

Itaú Unibanco Holding S.A.



Executive Summary

2nd Quarter 2009

Executive Summary

Second Quarter of 2009

The table below shows selected information and performance indicators of Itaú Unibanco Holding S.A.(*). The result and balances of the second quarter of 2008 and from the first half of 2008, correspond to the sum of the results and balances obtained by Itaú and Unibanco in those periods.

Highlights - Managerial Criteria

R\$ million (except where indicated)

Statements of Income	2 nd Q/09	1 st Q/09	2 nd Q/08	1 st H/09	1 st H/08
Net Income – Parent Company	2,571	2,015	2,797	4,586	5,582
Recurring Net Income	2,429	2,562	2,836	4,990	5,555
Managerial Financial Margin (1)	10,561	10,570	8,812	21,131	17,131
Shares (R\$)					
Consolidated Net Income per share (2)	0.63	0.49	0.68	1.12	1.36
Consolidated Recurring Net Income per share (2)	0.59	0.63	0.69	1.22	1.36
Number of Outstanding Shares – in thousands (2)	4,107,588	4,098,645	4,096,634	4,107,588	4,096,634
Book Value per share	11.51	10.98	10.51	11.51	10.51
Dividends/JCP net of taxes (3) (R\$ Million)	729	769	1,007	1,497	1,717
Dividends/JCP net of taxes (3) per share	0.18	0.19	0.25	0.36	0.42
Market Capitalization (4) (R\$ Million)	128,034	105,950	123,396	128,034	123,396
Market Capitalization (4) (US\$ Million)	65,604	45,763	77,515	65,604	77,515
Performance Ratios (%)					
Return on Average Equity – Annualized (5)	22.3%	18.2%	26.5%	20.2%	26.7%
Recurring Return on Average Equity – Annualized (5)	21.1%	23.1%	26.8%	22.0%	26.6%
Return on Average Assets – Annualized (5)	1.7%	1.3%	2.2%	1.5%	2.3%
Recurring Return on Average Assets – Annualized (5)	1.6%	1.6%	2.3%	1.6%	2.3%
Solvency Ratio (BIS Ratio)	16.5%	16.5%	16.4%	16.5%	16.4%
Annualized Net Interest Margin (6)	10.3%	10.0%	10.5%	10.2%	10.7%
Nonperforming Loans Index (NPL over 60 days)	6.7%	5.6%	4.9%	6.7%	4.9%
Nonperforming Loans Index (NPL over 90 days)	5.4%	4.4%	4.0%	5.4%	4.0%
Coverage Ratio (Provision for Loan Losses/Nonperforming Loans over 60 days)	146%	162%	135%	146%	135%
Coverage Ratio (Provision for Loan Losses/Nonperforming Loans over 90 days)	182%	204%	176%	182%	176%
Efficiency Ratio	44.8%	45.1%	46.0%	45.0%	46.0%
Balance Sheet					
	Jun 30,09	Mar 31,09	Jun 30,08		
Total Assets	596,387	624,708	518,793		
Credit Operations (A)	234,490	240,290	202,710		
Sureties, Endorsements and Guarantees	<u>31,476</u>	<u>32,439</u>	<u>28,451</u>	231,160	
Deposits + Debentures + Borrowings and Onlending and Securities (7) (B)	268,189	280,564	215,913		
Credit Operations / Funding (A/B)	87.4%	85.6%	93.9%		
Stockholders' Equity of Parent Company	47,269	44,999	43,038		
Relevant Data					
Assets Under Management (AUM)	304,609	269,087	281,800		
Employees (Individuals)	103,790	106,210	104,967		
Branches (Units)	3,939	3,928	3,766		
CSBs (Units)	978	989	1,025		
Automated Teller Machines (Units)	30,659	30,937	30,979		

(1) Described on page 11.

(2) For 2008, it was considered the number of shares at the time of the association.

(3) JCP– interest on own capital. Amounts paid/provisioned (Note 16 - b II to the Financial Statements).

(4) Calculated based on the average quotation of non-voting shares on the last trading day in the period.

(5) Annualized Return was calculated by dividing Net Income of the parent company by the Average Stockholders' Equity of the parent company/Average Assets. The quotient of this division was multiplied by the number of periods of the year to derive the annualized index.

(6) Does not include Treasury.

(7) Net of compulsory deposits as described on page 20.

(*) The new corporate name of Itaú Unibanco Banco Múltiplo S.A., pending approval by the Brazilian Central Bank.

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Second Quarter of 2009

Managerial Statement of Income

Itaú Unibanco consolidated results for the second quarter of 2009 were impacted by non-recurring events in net income, as shown in the table below.

R\$ million

	2 nd Q/09	1 st Q/09	1 st H/09	1 st H/08
Recurring Net Income	2,429	2,562	4,990	5,555
Economic plans provision	(54)	(56)	(110)	(118)
Disposal of investments	212	-	212	156
Goodwill amortization	(15)	(491)	(506)	(11)
Total non-recurring effects	142	(547)	(405)	27
Net Income	2,571	2,015	4,586	5,582

Note:

The impacts of the non-recurring events described above are net of tax effects. (Further details are presented in Note 22-I of the Financial Statements).

The result of the first half of 2008 corresponds to the sum of the results obtained by Itaú and by Unibanco.

Managerial Statement of Income

The Management Discussion and Analysis Report is based on the Managerial Statement of Income, which arises from reclassifications made to the accounting statement of income. Basically, the tax effects of hedge of investments abroad, included in the tax expense (PIS and Cofins) and income tax and social contribution of net income lines in the accounting statement of income, were reclassified to Financial Margin. Tax benefits from sovereign securities issued by foreign governments were also reclassified.

It should be noted that our interest in Redecard increased and, accordingly, we obtained the control over that company. As a result, the financial statements for 2008 (balance sheets and statements of income) have been adjusted to reflect the full consolidation of Redecard.

In the second quarter of 2009, the real appreciated by 15.7% against the U.S. dollar, compared to a 0.9% appreciation in the previous quarter. The Brazilian currency appreciated by 11.0% against the euro in the second quarter of 2009, compared to 4.9% in the first quarter of the year.

As a result of the exchange variation seen in the second quarter of 2009, combined with the exchange risk management policy of investments abroad, the tax effects of the hedge of Itaú Unibanco investments abroad and sovereign securities issued by foreign governments represented a R\$ 2,149 million expense in the quarter.

Macroeconomic Indices

	Jun 30,09	Mar 31,09	Jun 30,08
EMBI Brazil Risk	284	425	241
CDI (In the Quarter)	2.4%	2.9%	2.7%
Dollar Exchange Rate (Var. in the Quarter)	-15.7%	-0.9%	-9.0%
Dollar Exchange Rate (Quotation in R\$)	1.9516	2.3152	1.5919
IGP-M (In the Quarter)	-0.3%	-0.9%	4.3%
Savings Rate (In The Quarter)	1.7%	1.9%	1.8%

Executive Summary

Second Quarter of 2009

Managerial Statement of Income

Our strategy of management of the exchange risk of the capital invested abroad has the objective of not permitting impacts on the result from the exchange variation. To reach that goal, the exchange risk is neutralized and the investments are remunerated in Reais by using derivative financial instruments. Our hedge strategy further considers all tax effects. The tax benefit obtained with sovereign securities issued by foreign governments is also part of this adjustment.

R\$ million

2 nd Quarter/09	Itaú Unibanco Pro Forma			
	Accounting	Non-recurring Effects	Tax Effect of Hedge and Sovereign Bonds	Managerial
Managerial Financial Margin	12,710	-	(2,149)	10,561
Financial Margin with Customers	9,339	-	-	9,339
Financial Margin with Market	3,372	-	(2,149)	1,222
Result from Loan Losses	(3,790)	-	-	(3,790)
Provision for Loan and Lease Losses	(4,252)	-	-	(4,252)
Recovery of Credits Written Off as Losses	461	-	-	461
Net Result from Financial Operations	8,920	-	(2,149)	6,771
Other Operating Income/(Expenses)	(3,000)	113	248	(2,638)
Banking fees and charge revenues	3,617	-	-	3,617
Result from Op. of Insurance, Pension Plans and Capitalization	620	-	-	620
Non-interest Expenses	(6,502)	110	-	(6,392)
Tax Expenses for ISS, PIS and Cofins	(1,039)	3	248	(788)
Equity in the Earnings of Associated Companies	49	-	-	49
Other Operating Income	255	-	-	255
Operating Income	5,920	113	(1,901)	4,132
Non-operating Income	377	(337)	-	40
Income before Tax and Profit Sharing	6,297	(224)	(1,901)	4,172
Income Tax and Social Contribution	(3,162)	81	1,901	(1,179)
Profit Sharing	(361)	-	-	(361)
Minority Interests	(203)	-	-	(203)
Net Income	2,571	(142)	-	2,429

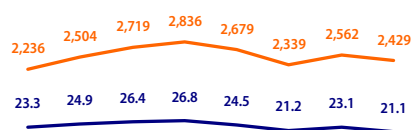
R\$ million

1 st Quarter/09	Itaú Unibanco Pro Forma			
	Accounting	Non-recurring Effects	Tax Effect of Hedge and Sovereign Bonds	Managerial
Managerial Financial Margin	10,610	-	(40)	10,570
Financial Margin with Customers	9,362	-	-	9,362
Financial Margin with Market	1,248	-	(40)	1,207
Result from Loan Losses	(3,425)	-	-	(3,425)
Provision for Loan and Lease Losses	(3,834)	-	-	(3,834)
Recovery of Credits Written Off as Losses	410	-	-	410
Net Result from Financial Operations	7,185	-	(40)	7,145
Other Operating Income/(Expenses)	(3,459)	624	23	(2,812)
Banking fees and charge revenues	3,526	-	-	3,526
Result from Op. of Insurance, Pension Plans and Capitalization	502	-	-	502
Non-interest Expenses	(6,976)	620	-	(6,357)
Tax Expenses for ISS, PIS and Cofins	(826)	-	23	(804)
Equity in the Earnings of Associated Companies	30	-	-	30
Other Operating Income	287	5	-	291
Operating Income	3,727	624	(17)	4,333
Non-operating Income	(23)	-	-	(23)
Income before Tax and Profit Sharing	3,703	624	(17)	4,310
Income Tax and Social Contribution	(1,082)	(77)	17	(1,142)
Profit Sharing	(406)	-	-	(406)
Minority Interests	(200)	-	-	(200)
Net Income	2,015	547	-	2,562

Executive Summary

Second Quarter of 2009

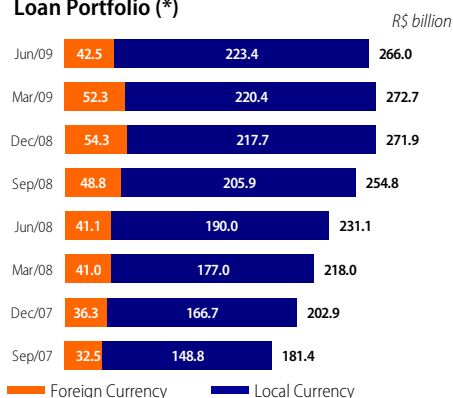
Net Income and Annualized Return on Average Equity



3rd Q/07 4th Q/07 1st Q/08 2nd Q/08 3rd Q/08 4th Q/08 1st Q/09 2nd Q/09

— Recurring Net Income (R\$ million)
— Annualized Recurring ROE (%)

Loan Portfolio (*)



(*) Includes endorsements and sureties.

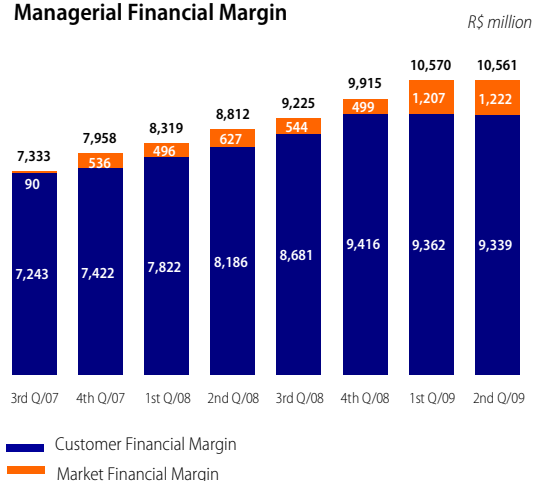
During the second quarter of 2009, Itaú Unibanco's recurring consolidated net income added up to R\$ 2,429 million, or a 5.2% decline from the recurring net income for the first quarter of the year. The parent company stockholders' equity totaled R\$ 47,269 million at June 30, 2009, leading to an annualized recurring return on average equity of 21.1%, which is equal to a 200 basis points change in comparison with the prior quarter.

					Variation (%)		
	Jun 30,09	Mar 31,09	Dec 31,08	Jun 30,08	Jun/09-Mar/09	Jun/09-Dec/08	Jun/09-Jun/08
Individuals	96,543	94,474	93,172	85,281	2.2%	3.6%	13.2%
Credit Card	24,307	23,122	23,638	20,429	5.1%	2.8%	19.0%
Personal Loans	22,702	22,588	21,681	21,823	0.5%	4.7%	4.0%
Vehicles	49,535	48,765	47,853	43,029	1.6%	3.5%	15.1%
Businesses	145,976	152,886	153,466	124,702	-4.5%	-4.9%	17.1%
Corporate	91,664	101,319	102,826	82,439	-9.5%	-10.9%	11.2%
Micro, small and middle market	54,312	51,567	50,640	42,263	5.3%	7.3%	28.5%
Directed Loans	11,784	11,859	11,898	11,097	-0.6%	-1.0%	6.2%
Rural Loans	4,674	5,250	5,654	5,875	-11.0%	-17.3%	-20.4%
Mortgage Loans	7,110	6,609	6,244	5,222	7.6%	13.9%	36.2%
Argentina/Chile/Uruguay/Paraguay	11,663	13,511	13,402	10,081	-13.7%	-13.0%	15.7%
Total	265,966	272,729	271,938	231,160	-2.5%	-2.2%	15.1%

R\$ million

In the second quarter of 2009, Itaú Unibanco's loan and financing portfolio totaled R\$ 265,966 million (including sureties and endorsements), representing a 2.5% decline from the balance at March 31, 2009. During the quarter, the strong appreciation of the real against foreign currencies significantly contributed to a reduction in the balance of transactions denominated in, or linked to, such currencies, when compared to the prior quarter. Without giving effect to this impact, the loan portfolio would have increased by 0.5% quarter-on-quarter. The balance of the large corporation portfolio was the most affected by the exchange variation, with a 9.5% drop quarter-on-quarter. Loans and financing in Chile, Uruguay, Argentina and Paraguay were likewise impacted by the exchange variation and declined by 13.7% in the period.

Managerial Financial Margin

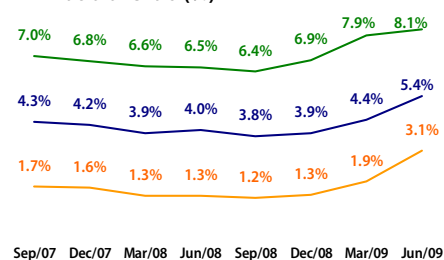


R\$ million

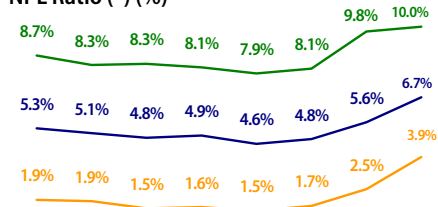
During the second quarter of 2009, Itaú Unibanco's managerial financial margin reached R\$ 10,561 million, virtually stable when compared to the prior quarter. During the second quarter, the managerial financial margin on customer transactions declined. Such decline is primarily attributable to the reduction in the reference interest rate and was partly offset by gains associated with the lower liquidity levels and pricing of the increased delinquency levels, through a rise in spreads. The financial margin on market transactions was essentially impacted by the strategies pursued in the local fixed-income market and transactions involving exchange parities. This margin grew 1.2% compared to the prior quarter.

Executive Summary

NPL Ratio over 90 (%)



NPL Ratio (*) (%)

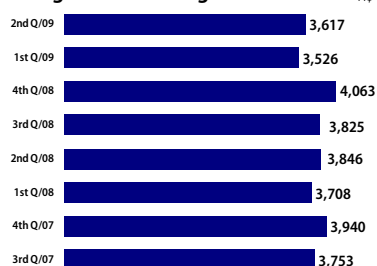


Sep/07 Dec/07 Mar/08 Jun/08 Sep/08 Dec/08 Mar/09 Jun/09
 (*) Nonperforming Loans: Loan transactions overdue more than 60 days.

■ Individuals ■ Total ■ Corporate

Banking fees and charge revenues

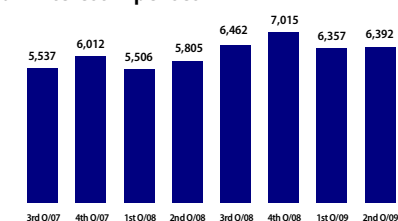
R\$ million



Banking service fees and banking charge revenues totaled R\$ 3,617 million in the second quarter of 2009, virtually stable compared to the prior period, taking into account the impact of the reversal of R\$ 95 million in the first quarter of the year, with respect to standing data renewal charges in 2008, that were suspended due to a court decision.

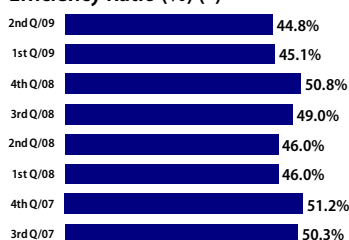
Non-interest Expenses

R\$ million



Non-interest expenses totaled R\$ 6,392 million in the second quarter of 2009, growing by 0.6% from the previous quarter. Itaú Unibanco's efficiency ratio reached 44.8% in the period, a 30 basis point improvement compared to the prior quarter. Following the definition of organizational structures of our executive areas and the growing migration and unification of platforms, the beginning of the process of synergy gains, one of the drivers of the association between Itaú and Unibanco, became apparent.

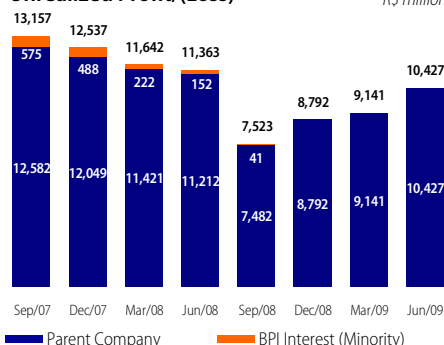
Efficiency Ratio (%) (*)



(*) The criteria for calculating the efficiency ratio are detailed on page 16.

Unrealized Profit/(Loss)

R\$ million



During the second quarter of 2009, unrealized net income/(loss) in the income statement added up to R\$ 10,427 million, a 14.1% increase compared to March 2009. During the quarter, the improved economic outlook helped to appreciate assets in capital markets, thus increasing the value of financial investments in Redecard, BM&F Bovespa and Banco BPI. The additional provision for doubtful loans totaled R\$ 6,477 million. This provision is not taken into account in the determination of unrealized net income/(loss).

Balance Sheet

R\$ million

ASSETS	Jun 30,09	Mar 31,09	Jun 30,08	Variation (%)	
				Jun/09- Mar/09	Jun/09- Jun/08
Current and Long-term Assets	586,279	614,314	509,814	-4.6%	15.0%
Cash and Cash Equivalents	9,378	13,062	8,796	-28.2%	6.6%
Short-term Interbank Deposits	128,326	126,542	108,498	1.4%	18.3%
Securities and Derivative Instruments	124,745	136,248	105,776	-8.4%	17.9%
Interbank and Interbranch Accounts	16,542	16,044	29,005	3.1%	-43.0%
Loans, Leasing Operations and Other Credits	234,490	240,290	202,710	-2.4%	15.7%
(Allowance for Loan Losses)	(22,915)	(21,637)	(11,656)	5.9%	96.6%
Other Assets	95,713	103,765	66,686	-7.8%	43.5%
Foreign Exchange Portfolio	31,313	39,424	27,581	-20.6%	13.5%
Others	64,399	64,341	39,104	0.1%	64.7%
Permanent Assets	10,108	10,394	8,978	-2.8%	12.6%
Investments	2,153	2,233	2,180	-3.6%	-1.2%
Fixed Assets	4,194	4,208	3,217	-0.3%	30.4%
Intangible	3,761	3,953	3,581	-4.9%	5.0%
TOTAL ASSETS	596,387	624,708	518,793	-4.5%	15.0%

R\$ million

LIABILITIES AND EQUITY	Jun 30,09	Mar 31,09	Jun 30,08	Variation (%)	
				Jun/09- Mar/09	Jun/09- Jun/08
Current and Long-term Liabilities	545,783	576,418	470,416	-5.3%	16.0%
Deposits	190,094	202,458	133,638	-6.1%	42.2%
Demand Deposits	23,857	26,186	22,768	-8.9%	4.8%
Savings Accounts	40,848	39,347	37,398	3.8%	9.2%
Interbank Deposits	3,147	3,611	2,856	-12.9%	10.2%
Time Deposits	122,243	133,315	70,617	-8.3%	73.1%
Funds Received under Securities Repurchase Agreements	121,909	127,510	128,344	-4.4%	-5.0%
Funds from Acceptances and Issue of Securities	19,092	20,559	15,429	-7.1%	23.7%
Interbank and Interbranch Accounts	6,069	5,974	8,495	1.6%	-28.6%
Borrowings and On-lendings	32,537	38,601	34,488	-15.7%	-5.7%
Financial Instruments and Derivatives	7,507	9,031	10,411	-16.9%	-27.9%
Technical Provisions for Insurance, Pension Plans and Cap.	48,044	45,697	38,931	5.1%	23.4%
Other Liabilities	120,530	126,588	100,680	-4.8%	19.7%
Foreign Exchange Portfolio	31,768	38,706	26,799	-17.9%	18.5%
Subordinated Debt	22,498	22,946	19,313	-2.0%	16.5%
Others	66,264	64,936	54,568	2.0%	21.4%
Deferred Income	213	242	141	-12.0%	50.6%
Minority Interest in subsidiaries	3,122	3,050	5,198	2.4%	-39.9%
Stockholders' Equity of Parent Company	47,269	44,999	43,038	5.0%	9.8%
TOTAL LIABILITIES AND EQUITY	596,387	624,708	518,793	-4.5%	15.0%
Deposits	190,094	202,458	133,638	-6.1%	42.2%
Assets Under Management (AUM)	304,609	269,087	281,800	13.2%	8.1%
Total Deposits + Assets Under Management (AUM)	494,703	471,545	415,438	4.9%	19.1%

On June 30,2008, the balance derives from the sum of balances obtained by Itaú and Unibanco in that period. Also, the balance sheet of June 30, 2009 was adjusted to reflect the full consolidation of Redecard.

Income Statement

R\$ million

	2 nd Q/09	1 st Q/09	1 st H/09	1 st H/08	Variation			
					2 nd Q/09- 1 st Q/09	%	1 st H/09- 1 st H/08	%
Managerial Financial Margin	10,561	10,570	21,131	17,131	(9)	-0.1%	4,000	23.3%
Financial Margin with Customers	9,339	9,362	18,701	16,008	(24)	-0.3%	2,693	16.8%
Financial Margin with Market	1,222	1,207	2,430	1,123	15	1.2%	1,307	116.4%
Result from Loan Losses	(3,790)	(3,425)	(7,215)	(4,440)	(366)	10.7%	(2,776)	62.5%
Provision for Loan and Lease Losses	(4,252)	(3,834)	(8,086)	(5,133)	(417)	10.9%	(2,953)	57.5%
Recovery of Credits Written Off as Losses	461	410	871	694	51	12.6%	177	25.5%
Net Result from Financial Operations	6,771	7,145	13,916	12,691	(375)	-5.2%	1,224	9.6%
Other Operating Income/(Expenses)	(2,638)	(2,812)	(5,450)	(3,751)	173	-6.2%	(1,699)	45.3%
Banking fees and charge revenues	3,617	3,526	7,143	7,555	92	2.6%	(412)	-5.5%
Result from Operations of Insurance, Pension Plans and Cap.	620	502	1,122	1,079	119	23.6%	43	4.0%
Non-interest Expenses	(6,392)	(6,357)	(12,748)	(11,311)	(35)	0.6%	(1,437)	12.7%
Tax Expenses for ISS, PIS and Cofins	(788)	(804)	(1,591)	(1,621)	16	-2.0%	30	-1.8%
Equity in the Earnings of Associated Companies	49	30	79	108	19	62.5%	(29)	-26.9%
Other Operating Income	255	291	546	440	(36)	-12.5%	106	24.1%
Operating Income	4,132	4,333	8,466	8,941	(201)	-4.6%	(475)	-5.3%
Non-operating Income	40	(23)	16	76	63	-270.7%	(59)	-78.4%
Income before Tax and Profit Sharing	4,172	4,310	8,482	9,016	(139)	-3.2%	(534)	-5.9%
Income Tax and Social Contribution	(1,179)	(1,142)	(2,321)	(2,116)	(37)	3.2%	(205)	9.7%
Profit Sharing	(361)	(406)	(767)	(730)	44	-10.9%	(37)	5.1%
Minority Interests in subsidiaries	(203)	(200)	(403)	(615)	(2)	1.1%	212	-34.5%
Recurring Net Income	2,429	2,562	4,990	5,555	(133)	-5.2%	(565)	-10.2%

Data of the first half of 2008 derive from the sum of revenues and expenses obtained by Itaú and Unibanco in that period. Also, the income statement of the first half, 2008 was adjusted to reflect the full consolidation of Redecard.