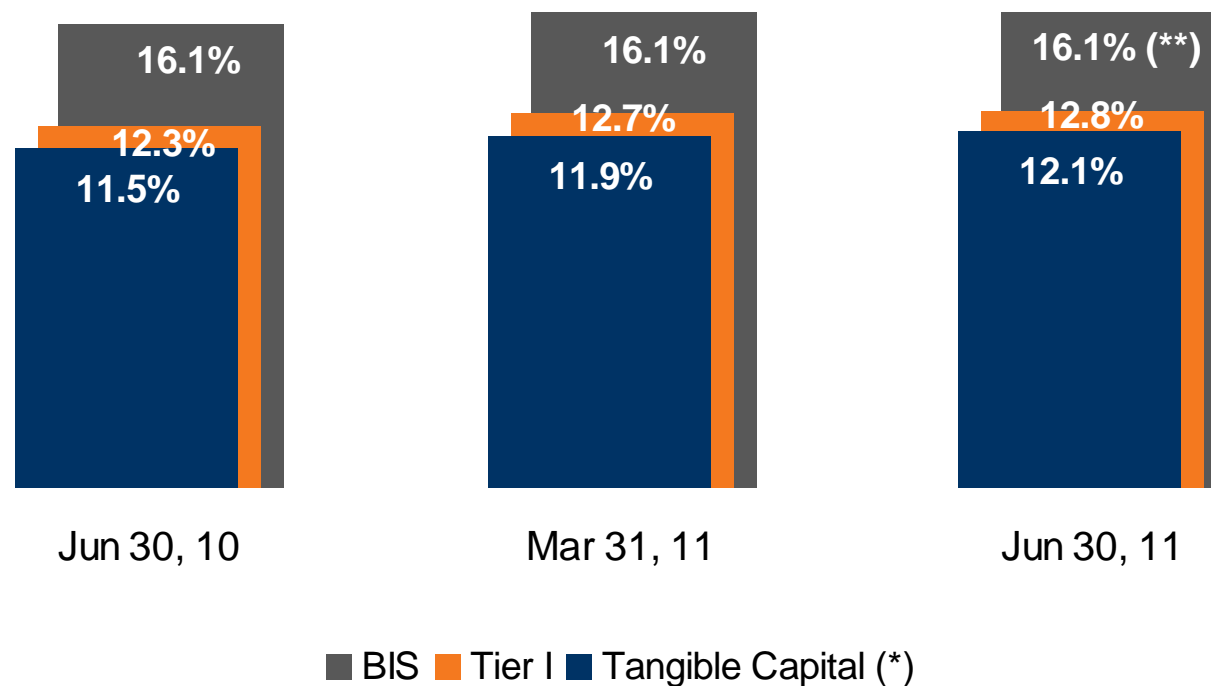
Efficiency Ratio and Risk-Adjusted Efficiency Ratio



**Expectation for 2011:
250 bps Decrease**

$$\text{Risk Adjusted Efficiency Ratio} = \frac{\text{Non-Interest Expenses (Personnel Expenses + Administrative Expenses + Operating Expenses + Other Tax Expenses) + Insurance Selling Expenses} + \text{Result from Loan Losses} + \text{Retained Claims}}{(\text{Managerial Financial Margin} + \text{Banking Service Fees and Banking Charges} + \text{Operating Result of Insurance, Capitalization and Pension Plans before Retained Claims and Insurance Selling Expenses} + \text{Other Operating Income} - \text{Tax Expenses for ISS, PIS, Cofins and Other Taxes})}$$

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



An issue of subordinated debt, which on June 30, 2011 amounted to R\$ 2,387 million, is pending approval from the Central Bank of Brazil in order to comprise the Tier II of Referencial Equity. Should we consider this issue, the Basel ratio would have reached at 16.6%.

(*) Tangible Common Equity (TCE) ratio is internationally defined as Stockholders' Equity less intangible assets, goodwill and redeemable preference shares. In Brazil, non-voting shares basically have an equity function and, for this reason, have not been excluded from Tangible Equity.

(**) Consolidated operation in the concept, the BIS reached 15.8% level adequate by management.



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Investor Relations Officer

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