

Conference Call about 1st Quarter 2011 Earnings Results

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Investor Relations Officer

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Itaú Unibanco Holding S.A.



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Highlights

1. Results:

- Recurring net income reached R\$ 3.6 billion in the first quarter of 2011 (23.4% ROE), an increase of 7.0% compared to the fourth quarter of 2010 (recurring net income of R\$ 3.4 billion and 23.0% ROE);
- Net income was R\$ 3.5 billion in the first quarter (22.7% ROE).

2. Loan Portfolio Growth:

- The loan portfolio totaled R\$ 344.9 billion, a 3.4% increase quarter-on-quarter and 21.9% from March, 2010.

R\$ million

	Mar 31,11	Mar/11 - Dec/10	Mar/11 - Mar/10
Individuals	128,696	2.9%	18.6%
Companies	201,453	3.9%	24.2%
Argentina/Chile/Uruguay/Paraguay	14,706	2.2%	20.8%
Total with endorsements and sureties	344,855	3.4%	21.9%
Total with endorsements, sureties and private bonds (*)	360,084	3.2%	22.5%

(*) Includes debentures, CRI and commercial paper.

3. Financial Margin with Clients and Banking Service Fees:

- Financial margin with clients added up to R\$ 10.8 billion. For the year, the growth was 17.2%;
- Banking service fees totaled R\$ 4.5 billion, with an increase of 11.0% from the first quarter of 2010.

Highlights

4. NPL and Result of Loan Losses:

- NPL 90 days maintained at 4.2% on March, 2011, stable when compared from the last quarter and an improvement of 60 bps year-on-year;
- In the first quarter of 2011, result of loan losses totaled R\$ 3.2 billion (21.7% growth quarter-on-quarter and 6.6% in relation to the same period of last year). In the quarter, due to the increase of the delinquency ratio until 90 days, we have anticipated and complemented the allowance for loan losses by R\$ 270 million above the minimum requirement determined by the 2,682 resolution of the CMN, according to the expected loss methodology adopted by the risk management of the institution which also considers the potential loss of revolving credits;
- The complementary allowance for loan and lease losses increased to R\$ 5.1 billion.

5. Non-Interest Expenses:

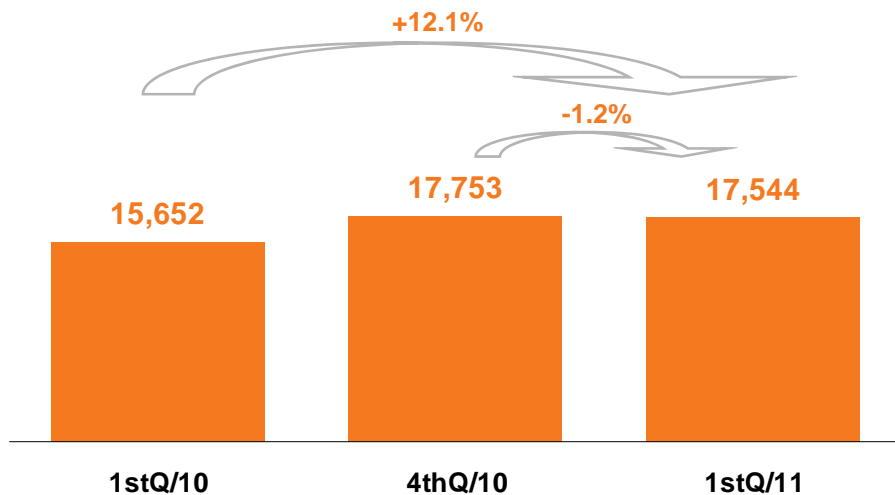
- Non interest-expenses decreased 8.1% compared to prior quarter, reaching R\$ 7.7 billion, 19.0% higher when compared to the first quarter of 2010.

Highlights

R\$ million

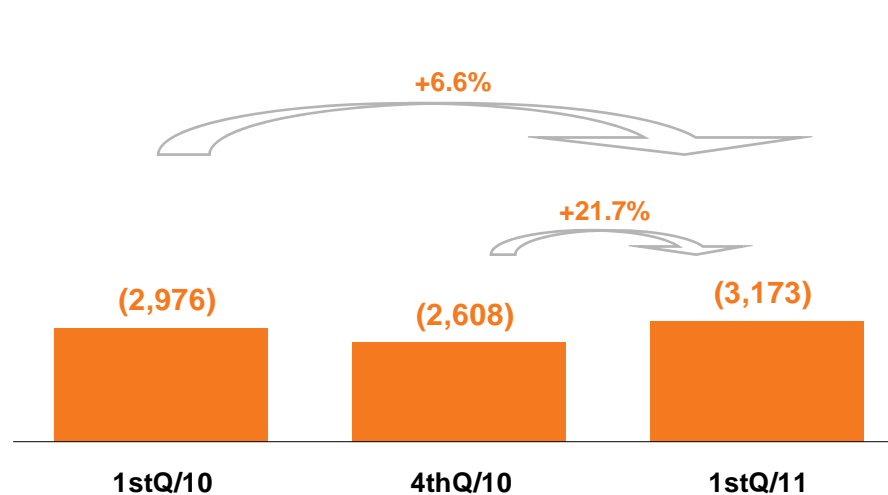
Managerial Financial Margin Plus Banking Service Fees

(Financial Margin, Banking Service Fees, Result from Op. of Insur., Pens. Plans and Capital before Retained Claims and Selling Expenses and Other Income)



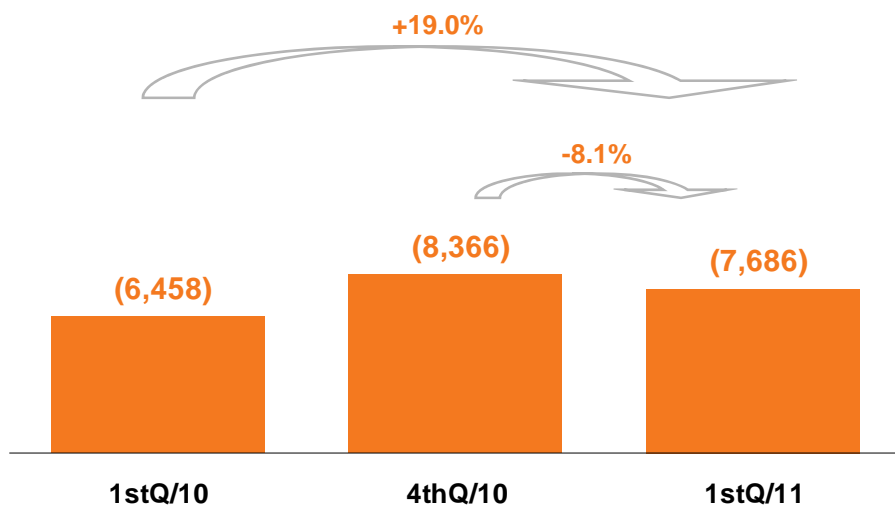
Result from Loan Losses

(Expense for Allowance for Loan Losses net of Recovery of Credits Written Off as Losses)

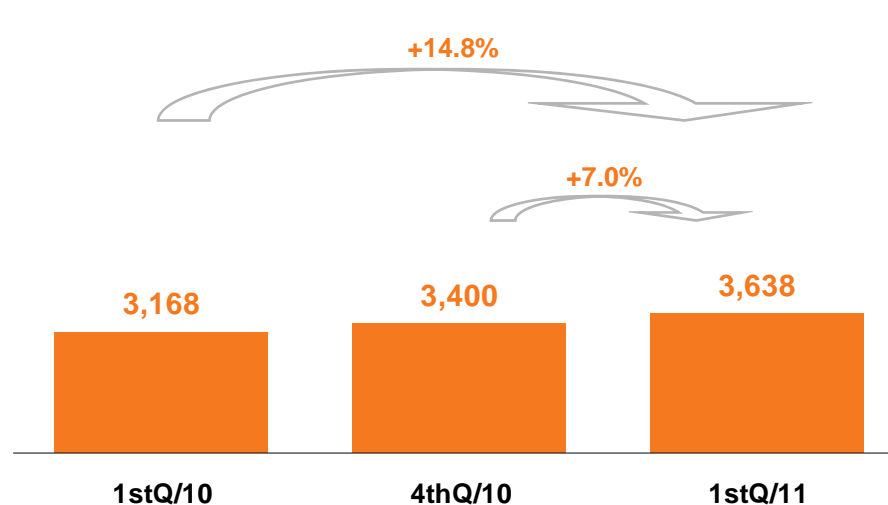


Non-interest Expenses

(Personnel, Administrative, Operating and Other Tax Expenses)

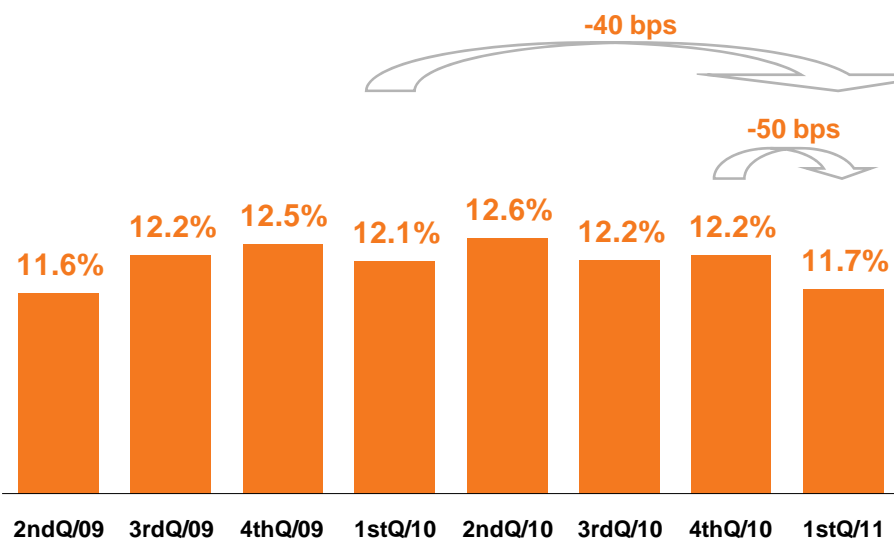


Recurring Net Income

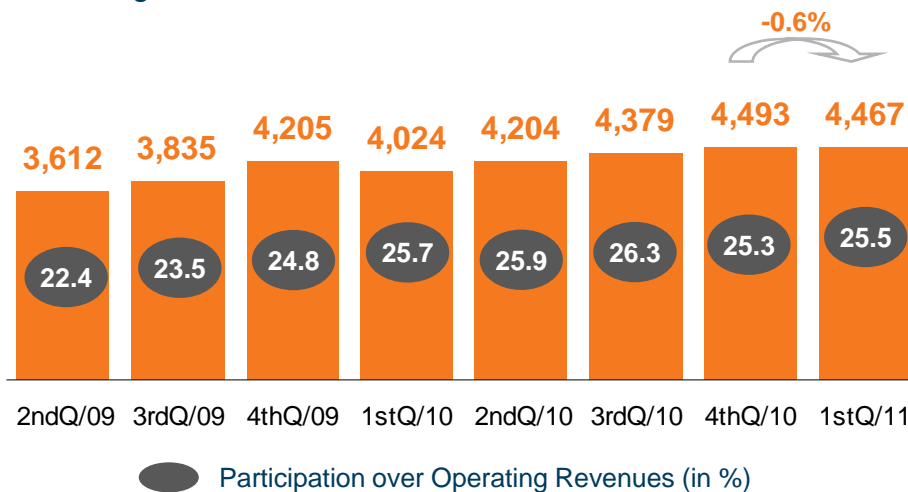


Highlights

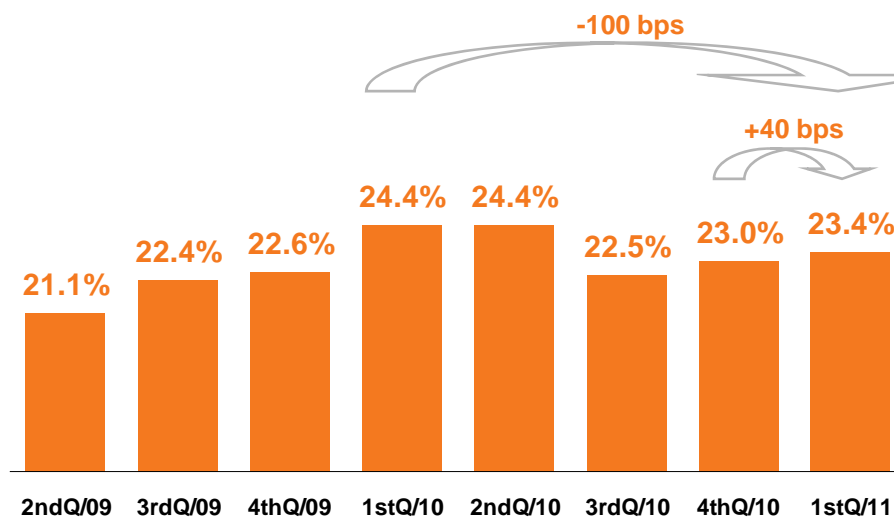
Net Interest Margin (with Clients)



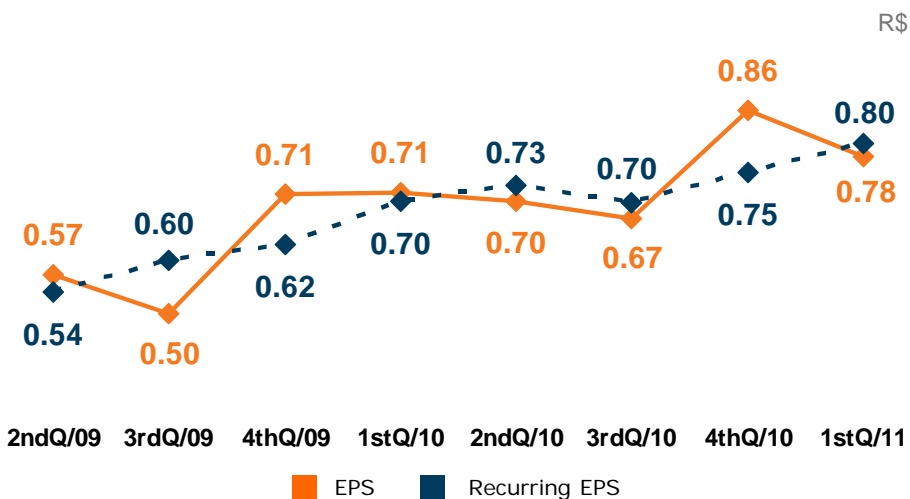
Banking Fees Revenues and Income from Banking Charges



Recurring ROE (average)



Earnings Per Share (1)



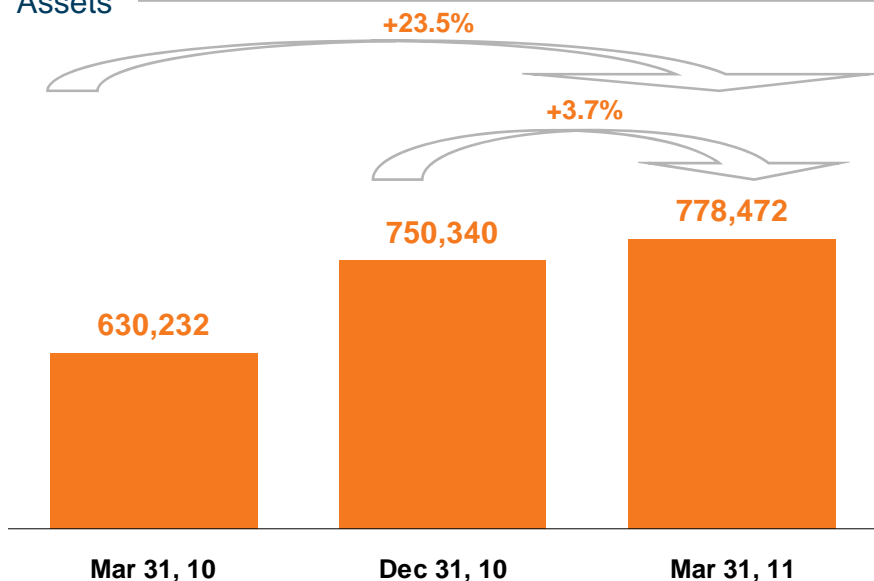
(1) The number of shares outstanding was adjusted to reflect the 10% share bonus that occurred on August 28, 2009.

Obs.: The financial statements from the first quarter of 2011 and prior quarters, to ends of comparability, 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.

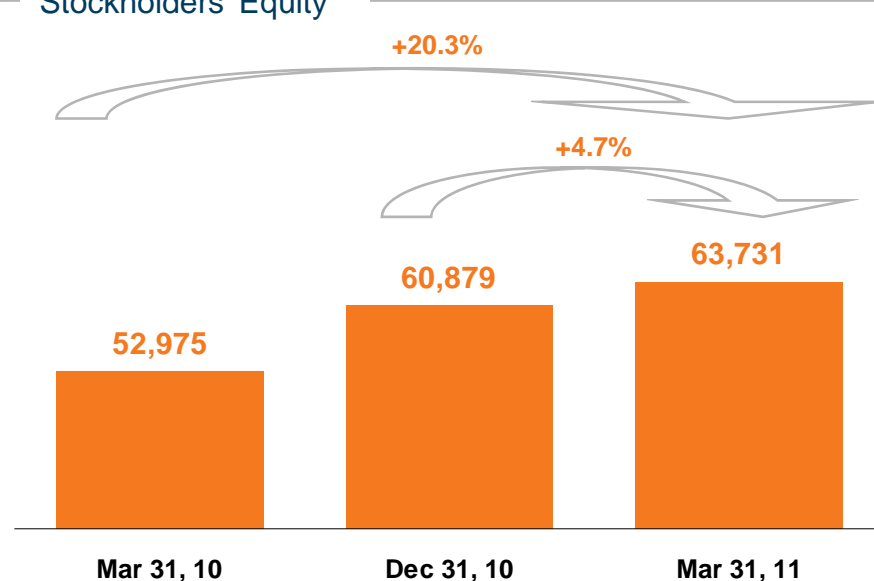
Highlights

R\$ million

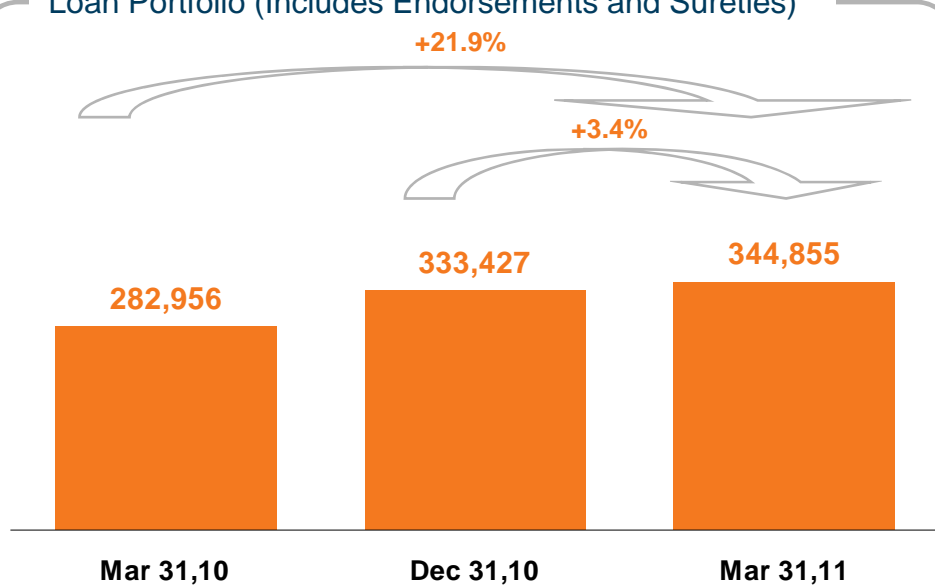
Assets



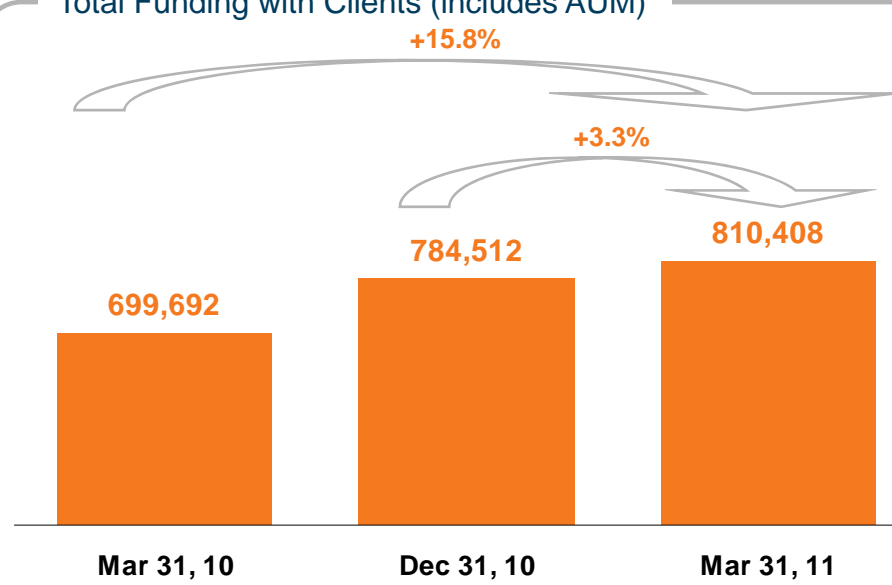
Stockholders' Equity



Loan Portfolio (Includes Endorsements and Sureties)



Total Funding with Clients (includes AUM)



Itaú Unibanco Holding S.A.

Itaú Unibanco - Results

R\$ million

	1 st Q/11	4 th Q/10	1 st Q/10	1 st Q/11 – 4 th Q/10	1 st Q/11 – 1 st Q/10
Operating Revenues	17,544	17,753	15,652	-1.2%	12.1%
Financial Margin with Clients	10,789	10,817	9,204	-0.3%	17.2%
Financial Margin with Market	935	1,214	1,019	-23.0%	-8.3%
Banking Service Fees and Income from Banking Charges	4,467	4,493	4,024	-0.6%	11.0%
Result from Insurance, Pension Plans and Capit. Operations before Retained Claims and Selling Expenses	1,224	1,107	1,265	10.6%	-3.3%
Other Operating Income	128	122	140	4.9%	-8.8%
Loan Losses and Retained Claims	(3,575)	(2,986)	(3,444)	19.7%	3.8%
Expense for Allowance for Loan Losses	(4,380)	(3,918)	(3,809)	11.8%	15.0%
Recovery of Credits Written Off as Losses	1,207	1,310	833	-7.9%	44.9%
Retained Claims	(402)	(378)	(467)	6.4%	-14.1%
Other Operating Income/(Expenses)	(10,331)	(11,368)	(9,040)	-9.1%	14.3%
Non-interest Expenses	(7,686)	(8,366)	(6,458)	-8.1%	19.0%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(935)	(1,101)	(839)	-15.1%	11.5%
Other Results (*)	(1,711)	(1,900)	(1,743)	-10.0%	-1.9%
Recurring Net Income	3,638	3,400	3,168	7.0%	14.8%
Non-recurring Events	(108)	490	66	-122.1%	-264.3%
Net Income	3,530	3,890	3,234	-9.3%	9.1%

(*) 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

	Mar 31,11	Dec 31,10	Mar 31,10	Variation	
				Mar/11 - Dec/10	Mar/11 - Mar/10
Individuals	128,696	125,079	108,534	2.9%	18.6%
Credit Card	32,736	33,030	27,048	-0.9%	21.0%
Personal Loans	26,825	23,864	21,619	12.4%	24.1%
Vehicles	59,858	60,118	54,135	-0.4%	10.6%
Mortgage Loans	9,276	8,067	5,732	15.0%	61.8%
Companies	201,453	193,951	162,245	3.9%	24.2%
Corporate	115,407	110,793	95,463	4.2%	20.9%
Very Small, Small and Middle Market (*)	86,046	83,158	66,782	3.5%	28.8%
Argentina/Chile/Uruguay/Paraguay	14,706	14,397	12,176	2.2%	20.8%
Total with endorsements and sureties	344,855	333,427	282,956	3.4%	21.9%
Total Retail (**)	214,741	208,237	175,317	3.1%	22.5%
Corporate - Total Risk (***)	130,636	126,391	106,475	3.4%	22.7%
Endorsements and Sureties	41,199	38,374	32,593	7.4%	26.4%
Individuals	225	252	182	-10.6%	23.9%
Corporate	36,737	34,111	28,990	7.7%	26.7%
Very Small, Small and Middle Market	3,318	3,123	2,557	6.2%	29.8%
Argentina/Chile/Uruguay/Paraguay	918	888	864	3.4%	6.2%

(*) Includes rural loans from individuals.

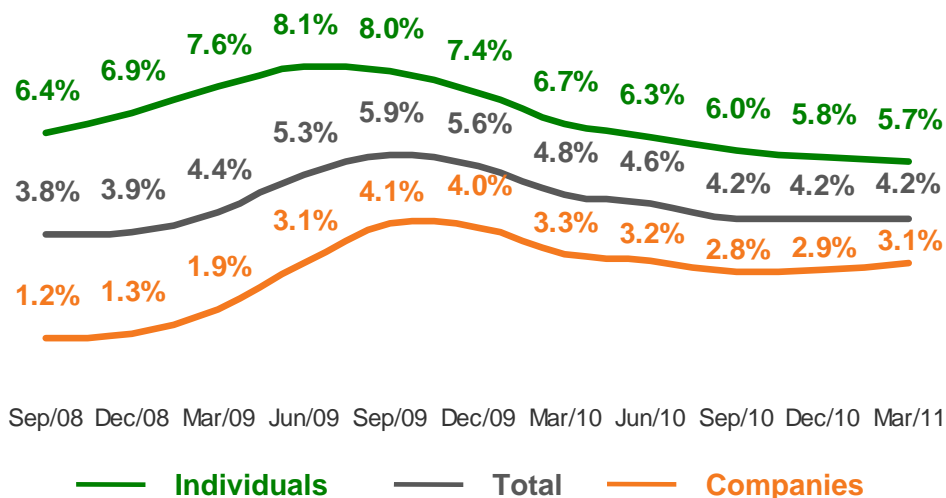
(**) Includes all individuals products and very small, small and middle market companies.

(***) Includes private bonds (debentures, CRI and commercial paper). Without considering the exchange rate variation, the growth would have been 3.8% in relation to Dec 31, 10, and 24.8% in relation to Mar 31, 10.

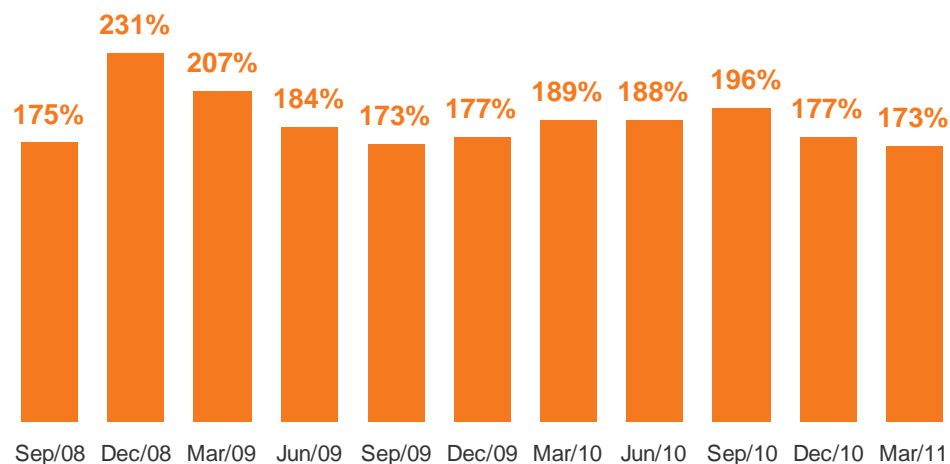
Note: The acquired payroll credit portfolio is considered as corporate risk. Mortgage loans and rural loans portfolios from the businesses segment are allocated according to the client's size.

Credit Ratios

NPL Ratio (90 days)



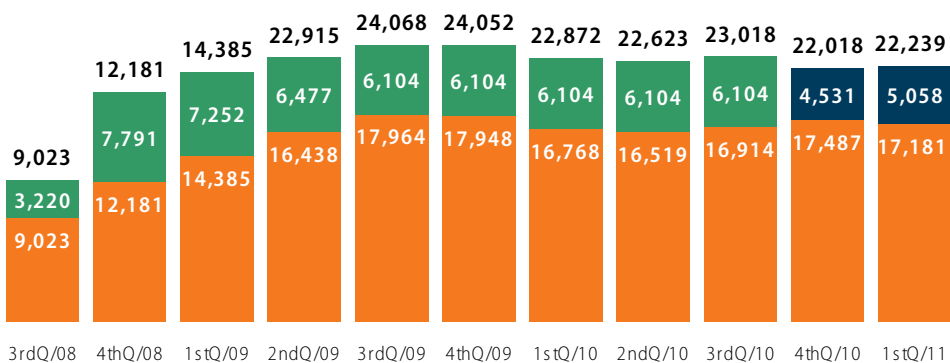
Coverage ratio (*) – 90 days



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

Balance of Allowance for Loan Losses

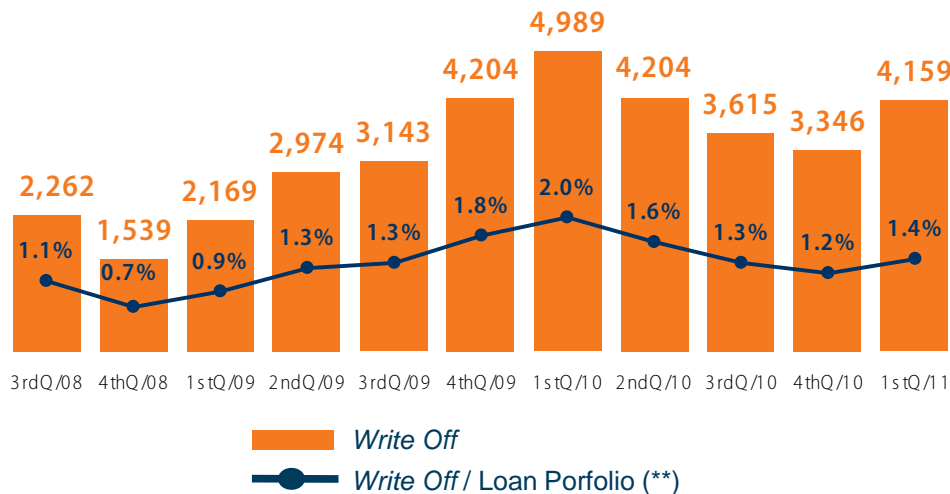
R\$ million



■ Balance of Allowance for Loan Losses – 2,682 Res.
■ Complementary Allow. for Loan Losses — expected loss model
■ Complementary Allow. for Loan Losses — expected loss model + countercyclical provision

Write Off

R\$ million

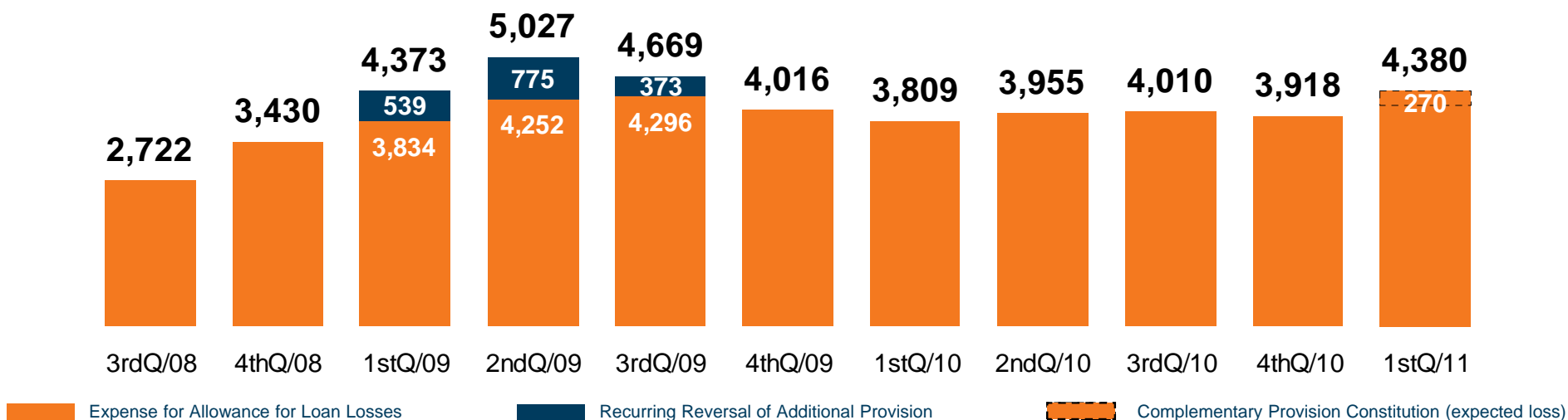


(**) Average balance of the two previous quarters.

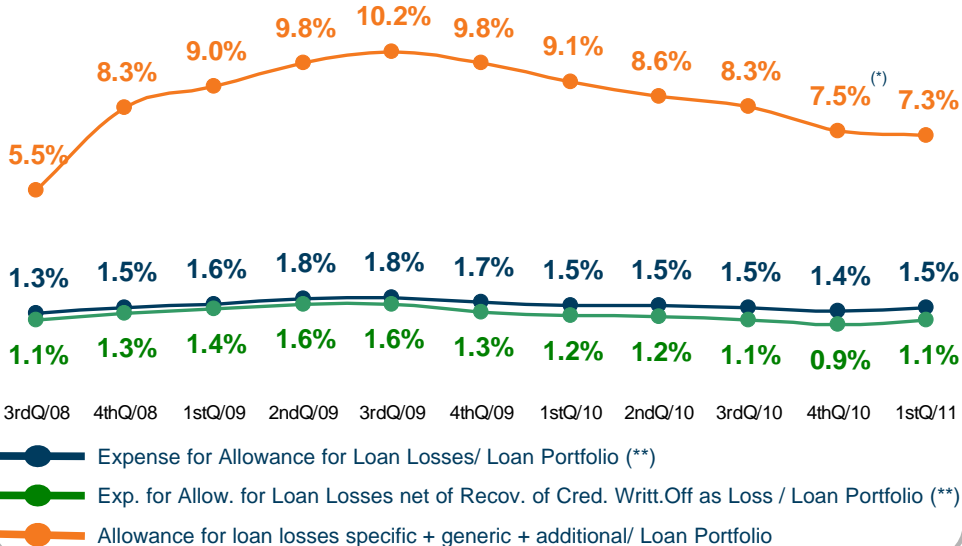
Credit Ratios

Evolution of Expense for Allowance for Loan Losses

R\$ million



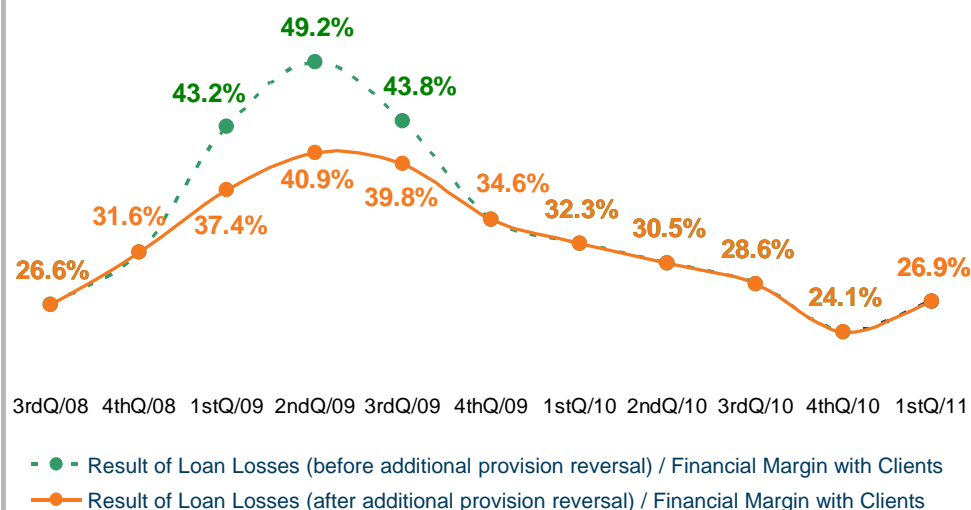
Allowance for Loan Losses



(*) There was a R\$ 1.6 billion of additional provision reversal.

(**) Average balance of the two previous quarters.

Result of Loan Losses (***) / Financial Margin with Clients



(***) Expense for Allowance for Loan Losses net of Recov. of Cred. Writt.Off as Loss.

Funding and Assets Under Management

R\$ million

	Mar 31,11	Dec 31,10	Mar 31,10	Variation	
				Mar/11 - Dec/10	Mar/11 - Mar/10
Demand Deposits	24,724	25,667	24,334	-3.7%	1.6%
Savings Deposits	58,971	57,883	50,069	1.9%	17.8%
Time Deposits	110,473	113,468	95,590	-2.6%	15.6%
Debentures (Repurchase Agreements) and Mortgage – Backed Notes (*)	108,495	103,698	78,248	4.6%	38.7%
Subtotal 1 – Funding from Account Holders Customers	302,663	300,716	248,242	0.6%	21.9%
Institutional Clients	17,440	16,982	19,338	2.7%	-9.8%
Onlending	32,868	31,689	23,247	3.7%	41.4%
Subtotal 2 – Funding from Institutional & Account Holders Customers	352,971	349,388	290,827	1.0%	21.4%
Assets under Management	381,778	363,818	348,591	4.9%	9.5%
Technical Provisions of Insurance, Pension Plans and Capitalization	62,432	59,447	52,165	5.0%	19.7%
Deposits from Banks	2,913	1,929	1,700	51.0%	71.3%
Funds from Acceptance and Issuance of Securities Abroad	10,314	9,930	6,408	3.9%	60.9%
Total – Funding from Clients	810,408	784,512	699,692	3.3%	15.8%
Repurchase Agreements (**)	105,042	98,363	74,728	6.8%	40.6%
Borrowings	18,196	15,649	13,920	16.3%	30.7%
Foreign Exchange Portfolio	27,508	22,036	27,283	24.8%	0.8%
Subordinated Debt	35,294	33,830	25,756	4.3%	37.0%
Collection and Payment of Taxes and Contributions	4,918	694	4,241	608.4%	16.0%
Free Assets (***)	56,095	53,412	45,663	5.0%	22.8%
Free Assets and Other	247,052	223,984	191,591	10.3%	28.9%
Total Funds	1,057,460	1,008,496	891,282	4.9%	18.6%

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

(**) Does not include own issued Debentures.

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

Banking Fees Revenues and Income from Banking Charges

R\$ million

	1 st Q/11	4 th Q/10	1 st Q/10	1 st Q/11 – 4 th Q/10	1 st Q/11 – 1 st Q/10
Asset Management	636	647	590	-1.6%	7.9%
Current Account Services	576	640	574	-10.1%	0.3%
Loan Operations and Guarantees Provided	778	747	657	4.3%	18.5%
Collection Services	330	349	322	-5.4%	2.5%
Credit Cards	1,691	1,645	1,486	2.8%	13.8%
Other	455	465	395	-2.2%	15.2%
Total	4,467	4,493	4,024	-0.6%	11.0%

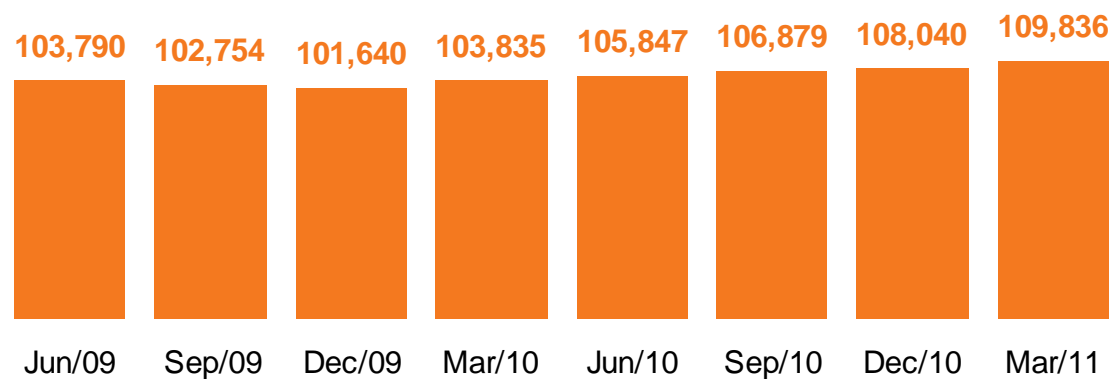
Non-Interest Expenses

R\$ million

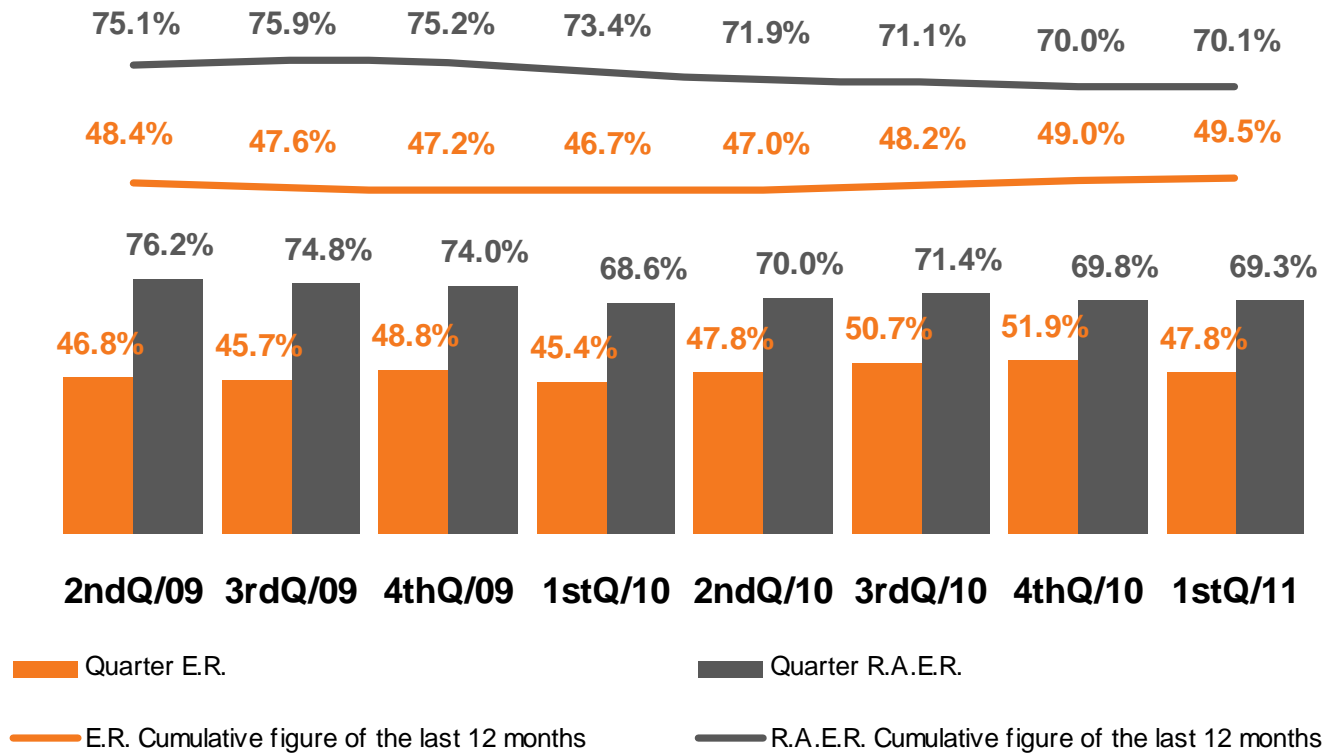
	1 st Q/11	4 th Q/10	1 st Q/10	1 st Q/11 – 4 th Q/10	1 st Q/11 – 1 st Q/10
Personnel Expenses	(3,243)	(3,263)	(2,795)	-0.6%	16.0%
Administrative Expenses	(3,260)	(3,852)	(2,882)	-15.4%	13.1%
Operating Expenses	(1,105)	(1,180)	(715)	-6.4%	54.6%
Other Tax Expenses (*)	(78)	(71)	(66)	8.9%	17.0%
Non-Interest Expenses	(7,686)	(8,366)	(6,458)	-8.1%	19.0%

(*) PIS, Cofins and ISS not included.

Evolution of the Number of Employees



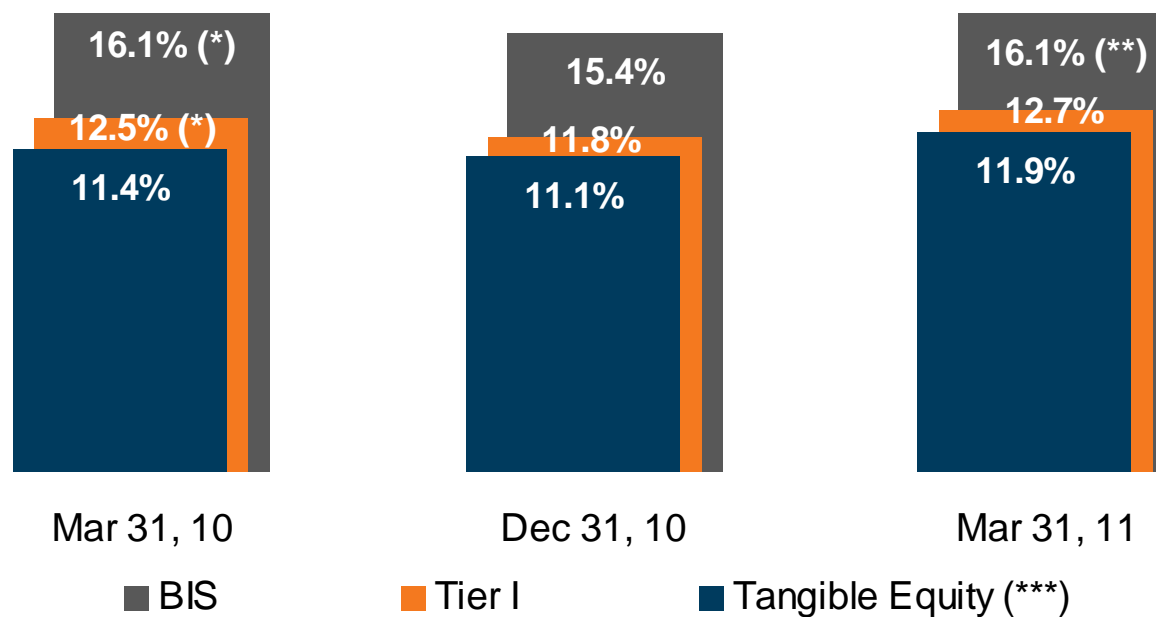
Efficiency Ratio and Risk-Adjusted Efficiency Ratio



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

BIS Ratio

Evolution of BIS Ratio, Tier I and Tangible Capital



(*) For comparison purposes, we disregarded the benefit of including the additional provision that prevailed at that time on the calculation of the ratios. In March 2010, the BIS ratio was 17.3% and the Tier I ratio was 13.8%.

(**) An issue of subordinated debt is pending approval from the Central Bank of Brazil in order to comprise the Tier II of Referential Equity, which at March 31, 2011 represents the amount of R\$ 2,647 million. Should we consider these issues, the Basel ratio would stand 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.

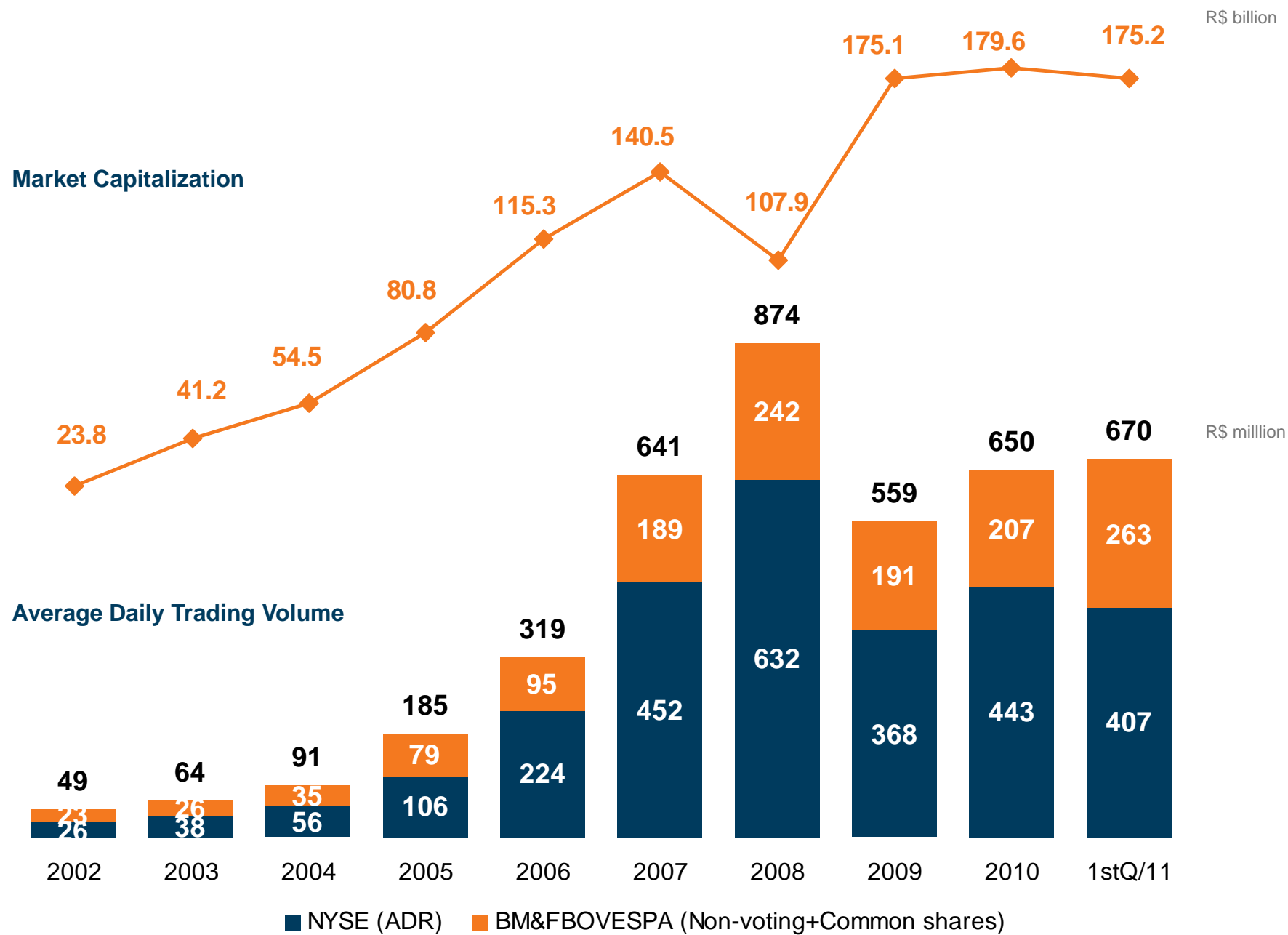
Segmentation Highlights Pro Forma

R\$ million

	Commercial Bank	Itaú BBA	Consumer Credit	Treasury + Corporation	Itaú Unibanco
1st Quarter 2011					
Recurring Net Income	2,331	665	425	218	3,638
Economic Allocated Capital	22,821	8,882	10,314	21,714	63,731
RAROC in the quarter (% p.y.)	42.8%	24.6%	18.6%	4.2%	23.4%
Efficiency Ratio (ER)	48.5%	37.2%	54.6%	21.3%	47.8%
Total Assets (*)	558,703	198,621	94,108	57,942	778,472
4th Quarter 2010					
Recurring Net Income	1,792	892	556	159	3,400
Economic Allocated Capital	20,750	12,722	7,911	19,495	60,879
RAROC in the quarter (% p.y.)	35.1%	28.6%	29.2%	3.4%	23.0%
Efficiency Ratio (ER)	53.1%	40.7%	55.7%	43.6%	51.9%
Total Assets (*)	532,140	209,988	92,125	66,413	750,340

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

Market Capitalization and Average Daily Trading Volume



Conference Call about 1st Quarter 2011 Earnings Results

Alfredo Egydio Setubal
Investor Relations Officer

May | 04 | 2011

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