

Financial Statements  
September 30, 2008



ITAÚSA

## ITAÚSA - INVESTIMENTOS ITAÚ S.A.

### MANAGEMENT REPORT – January to September 2008

#### To our Stockholders:

We present the Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and its subsidiaries for the period from January to September 2008, in accordance with the regulations established by the Brazilian Corporate Law and the Brazilian Securities and Exchange Commission (CVM). These financial statements have been approved by the Fiscal Council.

### A TRIBUTE TO OLAVO SETUBAL

It was with great regret that we inform the passing on August 27, 2008 of Olavo Setubal, the Chairman of the Board of Directors of Itaúsa and other companies of the Itaúsa Group, of which he was one of the masterminds and founder.

Olavo Setubal was a great leader, who bequeathed a legacy comprising the holding company Itaúsa of industrial operations – Duratex, Itautec and Elekeiroz – and Banco Itaú Holding Financeira, in addition to a huge contribution to the Brazilian culture by way of the creation of Instituto Itaú Cultural, in activity for over 20 years.

As businessman, Mr. Setubal incorporated Deca together with Mr. Renato Refinetti in 1947, a company that would be later merged into Duratex, which is currently the largest manufacturer of wood panels in Brazil. In the 1950's Mr. Setubal joined Banco Federal de Crédito and, together with Mr. Eudoro Villela, restructured this institution, transforming it in the base for Banco Itaú Holding Financeira, one of the major financial groups in Latin America. Itautec was incorporated in the 1980's and pioneered in banking automation in Brazil; today it ranks 8th among the ATM manufacturers in the world. In the 1990's, the Itaúsa Group started to manage Elekeiroz and then became the largest producer of oxo-alcohols and plasticizers in Latin America.

In public life, Mr. Setubal worked as a member of the National Monetary Council in 1974, as Mayor of the City of São Paulo between 1975 and 1979, and as Minister of Foreign Affairs from 1985 to 1986.

The great leader is gone, but his inspiration, his values and lessons undoubtedly remain and are guiding us to continue his deeds.

### CHANGES TO THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

Due to the passing of Mr. Olavo Setubal, changes were made in Itaúsa's Board of Directors and Executive Board. These changes stem from the inspiration, teachings and values that Mr. Setubal left to the Group. The new Board of Directors is led by the people who helped Mr. Setubal and his team to build up Itaúsa and its subsidiaries into their current significant dimensions and will once more provide an important contribution to their future structuring.

Therefore Mr. José Carlos Moraes Abreu took office as Chairman of the Board of Directors. Alongside Ms. Milú Villela, Vice-Chairwoman since April 2001, Mr. Paulo Setubal Neto will be appointed Vice-Chairman of the Board of Directors, a position that is being created according to a proposal to be submitted in the next Stockholders' Meeting. Mr. Alfredo Egydio Setubal will be a Board member and the presidency of the Executive Board will be assumed by Mr. Alfredo Egydio Arruda Villela Filho, Director since 1995.

### ECONOMIC SCENARIO

At the end of the third quarter, the economy reflected the impacts of the international crisis. The exchange rate rose from a level of R\$ 1.00 : US\$ 1.67 in the middle of September to over R\$ 1.00 : US\$ 2.00 in October. The prices of commodities exported by Brazil fell 54% from the peak reached in July. The sovereign risk, steady in the first half, below the 200 basis point, increased to over 500 basis point in the first half of October. However, the crisis effects should be minimized in medium term by the availability of US\$ 200 billion of international reserves and by consistent policies of floating foreign exchange and inflation targets.

## ECONOMIC PERFORMANCE

### MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

R\$ Million

	Parent company		Minority interest		Group	
	Jan to Sep/08	Jan to Sep/07	Jan to Sep/08	Jan to Sep/07	Jan to Sep/08	Jan to Sep/07
Net income	2,475	2,992	3,476	3,743	5,951	6,735
Recurring net income (Note 20d)	3,011	2,758	3,536	3,157	6,547	5,915
Stockholders' equity	17,214	15,231	19,708	17,732	36,921	32,963
Annualized return on average equity (%)	20.2%	28.4%	24.7%	31.0%	22.6%	29.8%
Annualized recurring return on average equity (%)	24.6%	26.1%	25.1%	26.2%	24.9%	26.2%
Dividends/Interest on capital	812	860	1,130	1,057	1,942	1,917

### MAIN FINANCIAL INDICATORS

	Jan to Sep/08	Jan to Sep/07	Change %
<b>Net income per thousand shares – in R\$</b>			
Net income of parent company	637.60	847.93	(24.8)
Recurring net income of parent company	775.62	781.45	(0.7)
Recurring net income of parent company (without considering the bonus of shares)	852.49	781.45	9.1
Book value of parent company	4,434.88	4,316.09	2.8
Price per common share (1)	14,576.32	18,515.79	(21.3)
Price per preferred share (1)	9,150.91	11,558.42	(20.8)
Market capitalization (2) – in millions of R\$	43,609	50,144	(13.0)

(1) Based on the average quotation of September of each year.

(2) Calculated on the basis of the average quotation of shares during September of each year.

The recurring net income of the parent company Itaúsa reached R\$ 3,011 million in the period from January to September 2008, with annualized return on average equity of 24.6%. The non-recurring income items are mainly represented by:

- the effect of the acquisition of treasury shares by the subsidiary Banco Itaú Holding, which, in the period, acquired own shares in the amount of R\$ 1.3 billion, with an impact of R\$ 396 million in non-operating expense of equity in earnings in Itaúsa, without a cash disbursement in the parent company; and
- the effect of amortization of premium arising from the purchase of shares of subsidiary Banco Itaú Holding in the amount of R\$ 61 million, thus increasing the parent company's Other Operating Expenses with cash outflow of R\$ 106 million.

The impact of these effects increased the equity interest in this subsidiary company from 44.76% as of December 31, 2007 to 45.34% as of September 30, 2008.

The parent's recurring net income per thousand shares reached R\$ 775.62 and its book value R\$ 4,434.88, leading Itaúsa to achieve a market capitalization of R\$ 43,609 million at the end of September 2008.

## MAIN INDICATORS OF THE COMPANIES CONTROLLED BY ITAÚSA

R\$ Million

	January to September	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED/ GROUP (1)
		Banco Itaú Holding Financeira S.A. Consolidated	Duratex S.A.	Itautec S.A.	Elekeiroz S.A.	
Total assets	<b>2008</b>	<b>396,599</b>	<b>3,254</b>	<b>1,135</b>	<b>683</b>	<b>402,119</b>
	2007	298,484	2,767	959	645	303,622
Operating revenue (2)	<b>2008</b>	<b>51,014</b>	<b>1,428</b>	<b>1,229</b>	<b>710</b>	<b>54,464</b>
	2007	37,855	1,211	1,063	644	41,034
Net income	<b>2008</b>	<b>5,932</b>	<b>266</b>	<b>34</b>	<b>59</b>	<b>5,951</b>
	2007	6,444	241	77	45	6,735
Stockholders' equity	<b>2008</b>	<b>31,591</b>	<b>1,677</b>	<b>449</b>	<b>440</b>	<b>36,921</b>
	2007	28,003	1,545	416	371	32,963
Annualized return on average equity (%) (3)	<b>2008</b>	<b>26.3%</b>	<b>22.1%</b>	<b>10.4%</b>	<b>18.9%</b>	<b>22.6%</b>
	2007	33.3%	21.9%	26.2%	17.2%	29.8%
Internal fund generation (4)	<b>2008</b>	<b>12,729</b>	<b>338</b>	<b>75</b>	<b>87</b>	<b>12,781</b>
	2007	12,276	315	118	81	12,844

(1) Consolidated/Group data is net of consolidation eliminations and unrealized results of intercompany transactions.

(2) Operating revenue by area of operations was obtained as follows:

- Banco Itaú Holding Financeira S.A.: totality of Income from financial operations, Income from services rendered, Income from insurance, pension plan and capitalization premiums and other Operating income; and
- Duratex S.A., Itautec S.A. and Elekeiroz S.A.: net revenue from sales of products and/or services.

(3) Represents the ratio of net income for the period and the average equity ((Dec+Mar+Jun+Sep)/4) multiplied by 1.33.

(4) Includes funds from operations:

- plus expenses for allowance for loan losses; and
- not taking into consideration changes in mathematical provisions for capitalization and pension plan and considering the changes in unsettled claims, credits and debits from insurance operations and deferred selling expenses from insurance, pension plan and capitalization.

## FINANCIAL SERVICES AREA

## Banco Itaú Holding Financeira

Particularly in the last quarter, Itaú could show its strength and the effectiveness of its strict risk management policy, which includes operating, market, credit and liquidity risks. Based on the analysis of the current situation, we do not expect effects on results for the following quarters in view of the international crisis.

We highlight the following subsequent events:

## ▪ Merger between Itaú and Unibanco

On November 3, Itaú and Unibanco signed an agreement for the merger of their financial operations, establishing the largest conglomerate in the southern hemisphere, with a market value among the 20 largest financial institutions in the world. The created financial institution will be fully capable of competing with the biggest banks in the global market.

This partnership creates a bank with Brazilian capital with commitment, strength, vocation and economic capacity to become a vital partner in the development of Brazilian companies in Brazil and abroad. With a strong international presence – with commercial bank operations in all Mercosur countries - the institution will have the required agility to increase the presence of Brazil internationally.

The Board of Directors of Itaú Unibanco Holding will be composed of fourteen members, six of which will be named by the controlling stockholders of Itaúsa and the Moreira Salles family. The other eight Board members will be independent. Itaú Unibanco Holding's Chairman of the Board of Directors will be Mr. Pedro Moreira Salles and its CEO will be Mr. Roberto Egdio Setubal.

The new institution will have approximately 4,800 branches and service stations, accounting for 18% of the banking network; and 14.5 million checking account clients, or 18% of market share. In loans, it will represent 19% of the Brazilian system's volume; whereas total deposits, funds and managed portfolios will reach 21%. Combined total assets is over R\$ 575 billion, the highest in the southern hemisphere.

Taking into consideration the increase in capital related to the shares' merger, the stockholding interests' changes and the accounting and tax effects, the impact produced on Itaú Unibanco Holding's results is estimated at R\$ 7.9 billion while that on Itaúsa's results is at R\$ 2.5 billion.

The completion of the merger between Itaú and Unibanco depends on the approval from the Central Bank of Brazil and other appropriate authorities. The material fact with more details about the merger is available at the IR website ([www.itaui.com.br](http://www.itaui.com.br)).

#### ▪ *Partnership between Banco Itaú and Marisa*

On October 18 Banco Itaú S.A., a company controlled by Itaú Holding, entered into an operating agreement, for a 10-year period, with Marisa S.A. for the creation of a new Itaú/Marisa co-branded credit card. Marisa is the largest chain of stores specialized in women's wear in Brazil, with 207 stores in the country and over 8 million private label cards. Banco Itaú will invest approximately R\$ 120 million in this partnership.

This agreement will enable it to expand and improve the current range of financial products and services to Marisa customers offered in its distribution channels, such as credit cards with widely-accepted flags, personal loans, payroll advance loans, among others.

#### ▪ *Results*

We highlight the following major results of Itaú Holding for the period from January to September 2008.

Consolidated net income through September totaled R\$ 5,932 million, with annualized return of 26.3% on average equity. Recurring net income increased 11.9% as compared to the same period of 2007, an annualized return of 26.8%. Stockholders' equity totaled R\$ 31,591 million at the end of September, an increase of 12.8% as compared to September 2007. Basel ratio stood at 14.7% at the end of September 2008.

Itaú Holding's consolidated assets totaled R\$ 396,599 million at the end of September, a 32.9% increase as compared to September 2007. The loan portfolio, including endorsements and sureties, grew 44.2%, totaling R\$ 164,486 million at the end of the period. In Brazil, the portfolio of non-mandatory loans to the individuals segment grew 34.5% as compared to September 2007, reaching R\$ 66,158 million, and the very small, small and middle-market company segment grew 72.5%, totaling R\$ 33,298 million.

By way of partnerships, such as the real estate financing with companies Lopes and Coelho da Fonseca, Itaú reinforces its strong will to expand credit to support the development of the Brazilian economy.

Banco Itaú maintained the leadership in terms of billing in the credit card market, having ended the third quarter of 2008 accounting for R\$ 12,630 million and over 17.4 million cards. Orbitall has also maintained the leadership in the market of processing of electronic payments, reaching 31.8 million processed cards until September, of which 24.2 million are credit cards, 2.0 million are prepaid cards and 5.6 million are private label cards.

Consumer credit operations, associated with the Taií brand, not including payroll advance loans, accounted for R\$ 2,107 million of the loan portfolio, with 7.1 million customers at the end of September 2008.

Free, raised and managed own assets totaled R\$ 557,924 million, an increase of 21.4% as compared to September 2007. Noteworthy is the increase of 16.4% in savings deposits, reaching R\$ 29,925 million at the end of September.

Insurance operations reached R\$ 2,651 million in premiums earned for the period from January to September 2008. Funding from the sale of Pension Plans and VGBL reached R\$ 4,678 million through September, an increase of 24.2% as compared to the same period of 2007, with a noteworthy growth of 55.7% in the funding from the sale of pension plans for companies, which reached R\$ 543 million for the period. The funds raised from the sale of capitalization plans increased 23.2%, reaching R\$ 791 million. Technical provisions for insurance, pension plan and capitalization reached R\$ 27,573 million in September 2008, an increase of 22.7% as compared to September 2007.

Itaú Corretora negotiated R\$ 100.4 billion at Bovespa for the period from January to September 2008, an increase of 31% as compared to the same period of 2007. The broker also negotiated approximately 8.9 million contracts in the Brazilian Mercantile & Futures Exchange (BM&F). In the Home Broker market, Itaútrade negotiations reached R\$ 9.7 billion.



Banco Itaú BBA consolidated its leadership in origination and distribution of fixed-income and securitization operations with market shares of 50% and 49%, respectively, and continued to rank first in the origination of securities/variable-income operations, with market share of 25%, according to the National Association of Investment Banks (ANBID) ranking of September 2008. In addition, in July 2008 Itaú BBA was considered the best Investment Bank in Brazil by Global Finance magazine, an American publication specialized in financial institutions all over the world.

In this period, Itaú was considered the most valuable brand in Latin America by the Interbrand international consulting company. The brand value was appraised at US\$ 6.0 billion, which represents a growth of 57% in relation to 2007.

### **Itaúsa Europa Investimentos**

Itaúsa Europa Investimentos, the holding company that concentrates the Group's investments in Europe, recorded net income of € 16.8 million at the end of September.

At the end of September Banco Itaú Europa (BIE), with head offices in Lisbon, branches in London and Island of Madeira, and subsidiaries in the Cayman Islands, Luxembourg, Miami and Nassau, recorded consolidated assets amounting to € 4.8 billion, 10.2% above the amount recorded in the same period of 2007.

We highlight the credit to businesses operations that reached € 2.4 billion, mainly comprised by structured loans, mostly associated with the financing of Brazilian exports. In this context, BIE has operated in line with the dynamics of market segmenting structures of the Itaú Group, widening its client base of corporate and middle-market clients, offering structured products of foreign trade and capital markets, and supporting European companies' investments in Brazil.

BIE's consolidated net income reached € 17.3 million for the period from January to September 2008. Banking product amounted to € 94.9 million, 25.3% above the amount recorded in the same period of 2007, which shows a steady contribution of financial margin, and an outstanding performance in the capital markets, treasury and international private banking areas.

The international private banking activity, developed by BIE Luxembourg, BIE International (Miami), and BIE Bank & Trust (Bahamas), represented, at the end of September 2008, approximately US\$ 6.3 billion in clients' assets under management and US\$ 2.3 billion of deposits raised from customers.

The Bank's investment grade status (Baa1 by Moody's and BBB+ by Fitch Ratings) has significantly contributed to the diversification of sources of funds, considering that the Bank played an active role on the primary and secondary markets throughout 2008.

Banco BPI, S.A., an associated company in which the Itaú Group holds 18.9% of interest, of which 51% is held by Banco Itaú Europa, recorded in September 2008 total assets of € 43.2 billion, stockholders' equity of € 1.6 billion and net income of € 34.4 million.

## **INDUSTRIAL AREA**

### **Duratex**

The sectors in which Duratex operates, civil construction and furniture, continue to perform well, supported by the great number of real estate developments launched in the past and by the increase in salaries and nominal income.

In the period, gross revenue reached R\$ 1.9 billion, an increase of 18% in relation to the sales recorded in 2007. Exports totaled US\$ 53.8 million and net revenues amounted to R\$ 1.4 billion. The operating cash generation, measured by EBITDA, totaled R\$ 430.3 million, 4% greater than in 2007 and equivalent to an EBITDA margin of 30%.

The increase in costs of electricity supplies, occurred in the first quarter, and of resin, due to the high prices of urea and methanol, reduced the gross margin to 40% in the period, as compared to 46% in 2007.

Net income grew 10%, totaling R\$ 265.9 million, which represents an annualized return on equity (ROE) of 22%.

In the beginning of October, due to the worsening of the international financial crisis and its possible impact on the Brazilian economy, Duratex released a Note of Clarification on the management's decision to adjust the implementation schedule of its expansion program, postponing for six months the investments announced in the

first half of 2008. This adjustment will reduce by about R\$ 450 million the disbursements scheduled for the last quarter of 2008 and for 2009. In 2008, R\$ 534.5 million were used for the acquisition of permanent assets.

The Note also clarified that, in addition to not being exposed to exchange variation, since Duratex follows a hedge policy, the company neither had nor carried out transactions with leveraged financial derivatives that negatively would affect the result of several companies.

Industrial and forest investments in the Agudos unit and the acquisition of three sanitary porcelain fixture plants owned by Ideal Standard and Cerâmica Monte Carlo increased the Company's net debt to R\$ 333.7 million, an amount equivalent to 0.6 of the annualized EBITDA for the period and 0.2 of the stockholders' equity.

In the period, Duratex received a number of awards, of which we highlight three that show Duratex leadership in the sectors in which it operates: Best Company of Construction Material and Decoration of the Valor 1000 Award; Best Company of the Construction Material and Decoration Sector of the As Melhores da Dinheiro Award, and FGV (Getúlio Vargas Foundation) Award for Corporate Excellence as the Best Company of the Wood Sector, granted by Conjuntura Econômica magazine and the Brazilian Institute of Economy (IBRE).

The Wood Division's performance was favored by the strong demand for furniture, deriving from the increase in income and expansion of sales of products with higher value added, thus enabling the start-up of a new low-pressure coating line. The net revenue grew 12.9%, reaching R\$ 913.3 million. Exports, particularly of fiberboard panels, totaled US\$ 45.8 million.

Deca Division's result posted a significant growth due to the good acceptance of the new products and expansion of its operations with construction companies. In this context, the volume shipped increased 21%, resulting in a 28% increase in net income, which totaled R\$ 514.7 million. Gross margin totaled 41%, remaining unchanged in relation to prior year. Exports, mainly represented by porcelain products for the *life style* segment, reached US\$ 8.0 million. EBITDA totaled R\$ 144.4 million, 38% higher than that posted in the same period of 2007, corresponding to an EBITDA margin of 28%. This result comprises the new operations of the plants acquired from Ideal Standard do Brasil and Cerâmica Monte Carlo that operate with high level of industrial capacity utilization.

### **Itautec**

Accumulated gross revenue from sales and services reached R\$ 1,366.6 million, a growth of 15.2% in relation to the same period of 2007. Gross income reached R\$ 232.6 million, representing a gross margin of 18.9%, lower by 1.7 p.p. than that recorded in 2007, as a result of price reductions caused by an increase in the sector's supply.

The gross revenue from the IT area reached R\$ 517.1 million, 18.4% above the revenue recorded in the same period of 2007. Up to September, 313.8 thousand microcomputers were sold, a volume 41.1% higher than in 2007. The volume of desktops posted a 4.4% increase, reaching 184.7 thousand units, and the volume of notebooks increased 184.7%, totaling 129.1 thousand units.

Gross revenue from the service area, accumulated to September, amounted to R\$ 295.2 million, 10.6% above that earned in the same period of the previous year and equivalent to 30.7% of the company's total revenue in Brazil.

The gross revenue from the Automation area through September reached R\$ 148.6 million, 9.1% lower than in 2007.

### **Elekeiroz**

Elekeiroz' results for the period were better than those attained in 2007, due to actions aimed at reducing costs and improving productivity, and a selective operation in segments with higher profitability and lower risks.

Gross and net revenues grew 11.9% and 10.3%, reaching R\$ 891.5 million and R\$ 710.3 million, respectively. Gross revenue in the domestic market grew 21.3%, totaling R\$ 796.1 million, and exports fell 32.1%, reaching R\$ 95.4 million.

Operating income, of R\$ 80.5 million, grew 42.1%, and net income grew 30.6%, totaling R\$ 59.3 million.

EBITDA, which reached R\$ 103.7 million, grew 19.9%, resulting in an EBITDA margin of 14.6%.

## HUMAN CAPITAL MANAGEMENT

Itaúsa and its subsidiaries have over 85 thousand employees as of September 30, 2008. In the period from January through September, they invested R\$ 82 million in education, training and development programs. Compensation of personnel, plus charges and benefits, totaled R\$ 4,408 million. Welfare benefits granted to employees and their dependants totaled R\$ 694 million and comprise supplementary pension plan, food, health and dental care, social services, entertainment, sports and cultural activities, loans at subsidized interest rates, insurance, transportation vouchers, donations and special grants, among others.

In the period, we highlight are the following awards received by Itaú Holding companies: the 100 best companies to work for - Great Place to Work Institute and Época magazine. Banco Itaú is among the 100 best places to work, and Itaucred Veículos and Taií are among the 25 best; the 150 best places to work – Fundação Instituto de Administração (FIA) and Exame/Você S.A. magazine: Banco Itaú, Itaucred Veículos and Taií are among the 150 best. Banco Itaú received the special award "Desafio RH do Ano" (2008 HR Challenge), and "As 10 empresas dos sonhos dos jovens" (the 10 dream companies according to young people) – Cia. de Talentos consulting company.

## SUSTAINABILITY AND CORPORATE RESPONSIBILITY

For the ninth consecutive year, Itaú is among the most sustainable companies in the world, being part of a select group of companies which make up the 2008/2009 Dow Jones Sustainability World Index (DJSI). It is the only Latin American bank included in this index since it was created. Besides Itaú, the holding company Itaúsa was selected for the fifth time. This index is composed of a little more than 300 companies, selected among the 2,500 largest companies in terms of market value of the Dow Jones Global Index.

In September, Itaú launched the Ecomudança (ecochange) program, developed by non-profit organizations, aimed at supporting projects on reduction of emission of gases that cause global warming.

In 2008, the companies controlled by Itaúsa invested R\$ 89 million in social and cultural projects, and in the preservation of the environment, including reduction and treatment of effluents, reduction in consumption of water and energy, collection of waste and maintenance of forest areas.

### Social and Cultural Investments

Fundação Itaú Social concentrates the social investments of Itaú Holding and is focused on education improvement projects.

In the quarter, the Municipal Judging Commissions of the Brazilian Portuguese Language Olympiad "Escrevendo o Futuro" (Writing the Future) selected 13,844 texts, and 14 municipalities of the northwestern region of São Paulo devised the "Plano Regional de Ação Educativa" (Regional Plan for Educative Action), as a result of the "Melhoria da Educação no Município" (Improvement of Municipal Education) program.

In addition, the 4<sup>th</sup> group of the "Jovens Urbanos" (urban youth) program began in São Paulo aimed at contributing to improve the education level and the entry into the job market by youths living in vulnerable areas of large urban centers. Moreover, the "Itaú Criança 2008" (2008 Itaú Child) program promote actions of mobilization involving employees and the society for children's and youths' right to quality education.

Itaú Cultural acts for democratizing the access to Brazilian art and culture. The "Emoção Art.ficial 4.0 - Emergência!" (Art.ficial Emotion 4.0 – Emergence!) exhibition was visited by 77,123 people from July to September. The institute launched the Bossa Nova [[www.itaucultural.org.br/bossanova](http://www.itaucultural.org.br/bossanova)] website, which is aligned with the actions of Itaúbrasil in the celebration of Brazilian culture landmarks.

The Itaú Cultural "Rumos" (directions) program of visual arts divulged the results of the 2008-2009 call for applications. Of the 1,617 artists enrolled, 45 from 27 states were selected. This result represents a record of applications in the program in relation to the last three editions. The second edition of Itaú Cultural's "Rumos" (directions) of education, culture and art had an increase of 95% in the number of enrollments, which totaled 429.

Among the institution's international activities, we highlight the participation of one of the works belonging to Itaú Cultural's art and technology collection in the Synthetic Times exhibition in the National Art Museum of China in Beijing. The Subtle Violent photo exhibition, already displayed in Santiago, Chile, and Montevideo, Uruguay, was shown in Buenos Aires, Argentina, in August.



## INDEPENDENT AUDITORS – CVM Instruction Nº 381

### . Procedures adopted by the Company

The policy adopted by Itaúsa and its subsidiaries to engage non-audit related services from our independent auditors is based on the applicable regulations and internationally accepted principles that preserve the auditor's independence. These principles include the following: (a) an auditor cannot audit his or her own work, (b) an auditor cannot function in the role of management in companies where he or she provides external audit services; and (c) an auditor cannot promote the interests of its client.

During the period from January to September 2008, the independent auditors and related parties did not provide non-audit related services in excess of 5% of total external audit fees.

According to CVM Instruction No. 381, we list below the engaged services and related dates:

- February 28, 2008 – Agreement for using an electronic library of international accounting standards – Itaú Holding – Brazil (PWC)
- March 28, 2008 – Agreement for the provision of consulting services related to labor taxes and international risk assessment – London Branch - Banco Itaú Europa S.A. (PWC)
- June 9, 2008 – Service agreement for the computation and comparison of operating efficiency indexes with those of the market – Banco Itaú Argentina S.A. (PWC)
- June 24, 2008 – Participation in the Seminar on Prices and Transfer – Banco Itaú Europa S.A. (PWC)
- June 25, 2008 – Service agreement for the provision of advisory services related to the recognition of goodwill for tax purposes to be submitted to the approval of the tax authority – Banco Itaú Europa Luxemburgo S.A. (PWC)
- September 15, 2008 – Participation in the 8<sup>th</sup> IFRS Annual Presentation – International Financing Reporting Standards (PWC)

### . Summary of the Independent Auditors' justification

The provision of the above described non-audit related professional services does not affect the independence or the objectivity of the external audit of Itaúsa, and its subsidiary/affiliated companies. The policy adopted for providing non-audit related services to Itaúsa is based on principles that preserve the independence of Independent Auditors, all of which were considered in the provision of the referred services.

## ACKNOWLEDGEMENTS

We thank our stockholders and clients for their trust, which we try to pay back by obtaining differentiated results and making available quality products and services, and our employees for their talent, which has enabled the sustainable growth of our business.

(Approved at the Board of Directors' Meeting of November 10, 2008).

## ITAÚSA - INVESTIMENTOS ITAÚ S.A.

### BOARD OF DIRECTORS

#### Chairman

JOSÉ CARLOS MORAES ABREU

#### Vice-Chairwoman

MARIA DE LOURDES EGYDIO VILLELA

#### Directors

ALFREDO EGYDIO ARRUDA VILLELA FILHO

ALFREDO EGYDIO SETUBAL

PAULO SETUBAL

### FISCAL COUNCIL

#### President

JOSÉ MARCOS KONDER COMPARATO

#### Members

ARTEMIO BERTHOLINI

PAULO RICARDO MORAES AMARAL

### INVESTMENT POLICIES COMMITTEE

#### President

PAULO SETUBAL

#### Members

ALFREDO EGYDIO ARRUDA VILLELA FILHO

ALFREDO EGYDIO SETUBAL

ALBRECHT CURT REUTER DOMENECH

HENRI PENCHAS

RICARDO EGYDIO SETUBAL

RICARDO VILLELA MARINO

RODOLFO VILLELA MARINO

### EXECUTIVE BOARD

#### President and General Manager

ALFREDO EGYDIO ARRUDA VILLELA FILHO

#### Executive Directors Vice-Presidents

JAIRO CUPERTINO

ROBERTO EGYDIO SETUBAL (\*)

#### Executive Director

RENATO ROBERTO CUOCO

### DISCLOSURE AND TRADING COMMITTEE

ROBERTO EGYDIO SETUBAL

ALFREDO EGYDIO ARRUDA VILLELA FILHO

HENRI PENCHAS

PAULO SETUBAL

### ACCOUNTING POLICIES COMMITTEE

#### President

ROBERTO EGYDIO SETUBAL

#### Members

ALFREDO EGYDIO ARRUDA VILLELA FILHO

HENRI PENCHAS

(\*) *Investor Relations Director*

### Accountant

REGINALDO JOSÉ CAMILO

CT-CRC-1SP - 114.497/O – 9

**BANCO ITAÚ HOLDING FINANCEIRA S.A.****BOARD OF DIRECTORS****Chairman**

CARLOS DA CAMARA PESTANA

**Vice-Chairmen**ALFREDO EGYDIO ARRUDA VILLELA FILHO  
JOSÉ CARLOS MORAES ABREU (Honorary President)  
ROBERTO EGYDIO SETUBAL**Members**ALCIDES LOPES TÁPIAS  
ALFREDO EGYDIO SETUBAL  
FERNÃO CARLOS BOTELHO BRACHER  
GUILLERMO ALEJANDRO CORTINA  
GUSTAVO JORGE LABOISSIERE LOYOLA  
HENRI PENCHAS  
PERSIO ARIDA  
RICARDO VILLELA MARINO  
ROBERTO TEIXEIRA DA COSTA  
SERGIO SILVA DE FREITAS  
TEREZA CRISTINA GROSSI TOGNI**EXECUTIVE BOARD****Chief Executive Officer**

ROBERTO EGYDIO SETUBAL

**Executive Vice-Presidents**ALFREDO EGYDIO SETUBAL (\*)  
CANDIDO BOTELHO BRACHER**Executive Directors**ANTONIO CARLOS BARBOSA DE OLIVEIRA  
RODOLFO HENRIQUE FISCHER  
SÉRGIO RIBEIRO DA COSTA WERLANG  
SILVIO APARECIDO DE CARVALHO**Managing Directors**JACKSON RICARDO GOMES  
JOSÉ EDUARDO LIMA DE PAULA ARAUJO  
MARCO ANTONIO ANTUNES  
WAGNER ROBERTO PUGLIESE**ADVISORY BOARD****Members**FERNANDO DE ALMEIDA NOBRE NETO  
LÍCIO MEIRELES FERREIRA  
LUIZ EDUARDO CAMPELLO**INTERNATIONAL ADVISORY BOARD****President**

ROBERTO EGYDIO SETUBAL

**Members**ARTUR EDUARDO BROCHADO DOS SANTOS SILVA  
CARLOS DA CAMARA PESTANA  
FERNÃO CARLOS BOTELHO BRACHER  
HENRI PENCHAS  
JOSÉ CARLOS MORAES ABREU  
MARIA DE LOURDES EGYDIO VILLELA  
ROBERTO TEIXEIRA DA COSTA  
RUBENS ANTONIO BARBOSA  
SERGIO SILVA DE FREITAS**FISCAL COUNCIL****President**

IRAN SIQUEIRA LIMA

**Members**ALBERTO SOZIN FURUGUEM  
MARCOS DE ANDRADE REIS VILLELA

(\*) Investor Relations Director

**AUDIT COMMITTEE****President**

GUSTAVO JORGE LABOISSIERE LOYOLA

**Members**ALCIDES LOPES TÁPIAS  
TEREZA CRISTINA GROSSI TOGNI**DISCLOSURE AND TRADING COMMITTEE****President**

ALFREDO EGYDIO SETUBAL

**Members**ALCIDES LOPES TÁPIAS  
ALFREDO EGYDIO ARRUDA VILLELA FILHO  
ANTONIO CARLOS BARBOSA DE OLIVEIRA  
ANTONIO JACINTO MATIAS  
HENRI PENCHAS  
MARCELO HABICE DA MOTTA  
ROBERTO TEIXEIRA DA COSTA  
SILVIO APARECIDO DE CARVALHO  
TEREZA CRISTINA GROSSI TOGNI**NOMINATION AND COMPENSATION COMMITTEE****President**

CARLOS DA CAMARA PESTANA

**Members**ALFREDO EGYDIO ARRUDA VILLELA FILHO  
FERNÃO CARLOS BOTELHO BRACHER  
JOSÉ CARLOS MORAES ABREU  
ROBERTO EGYDIO SETUBAL  
ROBERTO TEIXEIRA DA COSTA**CAPITAL AND RISK MANAGEMENT COMMITTEE****President**

ROBERTO EGYDIO SETUBAL

**Members**CANDIDO BOTELHO BRACHER  
GUSTAVO JORGE LABOISSIERE LOYOLA  
HENRI PENCHAS  
PERSIO ARIDA  
RICARDO VILLELA MARINO  
RODOLFO HENRIQUE FISCHER  
SÉRGIO RIBEIRO DA COSTA WERLANG**ACCOUNTING POLICIES COMMITTEE****President**

ROBERTO EGYDIO SETUBAL

**Members**ALFREDO EGYDIO ARRUDA VILLELA FILHO  
ALFREDO EGYDIO SETUBAL  
ANTONIO CARLOS BARBOSA DE OLIVEIRA  
HENRI PENCHAS  
SÉRGIO RIBEIRO DA COSTA WERLANG  
SILVIO APARECIDO DE CARVALHO  
TEREZA CRISTINA GROSSI TOGNI

## **ITAÚSA EUROPA - INVESTIMENTOS SGPS LDA.**

### **MANAGING BOARD**

ALMIR VIGNOTO (Delegate Manager)  
CARLOS DA CAMARA PESTANA  
JOSÉ CARLOS MORAES ABREU  
JOSÉ FRANCISCO CLARO  
MARIA DE LOURDES EGYDIO VILLELA  
PAULO SETUBAL  
ROBERTO EGYDIO SETUBAL

## **BANCO ITAÚ EUROPA S.A.**

### **BOARD OF DIRECTORS**

#### **Chairman**

ALFREDO EGYDIO SETUBAL

#### **Vice-Chairman**

CARLOS DA CAMARA PESTANA

#### **Directors**

ALMIR VIGNOTO  
ANDRÉ LUIZ HELMEISTER  
CANDIDO BOTELHO BRACHER  
JEAN MARTIN SIGRIST JÚNIOR  
JOSÉ FRANCISCO CLARO  
LYWAL SALLES FILHO  
RODOLFO HENRIQUE FISCHER  
SÉRGIO RIBEIRO DA COSTA WERLANG  
MAURO MORELLI

### **EXECUTIVE COMMISSION OF THE BOARD OF DIRECTORS**

#### **President**

ALMIR VIGNOTO

#### **Board Members**

ANDRÉ LUIZ HELMEISTER  
JEAN MARTIN SIGRIST JÚNIOR  
JOSÉ FRANCISCO CLARO  
JORGE ALBERTO O. V. JARDIM GONÇALVES

### **FISCAL COUNCIL**

#### **President**

JOSÉ MATA SOUSA MENDES

#### **Members**

JOAO MANUEL RICARDO CATARINO  
MANUEL CARLOS TEIXEIRA DE ABREU

#### **Independent Member**

PRICEWATERHOUSECOOPERS & ASSOCIADOS, SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, LDA.

**DURATEX S.A.****BOARD OF DIRECTORS**

**Chairman**  
LAERTE SETUBAL FILHO

**Vice-Chairmen**

ALFREDO EGYDIO ARRUDA VILLELA FILHO  
PAULO SETUBAL

**Directors**

JAIR RIBEIRO DA SILVA NETO  
JAIRO CUPERTINO  
RICARDO EGYDIO SETUBAL  
RODOLFO VILLELA MARINO  
ALBRECHT CURT REUTER DOMENECH

**FISCAL COUNCIL**

**President**  
PAULO RICARDO MORAES AMARAL

**Members**

IRAN SIQUEIRA LIMA  
RICARDO GUARANYNS DE OLIVEIRA CASTRO

**OPTIONS COMMITTEE**

**Chairman**  
PAULO SETUBAL

**Members**

ALFREDO EGYDIO ARRUDA VILLELA FILHO  
ALBRECHT CURT REUTER DOMENECH

**EXECUTIVE BOARD**

**Chief Executive Officer**  
PAULO SETUBAL

**Executive Managing Vice-Presidents**

GUILHERME ARCHER DE CASTILHO  
PLINIO DO AMARAL PINHEIRO (\*)  
RAUL PENTEADO

**Executive Directors**

ENRIQUE JUDAS MANUBENS  
MÁRIO COLOMBELLI FILHO

**Managing Directors**

ALEXANDRE COELHO NETO DO NASCIMENTO  
ANTONIO JOAQUIM DE OLIVEIRA  
ANTONIO MASSINELLI  
ELCIDIR ELCIO BERMUSSI  
FLÁVIO DIAS SOARES  
MARCO ANTONIO MILLEO

**DISCLOSURE AND TRADING COMMITTEE****Members**

PAULO SETUBAL  
ALFREDO EGYDIO ARRUDA VILLELA FILHO  
PLINIO DO AMARAL PINHEIRO

(\*) *Investor Relations Director*

**ITAUTEC S.A. - GRUPO ITAUTEC****BOARD OF DIRECTORS**

**Chairman**  
PAULO SETUBAL

**Vice-Chairman**

RODOLFO VILLELA MARINO

**Directors**

ALFREDO EGYDIO ARRUDA VILLELA FILHO  
JAIRO CUPERTINO  
OLAVO EGYDIO SETUBAL JÚNIOR  
RENATO ROBERTO CUOCO

**OPTIONS COMMITTEE**

**President**  
PAULO SETUBAL

**Members**

ALFREDO EGYDIO ARRUDA VILLELA FILHO  
RENATO ROBERTO CUOCO

**EXECUTIVE BOARD**

**Chief Executive Officer**  
PAULO SETUBAL

**General Manager**

GUILHERME ARCHER DE CASTILHO

**Executive Managing Vice-Presidents**

CLÁUDIO VITA FILHO  
RAUL PENTEADO  
RICARDO EGYDIO SETUBAL (\*)

**Executive Director**

WILTON RUAS DA SILVA

**DISCLOSURE COMMITTEE****Members**

RICARDO EGYDIO SETUBAL  
PAULO SETUBAL  
GUILHERME ARCHER DE CASTILHO  
RAUL PENTEADO

(\*) *Investor Relations Director*

**ELEKEIROZ S.A.****BOARD OF DIRECTORS****Chairman**

PAULO SETUBAL

**Vice-Chairman**

ALFREDO EGYDIO ARRUDA VILLELA FILHO

**Directors**

CESAR CALVO HUIDOBRO  
OLAVO EGYDIO SETUBAL JÚNIOR  
RAUL PENTEADO  
REINALDO RUBBI  
RODOLFO VILLELA MARINO

**OPTIONS COMMITTEE**

**President**  
PAULO SETUBAL

**Member**

ALFREDO EGYDIO ARRUDA VILLELA FILHO

**EXECUTIVE BOARD****Chief Executive Officer**

PAULO SETUBAL

**General Manager**

REINALDO RUBBI (\*)

**Directors**

CARLOS CALVO SANZ  
RICARDO JOSÉ BARALDI

**DISCLOSURE COMMITTEE****Members**

PAULO SETUBAL  
REINALDO RUBBI

(\*) *Investor Relations Director*



**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**Consolidated Balance Sheet**

(In thousands of reais)

ASSETS	09/30/2008	09/30/2007
<b>CURRENT ASSETS</b>	<b>312,832,281</b>	<b>239,820,868</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>6,114,097</b>	<b>4,774,516</b>
<b>INTERBANK INVESTMENTS (Notes 4a and 5)</b>	<b>84,592,614</b>	<b>60,491,828</b>
<b>SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4b, 4c and 6)</b>	<b>70,386,390</b>	<b>56,566,114</b>
Securities	38,988,747	32,155,422
Derivative financial instruments	5,873,427	3,656,647
Assets guaranteeing technical provisions – PGBL/VGBL fund quotas (Note 11b)	21,893,675	17,456,277
Assets guaranteeing technical provisions – other securities (Note 11b)	3,630,541	3,297,768
<b>INTERBANK ACCOUNTS OF SUBSIDIARIES</b>	<b>20,259,855</b>	<b>16,969,978</b>
<b>LOAN, LEASE AND OTHER CREDIT OPERATIONS (Note 7)</b>	<b>91,435,500</b>	<b>63,069,016</b>
Operations with credit granting characteristics (Note 4d)	96,584,151	67,480,009
(Allowance for loan losses) (Note 4e)	(5,148,651)	(4,410,993)
<b>INVENTORIES (Notes 4f and 8)</b>	<b>772,249</b>	<b>611,884</b>
Products	766,925	605,606
Real estate	5,324	6,278
<b>OTHER RECEIVABLES</b>	<b>36,721,170</b>	<b>35,809,898</b>
Foreign exchange portfolio (Note 9)	22,469,187	23,536,801
Deferred tax assets (Note 14b I)	4,024,259	3,047,664
Sundry (Note 13a)	10,334,704	9,330,684
(Allowance for loan losses)	(106,980)	(105,251)
<b>OTHER ASSETS (Notes 4g and 13b)</b>	<b>276,221</b>	<b>304,861</b>
<b>PREPAID EXPENSES (Notes 4h and 13c)</b>	<b>2,274,185</b>	<b>1,222,773</b>
<b>NON-CURRENT ASSETS</b>	<b>89,286,665</b>	<b>63,801,383</b>
<b>LONG-TERM RECEIVABLES</b>	<b>82,874,675</b>	<b>58,381,272</b>
<b>INTERBANK INVESTMENTS (Notes 4a and 5)</b>	<b>1,898,786</b>	<b>1,662,209</b>
<b>SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4b, 4c and 6)</b>	<b>12,062,516</b>	<b>9,223,277</b>
Securities	10,192,100	7,603,595
Derivative financial instruments	1,141,918	1,011,864
Assets guaranteeing technical provisions – other securities (Note 11b)	728,498	607,818
<b>INTERBANK ACCOUNTS OF SUBSIDIARIES</b>	<b>568,560</b>	<b>402,977</b>
<b>LOAN, LEASE AND OTHER CREDIT OPERATIONS (Note 7)</b>	<b>50,790,327</b>	<b>32,920,965</b>
Operations with credit granting characteristics (Note 4d)	54,430,674	36,352,091
(Allowance for loan losses) (Note 4e)	(3,640,347)	(3,431,126)
<b>OTHER RECEIVABLES</b>	<b>15,037,830</b>	<b>12,173,595</b>
Foreign exchange portfolio (Note 9)	1,798,989	1,863,593
Deferred tax assets (Note 14b I)	5,675,993	4,214,686
Sundry (Note 13a)	7,562,848	6,095,316
<b>OTHER ASSETS (Notes 4g and 13b)</b>	<b>13,635</b>	<b>17,389</b>
<b>PREPAID EXPENSES (Notes 4h and 13c)</b>	<b>2,503,021</b>	<b>1,980,860</b>
<b>PERMANENT ASSETS</b>	<b>6,411,990</b>	<b>5,420,111</b>
<b>INVESTMENTS (Notes 4i and 15a II)</b>	<b>1,448,439</b>	<b>1,228,899</b>
Investments in affiliates	1,168,343	909,015
Other investments	280,096	319,884
<b>FIXED ASSETS (Notes 4j and 15b)</b>	<b>4,106,000</b>	<b>3,381,330</b>
Fixed assets for own use	9,070,492	8,216,029
Leased properties	82,038	94,783
Forest reserves	167,714	123,785
(Accumulated depreciation)	(5,214,244)	(5,053,267)
<b>INTANGIBLE (Note 15b)</b>	<b>8,369</b>	<b>6,682</b>
<b>DEFERRED CHARGES (Notes 4K and 15b)</b>	<b>849,182</b>	<b>803,200</b>
Organization and expansion expenditures	1,454,137	1,535,671
(Accumulated amortization)	(604,955)	(732,471)
<b>TOTAL ASSETS</b>	<b>402,118,946</b>	<b>303,622,251</b>

## ITAÚSA - INVESTIMENTOS ITAÚ S.A.

## Consolidated Balance Sheet

(In thousands of reais)

LIABILITIES	09/30/2008	09/30/2007
<b>CURRENT LIABILITIES</b>	<b>228,243,551</b>	<b>184,253,929</b>
<b>FUNDS RAISED BY SUBSIDIARIES (Notes 4a and 10)</b>	<b>168,746,607</b>	<b>127,578,407</b>
Foreign currency	11,883,326	8,826,091
Local currency	84,286,656	67,465,858
Money market	72,576,625	51,286,458
<b>SUBORDINATED DEBT (Note 10)</b>	<b>38,357</b>	<b>2,025,467</b>
<b>DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4c and 6b)</b>	<b>4,072,735</b>	<b>3,196,507</b>
<b>BORROWINGS (Note 4a)</b>	<b>1,222,053</b>	<b>359,114</b>
Foreign currency	572,421	121,150
Local currency	649,632	237,964
<b>STATUTORY AND SOCIAL CONTRIBUTIONS</b>	<b>1,932,815</b>	<b>1,913,158</b>
<b>TAX AND SOCIAL SECURITY CONTRIBUTIONS (Notes 4m, 4n and 14c)</b>	<b>2,816,023</b>	<b>1,999,008</b>
<b>OTHER LIABILITIES</b>	<b>41,064,209</b>	<b>40,035,633</b>
Foreign exchange portfolio (Note 9)	22,124,699	24,020,306
Credit card operations	7,805,725	7,106,883
Securitization of foreign payment orders (Note 10)	188,185	155,316
Sundry (Note 13d)	10,945,600	8,753,128
<b>INTERBANK ACCOUNTS OF SUBSIDIARIES</b>	<b>4,836,281</b>	<b>4,005,983</b>
<b>TECHNICAL PROVISIONS FOR INSURANCE, PENSION PLAN AND CAPITALIZATION (Notes 4l and 11a)</b>	<b>3,514,471</b>	<b>3,140,652</b>
<b>NON-CURRENT LIABILITIES</b>	<b>136,812,951</b>	<b>86,285,091</b>
<b>LONG-TERM LIABILITIES</b>	<b>136,812,951</b>	<b>86,285,091</b>
<b>FUNDS RAISED BY SUBSIDIARIES (Notes 4a and 10)</b>	<b>81,205,999</b>	<b>42,414,736</b>
Foreign currency	7,228,177	5,080,774
Local currency	41,012,836	12,330,669
Money market	32,964,986	25,003,293
<b>SUBORDINATED DEBT (Note 10)</b>	<b>12,473,194</b>	<b>8,828,555</b>
<b>DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4c and 6b)</b>	<b>1,032,958</b>	<b>1,445,401</b>
<b>BORROWINGS (Note 4a)</b>	<b>156,521</b>	<b>422,912</b>
Foreign currency	1,744	257,792
Local currency	154,777	165,120
<b>TAX AND SOCIAL SECURITY CONTRIBUTIONS (Notes 4m, 4n and 14c)</b>	<b>11,616,024</b>	<b>8,191,614</b>
<b>OTHER LIABILITIES</b>	<b>6,269,412</b>	<b>5,656,624</b>
Foreign exchange portfolio (Note 9)	1,824,311	1,863,433
Securitization of foreign payment orders (Note 10)	1,265,132	979,162
Sundry (Note 13d)	3,179,969	2,814,029
<b>TECHNICAL PROVISIONS FOR INSURANCE, PENSION PLAN AND CAPITALIZATION (Notes 4l and 11a)</b>	<b>24,058,843</b>	<b>19,325,249</b>
<b>DEFERRED INCOME (Note 4o)</b>	<b>140,969</b>	<b>120,335</b>
<b>MINORITY INTEREST IN SUBSIDIARIES (Note 20c)</b>	<b>19,707,577</b>	<b>17,731,819</b>
<b>STOCKHOLDERS' EQUITY OF THE PARENT COMPANY (Note 16)</b>	<b>17,213,898</b>	<b>15,231,077</b>
Capital	10,000,000	7,500,000
Capital reserves	28,125	27,576
Revaluation reserves	29,559	40,367
Revenue reserves	7,259,266	7,585,104
Adjustment to market value – securities and derivative financial instruments (Notes 4b, 4c and 6a)	(57,548)	78,030
(Treasury shares)	(45,504)	-
<b>STOCKHOLDERS' EQUITY OF THE ITAÚSA GROUP</b>	<b>36,921,475</b>	<b>32,962,896</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>402,118,946</b>	<b>303,622,251</b>

The Accompanying Notes are an integral part of these Financial Statements.

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**Consolidated Statement of Income**  
(In thousands of reais)

	01/01 to 09/30/2008	01/01 to 09/30/2007
<b>OPERATING REVENUES</b>	<b>54,463,591</b>	<b>41,033,797</b>
Sales of products and services	10,833,126	10,265,833
Insurance, pension plan and capitalization (Note 11c)	7,532,247	6,546,131
Financial	25,062,301	16,231,184
Financial income from insurance, pension plan and capitalization operations (Note 11c)	1,586,682	1,689,512
Securities	8,746,208	5,806,203
Equity in earnings of subsidiaries (Note 15a II)	102,874	88,979
Other operating revenues (Note 13e)	600,153	405,955
<b>OPERATING EXPENSES</b>	<b>(46,333,805)</b>	<b>(32,338,795)</b>
Cost of products and services	(2,390,711)	(2,001,230)
Insurance, pension plan and capitalization (Note 11c)	(6,521,435)	(5,635,521)
Equity	(5,501,223)	(4,786,844)
Administrative	(9,106,752)	(7,951,449)
Management fees	(202,086)	(158,386)
Financial	(17,299,784)	(6,576,000)
Financial expenses on technical provisions for pension plan and capitalization (Note 11c)	(1,284,920)	(1,385,521)
Other operating expenses (Note 13f)	(4,026,894)	(3,843,844)
<b>OPERATING INCOME</b>	<b>8,129,786</b>	<b>8,695,002</b>
<b>NON-OPERATING INCOME (Note 13g)</b>	<b>(58,557)</b>	<b>2,374,707</b>
<b>INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING</b>	<b>8,071,229</b>	<b>11,069,709</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION (Notes 4n and 14a I)</b>	<b>(1,438,261)</b>	<b>(3,746,368)</b>
Due on operations for the period	(2,035,778)	(3,292,317)
Related to temporary differences	597,517	(454,051)
<b>PROFIT SHARING</b>	<b>(681,658)</b>	<b>(588,541)</b>
Employees – Law No. 10,101 of 12/19/2000	(516,651)	(485,102)
Officers – Statutory – Law No. 6,404 of 12/15/1976	(165,007)	(103,439)
<b>NET INCOME OF THE GROUP</b>	<b>5,951,310</b>	<b>6,734,800</b>
<b>MINORITY INTEREST IN SUBSIDIARIES (Note 20c)</b>	<b>(3,476,479)</b>	<b>(3,742,540)</b>
<b>NET INCOME OF PARENT COMPANY</b>	<b>2,474,831</b>	<b>2,992,260</b>
<b>NUMBER OF OUTSTANDING SHARES – in thousands</b>	<b>3,881,480</b>	<b>3,528,909</b>
<b>NET INCOME OF PARENT COMPANY PER THOUSAND SHARES – R\$</b>	<b>637.60</b>	<b>847.93</b>
<b>BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES – R\$</b>	<b>4,434.88</b>	<b>4,316.09</b>
<b>EXCLUSION OF NONRECURRING EFFECTS (Note 20d)</b>	<b>535,705</b>	<b>(234,608)</b>
<b>NET INCOME OF PARENT COMPANY WITHOUT NONRECURRING EFFECTS</b>	<b>3,010,536</b>	<b>2,757,652</b>
<b>NET INCOME OF PARENT COMPANY PER THOUSAND SHARES – R\$</b>	<b>775.62</b>	<b>781.45</b>
<b>NET INCOME OF PARENT COMPANY PER THOUSAND SHARES (WITHOUT BONUS EFFECT IN 2008) – R\$</b>	<b>852.49</b>	<b>781.45</b>

The Accompanying Notes are an integral part of these Financial Statements.

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**Consolidated Statement of Changes in Financial Position**

(In thousands of reais)

	01/01 to 09/30/2008	01/01 to 09/30/2007
<b>A – FINANCIAL RESOURCES WERE PROVIDED BY</b>	<b>50,346,170</b>	<b>28,867,706</b>
NET INCOME FOR THE PERIOD	2,474,831	2,992,260
Items not representing changes in net working capital		
Minority interest	3,476,479	3,742,540
Depreciation and amortization	520,202	571,161
Equity in the earnings of subsidiaries	(102,874)	(88,979)
Dividends received from affiliates	88,880	60,829
Changes in provisions	-	43,639
Other	(139,152)	(12,264)
<b>ADJUSTED NET INCOME</b>	<b>6,318,366</b>	<b>7,309,186</b>
<b>STOCKHOLDERS' RESOURCES</b>	<b>250,549</b>	<b>300,752</b>
Capital increase	250,000	300,000
Premium on subscription of shares	471	752
Capital reserve arising from the sale of fractional shares	78	-
<b>THIRD-PARTY'S RESOURCES</b>	<b>43,777,255</b>	<b>21,257,768</b>
Increase in long-term liabilities	44,592,132	19,284,868
Cost of disposed permanent assets	49,213	364,944
Cost of investment disposals	8,931	5,949
Elimination of investments included in consolidation for the period	-	963,467
Change in deferred income	23,597	(4,604)
Change in minority interest, net	(896,618)	643,144
<b>B – FINANCIAL RESOURCES WERE USED FOR</b>	<b>23,115,730</b>	<b>23,946,940</b>
Increase in long-term receivables	19,490,664	20,779,618
Adjustment to market value – securities and derivatives – subsidiary and affiliated companies	38,875	24,200
Purchased properties and other fixed assets	946,883	634,814
Investments in the period	227,640	123,870
Increase in deferred assets	189,548	441,997
Purchase of treasury shares	280,545	25,498
Dividends paid to minority stockholders	1,129,694	1,056,881
Dividends proposed	811,881	860,062
<b>INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)</b>	<b>27,230,440</b>	<b>4,920,766</b>
<b>INCREASE (DECREASE) IN NET WORKING CAPITAL</b>	<b>27,230,440</b>	<b>4,920,766</b>
<b>At the beginning of the period</b>	<b>57,358,290</b>	<b>50,646,173</b>
Current assets	231,122,582	170,708,888
Current liabilities	173,764,292	120,062,715
<b>At the end of the period</b>	<b>84,588,730</b>	<b>55,566,939</b>
Current assets	312,832,281	239,820,868
Current liabilities	228,243,551	184,253,929

The Accompanying Notes are an integral part of these Financial Statements

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.****Balance Sheet***(In thousands of reais)*

<b>ASSETS</b>	<b>09/30/2008</b>	<b>09/30/2007</b>
<b>CURRENT ASSETS</b>	<b>1,026,310</b>	<b>1,131,967</b>
Cash and cash equivalents	19	26
Securities (Notes 4b and 6a)	281,293	467,496
Deferred tax assets (Note 14b I)	103,840	39,463
Other sundry receivables (Note 13a)	641,158	624,982
<b>NON-CURRENT ASSETS</b>	<b>18,338,289</b>	<b>16,392,021</b>
<b>LONG-TERM RECEIVABLES</b>	<b>36,837</b>	<b>24,036</b>
Securities (Notes 4b and 6a)	34	33
Deferred tax assets (Note 14b I)	6,961	-
Other sundry receivables (Note 13a)	29,842	24,003
<b>PERMANENT ASSETS</b>	<b>18,301,452</b>	<b>16,367,985</b>
Investments	18,293,843	16,359,870
Investments in subsidiaries (Note 15a I)	18,289,727	16,355,722
Other investments	4,116	4,148
Fixed assets (Note 15b)	7,609	8,115
<b>TOTAL ASSETS</b>	<b>19,364,599</b>	<b>17,523,988</b>
<b>LIABILITIES</b>	<b>09/30/2008</b>	<b>09/30/2007</b>
<b>CURRENT LIABILITIES</b>	<b>699,362</b>	<b>653,699</b>
Loans and financing	100,000	-
Dividends/Interest on capital payable	595,688	641,112
Tax and social security contributions (Notes 4m and 4n)	610	8,381
Other liabilities	3,064	4,206
<b>NON-CURRENT LIABILITIES</b>	<b>13,884</b>	<b>18,473</b>
<b>LONG-TERM LIABILITIES – Tax and social security contributions (Notes 4m and 4n)</b>	<b>13,884</b>	<b>18,473</b>
<b>STOCKHOLDERS' EQUITY (Note 16)</b>	<b>18,651,353</b>	<b>16,851,816</b>
Capital	10,000,000	7,500,000
Capital reserves	28,125	27,576
Revaluation reserves	29,559	40,367
Revenue reserves	8,696,721	9,205,843
Adjustment to market value – securities (Notes 4b, 4c and 6a)	(57,548)	78,030
(Treasury shares)	(45,504)	-
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>19,364,599</b>	<b>17,523,988</b>

The accompanying notes are an integral part of these financial statements.



**ITAÚSA - INVESTIMENTOS ITAÚ S.A.****Statement of Income***(In thousands of reais)*

	01/01 to 09/30/2008	01/01 to 09/30/2007
<b>OPERATING REVENUES</b>	<b>2,781,063</b>	<b>3,087,869</b>
Securities	(49,636)	187,827
Equity in earnings of subsidiaries (Note 15a I)	2,826,340	2,897,604
Other operating revenues	4,359	2,438
<b>OPERATING EXPENSES</b>	<b>(113,595)</b>	<b>(49,403)</b>
Equity	(642)	(655)
Administrative	(19,551)	(16,242)
Management fees	(5,857)	(5,199)
Other operating expenses (Note 13f)	(87,545)	(27,307)
<b>OPERATING INCOME</b>	<b>2,667,468</b>	<b>3,038,466</b>
<b>NON-OPERATING INCOME (Note 13g)</b>	<b>(401,515)</b>	<b>(76,124)</b>
<b>INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING</b>	<b>2,265,953</b>	<b>2,962,342</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION (Note 4n)</b>	<b>89,206</b>	<b>(8,143)</b>
Due on operations for the period	(3,696)	(15,098)
Related to temporary differences	92,902	6,955
<b>PROFIT SHARING - Officers – Statutory – Law No. 6,404 of 12/15/1976</b>	<b>(5,305)</b>	<b>(4,536)</b>
<b>NET INCOME</b>	<b>2,349,854</b>	<b>2,949,663</b>
<b>NUMBER OF OUTSTANDING SHARES – in thousands (Note 16a)</b>	<b>3,881,480</b>	<b>3,528,909</b>
<b>NET INCOME PER THOUSAND SHARES – R\$</b>	<b>605.40</b>	<b>835.86</b>
<b>BOOK VALUE PER THOUSAND SHARES – R\$</b>	<b>4,805.22</b>	<b>4,775.36</b>
<b>EXCLUSION OF NONRECURRING EFFECTS (Note 20d)</b>	<b>450,154</b>	<b>(447,192)</b>
<b>NET INCOME OF PARENT COMPANY WITHOUT NONRECURRING EFFECTS</b>	<b>2,800,008</b>	<b>2,502,471</b>
<b>NET INCOME OF PARENT COMPANY PER THOUSAND SHARES – R\$</b>	<b>721.38</b>	<b>709.13</b>
<b>NET INCOME OF PARENT COMPANY PER THOUSAND SHARES (WITHOUT BONUS EFFECT IN 2008) – R\$</b>	<b>792.88</b>	<b>709.13</b>

The accompanying notes are an integral part of these financial statements.

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**Statement of Changes in Stockholders' Equity (Note 16)**

(In thousands of reais)

	Capital	Capital reserves				Revaluation reserve	Revenue reserves			Adjustment to market value - securities/ derivatives	Treasury Shares	Retained earnings	Total
		Monetary adjustment Law No. 8,200	Premium on subscription of shares	Other capital reserves	Options for ax incentives		Legal	Unrealized profits	Statutory				
<b>BALANCES AT 01/01/2007</b>	<b>5,200,000</b>	<b>25,013</b>	<b>182</b>	<b>-</b>	<b>1,629</b>	<b>43,318</b>	<b>872,249</b>	<b>239,650</b>	<b>8,151,835</b>	<b>96,691</b>	<b>(124,945)</b>	<b>-</b>	<b>14,505,622</b>
Change in adjustment to market value - subsidiaries	-	-	-	-	-	-	-	-	-	(18,661)	-	-	(18,661)
Subscription of shares	300,000	-	-	-	-	-	-	-	-	-	-	-	300,000
Premium on subscription of shares	-	-	752	-	-	-	-	-	-	-	-	-	752
Increase in capital with reserves	2,000,000	-	-	-	-	-	-	-	(2,000,000)	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	(150,443)	-	150,443	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(25,498)	-	(25,498)
Reversal/Realization of reserves	-	-	-	-	-	(2,951)	-	-	-	-	-	2,951	-
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	2,949,663	2,949,663
Appropriations:													
Legal	-	-	-	-	-	-	147,483	-	-	-	-	(147,483)	-
Statutory	-	-	-	-	-	-	-	-	1,945,069	-	-	(1,945,069)	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	(596,618)	(596,618)
Interest on capital	-	-	-	-	-	-	-	-	-	-	-	(263,444)	(263,444)
<b>BALANCES AT 09/30/2007</b>	<b>7,500,000</b>	<b>25,013</b>	<b>934</b>	<b>-</b>	<b>1,629</b>	<b>40,367</b>	<b>1,019,732</b>	<b>239,650</b>	<b>7,946,461</b>	<b>78,030</b>	<b>-</b>	<b>-</b>	<b>16,851,816</b>
<b>CHANGES IN THE PERIOD</b>	<b>2,300,000</b>	<b>-</b>	<b>752</b>	<b>-</b>	<b>-</b>	<b>(2,951)</b>	<b>147,483</b>	<b>-</b>	<b>(205,374)</b>	<b>(18,661)</b>	<b>124,945</b>	<b>-</b>	<b>2,346,194</b>
<b>BALANCES AT 01/01/2008</b>	<b>7,500,000</b>	<b>25,013</b>	<b>934</b>	<b>-</b>	<b>1,629</b>	<b>30,720</b>	<b>1,066,628</b>	<b>-</b>	<b>8,606,502</b>	<b>37,317</b>	<b>(30,502)</b>	<b>-</b>	<b>17,238,241</b>
Change in adjustment to market value - subsidiaries	-	-	-	-	-	-	-	-	-	(94,865)	-	-	(94,865)
Subscription of shares	250,000	-	-	-	-	-	-	-	-	-	-	-	250,000
Premium on subscription of shares	-	-	471	-	-	-	-	-	-	-	-	-	471
Increase in capital with reserves	2,250,000	-	-	-	-	-	-	-	(2,250,000)	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	(265,543)	-	265,543	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(280,545)	-	(280,545)
Reversal/Realization of reserves	-	-	-	-	-	(1,161)	-	-	-	-	-	1,161	-
Reversal of prior year's interest on capital	-	-	-	-	-	-	-	-	3,024	-	-	-	3,024
Capital reserve arising from the sale of fractional shares	-	-	-	78	-	-	-	-	-	-	-	-	78
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	2,349,854	2,349,854
Appropriations:													
Legal	-	-	-	-	-	-	117,493	-	-	-	-	(117,493)	-
Statutory	-	-	-	-	-	-	-	-	1,418,617	-	-	(1,418,617)	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	(331,867)	(331,867)
Interest on capital	-	-	-	-	-	-	-	-	-	-	-	(483,038)	(483,038)
<b>BALANCES AT 09/30/2008</b>	<b>10,000,000</b>	<b>25,013</b>	<b>1,405</b>	<b>78</b>	<b>1,629</b>	<b>29,559</b>	<b>1,184,121</b>	<b>-</b>	<b>7,512,600</b>	<b>(57,548)</b>	<b>(45,504)</b>	<b>-</b>	<b>18,651,353</b>
<b>CHANGES IN THE PERIOD</b>	<b>2,500,000</b>	<b>-</b>	<b>471</b>	<b>78</b>	<b>-</b>	<b>(1,161)</b>	<b>117,493</b>	<b>-</b>	<b>(1,093,902)</b>	<b>(94,865)</b>	<b>(15,002)</b>	<b>-</b>	<b>1,413,112</b>

The Accompanying Notes are an integral part of these Financial Statements.

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**Statement of Changes in Financial Position**  
*(In thousands of reais)*

	01/01 to 09/30/2008	01/01 to 09/30/2007
<b>A – FINANCIAL RESOURCES WERE PROVIDED BY</b>	<b>1,304,087</b>	<b>1,287,978</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>2,349,854</b>	<b>2,949,663</b>
Items not representing changes in net working capital		
Depreciation and amortization	642	655
Equity in the earnings of subsidiaries	(2,424,707)	(2,820,359)
Dividends received from affiliates	972,129	845,252
Provision for losses	5	(23)
Amortization of goodwill	15,357	8,313
<b>ADJUSTED NET INCOME</b>	<b>913,280</b>	<b>983,501</b>
<b>STOCKHOLDERS' RESOURCES</b>	<b>250,549</b>	<b>300,752</b>
Subscription of shares	250,000	300,000
Premium on subscription of shares	471	752
Capital reserve arising from the sale of fractional shares	78	-
<b>THIRD-PARTY'S RESOURCES ARISING FROM</b>	<b>140,258</b>	<b>3,725</b>
Cost of investment disposals	140,258	-
Decrease in long-term receivables	-	3,725
<b>B – FINANCIAL RESOURCES WERE USED FOR</b>	<b>1,278,582</b>	<b>1,026,953</b>
Increase in long-term receivables	12,105	-
Purchased properties and other fixed assets	346	38
Investments in the period	173,657	139,877
Purchase of treasury shares	280,545	25,498
Proposed interest on capital and dividends	811,881	860,062
Decrease in long-term liabilities	48	1,478
<b>INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)</b>	<b>25,505</b>	<b>261,025</b>
<b>INCREASE (DECREASE) IN NET WORKING CAPITAL</b>	<b>25,505</b>	<b>261,025</b>
<b>At the beginning of the period</b>	<b>301,443</b>	<b>217,243</b>
Current assets	1,408,440	1,374,222
Current liabilities	1,106,997	1,156,979
<b>At the end of the period</b>	<b>326,948</b>	<b>478,268</b>
Current assets	1,026,310	1,131,967
Current liabilities	699,362	653,699

The accompanying notes are an integral part of these financial statements.

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FROM JANUARY 1 TO SEPTEMBER 30, 2008 AND 2007**

(In thousands of reais)

**NOTE 1 - OPERATIONS**

ITAÚSA - Investimentos Itaú S.A. (ITAÚSA) has as its main objective supporting the companies in which it holds an equity interest, through studies, analyses and suggestions on the operating policy and projects for the expansion of the mentioned companies, obtaining resources to meet the related additional needs of risk capital through subscription or acquisition of securities issued, to strengthen their position in the capital market and related activities or subsidiaries of interest of the mentioned companies, except for those restricted to financial institutions.

**NOTE 2 – PRESENTATION OF THE FINANCIAL STATEMENTS**

The financial statements of ITAÚSA and of its subsidiaries (ITAÚ CONSOLIDATED) have been prepared in accordance with accounting principles established by the Brazilian Corporate Law (Note 20e) and instructions issued by the Brazilian Securities and Exchange Commission (CVM), the Central Bank of Brazil (BACEN), the National Monetary Council (CMN), the Superintendency of Private Insurance (SUSEP), and the National Council of Private Insurance (CNSP), which include the use of estimates necessary to calculate accounting provisions.

In order to enable the proper analysis of the net income, the heading “Net income without nonrecurring effects” is presented below the Consolidated Statement of Income, and this effect is highlighted in a heading called “Exclusion of nonrecurring effects” (Note 20d).

Lease Operations are presented at present value in the Balance Sheet, and the related income and expenses, which represent the financial result of these operations, are presented grouped together under financial income in the Statement of Income. Advances on exchange contracts are reclassified from Other Liabilities – Foreign Exchange Portfolio. The foreign exchange result is presented on an adjusted basis, with the reclassification of expenses and income, in order to represent exclusively the impact of variations and differences of rates on the balance sheet accounts denominated in foreign currencies.

**NOTE 3 – CONSOLIDATED FINANCIAL STATEMENTS**

Intercompany transactions and balances and results have been eliminated on consolidation. The investments held by consolidated companies in Exclusive Investment Funds are consolidated. The investments in these fund portfolios are classified by type of transaction and were distributed by type of security, in the same categories in which these securities had been originally allocated. The effects of the Foreign Exchange Variation on investments abroad are classified in the Statement of Income accounts, according to the nature of the corresponding balance sheet accounts.

The difference in Net Income and Stockholders' Equity between ITAÚSA and ITAÚSA CONSOLIDATED (Note 16d) results the adoption of different criteria for the amortization of goodwill originated on purchase of investments and the recognition of deferred tax assets.

In ITAÚSA, the goodwill recorded in subsidiaries, mainly originated from the acquisition of BankBoston (BKB) operations in Brazil, Chile and Uruguay, of BankBoston International (BBI) and BankBoston Trust Company Limited (BBT), from the partnership to set up Financeira Itaú CBD and Americanas Itaú and from the acquisition of part of the shares of BPI S.A. (BPI), is being amortized based on the expected future profitability (10 years) or upon realization of investments.

In ITAÚSA CONSOLIDATED, this goodwill was fully amortized in the years when these investments occurred in order to: a) permit better comparability with previous periods' consolidated financial statements; and b) permit measuring Net Income and Stockholders' Equity based on conservative criteria.



The consolidated financial statements comprise ITAÚSA and its direct and indirect subsidiaries, among which we highlight:

		Incorporation country	Interest (%)	
			09/30/2008	09/30/2007
<b>FINANCIAL SERVICES AREA</b>				
Afinco Americas Madeira, SGPS, Sociedade Unipessoal, Ltda.		Portugal	45.34	44.77
Banco Fiat S.A.		Brazil	45.34	44.77
Banco Itaú Argentina S.A.	(1)	Argentina	45.32	44.77
Banco Itaú BBA S.A.		Brazil	43.41	42.86
Banco Itaú Chile S.A.		Chile	45.34	44.77
Banco Itaú Europa Luxembourg S.A.		Luxembourg	89.31	89.20
Banco Itaú Europa, S.A.		Portugal	89.32	89.21
Banco Itaú Holding Financeira S.A.	(2)	Brazil	45.34	44.77
Banco Itaú S.A.		Brazil	45.34	44.77
Banco Itaú Uruguay S.A.		Uruguay	45.34	44.77
Banco ItauBank S.A.		Brazil	45.34	44.77
Banco Itaucard S.A.		Brazil	45.34	44.77
Banco Itaucred Financiamentos S.A.		Brazil	45.34	44.77
Banco Itauleasing S.A.		Brazil	45.34	44.77
BIU Participações S.A.	(3)	Brazil	18.89	18.65
Cia. Itaú de Capitalização		Brazil	45.34	44.77
FAI - Financeira Americanas Itaú S.A. Crédito, Financiamento e Investimento	(3)	Brazil	22.67	22.38
Fiat Administradora de Consórcios Ltda.		Brazil	45.34	44.77
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento	(4)	Brazil	22.67	22.38
Itaú Administradora de Consórcios Ltda.		Brazil	45.34	44.77
Itaú Bank, Ltd.	(5)	Cayman Islands	45.34	44.77
Itaú Corretora de Valores S.A.		Brazil	45.34	44.77
Itaú Seguros S.A.		Brazil	45.34	44.77
Itaú Vida e Previdência S.A.		Brazil	45.34	44.77
Itaú XL Seguros Corporativos S.A.	(4)	Brazil	22.67	22.38
ItauBank Leasing S.A. Arrendamento Mercantil		Brazil	45.34	44.77
Itaúsa Export S.A.		Brazil	87.85	87.72
Oca Casa Financiera S.A.		Uruguay	45.34	44.77
Orbitall Serviços e Processamento de Informações Comerciais S.A.		Brazil	45.34	44.77
Redecard S.A.	(3)	Brazil	10.52	10.39
<b>INDUSTRIAL AREA</b>				
Duratex S.A.	(2)	Brazil	41.81	41.33
Elekeiroz S.A.	(2)	Brazil	96.46	96.47
Itaúsa Empreendimentos S.A.		Brasil	99.96	99.96
Itautec S.A.	(2)	Brazil	94.01	94.01

(1) New corporate name of Banco Itaú Buen Ayre S.A., approved by the Central Bank of Argentina on July 24, 2008.

(2) Listed company;

(3) Companies with shared control included proportionally in consolidation;

(4) Company with shared control, included in consolidation, as authorized by CVM, in view of business management by Banco Itaú Holding Financeira S.A. (ITAÚ HOLDING);

(5) It does not include redeemable preferred shares (Note 10).

**NOTE 4 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES**

**a) Interbank investments, funds raised by subsidiaries, borrowings and onlendings and other receivables and payables** – Transactions subject to monetary correction and foreign exchange variation and operations with fixed charges are recorded at present value, calculated "pro rata die" based on the variation of the contracted index and interest rate.

**b) Securities**

- I- In ITAÚSA and non-financial subsidiaries (Industrial Area) are recorded at cost of acquisition restated and adjusted to reflect the market value, when this is lower.
- II- In financial subsidiaries, insurance, pension plan and capitalization companies and their subsidiaries (Financial Services Area), recorded at cost of acquisition restated by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Circular No. 3,068, of November 8, 2001 and SUSEP Circular No. 314, of December 27, 2005. Securities are classified into the following categories:
- Trading securities – acquired to be actively and frequently traded, and adjusted to market value, with a contra-entry to the results for the period.
  - Available-for-sale securities – securities that can be negotiated but are not acquired to be actively and frequently traded. They are adjusted to their market value with a contra-entry to an account disclosed in stockholders' equity; and
  - Held-to-maturity securities – securities, except for non-redeemable shares, for which the bank has the financial condition and intends or is required to hold them in the portfolio up to their maturity, are recorded at cost of acquisition, or market value, whenever these are transferred from another category. The securities are adjusted up to their maturity date, not being adjusted to market value

Gains and losses on available-for-sale securities, when realized, are recognized at the trading date in the statement of income, with a contra-entry to a specific stockholders' equity account.

Decreases in the market value of available-for-sale and held-to-maturity securities below their related costs, resulting from non-temporary reasons, are recorded in results as realized losses.

- III- The effects of the procedures described in item II above, in the Financial Services subsidiaries of ITAÚSA, recorded under stockholders' equity or the statement of income, were equally recorded in stockholders' equity or in the equity of earnings of parent company in proportion to the ownership percentage.

**c) Derivative financial instruments** - These are classified on the date of their acquisition, according to management's intention of using them either as a hedge or not, according to BACEN Circular No. 3,082, of January 30, 2002. Transactions involving financial instruments, carried out upon the client's request, for their own account, or which do not comply with the hedging criteria (mainly derivatives used to manage the overall risk exposure) are stated at market value, including realized and unrealized gains and losses, which are recorded directly in the statements of income.

The derivatives used for protection against risk exposure or to modify the characteristics of financial assets and liabilities, which have changes in market value highly associated with those of the items being protected at the beginning and throughout the duration of the contract, and which are found effective to reduce the risk related to the exposure being protected, are classified as a hedge, in accordance with their nature:

- Market Risk Hedge – Financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, which are recorded directly in the statement of income;
- Cash Flow Hedge - The effective amount of the hedge of financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, net of tax effects, when applicable, and recorded in a specific account in stockholders' equity. The ineffective portion of *hedge* is recorded directly in the statement of income.

- d) Loan, lease and other credit operations (operations with credit granting characteristics)** – These transactions are recorded at present value and calculated “pro rata die” based on the variation of the contracted index, and are recorded on the accrual basis until the 60th day overdue in financial companies. After the 60th day, income is recognized upon the effective receipt of installments. Credit card operations include receivables arising from the purchases made by cardholders. The funds related to these amounts are recorded in Other Liabilities – Credit Card Operations.
- e) Allowance for loan losses** - The balance of the allowance for loan losses was recorded based on the credit risk analysis, at an amount considered sufficient to cover loan losses, according to the rules determined by CMN Resolution No. 2,682 of December 21, 1999, among which are:
- Provisions are recorded from the date loans are granted, based on the client’s risk rating and on the periodic quality evaluation of clients and industries, and not only in the event of default;
  - Based exclusively on delinquency, write-offs of credit operations against loss may be carried out 360 days after the due date of the credit or 540 days for operations that mature after a period of 36 months.
- f) Inventories** - These are valued at the average acquisition or production cost, which is lower than replacement costs or realizable values and, when applicable, decreased by the provision for obsolescence. Imports in transit are stated at the accumulated cost of each import.
- g) Other assets** - These assets are mainly comprised by assets held for sale relating to real estate available for sale, own real estate not in use or real estate received as payment in kind, which are adjusted to market value by recognizing a provision, according to current regulations.
- h) Prepaid expenses** – These refer to expenditures which will benefit future periods.
- i) Investments** - In subsidiary and affiliated companies, investments are accounted for under the equity method. The consolidated financial statements of foreign branches and subsidiaries are adapted to comply with Brazilian accounting practices and converted into Reais. Other investments are recorded at cost, restated up to December 31, 1995, and adjusted to market value by setting up a provision in accordance with current standards.
- j) Fixed assets** - These assets are stated at cost of acquisition or construction, less accumulated depreciation, restated up to December 31, 1995. For insurance, pension plan and capitalization operations, property and equipment are adjusted to market value based on appraisal reports.

In the Financial Area, with respect to operating leases, leased assets are stated at cost of acquisition less accumulated depreciation. The depreciation of leased assets is recognized under the straight-line method, based on their usual useful lives, taking into account that the useful life shall be decreased by 30% should it meet the conditions provided for by Ordinance No. 113 of February 26, 1988 issued by the Ministry of Finance. Receivables are recorded in lease receivable at the contractual amount, with contra-entry to unearned income accounts. The recognition in income will occur on the due date of the installments.

Depreciation is calculated using the straight-line method, based on monetarily restated cost, at the following annual rates:

Real estate in use	4%	to	8%
Installations, furniture, equipment and security, transportation and communication systems	10%	to	25%
EDP systems	20%	to	50%

- k) Deferred charges** - Deferred organization and expansion expenditures mainly represent leasehold improvements and acquisition of software, and acquisition of customer portfolios, which are amortized in periods from five to ten years.
- l) Technical provisions of insurance, pension plan and capitalization** - Provisions are recognized according to the technical notes approved by SUSEP and criteria established by CNSP Resolution No. 162 of December 26, 2006 and the amendments introduced by CNSP Resolution No. 181, of December 19, 2007.

#### **I - Insurance:**

- Provision for unearned premiums - Recognized to determine unearned premiums relating to the risk coverage period, calculated "pro rata die", and relating to risks not yet issued, calculated based on estimates, according to an actuarial technical study;
- Provision for premium deficiency - Recognized according to the Technical Actuarial Note in case of insufficient Provision for Unearned Premiums;
- Provision for unsettled claims - Recognized based on claims of loss in an amount sufficient to cover future commitments, awaiting judicial decision, which amounts are determined by court-appointed experts and legal advisors that make assessments based on the insured amounts and technical regulations, taking into consideration the likelihood of unfavorable outcome to the insurance company;
- Provision for claims incurred but not reported (IBNR) – Recognized for the estimated amount of claims occurred for risks assumed in the portfolio but not reported.

#### **II - Pension plan and individual life with living benefits** - Correspond to liabilities assumed such as retirement plans, disability, pension and annuity:

- Mathematical provisions for benefits to be granted and benefits granted - Correspond to commitments assumed with participants, but for which benefits are not yet due, and to those receiving the benefits;
- Provision for insufficient contribution - Recognized in case of insufficient mathematical provisions;
- Provision for events incurred but not reported (IBNR) - Recognized for the estimated amount of events occurred but not reported;
- Provision for financial surplus - Recognized at the difference between the contributions adjusted daily by the Investment Portfolio and the funds guaranteeing them, according to the plan's regulation;
- Provision for financial variation - Recognized according to the methodology provided for in the Technical Actuarial Note in order to guarantee that the financial assets are sufficient to cover mathematical provisions.

#### **III - Capitalization:**

- Mathematical provision for redemptions - Represents capitalization certificates received to be redeemed;
- Provision for raffle contingencies - Recognized according to the methodology provided for in the Technical Actuarial Note to cover the Provision for raffles in the event of insufficient funds.

**m) Contingent assets and liabilities and legal liabilities – tax and social security:** assessed, recognized and disclosed according to the provisions set forth in CVM Resolution No. 489 of October 3, 2005.

#### I - Contingent assets and liabilities:

Refer to potential rights and obligations arising from past events, the occurrence of which is dependent upon future events.

- Contingent assets - not recognized, except upon evidence ensuring a high reliability level of realization, usually represented by claims awarded a final and unappealable judgment and confirmation of the recoverability of the claim through receipt of amounts or offset against another liability.
- Contingent liabilities - basically arise from administrative proceedings and lawsuits, inherent in the normal course of business, filed by third parties, former employees and governmental bodies, in connection with civil, labor, tax and social security lawsuits and other risks. These contingencies are calculated based on conservative practices, being usually recorded based on the opinion of legal advisors and considering the probability that financial resources shall be required for settling the obligation, the amount of which may be estimated with sufficient certainty. Contingencies are classified either as probable, for which provisions are recognized; possible, which are disclosed but not recognized; or remote, for which recognition or disclosure are not required. Any contingent amounts are measured through the use of models and criteria which allow their adequate measurement, in spite of the uncertainty of their term and amounts.

Escrow deposits are restated in accordance with the current legislation.

Contingencies guaranteed by indemnity clauses in privatization processes and with liquidity are only recognized upon judicial notification with simultaneous recognition of receivables, without any effect on results.

#### II - Legal liabilities – tax and social security

Represented by amounts payable related to tax liabilities, the legality or constitutionality of which are subject to administrative or judicial defense, recognized at the full amount under discussion.

Liabilities and related escrow deposits are adjusted in accordance with the current legislation.

**n) Taxes** - these provisions are calculated according to current legislation at the rates shown below, using the related calculation bases.

Income tax	15.00%
Additional income tax	10.00%
Social contribution (1)	9.00%
PIS (2)	1.65%
COFINS (2)	7.60%
ISS	up to 5.00%

(1) As from May 1, 2008, for financial subsidiaries and equivalent companies, the rate was changed from 9% to 15%, as provided for by articles 17 and 41 of Law No. 11,727 of June 24, 2008.

(2) For financial and similar companies, the PIS and COFINS rates are 0.65% and 4%, respectively.

**o) Deferred income** – this refers to unexpired interest received in advance that is recognized in income as earned, and the negative goodwill on acquisition of investments arising from expected future losses, which has not been absorbed in the consolidation process.

**NOTE 5 - INTERBANK INVESTMENTS**

We present below the composition of the interbank investments of the subsidiaries of the Financial Services Area:

	<b>09/30/2008</b>	<b>09/30/2007</b>
<b>Money market</b>	<b>74,282,795</b>	<b>50,216,182</b>
<b>Funded position (*)</b>	<b>23,788,899</b>	<b>18,756,759</b>
<b>Financed position</b>	<b>49,811,640</b>	<b>31,255,534</b>
With free movement	825,796	12,003,365
Without free movement	48,985,844	19,252,169
<b>Short position</b>	<b>682,256</b>	<b>203,889</b>
<b>Money market – assets guaranteeing technical provisions - SUSEP</b>	<b>804,407</b>	<b>661,076</b>
<b>Interbank deposits</b>	<b>11,404,198</b>	<b>11,276,779</b>
<b>TOTAL</b>	<b>86,491,400</b>	<b>62,154,037</b>

(\*) Includes R\$ 13,502,433 (R\$ 6,621,263 at 09/30/2007) related to money market with free movement, in which securities are basically restricted to guarantee transactions at the BM&F Bovespa S.A. - Brazilian Stock, Mercantile and Futures Exchange (BM&F Bovespa) and the Central Bank of Brazil (BACEN).



**NOTE 6 - SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)**

We present the composition of the accounts "Securities and Derivative Financial Instruments", maintained in the subsidiaries of the Financial Services Area, which are in accordance with the standards of BACEN and SUSEP. They are recorded at cost and market values, and the effects of market value adjustment are directly recorded in stockholders' equity and results of subsidiaries and of ITAÚSA.

**a) Summary**

Description	Cost	Provision for adjustment to market value with impact on:		Market value							Market value
		Results	Stockholders' equity	09/30/2008	0 - 30	31 - 90	91 - 180	181 - 365	366 - 720	Over 720 days	
<b>Itaúsa and Industrial Area</b>											
Securities	899,763	-	-	899,763	720,118	17,056	17,217	69,795	14,873	60,704	1,270,200
Derivative Financial Instruments	1,688	-	-	1,688	1,000	553	135	-	-	-	5,841
<b>Subtotal</b>	<b>901,451</b>	<b>-</b>	<b>-</b>	<b>901,451</b>	<b>721,118</b>	<b>17,609</b>	<b>17,352</b>	<b>69,795</b>	<b>14,873</b>	<b>60,704</b>	<b>1,276,041</b>
<b>Financial Services Area (1)</b>											
Trading securities (2)	49,415,217	(65,403)	-	49,349,814	24,569,740	458,334	2,264,003	4,547,076	5,734,631	11,776,030	39,956,611
Available-for-sale securities	24,101,475	-	(108,200)	23,993,275	4,522,745	2,842,926	2,551,816	4,278,376	4,982,595	4,814,817	18,455,464
Held-to-maturity securities (3)	1,190,709	-	-	1,190,709	9,251	4,214	11,842	38,419	18,292	1,108,691	1,438,605
Derivative Financial Instruments	6,516,256	497,401	-	7,013,657	1,312,223	1,980,995	1,275,888	1,302,633	471,758	670,160	4,662,670
<b>Subtotal</b>	<b>81,223,657</b>	<b>431,998</b>	<b>(108,200)</b>	<b>81,547,455</b>	<b>30,413,959</b>	<b>5,286,469</b>	<b>6,103,549</b>	<b>10,166,504</b>	<b>11,207,276</b>	<b>18,369,698</b>	<b>64,513,350</b>
Deferred taxes										23,816	
Adjustments of securities reclassified in prior years to the held-to-maturity category										20,169	
Adjustment of securities of unconsolidated affiliates										(21,878)	
<b>Total Adjustment to Market Value</b>										<b>(86,093)</b>	
<b>Total Securities and Derivative Financial Instruments (Assets)</b>	<b>82,125,108</b>	<b>431,998</b>		<b>82,448,906</b>	<b>31,135,077</b>	<b>5,304,078</b>	<b>6,120,901</b>	<b>10,236,299</b>	<b>11,222,149</b>	<b>18,430,402</b>	<b>65,789,391</b>
Derivative Financial Instruments - Itaúsa and Industrial Area	(24,376)	12,353		(12,023)	14,759	(6,020)	(2,257)	(18,505)	(1)	1	(38,520)
Derivative Financial Instruments - Financial Area	(4,317,167)	(776,503)		(5,093,670)	(995,147)	(1,405,190)	(904,952)	(744,333)	(443,149)	(600,899)	(4,603,388)
<b>Total Derivative Financial Instruments (Liabilities)</b>	<b>(4,341,543)</b>	<b>(764,150)</b>		<b>(5,105,693)</b>	<b>(980,388)</b>	<b>(1,411,210)</b>	<b>(907,209)</b>	<b>(762,838)</b>	<b>(443,150)</b>	<b>(600,898)</b>	<b>(4,641,908)</b>
<b>Minority interests</b>										<b>28,545</b>	
<b>Amount separately disclosed in the stockholders' equity of ITAÚSA</b>										<b>(57,548)</b>	

(1) No reclassification among categories was performed in the period.

(2) Includes portfolio of PGBL and VGBL plan securities, in the amount of R\$ 21,693,875 (R\$ 17,456,277 at 09/30/2007), the ownership and embedded risks of which belong to clients, and recorded as marketable securities in compliance with SUSEP requirements, with contra-entry to liabilities, in Technical Provision for Pension Plans.

(3) Securities classified under this category, if stated at market value, would present a positive adjustment of R\$ 173,150 (positive adjustment of R\$ 210,214 at 09/30/2007).

At ITAÚSA, the amount of R\$ 281,327 (R\$ 467,529 at 09/30/2007) is basically composed of Quotas of Investment Funds.

## b) Derivative financial instruments

The globalization of the markets in recent years has resulted in a high level of sophistication in the financial products used. As a result of this process, there has been an increasing demand for derivative financial instruments to manage market risks, mainly arising from fluctuations in interest and exchange rates, commodities and other asset prices and credit, aiming to hedge against default by counterparts. Accordingly, ITAÚSA and its subsidiaries operate in the derivative markets for meeting the growing needs of their clients, as well as carrying out their risk management policy. Such policy is based on the use of derivative instruments to minimize the risks resulting from commercial and financial operations.

The derivative financial instrument's business with clients is carried out after the approval of credit limits. The process of limit approval takes into consideration potential stress scenarios.

Knowing the client, the sector in which it operates and its risk-taking profile, in addition to providing information on the risks involved in the transaction and the negotiated conditions ensure transparency in the relationship between the parties and the supply of a product that better meet the needs of the client in view of its operating characteristics.

The derivative transactions carried out by ITAÚSA through its subsidiaries with customers are neutralized in order to eliminate market risks.

Most derivative contracts traded by the institution with clients in Brazil are swap, option and futures contracts, which are registered at the BM&F Bovespa or at the Clearing House for the Custody and Financial Settlement of Securities (CETIP). BM&F Bovespa futures contracts involving interbank rates and U.S. dollars are mainly used to lock the financing rates offered to customers with maturity or currency mismatches between their obligations and the resources used to fund them. Overseas transactions are carried out with futures, forwards, options, swaps and credits with registration mainly in the Chicago, New York and London Exchanges.

The main risk factors of the derivatives, assumed at September 30, 2008, were related to the foreign exchange rate, interest rate, commodities, U.S. dollar coupon, Reference Rate coupon, Libor and variable income. The management of these and other market risk factors is supported by the infrastructure of sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to optimize the risk-return ratios, even under highly volatile situations.

The institution carries out operations involving credit risk derivatives with the purpose of optimizing the management of its exposure to the credit risk of the assets of its balance sheet.

The operations carried out for loan portfolio management reduce the specific risks of the debtor counterpart, transferring these risks, totally or partially, to the institution that sells the hedge. Such risks are daily monitored in view of the credit limits established for each counterpart, thus ensuring that they are properly managed.

Under normal conditions, the exchange prices are the best indicators of the fair value of the financial instruments. However, not all instruments have liquidity or quotations and, in these cases, it is necessary to adopt present value estimates and other pricing techniques. To obtain these market values, the following criteria were adopted:

- Swaps - the cash flow of each leg is discounted to present value, according to the corresponding interest curves, obtained based on the BM&F Bovespa prices and/or market prices of the government securities for Brazilian transactions, and on the international exchange prices for transactions carried out abroad.
- Futures and Forwards contracts - Quotation on the exchanges or adoption of a criterion identical to those used for swaps;
- Options - statistical models that incorporate the volatility of the asset value, the interest rates, the exercise price and the spot price of the goods, such as the Black & Scholes model.
- Credit – Pricing model involving market prices of credit default swaps and/or credit spread calculated based on government and/or private securities and risk-free rates.

These financial instruments have their notional amounts recorded in memorandum accounts and adjustments/premiums are recorded in balance sheet accounts.

	Memorandum Account	Notional	Balance sheet account	Adjustment to	Market value	
	Amount		receivable / (received) (payable) / paid	market value (in results)	09/30/2008	09/30/2007
	09/30/2008	09/30/2007	09/30/2008	09/30/2008	09/30/2008	09/30/2007
<b>Futures contracts</b>	<b>98,199,446</b>	<b>218,390,545</b>	<b>359,357</b>	<b>(1,090)</b>	<b>358,267</b>	<b>32,327</b>
<b>Purchase commitments</b>	<b>23,272,120</b>	<b>121,659,975</b>	<b>(116,680)</b>	<b>3,004</b>	<b>(113,676)</b>	<b>33,295</b>
Foreign currency	6,840,919	7,305,512	(104,350)	803	(103,547)	(7,482)
Interbank market	8,211,141	39,409,974	25,937	281	26,218	(1,977)
Fixed rate	-	46,551,754	-	-	-	-
Indices	7,954,509	27,460,816	(38,402)	3,429	(34,973)	42,755
Securities	156,182	792,424	-	-	-	(100)
Other	109,369	139,495	135	(1,509)	(1,374)	99
<b>Commitments to sell</b>	<b>74,927,326</b>	<b>96,730,570</b>	<b>476,037</b>	<b>(4,094)</b>	<b>471,943</b>	<b>(968)</b>
Foreign currency	10,389,746	5,367,083	174,794	(3,650)	171,144	6
Interbank market	46,032,046	7,788,673	(66,272)	(1,321)	(67,593)	(169)
Fixed rate	-	74,769,674	-	-	-	-
Indices	17,707,680	7,267,633	367,386	(5,511)	361,875	(546)
Securities	608,854	1,400,195	-	(212)	(212)	-
Other	189,000	137,312	129	6,600	6,729	(259)
<b>Swap contracts</b>			<b>(479,275)</b>	<b>115,071</b>	<b>(364,204)</b>	<b>(83,255)</b>
<b>Asset position</b>	<b>59,835,382</b>	<b>43,272,840</b>	<b>1,660,161</b>	<b>(5,709)</b>	<b>1,654,452</b>	<b>1,649,282</b>
Foreign currency	12,743,163	8,457,179	614,487	(252,849)	361,638	40,818
Interbank market	27,901,176	18,988,380	562,738	232,436	795,174	1,075,697
Fixed rate	8,488,290	6,949,111	84,153	56,289	140,442	195,711
Indices	9,760,684	8,777,471	399,129	(55,547)	343,582	324,406
Other	942,069	100,699	(346)	13,962	13,616	12,650
<b>Liability position</b>	<b>60,314,657</b>	<b>43,432,421</b>	<b>(2,139,436)</b>	<b>120,780</b>	<b>(2,018,656)</b>	<b>(1,732,537)</b>
Foreign currency	16,048,184	8,910,904	(1,152,307)	254,382	(897,925)	(133,515)
Interbank market	20,405,938	19,961,392	(431,958)	(206,511)	(638,469)	(1,059,102)
Fixed rate	11,972,903	5,805,525	(48,047)	(60,686)	(108,733)	(233,882)
Indices	10,808,049	8,704,113	(499,336)	135,482	(363,854)	(301,077)
Securities	-	-	(136)	75	(61)	-
Other	1,079,583	50,487	(7,652)	(1,962)	(9,614)	(4,961)
<b>Option contracts</b>	<b>90,201,442</b>	<b>157,103,610</b>	<b>(48,477)</b>	<b>(434,728)</b>	<b>(483,205)</b>	<b>160,757</b>
<b>Purchase commitments – long position</b>	<b>21,244,566</b>	<b>43,815,361</b>	<b>406,075</b>	<b>331,259</b>	<b>737,334</b>	<b>179,443</b>
Foreign currency	12,000,870	7,889,086	202,974	369,132	572,106	44,099
Interbank market	2,177,700	-	39,111	16,889	56,000	-
Indices	3,976,715	35,738,957	59,836	(36,510)	23,326	115,510
Securities	398,854	105,063	95,177	(11,402)	83,775	12,190
Other	2,690,427	82,255	8,977	(6,850)	2,127	7,644
<b>Commitments to sell – long position</b>	<b>20,653,246</b>	<b>35,155,017</b>	<b>474,093</b>	<b>106,862</b>	<b>580,955</b>	<b>494,853</b>
Foreign currency	3,815,186	5,503,416	35,689	(22,738)	12,951	86,547
Indices	15,482,004	27,473,800	48,871	101,676	150,547	176,700
Securities	1,190,264	2,046,596	374,020	21,757	395,777	230,362
Other	165,792	131,205	15,513	6,167	21,680	1,244
<b>Purchase commitments – short position</b>	<b>35,334,215</b>	<b>49,858,290</b>	<b>(790,780)</b>	<b>(720,354)</b>	<b>(1,511,134)</b>	<b>(317,457)</b>
Foreign currency	23,959,260	10,839,322	(510,438)	(833,293)	(1,343,731)	(109,142)
Interbank market	2,467,700	-	(43,411)	(17,701)	(61,112)	-
Indices	5,350,209	38,329,731	(192,851)	125,527	(67,324)	(136,746)
Securities	670,873	667,560	(36,474)	3,435	(33,039)	(65,591)
Other	2,886,173	21,677	(7,606)	1,678	(5,928)	(5,978)
<b>Commitments to sell – short position</b>	<b>12,969,415</b>	<b>28,274,942</b>	<b>(137,865)</b>	<b>(152,495)</b>	<b>(290,360)</b>	<b>(196,082)</b>
Foreign currency	3,721,886	3,298,979	(74,735)	(22,150)	(96,885)	(46,499)
Indices	8,853,943	23,605,479	(43,619)	(101,186)	(144,805)	(143,951)
Securities	337,031	1,292,553	(14,009)	(24,709)	(38,718)	(4,714)
Other	56,555	77,931	(5,502)	(4,450)	(9,952)	(918)
<b>Forward contracts</b>	<b>3,180,590</b>	<b>363,430</b>	<b>1,499,481</b>	<b>(3,792)</b>	<b>1,495,689</b>	<b>620,153</b>
<b>Purchase receivable - Securities</b>	<b>112,066</b>	<b>238,274</b>	<b>111,543</b>	<b>(409)</b>	<b>111,134</b>	<b>238,114</b>
<b>Purchase payable - Securities</b>	<b>7,970</b>	<b>-</b>	<b>(111,748)</b>	<b>(11)</b>	<b>(111,759)</b>	<b>(238,074)</b>
<b>Sales receivable</b>	<b>3,060,554</b>	<b>108,934</b>	<b>1,500,712</b>	<b>(3,372)</b>	<b>1,497,340</b>	<b>745,254</b>
Indices	1,690	-	1,661	(2)	1,659	-
Securities	3,058,864	108,934	1,499,051	(3,370)	1,495,681	-
<b>Sales deliverable - securities</b>	<b>-</b>	<b>16,222</b>	<b>(1,026)</b>	<b>-</b>	<b>(1,026)</b>	<b>(125,141)</b>

	Memorandum Account Notional Amount		Balance sheet account receivable / (received) (payable) / paid		Adjustment to market value (in results)		Market value	
	09/30/2008	09/30/2007	09/30/2008	09/30/2008	09/30/2008	09/30/2008	09/30/2007	
<b>Credit derivatives</b>	<b>6,722,704</b>	<b>8,795,546</b>	<b>(11,307)</b>	<b>(11,172)</b>	<b>(22,479)</b>	<b>1,674</b>		
<b>Asset position</b>	<b>6,270,516</b>	<b>6,151,963</b>	<b>9,505</b>	<b>19,036</b>	<b>28,541</b>	<b>45,132</b>		
Foreign currency	101,761	136,947	(257)	4,201	3,944	4,475		
Fixed rate	6,168,755	4,344,405	9,762	14,835	24,597	36,202		
Other	-	1,670,611	-	-	-	4,455		
<b>Liability position</b>	<b>452,188</b>	<b>2,643,583</b>	<b>(20,812)</b>	<b>(30,208)</b>	<b>(51,020)</b>	<b>(43,458)</b>		
Foreign currency	97,411	-	(546)	(2,371)	(2,917)	-		
Fixed rate	354,777	2,398,893	(20,266)	(27,837)	(48,103)	(40,374)		
Other	-	244,690	-	-	-	(3,084)		
<b>Forwards</b>	<b>24,210,818</b>	<b>28,326,706</b>	<b>561,380</b>	<b>(125,155)</b>	<b>436,225</b>	<b>(667,745)</b>		
<b>Asset position</b>	<b>15,141,010</b>	<b>13,144,221</b>	<b>1,209,306</b>	<b>(198,684)</b>	<b>1,010,622</b>	<b>1,246,791</b>		
Foreign currency	14,148,986	12,011,512	1,205,616	(199,192)	1,006,424	1,234,164		
Interbank market	4,231	921,924	43	-	43	863		
Fixed rate	26,363	-	992	-	992	-		
Indices	961,430	210,432	2,655	508	3,163	11,747		
Other	-	353	-	-	-	17		
<b>Liability position</b>	<b>9,069,808</b>	<b>15,182,485</b>	<b>(647,926)</b>	<b>73,529</b>	<b>(574,397)</b>	<b>(1,914,536)</b>		
Foreign currency	8,471,892	13,783,843	(629,632)	73,529	(556,103)	(1,847,809)		
Interbank market	33,939	-	(2,082)	-	(2,082)	-		
Fixed rate	168,036	569,217	(14,373)	-	(14,373)	(58,159)		
Indices	395,941	829,068	(1,839)	-	(1,839)	(1,463)		
Other	-	357	-	-	-	(7,105)		
<b>Swaps with target flow</b>	<b>21,040,005</b>	<b>-</b>	<b>411,486</b>	<b>200,327</b>	<b>611,813</b>	<b>-</b>		
<b>Asset position</b>	<b>2,371,877</b>	<b>-</b>	<b>55,848</b>	<b>109,497</b>	<b>165,345</b>	<b>-</b>		
Foreign currency	887,713	-	95,244	(8,249)	86,995	-		
Interbank market	892,630	-	(38,422)	74,230	35,808	-		
Fixed rate	305,790	-	(931)	12,185	11,254	-		
Indices	143,418	-	(43)	919	876	-		
Other	142,326	-	-	30,412	30,412	-		
<b>Liability position</b>	<b>2,443,178</b>	<b>-</b>	<b>(127,149)</b>	<b>(2,833)</b>	<b>(129,982)</b>	<b>-</b>		
Foreign currency	1,146,615	-	(111,945)	108,224	(3,721)	-		
Interbank market	731,728	-	(2,717)	2,302	(415)	-		
Fixed rate	214,737	-	(9,773)	(85,215)	(94,988)	-		
Indices	230,539	-	(98)	(754)	(852)	-		
Other	119,559	-	(2,616)	(27,390)	(30,006)	-		
<b>Target flow swap – foreign currency (*)</b>								
<b>Asset position</b>	<b>13,912,623</b>	<b>-</b>	<b>527,167</b>	<b>141,456</b>	<b>668,623</b>	<b>-</b>		
Foreign currency	12,649,185	-	527,167	141,456	668,623	-		
Other	1,263,438	-	-	-	-	-		
<b>Liability position</b>	<b>2,312,327</b>	<b>-</b>	<b>(44,380)</b>	<b>(47,793)</b>	<b>(92,173)</b>	<b>-</b>		
Foreign currency	1,048,889	-	(44,380)	(47,793)	(92,173)	-		
Other	1,263,438	-	-	-	-	-		
<b>Other derivative financial instruments</b>	<b>15,573,435</b>	<b>4,969,050</b>	<b>(116,244)</b>	<b>(6,210)</b>	<b>(122,454)</b>	<b>(37,308)</b>		
Asset position	4,311,927	1,659,396	204,177	(1,445)	202,732	37,315		
Liability position	11,261,508	3,309,654	(320,421)	(4,765)	(325,186)	(74,623)		
		<b>ASSETS</b>	<b>6,517,944</b>	<b>497,401</b>	<b>7,015,345</b>	<b>4,668,511</b>		
		<b>LIABILITIES</b>	<b>(4,341,543)</b>	<b>(764,150)</b>	<b>(5,105,693)</b>	<b>(4,641,908)</b>		
		<b>TOTAL</b>	<b>2,176,401</b>	<b>(266,749)</b>	<b>1,909,652</b>	<b>26,603</b>		
<b>Derivative contracts mature as follows (in days):</b>								
	<b>Clearing</b>	<b>0 - 30</b>	<b>31 - 180</b>	<b>181 - 365</b>	<b>After 365</b>	<b>09/30/2008</b>	<b>09/30/2007</b>	
	Futures	15,224,494	37,209,925	10,050,919	35,714,108	98,199,446	218,390,545	
	Swaps	13,318,724	22,361,037	9,384,185	13,111,275	58,175,221	41,962,012	
	Options	22,731,376	48,089,042	5,947,306	13,433,718	90,201,442	157,103,610	
	Forwards	2,100,316	955,608	124,666	-	3,180,590	363,430	
	Credit derivatives	235,641	1,527,243	2,322,224	2,637,596	6,722,704	8,795,546	
	Forwards	5,061,900	12,377,159	4,695,411	2,076,348	24,210,818	28,326,706	
	Swaps with target flow	2,724,825	8,135,323	5,073,598	2,035,685	17,969,431	-	
	Other	1,871,688	6,077,303	3,711,191	3,913,253	15,573,435	4,969,050	

(\*) The exposure in foreign currency arising from these transactions is neutralized in order to eliminate market risks.

See below the composition of Derivative Financial Instruments portfolio by type of instrument, stated at their notional amounts, per trading location (organized or over-the-counter market) and counterparties:

	09/30/2008							
	Futures	Swaps	Options	Forward	Credit derivatives	Forward	Swaps with target flow	Other
<b>BM&amp;F/Bovespa</b>	<b>88,998,836</b>	<b>9,538,882</b>	<b>74,791,538</b>	<b>3,075,470</b>	-	-	-	<b>8,305,991</b>
<b>Over-the-counter market</b>	<b>9,200,610</b>	<b>48,636,339</b>	<b>15,409,904</b>	<b>105,120</b>	<b>6,722,704</b>	<b>24,210,818</b>	<b>17,969,431</b>	<b>7,267,444</b>
Financial institutions	5,655,799	16,141,812	12,638,386	105,120	6,722,704	10,997,771	2,761,436	5,682,708
Companies	3,544,811	31,310,473	2,715,240	-	-	13,195,627	15,138,375	1,584,734
Individuals	-	1,184,054	56,278	-	-	17,420	69,620	2
<b>Total</b>	<b>98,199,446</b>	<b>58,175,221</b>	<b>90,201,442</b>	<b>3,180,590</b>	<b>6,722,704</b>	<b>24,210,818</b>	<b>17,969,431</b>	<b>15,573,435</b>
<b>Total 09/30/2007</b>	<b>218,390,545</b>	<b>41,962,012</b>	<b>157,103,610</b>	<b>363,430</b>	<b>8,795,546</b>	<b>28,326,706</b>	-	<b>4,969,050</b>

The total value of margins pledged in guarantee was R\$ 12,246,945 and was basically composed of government securities.

#### Credit derivatives

	Credit risk amount	
	09/30/2008	09/30/2007
<b>Transferred</b>	<b>(3,318,535)</b>	<b>(4,323,877)</b>
Credit swaps whose underlying assets are:		
Securities	(2,952,798)	(4,112,534)
Derivatives with companies	-	(69,924)
Total return rate swaps whose underlying assets are:		
Securities	(365,737)	(141,419)
<b>Received</b>	<b>1,892,558</b>	<b>2,095,071</b>
Total return rate swaps whose underlying assets are:		
Securities	1,892,558	1,939,071
Derivatives with companies	-	156,000
<b>Total</b>	<b>(1,425,977)</b>	<b>(2,228,806)</b>

The market value of the credit derivative operations, described above, recorded in assets totals R\$ 28,541 (R\$ 45,236 at 09/30/2007) and in liabilities totals R\$ 71,365 (R\$ 116,746 at 09/30/2007). During the period, there was no occurrence of credit event as provided for in the agreements.

## NOTE 7 - LOAN, LEASE AND OTHER CREDIT OPERATIONS - FINANCIAL SERVICES AREA

## a) Summary

## I - By type of operations

	09/30/2008	09/30/2007
Loan operations	95,047,802	68,144,208
Lease operations	39,841,033	24,164,197
Credit card operations	12,245,292	10,012,045
Advances on exchange contracts (1)	3,775,093	1,287,017
Other sundry receivables (2)	105,605	224,633
<b>Total</b>	<b>151,014,825</b>	<b>103,832,100</b>
Endorsements and sureties (3)	13,471,415	10,239,087
<b>Total with endorsements and sureties</b>	<b>164,486,240</b>	<b>114,071,187</b>

(1) Includes Advances on Exchange Contracts and Income from Advances Granted, reclassified from Other Liabilities – Foreign Exchange Portfolio/Other Receivables (Note 9);

(2) Includes Securities and Receivables, Debtors for Purchase of Assets and Endorsements and Sureties paid;

(3) Recorded in memorandum accounts.

## II - By business sector

	09/30/2008	%	09/30/2007	%
<b>Public sector</b>	<b>688,337</b>	<b>0.5</b>	<b>950,047</b>	<b>0.9</b>
<b>Private sector</b>	<b>150,326,488</b>	<b>99.5</b>	<b>102,882,053</b>	<b>99.1</b>
Companies	76,938,458	48.9	48,083,161	46.3
Individuals	73,388,030	50.6	54,798,892	52.8
<b>Total</b>	<b>151,014,825</b>	<b>100.0</b>	<b>103,832,100</b>	<b>100.0</b>

## b) Changes in allowance for loan losses

	01/01 to 09/30/2008	01/01 to 09/30/2007
<b>Opening balance</b>	<b>(7,925,660)</b>	<b>(7,430,684)</b>
Balance arising from the acquisition of BKB in Chile/Uruguay on 12/31/2006	-	(131,077)
Net increase for the period	(5,951,920)	(4,999,561)
Write-Off	5,088,582	4,719,203
<b>Closing balance</b>	<b>(8,788,998)</b>	<b>(7,842,119)</b>
Specific Allowance (1)	(3,921,595)	(3,292,731)
Generic Allowance (2)	(2,617,403)	(2,399,388)
Additional Allowance (3)	(2,250,000)	(2,150,000)

(1) Operations with overdue installments for more than 14 days or with debtors in bankruptcy or in process of bankruptcy companies;

(2) For operations not covered in the previous item due to the classification of the client or operation;

(3) Refers to the provision in excess of the minimum required, recorded based on conservative criteria adopted by management in accordance with good banking practice, in order to cover any unexpected losses resulting from a strong reversal of the economic cycle, quantified based on historical data considering loan portfolios in cases of economic crisis.

Note: The specific and generic allowances reflect the effects of the supplementary allowance totaling R\$ 365,713 (R\$ 295,032 at 09/30/2007) as it does not consider the option established by article 5 of the CMN Resolution No. 2,682 of 12/21/1999, amended by article 2 of CMN Resolution No. 2,697 of 02/24/2000, that the loan transactions with clients whose total liability is below R\$ 50 could be determined based on the overdue amounts.

At 09/30/2008, the balance of the allowance for loan losses in relation to the credit portfolio is equivalent to 5.8% (7.6% at 09/30/2007).

## c) Recovery and renegotiation of credits

## I - Composition of the result of allowance for loan losses

	01/01 to 09/30/2008	01/01 to 09/30/2007
Net increase for the period	(5,951,920)	(4,999,561)
Recoveries	879,780	798,938
<b>Result of allowance for loan losses (*)</b>	<b>(5,072,140)</b>	<b>(4,200,623)</b>

(\*) Registered in Operating Expenses - Equity.

## II - Renegotiated credits

	09/30/2008	09/30/2007
Renegotiated credits	3,092,817	3,123,366
Allowance for loan losses	(1,438,236)	(1,698,604)
(%)	46.5	54.4

**NOTE 8 - INVENTORIES**

	<b>09/30/2008</b>	<b>09/30/2007</b>
<b>Products</b>	<b>766,925</b>	<b>605,606</b>
Raw material	378,735	290,066
Work in process	57,516	45,159
Finished products	275,688	214,624
Storeroom	54,986	55,757
<b>Real estate</b>	<b>5,324</b>	<b>6,278</b>
<b>Total</b>	<b>772,249</b>	<b>611,884</b>



**NOTE 9 - FOREIGN EXCHANGE PORTFOLIO**

	<b>09/30/2008</b>	<b>09/30/2007</b>
<b>ASSETS – OTHER RECEIVABLES</b>	<b>24,268,176</b>	<b>25,400,394</b>
Exchange purchase pending settlement – foreign currency	15,719,666	13,002,697
Bills of exchange and term documents – foreign currency	29,140	445
Exchange sale rights – local currency	8,757,571	12,866,199
(-) Advances received – local currency	(238,201)	(468,947)
<b>LIABILITIES – OTHER LIABILITIES (Note 2)</b>	<b>23,949,010</b>	<b>25,883,739</b>
Exchange sales pending settlement – foreign currency	11,551,112	12,317,558
Liabilities from purchase of foreign currency – local currency	12,393,745	13,563,372
Other	4,153	2,809
<b>MEMORANDUM ACCOUNTS</b>	<b>324,272</b>	<b>273,443</b>
Outstanding import credits – foreign currency	264,459	217,884
Confirmed export credits – foreign currency	59,813	55,559

## NOTE 10 – FUNDING RAISED BY SUBSIDIARIES AND BORROWINGS AND ONLENDING – FINANCIAL SERVICES AREA

	09/30/2008	09/30/2007
<b>Foreign currency</b>	<b>19,111,503</b>	<b>13,906,865</b>
Funds from acceptance and issuance of securities	5,160,562	3,372,721
Borrowings and onlending (1)	13,950,941	10,534,144
<b>Local currency</b>	<b>125,299,492</b>	<b>79,796,527</b>
Deposits	113,020,651	70,352,331
Funds from acceptance and issuance of securities	5,421,958	3,953,965
Borrowings and onlending	6,856,883	5,490,231
<b>Securitization of foreign payment orders (2)</b>	<b>1,453,317</b>	<b>1,134,478</b>
<b>Deposits received under securities repurchase agreements</b>	<b>105,541,611</b>	<b>76,289,751</b>
Own portfolio	55,306,310	44,904,458
Third-party portfolio	49,527,307	19,178,433
Free portfolio	707,994	12,206,860
<b>Subordinated debt</b>	<b>12,511,551</b>	<b>10,854,022</b>
CDB	11,574,983	9,454,595
Debentures	-	603,356
Euronotes	868,210	796,071
Bonds	68,358	-
<b>Redeemable preferred shares (3)</b>	<b>752,563</b>	<b>723,200</b>
<b>Total</b>	<b>264,670,037</b>	<b>182,704,843</b>

(1) Foreign borrowings are basically represented by investments in foreign exchange transactions related to export pre-financing and import financing;

(2) Recorded in Other Liabilities;

(3) Redeemable preferred shares are classified in the balance sheet in Minority Interest.

**NOTE 11 – INSURANCE, PENSION PLAN AND CAPITALIZATION OPERATIONS****a) Composition of the Technical Provisions**

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007
Mathematical provision of benefits to be granted and benefits	6,950	6,827	23,502,204	18,808,359	-	-	23,509,154	18,815,186
Unearned premiums	962,028	825,754	333,318	269,109	-	-	1,295,346	1,094,863
Mathematical provision for redemptions	-	-	-	-	1,116,566	1,054,618	1,116,566	1,054,618
Raffle contingency	-	-	-	-	35,149	53,380	35,149	53,380
Unsettled claims	617,991	520,533	82,619	65,428	-	-	700,610	585,961
Financial surplus	1,976	1,771	318,818	327,613	-	-	320,794	329,384
IBNR	162,762	145,287	36,269	27,434	-	-	199,031	172,721
Financial variation	-	-	104,425	88,680	-	-	104,425	88,680
Premium deficiency	81,238	71,758	17,430	12,158	-	-	98,668	83,916
Health care (1)	44,340	44,011	-	-	-	-	44,340	44,011
Other	36,898	27,747	17,430	12,158	-	-	54,328	39,905
Insufficient contribution	-	-	73,115	59,133	-	-	73,115	59,133
Other (2)	18,730	3,740	93,095	115,010	8,631	9,309	120,456	128,059
<b>TOTAL</b>	<b>1,851,675</b>	<b>1,575,670</b>	<b>24,561,293</b>	<b>19,772,924</b>	<b>1,160,346</b>	<b>1,117,307</b>	<b>27,573,314</b>	<b>22,465,901</b>

(1) The provision for Premium Deficiency is calculated in accordance with the criteria established by the regulatory body and the technical actuarial note which establishes a provision for risk coverage for the next 12 months.

In compliance with USGAAP standards, the provisions recorded in the financial statements filed with the SEC (Securities and Exchange Commission) were conservatively estimated at R\$ 428,465 at December 31, 2007 (R\$ 582,194 at 12/31/2006), sufficient to cover deficits until the termination of the plans in 2099.

To maintain the economic and financial balance of health care plans, discussions are still being maintained with the ANS (Brazilian Health Agency – health market regulator) regarding the restructuring of the plan, as well as price adjustments. With the purpose of covering the existing imbalance, a capital increase considered sufficient to provide funds for the health insurance segment was carried out.

In relation to the coverage of estimated amounts, existing accounting differences between the local and USGAAP practices are substantially offset by the goodwill amortization criteria.

(2) Basically represented by Additional Provision for Premiums, Risk variation, Redemption and Other unsettled amounts and Raffles pending/ payable.

## b) Assets Guaranteeing Technical Provisions - SUSEP

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007
Interbank investments – Money market	211,095	178,670	315,958	230,552	277,354	251,854	804,407	661,076
Securities and derivative financial instruments	1,333,405	1,122,398	24,014,946	19,355,175	904,363	884,290	26,252,714	21,361,863
PGBL/VGBL fund quotas (1)	-	-	21,893,675	17,456,277	-	-	21,893,675	17,456,277
Other	1,333,405	1,122,398	2,121,271	1,898,898	904,363	884,290	4,359,039	3,905,586
Government	714,423	307,130	870,504	734,197	218,302	9,674	1,803,229	1,051,001
Private	618,982	815,268	1,250,767	1,164,701	686,061	874,616	2,555,810	2,854,585
Credit rights (2)	299,720	267,440	278,408	198,920	-	-	578,128	466,360
<b>TOTAL</b>	<b>1,844,220</b>	<b>1,568,508</b>	<b>24,609,312</b>	<b>19,784,647</b>	<b>1,181,717</b>	<b>1,136,144</b>	<b>27,635,249</b>	<b>22,489,299</b>

(1) The PGBL and VGBL plans securities portfolios, the ownership and embedded risks of which are the customers' responsibility, is recorded as securities, as determined by SUSEP, with a contra-entry to liabilities in the Pension Plan Technical Provisions account.

(2) Recorded under Other receivables – Insurance premiums receivable.

## c) Results of Operations

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	01/01 to 09/30/2008	01/01 to 09/30/2007	01/01 to 09/30/2008	01/01 to 09/30/2007	01/01 to 09/30/2008	01/01 to 09/30/2007	01/01 to 09/30/2008	01/01 to 09/30/2007
Income from financial operations	101,168	122,039	169,917	117,933	30,677	64,019	301,762	303,991
Financial income from insurance, pension plan and capitalization	114,295	122,402	1,382,902	1,443,783	89,485	123,327	1,586,682	1,689,512
Financial expenses from insurance, pension plan and capitalization	(13,127)	(363)	(1,212,985)	(1,325,850)	(58,808)	(59,308)	(1,284,920)	(1,385,521)
<b>Results of operations from insurance, pension plan and capitalization</b>	<b>458,241</b>	<b>426,941</b>	<b>316,091</b>	<b>296,237</b>	<b>236,480</b>	<b>187,432</b>	<b>1,010,812</b>	<b>910,610</b>
Premiums and contributions	1,880,467	1,687,447	4,765,187	4,144,640	776,105	629,979	7,421,759	6,462,066
Changes in technical provisions	(118,074)	(52,640)	(4,270,926)	(3,712,196)	(523,155)	(422,561)	(4,912,155)	(4,187,397)
Expenses for claims	(1,024,899)	(926,076)	(145,168)	(110,766)	-	-	(1,170,067)	(1,036,842)
Selling expenses	(272,121)	(268,884)	(20,996)	(21,530)	(1,144)	(974)	(294,261)	(291,388)
Expenses for benefits and raffles	-	-	(8,797)	(5,820)	(14,873)	(15,914)	(23,670)	(21,734)
Other revenues and expenses	(7,132)	(12,906)	(3,209)	1,909	(453)	(3,098)	(10,794)	(14,095)
<b>TOTAL</b>	<b>559,409</b>	<b>548,980</b>	<b>486,008</b>	<b>414,170</b>	<b>267,157</b>	<b>251,451</b>	<b>1,312,574</b>	<b>1,214,601</b>

## NOTE 12 - CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY

ITAÚSA and its subsidiaries are involved in contingencies in the ordinary course of their businesses, as follows:

a) **Contingent Assets:** there are no contingent assets recorded.

b) **Contingent Liabilities:**

- **Calculation criteria:**

Civil lawsuits: quantified upon judicial notification, and adjusted monthly:

- Collective (lawsuits related to claims considered similar and usual and the amounts of which are not considered significant): according to the statistical references per group of lawsuits, type of legal body (Small Claims Court or Regular Court) and claimant; or
- Individual (lawsuits related to claims considered unusual and the amounts of which are considered significant): at the claimed indemnity amount, based on the evidence presented and on the evaluation of legal advisors – which considers case law, legal opinions raised, evidence produced in the records and the judicial decisions already issued – relating to the risk level of loss of lawsuits.

These are adjusted to the amounts deposited as guarantee for their execution or to the definitive execution amount (indisputable amount) when the claim is awarded a final and unappealable judgment.

Labor claims: these are calculated upon judicial notification and adjusted monthly by the moving average of payment of lawsuits closed in the last 12 months plus the average cost of fees paid for lawsuits related to claims considered similar and usual and adjusted to the execution amount (indisputable amount) when it is in the stage of being a final and unappealable decision.

Tax and social security lawsuits: calculated upon judicial notification of administrative proceedings based on their monthly adjusted amounts.

Other risks: calculated mainly based on the assessment of credit risk on joint obligations.

- **Contingencies classified as probable:** are recognized in the accounting books and comprise Civil Lawsuits demanding compensation for property damage and pain and suffering, such as protest of bills, return of checks, and inclusion of information in the credit protection registry, most of these actions being filed in the Small Claims Court and therefore limited to 40 minimum monthly wages; Labor Claims seeking the recovery of alleged labor rights based on labor legislation specific to the related profession, such as overtime, salary equalization, reinstatement, transfer allowance, pension plan supplement and other; Tax and Social Security represented mainly by lawsuits and administrative proceedings involving federal and municipal taxes; and Other Risks represented basically by the joint obligation for securitized rural loans.

The table below shows the changes in the respective provisions for contingent liabilities and the respective escrow deposits balances:

Change in provision for contingent liabilities	01/01 to 09/30/2008					01/01 to 09/30/2007
	Civil	Labor	Tax and social security	Other	Total	Total
<b>Opening balance</b>	1,287,912	1,792,744	583,369	97,489	3,761,514	3,002,517
(-) Contingencies guaranteed by indemnity clauses (Note 4m I)	(44,633)	(601,484)	(10,174)	-	(656,291)	(578,233)
<b>Subtotal</b>	1,243,279	1,191,260	573,195	97,489	3,105,223	2,424,284
Changes in the period reflected in results	599,650	304,288	351,869	20,701	1,276,508	1,036,322
Restatements/Charges	46,665	46,373	17,966	-	111,004	86,903
Increase	623,194	337,396	347,427	20,701	1,328,718	1,077,269
Write-offs through reversal	(70,209)	(79,481)	(13,524)	-	(163,214)	(127,850)
Payments	(405,548)	(162,198)	(4,324)	-	(572,070)	(473,361)
<b>Subtotal</b>	1,437,381	1,333,350	920,740	118,190	3,809,661	2,987,245
(+) Contingencies guaranteed by indemnity clauses (Note 4m I)	124,500	588,226	15,539	-	728,265	707,091
<b>Closing balance (Note 13d)</b>	1,561,881	1,921,576	936,279	118,190	4,537,926	3,694,336
<b>Closing balance at 09/30/2007 (Note 13d)</b>	1,226,174	1,673,059	693,991	101,112	3,694,336	
Escrow deposits at 09/30/2008 (Note 13a)	673,463	895,602	291,303	-	1,860,368	
Escrow deposits at 09/30/2007 (Note 13a)	467,506	837,192	336,251	-	1,640,949	

- **Contingencies classified as possible:** not recognized in the accounting books and comprise Civil Lawsuits amounting to R\$ 281,311 and Tax and Social Security Lawsuits amounting to R\$ 1,591,673. The principal characteristics of these lawsuits are described below:
- IRPJ/CS (Income Tax/Social Contribution) on disposal of investments – R\$ 392,746: refers to tax assessment notice issued due to tax effects on disposal of investments. Awaiting Court's decision.
  - IRPJ/PDD (Income Tax/Allowance for Loan Losses) – R\$ 158,433: Reject the Regulatory Instruction (IN) No. 80/93, which reduced the percentage from 1.5% to 0.5% for realization of the Allowance for Loan Losses in base year 1993, calculated by adopting the IN No. 76/87 and the CMN Resolution No. 1,748, of August 31, 1990. The bank makes allegations about the impossibility of applying the rule to events occurred in the fiscal year when it was enacted (principle of anteriority). A suspension was awarded for the bank's appeal, however, the judgment by the Federal Regional Court of the 3rd Region is pending.
  - CPMF – Transfer of Securities - R\$ 154,502: refers to tax assessment notices issued for collection of deferred tax asset related to CPMF on payment of liabilities arising from transfer of securities. A decision from the Taxpayers' Council is pending.
  - ISS – Banking Institutions – R\$ 147,099: refers to tax assessments notices issued by municipalities for collection of ISS on amounts recorded in several accounts, on the grounds of being service revenue. An administrative final decision or tax foreclosure is pending.
  - Apportionment of Net Assets by Book Value – R\$ 123,494: refers to the tax assessment notice issued due to the deduction of capital loss computed in the winding-up and liquidation of investments. Awaiting Court's decision.

The amount of R\$ 1,313,072 (R\$ 1,114,548 at 09/30/2007) related to Securities, the amount of R\$ 2,032,097 (R\$ 994,889 at 09/30/2007) (Note 13a) of deposits, as well as Permanent Assets in the amount of R\$ 953,476 (R\$ 1,043,064 at 09/30/2007), according to article 32 of Law No. 10,522/02, are pledged in guarantee of voluntary appeals related to contingent liabilities lawsuits. As a result of the unconstitutionality lawsuit No. 1976, the Federal Supreme Court ruled unconstitutional the requirement of guarantees for considering voluntary appeals on April 10, 2007. The company is requesting the cancellation of the pledging of guarantees to the Federal Revenue Service.

The Receivables balance arising from reimbursements of contingencies totals R\$ 923,194 (R\$ 879,440 at 09/30/2007) (Note 13a), basically represented by the guarantee in the Banerj privatization process occurred in 1997, in which the State of Rio de Janeiro created a fund to guarantee the equity recomposition from losses on Civil, Labor and Tax Contingencies.

c) **Legal Liabilities – Tax and Social Security and Escrow Deposits for filing Legal Processes** – recognized at the full amount being questioned and respective escrow deposits, as follows:

<b>Change in legal liabilities</b>	<b>01/01 to 09/30/2008</b>	<b>01/01 to 09/30/2007</b>
<b>Opening balance</b>	<b>5,661,768</b>	<b>4,054,382</b>
Changes in the period reflected in results	<u>1,112,809</u>	<u>1,190,187</u>
Charges on taxes	294,412	242,374
Net increase	897,096	950,323
Write-offs through reversal (Note 13e)	(78,699)	(2,510)
Payments	(71,180)	(4,828)
<b>Closing balance (Note 14c)</b>	<b>6,703,397</b>	<b>5,239,741</b>
<b>Probability of loss</b>		
Probable	1,228,889	1,131,139
Possible	348,116	343,343
Remote	5,126,392	3,765,259
<hr/>		
<b>Change in escrow deposits</b>	<b>01/01 to 09/30/2008</b>	<b>01/01 to 09/30/2007</b>
<b>Opening balance</b>	<b>3,062,934</b>	<b>2,407,101</b>
Appropriation of income	182,662	159,089
Changes in the period	<u>298,490</u>	<u>351,374</u>
Deposits	337,925	357,925
Withdrawals	(34,542)	(3,533)
Conversion into income	(4,893)	(3,018)
<b>Closing balance (Note 13a)</b>	<b>3,544,086</b>	<b>2,917,564</b>



The main natures of processes are described as follows:

- PIS and COFINS X Law No. 9,718/98 – R\$ 2,995,698 – Assert the right of paying contributions to PIS and COFINS on revenue, not adopting the provisions of Article 3, paragraph 1, of Law No. 9,718/98, which established the inappropriate extension of the calculation bases of these contributions. The corresponding escrow deposit totals R\$ 557,945.
- IRPJ and CSLL X Profit earned Abroad – R\$ 894,506. Aimed at rejecting the requirement set forth by Regulatory Instruction No. 213/02, in view of its illegality, determining the inclusion of equity in earnings in the calculation of taxable income and the CSLL calculation basis, including that from disposal of investment abroad. The corresponding escrow deposit totals R\$ 488,321.
- CPMF (Tax on Bank Account Outflows) – Leasing companies – R\$ 633,772 – Aimed at giving the treatment granted to financial institutions to leasing companies as to zero rate of CPMF (Article 8, item 3, of Law No. 9,311/96). The corresponding escrow deposit totals R\$ 547,721.
- PIS X Constitutional Amendments Nos. 10/96 (January 1996 to June 1996) and 17/97 (July 1997 and February 1998) – R\$ 369,500 - Aimed at rejecting the levy of PIS based on principles of anteriority over 90 days and non-retroactivity of Constitutional Amendments Nos. 10/96 and 17/97, and nonexistence of legislation for this period. Successively, aimed at paying PIS over the mentioned period based on Supplementary Law No. 7/70. The corresponding escrow deposit totals R\$ 41,727.
- CSLL X Equality – R\$ 263,863 – Assert the right of paying CSLL at 8%, applicable to companies in general, according to the heading of Article 19 of Law 9,249/95, rejecting the provisions of paragraph 1 therein, which sets forth a differentiated rate (18%) for financial institutions, in view of the infraction to the principle of equality. The corresponding escrow deposit totals R\$ 165,027.
- INSS X Supplementary Law No. 84/96 and Additional rate of 2.5% – R\$ 222,757 – Aimed at rejecting the levy of social security contribution at 15%, as well as an additional rate of 2.5%, on compensation paid to service providers that are individuals and managers, set forth by Supplementary Law No. 84/96, in view of its unconstitutionality, as this contribution has the same taxable year and income tax calculation basis, going against the provisions of Articles 153, item III, 154, item I, 156, item III and 195, paragraph 4, of Federal Constitution. The corresponding escrow deposit totals R\$ 176,995.

According to the opinion of the legal advisors, ITAÚSA and its subsidiary companies are not involved in any other administrative proceedings or lawsuits that may significantly affect the results of their operations. The combined evaluation of all existing provisions for all contingent liabilities and legal obligations, which are recognized through the adoption of statistical models for claims involving small amounts and separate analysis by internal and external legal advisors of other cases, showed that the amounts provided for are sufficient, according to the CMN Resolution No. 489 of October 3, 2005.

## NOTE 13 – BREAKDOWN OF ACCOUNTS

## a) Other sundry receivables

	09/30/2008	09/30/2007
Escrow deposits for provisions for contingent liabilities (Note 12b)	3,892,465	2,635,838
Contingencies classified as probable	1,860,368	1,640,949
Contingencies classified as possible	2,032,097	994,889
Escrow deposits for legal liabilities – tax and social security (Note 12c)	3,544,086	2,917,564
Negotiation and intermediation of securities	1,783,892	2,368,854
Taxes and contributions for offset	2,041,428	1,271,116
Social contribution for offset – Provisional Measure No. 2,158 of August 24, 2001 (Note 14b I)	895,907	940,825
Receivables from reimbursement of contingent liabilities (Note 12b)	923,194	879,440
Income receivable	1,129,957	900,659
Insurance premium receivable	921,626	798,549
Trade notes receivable	892,108	744,229
Escrow deposits for foreign fund raising program	583,509	699,312
Receivables - sale of Credicard brand (1)	248,755	238,956
Tax incentive options	24,085	148,701
Sundry debtors	674,305	478,604
Domestic	457,731	254,897
Foreign	216,574	223,707
Other (2)	342,235	403,353
<b>Total</b>	<b>17,897,552</b>	<b>15,426,000</b>

(1) Refers to right exercised by Citibank related to the exclusive use of the Credicard brand from January 1, 2009 (disclosed in Material Fact by ITAÚ HOLDING on December 6, 2006);

(2) Includes the amount of R\$ 96,920 (R\$ 136,190 at 09/30/2007) related to the acquisition, at a public bidding, carried out by Banco Itaú in April 2007, of rights held by the State Government of Goiás on the receipt of funds and royalties from Itaipu Binacional.

At ITAÚSA, basically comprise Income Receivable related to Dividends and Interest on Capital amounting to R\$ 590,148 (R\$ 539,450 at 09/30/2007) and Taxes and Contributions for Offset of R\$ 48,241 (R\$ 83,496 at 09/30/2007).

**b) Other assets**

	09/30/2008	09/30/2007
Assets not for own use	341,953	382,047
(-) Valuation allowance	(52,097)	(60,048)
Other	-	251
<b>Total</b>	<b>289,856</b>	<b>322,250</b>

**c) Prepaid expenses**

	09/30/2008	09/30/2007
Technical cooperation agreement (1)	1,999,337	1,775,574
Association for the promotion and provision of financial and real estate products (2)	392,601	-
Commissions	<u>2,168,479</u>	<u>1,249,990</u>
Related to insurance and pension plan	155,481	158,778
Related to vehicle financing (3)	1,986,626	1,050,983
Other	26,372	40,229
Advertising	45,181	42,717
Other	171,608	135,352
<b>Total</b>	<b>4,777,206</b>	<b>3,203,633</b>

(1) Basically refers to the amounts spent to acquire rights to credit payrolls and perform tax collections for Municipal and State Governments. As of September 30, 2008, the balance basically comprises the agreements entered into with the State Governments of Rio de Janeiro, Goiás and Minas Gerais, and the Municipal Government of São Paulo.

(2) Basically refers to the agreement signed with the company LPS Brasil - Consultoria de Imóveis S.A. (Lopes).

(3) Commissions paid to dealers upon the granting of vehicle financing or leasing that started to be recognized in income in 2007 based on the terms of the agreements.

**d) Other sundry liabilities**

	<b>09/30/2008</b>	<b>09/30/2007</b>
Provision for contingent liabilities (Note 12b)	4,537,926	3,694,336
Collection and payment of taxes and contributions	3,089,022	1,687,229
Negotiation and intermediation of securities	2,068,388	2,449,579
Personnel provision	909,682	760,912
Suppliers	340,567	227,626
Sundry creditors	<u>1,859,148</u>	<u>1,760,772</u>
Domestic	1,729,677	1,537,778
Foreign	129,471	222,994
Liabilities related to insurance companies	248,754	242,172
Liabilities for official agreements and rendering of payment services	293,746	108,699
Provision for sundry creditors	778,336	635,832
<b>Total</b>	<b>14,125,569</b>	<b>11,567,157</b>

**e) Other operating revenues**

	<b>01/01 to 09/30/2008</b>	<b>01/01 to 09/30/2007</b>
Reversal of operating provisions	219,660	39,320
Legal liabilities – tax and social security (Note 12c)	78,699	2,510
Other (1)	140,961	36,810
Recovery of charges and expenses	120,910	73,181
Equity in subsidiaries, not arising from net income	-	61,904
Other (2)	259,583	231,550
<b>Total</b>	<b>600,153</b>	<b>405,955</b>

(1) From January 1 to September 30, 2008, it comprises R\$ 129,742 Refers to the reversal of provision for additional depreciation of IT equipment and goods

(2) From January 1 to September 30, 2008, it comprises R\$ 64,160 arising from the action for restitution of undue payment of PIS of gross operating revenue (ROB), which was in excess of PIS Repique (on income tax payable) for the period from July 1988 to May 1989. In November 2002 a decision recognizing the entitlement to the credit was considered final and unappealable and in September 2008 the expert's calculation for liquidation of the decision was completed.

**f) Other operating expenses**

	<b>01/01 to 09/30/2008</b>	<b>01/01 to 09/30/2007</b>
Tax expenses (Note 14a II)	(1,701,534)	(1,850,135)
Provisions for contingencies (Note 12b)	(972,220)	(748,746)
Civil (1)	(599,650)	(658,662)
Tax and social security (2)	(351,869)	(78,290)
Other	(20,701)	(11,794)
Amortization of goodwill (3)	(119,595)	(271,005)
Equity in subsidiaries, not arising from net income	(17,713)	-
Operating expenses from industrial companies	(275,905)	(244,219)
Selling - credit cards	(386,535)	(300,496)
Claims	(204,229)	(121,173)
Other	(349,163)	(308,070)
<b>Total</b>	<b>(4,026,894)</b>	<b>(3,843,844)</b>

(1) From January 1 to September 30, 2008, includes the provision for economic plans amounting to R\$ 266,524 (R\$ 326,456 from January 1 to September 30, 2007).

(2) From January 1 to September 30, 2008, includes the provision for tax assessment notices issued for collection of tax credit related to CPMF on operations carried out with clients, in the amount of R\$ 286,146.

(3) Refers basically to the acquisition of shares of ITAÚ HOLDING, BPI and Duratex, which, net of minority interest effect, represents R\$ 80,696 (from 01/01 to 09/30/2007, refers basically to the acquisition of BBI and BBT, acquisition of shares of BPI and ITAÚ HOLDING, which, net of minority interest effect, represents R\$ 211,099).

At ITAÚSA, basically composed of Tax Expenses in the amount of R\$ 73,831 (R\$ 10,430 from 01/01 to 09/30/2007).

## g) Non-operating income

	01/01 to 09/30/2008	01/01 to 09/30/2007
Income from sale of investments (1)	316,249	2,342,781
(Provision)/Reversal of non-operating provisions	8,448	17,381
Non-operating equity in earnings (2)	(402,827)	18,535
Capital gains/(losses) and Other	19,573	(3,990)
<b>Total</b>	<b>(58,557)</b>	<b>2,374,707</b>

(1) From January 1 to September 30, 2008, is basically composed of R\$ 291,587 arising from gain on disposal of investments in Visa Inc., MasterCard Inc. and BM&FBovespa, in the amounts of R\$ 144,287, R\$ 82,964 and R\$ 64,336, respectively. From January 1 to September 30, 2007, is basically composed of R\$ 114,321, arising from the sale of the former head office of Banco ItaúBank S.A., and R\$ 742,523 from the partial disposal of the interest held in Serasa S.A. and R\$ 1,544,439 refers to the partial disposal of the interest held in Redecard S.A.

(2) From January 1 to September 30, 2008, is basically composed effect of the acquisition of treasury shares by the subsidiary Banco Itaú Holding, which, in the period, acquired own shares in the amount of R\$ 1,289,995, without a cash disbursement in the parent company.

At ITAÚSA, basically refers to the non-operating equity in earnings.

## NOTE 14 - TAXES

## a) Composition of expenses for taxes and contributions

I - We show below the Income Tax and Social Contribution due on the operations for the period and on temporary differences arising from additions and exclusions:

Due on operations for the period	01/01 to 09/30/2008	01/01 to 09/30/2007
<b>Income before income tax and social contribution</b>	<b>8,071,229</b>	<b>11,069,709</b>
Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (Note 4n), respectively	(2,744,218)	(3,763,701)
<b>Increase/decrease to Income Tax and Social Contribution charges arising from:</b>		
<b>Permanent (additions) exclusions</b>	<b>897,156</b>	<b>(30,235)</b>
Investments in affiliates	34,977	30,253
Foreign exchange variation on investments abroad	234,481	(446,113)
Interest on capital	563,050	150,391
Dividends, interest on external debt bonds and tax incentives	285,446	208,310
Gains (losses) on equity interests	(137,356)	7,293
Other	(83,442)	19,631
<b>Permanent (additions) exclusions</b>	<b>1,401,830</b>	<b>786,385</b>
Allowance for loan losses	(488,304)	(449,664)
Excess (insufficiency) of depreciation of leased assets	1,929,527	1,171,526
Adjustment to market value of trading securities and derivative financial instruments, and adjustments from operations in futures markets	74,282	(67,180)
Interest on capital	(37,319)	385,124
Legal liabilities – tax and social security, contingent liabilities and restatement of escrow deposits	(268,629)	(320,983)
Realization of goodwill on purchase of investments	179,245	177,605
Other non-deductible provisions	13,028	(110,043)
<b>(Increase) Offset of tax and social contribution loss carryforwards</b>	<b>(1,385,414)</b>	<b>(284,766)</b>
<b>Effect of the increase in the social contribution rate (Note 4n)</b>	<b>(205,132)</b>	<b>-</b>
<b>Expenses for income tax and social contribution</b>	<b>(2,035,778)</b>	<b>(3,292,317)</b>
<b>Related to temporary differences</b>		
Increase (reversal) for the period	(15,937)	(477,561)
Prior periods increase (reversal)	613,454	23,510
<b>Income (expenses) from deferred taxes</b>	<b>597,517</b>	<b>(454,051)</b>
<b>Total income tax and social contribution</b>	<b>(1,438,261)</b>	<b>(3,746,368)</b>



## II - Composition of tax expenses:

	01/01 to 09/30/2008			01/01 to 09/30/2007		
	On sales of products and services (1)	On other revenues (Note 13f)	Total	On sales of products and services (1)	On other revenues (Note 13f)	Total
PIS and COFINS	(271,209)	(1,278,321)	(1,549,530)	(231,021)	(1,308,504)	(1,539,525)
ISS	(13,281)	(249,818)	(263,099)	(12,141)	(218,140)	(230,281)
IPI	(146,633)	-	(146,633)	(129,035)	-	(129,035)
ICMS	(328,496)	-	(328,496)	(277,023)	-	(277,023)
CPMF (2)	-	-	-	-	(222,318)	(222,318)
Other	(35,701)	(173,395)	(209,096)	(29,870)	(101,173)	(131,043)
<b>Total (Note 4n)</b>	<b>(795,320)</b>	<b>(1,701,534)</b>	<b>(2,496,854)</b>	<b>(679,090)</b>	<b>(1,850,135)</b>	<b>(2,529,225)</b>

(1) These taxes have been deducted from the heading Sales of Products and Services.

(2) As from January 1, 2008, the withholding and payment of CPMF established by Law No. 9,311, of October 24, 1996, were cancelled.

At ITAÚSA tax expenses basically comprise PIS in the amount of R\$ 12,968 (R\$ 2,281 from 01/01 to 09/30/2007) and COFINS in the amount of R\$ 59,730 (R\$ 10,508 from 01/01 to 09/30/2007).

## III – Tax effects on foreign exchange management of investments abroad.

In order to minimize the effects on income in connection with the foreign exchange variation on investments abroad, net of respective tax effects, ITAÚSA and ITAÚ HOLDING carry out derivative transactions in foreign currency (hedge), as mentioned in Note 20b.

Results of these transactions are considered in the calculation basis of income tax and social contribution, according to their nature, while the foreign exchange variation on investments abroad is not included therein, pursuant to tax legislation in force.

**b) Deferred tax assets**

I – The deferred tax asset balance, segregated based on its origin (Income Tax and Social Contribution), is shown as follows:

	12/31/2007	Realization / Reversal	Increase	09/30/2008	09/30/2007
<b>Reflected in income and expense accounts</b>	<b>6,489,125</b>	<b>(1,475,897)</b>	<b>4,645,555</b>	<b>9,658,783</b>	<b>7,262,350</b>
Related to income tax and social contribution loss carryforwards	506,712	(83,294)	1,441,763	1,865,181	804,751
Temporary differences:	<u>5,982,413</u>	<u>(1,392,603)</u>	<u>3,203,792</u>	<u>7,793,602</u>	<u>6,457,599</u>
Allowance for loan losses	2,558,152	(672,330)	1,468,302	3,354,124	2,707,832
Provision for interest on capital	-	-	37,319	37,319	191,872
Legal liabilities – tax and social security	721,046	(23,412)	204,699	902,333	632,725
Provision for contingent liabilities	<u>890,061</u>	<u>(201,897)</u>	<u>548,708</u>	<u>1,236,872</u>	<u>826,000</u>
Civil	408,459	(93,876)	237,300	551,883	381,110
Labor	301,106	(101,636)	171,920	371,390	269,369
Tax and social security	180,496	(6,385)	139,488	313,599	175,521
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	-	-	391,484	391,484	-
Allowance for real estate	29,440	(3,608)	5,147	30,979	31,931
Goodwill on purchase of investments	1,117,549	(209,503)	2,063	910,109	1,144,205
Provision for corporate restructuring	-	-	-	-	1,813
Other	666,165	(281,853)	546,070	930,382	921,221
<b>Reflected in stockholders' equity accounts – adjustment to market value of available-for-sale securities</b>	<b>3,344</b>	<b>-</b>	<b>38,125</b>	<b>41,469</b>	<b>-</b>
<b>Total deferred tax assets</b>	<b>6,492,469</b>	<b>(1,475,897)</b>	<b>4,683,680</b>	<b>9,700,252</b>	<b>7,262,350</b>
<b>Social contribution for offset arising from Option foreseen in article 8 of Provisional Measure No. 2,158-35 of 08/24/2001.</b>	<b>925,687</b>	<b>(29,780)</b>	<b>-</b>	<b>895,907</b>	<b>940,825</b>

At ITAÚSA, deferred tax assets amount to R\$ 110,801 (R\$ 39,463 at 09/30/2007) and are basically represented by income tax and social contribution loss carryforwards, the expectation of realization of which is up to 5 years.

II - Provision for Deferred Income Tax and Social Contribution balance and its changes are shown as follows:

	12/31/2007	Realization / Reversal	Increase	09/30/2008 (*)	09/30/2007
<b>Reflected in income and expense accounts</b>	<b>4,149,779</b>	<b>(171,284)</b>	<b>2,676,156</b>	<b>6,654,651</b>	<b>3,686,832</b>
Depreciation in excess - leasing	3,554,767	(50,325)	1,984,670	5,489,112	3,078,273
Taxation of results abroad – capital gains	65,560	(40,888)	-	24,672	63,587
Adjustments from operations in futures market	65,987	(39,047)	286,404	313,344	124,745
Adjustment to market value of trading securities and derivative financial instruments	117,579	(35,591)	255,270	337,258	94,936
Restatement of escrow deposits related to legal and contingent liabilities	211,408	-	131,552	342,960	191,310
Income on sale of permanent asset items and rights	73,476	(980)	-	72,496	74,344
Other	61,002	(4,453)	18,260	74,809	59,637
<b>Reflected in stockholders' equity accounts – adjustment to market value of available-for-sale securities</b>	<b>35,716</b>	<b>(7,322)</b>	<b>5,491</b>	<b>33,885</b>	<b>57,789</b>
<b>Total</b>	<b>4,185,495</b>	<b>(178,606)</b>	<b>2,681,647</b>	<b>6,688,536</b>	<b>3,744,621</b>

(\*) At September 30, 2008, the balance reflects the adjustment arising from the increase in the social contribution rate (Nota 4n) related to financial subsidiaries and equivalent companies in the amount of R\$ 179,403.

At ITAÚSA, the Provision for Deferred Tax and Contributions amounts to R\$ 1,968 (R\$ 9,533 at 09/30/2007) and is represented basically by taxes levied on restatement of escrow deposits.

III - The estimate of realization and present value of Deferred Tax Assets and Social Contribution for Offset, arising from Provisional Measure No. 2,158-35 of August 24, 2001 and from the Provision for Deferred Income Tax and Social Contribution existing at September 30, 2008, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are:

Realization year	Deferred tax assets			Social contribution for offset	Provision for deferred income tax and social contribution	Net deferred taxes
	Temporary differences	Tax losses/social contribution losses carryforwards	Total			
2008	1,404,186	239,408	1,643,594	39,214	(645,317)	1,037,491
2009	1,954,398	1,302,956	3,257,354	309,905	(780,849)	2,786,410
2010	1,284,586	288,133	1,572,719	260,249	(1,122,556)	710,412
2011	924,519	17,142	941,661	55,626	(1,244,604)	(247,318)
2012	710,378	17,543	727,921	53,244	(1,432,303)	(651,139)
After 2012	1,557,004	-	1,557,004	177,669	(1,462,906)	271,767
<b>Total</b>	<b>7,835,071</b>	<b>1,865,181</b>	<b>9,700,252</b>	<b>895,907</b>	<b>(6,688,536)</b>	<b>3,907,623</b>
Present value (*)	6,959,869	1,751,290	8,711,159	794,004	(5,804,389)	3,700,774

(\*) The average funding rate was used to determine the present value.

The projections of future taxable income include estimates related to macroeconomic variables, foreign exchange rates, interest rates, volume of financial operations and sale of products and services, and others, which can vary in relation to actual data and amounts.

Net income in the financial statements is not directly related to taxable income for income tax and social contribution, due to differences existing between accounting criteria and tax legislation, besides corporate aspects. Accordingly, we recommend that the trend of the realization of deferred tax assets arising from temporary differences, income tax and social contribution loss carryforwards not be used as an indication of future net income.

IV - Unrecorded deferred tax assets amount to R\$ 875,895 (R\$ 466,210 at 09/30/2007).

In view of the unconstitutionality lawsuit related to the increase in the social contribution rate, established by Articles 17 and 41 of Law No. 11,727 of June 24, 2008 (for financial subsidiaries and equivalent companies), filed on June 26, 2008 by the National Confederation of the Financial System (CONSIF), deferred tax assets were recorded not taking into consideration the surplus rate in Tax Liabilities; the surplus balance of R\$ 670,017 was not recorded.

At September 30, 2008, there were no unrecorded deferred tax assets at ITAÚSA.

**c) Tax and social security contributions**

The balance of Taxes and Social Security Contributions is composed as follows:

	<b>09/30/2008</b>	<b>09/30/2007</b>
Taxes and contributions on income payable	589,320	836,960
Taxes and contributions payable	450,794	369,300
Provision for deferred income tax and social contribution (Note 14b II)	6,688,536	3,744,621
Legal liabilities – tax and social security (Note 12c)	6,703,397	5,239,741
<b>Total</b>	<b>14,432,047</b>	<b>10,190,622</b>

**d) Taxes paid or provided for and withheld from third parties**

The amount of taxes paid or provided for is basically levied on income, revenue and payroll. In relation to the amounts withheld and collected from third parties, the Company started to take into consideration the interest on capital paid and on the service provision, in addition to those levied on financial operation, including for comparative purposes.

	<b>09/30/2008</b>	<b>09/30/2007</b>
Taxes paid or provided for	5,628,117	6,581,226
Taxes withheld and collected from third parties (*)	3,582,435	6,107,453
<b>Total</b>	<b>9,210,552</b>	<b>12,688,679</b>

*(\*) The amounts withheld during this half decreased mainly because of the end of the levy of CPMF in connection to taxable events after January 1, 2008; the amount of CPMF withheld and collected in the third quarter of 2007 amounted to R\$ 3,843,468.*

**NOTE 15 – PERMANENT ASSETS****a) Investments****I - Interest in subsidiaries - ITAÚSA**

Companies	Balances at 12/31/2007 (a)	Subscription/ Acquisition/ Sales	Receipt/ Provision of dividends and interest on capital (b)	Equity in earnings of subsidiaries	Adjustment to marketable securities of subsidiaries	Amortization of goodwill	Balances at 09/30/2008 (a)	Balances at 09/30/2007 (a)	Equity in earnings of subsidiaries 01/01 to 09/30/2007
Banco Itaú Holding Financeira S.A.	14,375,873	106,227	(888,642)	2,094,727 (c)	(63,742)	(14,166)	15,610,277	13,992,560	2,590,510 (c)
Itaucorp S.A.	768,057	-	(49,979)	96,704	-	-	814,782	745,456	100,482 (c)
Itaúsa Export S.A.	670,579	67,430	-	74,635	(26,429)	(449)	785,766	555,678	(14,122)
Duratex S.A.	456,740	-	(26,215)	72,451 (c)	-	(739)	502,237	458,719	64,044 (c)
Itautec S.A.	304,606	-	(6,877)	33,731	-	(3)	331,457	294,454	62,229
Elekpart Participações e Adm. S.A.	161,977	(140,258)	-	28,562	-	-	50,281	154,261	19,931
Itaúsa Europa - Investimentos, SGPS, Lda	128,739	-	-	16,790 (d)	(4,694)	-	140,835	106,791	(568) (d)
ITH Zux Cayman Company Ltd.	29,513	-	-	4,000 (d)	-	-	33,513	30,614	(4,971) (d)
Elekeiroz S.A.	11,594	-	(416)	2,242	-	-	13,420	11,050	1,940
Other subsidiaries	6,294	-	-	865	-	-	7,159	6,139	884
<b>GRAND TOTAL</b>	<b>16,913,972</b>	<b>33,399</b>	<b>(972,129)</b>	<b>2,424,707</b>	<b>(94,865)</b>	<b>(15,357)</b>	<b>18,289,727</b>	<b>16,355,722</b>	<b>2,820,359</b>

(a) Includes total goodwill/negative goodwill expenses of R\$ 204,198 at 09/30/2008 and (R\$ 143,360 at 09/30/2007 and R\$ 153,029 at 12/31/2007);

(b) Income receivable includes dividends and interest on capital receivable amounting to R\$ 590,148 (R\$ 539,450 at 09/30/2007) (Note 13a);

(c) Includes non-operating expenses arising from change in interest amounting to R\$ 401,633 (R\$ 77,245 from 01/01 to 09/30/2007);

(d) Includes total foreign exchange expense of R\$ 8,094 (R\$ 15,264 from 01/01 to 09/30/2007).

Companies	Capital	Stockholders' equity	Net income for the period	Number of shares owned by ITAÚSA		Equity in voting capital (%)	Equity in capital (%)
				Common	Preferred		
Banco Itaú Holding Financeira S.A.	17,000,000	33,932,804	5,510,368	1,344,632,753	70,075	86.56	45.34
Itaucorp S.A.	383,000	829,027	96,638	12,241,502	3,935,980	99.94	99.96
Itaúsa Export S.A.	745,923	1,160,389	95,966	18,994,166,559	191,631,144	80.00	77.77
Duratex S.A.	943,626	1,677,063	265,869	32,005,853	6,098,671	59.76	29.77
Itautec S.A.	250,000	449,457	34,186	10,366,478	-	88.97	88.97
Elekpart Participações e Administração S.A.	101,328	416,658	74,676	68,680,661	-	12.02	12.02
Itaúsa Europa - Investimentos, SGPS, Lda.	834,233	1,335,165	100,506	1 (*)	-	12.14	12.14
ITH Zux Cayman Company Ltd.	67,001	44,579	725	35,000,000	-	100.00	100.00
Elekeiroz S.A.	220,000	439,833	59,298	559,180	631,430	3.85	3.78

(\*) Capital is formed by two quotas of different amounts.

**II – Composition of investments**

	<b>09/30/2008</b>	<b>09/30/2007</b>
<b>Investments in affiliates</b>	<b>1,168,343</b>	<b>909,015</b>
BPI	888,370	752,031
Allianz Seguros S.A. (current corporate name of AGF Brasil Seguros S.A.)	137,775	125,722
Delle Holdings S.A.	32,617	11,671
Serasa S.A.	100,431	17,790
Other	9,150	1,801
<b>Other investments</b>	<b>280,096</b>	<b>319,884</b>
Investments through tax incentives	110,921	105,453
Equity securities	6,894	61,563
Shares and quotas	101,015	80,952
Other	163,213	147,586
Provision for losses	(101,947)	(75,670)
<b>TOTAL</b>	<b>1,448,439</b>	<b>1,228,899</b>

**III – Composition of equity in earnings of affiliates**

	<b>01/01 to 09/30/2008</b>	<b>01/01 to 09/30/2007</b>
Equity in earnings of affiliates	78,372	137,332
Foreign exchange variation on investments	24,502	(48,353)
<b>TOTAL</b>	<b>102,874</b>	<b>88,979</b>



**b) Fixed assets, intangible and deferred charges**

	09/30/2008			09/30/2007		
	Cost	Accumulated depreciation/ amortization/ depletion	Net	Cost	Accumulated depreciation/ amortization/ depletion	Net
<b>Fixed assets</b>	<b>9,320,244</b>	<b>(5,214,244)</b>	<b>4,106,000</b>	<b>8,434,597</b>	<b>(5,053,267)</b>	<b>3,381,330</b>
<b>Own fixed assets</b>	<b>9,070,492</b>	<b>(5,205,754)</b>	<b>3,864,738</b>	<b>8,216,029</b>	<b>(5,047,688)</b>	<b>3,168,341</b>
<b>Real estate</b>	<b>3,249,297</b>	<b>(1,432,005)</b>	<b>1,817,292</b>	<b>3,046,985</b>	<b>(1,361,206)</b>	<b>1,685,779</b>
Land	1,085,074	-	1,085,074	971,958	-	971,958
Buildings	2,164,223	(1,432,005)	732,218	2,075,027	(1,361,206)	713,821
<b>Other</b>	<b>5,821,195</b>	<b>(3,773,749)</b>	<b>2,047,446</b>	<b>5,169,044</b>	<b>(3,686,482)</b>	<b>1,482,562</b>
Installations	328,075	(203,113)	124,962	348,487	(235,586)	112,901
Furniture and equipment	2,382,764	(1,156,299)	1,226,465	1,900,694	(1,027,499)	873,195
EDP systems	2,755,330	(2,183,423)	571,907	2,601,106	(2,206,675)	394,431
Other (communication, security and transportation)	355,026	(230,914)	124,112	318,757	(216,722)	102,035
<b>Leased fixed assets</b>	<b>82,038</b>	<b>(8,490)</b>	<b>73,548</b>	<b>94,783</b>	<b>(5,579)</b>	<b>89,204</b>
<b>Real estate - buildings</b>	<b>63,485</b>	<b>-</b>	<b>63,485</b>	<b>76,230</b>	<b>-</b>	<b>76,230</b>
<b>Furniture and equipment</b>	<b>18,553</b>	<b>(8,490)</b>	<b>10,063</b>	<b>18,553</b>	<b>(5,579)</b>	<b>12,974</b>
<b>Forest reserves</b>	<b>167,714</b>	<b>-</b>	<b>167,714</b>	<b>123,785</b>	<b>-</b>	<b>123,785</b>
<b>Intangible</b>	<b>11,234</b>	<b>(2,865)</b>	<b>8,369</b>	<b>8,719</b>	<b>(2,037)</b>	<b>6,682</b>
<b>Deferred charges</b>	<b>1,454,137</b>	<b>(604,955)</b>	<b>849,182</b>	<b>1,535,671</b>	<b>(732,471)</b>	<b>803,200</b>
Leasehold improvements	596,408	(218,591)	377,817	475,406	(153,458)	321,948
Expenditures on acquisitions of softwares	424,684	(248,909)	175,775	341,142	(177,855)	163,287
Other deferred expenditures	433,045	(137,455)	295,590	719,123	(401,158)	317,965

In ITAÚSA, Fixed Assets are basically composed of Buildings amounting to R\$ 5,064 (R\$ 5,412 at 09/30/2007).

**NOTE 16 - STOCKHOLDERS' EQUITY - ITAÚSA****a) Capital**

At the Annual and Extraordinary Stockholders' Meeting held on April 29, 2008, the following proposals of the Board of Directors were approved:

- Cancellation of 24,695,600 preferred book-entry shares held in treasury, without capital decrease by way of the absorption of R\$ 265,543 recorded in Revenue Reserves – Working Capital Increase;
- Capital increase through capitalization of Revenue Reserves in the amount of R\$ 2,250,000, with the issuance of 350,421,388 new book-entry shares, as bonus (10%), with no par value, of which 134,464,943 are common and 215,956,445 are preferred shares;
- Capital increase upon issuance of new shares for private subscription amounting to R\$ 250,000, with the issuance of 31,250,000 new book-entry shares, with no par value, of which 12,005,080 are common and 19,244,920 are preferred, and the subscribed shares may be paid up by offsetting the already declared interest on capital, with settlement by June 9, 2008. Capital increase was approved by ESM of June 27, 2008.

As a result of the aforementioned events, capital was increased to R\$ 10,000,000 and comprises 3,885,885,269 book-entry shares, with no par value, of which 1,491,119,451 are common and 2,394,765,818 are preferred shares without voting rights, but with the following advantages:

- Priority in the receipt of the annual minimum dividend of R\$ 10.00 per thousand shares, non-cumulative;
- Tag-along rights, in the event of the public offer of common shares, at a price equal to 80% of the amount paid per share with voting rights in the controlling stake, as well as a dividend at least equal to that of the common shares.

The table below shows the change in shares of capital stock and treasury shares during the period.

	NUMBER			Value
	Common	Preferred	Total	Total
<b>Shares of capital stock at 12/31/2007</b>	<b>1,344,649,428</b>	<b>2,184,260,053</b>	<b>3,528,909,481</b>	
Cancellation of shares – ASM/ESM of 04/29/2008	-	(24,695,600)	(24,695,600)	-
Bonus shares – ASM/ESM of 04/29/2008	134,464,943	215,956,445	350,421,388	-
Subscription of shares (approved by ESM of 06/27/2008)	12,005,080	19,244,920	31,250,000	-
<b>Shares of capital stock at 09/30/2008</b>	<b>1,491,119,451</b>	<b>2,394,765,818</b>	<b>3,885,885,269</b>	-
<b>Treasury shares at 12/31/2007 (*)</b>	-	<b>2,500,000</b>	<b>2,500,000</b>	<b>(30,502)</b>
Purchases of shares	-	26,200,000	26,200,000	(280,545)
(-) Cancellation of shares – ASM/ESM of 04/29/2008	-	(24,695,600)	(24,695,600)	265,543
Bonus shares – ASM/ESM of 04/29/2008	-	400,440	400,440	-
<b>Treasury shares at 09/30/2008 (*)</b>	-	<b>4,404,840</b>	<b>4,404,840</b>	<b>(45,504)</b>
<b>Outstanding shares at 09/30/2008</b>	<b>1,491,119,451</b>	<b>2,390,360,978</b>	<b>3,881,480,429</b>	
<b>Outstanding shares at 09/30/2007</b>	<b>1,344,649,428</b>	<b>2,184,260,053</b>	<b>3,528,909,481</b>	

(\*) Own shares purchased based on authorizations from the Board of Directors, to be held in Treasury for subsequent cancellation.

**b) Dividends**

Stockholders are entitled to a mandatory dividend of not less than 25% of annual net income, which is adjusted according to the rules set forth in Brazilian Corporate Law. Both types of shares participate equally, after common shares have received dividends equal to the minimum priority dividend per share to be paid to preferred shares.

As resolved on the Board of Directors' meeting of April 10, 2008, ITAÚSA's stockholders, who used to receive quarterly dividends of R\$ 0.012 per share, will receive, as from July 1, 2008, quarterly dividends of R\$ 0.014 per share, which represents an increase of approximately 28% in view of this increase in the declared amount and the 10% bonus of shares approved by the Extraordinary Stockholders' Meeting of April 29, 2008.

**I – Calculation**

Net income	2,349,854	
Adjustments		
(-) Legal reserve	(117,493)	
Dividend calculation basis	2,232,361	
Dividends/Interest on capital payable	742,449	33.26%

**II - Provision of Interest on Capital and Dividends**

	Gross	WTS	Net
<b>Paid / Prepaid</b>	<b>223,185</b>	<b>-</b>	<b>223,185</b>
<b>Dividends</b>			
1 quarterly installment of R\$ 0.014 per share paid on July 1, 2008	54,341	-	54,341
1 installment of R\$ 0.043 per share paid on August 25, 2008	168,844	-	168,844
<b>Provided for</b>	<b>591,720</b>	<b>(72,456)</b>	<b>519,264</b>
<b>Dividends</b>	<b>108,682</b>	<b>-</b>	<b>108,682</b>
1 quarterly installment of R\$ 0.014 per share paid on October 1, 2008	54,341	-	54,341
1 quarterly installment of R\$ 0.014 per share to be paid in January 2009	54,341	-	54,341
<b>Additional interest on capital to be declared</b>	<b>483,038</b>	<b>(72,456)</b>	<b>410,582</b>
<b>Total at 09/30/2007 - R\$ 0.1920 net per share</b>	<b>814,905</b>	<b>(72,456)</b>	<b>742,449</b>
<b>Total at 09/30/2007 - R\$ 0.2325 net per share</b>	<b>860,062</b>	<b>(39,517)</b>	<b>820,545</b>

**c) Revenue reserves**

	<b>09/30/2008</b>	<b>09/30/2007</b>
<b>Revenue Reserves</b>	<b>8,696,721</b>	<b>9,205,843</b>
Legal	1,184,121	1,019,732
Unrealized profits	-	239,650
Statutory	<u>7,512,600</u>	<u>7,946,461</u>
Dividends equalization (1)	3,193,947	3,787,800
Working capital increase (2)	2,235,786	2,021,154
Increase in capital of investees (3)	<u>2,082,867</u>	<u>2,137,507</u>

(1) Reserve for Dividends Equalization – its purpose is to guarantee funds for the payment of dividends or advances, including interest on capital, to maintain the flow of the stockholders' compensation.

(2) Reserve for Working Capital Increase – its purpose is to guarantee funds for the company's operations.

(3) Reserve for Increase in Capital of Investees – its purpose is to guarantee the preferred subscription right in the capital increases of investees.

**d) Reconciliation of Net Income and Stockholders' Equity between ITAÚSA and ITAÚSA CONSOLIDATED**

The difference between the Net Income and Stockholders' Equity of ITAÚSA and ITAÚSA CONSOLIDATED arises from the adoption of different criteria for the amortization of goodwill originated on purchase of investments, the recording of deferred tax assets.

	<b>Net income</b>		<b>Stockholders' equity</b>	
	<b>01/01 to 09/30/2008</b>	<b>01/01 to 09/30/2007</b>	<b>09/30/2008</b>	<b>09/30/2007</b>
<b>ITAÚSA</b>	<b>2,349,854</b>	<b>2,949,663</b>	<b>18,651,353</b>	<b>16,851,816</b>
Amortization of goodwill	203,505	115,544	(1,841,311)	(2,129,315)
Deferred tax assets	(78,528)	(72,947)	403,856	508,576
<b>ITAÚSA CONSOLIDATED</b>	<b>2,474,831</b>	<b>2,992,260</b>	<b>17,213,898</b>	<b>15,231,077</b>

**NOTE 17 – RELATED PARTIES**

Transactions between related parties are carried out at amounts, terms and average rates in accordance with normal market practices during the period, as well as under reciprocal conditions.

The transactions involving ITAÚSA and its subsidiary companies were eliminated and take into consideration the lack of risk.

The unconsolidated related parties are the following:

- The controlling stockholders of ITAÚSA;
- Fundação Itaúbanco, FUNBEP – Fundo de Pensão Multipatrocinado, Caixa de Previdência dos Funcionários do BEG (PREBEG), Fundação Bemgeprev and Itaúbank Sociedade de Previdência Privada, closed-end private pension entities, that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 19a; and;
- Fundação Itaú Social and Instituto Itaú Cultural (IIC), entities sponsored by ITAÚ HOLDING and subsidiaries to act in their respective areas of interest. During the period, the consolidated companies made donations to Fundação Itaú Social of R\$ 226 (R\$ 51,716 from January 1 to September 30, 2007) and to IIC of R\$ 31,040 (R\$ 26,000 from January 1 to September 30, 2007).

The transactions with these related parties are not significant in the overall context of ITAÚSA CONSOLIDATED operations, and besides those already mentioned above, are basically characterized by:

- Bank transactions under normal operations, in unrestricted compliance with the limits imposed by the Brazilian Central Bank (BACEN), such as current accounts, investments in and redemption of securities and the provision of custody/management services; and
- Rental of real estate from Fundação Itaúbanco, FUNBEP and PREBEG.

In addition to these transactions, there are guarantees provided by ITAÚSA, represented by endorsements, sureties and others, as follows:

	<b>09/30/2008</b>	<b>09/30/2007</b>
Duratex S.A.	186,707	95,728
Elekeiroz S.A.	52,912	92,410
Itautec S.A.	169,255	123,251
<b>Total</b>	<b>408,874</b>	<b>311,389</b>

**NOTE 18 – FINANCIAL INSTRUMENTS - MARKET VALUE**

The financial statements are prepared in accordance with accounting principles which assume the normal continuity of the operations of ITAÚSA and its subsidiaries.

The book value of each financial instrument, whether included or not in the balance sheet, when compared to the value that might be obtained in an active market, or in the absence of such market, using the net present value of future cash flows adjusted based on the current market interest, is approximately equal to the market value, or does not have a market quotation available, except for the instruments in the table below:

	BOOK VALUE		MARKET		Unrealized income/ (loss) (*)			
	09/30/2008	09/30/2007	09/30/2008	09/30/2007	Results		Stockholders' equity	
					09/30/2008	09/30/2007	09/30/2008	09/30/2007
Interbank investments	86,491,400	62,154,037	86,491,734	62,172,943	334	18,906	334	18,906
Securities and derivative financial instruments	82,448,906	65,789,391	82,622,056	65,999,605	85,119	362,738	173,150	210,214
Adjustment of available-for-sale securities					(108,200)	129,501	-	-
Adjustment of held-to-maturity securities					193,319	233,237	173,150	210,214
Loan and lease operations	142,225,827	95,989,981	141,685,353	96,212,627	(540,474)	222,646	(540,474)	222,646
Investments in affiliated companies								
BM&F BOVESPA S.A.	74,529	-	509,175	-	434,646	-	434,646	-
BPI	888,370	752,031	988,061	2,152,910	99,691	1,400,879	99,691	1,400,879
Redecard S.A.	192,153	154,106	3,886,288	5,342,084	3,694,135	5,187,978	3,694,135	5,187,978
Serasa S.A.	100,431	17,790	324,917	369,664	224,486	351,874	224,486	351,874
Visa Inc.	12	-	87,558	-	87,546	-	87,546	-
Funds raised by subsidiaries	249,952,606	169,993,143	250,004,200	170,021,397	(51,594)	(28,254)	(51,594)	(28,254)
Securitization of foreign payment orders	1,453,317	1,134,478	1,447,895	1,152,195	5,422	(17,717)	5,422	(17,717)
Subordinated debt and Redeemable preferred shares (Note 10)	13,264,114	11,577,222	13,312,010	11,640,784	(47,896)	(63,562)	(47,896)	(63,562)
Treasury shares	1,616,910	1,215,602	1,920,540	2,201,792	307,200	986,190	303,630	986,190
<b>Total unrealized</b>					<b>4,298,615</b>	<b>8,421,678</b>	<b>4,383,076</b>	<b>8,269,154</b>

(\*) It does not consider the related tax effects. Includes unrealized income of minority stockholders in the amount of R\$ 2,326,387 (R\$ 4,230,056 at 09/30/2007) in results and R\$ 2,555,125 (R\$ 4,689,900 at 09/30/2007) in stockholders' equity.

To obtain the market values for these financial instruments, the following criteria were adopted:

- Interbank investments were determined based on their nominal amounts, monetarily restated to maturity dates and discounted to present value using future market interest rates and swap market rates for fixed-rate securities and using market interest rates for fixed-rate securities published in the Gazeta Mercantil newspaper on October 1, 2008 for floating-rate securities.
- Securities and derivative financial instruments, according to the rules established by Circular Nos. 3,068 and 3,082 of November 8, 2001 and January 30, 2002, respectively, issued by the Central Bank of Brazil (BACEN), are recorded at their market value, except for those classified as Held to Maturity. Government securities allocated in this category have their market value calculated based on the rates obtained in the market, and validated through the comparison with information provided by the National Association of Financial Market Institutions (ANDIMA). Private securities included in this category have their market value calculated using a criterion similar to the one adopted for Investments in Interbank Deposits, as described above.
- Loans with maturity over 90 days, when available, were calculated based on their net present value of future cash flows discounted at market interest rates effective on the balance sheet date, taking into account the effects of hedges as well (swap contracts).
- Investments in affiliated companies - in BPI, Redecard S.A., BM&F Bovespa S.A. and Visa Inc. are determined based on stock market quotations, and in Serasa S.A. are determined based on the last transaction prices.
- Time and interbank deposits and funds from acceptance and issuance of securities, when available, were calculated based on their present value determined by future cash flows discounted at future market interest rates and swap market rates for fixed-rate securities, and for floating-rate securities, market interest rates for fixed-rate securities published in the Gazeta Mercantil newspaper on October 1, 2008. The effects of hedges (swap contracts) are also taken into account.
- Securitization of foreign payment orders, based on the net present value of the future cash flows estimated as from the interest curves of the indexation market places, net of the interest rates practiced in the market on the balance sheet date, considering the credit risk of the issuer, calculated based on the market price of other securities issued by the same.
- Subordinated debt, based on the net present value of future fixed or floating cash flows in foreign currency, net of the interest rates practiced in the market on the balance sheet date and considering the credit risk of the issuer. The floating cash flows are estimated as from the interest curves of the indexation market places.
- Treasury shares are valued according to the average quotation available on the last trading day of the month or, if this is not available, according to the most recent quotation on prior trading days, published in the daily bulletin of each Stock Exchange.

**NOTE 19 - BENEFITS TO EMPLOYEES**

Under the terms of CVM Resolution No. 371, dated December 13, 2000, we present the policies adopted by ITAÚSA and its subsidiaries regarding benefits to employees, as well as the accounting procedures adopted:

**a) Supplementary retirement benefits:**

ITAÚSA and its subsidiary companies sponsor the following supplementary retirement plans:

Entity	Benefit plan
Fundação Itaúbank	Supplementary retirement plan - PAC (1)
	Franprev benefit plan - PBF (1)
	002 Benefit Plan – PB002 (1)
	Itaulam Basic Plan - PBI (1)
	Itaulam Supplementary Plan - PSI (2)
Fundação Bemgeprev	Supplementary Retirement Plan – Flexible Premium Annuity (ACMV) (1)
Fundação Itaúsa Industrial	Defined Contribution Benefit Plan - PAI-CD (3)
	Defined Benefit Plan - BD (1) (4)
Funbep Fundo de Pensão Multipatrocinado	Funbep I Benefit Plan (1)
	Funbep II Benefit Plan (2)
Caixa de Previdência dos Funcionários do Banco Beg - Prebeg	Prebeg Benefit Plan (1)
Citiprevi - Entidade Fechada de Previdência Complementar (Orbital/Credicard Itaú)	Credicard Retirement Plan (1)
	Credicard Supplementary Retirement Plan (2)
Itaubank Sociedade de Previdência Privada	Itaubank Retirement Plan (3)

(1) *Defined benefit plan.*

(2) *Variable contribution plan.*

(3) *Defined contribution plan.*

(4) *On February 5, 2007, the merger of the Benefit Plans BD-Itaútec and BD- Itaúsa with the BD – DX plan, which is now called Defined Benefit Plan – BD, was approved by the Secretariat of Complementary Pension.*

The basic purpose of the defined benefit and variable contribution plans is to grant a benefit that, as a life annuity benefit (in case of FUNBEP, PREBEG, PB002 and Credicard, also as survivorship annuities), will supplement the pension paid by social security. In case of the defined contribution plan, the benefit is calculated based on the contributions made and its payment is made for an established period, which does not require actuarial calculation.

All of these plans, except for the PAI-CD plan, are closed to new participants. As regards the new employees hired after the closing, they have the option to participate in a defined contribution plan managed by Itaú Vida e Previdência S.A. (PGBL), in the case of the Financial Services and Insurance Area companies, or by Fundação Itaúsa Industrial (PAI-CD), in case of the Industrial Area companies.

During the period, the contributions paid totaled R\$ 35,704 (R\$ 32,177 from January 1 to September 30, 2007). The contribution rate increases based on the participant's salary.

**b) Post-employment benefits:**

ITAÚSA and its subsidiaries do not offer other post-employment benefits, except in those cases arising from maintenance obligations according to the acquisition agreements signed by ITAÚ, under the terms and conditions established, in which health plans are totally or partially sponsored for retired workers and beneficiaries. During the period, the contributions made totaled R\$ 4,508 (R\$ 5,346 from January 1 to September 30, 2007). The contribution rate increases based on the beneficiary's age.



**c) Net amount of assets and actuarial liabilities of the benefit plans:**

The net assets and actuarial liabilities, which consider the actuarial obligations, calculated in conformity with the criteria established by CVM Resolution No. 371, of December 13, 2000, are summarized below:

	<b>09/30/2008</b>	<b>09/30/2007</b>
Net assets of the plans	13,282,600	12,533,807
Actuarial liabilities	(10,084,424)	(9,398,199)
<b>Surplus (*)</b>	<b>3,198,176</b>	<b>3,135,608</b>

*(\*) According to paragraph 49g of the attachment to CVM Resolution No. 371 of December 13, 2000, the net asset was not recognized.*

In addition to the reserves recorded by the plans, the sponsors record provisions in the amount of R\$ 27,114 (R\$ 28,618 at September 30, 2007) to cover possible actuarial liabilities.

## d) Changes in net assets, actuarial liabilities, and surplus:

	01/01 to 09/30/2008			01/01 to 09/30/2007		
	Assets	Actuarial liabilities	Surplus	Assets	Actuarial liabilities	Surplus
Present value – beginning of the period	12,767,343	(9,540,927)	3,226,416	10,768,519	(8,672,398)	2,096,121
Adjustments in the period (1)	-	-	-	-	(196,995)	(196,995)
Expected return on assets/ Cost of current service + Interest	1,165,335	(880,196)	285,139	982,124	(835,324)	146,800
Benefits paid	(336,699)	336,699	-	(306,518)	306,518	-
Contributions of sponsors/participants	43,539	-	43,539	42,483	-	42,483
Gains/(losses) in the period (2)	(356,918)	-	(356,918)	1,047,199	-	1,047,199
Present value – end of the period	13,282,600	(10,084,424)	3,198,176	12,533,807	(9,398,199)	3,135,608

(1) Corresponds to the change of mortality table from GAM-83 (reduced by 10%) to AT-83 (reduced by 10%).

(2) Gains/(losses) in assets correspond to the actual earnings obtained above (below) the expected return rate on assets assumption.

## e) Main assumptions used in actuarial valuation

	Banking services area (1)	Industrial Area (2)
Discount rate	10.24% p.a.	9.20% p.a.
Expected return rate on assets	12.32% p.a.	10.01% p.a.
Mortality table	AT-2000 (3)	AT-83 (4)
Turnover	Itaú Exp. 2003/2004	Towers Experience
Future salary growth	7.12% p.a.	7.12% p.a.
Growth of the pension fund and social security benefits	4.00% p.a.	4.00% p.a.
Inflation	4.00% p.a.	4.00% p.a.
Actuarial method	Projected Unit Credit (5)	Projected Unit Credit (5)

(1) Corresponds to the assumptions adopted by the plans managed by Fundação Itaúbanco, Funbep and Prebeg.

(2) Corresponds to the assumptions adopted by the Defined Benefit plan managed by Fundação Itaúsa Industrial.

(3) The mortality tables adopted correspond to those disclosed by SOA – "Society of Actuaries", the North-American Entity which corresponds to IBA – Brazilian Institute of Actuarial Science, which reflects a 10% increase in the probabilities of survival as compared to the respective basic tables. At March 31, 2007, the AT-83 table was used.

(4) At September 30, 2007 the company adopted the GAM-83 and added 1/3 of the difference in the expectation of survival between this and the AT-83 table.

(5) Using the Projected Unit Credit, the mathematical reserve is determined by the current projected benefit amount multiplied by the ratio between the length of service in the company at the assessment date and the length of service that will be reached at the date when the benefit is granted. The cost is determined taking into account the current projected benefit amount distributed over the years that each participant is employed.

**NOTE 20 – ADDITIONAL INFORMATION****a) Insured assets**

ITAÚSA and its subsidiaries, despite the low risk exposure due to a non-physical concentration of their assets, have the policy to insure their securities and assets at amounts considered sufficient to cover possible claims.

**b) Foreign currencies**

The balance in reais linked to foreign currency were:

	<b>09/30/2008</b>	<b>09/30/2007</b>
Permanent foreign investments	12,872,327	9,264,753
Net amount of other assets and liabilities indexed to foreign currency, including derivatives	(21,752,658)	(14,683,287)
<b>Net foreign exchange position</b>	<b>(8,880,331)</b>	<b>(5,418,534)</b>

The net foreign exchange position, considering the tax effects on the net balance of other assets and liabilities indexed to foreign currency, reflects the low exposure to exchange variations.

## c) Minority interests in subsidiaries

	Stockholders' equity		Result	
	09/30/2008	09/30/2007	01/01 to 09/30/2008	01/01 to 09/30/2007
Banco Itaú Holding Financeira S.A.	17,268,567	15,468,142	(3,266,248)	(3,572,236)
Duratex S.A.	958,533	901,965	(142,609)	(140,881)
Itau Bank, Ltd. (1)	752,563	723,200	-	-
Itaú BBA Participações S.A.	273,809	229,614	(41,464)	(26,769)
Itaú XL Seguros Corporativos S.A.	109,406	104,510	(10,520)	(12,119)
Miravalles Empreendimentos e Participações S.A. (2)	93,154	82,630	(2,254)	28,801
Três "B" Empreendimentos e Participações Ltda. (3)	68,382	62,449	(6,015)	(7,562)
Itaú Gestão de Ativos S.A. (4)	61,025	61,086	(76)	(1,481)
Itautec S.A.	26,917	24,876	(2,047)	(4,643)
Investimentos Bemge S.A. (5)	16,163	16,244	(272)	(1,144)
Elekeiroz S.A.	14,810	11,521	(2,212)	(1,602)
Other	64,248	45,582	(2,762)	(2,904)
<b>Total</b>	<b>19,707,577</b>	<b>17,731,819</b>	<b>(3,476,479)</b>	<b>(3,742,540)</b>

(1) Represented by redeemable preferred shares issued on December 31, 2002 by Itau Bank Ltd., in the amount of US\$ 393,072 thousand, with maturity on March 31, 2015 and semiannual dividends calculated based on LIBOR plus 1.25% p.a.;

(2) Parent company of Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento;

(3) Indirect subsidiary of Cia. Itaú de Capitalização;

(4) Indirect subsidiary of Itaú Vida e Previdência S.A.;

(5) Indirect subsidiary of Banco Itaucard S.A..

**d) Nonrecurring results**

In order to allow the appropriate analysis of the financial statements for the period, we present the net income with exclusion of the following main non-recurring effects, net of respective tax effects:

	ITAÚSA		ITAÚSA CONSOLIDATED	
	01/01 to 09/30/2008	01/01 to 09/30/2007	01/01 to 09/30/2008	01/01 to 09/30/2007
<b>Net income</b>	<b>2,349,854</b>	<b>2,949,663</b>	<b>2,474,831</b>	<b>2,992,260</b>
<b>Nonrecurring effects</b>	<b>450,154</b>	<b>(447,192)</b>	<b>535,705</b>	<b>(234,608)</b>
Goodwill on purchase (Note 13f)	-	-	85,551	212,584
Shares of Itaú Holding	-	-	61,041	86,512
Shares of BPI	-	-	10,935	40,162
Shares of Delle Holding	-	-	605	-
BBI and BBT	-	-	-	84,425
Virada Web	-	-	-	1,485
Unión Capital	-	-	4,250	-
Cerâmica Monte Carlo - Duratex	-	-	8,720	-
Guaranteed accounts and commitments linked to acquired investments	-	36,578	-	36,578
Purchase of treasury shares – Duratex S.A.	5,848	12,137	5,848	12,137
Purchase of treasury shares – ITAÚ HOLDING (*)	395,784	74,450	395,784	74,450
Provision for contingencies – economic plans	79,530	70,772	79,530	70,772
Allowance for loan losses	29,925	117,852	29,925	117,852
Sale of 50% of Camargo Correa Desenvolvimento Imobiliário S.A.'s shares	-	(15,904)	-	(15,904)
Sale of investments (Note 13g)	(86,868)	(688,947)	(86,868)	(688,947)
Redecard S.A.	-	(470,172)	-	(470,172)
Serasa S.A.	-	(218,775)	-	(218,775)
Mastercard, Inc.	(24,580)	-	(24,580)	-
Visa, Inc.	(43,060)	-	(43,060)	-
BM&F Bovespa	(19,228)	-	(19,228)	-
Sale and adjustment to market value of shares of Banco Comercial Português, S.A. held by BPI	33,659	-	33,659	-
Sale of real estate – Itaubank	-	(33,682)	-	(33,682)
Sale of real estate Tatuapé – Itautec S.A.	-	(20,448)	-	(20,448)
Recovery of taxes and other non-recurring items – Duratex S.A./Itautec S.A.	(7,724)	-	(7,724)	-
<b>Recurring net income</b>	<b>2,800,008</b>	<b>2,502,471</b>	<b>3,010,536</b>	<b>2,757,652</b>

(\*) Effect of the purchase of shares to be held in treasury by the subsidiary ITAÚ HOLDING, acquired its own shares in the amount of R\$ 1,290 million, increasing the non-operating expense in equity of ITAÚSA by R\$ 396 million (without representing a cash outflow in parent company), resulting in the increase in the interest held in this subsidiary from 44.76% as of December 31, 2007 to 45.34% as of September 30, 2008.

**e) Law No. 11,638**

On December 28, 2007, Law No. 11,638 was approved in order to amend and revoke some provisions of Law No. 6,404, of December 15, 1976, and Law 6,385, of December 7, 1976 in connection with accounting practices, preparation and disclosure of financial statements. This law sets forth that the rules issued by CVM shall be prepared in conformity with international accounting standards.

Article 9 of this Law sets forth that it will come into effect on the first day of the year subsequent to its publication. The Brazilian Securities and Exchange Commission (CVM), through Notice to the market of January 14, 2008, BACEN, through Notice No. 16,669, of March 20, 2008, and the Superintendency of Private Insurance (SUSEP) through Circular Letter SUSEP/DECON/GAB No. 005/2008, of June 9, 2008, waived the adoption of the changes provided by this Law in the interim financial statements for 2008.

We present below the major amendments established by this law:

- Presentation of the Statement of Cash Flows (Note 20f) in lieu of the Statement of Changes in Financial Position. CMN and CVM, by way of Resolution No. 3,604, of August 29, 2008, and Resolution No. 547, of August 13, 2008, respectively, regulated the presentation of this statement, which disclosure shall be mandatory as from December 31, 2008. ITAÚSA has been voluntarily disclosing this statement, which will be adapted to the aforementioned regulations upon the closing of this year;
- Presentation of the Statement of Added Value (Note 20f), already disclosed by ITAÚSA and awaiting regulation;
- Criteria for classification and valuation of financial instruments at market price, already adopted by financial subsidiaries and equivalent companies and awaiting regulation by CVM (Notes 4b II, 4c and 6);
- Maintenance of the revaluation reserves balance, in subsidiaries, in the amount of R\$ 29,559, according to CMN Resolution No. 3,565 of May 29, 2008 and CVM Instruction No. 469 of May 2, 2008. This reserve will be realized according to the depreciation term of the revalued asset or when it is written off.
- CMN Resolution No. 3,605, of August 29, 2008, defined the items to be classified as Capital Reserve and changed the treatment granted to tax incentives, that will now pass through results, with optional transfer to Revenue Reserve and excluded from the mandatory dividend calculation. This Resolution has not given rise to any effects in the financial statements of ITAÚSA's financial institutions and equivalent companies and is awaiting regulation by CVM;
- CMN Resolution No. 3,617, of September 30, 2008, sets forth that fixed assets will now include assets arising from operations that transfer to the company any benefits, risks and controls of these assets, except for the assets subject to lease operations, and deferred charges will now include preoperating expenses and restructuring expenses; The balances recognized up to September 30, 2008, recorded based on previous regulatory provisions, shall be kept until they are written off. This Resolution has not given rise to any effects in the financial statements of ITAÚSA's financial institutions and equivalent companies and is awaiting regulation by CVM;
- Periodic analysis on recovery, measurement and disclosure of losses in relation to the recoverable amount of assets, as regulated by CMN Resolution No. 3,566, of May 29, 2008 and CVM Resolution No. 527, of November 1, 2007. This analysis will be carried out annually in the fourth quarter of each year;
- Change in the evaluation criterion for affiliated companies stated on the equity method, whenever the investor has a significant impact on these affiliated companies, as regulated by CMN Resolution No. 3,619, of September 30, 2008. Significant impact shall be construed as the investor's interest of 20% of voting capital or above. This Resolution shall come into effect on January 1, 2009 and shall not give rise to significant effects in the financial statements of ITAÚSA's financial institutions and equivalent companies. This change awaits CVM's regulation;
- In take-over, merger and spin-off operations, carried out between independent parties and related to the effective transfer of control, the assets and liabilities of the company to be taken over or arising from the merger or spin-off will be recorded at their market value, as regulated by CMN Resolution No. 3,620, of September 30, 2008, which will come into effect as from January 1, 2009. This change awaits CVM's regulation;

- Creation of the subgroup “Intangible assets” in Permanent Assets, in order to classify any rights whose subjects are intangible assets intended for maintenance of the company or which are exercised for such purpose, including acquired goodwill, awaiting regulation.
- Creation of the subgroup “Asset valuation adjustments” in Stockholders’ Equity, with the purpose of:
  - Recording the contra-entry to the exchange variation of statutory investments abroad when the functional currency of the investee is different from that of the parent company, as regulated by CVM Resolution No. 534, of January 29, 2008, which will come into effect as from January 1, 2009. This change awaits BACEN’s regulation.
  - Classifying any contra-entries to increases or decreases in the amounts assigned to asset and liability elements, in view of their valuation at market price, awaiting regulation;
- Adjustment to present value of long-term asset and liability balances, with the other operations being adjusted when any significant effect arises, awaiting regulation;

It should be emphasized that ITAÚ HOLDING, ITAÚSA’s subsidiary, which assets represent more than 90% of total consolidated assets, annually discloses the 20-F report that includes the consolidated financial statements prepared in accordance with the USGAAP, which are more aligned with the international accounting standards than the Brazilian standards prior to the enactment of Law No. 11,638. Additionally, in the last quarter of 2007, a reconciliation of stockholders' equity and consolidated net income as of December 31, 2006 between the Brazilian standards and the International Financing Reporting Standards (IFRS), detailing the main differences, was disclosed. Considering that said law aims at the convergence of Brazilian accounting standards into the international standards, these two disclosures are a parameter for the effects of the application of Law No. 11,638.

## f) Statement of Cash Flows

We present below the Statement of Cash Flows, Consolidated and Individual, prepared by the Indirect Method, and the Statement of Added Value, not required by the Brazilian accounting practices and the Brazilian Central Bank until December 31, 2007, which were prepared in conformity with the structure of the Accounting Chart for Institutions of the National Financial System (COSIF).

## I – Statement of cash flows - ITAÚSA CONSOLIDATED

	01/01 to 09/30/2008	01/01 to 09/30/2007
<b>Adjusted net income</b>	<b>17,411,835</b>	<b>15,076,184</b>
Net income	2,474,831	2,992,260
Adjustments to net income:	14,937,004	12,083,924
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	559,992	(30,334)
Allowance for loan losses	5,951,920	4,999,561
Results from operations with subordinated debt	1,155,404	541,497
Results from securitization of foreign payment orders	125,513	(158,393)
Change in technical provisions for insurance, pension plan and capitalization	4,912,155	4,187,397
Depreciation and amortization	520,202	571,161
Adjustment to legal liabilities – tax and social security	555,584	671,878
Adjustment to provision for contingent liabilities	851,151	379,798
Deferred taxes	(597,517)	454,051
Equity in earnings of affiliates	(102,874)	(88,979)
Income from available-for-sale securities	(1,833,495)	(731,238)
Income from held-to-maturity securities	(180,443)	1,474
(Income) loss from sale of fixed assets (Note 13g)	-	(114,321)
(Income) loss from sale of investments (Note 13g)	(291,586)	(2,286,962)
Minority interest	3,476,479	3,742,540
Other	(165,481)	(55,206)
<b>Change in assets and liabilities</b>	<b>(6,086,467)</b>	<b>(16,025,907)</b>
(Increase) Decrease in interbank investments	(29,602,707)	(29,426,805)
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	(12,486,103)	(10,625,544)
(Increase) Decrease in interbank accounts of subsidiaries	(120,781)	35,568
(Increase) Decrease in loan, lease and other credit operations	(40,555,460)	(17,154,893)
(Increase) Decrease in inventories	(102,959)	(129,580)
(Increase) Decrease in other receivables and other assets	(5,235,994)	(3,509,690)
(Increase) Decrease in foreign exchange operations	(466,920)	231,756
(Increase) Decrease in prepaid expenses	(460,183)	(1,821,489)
Increase (Decrease) in funds obtained by subsidiaries – foreign currency	4,585,188	(3,215,675)
Increase (Decrease) in funds obtained by subsidiaries – local currency	33,119,305	10,086,629
Increase (Decrease) in funds obtained by subsidiaries – money market	40,852,024	36,154,992
Increase (Decrease) in borrowings – foreign currency	153,801	74,860
Increase (Decrease) in borrowings – local currency	262,426	44,806
Increase (Decrease) in credit card operations	(900,077)	229,173
Increase (Decrease) in securitization of foreign payment orders	218,229	(238,845)
Increase (Decrease) in technical provisions for insurance, pension plan and capitalization	(1,170,940)	(757,947)
Increase (Decrease) in taxes and social contributions payable and other liabilities	5,801,087	4,001,381
Increase (Decrease) in deferred income	23,597	(4,604)
<b>OPERATING ACTIVITIES – Net cash provided by (used in)</b>	<b>11,325,368</b>	<b>(949,723)</b>
Interest on capital / dividends received from affiliated companies	88,880	60,829
Funds received from interest and sale of available-for-sale securities	6,211,524	8,587,280
Funds received from interest and redemption of held-to-maturity securities	421,792	165,338
Disposal of investments	300,517	2,292,911
Sale of fixed assets	49,213	479,265
Purchase of available-for-sale securities	(11,546,267)	(12,657,124)
Purchase of investments	(227,640)	(94,578)
Purchase of fixed assets and forest reserves	(946,883)	(564,726)
Deferred charges	(189,548)	(411,447)
<b>INVESTMENT ACTIVITIES – Net cash provided by (used in)</b>	<b>(5,838,412)</b>	<b>(2,142,252)</b>
Increase (decrease) in subordinated debt	25,585	6,469,335
Subscription of shares	250,000	300,000
Premium on subscription of shares	471	752
Capital reserve arising from the sale of fractional shares	78	-
Change in minority interest	(923,295)	(81,860)
Interest on capital paid to minority stockholders	(1,607,929)	(1,233,948)
Purchase of own shares	(280,545)	(25,498)
Interest on capital paid	(1,295,803)	(1,294,627)
<b>FINANCING ACTIVITIES – Net cash provided by (used in)</b>	<b>(3,831,438)</b>	<b>4,134,154</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET</b>	<b>1,655,518</b>	<b>1,042,179</b>
At the beginning of the period	4,458,579	3,732,337
At the end of the period	6,114,097	4,774,516



## II – Statement of cash flows - ITAÚSA

	01/01 to 09/30/2008	01/01 to 09/30/2007
<b>Adjusted net income</b>	<b>(58,849)</b>	<b>138,249</b>
Net income	2,349,854	2,949,663
Adjustments to net income:	(2,408,703)	(2,811,414)
Amortization of goodwill	15,357	8,313
Equity in earnings of subsidiaries and affiliated companies	(2,424,707)	(2,820,359)
(Reversal) Provision for losses	5	(23)
Depreciation and amortization	642	655
<b>Change in assets and liabilities</b>	<b>58,087</b>	<b>(17,769)</b>
(Increase) Decrease in securities and derivative financial instruments	31,920	15,480
(Increase) Decrease in sundry receivables and other assets	(50,071)	36,944
(Increase) Decrease in prepaid expenses	(1)	-
(Decrease) Increase in provisions and accounts payable and other liabilities	76,239	(70,193)
<b>OPERATING ACTIVITIES – Net cash provided by (used in)</b>	<b>(762)</b>	<b>120,480</b>
Disposal of investments	140,258	-
Purchase of investments	(173,657)	(139,877)
Purchase of fixed assets	(346)	(38)
Interest on capital/dividends received	1,360,183	1,038,807
<b>INVESTMENT ACTIVITIES – Net cash provided by (used in)</b>	<b>1,326,438</b>	<b>898,892</b>
Premium on subscription of shares	471	752
Subscription of shares	250,000	300,000
Purchase of treasury shares	(280,545)	(25,498)
Interest on capital paid	(1,295,803)	(1,294,627)
Capital reserve arising from the sale of fractional shares	78	-
<b>FINANCING ACTIVITIES – Net cash provided by (used in)</b>	<b>(1,325,799)</b>	<b>(1,019,373)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET</b>	<b>(123)</b>	<b>(1)</b>
At the beginning of the period	142	27
At the end of the period	19	26

## III - Statement of Added Value - ITAÚSA CONSOLIDATED

	01/01 to 09/30/2008	Share %	01/01 to 09/30/2007	Share %
Sale of products and services, net of cost of materials, third-party services and others (a)	7,633,862	-	8,912,172	-
Income from financial operations (b)	11,821,564	-	11,582,470	-
Result from operations with insurance, pension plan and capitalization (c)	1,010,812	-	910,610	-
Other operating income (expenses) (d)	(5,114,539)	-	(3,686,348)	-
<b>Added value (e = a + b + c + d)</b>	<b>15,351,699</b>	<b>-</b>	<b>17,718,904</b>	<b>-</b>
Compensation of employees (f) (*)	5,285,195	34.4	4,653,840	26.3
Payment of taxes and contributions (g)	3,995,808	26.0	6,278,373	35.4
Payment of debts (h)	119,386	0.8	51,891	0.3
Amount distributed to stockholders (i)	1,941,575	12.6	1,916,943	10.8
Reinvestment of profits (j)	4,009,735	26.2	4,817,857	27.2
<b>Distribution of added value (k = f + g + h + i + j)</b>	<b>15,351,699</b>	<b>100.0</b>	<b>17,718,904</b>	<b>100.0</b>

(\*) Does not include social security contributions.

## SPECIAL REVIEW REPORT

To the Shareholders and Management of  
Itaúsa - Investimentos Itaú S.A.  
São Paulo - SP

1. We have performed a special review of the accompanying quarterly information of Itaúsa - Investimentos Itaú S.A. (Company and consolidated) for the quarter ended September 30, 2008 consisting of the balance sheet, the related statement of income and the notes, prepared under the responsibility of the Company's management. Our responsibility is to issue a report, without expressing an opinion on such quarterly information. The quarterly information of the controlled companies Banco Itaú Holding Financeira S.A., Itaúsa Export S.A., Itaúsa Europa – Investimentos, SGPS Ltda., Duratex S.A., and Itautec S.A. for the quarter ended September 30, 2008, whose amounts were the basis for their valuation under the equity method and the consolidation (note 15a), were reviewed by other independent auditors, whose report thereon was unqualified. Our special review report, insofar as it relates to the carrying values of these investments, is exclusively based on the reports of these other independent auditors.
2. Our review was carried out in accordance with specific standards established by IBRACON – Instituto dos Auditores Independentes do Brasil (Brazilian Institute of Independent Auditors) in conjunction with CFC – Conselho Federal de Contabilidade (Federal Accounting Council) and mainly comprised: a) inquiry of and discussion with the managers responsible for the accounting, financial and operating areas as to the main criteria adopted in preparing the quarterly information and b) review of the information and subsequent events that have or may have material effects on the financial situation and operations of the Company.
3. Based on our special review and on the other independent auditors' reports, we are not aware of any material changes which should be made to the quarterly information referred to in paragraph 1 for it to be in conformity with the standards issued by CVM – Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission) applicable to the preparation of quarterly information, including CVM Instruction No. 469/08 and Communication No. 16,669 issued by the Bacen – Banco Central do Brasil (Central Bank of Brazil).
4. As mentioned in note 20e, on December 28, 2007 Law No. 11,638 took effect beginning January 1, 2008. This law modified, revoked and introduced new provisions into Law No. 6,404/76 (Brazilian Corporate Law), causing changes in Brazilian accounting practices. Although the Law has already come into effect, some of the changes introduced by it depend on regulation by regulatory agencies to be fully applied by companies. Therefore, the CVM set forth on Instruction No. 469/08 that during this transition companies are not obliged to apply all provisions of Law No. 11,638/07 to prepare the Quarterly Information. Therefore, the accounting information included in the Quarterly Information – ITR of the quarter ended September 30, 2008 was prepared in accordance with CVM's specific instructions, which do not include all changes in accounting practices introduced by Law No. 11,638/07, and with Communication No. 16,669 issued by the Central Bank of Brazil – Bacen, which has released companies from applying the accounting provisions introduced by the Law for the preparation of the interim financial statements during 2008.
5. The balance sheet as of June 30, 2008, presented for comparative purposes, was audited by us, and our special review report thereon, dated August 11, 2008, had an emphasis similar to the matter described in paragraph 4. The statement of income for the quarter ended September 30, 2007, presented for comparative purposes, was reviewed by us, and our special review report thereon, dated November 12, 2007, was unqualified.

São Paulo, November 10, 2008

Orlando Octávio de Freitas Júnior  
Engagement Partner  
BDO Trevisan Auditores Independentes

## Report of Independent Accountants on Limited Reviews

To the Board of Directors  
Itaúsa - Investimentos Itaú S.A.

- 1 We have carried out limited reviews of the accompanying balance sheets of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and Itaúsa - Investimentos Itaú S.A. and subsidiaries (consolidated) as of September 30, 2008 and 2007, and the related statements of income, of changes in stockholders' equity and of changes in financial position, as well as the consolidated statements of income and of changes in financial position for the nine-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements.
- 2 Our reviews were carried out in conformity with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON) in conjunction with the Federal Accounting Council (CFC) and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the financial statements and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.
- 3 Based on our limited reviews, we are not aware of any material modifications that should be made to the financial statements referred to above in order that they be stated in accordance with the Brazilian Securities Commission (CVM) regulations, including Instruction 469/08 and, with respect to the financial institution subsidiaries, in accordance with the Brazilian Central Bank rules, including Communication 16,669, which waived the application of the accounting provisions introduced by Law 11,638 for the preparation of interim accounting information for 2008.
- 4 As mentioned in Note 20(e), Law 11,638 was enacted on December 28, 2007 and is effective as from January 1, 2008. This Law amended, revoked and introduced new provisions to Law 6,404 (Brazilian Corporation Law) and changed the accounting practices adopted in Brazil. Although the new Law is already effective, the main changes introduced by it depend on regulations to be issued by the regulatory agencies for them to be implemented. At September 30, 2008, Itaúsa has investments recorded on the equity method amounting to R\$ 15,610,277 thousand in Banco Itaú Holding Financeira S.A., which is subject to the rules of the Brazilian Central Bank (BACEN). BACEN, through its Communication 16,669 of March 20, 2008, waived the application of the provisions of Law 11,638 in the preparation of interim accounting information of financial institutions for 2008. Therefore, the financial statements of the subsidiary Banco Itaú Holding Financeira S.A. at September 30, 2008, which are the basis for recording Itaúsa's investment in and equity in the earnings of that subsidiary, as well as the consolidation of that subsidiary, have been prepared in accordance with specific BACEN instructions and do not include the changes in accounting practices introduced by Law 11,638. In addition, Itaúsa has other investments in publicly-held non-financial companies subject to the rules of the Brazilian Securities Commission (CVM), which, through Instruction 469 required that certain adjustments provided for in Law 11,638 be evaluated and recorded in interim financial statements for 2008. These adjustments were measured and considered immaterial for the purpose of inclusion in the financial statements of Itaúsa and in the consolidated financial statements of Itaúsa and subsidiaries mentioned in paragraph 1.

São Paulo, November 10, 2008

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Emerson Laerte da Silva  
Contador CRC 1SP171089/O-3

## ITAÚSA - INVESTIMENTOS ITAÚ S.A

CNPJ - 61.532.644/0001-15

Publicly-held company

NIRE. 35300022220

### OPINION OF THE FISCAL COUNCIL

The effective members of the Fiscal Council of **Itaúsa - Investimentos Itaú S.A.**, having perused the financial statements for the period from January to September 2008, have verified the accuracy of all items examined, and, in view of the unqualified opinion of BDO Trevisan Auditores Independentes and PricewaterhouseCoopers Auditores Independentes, understand that these documents adequately reflect the company's capital structure, financial position and the activities conducted during the period.

São Paulo, November 10, 2008.

JOSÉ MARCOS KONDER COMPARATO  
President

ARTEMIO BERTHOLINI  
Member

PAULO RICARDO MORAES AMARAL  
Member