

Conference Call about 2010 Earnings Results

Roberto Egydio Setubal
President & CEO

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Itaú Unibanco Holding S.A.



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2011

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Highlights

1. Results:

- Recurring net income reached R\$ 3.4 billion in the fourth quarter (23.0% ROE) and R\$ 13.0 billion for the year (23.5% ROE);
- Net income was R\$ 3.9 billion in the fourth quarter (26.3% ROE) and R\$ 13.3 billion for 2010 (24.1% ROE).

2. Loan Portfolio Growth:

- The loan portfolio totaled R\$ 335.5 billion, a 7.1% increase quarter-on-quarter and 20.5% from 2009.

R\$ million

	Dec 31,10	Dec/10 - Sep/10	Dec/10 - Dec/09
Individuals	127,128	7.3%	18.3%
Companies	193,951	7.1%	21.8%
Argentina/Chile/Uruguay/Paraguay	14,397	6.3%	23.0%
Total with endorsements and sureties	335,476	7.1%	20.5%
Total with endorsements, sureties and private bonds (*)	351,074	7.5%	21.5%

(*) Includes debentures, CRI and commercial paper.

3. Financial Margin with Clients and Banking Service Fees:

- Financial margin with clients added up R\$ 11.0 billion, a 6.5% increase from the prior quarter. For the year, the growth was 9.4%;
- Banking service fees increased 2.8% quarter-on-quarter, totaling R\$ 4.6 billion, and 15.1% for the year, reaching R\$ 17.5 billion.

Highlights

4. NPL and Result of Loan Losses:

- NPL 90 days reached 4.2% at the end of 2010, a 10 bps improvement from the last quarter and 140 bps year-on-year;
- In 2010, the lower expense for allowance for loan losses and higher income from recovery of credits written off as losses led to a R\$ 11.7 billion in result of loan losses (17.7% decrease for the year).

5. Non-Interest Expenses:

- Non interest-expenses grew 8.2% compared to prior quarter, reaching R\$ 8.6 billion, and 10.0% from 2009, amounting to R\$ 30.7 billion;
- Disregarding Redecard, Porto Seguro, expansion and migration, expenses grew 3.3% for the year, reaching R\$ 27.7 billion.

6. Total Funds (Free, Raised and Managed Assets):

- We exceeded this quarter the milestone of R\$ 1.0 trillion.

7. Additional Provisions for Loan and Lease Losses:

- New methodology aligns with the model of expected loss, contemplating the BIS II concepts, and excludes the counter-cyclical provision in which, by BIS III, is covered by capital;
- New criteria implicated in an additional provision of R\$ 4.5 billion, resulting in a reversal of R\$ 1.6 billion in the non recurring result.

Non Recurring Effects – Net of Taxes

R\$ million

	4 th Q/10	3 rd Q/10	2010	2009
Recurring Net Income (1)	3,400	3,158	13,023	10,491
Partial reversal of additional provision for loan losses (a)	1,038	-	1,038	-
Sale of investments (b)	-	-	-	228
Program for Settlement or Installment Payment of Federal Taxes- Law No.11,941/09 (c)	-	-	145	292
Provision for contingencies – economic plans (d)	(132)	(124)	(467)	(191)
Amortization of goodwill (e)	-	-	-	(753)
Fiscal Contingencies (f)	(380)	-	(380)	-
Benefits to Employees - Technical Pronouncements CPC 33 (g)	(35)	-	(35)	-
Total Non-Recurring Effects (2)	490	(124)	300	(424)
Net Income (1 + 2)	3,890	3,034	13,323	10,067

Non-recurring events of the years 2010 and 2009

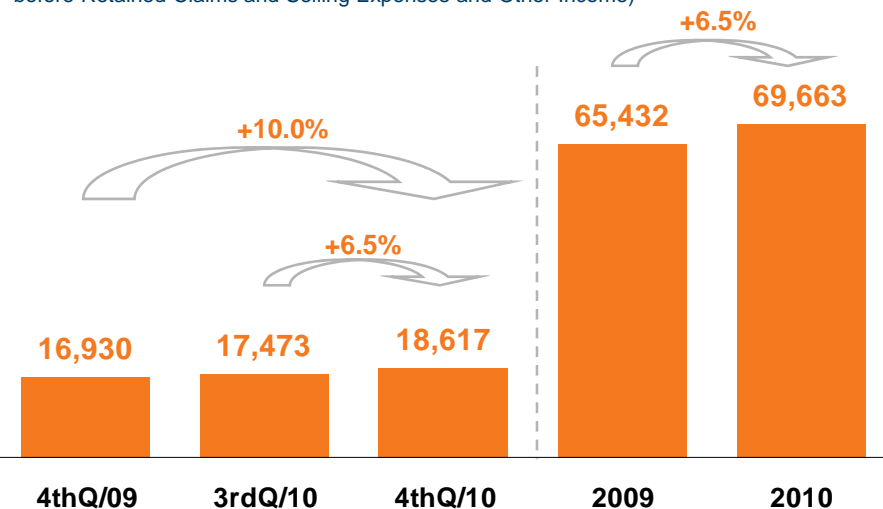
- (a) Partial reversal of Additional Provision for Loan Losses** that started to reflect the model of expected loss adopted in the institution's credit risk management, based on the broad concept of BIS II, which considers the potential loss for revolving credits. This model replaces the former one, which contained, besides expected loss, the concept of countercyclical provision, which is treated as a capital cushion according to the BIS III precepts. The adoption of this model resulted in a R\$ 1,573 million provision reversal on the fourth quarter 2010, and an additional provision of R\$ 4,531 million in relation to the minimum required by the Brazilian Central Bank.
- (b) Sale of Investments** in Visa Inc. and Visa Net companies on the second quarter of 2009, and Allianz company on the fourth quarter of 2009.
- (c) Program for Cash or Installment Payment of Federal Taxes- Law No.11,941/09** that included the debt administered by the Federal Revenue Service of Brazil and by the General Attorney's Office of the National Treasury.
- (d) Provision for Contingencies-Economic Plans**, resulting from economic plans that were effective on the 1980's.
- (e) Amortization of goodwill**, referring basically to the acquisition of Redecard shares on the first quarter of 2009 and amendment to the agreement on the association with Companhia Brasileira de Distribuição (CBD) on the third quarter of 2009.
- (f) Fiscal contingencies** related to non recurring effects.
- (g) Benefits to Employees - Technical Pronouncements CPC 33** that impacted the income statement of 2010.

Highlights

R\$ million

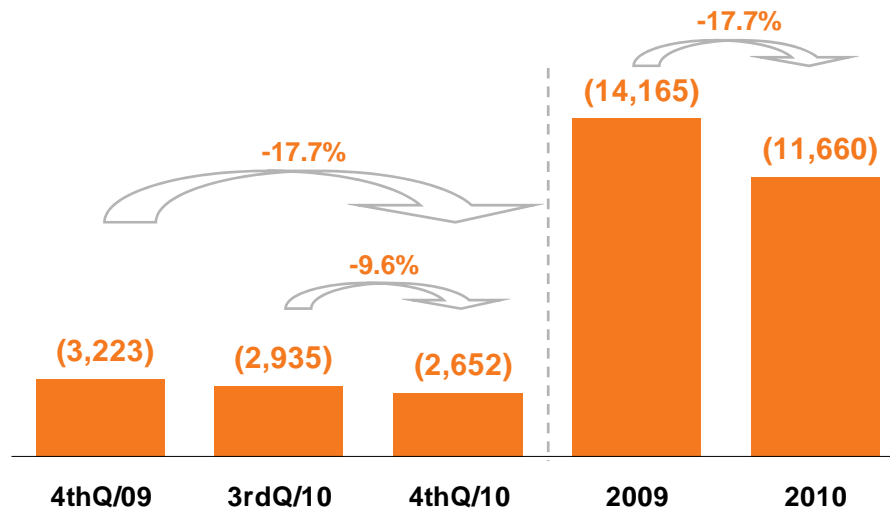
Managerial Financial Margin Plus Banking Service Fees

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



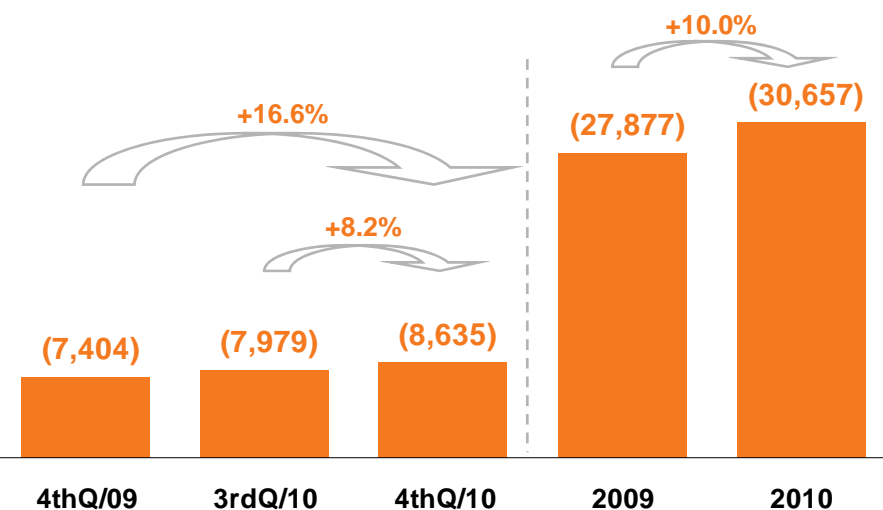
Result from Loan Losses

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

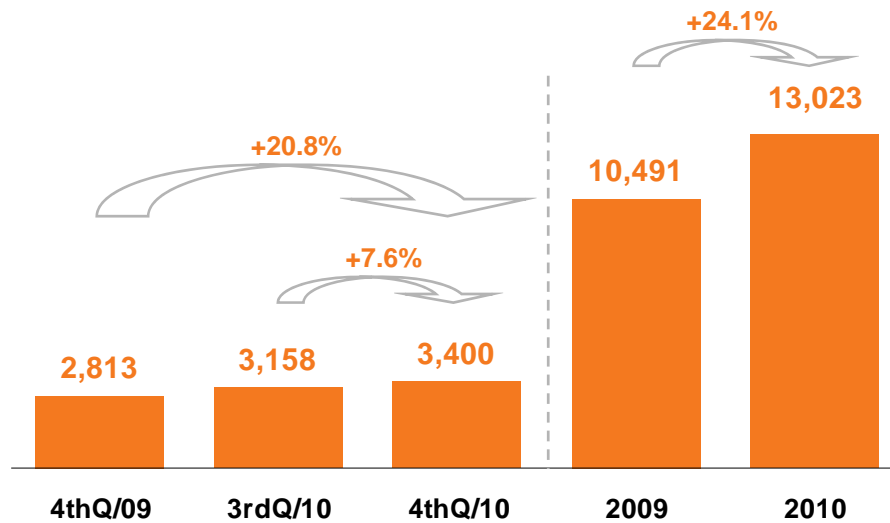


Non-interest Expenses

(Personnel, Administrative, Operating and Other Tax Expenses)

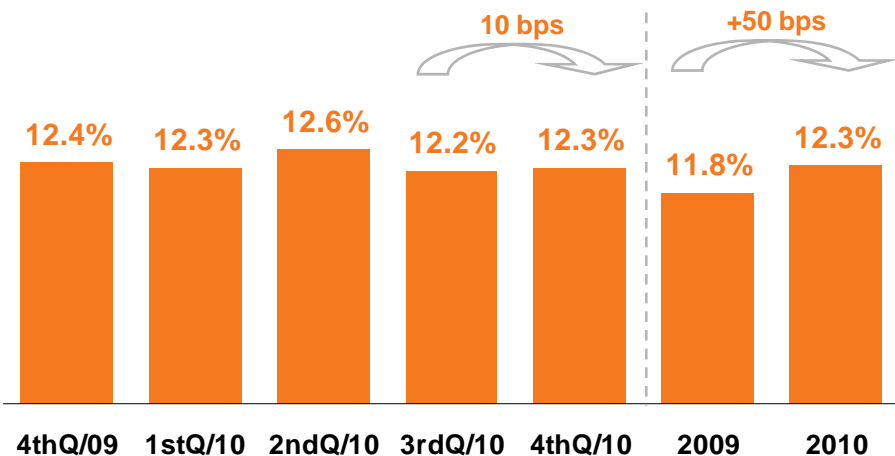


Recurring Net Income

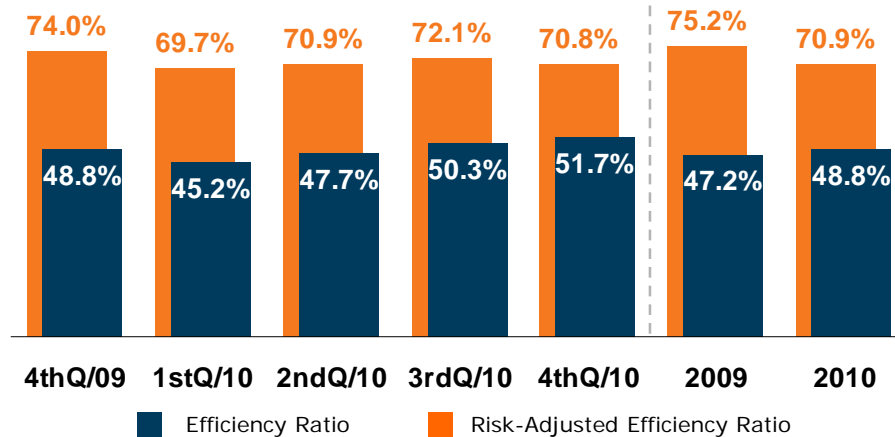


Highlights

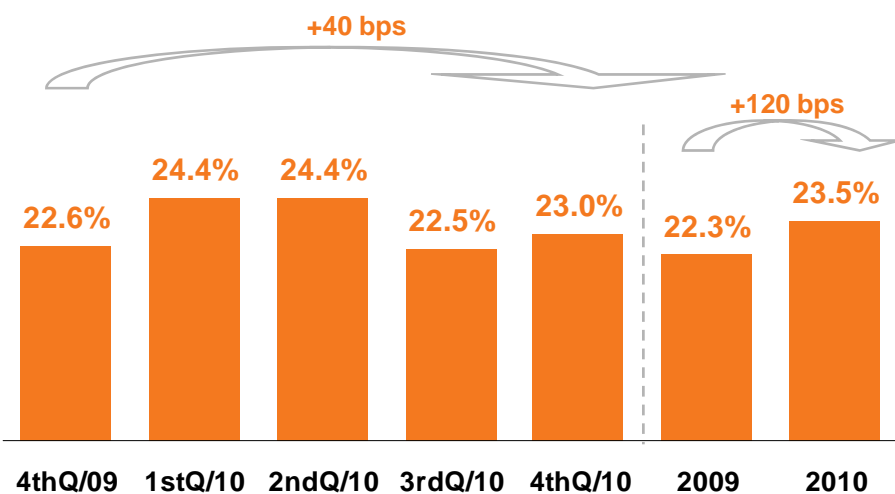
Net Interest Margin (with Clients)



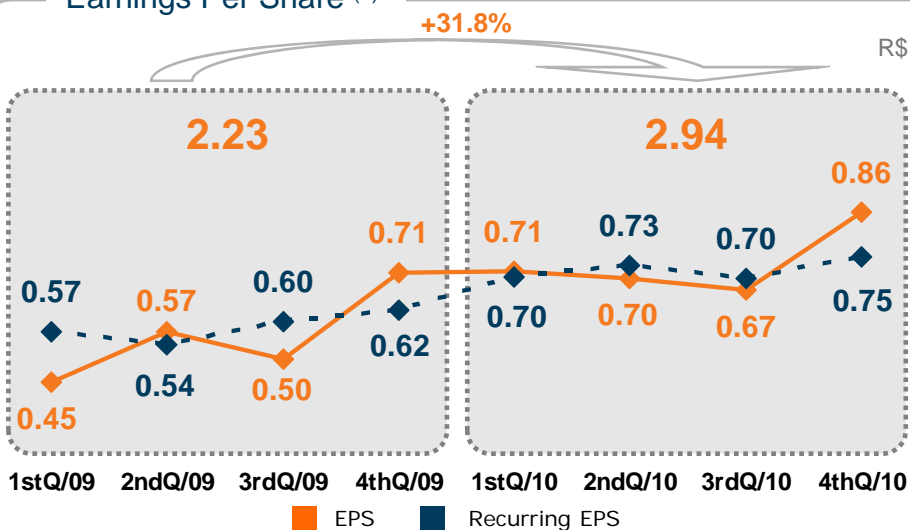
Efficiency Ratio



Recurring ROE (average)



Earnings Per Share (1)

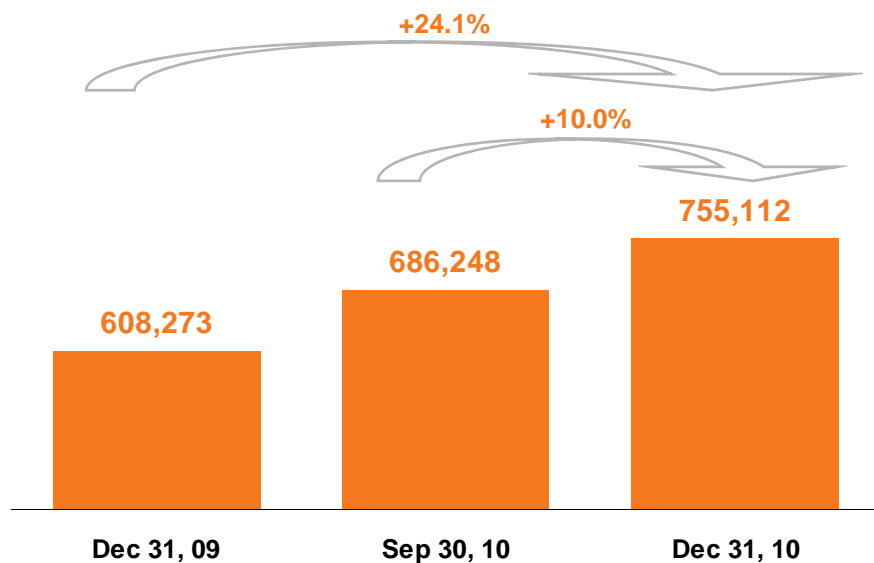


(1) The number of shares outstanding was adjusted to reflect the 10% share bonus that occurred on August 28, 2009.

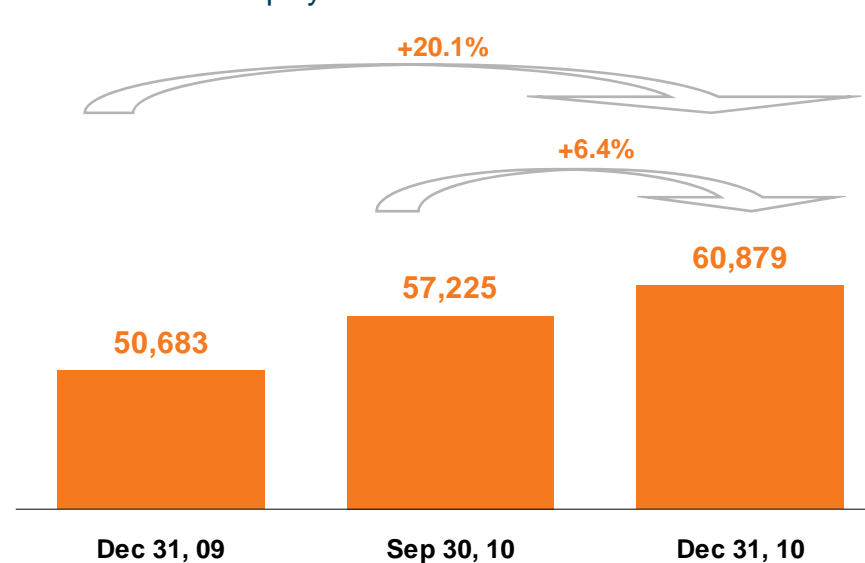
Highlights

R\$ million

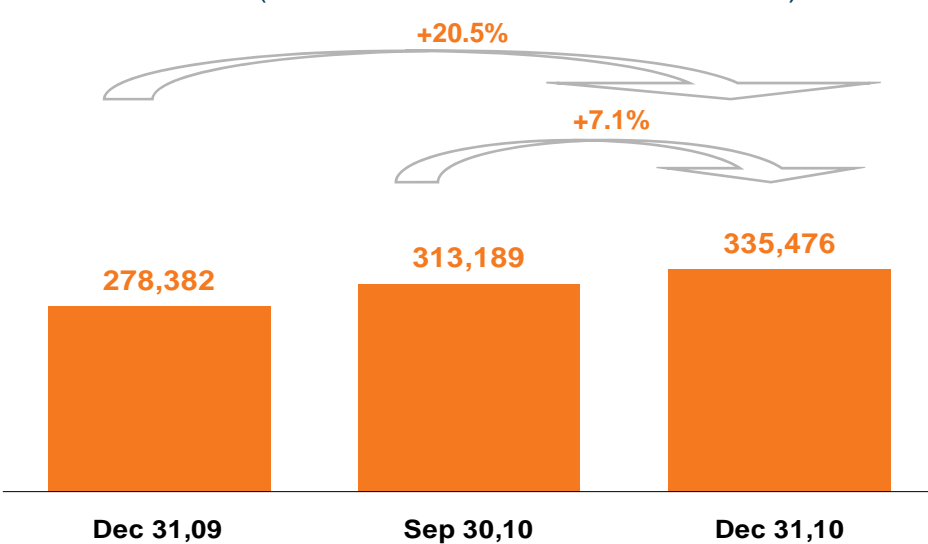
Assets



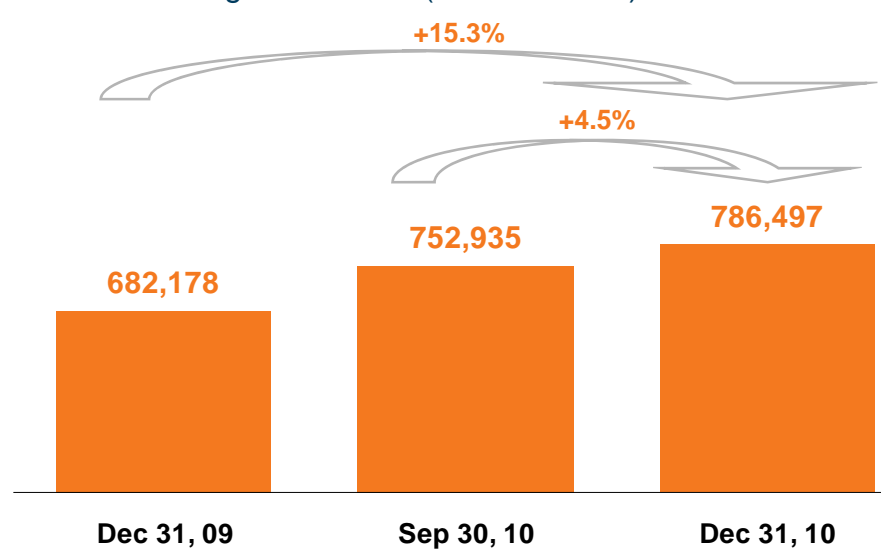
Stockholders' Equity



Loan Portfolio (Includes Endorsements and Sureties)



Total Funding with Clients (includes AUM)



Itaú Unibanco - Results

R\$ million

	4 th Q/10	3 rd Q/10	4 th Q/10 – 3 rd Q/10	2010	2009	2010 – 2009
Managerial Financial Margin Plus Banking Service Fees	18,617	17,473	6.5%	69,663	65,432	6.5%
Financial Margin with Clients	10,964	10,298	6.5%	40,633	37,127	9.4%
Financial Margin with Market	1,214	906	33.9%	4,029	5,621	-28.3%
Banking Service Fees and Income from Banking Charges	4,591	4,465	2.8%	17,463	15,172	15.1%
Result from Insurance, Pension Plans and Capit. Operations before Retained Claims and Selling Expenses (*)	1,696	1,718	-1.3%	6,977	6,991	-0.2%
Other Operating Income	153	85	79.5%	561	521	7.6%
Loan Losses and Retained Claims	(3,346)	(3,624)	-7.7%	(14,535)	(17,370)	-16.3%
Expense for Allowance for Loan Losses (**)	(3,982)	(4,069)	-2.1%	(15,936)	(18,086)	-11.9%
Reversal / (Increase) of Additional Provision for Loan Losses	-	-	-	-	1,687	-
Recovery of Credits Written Off as Losses (**)	1,330	1,134	17.3%	4,276	2,234	91.4%
Retained Claims	(694)	(689)	0.6%	(2,875)	(3,205)	-10.3%
Other Operating Income/(Expenses)	(11,871)	(10,690)	11.0%	(42,104)	(37,572)	12.1%
Non-interest Expenses	(8,635)	(7,979)	8.2%	(30,657)	(27,877)	10.0%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,137)	(913)	24.5%	(3,885)	(3,468)	12.0%
Other Results (***)	(2,100)	(1,798)	16.8%	(7,562)	(6,226)	21.5%
Recurring Net Income	3,400	3,158	7.6%	13,023	10,491	24.1%
Non-recurring Events	490	(124)	-	300	(424)	-
Net Income	3,890	3,034	28.2%	13,323	10,067	32.3%

(*) Considers Itaú Seguros de Auto e Residência S.A. until the third quarter of 2009 and 30% of Porto Seguro as of the fourth quarter of 2009.

(**) In 2010, the result of loan losses totaled R\$ 11,660 million, a 17.7% reduction compared to last year. Disregarding the additional provision reversal in 2009, in the amount of R\$ 1,687 million, the annual evolution of the result of loan losses would have been 26.4%.

(***) 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

	Dec 31,10	Sep 30,10	Dec 31,09	Variation	
				Dec/10 - Sep/10	Dec/10 - Dec/09
Individuals	127,128	118,526	107,465	7.3%	18.3%
Credit Card	34,953	30,901	29,313	13.1%	19.2%
Personal Loans	23,918	23,265	20,627	2.8%	16.0%
Vehicles	60,190	57,334	52,276	5.0%	15.1%
Mortgage Loans	8,067	7,025	5,249	14.8%	53.7%
Companies	193,951	181,116	159,210	7.1%	21.8%
Corporate	110,793	104,411	95,832	6.1%	15.6%
Very Small, Small and Middle Market (*)	83,158	76,704	63,377	8.4%	31.2%
Argentina/Chile/Uruguay/Paraguay	14,397	13,548	11,708	6.3%	23.0%
Total with endorsements and sureties	335,476	313,189	278,382	7.1%	20.5%
Total Retail (**)	210,286	195,230	170,842	7.7%	23.1%
Corporate - Total Risk (***)	126,391	117,830	106,367	7.3%	18.8%
Endorsements and Sureties	38,374	34,155	32,431	12.4%	18.3%
Individuals	252	186	187	35.8%	34.7%
Corporate	34,111	30,238	29,150	12.8%	17.0%
Very Small, Small and Middle Market	3,123	2,962	2,414	5.4%	29.4%
Argentina/Chile/Uruguay/Paraguay	888	769	680	15.4%	30.6%

(*) Includes rural loans from individuals in the amount of R\$ 289 million as of Dec 31, 10, R\$ 302 million as of Sep 30, 10, and R\$ 348 million as of Dec 31, 09.

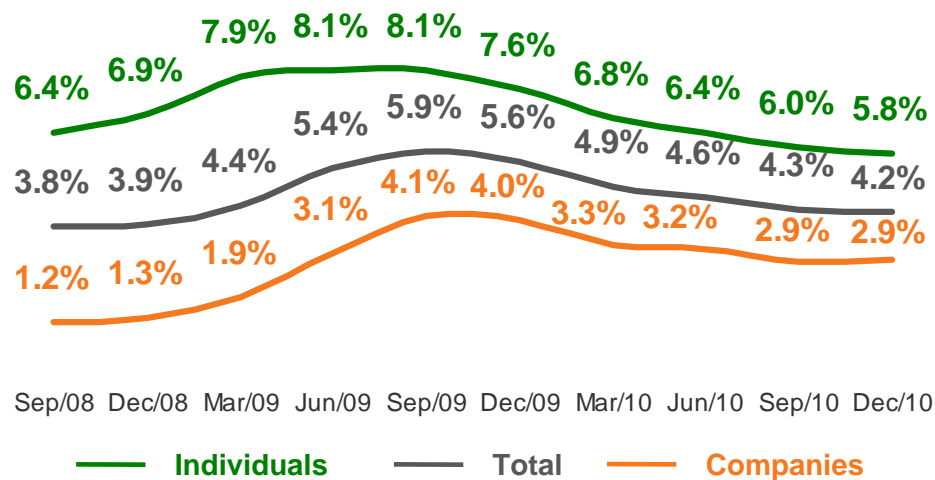
(**) Includes all individuals products and very small, small and middle market.

(***) Includes private bonds (debentures, CRI and commercial paper). Without considering the exchange rate variation, the growth would have been 7.6% in relation to Sep 30, 10, and 19.8% in relation to Dec 31, 09.

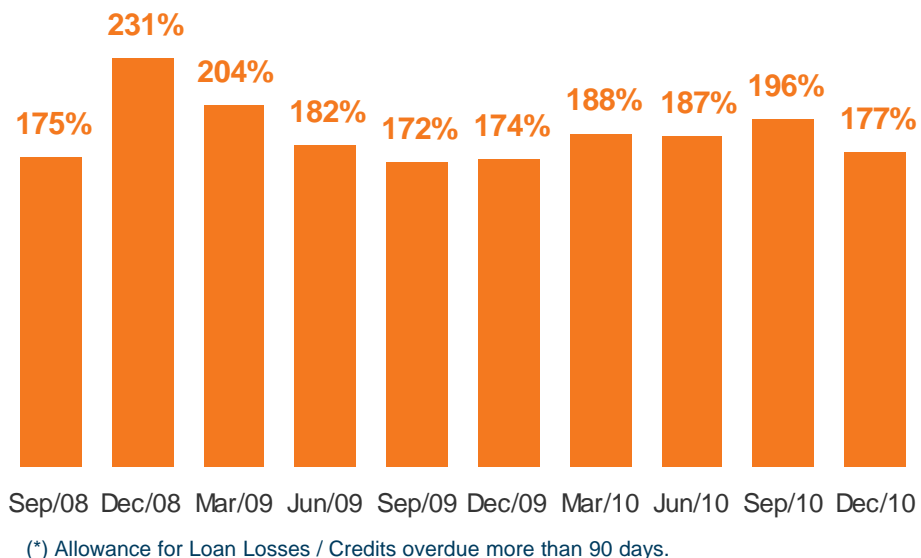
Note: The acquired payroll credit portfolio is considered as corporate risk, and to achieve comparability, the prior quarters were adjusted. Mortgage loans and rural loans portfolios from the businesses segment are allocated according to the client's size.

Credit Ratios

NPL Ratio (90 days)

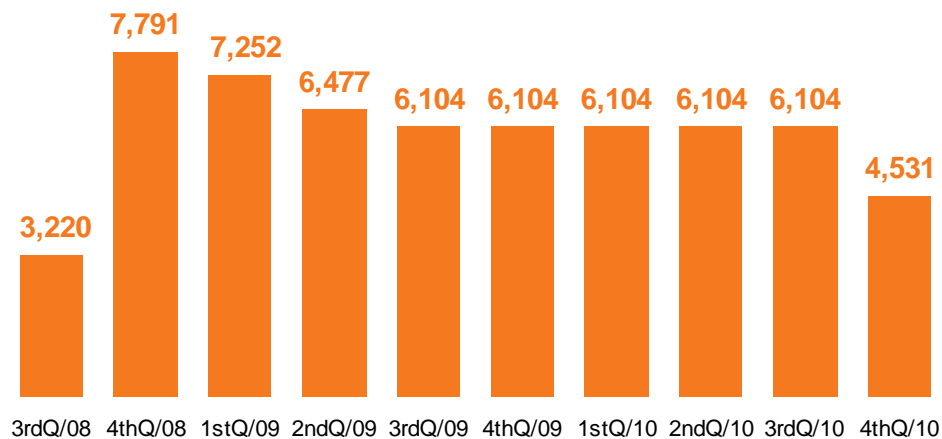


Coverage ratio (*) – 90 days

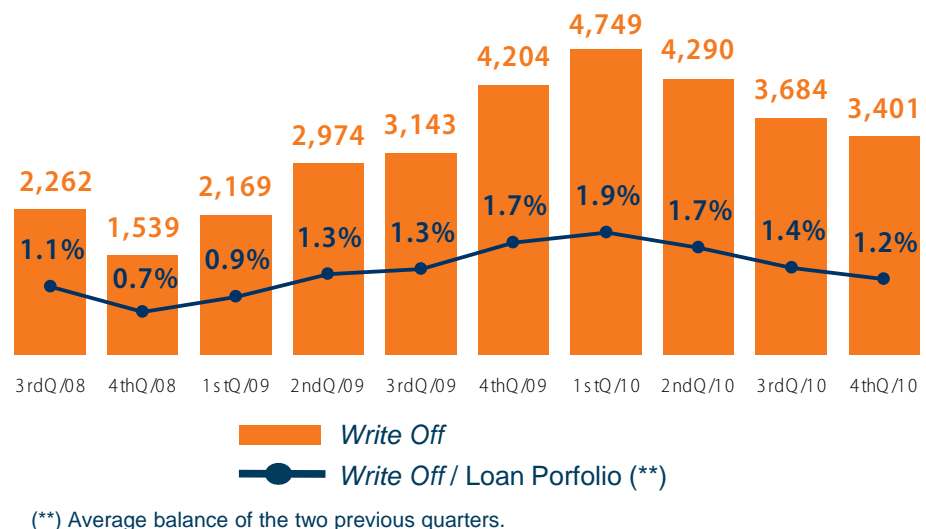


Additional Balance of Allowance for Loan Losses

R\$ million



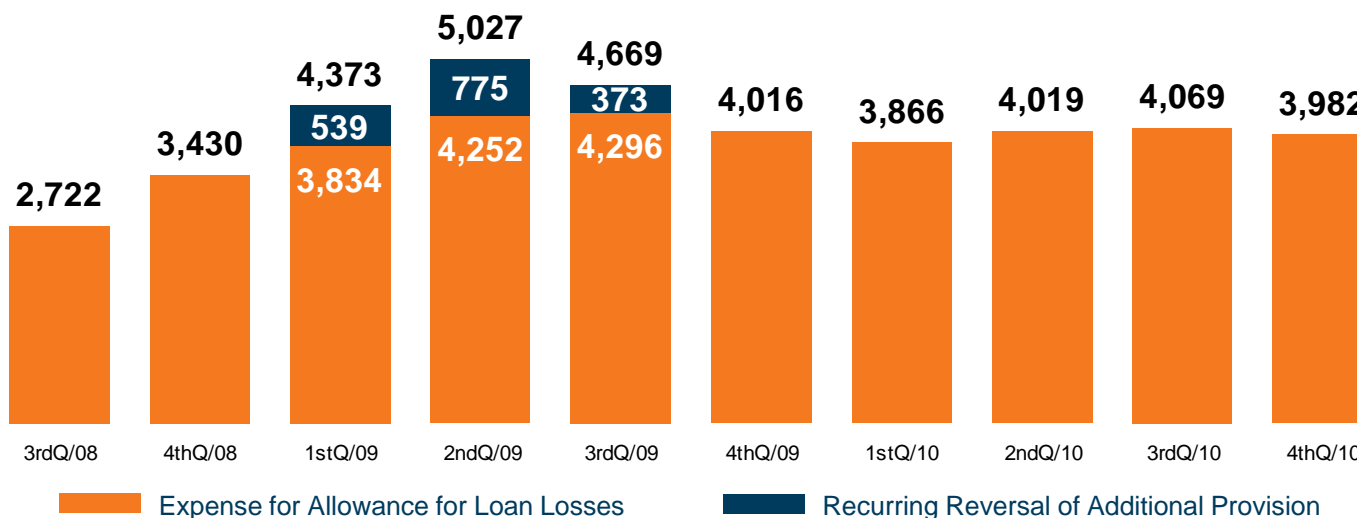
Write Off



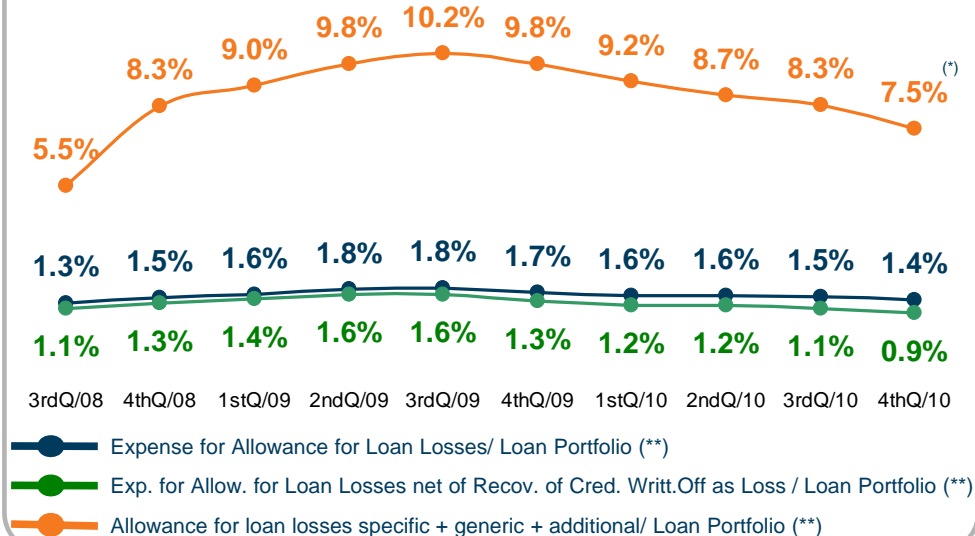
Credit Ratios

Evolution of Expense for Allowance for Loan Losses

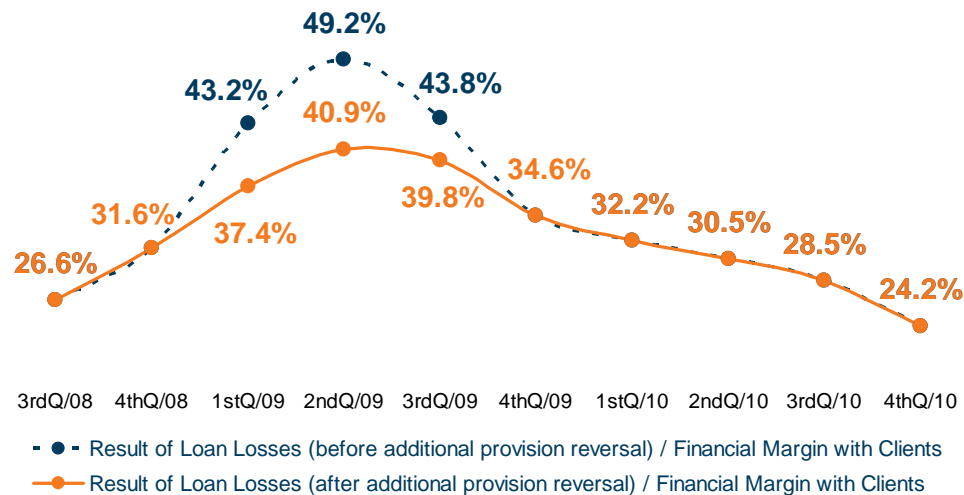
R\$ million



Allowance for Loan Losses



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



(*) There was a R\$ 1.6 billion of additional provision reversal, as described in item 7 of page 3.

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

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

Funding and Assets Under Management

R\$ million

	Dec 31, 10	Sep 30, 10	Dec 31, 09	Variation	
				Dec/10 - Sep/10	Dec/10 - Dec/09
Demand Deposits	25,661	28,461	25,240	-9.8%	1.7%
Savings Deposits	57,883	54,858	48,207	5.5%	20.1%
Time Deposits	113,468	106,011	102,494	7.0%	10.7%
Debentures (Repurchase Agreements) and Mortgage – Backed Notes (*)	103,715	94,066	69,642	10.3%	48.9%
Subtotal 1 – Funding from Account Holders Customers	300,728	283,397	245,582	6.1%	22.5%
Institutional Clients	16,982	14,104	20,217	20.4%	-16.0%
Onlending	31,689	28,862	22,356	9.8%	41.7%
Subtotal 2 – Funding from Institutional & Account Holders Customers	349,399	326,363	288,155	7.1%	21.3%
Assets under Management	363,818	357,495	333,869	1.8%	9.0%
Technical Provisions of Insurance, Pension Plans and Capitalization	61,365	58,490	52,404	4.9%	17.1%
Deposits from Banks	1,985	1,293	2,046	53.5%	-3.0%
Funds from Acceptance and Issuance of Securities Abroad	9,930	9,295	5,703	6.8%	74.1%
Total – Funding from Clients	786,497	752,935	682,178	4.5%	15.3%
Repurchase Agreements (**)	98,363	65,844	66,477	49.4%	48.0%
Borrowings	15,723	14,397	12,336	9.2%	27.5%
Foreign Exchange Portfolio	22,035	21,399	27,682	3.0%	-20.4%
Subordinated Debt	33,830	33,017	22,038	2.5%	53.5%
Collection and Payment of Taxes and Contributions	695	3,707	473	-81.2%	47.0%
Free Assets (***)	54,098	50,608	43,929	6.9%	23.2%
Free Assets and Other	224,743	188,972	172,936	18.9%	30.0%
Total Funds	1,011,241	941,907	855,113	7.4%	18.3%

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

(**) Does not include own issued Debentures.

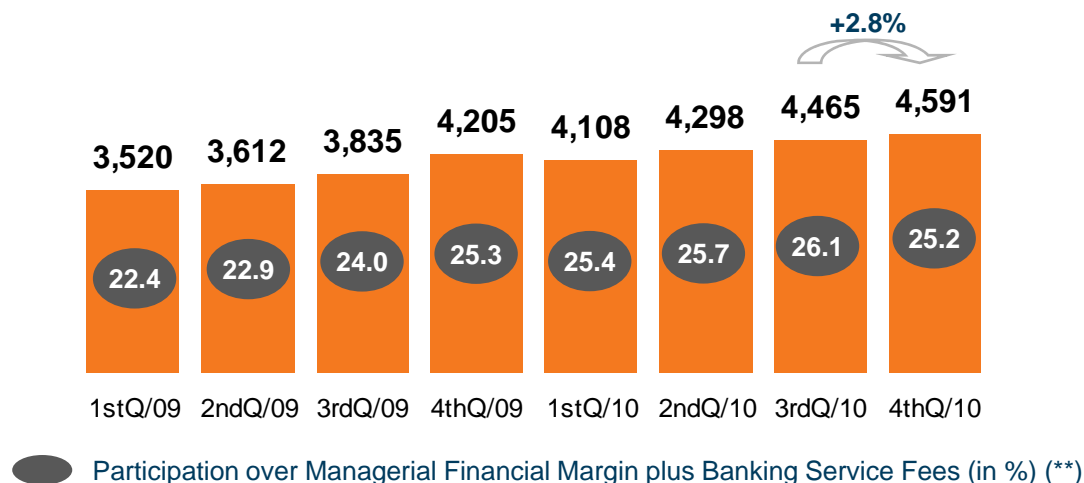
(***) Stockholders' Equity + Minority- Permanent Assets.

Banking Fees Revenues and Income from Banking Charges

R\$ million

	4 th Q/10	3 rd Q/10	4 th Q/10 – 3 rd Q/10	2010	2009	2010 - 2009
Asset Management	658	654	0.5%	2,526	2,249	12.3%
Current Account Services (*)	644	641	0.5%	2,473	2,147	15.2%
Loan Operations and Guarantees Provided	747	727	2.8%	2,804	2,414	16.1%
Collection Services	350	336	4.1%	1,325	1,205	10.0%
Credit Cards	1,705	1,720	-0.8%	6,606	5,761	14.7%
Other	487	386	26.0%	1,729	1,395	23.9%
Total	4,591	4,465	2.8%	17,463	15,172	15.1%

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 charged during the period of 2008.
 (**) Does not include selling expenses.

Non-Interest Expenses

R\$ million

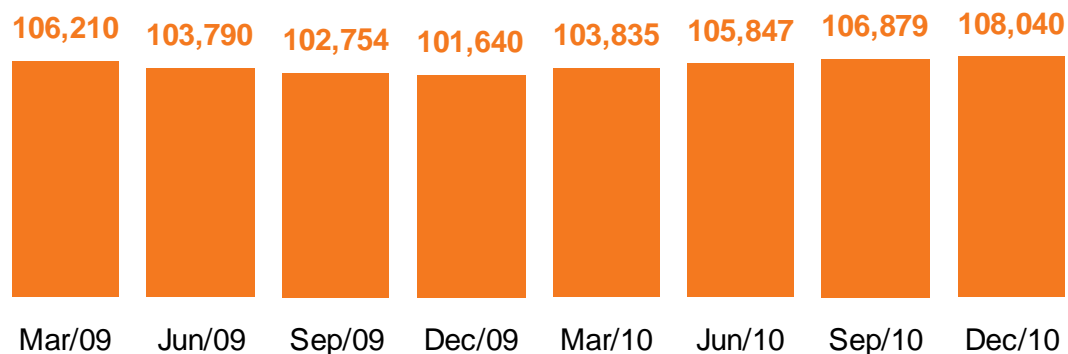
	4 th Q/10	3 rd Q/10	4 th Q/10 – 3 rd Q/10	2010	2009	2010 - 2009
Personnel Expenses	(3,355)	(3,346)	0.3%	(12,769)	(12,092)	5.6%
Administrative Expenses	(3,988)	(3,738)	6.7%	(14,038)	(11,593)	21.1%
Operating Expenses (*)	(1,218)	(809)	50.6%	(3,526)	(3,849)	-8.4%
Other Tax Expenses (**)	(74)	(86)	-13.7%	(323)	(344)	-6.1%
Non-Interest Expenses	(8,635)	(7,979)	8.2%	(30,657)	(27,877)	10.0%
(+) Redecard Expenses	321	309	3.6%	1,126	920	22.4%
(+) Porto Seguro Expenses (***)	138	125	9.7%	486	112	-
(+) New Points of Sale Expenses	178	183	-2.8%	482	-	-
(+) Branches' Migration Expenses	135	406	-66.7%	835	-	-
Non-Interest Expenses without Redecard, Porto Seguro, New Points of Sale Openings and Branches' Migration effects.	(7,863)	(6,956)	13.0%	(27,727)	(26,846)	3.3%
(+) Consumption of Integration Expenditures	(311)	(209)	48.9%	(843)	(488)	72.9%
Non-Interest Expenses without Redecard, Porto Seguro, New Points of Sale Openings, Branches' Migration effects and Reestruturation Provisions	(8,175)	(7,165)	14.1%	(28,570)	(27,333)	4.5%

(*) In the fourth quarter of 2010 there was atypical events related to provisions reinforcements, primarily, totaling approximately R\$ 166 million.

(**) PIS, Cofins and ISS not included.

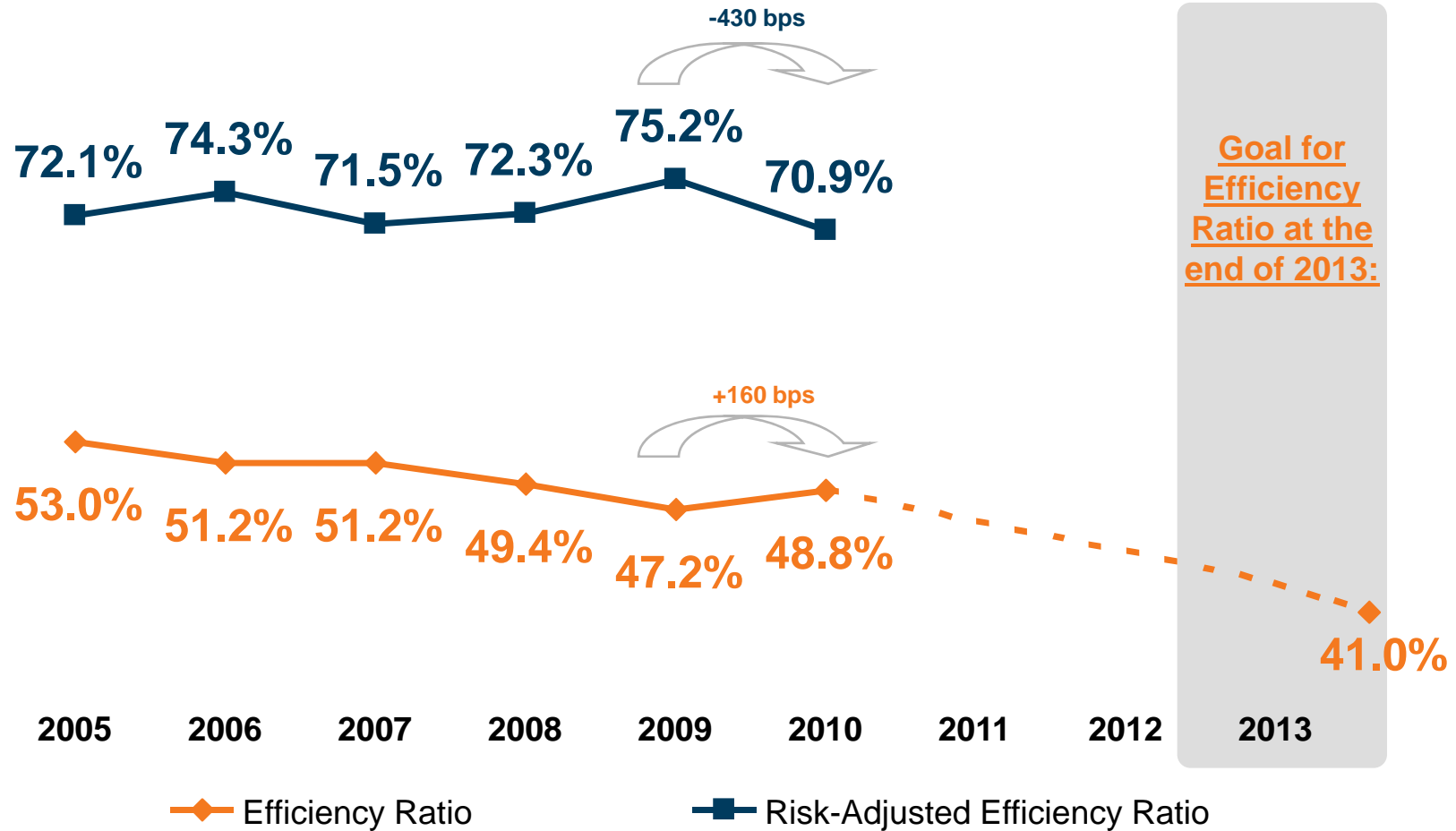
(***) For 2009, only refers to the fourth quarter.

Evolution of the Number of Employees

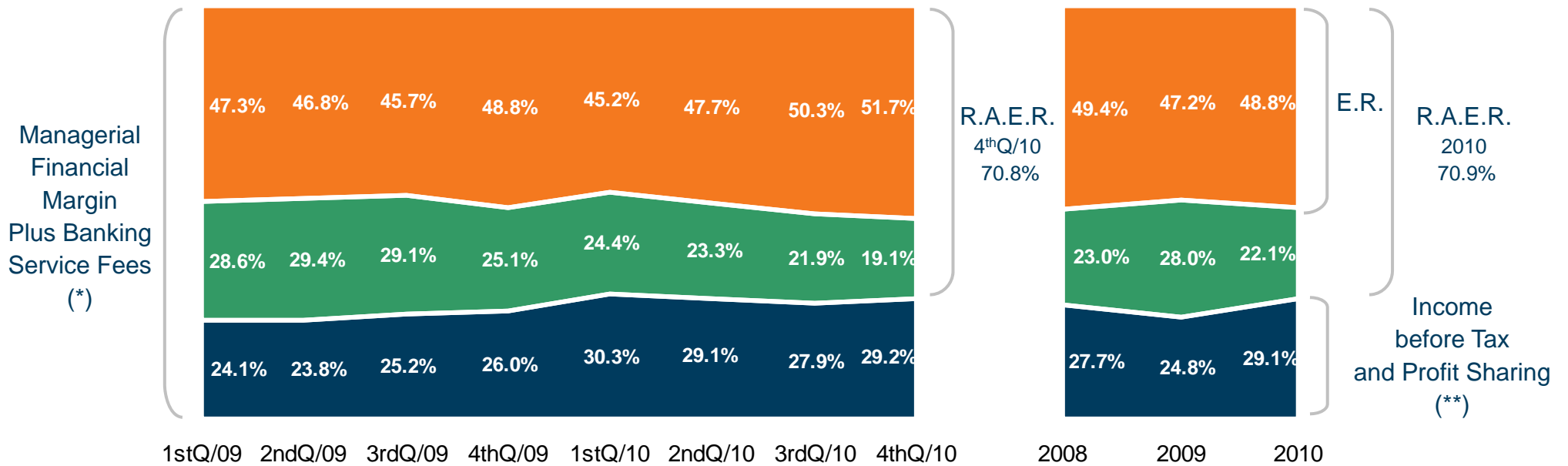
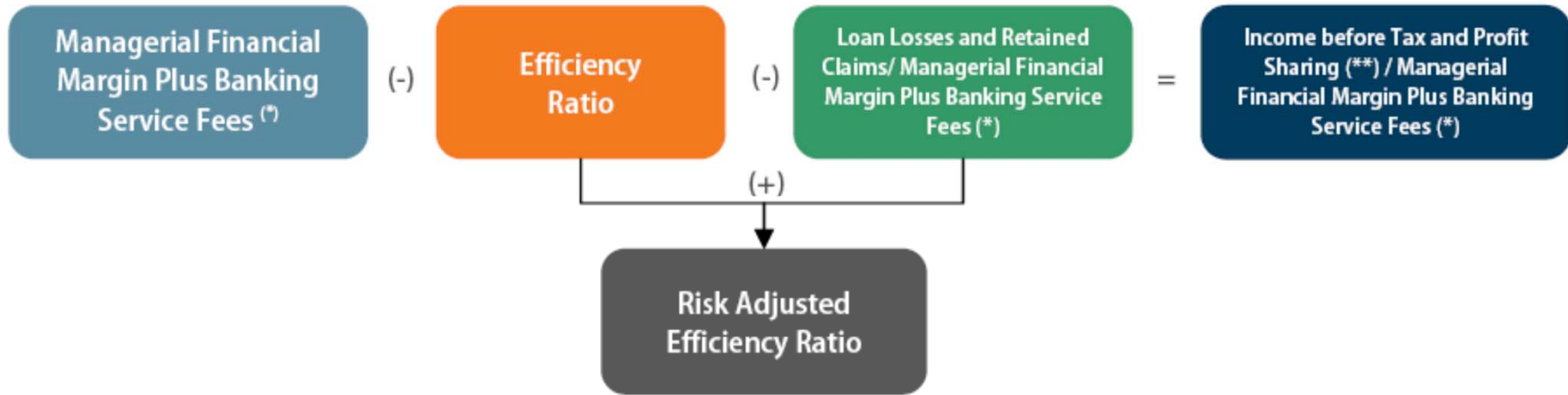


Evolution of Efficiency Ratio since 2005

Efficiency Ratio and Risk-Adjusted Efficiency Ratio



Usage of Managerial Financial Margin Plus Banking Service Fees

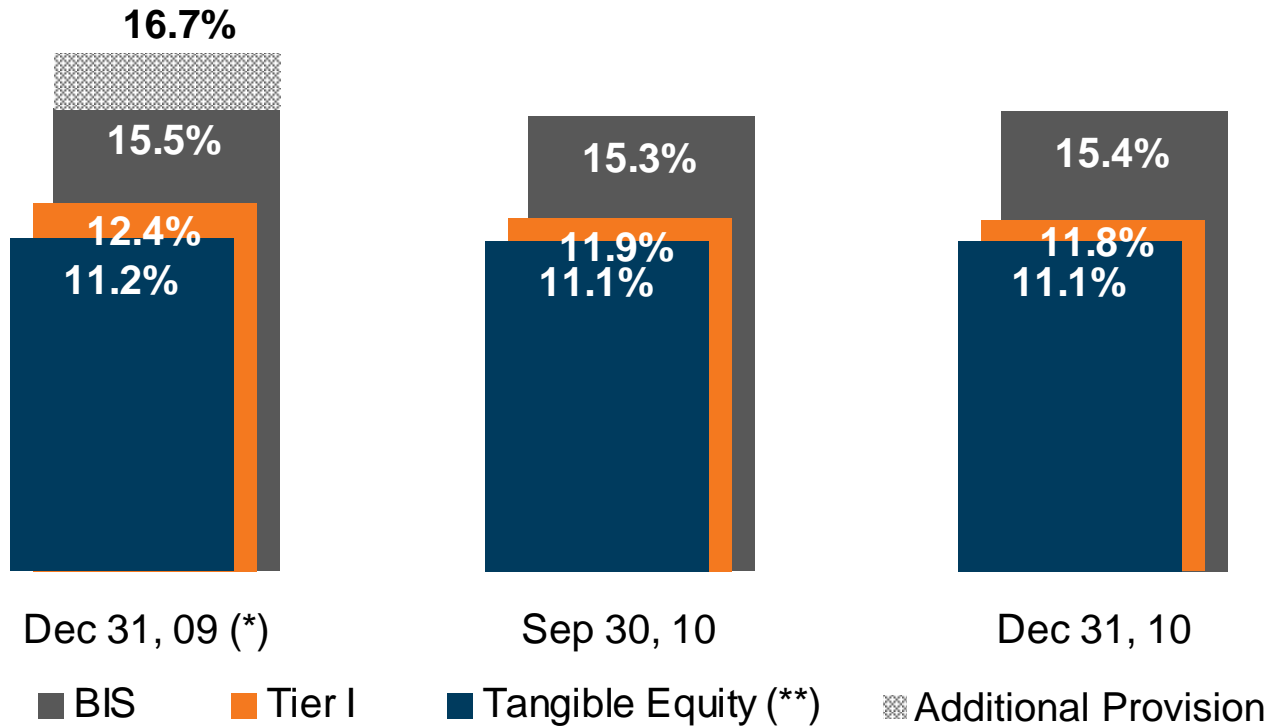


(*) Net of Tax Expenses for ISS, PIS and Cofins and Others.

(**) Does not include Equity in Earnings of Affiliates and Other Investments and Non-operating Income.

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 December 2009, the BIS ratio was 16.7% and the Tier I ratio was 13.7%.

(**) 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

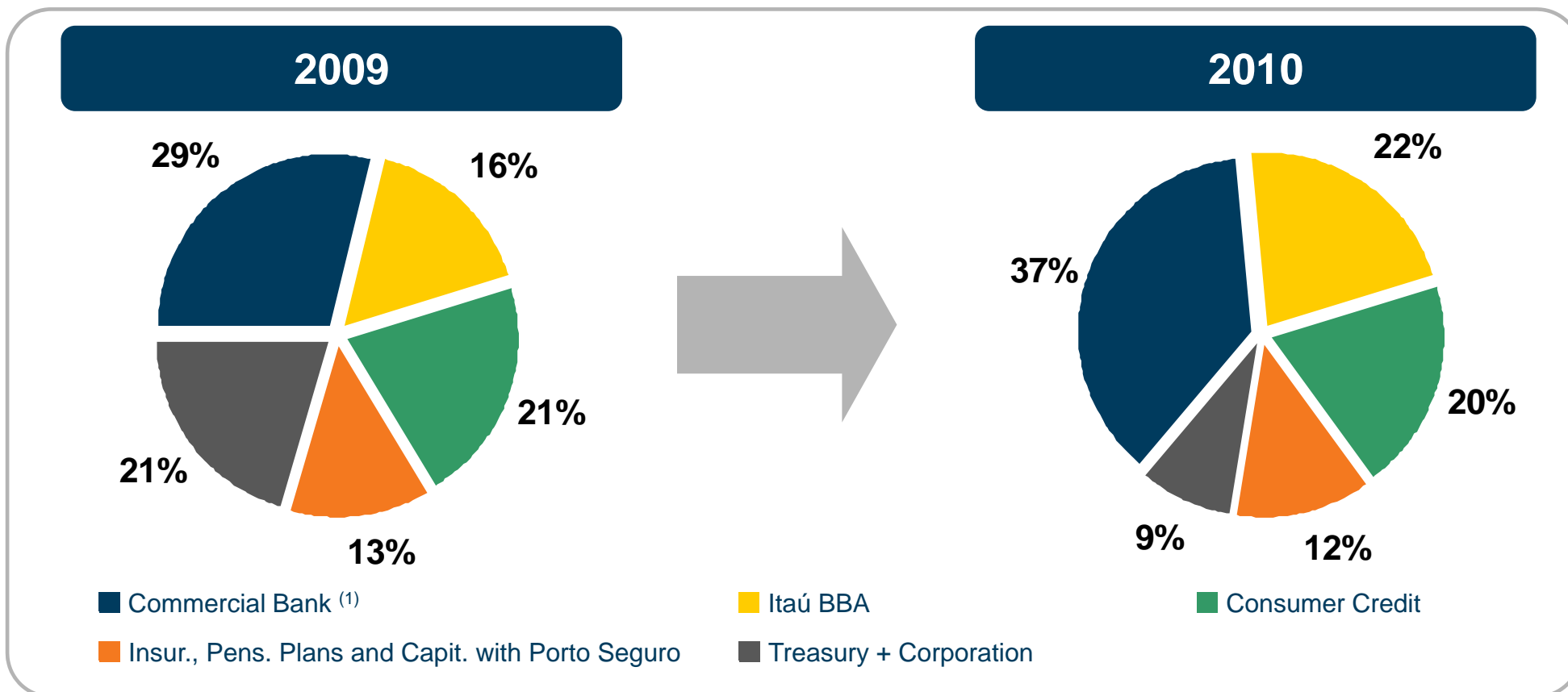
R\$ million

	Commercial Bank	Itaú BBA	Consumer Credit	Corporation + Treasury	Itaú Unibanco
4th Quarter 2010					
Recurring Net Income	1,792	892	556	159	3,400
Allocated Capital	20,750	12,722	8,206	19,201	60,879
RAROC in the quarter (% p.y.)	35.1%	28.6%	28.6%	3.5%	23.0%
Efficiency Ratio (ER)	53.1%	40.7%	56.0%	43.6%	51.7%
Total Assets (*)	531,903	209,988	93,829	69,719	755,112
3rd Quarter 2010					
Recurring Net Income	1,483	789	631	255	3,158
Allocated Capital	20,120	12,253	7,344	17,508	57,225
RAROC in the quarter (% p.y.)	31.7%	26.1%	33.7%	5.7%	22.5%
Efficiency Ratio (ER)	54.3%	35.7%	49.5%	38.3%	50.3%
Total Assets (*)	487,814	197,127	85,772	59,452	686,248

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

Itaú Unibanco Net Income Composition

R\$ billion



Insurance, Pension Plans and Capitalization (2)			
	2009	2010	Variation
Earnings (3)	7.5	7.6	0.8%
Claims	(3.0)	(2.6)	-13.0%
Selling Expenses	(1.8)	(1.9)	4.7%
Technical Result (4)	2.8	3.1	13.0%

Market (5)			
	2009 % Share	2010 % Share	
Earnings (3)	43.5	50.0	15.2%
Claims	(21.2)	(22.9)	11.3%
Selling Expenses	(9.6)	(11.5)	16.6%
Technical Result (4)	12.7	15.6	19.9%

(1) Does not include Insurance, Pension Plans and Capitalization. (2) Considers Itaú Seguros de Auto e Residência S.A. until the third quarter of 2009 and 30% of Porto Seguro as of the fourth quarter of 2009 (except Health). Does not include Itaú Saúde (Health). (3) Considers Earned Premiums, Pension Plans Contributions and Capitalization Fees. (4) Together, Itaú Unibanco and Porto Seguro represent 28.0% of the Brazilian insurance market regulated by SUSEP. (5) Considers SUSEP.

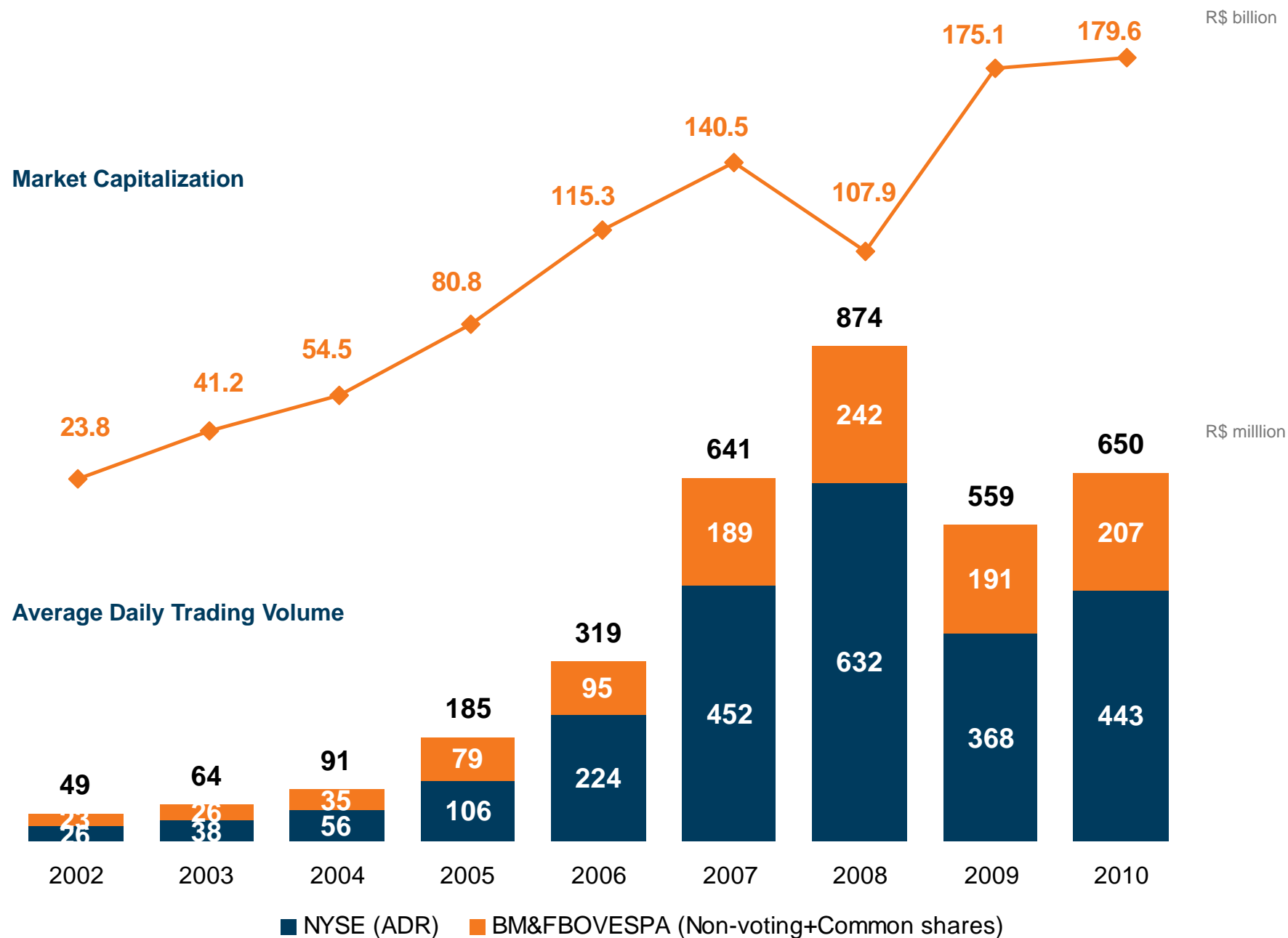
Insurance, Pension Plans and Capitalization ⁽¹⁾

R\$ billion

	Ranking ⁽⁴⁾		Market 2010	
	2010	2009	Total ⁽⁵⁾	Technical ⁽⁶⁾ Result
Insurance ⁽²⁾ – Earned Premiums	1st Position	1st Position	44.8	11.9
Individuals ⁽³⁾	2 nd Position	2 nd Position	13.9	5.4
Large Risks + SME	1 st Position	1 st Position	4.3	1.3
Extended Warranty	1 st Position	1 st Position	1.5	0.2
Automobile	Porto Seguro is Leader	4 th Position	18.6	3.0
Residential	Porto Seguro is Leader	1 st Position	1.1	0.4
Pension Plans – Technical Provisions	2nd Position	2nd Position	218.4	2.6
Capitalization – Technical Provisions	3rd Position	3rd Position	17.3	1.2
Health – Earned Premiums	7th Position	8th Position		

(1) Includes 30% of Porto Seguro as of October, 09. (2) In the total earned premiums includes other insurance segments not demonstrated. (3) Includes Life, Personal Accidents and Borrowers. (4) Data published by SUSEP referring to 2009 and 2010 accumulated figures and data by ANS referring to Sep/10 and Sep/09 accumulated figures. (5) For insurance, calculated based on earned premiums and for pension plans and capitalization based on technical provisions. (6) Technical Result of: Insurance = Earned Premiums (-) Claims (-) Selling Expenses; Pension Plans = Carrying (+) Asset Management Fee (+) Risk Coverage Result (-) Selling Expenses; Capitalization = Carrying (-) Selling Expenses.

Market Capitalization and Average Daily Trading Volume



Expectations for 2010

	Real Figures	
1. Individuals Credit growth: 15% to 19% (19% to 23% ⁽¹⁾ ⁽²⁾)	16.4% (18.9%)	✓
2. Companies Credit growth: 15% to 19% (24% to 28% ⁽¹⁾)	22.5% (24.1%)	✓
2.1. SMEs Credit growth: 19% to 23% (26% to 30% ⁽¹⁾)	31.6% (33.4%)	✓
3. NPL decrease from current levels: -50 bps to -100 bps	140 bps	✓
4. Banking Services Fees growth: 10% to 15%	15.1%	✓
5. Non-Interest Expenses excluding Redecard and Porto Seguro: 3% to 5% growth	8.2%	✗
5.1. Non-Interest Expenses excluding expansion costs (new points of sales), Redecard and Porto Seguro: 0% to 3% growth	3.3%	✗

(1) Non-overdue operations and operations overdue up to 60 days, ie, loans that generate revenues on the accrual basis. Does not include sureties and endorsements.

(2) Does not include acquired payroll credit portfolios.

Expectations for 2011

1. Credit growth: 16%–20% (*)

2. A Slight Increase in NPL Levels

3. Banking Services Fees growth: 14–16%

4. Non-Interest Expenses growth: 10%–13%

5. A 250 Basis Points Improvement in the Efficiency Ratio

(*) Does not include endorsements and sureties.

Conference Call about 2010 Earnings Results

Roberto Egydio Setubal
President & CEO

Feb | 23 | 2011

Itaú Unibanco Holding S.A.

