



ITAÚSA

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

**Financial Statements**

September 30, 2001

# Itaúsa - Investimentos Itaú S.A.

## Financial Statements and Management's Discussion and Analysis Nine-Month Periods Ended on September 30, 2001 and 2000

Information Published since 11-14-01

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# Itaúsa - Investimentos Itaú S.A.

## Consolidated Financial Statements

Nine-Month Periods Ended on September 30, 2001 and 2000

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### Management Report - Third Quarter of 2001

To our Stockholders:

We are pleased to present the management report and the financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the nine-month period ended September 30, 2001, which have the favorable opinion of the Audit Committee and were prepared in accordance with the standards of the Brazilian Securities and Exchange Commission (CVM). The financial statements were prepared in conformity with accounting principles determined by Brazilian corporate legislation.

### ITAÚSA RESULTS FOR THE PERIOD

Itaúsa reached in the third quarter a consolidated net income of R\$ 421,6 million, representing an annualized return of 36.8% on consolidated stockholders' equity and an increase of 34.7% as compared to the same period in 2000. During the year, the net income accumulated R\$ 1,273.7 million, representing a return on equity of 34.1% and an increase of 79.9% as compared to the same period in 2000.

The consolidated net income per thousand shares in the third quarter amounted to R\$ 137.30, corresponding to a 30.4% increase as compared to the same period in 2000 and the stockholders' equity reached an amount R\$ 1,685.66. In the year to date, the net income amounted to R\$ 414.81, an amount 74.2% superior to the same period in 2000. Consolidated stockholders' equity in the amount of R\$ 5,175.8 million increased 5.8% compared to June of 2001.

### Main indicators of the Holding and the Itaúsa Conglomerate

	R\$ thousand			
	Period ended 09.30	Parent company	Minorities	Conglomerate
<b>Total net income</b>	<b>2001</b>	<b>1,273,685</b>	<b>1,199,819</b>	<b>2,473,504</b>
	2000	707,959	695,641	1,403,600
- Recurring net income	<b>2001</b>	<b>994,161</b>	<b>1,044,177</b>	<b>2,038,338</b>
	2000	647,287	705,676	1,352,963
- Extraordinary net income	<b>2001</b>	<b>279,524</b>	<b>155,642</b>	<b>435,166</b>
	2000	60,672	(10,035)	50,637
<b>Stockholders' equity</b>	<b>2001</b>	<b>5,175,835</b>	<b>4,758,707</b>	<b>9,934,542</b>
	2000	4,142,564	4,067,622	8,210,186
<b>Annualized profitability (NI/SE) (%)</b>	<b>2001</b>	<b>34.09</b>	<b>34.96</b>	<b>34.51</b>
	2000	23.41	23.43	23.42
	<b>2001</b>	<b>364,428</b>	<b>342,762</b>	<b>707,190</b>

<b>Dividends/Interest on own capital</b>	2000	130,364	248,028	378,392
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## Main indicators of Itaúsa's subsidiary companies

R\$ thousand

	Third Quarter	Financial & Insurance Area		Industrial Area			CONSOLIDATED/ CONGLOMERATE (2)
		BANCO ITAÚ S.A. (consolidated)	INSURANCE PRIVATE PENSION PLAN AND CAPITALIZATION (1)	DURATEX	ITAUTEC PHILCO	ELEKEIROZ	
Total Assets	2001	81,749,167	5,766,822	1,505,749	856,847	221,860	84,812,767
	2000	57,232,606	5,555,848	1,182,560	670,986	198,377	59,460,488
Operating Revenues (3)	2001	18,873,898	2,533,234	592,646	842,507	96,871	20,892,674
	2000	10,694,466 (5)	2,230,000	544,501	832,404	85,233	12,205,028 (5)
Net Income	2001	2,155,884	384,524	54,672	(5,200)	9,641	2,473,504
	2000	1,261,916	268,897	48,960	46,367	8,555	1,403,600
Stockholders' Equity	2001	7,747,254	2,320,009	874,596	263,863	154,494	9,934,542
	2000	6,678,429	2,710,690	648,643	272,899	144,451	8,210,186
Annualized profitability (NI/SE) %	2001	38.73%	22.69%	8.42%	-2.62%	8.41%	34.51%
	2000	25.96%	13.44%	10.19%	23.27%	7.97%	23.42%
Internal Cash Generation (4)	2001	3,854,240	194,292	85,573	26,665	15,846	4,093,707
	2000	2,049,728 (5)	137,897	110,714	75,233	13,685	2,240,041 (5)

(1) The data relating to Banco Itaú's insurance companies, private pension plan and capitalization companies is shown separately in order to distinguish each entity.

(2) The data for the consolidated /conglomerate figures shows values net of eliminations on consolidation and unrealized intercompany results.

- (3) According to world tendencies, Operating Revenues as per area of activity were obtained as follow:
- Banco Itaú S.A.: the sum of Income from Financial Operations, Banking Services Fees, Premiums from Insurance, Capitalization and Private Pension Plans and other Operating Income.
  - Insurance, Private Pension Plan and Capitalization: consider Income from Insurance Premiums, Capitalization, Private Pension Plans, Financial Income and Capital Gains.
  - Duratex, Itautec Philco and Elekeiroz: consider Net Revenues from Sales of Products and/or Services
- (4) Includes resources from the operations:
- plus expenses for provisions for non-performing credits;
  - not considering variations in the mathematical provisions for capitalization and pension plans, but considering the variations in insurance claims to be settled, credits and debits of insurance operations and deferred expenses on the sale of insurance, pension and capitalization plans.

Amounts reclassified for comparative purposes

(5)

## FINANCIAL AREA

### Banco Itaú

Itaú acquired Lloyds TSB Asset Management (LAM) fund management and private banking operations. These operations specialized in offering tailor-made managed portfolios and a wide range of mutual investment funds of fixed income, derivatives and stocks.

As a result of this acquisition, the volume of funds managed by Itaú increased R\$ 4.6 billion, reaching an amount of R\$ 53.5 billion which reinforces the position of the Bank in the asset management market and strengthens its leadership among private managers of institutional investors, corporate and private banking clients.

Itaú continues to obtain recognition for its performance and has obtained several awards, and we highlight those obtained in the third quarter:

- Best Local Bank - Euromoney magazine
- Bank of the Year in Brazil -The Banker magazine
- Valor Social Award, in the Categories: Relationships with the Community and Grand Prix for the Itaú Social Program - Valor Econômico newspaper
- Best Stock Fund Manager, Best Fixed Income Fund Manager, and Best Brazilian Fund Manager - Exame magazine
- Highlight Company of the Pension Fund Sector due to the growth of Itauprev - ANSP (National Association of Pension Funds)

The consolidated net income of Banco Itaú for the nine-month period totaled R\$ 2,156 million, with an annualized return on consolidated stockholders' equity of 38.7% which represents a 70.8% increase over the same period in 2000. Net income for the third quarter was R\$ 699 million, a return on equity of 41.3%, a 51.4% increase compared to the same period in 2000.

Consolidated assets totaled R\$ 81,749 million, a 9.3% increase as compared to June 2001 (17.5% over December 2000). The Bank's loan and leasing portfolio totaled R\$ 33,485 million, increasing 22.9% as compared to December 2000 (7.7% in the third quarter). Itaú has maintained the level of quality of the portfolio, 80.6% being classified at risk levels of "AA", "A"

and "B".

In August, Itaú successfully concluded a transaction coordinated by Merrill Lynch and raised US\$ 343 million as subordinated debt, repayable in ten years. This debt issue was classified as Triple A by Moody's and was placed in the US, European and Asian markets, with a tranche in US dollars and another in Japanese yens. The transaction is the first subordinated debt issue overseas made by a Brazilian bank and it is the bond of a private Brazilian company with the longest maturity. In view of its characteristics, the issued amount can be added to the Bank's capital base for regulatory purposes, both for leverage and capitalization purposes, allowing the continuous growth of the Bank without using additional shareholders' funding.

## INSURANCE, PRIVATE PENSION PLANS AND CAPITALIZATION

Itauseg and its subsidiaries posted a net income of R\$ 104 million in the year to date (R\$ 38 million in the third quarter), representing an annualized return on equity of 18.3% in the year to date (21.5% for the third quarter). Earnings from insurance premiums totaled R\$ 1,202 million and technical reserves R\$ 911 million. The claims ratio in the third quarter was 61.3%, against 61.5% in the same period in 2000. As a result, the combined ratio reached 98.0%, a 3.1 percentage points increase as compared to the third quarter in 2000.

At the end of the period, Itaucap and Itauprev posted technical reserves of R\$ 886 million and R\$ 1,158 million, 2.8% and 49.4% higher than the same period of 2000, respectively.

## Principal Financial Indicators– Banco Itaú Consolidated

	R\$ million		
	09.30.2001	09.30.2000	Progress (%)
<b>Balance Sheet</b>			
<b>Total assets</b>	<b>81,749</b>	<b>57,233</b>	<b>42,8</b>
Loan and Lease operations, Advances and Guarantees	33,485	22,215	50,7
Own unrestricted, raised and managed funds	117,891	85,288	38,2
Stockholders' equity	7,747	6,678	16,0
<b>Statement of Income</b>			
Recurring net income	1,862	1,298	43,4
Extraordinary net income	294	(36)	-
Total net income	2,156	1,262	70,8
<b>Performance Indices (%)</b>			

Net income/ Stockholders' equity	38.7	26.0	-
Solvency ratio	13.4	18.3	-
<b>Stock Results</b>			
Net income per thousand shares (R\$)	19.12	10.72	78.4
Equity per thousand shares (R\$)	68.70	56.76	21.0
Interest on own capital/dividends	628	454	38.6
Market capitalization	18,535	18,006	2.9

## ITAÚSA PORTUGAL

Concentrating the conglomerate's financial activities in the European Union, the holding Itaúsa Portugal, SGPS, S.A. presented, at the end of the quarter, consolidated assets of EUR 2.0 billion (US\$ 1.8 billion), with a 22.9% increase as compared to the same period in 2000. Recurring net income reached EUR 24.3 million (US\$ 22.2 million), representing an annualized return of 12.2% on consolidated stockholders' equity of EUR 270.7 million (US\$ 247.2 million).

Banco Itaú Europa, S.A. (BIE), specialized in business between Brazil and the European Union concentrates its activities on the growing trade relations and investments between European countries and Brazil, as well as on the structuring financing to support international activities of Brazilian companies.

The consolidated assets of BIE maintained the strong rate of expansion, reaching EUR 1,759 million (US\$ 1,604 million) at the end of the quarter, 23.0% higher than that of September 2000. Net income of EUR 15 million or US\$ 14 million (EUR 6.4 million or US\$ 5.9 million in the third quarter), increased 17.7% (59.4% in the third quarter) and represents an annualized return of 9.9% on stockholders' equity of EUR 201 million or US\$ 184 million. The Bank continues showing high solvability, closing the period with a Basel Index of 28.5%.

Banco Itaú Europa Luxembourg, supervised by the Central Bank of Luxembourg and its consolidated base by the Central Bank of Portugal, is exclusively engaged in international private banking activities. In the year to date, the bank's net income was EUR 2.9 million or US\$ 2.6 million (EUR 645 thousand or US\$ 588 thousand in the third quarter) with an annualized return of 13.3% (9.2% in the third quarter) on stockholders' equity. Managed client's assets exceeded US\$ 1 billion.

At the end of the period, the associated company BPI, SGPS, S.A., holding of one of the most important Portuguese banking groups, in which the conglomerate Itaú holds a stake of 15%, totaled EUR 23.7 billion (US\$ 21.6 billion) in assets and a net income of EUR 104.4 million (US\$ 95.3 million), representing an annualized return of 15.4% on equity. The conglomerate's stake in BPI, SGPS is held by IPI - Itaúsa Portugal Investimentos Ltd., of which 51% of the capital is held by Itaúsa Portugal and the remaining 49% by Banco Itaú.

## INDUSTRIAL AREA

### DURATEX

Duratex consolidated revenues for the period amounted to R\$ 752.1 million, 8.9% higher than in the same period in 2000. Exports totaled R\$ 68.9 million, (US\$ 29.7 million), corresponding to 9% of the total.

Operating profit totaled R\$ 94.2 million, representing a R\$ 54.7 million net income and a growth of 12% as compared to the same period in 2000. The operating cash generation reached R\$ 172.9 million, 44.2% higher than the R\$ 119.9 million obtained in 2000. Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled R\$ 137.2 million.

The company, during the quarter, invested R\$ 98.9 million in the deployment of the Resource Investment Plan (PAR), of which we highlight the conclusion of the construction work of a new dryer in Itapetininga - SP, the continuity of the installation of a new HDF/MDF plant in Botucatu - SP, the installation of equipment for automation of the Hydra valve production unit and the Metal sales area, the expansion of the production capacity of the ceramic sanitary ware plant and the purchase of new equipment for forest mechanization.

The Wood division sales volume increased 2.5% in the panel segment and 20.4% in the laminated flooring segment as compared to the same period in 2000. During the third quarter, the Company released six new panel segment-related products, with special mention to the aluminum-based BP shield with an MDF-derived and Agglomerate substratum option, designed for kitchen and office furniture manufacturers.

The Deca Division sales increased 8.6% as compared to the same period in 2000, but margins decreased as a result of a higher share of low unit value added products in the product mix.

## **ITAUTEC PHILCO**

Itautec Philco presented a consolidated net income of R\$ 1 million in the third quarter of 2001 against a loss of R\$ 12.6 million in the second quarter, despite the continuous unfavorable economic scenario for the electric and electronic sector. This reversal in the result was possible due to the operating model of the company, with the adoption of various measures, among them: reduction of 192 employees; inventory reductions, purchases reduction, sales expense reduction, and detailed focus on the analysis of the results by business segments, products and software, besides changes in the internal systems of Information Technology that will allow the rationalization and concentration of efforts in the segments of higher profitability.

Itautec Philco gross sales and service revenues totaled R\$ 319.8 million in the third quarter, with accumulated revenues in the year to date of R\$ 958.8 million. The cash gross generation accumulated in the year was R\$ 82.7 million and the cash operating generation totaled R\$ 35.6 million. The result before interest, taxes, depreciation and amortization (EBITDA) totaled R\$ 55.7 million.

The Resource Investment Plan (PAR) amounted to R\$ 99.5 million up to September, R\$ 31.2 million of which was invested in technology development and new products, R\$ 36.6 million in industrial automation and plant modernization, R\$ 16.8 million in equipment leased to customers, and R\$ 14.9 million in promotion and advertising.

Itautec was elected as "The best Latin American company of Computer Hardware", by Global Finance magazine (EUA), in the September issue. In August, IDC-Brasil announced Itautec's leadership in the sales of microcomputer in the corporate segment in the first half of 2001.



Itautec.com Serviços gross revenue in the third quarter was the same, although the volume of services has increased 50% in the year, reaching 70 thousand per month. The company has installed almost 75,000 quick access lines to the Internet (Speedy), of which 58,000 in the period.

Philco's highlight in the quarter was the shipment of products to the foreign market. This demanded improvements in the project in order to meet the requests of various certified agencies, such as Underwrite Labs (UL) and the Federal Communication Commission (FCC), besides required improvements from clients such as the fail test.

Philco's gross revenues was much lower as compared to prior quarters, reflecting the decline in the electric and electronic market, which was accentuated in this quarter, giving rise to adjustments in the industrial area. The structure was re-measured for a monthly production of 14% of the estimated market to meet the new demand. The highlights for the period are: the new line of 14" and 20" Platinum TVs and 20"/stereo with energy saver.

Itaucom's gross revenues decreased 32.9% as compared to the second quarter of this year. In the semiconductor segment, the price of the memory modules in the international market continued falling during the quarter. The reduction in the production of the electric and electronic markets, automobiles and telecommunications significantly reduced the production volume of the printed circuit board segment in the quarter.

## **ELEKEIROZ**

Up to August, the chemical industry recorded a 3.51% decrease in sales volume in the local market. Utilization of installed capacity decreased to 79% as compared to 87% of the same period of 2000. As sales increased only 6.9%, it was difficult to adjust sales prices to reflect the effects of the devaluation of the real of 38.3% against the U.S. dollar in the period from January to September.

Despite the unfavorable scenario, Elekeiroz obtained positive results: it shipped 258 thousand tons, a volume which is 3.2% higher than the same period of 2000, using 86% of its installed capacity; recovered its unit average prices in reais by 10.8% and maintained the unit margin of contribution equal to the same period of 2000, due to the continuous improvement of the mix. It also concluded the enlargement of 20% of the formaldehyde plant and the new plant of concentrated urea formaldehyde; finally, it obtained a profitability of 8.2% per annum on the final net equity.

## **REAL ESTATE AREA**

### **Itaúsa Empreendimentos**

Itaúsa Empreendimentos and its partner Hines do Brasil, are currently concluding a major development in the southern district of São Paulo, called Panamerica Park. This development was already delivered and only landscaping remains to be completed. Four of the nine buildings have already been leased.

The Raposo Shopping Mall is still implementing the store mix restructuring and facilities improvement program. As a result, this mall's performance improved significantly. Sales

accumulated to the end of September increased 33% as compared to the same period in 2000.

## **HUMAN RESOURCES**

Staff salary plus charges and benefits totaled R\$ 2,533.9 million in the nine-month period. Social benefits provided to employees and dependents comprise, but are not limited to, supplementary pensions, meals, medical and dental assistance, social assistance services, scholarships, leisure activities, sports and culture, loans at subsidized rates, insurance, transportation vouchers, donations and special grants, among others. These benefits total R\$ 314,3 million, of which we highlight Supplementary Pension Plans which have already benefited 10,685 former employees, totaling R\$ 129.8 million.

During the nine-month period, group companies invested R\$ 42.4 million in education, training and development programs.

## **SOCIAL, CULTURAL AND ENVIRONMENTAL AFFAIRS**

Group companies paid and provisioned tax and contributions levied on net income, revenues and payroll amounting to R\$ 1,421.9 million in the period. In addition, R\$ 2,707.9 million in taxes and contributions directly levied on financial intermediation or withheld from customers were paid.

Investments in environmental management and environmental control equipment totaled R\$ 8.3 million.

Since its creation in 1993, the Itaú Social Program has been focusing on the development and sponsoring of programs for the community in the education and health areas. The Itaú Social Foundation, created in 2000 will permit to permanently channel funds for the Itaú Social Program projects resulting from its R\$ 182 million of equity at the end of the nine-month period. In this period, R\$ 11 million was invested in several projects. The highlight of the year to date was the launching of the fourth edition of the Itaú-Unicef - Educação & Participação (Education & Participation) Award - recognized as a benchmark in the area of Education - whose objective is to identify, enhance and publicize programs of organizations of the civil society in support of public education. The 30 finalist projects have already been announced, four of which will be awarded R\$ 180 thousand in November.

During its 14 years of work, Itaú Cultural has confirmed its capacity to sponsor, organize and publicize cultural activities which contribute to the disclosure, production and distribution of cultural work, specifically Brazilian art, always stressing the use of new technologies to increase the advertising and access to this work, thus collaborating to the social participation program.

Among the most important events in the last quarter we would like to highlight the following:

- Music: launching of the "Brazilian Musical Cartography", consisting of ten CDs and resulting from the musical mapping carried out in 2000 in the program Rumos Itaú Cultural Música (Music Directions), the purpose of which was to select works, whether contemporary or not, whose reference is Brazilian traditional music. Seventy-eight artists were selected from a total of 1,712 applicants. Seminars and musical shows were promoted in addition to the launching of the "Cartography".

The virtual project "A Brazilian Discography" can be accessed in the website [www.itaucultural.org.br](http://www.itaucultural.org.br), where over 3,000 albums, singles and CDs are catalogued, totaling 22,000 musical pieces, 975 artists, 5,000 composers, 1,359 arrangers and almost 60,000 musicians. This informational website is part of the same proposal aiming to endorse the diversity of Brazilian musical.

- Literature: Project "Esquina da Palavra" (Word Corner) is a space dedicated to literature launchings and to promote gatherings among the public in general, writers and personalities from different areas. Writers such as Roberto Drummond, Carlos Heitor Cony and Ferreira Gullar have already participated in the first gatherings held in September.

## **ACKNOWLEDGEMENTS**

We wish to thank our stockholders for the support and trust which are indispensable for Itaú's continued development. We are also especially grateful to our clients for their loyalty and trust in our innovations introduced in our products and service. We would also like to acknowledge our employees and collaborators' efforts in undertaking their work.

(Approved at the Meeting of the Board of Directors on November 13, 2001)

# Itaúsa - Investimentos Itaú S.A. and Subsidiary Companies

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### Consolidated Balance Sheet *(In Thousand of reais)*

Assets	09.30.2001		09.30.2000
	R\$	US\$	R\$
<b>Current and long-term assets</b>			
Cash and cash equivalents	1,887,322	706,518	1,507,110
Short-term interbank deposits	7,180,690	2,688,088	5,473,348
Loans	23,427,390	8,770,033	15,635,445
Leasing operations	1,246,203	466,516	693,399
Accounts and trade notes receivable	15,842,858	5,930,767	8,211,064
Securities	21,405,238	8,013,042	16,826,831
Inventories			
Products	360,932	135,115	298,846
Properties	42,708	15,988	26,392
Prepaid expenses	180,685	67,639	221,263
Interbank accounts of subsidiary companies	8,828,283	3,304,864	6,635,878
<b>Total Current and Long-term Assets</b>	<b>80,402,309</b>	<b>30,098,570</b>	<b>55,529,576</b>
<b>Permanent</b>			
Investments	812,413	304,126	606,824
Property, plant and equipment			
Property for own use	3,234,764	1,210,932	3,009,580
Leased properties	30,553	11,438	17,907
Forest reserves	73,815	27,633	69,100

Deferred charges	258,913	96,924	227,501
<b>Total Permanent Assets</b>	<b>4,410,458</b>	<b>1,651,053</b>	<b>3,930,912</b>
<b>TOTAL</b>	<b>84,812,767</b>	<b>31,749,623</b>	<b>59,460,488</b>

Liabilities and Stockholders' equity	09.30.2001		09.30.2000
	R\$	US\$	R\$
<b>Current and long-term liabilities</b>			
Funds raised by subsidiary companies			
Foreign currency	9,002,898	3,370,231	4,562,000
Local currency	33,052,070	12,373,028	26,050,710
Money market	10,019,166	3,750,670	6,919,015
Borrowings			
Foreign currency	574,252	214,971	423,851
Local currency	435,150	162,898	339,452
Real estate commitments	2,537	950	1,847
Dividends payable	543,203	203,348	233,291
Taxes and social security contributions	1,556,437	582,652	1,088,495
Provisions and accounts payable	13,139,045	4,918,596	6,527,004
Interbank accounts of subsidiary companies	3,358,698	1,257,327	2,426,362
Technical provisions for insurance, pension plan and Capitalization - restricted	474,336	177,567	354,367
<b>Total Current and long-term liabilities</b>	<b>72,157,792</b>	<b>27,012,238</b>	<b>48,926,394</b>

<b>Technical provisions for insurance, pension plan and capitalization in subsidiaries - unrestricted</b>	<b>2,532,438</b>	<b>948,017</b>	<b>2,142,251</b>
<b>Deferred income</b>	<b>187,995</b>	<b>70,376</b>	<b>181,657</b>
<b>Stockholders' equity</b>			
<b>Stockholders' equity relating to minority interest in subsidiary companies</b>	<b>4,758,707</b>	<b>1,781,420</b>	<b>4,067,622</b>
<b>Stockholders' equity of parent company</b>			
Capital	2,316,939	867,345	1,800,000
Capital reserves	25,392	9,506	55,273
Revaluation reserves	54,790	20,511	56,351
Retained earnings	2,778,714	1,040,210	2,230,940
<b>Total stockholders' equity of parent company</b>			
	<b>5,175,835</b>	<b>1,937,572</b>	<b>4,142,564</b>
<b>Stockholders' equity of Itaúsa Conglomerate</b>			
	<b>9,934,542</b>	<b>3,718,992</b>	<b>8,210,186</b>
<b>TOTAL</b>			
	<b>84,812,767</b>	<b>31,749,623</b>	<b>59,460,488</b>

# Itaúsa - Investimentos Itaú S.A.

## Consolidated Financial Statements

Nine-Month Periods Ended on September 30, 2001 and 2000

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## Statements of Income

	January 1 to September 30, 2001		January 1 to September 30, 2000
	R\$	US\$	R\$
Operating revenues	20,892,674	7,821,164	12,205,028
Operating expenses	(18,501,979)	(6,926,208)	(10,175,451)
Operating Income	<u>2,390,695</u>	<u>894,956</u>	<u>2,029,577</u>
Non - Operating income	<u>79,747</u>	<u>29,853</u>	<u>(27,318)</u>
Income before taxation and profit sharing	2,470,442	924,809	2,002,259
Income tax and social contribution			
Due on operation for the period	(651,306)	(243,816)	(463,656)
Deferred related to temporary additions	411,829	154,168	(69,416)
Extraordinary result			
Parent company	279,524	104,640	60,672
Relating to minority interest in subsidiary companies	155,642	58,265	(10,035)
Profit sharing	(192,627)	(72,111)	(116,224)
Employees	(156,428)	(58,560)	(84,911)
Directors - Statutory	(36,199)	(13,551)	(31,313)
Net income relating to minority interest in subsidiary companies	<u>(1,199,819)</u>	<u>(449,152)</u>	<u>(695,641)</u>

<b>Net income of parent company</b>	<b>1,273,685</b>	<b>476,803</b>	<b>707,959</b>
Net income of parent company	1,273,685	476,803	707,959
Net income relating to minority interest in subsidiary companies	<u>1,199,819</u>	<u>449,152</u>	<u>695,641</u>
<b>Net income of the Itaúsa Conglomerate</b>	<b><u>2,473,504</u></b>	<b><u>925,955</u></b>	<b><u>1,403,600</u></b>
Number of outstanding shares (in thousands)	3,070,505	3,070,505	2,972,961
Net income of parent company per thousand shares (R\$/US\$)	414.81	155.28	238.13
Book value of parent company per thousand shares (R\$/US\$)	1,685.66	631.03	1,393.41
<b>Recurring net income of parent company</b>	<b>994,161</b>	<b>372,164</b>	<b>647,287</b>
<b>Annual variation of recurring net income of parent company - %</b>	<b>53.6%</b>	<b>53.6%</b>	<b>-</b>



<b>Extraordinary result</b>	<b><u>279,524</u></b>	<b><u>104,640</u></b>	<b><u>60,672</u></b>
<b>Total parent company</b>	<b><u>1,273,685</u></b>	<b><u>476,803</u></b>	<b><u>707,959</u></b>

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## **Note 1 - Presentation of the Financial Statements** *(In Thousands of Reais)*

The consolidated financial statements of Itaúsa - Investimentos Itaú S.A. (ITAÚSA) and its subsidiary companies (ITAÚSA CONSOLIDATED) have been prepared in accordance with accounting policies derived from the Brazilian Corporate Law and instructions issued by the Brazilian Securities and Exchange Commission (CVM), the Superintendency of Private Insurances (SUSEP) and the Brazilian Central Bank (BACEN), which include accounting policies and estimates to calculate accounting provisions.

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## Note 2 - Consolidated Financial Statements *(In Thousands of Reais)*

The consolidated financial statements include ITAÚSA and its direct and indirect subsidiaries, including :

- Banco Itaú S.A. (Itaú); Banco Itaú Europa, S.A. (BIE); Banco Banerj S.A. (Banerj); Banco Banestado S.A. (\*) (Banestado); Banco Bemge S.A. (Bemge); Banco Itaú Buen Ayre S.A. (Itaú Buen Ayre); Itaú Seguros S.A. (Itauseg); Itaú Capitalização S.A. (Itaucap); Duratex S.A. (Duratex); Itautec Philco S.A. (Itautec); Elekeiroz S.A. (Elekeiroz), and Itaúsa Empreendimentos S.A. (Itaúsa Empreendimentos).

*(\*) New name of Banco do Estado do Paraná S.A., investment acquired by subsidiary Banco Itaú S.A. on October 17, 2000.*

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## Note 3 - Summary of the Main Accounting Principles *(In Thousands of Reais)*

**a) Basis of consolidation** - All material intercompany profits, transactions and balances have been eliminated on consolidation.  
The difference between ITAÚSA and ITAÚSA CONSOLIDATED in net income and stockholders' equity results from the effects on the differing policies for the amortization of goodwill on acquisitions, the recognition of deferred tax assets and the elimination of unrealized results on transactions among group companies, together with corresponding deferred taxation effects.

**b) Translation of the financial statements into U.S. dollars** - For the convenience of the reader, all amounts in the accompanying financial statements at September 30, 2001 in reais have been translated into U.S. dollars at the official exchange rate of R\$ 2.6713 per US\$ 1 at September 30, 2001. This translation should not be construed as representing that the amounts in reais actually represent or have been, or could be, converted into U.S. dollars. Furthermore, if the translation had been calculated in accordance with US GAAP (SFAS 52, "Foreign Currency Translation"), significantly different amounts would have been presented.

Foreign exchange transaction gains or losses, if any, are reflected directly in income for the nine-month period ended September 30, 2001.

**c) Interbank funds applied, loans, funds raised by subsidiary companies, funds obtained in the open market and other receivables and payables** - Transactions subject to monetary correction or foreign exchange rates are recorded at present value, calculated "pro rata die" based on the variation of contracted index. Real estate loans are adjusted to present value of future installments. Transactions with predetermined remuneration rates are recorded at their redemption value, adjusted for any unearned income/expenses. Interest income on loans, discounted trade receivables, and financings is recorded on the accrual basis until 60 days overdue. Income from recovery of credits which had been previously written off is recorded in Income from Loan Operations.

- d) Securities** - These are recorded at acquisition cost and adjusted by a provision to reflect market value, when this is lower.
- e) Allowance for loan losses** - The balance of the allowance for loan losses was recorded based on an analysis of the credit risk, in amounts considered sufficient to cover loan losses.
- f) Investments** - In subsidiary and affiliated companies, investments are accounted for under the equity method. The financial statements of consolidated foreign branches and subsidiaries are adapted to comply with Brazilian accounting policies and converted into reais. Other investments are recorded at cost, restated up to December 31, 1995.
- g) Fixed assets** - These are stated at cost of acquisition or construction, less accumulated depreciation, monetarily restated up to December 31, 1995. For insurance, private pension and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports. Depreciation is calculated using the straight line method, based on monetarily corrected cost at the following annual rates:

	Percentage
Buildings in use	4
Installations, furnishings, equipment in use and security and communication systems	10 to 25
Electronic data processing systems	20 to 50

- h) Deferred charges** - Deferred organization and expansion expenses mainly represent leasehold improvements, and are amortized on a straight line over the respective rental periods, and acquisition and development of software are amortized on a straight line basis over five years.

- i) Technical provisions for Insurance, Pension Plan, and Capitalization -** Unearned premium provisions for insurance operations are calculated on the basis of the nominal value of retained premiums, in accordance with the criteria established by National Council of Private Insurance (CNSP) Resolution 14/1988. The provision relating to the automotive segment is complemented based on the reference rates, in conformity with Superintendence of Private Insurance (SUSEP) Circulars 02/1994 and 05/1994. Technical provisions for pension plan and capitalization operations are constituted in conformity with the actuarial Technical Standards approved by SUSEP.
- j) Income tax, social contribution, PIS and COFINS -** The provisions were calculated according to the current legislation at the rates shown below.

	Percentage
Income tax	15.00%
Additional income tax	10.00%
Social contribution	8.00%
Additional social contribution (*)	1.00%
PIS	0.65%
COFINS	3.00%

*(\*) Period from May 1, 1999 to January 31, 2000 calculated at the rate of 4%. As from February 1, 2000 up to December 31, 2002 the rate was reduced to 1%.*

Amounts subject to litigation have been fully provided.

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## Note 4 - Income Tax and Social Contribution *(In Thousands of Reais)*

a) Income tax and social contribution due on operations for the period are shown below :

	January 1 to September 30, 2001		January 1 to September 30, 2000
	R\$	US\$	R\$
<b>Income before tax and social contribution</b>	<b>2,470,442</b>	<b>924,809</b>	<b>2,002,259</b>
<b>Taxes payable ( income tax and social contribution ) at rates of 25 % and 9 % (*) respectively</b>	<b>(839,950)</b>	<b>(314,435)</b>	<b>(680,769)</b>
<b>Increases/decreases in income tax and social contribution payable as the result of:</b>			
<b>Permanent (Inclusions) Exclusions</b>	<b>488,355</b>	<b>182,815</b>	<b>281,978</b>
Equity in income of affiliates	4,501	1,685	12,358
Non-deductible expenses and provisions, and other	249,441	93,378	95,746
Interest on own capital	234,413	87,752	173,874
<b>Temporary (Inclusions) Exclusions</b>	<b>(290,966)</b>	<b>(108,923)</b>	<b>(21,960)</b>
Allowance for loan losses	(134,578)	(50,379)	47,019
Labor provisions, tax contingencies and other expenses	(156,388)	(58,544)	(68,979)

<b>Other adjustments</b>	<b>(8,745)</b>	<b>(3,274)</b>	<b>(42,906)</b>
Income tax of foreign branches and subsidiary companies	(8,745)	(3,274)	(42,906)
<b>Income tax and social contribution from operations of the period</b>	<b>(651,306)</b>	<b>(243,817)</b>	<b>(463,656)</b>
Withholding tax on distribution of interest on own capital	(106,008)	(39,683)	(53,720)
<b>Total income tax and social contribution</b>	<b>(757,314)</b>	<b>(283,500)</b>	<b>(517,376)</b>

(\*) In accordance with Note 3(i).

- b) The composition of accounting adjustments, which refer to temporary additions to deferred income tax and social contribution is shown below :

	January 1 to September 30, 2001		January 1 to September 30, 2000
	R\$	US\$	R\$
<b>Deferred income tax and social contribution related to temporary adjustments</b>	<b>411,829</b>	<b>154,168</b>	<b>(69,416)</b>
<b>Tax credits :</b>			
Increase (reversal) on temporary additions/exclusions	287,855	107,759	(974)
Increase (reversal) on tax loss and negative social contribution	128,739	48,193	(55,841)
Increase (reversal) on others	(4,765)	(1,784)	(12,601)



c) The balance of tax credits and deferred tax liabilities (income tax and social contribution) is represented as follows :

	December 31,2000	Changes	September 30,2001	
	R\$	R\$	R\$	US\$
<b>Tax credits</b>				
Temporary differences:				
Allowance for loan losses	712,215	112,675	824,890	308,797
Valuation allowance for securities/interbank deposits	268,381	18,008	286,389	107,210
Provision for interest on own capital	26,086	120,618	146,704	54,919
Provision for tax contingencies	188,199	24,594	212,793	79,659
Provision for labor contingencies	161,160	17,353	178,513	66,826
Provision for civil contingencies	62,937	12,829	75,766	28,363
Real estate allowances	51,542	(5,389)	46,153	17,277
Tax losses and negative social contribution basis	721,897	128,706	850,603	318,423
Other	500,591	(14,075)	486,516	182,127
<b>TOTAL</b>	<b>2,693,008</b>	<b>415,319</b>	<b>3,108,327</b>	<b>1,163,601</b>
<b>Deferred tax liabilities</b>				
Temporary differences :				
Excess of depreciation on leasing operations	146,719	69,878	216,597	81,083
Revaluation reserve	22,182	(3,070)	19,112	7,155
Taxation on branches and subsidiary companies abroad	37,559	8,746	46,305	17,334
Taxation on results abroad - Capital Gain	34,112	11,005	45,117	16,890
Foreign currency translation adjustment MP - 1991/99 - art. 30	-	27,854	27,854	10,427

Other provisions	6,022	(5,816)	206	77
<b>TOTAL</b>	<b>246,594</b>	<b>108,597</b>	<b>355,191</b>	<b>132,966</b>

The average term expectation is five years

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## Note 5 - Stockholders' Equity - Itaúsa *(In Thousands of Reals)*

### a) Shares

Capital is represented by 3,070,505,414 book entry shares, of which 1,127,332,427 are common shares and 1,943,172,987 are preferred shares.

As decided at the Extraordinary Stockholders' Meeting on March 19, 2001, the capital increase of ITAÚSA from R\$ 1,800,000 to R\$ 1,935,000 - US\$ 724,366 was approved by issuing 33,002,336 common shares and 56,997,664 preferred shares, paid up at the price of R\$ 1.50 - US\$ 0.56 each, with a subscription right from March 20 to April 18, 2001. Shares were paid up in April 2001. The said capital increase was approved by the Annual Stockholders' Meeting held on April 26, 2001.

The transformation of subsidiary Itaucorp S.A. into a wholly-owned ITAÚSA subsidiary, with the latter merging the entire capital stock of the former, by increasing ITAÚSA's capital by R\$ 16,939 - US\$ 6,341, amount equivalent to the appraised value of Itaucorp S.A. interest held by other stockholders, was proposed and approved at the Annual Stockholders' Meeting held on April 26, 2001. As a result, ITAÚSA issued 4,167,262 common shares and 3,377,241 preferred shares, assigned to Itaucorp S.A. stockholders. In conformity with Article 252 § 1 of Law 6404/1976 other stockholders no longer have the subscription right for these shares.

Also at the Annual Stockholders' Meeting held on April 26, 2001, stockholders approved the capital increase by the incorporation of reserves to R\$ 2,316,939 - US\$ 867,345 from R\$ 1,951,939, without issuing new shares.

### b) Dividends

Stockholders are entitled to a minimum mandatory dividend of 25% of net income, as adjusted according to rules set forth in the Brazilian Corporate Law. Both types of shares participate equally, after common shares have been assured payments equal to the minimum preferential dividends or preferred shares.

The Board of Directors decided to pay interest on own capital as replacement of dividends paid as from January 1999.

**c) Reconciliation of Net Income and Stockholders' Equity of Itaúsa and Itaúsa Consolidated**

	Net Income			Stockholders' equity		
	January 1 to September 30, 2001		January 1 to September 30, 2000	September 30, 2001		September 30, 2000
	R\$	US\$	R\$	R\$	US\$	R\$
<b>ITAÚSA</b>	<b>1,304,269</b>	<b>488,252</b>	<b>717,243</b>	<b>5,428,376</b>	<b>2,032,110</b>	<b>4,359,546</b>
Goodwill amortization (1)	(30,584)	(11,449)	(8,211)	(842,429)	(315,363)	(215,344)
Tax credit (2)	-	-	-	591,526	221,438	-
Unrealized results	-	-	(1,073)	(1,638)	(613)	(1,638)
<b>ITAÚSA CONSOLIDATED</b>	<b>1,273,685</b>	<b>476,803</b>	<b>707,959</b>	<b>5,175,835</b>	<b>1,937,572</b>	<b>4,142,564</b>

(1) *Relating to the acquisitions, by Itaú subsidiary, of investments in Banestado, Bemge and Itaú Buen Ayre and an additional stake in Itauvest Banco de Investimento S.A., and in BPI - SGPS S.A. (BPI), made in prior years, and stake in Lloyds TSB Management S.A., in the third quarter of this year, as well as own and subsidiary goodwill.*

(2) *Constituted at the goodwill limit recorded upon the acquisition of Banestado by subsidiary Itaú.*

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## Note 6 – Related Parties *(In Thousands of Reais)*

Transactions between related parties are carried out at the average usual market amounts, terms and rates in effect on respective dates and under reciprocal conditions.

Transactions involving ITAÚSA and its subsidiaries were eliminated from the consolidated financial statements and take into consideration the lack of risk.

The unconsolidated related parties are the following:

- The controlling stockholders of ITAÚSA.
- Fundação Itaúbanco, Fundação Duratex, Fundação Itaúsa Industrial, and FUNBEP - multi-sponsored pension fund, closed private pension entities, which administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 10(b).
- Fundação Itaú Social and Instituto Itaú Cultural - IIC, entities sponsored by subsidiary ITAÚ to act in their respective areas of interest. During the period, consolidated companies made donations to the IIC in the amount of R\$ 14,668 - US\$ 5,491.

The transactions with these related parties are not significant in the overall context of ITAÚSA's operations, and besides those already mentioned above, are basically characterized by banking transactions under normal operations, in unrestricted compliance with the limits imposed by BACEN, such as movement of current accounts, investments in and redemption of securities, and the provision of portfolio custody/management services.

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## Note 7 - Financial Instruments (In Thousand of reais)

### a) Derivatives

In relation to transactions involving derivatives, the subsidiaries of ITAÚSA, principally the banking institutions, have been meeting the principal needs of their corporate customers to manage market risks, arising mainly from fluctuations in interest and exchange rates. In order to monitor these risks on a timely basis, the group has invested in the development of internal control systems.

ITAÚSA and its subsidiaries' policy is to minimize market risks resulting from derivative operations. As such, the group avoids taking positions which are subject to fluctuations due to market factors and only operates with instruments that permit risk control which is the responsibility of an independent area.

Most derivative contracts negotiated with customers are swap and future operations, which are all registered with the Commodities and Futures Exchange (BM&F) or Clearing House for the Custody and Financial Settlement of Securities (CETIP) and involve pre-fixed rates, interbank deposit rates (DI), exchange variations or price indices. BM&F future contracts involving interbank rates and U.S. dollars are mainly used to hedge financing operations offered to customers with maturities or in currencies which are mismatched with the resources used to fund these operations.

The notional values for these financial instruments are recorded in memorandum accounts, and the adjustments/premiums are recorded in balance sheet accounts.

The amounts related to positions in future, swap and options operations are as follows:

	Memorandum accounts			Balance sheets accounts		
	Notional value			Amounts receivable/received (Amounts payable/paid)		
	ITAÚSA			ITAÚSA		
	09.30.2001		09.30.2000	09.30.2001		09.30.2000
	R\$	US\$	R\$	R\$	US\$	R\$
<b>Future contracts</b>	<b>45,053,434</b>	<b>16,865,733</b>	<b>8,955,126</b>	<b>38,500</b>	<b>14,412</b>	<b>8,204</b>
Purchase commitment	20,744,333	7,765,632	2,846,307	(62,725)	(23,481)	160
Commitment to sell	24,309,101	9,100,101	6,108,819	101,225	37,893	8,044
<b>Swap contracts</b>				<b>(242,651)</b>	<b>(90,836)</b>	<b>85,366</b>
Asset position	9,787,831	3,664,070	11,191,798	259,652	97,201	154,826
Liability position	10,030,482	3,754,907	11,106,432	(502,303)	(188,037)	(69,460)
<b>Option contracts</b>	<b>4,571,694</b>	<b>1,711,412</b>	<b>2,001,910</b>	<b>(105,351)</b>	<b>(39,438)</b>	<b>(11,014)</b>
Purchase – long position	1,180,716	442,001	800,734	(50,711)	(18,984)	(44,967)
Sales – long position	1,912,373	715,896	203,237	(113,763)	(42,587)	(15,229)
Purchase – short position	322,415	120,696	274,425	5,220	1,954	12,732

Sales – short position	1,156,190	432,819	723,514	53,903	20,179	36,450
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Future contracts, swaps and options have the following maturity dates:

							R\$
Consolidated Itaúsa	0 - 30	31 - 180	181 - 365	over 365 days	September 30, 2001	September 30, 2000	
<b>Futures</b>	2,662,887	19,863,358	9,544,953	12,982,236	45,053,434	8,955,126	
<b>Swaps</b>	650,234	3,121,591	3,070,423	2,685,931	9,528,179	11,036,972	
<b>Options</b>	254,299	3,005,919	732,263	579,213	4,571,694	2,001,910	

						US\$
Consolidated Itaúsa	0 - 30	31 - 180	181 - 365	over 365 days	September 30, 2001	
<b>Futures</b>	996,850	7,435,839	3,573,149	4,859,895	16,865,733	
<b>Swaps</b>	243,415	1,168,566	1,149,412	1,005,477	3,566,870	
<b>Options</b>	95,197	1,125,265	274,122	216,828	1,711,412	

## b) Market value

The financial statements were prepared in conformity with accounting principles, which presuppose the normal continuity in the operations of ITAÚSA and its subsidiaries.

The recorded values of each financial instrument whether included or not in the balance sheet, when compared with the values that might be obtained in an active market, or in the absence of such markets, using the net present value of future cash flows adjusted based on the current market interest rate, approximate to their corresponding market value, or it is not available, except for those included in ITAÚSA CONSOLIDATED as stated below, basically represented by ITAÚ and its direct and indirect subsidiaries:

	Record value			Market value			Unrealized income (loss) (1)		
	September 30, 2001		September 30, 2000	September 30, 2001		September 30, 2000	September 30, 2001		September 30, 2000
	R\$	US\$	R\$	R\$	US\$	R\$	R\$	US\$	R\$
<b>Interbank deposits</b>	7,180,690	2,688,088	5,473,348	7,182,477	2,688,757	5,482,495	1,787	669	9,147
<b>Securities and derivatives</b>	21,315,812	7,979,565	16,911,024	22,542,373	8,438,727	17,884,181	1,226,561	459,162	973,157
<b>Loan operations</b>	23,274,164	8,712,673	15,636,665	23,240,223	8,699,967	15,659,771	(33,941)	(12,706)	23,106
<b>Investment in BPI</b>	317,710	118,935	165,415	511,894	191,628	518,609	194,184	72,693	353,194

Other investments	403,376	151,004	339,610	401,765	150,401	346,050	(1,611)	(603)	6,440
Funds raised by subsidiary companies	52,074,134	19,493,930	37,531,772	51,892,058	19,425,770	37,366,524	182,076	68,160	165,248
Borrowings	1,009,402	377,869	763,303	1,008,878	377,673	760,368	8,524	3,191	2,935
Treasury shares	331,661	124,157	99,786	485,070	181,586	292,444	153,409	57,429	192,658
Total unrealized gain/(loss)							1,730,989	647,995	1,725,885

Does not include potential gains from shares of publicly held subsidiary companies because of their permanent character.

(1) Includes unrealized gains relating to minority interests amounting to R\$ 854,043 - US\$ 319,711 (R\$ 819,720 at September 30, 2000).

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

- Interbank deposits, certificates of bank deposit and mortgage securities, the latter two included in Securities were determined on the basis of their nominal values, monetarily corrected to maturity dates and discounted at present value at interest future market rates and swap market rates for pre-fixed securities and fixed interest securities rates for post-fixed securities published in the Gazeta Mercantil on October 1, 2001.
- Public securities included in Securities were determined based on market rates validated through comparison with lists held by National Association of Open Market Institutions (ANDIMA).
- Investment fund quotas included in Securities were determined based on net value per quota on the balance sheet date.
- Publicly traded shares when included in Securities were valued using the average price quota of the last trading day of the month, if available, or on the most recent quotations for the companies shares published in the daily bulletin of each Stock Exchange.
- Loans with maturity dates over 90 days, when available, were calculated based on their net present value of future cash flows discounted at market interest rates on the balance sheet date, also considering the effects of hedges (swap contracts).
- Other investments and equity shares in foreign subsidiary and affiliated companies are determined on the basis of stock market quotations, book value per share and auction quotation.
- Time and interbank deposits, and funds from acceptances and issuance of securities when available, were calculated based on their present value determined by means of future cash flows discounted using interest futures market rates, swap market for pre-fixed securities, and fixed income securities market rates for post-fixed securities published in the Gazeta Mercantil on October 1, 2001; the effects of the hedges (swap contracts) are also taking into account.
- Derivatives related to swaps contracted to hedge other assets and liabilities are determined based on reference values for each parameter set forth in the contracts (both parties), monetarily corrected through maturity and discounted to present value using interest future market rates, according to the characteristics of each contract.



- 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 daily bulletin of each Stock Exchange.

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## Note 8 - Extraordinary Results *(In Thousand of reais)*

During this quarter, the amount of R\$ 107,900 - US\$ 40,392 was recognized as Extraordinary Result through interest in subsidiary Itaú relating to the conclusion of the partnership with Telefónica Group, since on July 25, 2001 Telefónica Group decided to increase the percentage of its interest in the operation of the Itaú telecommunications corporate network. Further, Itaú has fully amortized the goodwill related to the interest acquired in Lloyds Asset Management S.A., with segregated amount of R\$ 75,525 - US\$ 28,273 on ITAÚSA CONSOLIDATED.

For a better analysis of the financial statements of the period, non-recurring income and expenses, net of related taxes (income taxes and social contribution) have been segregated to extraordinary results accounts, representing the following:

	Parent company		Minoritary		Conglomerated	
	R\$	US\$	R\$	US\$	R\$	US\$
Non-operating gains ("la Caixa") pursuant to relevant event published on February 15, 2001 (1)	227,360	85,112	1,910	715	229,270	85,827
Non-operating loss arising from the acquisition of shares to be kept in treasury by Banco Itaú S.A.	(86,608)	(32,422)	(1,146)	(429)	(87,754)	(32,851)
Amortization of goodwill in subsidiary companies (2)	(76,758)	(28,734)	(86,047)	(32,212)	(162,805)	(60,946)
Provision for operating restructuring and other – Banco Itaú S.A.	3,840	1,438	3,859	1,445	7,699	2,882
Telefónica Project (3)	211,690	79,246	237,066	88,746	448,756	167,992

Gain on variation of equity interest pursuant to relevant event published on June 12, 2001	215,943	80,838	241,830	90,529	457,773	171,367
Administrative expenses on the transaction	(4,253)	(1,592)	(4,764)	(1,783)	(9,017)	(3,375)
<b>Extraordinary Result</b>	<b>279,524</b>	<b>104,640</b>	<b>155,642</b>	<b>58,265</b>	<b>435,166</b>	<b>162,904</b>

- (1) Resulting from the transaction carried out with Caja de Ahorros y Pensiones de Barcelona ("la Caixa") which according to Relevant Event Notice published on February 15, 2001 by ITAÚSA, it increased even further the relationship started in the past by increasing the former stake in Itaú, to 3% of capital, represented both by common and preferred shares.
- (2) Resulting basically from the acquisition by subsidiary Itaú of Lloyds TSB Asset Management S.A.
- (3) Resulting from an agreement signed on June 12, 2001 by subsidiary Itaú with Telefónica Group, aiming at the development of a partnership for the operation of the ITAÚ telecommunications corporate network, through investments of that group in ITAÚ Group companies, owners of the assets necessary to operate the network, which allows ITAÚ to render quality services at competitive prices.

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## Note 9 - Reclassification for Comparability Purposes *(In Thousand of reais)*

The foreign exchange effects on foreign investments have been classified in different income and expense accounts, pursuant to the nature of the respective balance sheet accounts.

In order to render the September 30, 2001 financial statements comparable, the following balances of the period from January 1 to September 30, 2000 have reclassified :

	September 30, 2000		
	Previously Disclosed	Reclassification	Reclassified Balances
Operating revenues	12,227,310	(22,282)	12,205,028
Operating expenses	(10,196,152)	20,701	(10,175,451)
<b>Operating income (loss)</b>	<b>2,031,158</b>	<b>(1,581)</b>	<b>2,029,577</b>
Non-operating income (loss)	(27,252)	(66)	(27,318)
<b>Income before taxation</b>	<b>2,003,906</b>	<b>(1,647)</b>	<b>2,002,259</b>
Income tax and social contribution due on operations for the period	(465,303)	1,647	(463,656)
<b>Net income</b>	<b>1,403,600</b>	<b>-</b>	<b>1,403,600</b>

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## Note 10 - Additional Information *(In Thousand of reais)*

### a) Foreign currency denominated balance sheet in reais:

	09.30.2001		09.30.2000
	R\$	US\$	R\$
Foreign investments	5,201,311	1,947,109	3,503,807
Net amount of assets and liabilities in foreign currency, including derivatives (*)	(821,071)	(307,368)	(674,771)
<b>Net foreign exchange position</b>	<b>4,380,240</b>	<b>1,639,741</b>	<b>2,829,036</b>

(\*) This amount does not include an additional securities devaluation allowance of subsidiary Itaú in the amount of R\$ 925,000 (US\$ 346,273), of which R\$ 310,000 (US\$ 116,048) was set up during this quarter taking into consideration an estimate for the strengthening of the Real in relation to the U.S. Dollar on permanent investments abroad.

b) ITAÚSA and its subsidiaries sponsor complementary pension plans managed by Fundação Itaúbanco, Fundação Duratex, Fundação Itaúsa Industrial(\*) and FUNBEP - Multisponsored Pension Fund (closed private pension fund), for the purpose of granting lifetime income (in the case of FUNBEP and the plan arising from the Fundação Bemge de Seguridade Social - FASBEMGE, also in the form of pensions as a result of death), to complement the retirement pension paid by social security. During the period, the contributions amounted to R\$ 21,673 - US\$ 8,113 (R\$ 45.861 from January 1 to September 30, 2000). The actuarial liabilities are calculated in accordance with the actuarial models established in the plans' Technical Notes, which call for compound capitalization and defined benefits and are fully covered by the technical provisions for expired and unexpired risks. The contribution rate increases in accordance with the participant's salary.

(\*) New name of Aricanduva Previdência

- c) The amount of R\$ 1,421,912 (US\$ 532,292) (R\$ 1,538,062 from January 1 to September 30, 2000) was collected and provisioned in ITAÚSA CONSOLIDATED related to taxes and contributions of income, revenues and salaries. Additionally, taxes on financial intermediation were collected from clients in the amount of R\$ 2,707,860 (US\$ 1,013,686) (R\$ 2,161,913 from January 1 to September 30, 2000).

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## **Note 11 - Special Limited Review** *(In Thousand of reais)*

The consolidated financial information were submitted to a limited review by PricewaterhouseCoopers Auditores Independentes, as prescribed by CVM Instruction 202/1993.

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## Report of Independent Accountants on the Limited Review

November 9, 2001

To the Board of Directors and Stockholders

Itaúsa - Investimentos Itaú S.A.

1. We have carried out a limited review of the accounting information included in the Quarterly Information of Itaúsa - Investimentos Itaú S.A. and subsidiary companies for the nine-month period ended September 30, 2001, including the consolidated balance sheet and the corresponding consolidated statement of operations prepared in conformity with accounting principles determined by Brazilian corporate legislation. This information is the responsibility of the company's management.
2. Our review was performed in accordance 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 quarterly information 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 subsidiary companies.
3. Based on our limited review, we are not aware of any material adjustments which should be made to the quarterly information referred to above for it to be stated in conformity with accounting principles determined by Brazilian corporate legislation and with the standards of the Brazilian Securities Commission - CVM specifically applicable to the preparation of quarterly information.



4. The accompanying accounting information at September 30, 2001 expressed in U.S. dollars give effect to the accounting information expressed in reais, on the basis described in Note 3(b). This translation should not be construed as representing that the amounts in reais actually represent or have been, or could be, converted into U.S. dollars.
5. The limited review of the quarterly information for the nine-month period ended September 30, 2000, presented for comparison purposes, was conducted by other independent accountants, who issued their report dated November 13, 2000 with no exceptions noted.

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Ricardo Baldin  
Partner  
Contador CRC 1SP110374/O-0