

# Complete Financial Statements

September 30, 2017

**ITAÚSA**

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## MANAGEMENT REPORT

We present the Management Report and the Financial Statements of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and its subsidiaries for the period from July to September 2017 (3Q17), prepared in accordance with the standards established by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), as well as the International Financial Reporting Standards (IFRS).

### Independent Auditor's Report

The Financial Statements were audited by BDO RCS Auditores Independentes S/S (BDO) as independent auditors in attendance to the statutory requirements, including the Brazilian Securities and Exchange Commission policy, and have received an unqualified opinion from the external auditor. The financial statements were approved by the Fiscal Council. In compliance with good Corporate Governance practices adopted by the Conglomerate, these Financial Statements were also reviewed by PricewaterhouseCoopers Auditores Independentes (PwC) as independent auditors of Itaú Unibanco Holding S.A, the main investment held by Itaúsa.

The financial statements were made available to the CVM and to B3 S.A. – Brasil, Bolsa, Balcão (B3).

## 1) ECONOMIC ENVIRONMENT

Brazil's GDP was stable in the first half of 2017 compared to the same period of the previous year. This represents an improvement from the scenario in 2015 and 2016, a period overshadowed by economic downturn.

Regarding the labor market, unemployment rate is 12.4% in the quarter ended September, from 11.8% in the same period of the previous year, as measured by the Continuous Pnad (Continuous National Household Sample Survey). Although unemployment levels show decrease, this is mostly the result of an increased number of self-employed people and of people working in the informal sector.

Industry has shown signs of stability these last months. After a monthly increase, without seasonal adjustments, of 0.7% in industrial production in July, a

0.7% decrease was recorded for August and a 0.2% increase in September.

In September 2017, the annual change in the financial system credit balance was negative 4.4% in actual terms, against a 9.4% decrease in September 2016. Loans in the 12-month period to June 2017 fell 5.4% in actual terms, compared to a 16.6% decrease one year before. Default rate for loans to individuals decreased 30 bps in the last 12 months to reach 3.9% in June 2017. Default rate for loans to companies reached 3.3% (3.3% in September 2016).

Inflation measured by IPCA recorded a variation of 2.5% in the last 12 months to September, well below the 6.3% recorded at the end of 2016. Analysis of broken-down figures shows that regulated prices raised 6.1% in the period, whereas free prices raised 1.4%.

Current inflation in a clearer downward trend and economic activity below expectations have allowed a more flexible monetary policy. The Central Bank of Brazil started a cycle of cuts in interest rates in October 2016 and since then the Selic rate was reduced to current (October 2017) 7.5% per year from 14.25%.

## 2) ITAÚSA HIGHLIGHTS

# ITAÚSA

### Renewal of Itaúsa Shareholders' Agreement

ITAÚSA Shareholders' Agreement will be automatically renewed on June 24, 2019 for other 10 years, in view of the lack of express opposition stated by subscribers up to June 24, 2017, in accordance with procedures set forth in Clause 12 of said Agreement. This decision reinforces the Controllers' commitment to the Company's sustainability and continuity.

### Sustainability

Itaúsa was selected for the 14<sup>th</sup> year to make up the Dow Jones Sustainability World Index (DJSI), the main sustainability index in the world. In its 2017/2018 edition, the portfolio is made up of 319 companies from 29 countries, of which only six are Brazilian – among them, Itaúsa and Itaú Unibanco Holding.

Itaúsa achieved the highest rate in the banking sector in the following criteria:

- Anti-Crime Policies/Actions;
- Financial Stability and Systemic Risk;
- Business Risks and Opportunities;
- Climate Strategy;
- Environmental Report and
- Social Reporting.

Furthermore, Itaúsa and Itaú Unibanco were one more time chosen to make up the portfolio of the Dow Jones Sustainability Emerging Markets Index.

### **Company's Share Buyback Program/Cancellation of Shares**

On August 7, 2017, the Board of Directors of Itaúsa resolved to cancel 50,970,229 book-entry common shares of own issue held in treasury, by absorbing R\$448.7 million recorded in revenues reserves. It also resolved to renew the authorization to acquire, within a period of 18 months and at market price, up to 50,000,000 common shares and the equal number of preferred shares of own issue for treasury. Later, on October 10, 2017, the Board of Directors resolved to rise the limits to up to 153,700,000 book-entry shares of own issue, of which 103,700,000 are common and 50,000,000 are preferred shares. The acquisition of shares of own issue is aimed at investing the Company's available funds

### **Alpargatas**

On July 12, 2017, Itaúsa announced that, together with Brasil Warrant Administração de Bens e Empresas S.A. and Cambuhy Investimentos Ltda., signed a purchase and sale agreement for acquisition of the totality of shares issued by Alpargatas S.A. held by J&F Investimentos S.A. This transaction was closed on September 20, 2017. Itaúsa acquired 27.12% of Alpargatas' total capital stock, represented by 103,623,035 common shares and 23,968,521 preferred shares, and paid approximately R\$1.7 billion, with price per share equal to R\$14.17 per common share and R\$11.32 per preferred share.

As a result of the acquisition of the ownership control of Alpargatas, the Purchasers will carry out a public offering to purchase the shares held by other Alpargatas shareholders, ensuring a price equal to 80% of the amount paid to sellers. The outcome of this public offering may result in Purchasers increasing their stake in Alpargatas and in additional proportional disbursements by Itaúsa.

This transaction is not expected to have any significant impact on Itaúsa's current fiscal year's financial results.

Alpargatas Governance structure has been under reorganization since the transaction was closed. This process is described in more detail below in this document in a specific item on Alpargatas.

### **Issue of Promissory Notes**

On July 13, 2017, Management resolved on the issue of promissory notes up to the amount of R\$1.8 billion, in three series (maturing in 2022, 2023 and 2024) with interest at 106% of DI for the first series, 107% for the second series, and 108% for the third series. Interest and the unit nominal value will be fully paid in the respective maturity dates of the series. On September 20, 2017, Management decided that the net funds to be funded through the promissory notes placement will be allocated to increase the Company's working capital.

### **Permanent Operation of the Fiscal Council**

At the meeting held on August 7, 2017, the Board of Directors resolved to propose to the next Annual Stockholders' Meeting an amendment to the Company's Bylaws to make the operation of the Fiscal Council permanent. This proposal reaffirms the Company's commitment to the best corporate governance practices.

### **Return on investments**

Itaúsa's Board of Directors declared on August 7, 2017 interest on capital in the amount of R\$0.07900 per share (R\$0.6715 per share net of withholding income tax), paid to stockholders on August 25, 2017, with the final stockholding position of August 14, 2017 as calculation base.

### 3) ITAÚSA ECONOMIC PERFORMANCE

#### MAIN INDICATORS OF ITAÚSA'S INDIVIDUAL RESULTS

As a holding company, Itaúsa's results are basically derived from its share of income, determined based on the results of its subsidiaries. Below we present Itaúsa's share of income and result, considering recurring events only (non-recurring events are detailed on the Reconciliation of Recurring Net Income table).

Recurring Share of Individual Income by Area	01/01 to 09/30/2017		01/01 to 09/30/2016		Change	R\$ million	
		%		%		Change	Change (%)
<b>Financial Services Area</b>	<b>6.890</b>	<b>99,7%</b>	<b>6.470</b>	<b>101,0%</b>	<b>420</b>	<b>6,5%</b>	
<b>Industrial Area</b>	<b>20</b>	<b>0,3%</b>	<b>(67)</b>	<b>-1,0%</b>	<b>87</b>	<b>129,9%</b>	
Duratex	14	0,2%	(7)	-0,1%	21	300,0%	
Elekeiroz	23	0,3%	(37)	-0,6%	60	162,2%	
Itautec	(17)	-0,2%	(23)	-0,4%	6	26,1%	
<b>Others</b>	<b>(1)</b>	<b>0,0%</b>	<b>2</b>	<b>0,0%</b>	<b>(3)</b>	<b>-150,0%</b>	
<b>Recurring share of individual income</b>	<b>6.909</b>	<b>100,0%</b>	<b>6.405</b>	<b>100,0%</b>	<b>504</b>	<b>7,9%</b>	
Results of Itaúsa - net of taxes	(300)		(96)		(204)	-212,5%	
Financial Income / Expenses	-		51		(51)		
Dividends	115		-		115		
General Administrative Expenses	(42)		(30)		(12)		
Tax Expenses	(303)		(200)		(103)		
Other Operating Revenues	7		16		(9)		
Income Tax / Social Contribution	(77)		67		(144)		
<b>Recurring Net Income</b>	<b>6.609</b>		<b>6.309</b>		<b>300</b>	<b>4,8%</b>	
<b>Non-Recurring results</b>	<b>(148)</b>		<b>4</b>				
Arising from stockholding interest in Itaú Unibanco	(160)		(9)				
Arising from stockholding interest in Duratex	12		7				
Arising from stockholding interest in Elekeiroz	-		(2)				
<b>Net Income</b>	<b>6.461</b>		<b>6.313</b>		<b>148</b>	<b>2,3%</b>	

#### General and Administrative Expenses (G&A)

Considering the administrative structure dedicated to Itaúsa's activities, composed of 73 people, G&A totaled R\$63 million in the first nine months of 2017, up 21.2% from the same period of 2016. This increase was mainly driven by the engagement of services from consulting firms that supported Itaúsa's portfolio diversification process.

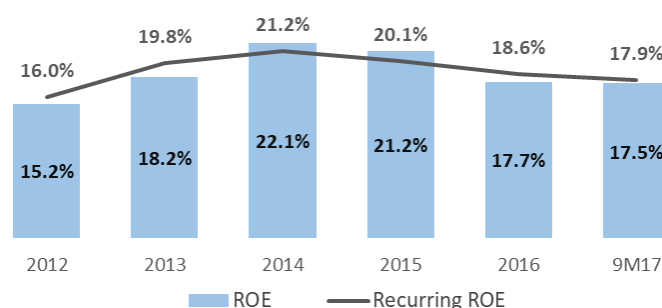
#### Tax Expenses

In the first nine months of 2017, tax expenses totaled R\$303 million (up R\$103 million). These expenses are basically composed of PIS and COFINS levied on income from interest on capital received from Itaú Unibanco, which increased by R\$1,107 million from the first nine months of 2016. Additionally, income tax and social contribution of R\$77 million in the 9M17 were impacted by the difference between the interest on capital received and paid for the previous year.

#### Net Income

As a result of the events mentioned above, recurring net income from January to September 2017 totaled R\$6,609 million, up 4.8% from the previous year, with recurring return on average equity (ROE) of 17.9%. Net income for the same period reached R\$6,461 million, with a 17.5% return.

#### Return on Average Equity – ROE



## Liabilities

Total current and noncurrent liabilities amounted to R\$4,126 million at the end of September 2017. Out of this amount:

- R\$1.2 billion referred to debentures issued to financing the acquisition of NTS;
- R\$1.0 billion referred to dividends and interest on capital payable; and

- R\$1.0 billion referred to provisions for PIS and COFINS: a lawsuit over the disputed right to calculate and pay PIS and COFINS contributions without including amounts received as interest on capital in the calculation basis.

## MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

	R\$ million					
	Parent company		Non-controlling interests		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Net income	6.461	6.313	64	-	6.525	6.313
Recurring net income	6.609	6.309	43	(13)	6.652	6.296
Stockholders' equity	51.662	47.933	2.980	2.961	54.642	50.894
Annualized return on average equity (%)	17,5%	18,2%	2,9%	0,0%	16,7%	17,1%
Annualized recurring return on average equity (%)	17,9%	18,2%	1,9%	-0,6%	17,0%	17,1%

## MAIN FINANCIAL INDICATORS

Results per share - in R\$	R\$ per share		
	09/30/2017	09/30/2016	Change
Net income of parent company	0,87	0,85	2,1%
Recurring net income of parent company	0,89	0,85	4,5%
Book value of parent company	6,91	6,47	6,8%
Dividends/ interest on capital, net	0,21	0,20	1,5%
Price of preferred share (PN) <sup>(1)</sup>	10,97	8,40	30,6%
Market capitalization <sup>(2)</sup> - R\$ million	81.986	62.188	31,8%

(1) Calculated based on the average quotation of preferred shares on the last day of the period.






(2) Calculated based on the average quotation of preferred shares on the last day of the period (quotation of average PN multiplied by the number of outstanding shares at the end of the period).

## RECONCILIATION OF RECURRING NET INCOME

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

	R\$ million					
	Parent company		Non-controlling interests		Consolidated	
	01/01 to 09/30/2017	01/01 to 09/30/2016	01/01 to 09/30/2017	01/01 to 09/30/2016	01/01 to 09/30/2017	01/01 to 09/30/2016
<b>Net income</b>	<b>6.461</b>	<b>6.313</b>	<b>64</b>	<b>-</b>	<b>6.525</b>	<b>6.313</b>
<b>Inclusion/(Exclusion) of non-recurring effects C = (A + B)</b>	<b>148</b>	<b>(4)</b>	<b>(21)</b>	<b>(13)</b>	<b>127</b>	<b>(17)</b>
<b>Arising from stockholding interest in Itaú Unibanco (A)</b>	<b>160</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>9</b>
Change in Treasury Shares	132	(43)	-	-	132	(43)
Effect of Adherence to the Program for the Payment of Federal Taxes	-	(4)	-	-	-	(4)
Provision for Contingencies - Economic Plans	38	51	-	-	38	51
Provision for Contingencies - Tax and Social Security Lawsuits	16	2	-	-	16	2
Impairment	54	3	-	-	54	3
Disposal of IRB shares	(58)	-	-	-	(58)	-
Other	(22)	-	-	-	(22)	-
<b>Arising from stockholding interest in other Itaúsa group companies (B)</b>	<b>(12)</b>	<b>(13)</b>	<b>(21)</b>	<b>(13)</b>	<b>(33)</b>	<b>(26)</b>
Duratex	(12)	(7)	(21)	(13)	(33)	(20)
Elekeiroz	-	2	-	-	-	2
Itautec	-	(7)	-	-	-	(7)
Itaúsa Empreendimentos	-	(1)	-	-	-	(1)
<b>Recurring net income</b>	<b>6.609</b>	<b>6.309</b>	<b>43</b>	<b>(13)</b>	<b>6.652</b>	<b>6.296</b>

## MAIN INDICATORS OF ITAÚSA CONGLOMERATE COMPANIES (January to September)

	January to September	R\$ million				
		Financial Sector	Non Financial Sector			
						
Total assets	<b>2017</b>	<b>1.373.518</b>	<b>3.709</b>	<b>9.033</b>	<b>10.182</b>	<b>456</b>
	<b>2016</b>	<b>1.324.122</b>	<b>3.777</b>	<b>9.246</b>	<b>n.d</b>	<b>707</b>
Operating revenues <sup>(3)</sup>	<b>2017</b>	<b>147.822</b>	<b>1.667</b>	<b>2.888</b>	<b>3.092</b>	<b>719</b>
	<b>2016</b>	<b>155.529</b>	<b>2.006</b>	<b>2.881</b>	<b>n.d</b>	<b>585</b>
Net income	<b>2017</b>	<b>18.418</b>	<b>234</b>	<b>100</b>	<b>1.348</b>	<b>23</b>
	<b>2016</b>	<b>17.271</b>	<b>171</b>	<b>1</b>	<b>n.d</b>	<b>(40)</b>
Stockholders' equity	<b>2017</b>	<b>131.410</b>	<b>2.241</b>	<b>4.678</b>	<b>4.286</b>	<b>135</b>
	<b>2016</b>	<b>121.942</b>	<b>1.985</b>	<b>4.571</b>	<b>n.d</b>	<b>415</b>
Annualized return on average equity (%) <sup>(4)</sup>	<b>2017</b>	<b>20,2%</b>	<b>21,6%</b>	<b>2,9%</b>	<b>43,0%</b>	<b>26,1%</b>
	<b>2016</b>	<b>20,0%</b>	<b>17,4%</b>	<b>0,0%</b>	<b>n.d</b>	<b>-12,4%</b>
Internal fund generation <sup>(5)</sup>	<b>2017</b>	<b>56.863</b>	<b>193</b>	<b>735</b>	<b>2.744</b>	<b>57</b>
	<b>2016</b>	<b>76.603</b>	<b>227</b>	<b>643</b>	<b>n.d</b>	<b>(17)</b>
Interest of Itaúsa in companies <sup>(6)</sup>	<b>2017</b>	<b>37,41%</b>	<b>27,55%</b>	<b>36,41%</b>	<b>7,65%</b>	<b>96,49%</b>
	<b>2016</b>	<b>37,26%</b>	<b>n.d</b>	<b>35,57%</b>	<b>n.d</b>	<b>96,49%</b>

(1) Based on Financial Statements ended on June 30 2017.

(2) Information were not reviewed by external audit.

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

- Itaú Unibanco Holding: Interest and similar income, dividend income, net gain (loss) from investment securities and derivatives, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.
- Alpargatas, Duratex, Elekeiroz and NTS: Sales of products and services.

(4) Represents the ratio of net income for the period and the average equity ((sep + jun + mar + dec'16) / 4).

(5) Refers to funds arising from operations as reported by the statement of cash flows.

(6) Represents the direct/ indirect Itaúsa interest in the Capital of Companies

Note: Net Income, Stockholders' equity and ROE of Itaú Unibanco correspond to results attributable to controlling stockholders.

Refer to 100% of the results of the Itaúsa conglomerate's companies

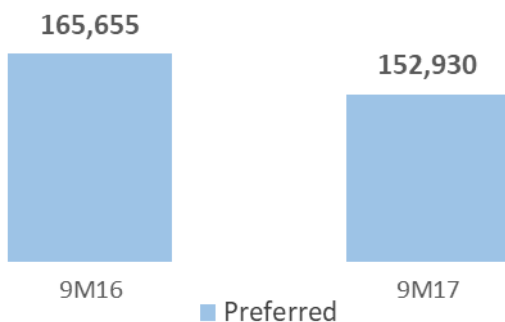
## 4) CAPITAL MARKETS

Traded on B3, Itaúsa's preferred shares (ticker ITSA4) closed September 2017 at R\$11.03, a 33.1% increase from the closing price in September 2016.

On September 29, 2017, Itaúsa had 66,754 individual stockholders, up 47.7% from September 2016.

The daily average financial volume of the preferred shares traded in the first nine months of 2017 was R\$152.9 million, as compared to R\$165.7 million in the same period of the previous year, with a total of 4,571 thousand transactions (5,419 thousand from January to September 2016).

### Daily average financial volume traded (R\$000)



### Itaúsa Discount

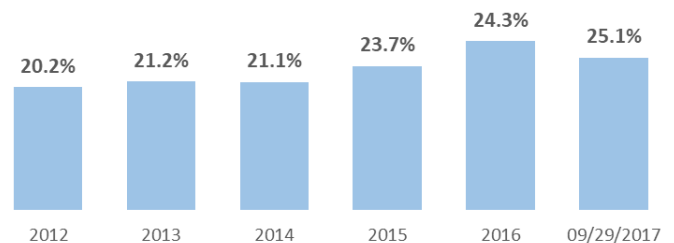
The discount is an indicator of the difference between the market price ascertained for Itaúsa and the theoretical value obtained through the sum of the market values of the parts that compose the Holding Company's investments. The Investor Relations area discloses information on a monthly basis about the

discount on the Company's website. To receive it, please register on [www.itausa.com.br](http://www.itausa.com.br).

At September 30, 2017, Itaúsa's shares were traded at a 25.1% discount, compared to 24.3% at the end of September 2016.

At the end of the period, market capitalization, based on the price of the most liquid shares (ITSA4), was R\$81,986 million, a 31.8% increase from the previous year, whereas the total market value of the sum of interests in subsidiaries reached R\$109,460 million.

### History of Itaúsa Discount



### Public Meeting - APIMEC

On September 26, 2017, Itaúsa held the 17<sup>th</sup> annual public meeting with investors, analysts and the market, in partnership with APIMEC. This event held at Hotel Unique in São Paulo – SP was attended by about 340 people and transmitted live via Internet.

## 5) ITAÚSA PORTFOLIO



### 1 - Highlights

#### 1.1 Corporate Events

**Share Buyback Program** — The Board of Directors approved a new Share Buyback Program starting in September 2017, authorizing the purchase of up to 60 million common shares<sup>1</sup> and up to 39,155,000 preferred shares. The operations may be carried out from September 1, 2017 to November 26, 2018. In the period from January to September 2017, the volume of 37,982,900 preferred shares of own issue

were acquired in the total amount of R\$1.4 billion at the average price of R\$36.25 per share<sup>2</sup>.

<sup>1</sup> Up to 31,793,134 common shares and 39,155,000 preferred shares with no reduction in the value of the capital stock, equivalent to approximately 10% of the free float of 317,962,080 common shares and 1.22% of the free float of 3,203,729,973 preferred shares registered on July 31, 2017.

<sup>2</sup> In accordance with the Material Facts disclosed on February 2, 2016 and May 25, 2017, these purchases refer to the share buyback program renewed by the Board of Directors, which approved the limit for purchase of up to 10.0 million common shares and up to 50.0 million preferred shares of own issue for the periods from February 3, 2016 to August 2, 2017 and from May 26, 2017 to November 26, 2018, respectively. Buyback amounts include settlement and brokerage fees.



**Dividends and Interest on Capital** – As disclosed on September 26, 2017, Itaú Unibanco intends to continue to pay dividends and interest on capital of at least 35% of recurring net income and it eliminated the maximum 45% limit. The total amount to be paid each year will be set forth by the Bank's Board of Directors, taking into account, among others:

- the Company's capitalization level, in accordance with rules defined by the Central Bank of Brazil;
- the minimum level established by the Itaú Unibanco's Board of Directors at 13.5% for common equity tier 1;
- profitability in the year;
- the prospective use of capital in view of the expected business growth, share buyback programs, mergers and acquisitions, and market and regulatory changes that might modify capital requirements;
- changes in tax legislation; and
- significant changes in RWA<sup>1</sup>.

<sup>1</sup> RWA: Risk-weighted assets

Therefore, the percentage to be distributed may change every year based on the Company's profitability and capital demands, always considering the minimum distribution set forth in the Bylaws.

In the first nine months of 2017, Itaú Unibanco paid or recognized in a provision the amount of R\$3.9 billion and identified in the Stockholders' Equity R\$7.5 billion in dividends and interest on capital, net of taxes, totaling R\$11.4 billion.

### 1.2 Acquisition and Disposal

**IRB-BRASIL RESSEGUROS S.A. (IRB)** – Within the scope of the Secondary Public Offering of IRB's common shares, in August 2017 Itaú Seguros S.A reduced its interest to 11.1%, from 14.7%, in the total capital of IRB, and Itaú Vida e Previdência S.A., which held 0.2% interest, is no longer a stockholder. Itaú Unibanco remains in the IRB controlling group, under the terms of the company's shareholders' agreement.

**Itaú CorpBanca** – On September 15, 2017, Itaú Unibanco acquired 1.8 billion shares of Itaú CorpBanca for approximately R\$55.6 million, as a result of the Corp Group exercising a put option, as set forth in the shareholders' agreement of Itaú CorpBanca entered into between Itaú Unibanco and Corp Group on April 1, 2016. Therefore, Itaú Unibanco's ownership interest increased to 36.06%,

from 35.71%, without changing Itaú CorpBanca's governance.

### 1.3 Subsequent Event

**Citibank** – On October 26, 2017, Itaú Unibanco obtained the last regulatory authorization necessary with BACEN for the acquisition of the retail business of Citibank in Brazil, and the Brazilian antitrust agency (CADE) approved this transaction on August 16, 2017. The financial settlement of the acquisition of the operations will take place as follows:

- The financial settlement of the acquisition of the retail operations took place on October 31, 2017, the date when Itaú Unibanco will become responsible for these operations;
- The financial settlement of the acquisition of operations related to the individuals segment of Citibank Corretora and the corresponding transfer of these operations will be carried out on a later date to be determined by the parties;
- The acquisitions of the equity investments held by Citibank in TECBAN and Cibrasec and the respective financial settlements will be carried out after the compliance with the provisions in the respective stockholders' agreements of these companies.

### 1.4 Dow Jones Sustainability Index

Itaú Unibanco was selected for the 18<sup>th</sup> consecutive year to make up the Dow Jones Sustainability World Index (DJSI), the main sustainability index in the world, in its 2017/2018 edition. Itaú Unibanco is the only Latin American bank to be part of the index since its creation in 1999. In this new edition, it achieved the best rate in the banking sector in the "Anti-Crime Policies/Actions", "Financial Stability and Systemic Risk", "Materiality, Philanthropy and Corporate Citizenship", "Business Risks and Opportunities", "Climate Strategy" and "Social Reporting" criteria.

## 2 – IFRS

The amounts commented on below, when related to accounting information, were calculated in accordance with the International Financial Reporting Standards (IFRS).

## 3 - Performance

### Results

In the period from January to September 2017, Itaú Unibanco's recurring net income was R\$18.5 billion,

up 6.2% from the same period of 2016, and annualized return on average equity was 20.3%.

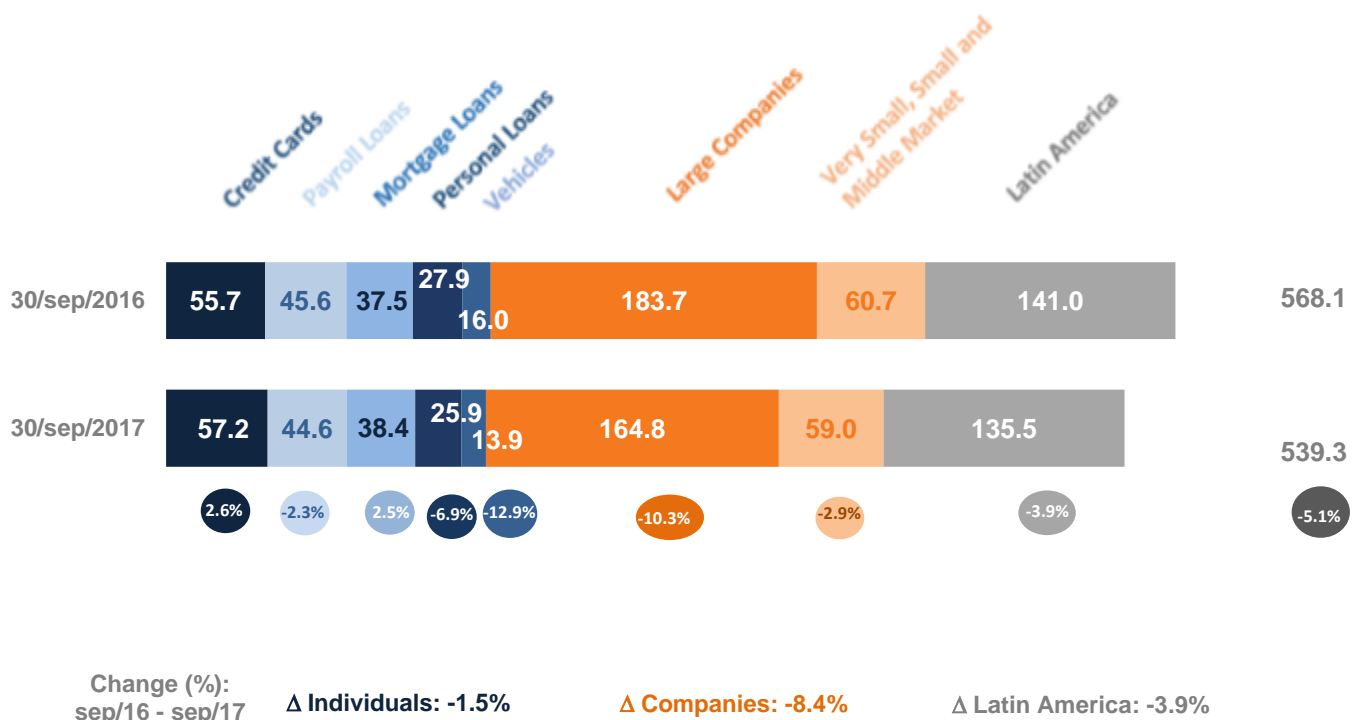
### Assets

Total consolidated assets reached R\$1.4 trillion at the end of September 2017, up 1.5% from the same period of the previous year.

### Loan Portfolio

At September 30, 2017, the balance of the loan portfolio, including endorsements and sureties, reached R\$539.3 billion, a 5.1% decrease from September 30, 2016. If we also included the credit risks associated with private securities, this decrease would reach 5.0%.

At September 30, 2017 and 2016, the breakdown of portfolio, including endorsements and sureties, is as follows:



### Default

Started in 2012, the strategy to mitigate the risk associated with credit granting has impacted default rates, mainly due to the change to a more conservative profile of Itaú Unibanco's portfolio:

- Total default rate (loans more than 90 days overdue) reached 3.2% at September 30, 2017, down 70 bps from September 30, 2016;
- In the individuals portfolio, this rate was 4.5% at the end of September 2017, down 50 bps from the same period of the previous year; and

- in the companies portfolio, it reached 1.9% at the end of September 2017, down 100 bps from the same period of the previous year.

### Funding

Free, raised and managed own assets amounted to R\$2.1 trillion at September 30, 2017, up 4.2% from the same period of the previous year.

Demand deposits added to savings deposits increased 3.5% from the same period of the previous year. The loan portfolio to funding ratio was 73.9% at September 30, 2017.

## Capital

Itaú Unibanco adopts a prospective approach to capital management, which comprises the following phases: (i) identification of material risks and determination of the need of additional capital for these risks; (ii) preparation of a capital planning, both under normal and stress scenarios; (iii) structuring of the capital contingency plan; (iv) internal assessment of capital adequacy; and (v) preparation of managerial reports.

To ensure strength and capital availability to support business growth, regulatory capital levels were kept above the requirements of the Central Bank of Brazil, as evidenced by the Common Equity Tier I, and BIS ratios. For further information, see to the Risk and Capital Management Report – Pillar 3 report on Itaú Unibanco's website [www.italu.com.br/investor-relations](http://www.italu.com.br/investor-relations) > Corporate Governance.

At the end of September 2017, Basel Ratio reached 19.5%, of which (i) 16.7% refer to Tier I Capital, which is the sum of Common Equity Tier I Capital and Additional Capital, and (ii) 2.8% refer to Tier II Capital. These indicators show the effective capacity to absorb unexpected losses.

The amount of instruments eligible for capital Tier II regulatory capital reached R\$19.7 billion at September 30, 2017.

## Liquidity

Liquidity Coverage Ratio (LCR) refers to free and highly liquid assets and net cash outflows over a 30-day period and is calculated based on the methodology defined by Circular No. 3,749, of the Central Bank of Brazil, in line with international guidelines. BACEN minimum requirement is 80% for 2017, and in the third quarter of 2017, Itaú Unibanco's average ratio was 200.7%.



Duratex's consolidated investments totaled R\$283.3 million in the nine months of 2017. In the third quarter of 2017, investments totaled R\$86.5 million, of which, in the quarter, R\$45.0 million were for industrial maintenance, and R\$41.5 million for forest OPEX. This result reinforces the Company's commitment to rationalize investments to optimize cash generation and support operations. For 2017, the company's investments are expected to amount to R\$380.0

million, of which R\$195 million for industrial maintenance and R\$185 for forest operating expenses.

In line with the purpose of offering "solutions for better living", on August 28, 2017 Duratex announced it had started a process to acquire Ceusa, a Brazilian manufacturer of ceramic coatings with 64 years of history. With a production capacity of 480,000 sq. meters/month, Ceusa has 330 employees. Its business model is based on innovations and high quality in ceramic coatings, attributes that make part of business with brands Duratex, Durafloor, Deca, and Hydra.

## Results

In 2017, the company's net revenue totaled R\$2,888.2 million, stable compared to 2016 (+0.2%). In 3Q17, net revenue was R\$1,019.5 million, up 5.4% from that recorded in the same period of 2016, of which R\$175.6 million were from the foreign market, through exports and Duratex Colombia operations. Foreign revenues accounted for 17.2% of total revenues, and this result was positively impacted by higher volumes shipped by the two business divisions, Deca and Wood, arising, in turn, from a higher demand level in the domestic market, in addition to the successful implementation and maintenance of price rises over the last months. On the other hand, operations in Colombia posted a slight reduction in volumes shipped, due to the local economic downturn that adversely affected operations in that market.

In the first nine months of 2017, Duratex recorded adjusted recurring EBITDA of R\$531.1 million, up 14.5% from the same period of 2016, with EBITDA margin of 18.4% compared to 16.1% in the same period of the previous year. In the third quarter, adjusted recurring EBITDA was R\$204.9 million, up 10.2% from the third quarter of 2016. Recurring EBITDA margin reached 20.1%, from 19.2% in 3Q16.

Duratex's operations led to a recurring net income of R\$67.7 million in the first nine months of 2017, compared to a loss of R\$19.4 million in the same period of 2016. In the third quarter of 2017, it recorded recurring net income of R\$52.2 million, compared to R\$9.4 million in the same period of 2016.

The leverage ratio for this quarter, measured by the net debt to EBITDA ratio, fell to 2.77 times at September 30, 2017, from 2.89 times at June 30, 2017. This was mainly driven by cash generation, reflecting more profitability of operations. As a subsequent event, on October 20, 2017, Duratex raised R\$500.0 million through the issue of

commercial promissory notes. Interest earned on promissory notes correspond to 104.5% of accumulated variation of average DI rates, with settlement of principal and interest on October 19, 2020. Net funds arising from this issue will be allocated to the company's business and ordinary management, reschedule of financial liabilities and cash increase. Duratex assesses opportunities on a permanent basis to optimize its debt profile, aimed at rescheduling terms and reducing financial costs.



### Shareholders' Agreement

On September 20, 2017, Itaúsa signed a Shareholders' Agreement with Cambuhy for the joint control of Alparagatas. This agreement defined (i) governance rules for the controlling group, (ii) composition of the Board of Directors, (iii) composition of Board of Executive Officers, (iv) rules for a possible sale of the controlling group (which must not take place before 10 years), as well as (v) rules for exercising right of first refusal and tag along rights, among others. This Agreement will be in effect for 20 years, automatically renewable for other 10 years.

### New Composition of the Board of Directors

The Extraordinary Stockholders' Agreement (ESA) held on September 20, 2017 resolved on the new composition of the Board of Directors, with the election of effective members Alfredo Egydio Setubal (Itaúsa), Marcelo Pereira Lopes de Medeiros (BW/Cambuhy group), Pedro Moreira Salles (BW/Cambuhy group) and Rodolfo Villela Marino (Itaúsa), with João José Oliveira de Araújo and Silvio Tini de Araújo remaining as Board members. Pedro Moreira Salles was elected Chairman of the Board of Directors at the meeting held on October 6, 2017.

### New Committees

The Meeting of the Board of Directors held on October 6, 2017 created three permanent advisory non-statutory committees, and approved their respective rules, as follows: Strategy Committee, People Committee, and Finance Committee.

### New Members of the Fiscal Council, Creation of Audit Committee and Amendments to Bylaws

The ESM held on November 1, 2017 resolved on the election of new effective and alternate members for

the Fiscal Council, with Fernando Marques Cleto Duarte, Guilherme Tadeu Pereira Júnior and Pedro Wagner Pereira Coelho elected as effective members, and Pedro Soares Melo, Renato Roberto Cuoco, and João Costa elected as alternate members.

The same Meeting resolved on the creation of a permanent and statutory Audit Committee, and on amendments to the Bylaws.



NTS holds permits to operate 2,050 km of gas pipelines in the Southeast region and has 100% of its transportation capacity of 158.2 million cubic meters per day contracted with Petróleo Brasileiro S.A. through five long-term ship-or-pay contracts.

### Dividends and Interest

In the third quarter of 2017, Itaúsa received dividends and interest on capital, gross, related to the stake held in NTS in the amount of R\$59 million. In the same period, income from interest on debentures of NTS was R\$15 million. In the first nine months of the year, dividends/interest on capital, gross, received totaled R\$115 million, and income from interest on debentures totaled R\$30 million.

NTS performance has met the expected projections and purposes defined in the ownership interest acquisition analyses conducted.



In the first nine months of 2017, the amount of R\$17 million was invested and allocated to maintenance of operations.

### Results

In the first nine months of 2017, Elekeiroz recorded net income of R\$23.3 million, compared to a loss of R\$40.3 million in 2016.

This result for 2017 has been driven by a mix of higher volumes and outstanding operational performance, together with the optimization of the production chain and reduced costs and expenses, therefore leading to a recovery of the company's results, with this one being the fifth consecutive six-month period with improved results.

Products shipped from January to September 2017 was 31% higher than the same period of 2016, up 44% in the shipment of inorganic products (which account for 57% of sales) and a 17% increase in organic products.

Net revenue in 9M17 was R\$719 million, up 23% from 2016, mainly driven by the 25% increase in domestic sales.

Gross profit in the 2017 year-to-date reached R\$105.0 million from R\$26.9 million in 9M16, a 291% increase.

EBITDA in the 2017 year-to-date was R\$55.5 million, corresponding to 7.7% of net revenue; whereas in 2016 EBITDA for the period was negative by R\$7.0 million (a recurring negative amount of R\$3.9 million).

Partnership with OKI Electric Industry Co. Ltd. (“Oki”):  
On January 11, 2017, Itaotec exercised a put option of 763,740 shares of Oki Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A. (Oki Brasil) and received R\$53.4 million from Oki. Accordingly, Itaotec is now the holder of 1,717,650 shares, corresponding to 11.2% of Oki Brasil’s capital stock.

Operational Management: Itaotec continues to honor warranty and maintenance contracts for equipment related to the Itaotec/Infoway brand, without causing any inconvenience to its customers.



### Results

In the third quarter of 2017, Itaotec adhered to the Special Tax Regularization Program (PERT, Brazilian acronym), which led to a negative impact on result of R\$10.9 million.

## 6) PEOPLE MANAGEMENT

Itaúsa Conglomerate had the support of approximately 127,000 employees at the end of September 2017, including approximately 18,000 employees in foreign units and 73 people dedicated to Itaúsa’s specific activities.

The fixed compensation plus charges and benefits of the Conglomerate’s employees totaled R\$12.5 billion from January to September 2017, a 10.6% increase from the same period of the previous year.

## 7) INDEPENDENT AUDITORS– CVM INSTRUCTION No. 381

### Procedures adopted by the Company

The policy adopted by Itaúsa, its subsidiaries and parent company, 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 hold managerial positions at their client’s; and (c) an auditor cannot promote the interests of its client.

In compliance with CVM Instruction 381, dated January 1<sup>st</sup> 2003, Itaúsa and its subsidiaries report that in the period from January to September 2017, BDO did not provide non-audit related services.

Additionally, we decided to apply the provisions of this Instruction to engage non-audit related services by PwC. In the period from January to September 2017, the following services were provided:

- February 2 - review of fiscal bookkeeping;
- February 6, March 15, May 2, May 16, and September 29 – acquisition of survey, technical materials and training;

- March 2 - review of compliance with transfer pricing policies;
- August 1 – issue of report on income tax settlements.

### **Independent Auditors' Justification – PwC**

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The provision of the above-described non-audit related professional services do not affect the independence or the objectivity of the external audit of Itaúsa and its subsidiaries. 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.

### **8) ACKNOWLEDGMENTS**

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

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**

**BOARD OF DIRECTORS**

**Chairman**

Henri Penchas

**Vice-Chairman**

Alfredo Egydio Setubal

Ana Lúcia de Mattos Barretto Villela

**Members**

Paulo Setubal

Rodolfo Vilella Marino

Walter Mendes de Oliveira Filho

**Alternative members**

Henrique Andrade Trinckquel

Ricardo Egydio Setubal

Ricardo Villela Marino

**FISCAL COUNCIL**

**President**

Tereza Cristina Grossi Togni

**Members**

Alexandre Barenco Ribeiro

Flavio César Maia Luz

José Maria Rabelo

Paulo Ricardo Moraes Amaral

**Alternative members**

José Roberto Brant de Carvalho

Dulcideo Lavoisier de Oliveira Peres

Felício Cintra do Prado Júnior

Isaac Berensztein

João Costa

**EXECUTIVE BOARD**

**Chief Executive Officer**

Alfredo Egydio Setubal (\*)

**Executive Vice-Presidents**

Roberto Egydio Setubal

Rodolfo Villela Marino

(\*) *Investor Relations Officer*

**Accountant**

Ricardo Jorge Porto de Sousa

CRC 1SP 185.916/O-8

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

(In millions of reais)

ASSETS	NOTE	09/30/2017	12/31/2016
Cash and cash equivalents	3	1,096	2,434
Financial assets held for trading	4	125	310
Available-for-sale financial assets	5	931	-
Held-to-maturity financial assets	6	445	-
Trade accounts receivable	7	1,015	934
Other financial assets	8a	829	1,423
Inventory	9	915	907
Investments in associates and joint ventures	10 IIa	50,152	45,062
Fixed assets, net	11	3,641	3,742
Intangible assets, net	12	976	997
Biological assets	13	1,621	1,529
Tax assets		1,398	1,597
Income tax and social contribution - current		195	550
Income tax and social contribution - deferred	14b	1,108	961
Other		95	86
Other non-financial assets	8a	71	85
<b>TOTAL ASSETS</b>		<b>63,215</b>	<b>59,020</b>

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	09/30/2017	12/31/2016
<b>Liabilities</b>			
Dividends and interest on capital		1,050	2,032
Loans and financing	15	3,443	3,712
Debentures	16	1,242	-
Provision	17	1,189	996
Tax liabilities		585	863
Income tax and social contribution - current		40	44
Income tax and social contribution - deferred	14b	480	496
Other		65	323
Other liabilities	8b	1,064	738
<b>Total Liabilities</b>		<b>8,573</b>	<b>8,341</b>
<b>Stockholders' Equity</b>			
Capital	18a	37,145	36,405
Treasury shares	18b	-	(204)
Reserves	18d	15,674	13,077
Carrying value adjustments		(1,157)	(1,549)
<b>Total Stockholders' Equity Attributable to Owners of the Parent Company</b>		<b>51,662</b>	<b>47,729</b>
Non-controlling interests		2,980	2,950
<b>Total Stockholders' Equity</b>		<b>54,642</b>	<b>50,679</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>63,215</b>	<b>59,020</b>

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



## ITAÚSA - INVESTIMENTOS ITAÚ S.A

## Consolidated Statement of Income

(In millions of reais, except per share information)

	NOTE	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
Net sales revenue of products and services	20	1,290	3,607	1,162	3,472
Cost of products and services	21	(945)	(2,726)	(884)	(2,703)
Sales expenses	21	(184)	(506)	(157)	(466)
General and administrative expenses	21	(83)	(232)	(83)	(229)
Other (losses)/gains, net	22	79	182	54	31
Tax expenses		(47)	(306)	(39)	(202)
Financial result	23	(27)	(132)	(48)	(140)
Share of income in associates and joint ventures	10 IIa	2,286	6,720	2,090	6,456
<b>Income before income tax and social contribution</b>		<b>2,369</b>	<b>6,607</b>	<b>2,095</b>	<b>6,219</b>
Current income tax and social contribution	14a	(110)	(278)	(82)	(209)
Deferred income tax and social contribution	14b	144	196	120	303
<b>Net income</b>		<b>2,403</b>	<b>6,525</b>	<b>2,133</b>	<b>6,313</b>
Net income attributable to owners of the parent company		2,350	6,461	2,114	6,313
Net income attributable to non-controlling interests		53	64	19	-
<b>Earnings per share - basic and diluted</b>	24				
Common		0.31	0.87	0.29	0.85
Preferred		0.31	0.87	0.29	0.85
<b>Weighted average number of shares outstanding – basic and diluted</b>					
Common		2,823,483,724	2,825,648,563	2,828,112,054	2,845,991,387
Preferred		4,650,146,149	4,616,826,336	4,575,176,570	4,575,176,570

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

## ITAÚSA - INVESTIMENTOS ITAÚ S.A

## Consolidated Statement of Comprehensive Income

(In millions of reais)

	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
<b>Net income</b>	<b>2,403</b>	<b>6,525</b>	<b>2,133</b>	<b>6,313</b>
<b>Other comprehensive income</b>	<b>283</b>	<b>392</b>	<b>17</b>	<b>(367)</b>
<b>Amounts that will subsequently be reclassified to results</b>	<b>280</b>	<b>411</b>	<b>17</b>	<b>(366)</b>
<b>Interest in associates and jointly controlled entities, net of tax</b>	<b>281</b>	<b>409</b>	<b>15</b>	<b>(351)</b>
Available-for-sale financial assets; hedges and foreign exchange variations on investments abroad	281	409	15	(351)
<b>Interest in subsidiaries, net of tax</b>	<b>(1)</b>	<b>2</b>	<b>2</b>	<b>(15)</b>
Foreign exchange variations on investments abroad	(1)	2	2	(15)
<b>Amounts that will not subsequently be reclassified to results</b>	<b>3</b>	<b>(19)</b>	<b>-</b>	<b>(1)</b>
<b>Interest in associates and jointly controlled entities, net of tax</b>	<b>3</b>	<b>(19)</b>	<b>-</b>	<b>(1)</b>
Remeasurement of post-employment benefit obligations	3	(19)	-	(1)
<b>Total comprehensive income</b>	<b>2,686</b>	<b>6,917</b>	<b>2,150</b>	<b>5,946</b>
Comprehensive income attributable to owners of the parent-company	2,633	6,853	2,131	5,946
Comprehensive income attributable to non-controlling interests	53	64	19	-

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

**ITAÚSA- INVESTIMENTOS ITAÚ S.A.**  
**Consolidated Statement of Cash Flow**

(In millions of reais)

	Note	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
<b>Cash flow from operating activities</b>					
<b>Adjusted net income</b>		<b>309</b>	<b>581</b>	<b>249</b>	<b>461</b>
Net income		2,403	6,525	2,133	6,313
Adjustments to net income:		(2,094)	(5,944)	(1,884)	(5,852)
Share of income in associates and joint ventures	10 IIa	(2,286)	(6,720)	(2,090)	(6,456)
Deferred income tax and social contribution		(144)	(196)	(120)	(303)
Contingent liabilities	17b	51	173	50	126
Interest, foreign exchange and monetary variations, net		116	370	128	356
Depreciation, amortization and depletion		152	442	157	441
Change in fair value of biological assets	13c	(40)	(121)	(39)	(115)
Allowance for loan losses	7	3	11	5	15
Other		54	97	25	84
<b>Changes in assets and liabilities</b>		<b>394</b>	<b>213</b>	<b>(65)</b>	<b>115</b>
(Increase) decrease in financial assets		439	211	(5)	(18)
(Increase) decrease in trade accounts receivable		(86)	(153)	13	44
(Increase) decrease in inventory		63	(6)	4	21
Decrease in tax assets		34	370	8	178
(Increase) decrease in other assets		(218)	(33)	440	523
Increase (decrease) in tax liabilities		(29)	(265)	13	(37)
Increase (decrease) in other liabilities		191	89	(538)	(596)
<b>Others</b>		<b>(72)</b>	<b>(221)</b>	<b>(138)</b>	<b>(275)</b>
Payment of income tax and social contribution		(4)	(16)	(2)	(11)
Interest paid on loans and financing		(68)	(205)	(136)	(264)
<b>Net cash from operating activities</b>		<b>631</b>	<b>573</b>	<b>46</b>	<b>301</b>
<b>Cash flow from investment activities</b>					
Purchase of investments		(1,825)	(2,977)	(44)	(131)
Sale of investments		-	2	-	-
Interest on debentures receivable		9	21	-	-
Acquisition of fixed assets, intangibles and biological assets		(94)	(304)	(96)	(303)
Sale of fixed assets, intangibles and biological assets		-	53	-	-
Interest on capital and dividends received		985	3,826	845	2,726
Judgment debt of the government receivable		9	9	-	-
<b>Net cash (used) from investment activities</b>		<b>(916)</b>	<b>630</b>	<b>705</b>	<b>2,292</b>
<b>Cash flow from financing activities</b>					
Subscription of shares		-	68	-	20
Purchases of treasury shares	18b	-	(449)	(204)	(204)
Interest on capital and dividends paid		(631)	(3,078)	(628)	(2,789)
Loans and financing receivable		223	239	297	1,156
Payment of borrowing and financing		(141)	(521)	(133)	(478)
Issue of Debentures		-	1,200	-	-
Payment of debentures		-	-	(145)	(153)
Payment to the dissenting shareholders		-	-	-	(18)
<b>Net cash used in financing activities</b>		<b>(549)</b>	<b>(2,541)</b>	<b>(813)</b>	<b>(2,466)</b>
<b>Net decrease in cash and cash equivalents</b>					
Cash and cash equivalents at the beginning of the period	3	1,931	2,434	2,356	2,174
Effects of changes in exchange rates on cash and cash equivalents		(1)	-	1	(6)
Cash and cash equivalents at the end of the period	3	1,096	1,096	2,295	2,295

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

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**Consolidated Statement of Value Added**

(In millions of reais)

	07/01 to 09/30/2017	%	01/01 to 09/30/2017	%	07/01 to 09/30/2016	%	01/01 to 09/30/2016	%
<b>Income</b>	<b>1,689</b>		<b>4,657</b>		<b>1,504</b>		<b>4,411</b>	
Sales of products and services	1,619		4,531		1,457		4,356	
Allowance for doubtful accounts	(3)		(11)		(5)		(15)	
Other revenue	73		137		52		70	
<b>Inputs purchased from third parties</b>	<b>(1,075)</b>		<b>(3,036)</b>		<b>(939)</b>		<b>(2,838)</b>	
Cost of products and services	(869)		(2,508)		(782)		(2,326)	
Materials, energy and third-party services	(206)		(528)		(157)		(512)	
<b>Gross value added</b>	<b>614</b>		<b>1,621</b>		<b>565</b>		<b>1,573</b>	
Depreciation, amortization and depletion	(152)		(442)		(157)		(441)	
<b>Net value added produced by the company</b>	<b>462</b>		<b>1,179</b>		<b>408</b>		<b>1,132</b>	
<b>Value added received from transfer</b>	<b>2,462</b>		<b>7,158</b>		<b>2,197</b>		<b>6,770</b>	
Share of income in associates and joint ventures	2,286		6,720		2,090		6,456	
Financial income	114		316		102		295	
Other revenue	62		122		5		19	
<b>Total value added to be distributed</b>	<b>2,924</b>		<b>8,337</b>		<b>2,605</b>		<b>7,902</b>	
<b>Distribution of value added</b>	<b>2,924</b>	<b>100.00%</b>	<b>8,337</b>	<b>100.00%</b>	<b>2,605</b>	<b>100.00%</b>	<b>7,902</b>	<b>100.00%</b>
Personnel	214	7.32%	619	7.42%	202	7.75%	610	7.72%
Compensation	172		496		159		487	
Benefits	31		90		31		89	
FGTS – Government severance pay fund	11		32		11		33	
Other	-		1		1		1	
Taxes, fees and contributions	179	6.12%	767	9.20%	121	4.64%	559	7.07%
Federal	158		729		104		412	
State	14		24		14		137	
Municipal	7		14		3		10	
Return on third parties' assets	128	4.38%	426	5.11%	149	5.72%	420	5.32%
Interest	127		423		149		420	
Rental revenue	1		3		-		-	
Return on own assets	2,403	82.18%	6,525	78.27%	2,133	81.89%	6,313	79.89%
Dividends and interest on capital paid/provided for	637		1,746		572		1,706	
Retained earnings for the period	1,713		4,715		1,542		4,607	
Non-controlling interests in retained earnings	53		64		19		-	

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

## ITAÚSA - INVESTIMENTOS ITAÚ S.A.

## Individual Balance Sheet

(In millions of reais)

ASSETS	NOTE	09/30/2017	12/31/2016
Cash and cash equivalents		77	666
Financial assets held for trading		76	310
Available-for-sale financial assets	5	931	-
Held-to-maturity financial assets	6	445	-
Other financial assets		445	1,040
Dividends and interest on capital		409	1,006
Escrow deposits as guarantees of contingencies		36	34
Investments in subsidiaries, associates and joint ventures	10 lc	52,311	47,138
Fixed assets, net		86	85
Intangible assets, net		460	460
Tax assets		952	1,168
Income tax and social contribution - current		117	483
Income tax and social contribution - deferred		833	683
Other		2	2
Other assets		5	6
<b>TOTAL ASSETS</b>		<b>55,788</b>	<b>50,873</b>

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	09/30/2017	12/31/2016
<b>Liabilities</b>			
Dividends and interest on capital		1,049	2,028
Loans and financing		501	-
Debentures	16	1,242	-
Provision		1,044	821
Tax liabilities		40	290
Income tax and social contribution - deferred		5	4
Other		35	286
Other liabilities		250	5
<b>Total Liabilities</b>		<b>4,126</b>	<b>3,144</b>
<b>Stockholders' Equity</b>			
Capital	18a	37,145	36,405
Treasury shares	18b	-	(204)
Reserves	18d	15,674	13,077
Carrying value adjustments		(1,157)	(1,549)
<b>Total Stockholders' Equity</b>		<b>51,662</b>	<b>47,729</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>55,788</b>	<b>50,873</b>

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

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**

**Individual Statement of Income**

(In millions of reais, except per share information)

	NOTE	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
Financial results		(5)	-	15	51
Other (losses)/gains, net		61	122	9	16
General and administrative expenses		(19)	(42)	(10)	(30)
Tax expenses		(45)	(303)	(39)	(200)
Share of income in subsidiaries, associates and joint ventures	10   c	2,319	6,761	2,094	6,409
<b>Income before income tax and social contribution</b>		<b>2,311</b>	<b>6,538</b>	<b>2,069</b>	<b>6,246</b>
Current income tax and social contribution		(85)	(226)	(63)	(137)
Deferred income tax and social contribution		124	149	108	204
<b>Net income</b>		<b>2,350</b>	<b>6,461</b>	<b>2,114</b>	<b>6,313</b>
<b>Earnings per share - basic and diluted</b>	24				
Common		0.31	0.87	0.29	0.85
Preferred		0.31	0.87	0.29	0.85
<b>Weighted average number of shares outstanding – basic and diluted</b>					
Common		2,823,483,724	2,825,648,563	2,828,112,054	2,845,991,387
Preferred		4,650,146,149	4,616,826,336	4,575,176,570	4,575,176,570

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

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**

**Individual Statement of Comprehensive Income**

(In millions of reais)

	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
<b>Net income</b>	<b>2,350</b>	<b>6,461</b>	<b>2,114</b>	<b>6,313</b>
<b>Other comprehensive income</b>	<b>283</b>	<b>392</b>	<b>17</b>	<b>(367)</b>
<b>Amounts that will subsequently be reclassified to results</b>	<b>280</b>	<b>411</b>	<b>17</b>	<b>(366)</b>
<b>Interest in associates and jointly controlled entities, net of tax</b>	<b>281</b>	<b>409</b>	<b>15</b>	<b>(351)</b>
Available-for-sale financial assets, hedges and foreign exchange variations on investments abroad	281	409	15	(351)
<b>Interest in subsidiaries, net of tax</b>	<b>(1)</b>	<b>2</b>	<b>2</b>	<b>(15)</b>
Foreign exchange variation on investments abroad	(1)	2	2	(15)
<b>Amounts that will not be subsequently reclassified to results</b>	<b>3</b>	<b>(19)</b>	<b>-</b>	<b>(1)</b>
<b>Interests in associates and jointly controlled entities, net of tax</b>	<b>3</b>	<b>(19)</b>	<b>-</b>	<b>(1)</b>
Remeasurement of post-employment benefit obligations	3	(19)	-	(1)
<b>Total comprehensive income</b>	<b>2,633</b>	<b>6,853</b>	<b>2,131</b>	<b>5,946</b>

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.  
Statement of Changes in Stockholders' Equity (Note 18)  
(In millions of reais)

	Attributable to owners of the parent company						Total stockholders' equity			
	Capital	Treasury shares	Appropriated reserves / Capital and revenue	Unappropriated reserves	Proposal for distribution of additional dividends	Retained earnings / (accumulated deficit)	Carrying value adjustments	Owners of the parent company	Non-controlling interests	Total
<b>Balance at 01/01/2016</b>	32,325	(33)	7,233	5,390	718	-	(786)	44,847	3,024	47,871
Transactions with owners	4,080	(171)	(4,113)	-	(718)	(1,706)	-	(2,628)	(63)	(2,691)
Treasury shares	-	(204)	-	-	-	-	-	(204)	-	(204)
Cancellation of treasury stock	-	33	(33)	-	-	-	-	-	-	-
Increase in capital with reserves	4,080	-	(4,080)	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	(63)	(63)
Dividends and interest on capital	-	-	-	-	-	(1,706)	-	(1,706)	-	(1,706)
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(718)	-	-	(718)	-	(718)
Transactions with subsidiaries and jointly controlled companies	-	-	(232)	-	-	-	-	(232)	-	(232)
Paid-in reserves	-	-	5,390	(5,390)	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	6,313	(367)	5,946	-	5,946
Net income	-	-	-	-	-	6,313	-	6,313	-	6,313
Other comprehensive income	-	-	-	-	-	-	(367)	(367)	-	(367)
Appropriations:										
Legal reserve	-	-	316	-	-	(316)	-	-	-	-
Unappropriated-reserves	-	-	-	4,291	-	(4,291)	-	-	-	-
<b>Balance at 09/30/2016</b>	36,405	(204)	8,594	4,291	-	-	(1,153)	47,933	2,961	50,894
<b>Change in the period</b>	4,080	(171)	1,361	(1,099)	(718)	-	(367)	3,086	(63)	3,023
<b>Balance at 01/01/2017</b>	36,405	(204)	8,350	3,485	1,242	-	(1,549)	47,729	2,950	50,679
Transactions with owners	740	204	(652)	-	(1,242)	(1,746)	-	(2,696)	(34)	(2,730)
Subscription of shares	740	-	-	-	-	-	-	740	-	740
Goodwill on issue of shares	-	-	1	-	-	-	-	1	-	1
Treasury shares	-	(449)	-	-	-	-	-	(449)	-	(449)
Cancellation of treasury stock	-	653	(653)	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	(34)	(34)
Dividends and interest on capital	-	-	-	-	-	(1,746)	-	(1,746)	-	(1,746)
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(1,242)	-	-	(1,242)	-	(1,242)
Transactions with subsidiaries and jointly controlled companies	-	-	(224)	-	-	-	-	(224)	-	(224)
Paid-in reserves	-	-	3,485	(3,485)	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	6,461	392	6,853	64	6,917
Net income	-	-	-	-	-	6,461	-	6,461	64	6,525
Other comprehensive income	-	-	-	-	-	-	392	392	-	392
Appropriations:										
Legal reserve	-	-	323	-	-	(323)	-	-	-	-
Unappropriated-reserves	-	-	-	4,392	-	(4,392)	-	-	-	-
<b>Balance at 09/30/2017</b>	37,145	-	11,282	4,392	-	-	(1,157)	51,662	2,980	54,642
<b>Change in the period</b>	740	204	2,932	907	(1,242)	-	392	3,933	30	3,963

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

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**Individual Statement of Cash Flows**  
*(In millions of reais)*

	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
<b>Cash flow from operating activities</b>				
<b>Adjusted net income</b>	<b>2</b>	<b>(192)</b>	<b>(30)</b>	<b>(156)</b>
Net income	2,350	6,461	2,114	6,313
Adjustments to net income:	(2,348)	(6,653)	(2,144)	(6,469)
Share of income in subsidiaries, associates and joint ventures	(2,319)	(6,761)	(2,094)	(6,409)
Deferred income tax and social contribution	(124)	(149)	(108)	(204)
Contingent liabilities	57	166	45	105
Interest and monetary variations, net	38	89	12	37
Depreciation and amortization	-	2	1	2
<b>Changes in assets and liabilities</b>	<b>455</b>	<b>441</b>	<b>44</b>	<b>190</b>
(Increase) decrease in financial assets	439	211	(6)	(18)
(Increase) decrease in tax assets	34	366	(25)	29
Decrease in other assets	104	341	138	314
Increase (decrease) in tax liabilities	(47)	(251)	11	39
Decrease in provision and other liabilities	(75)	(226)	(74)	(174)
<b>Other</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>-</b>
Interest paid on loans and financing	-	(2)	-	-
<b>Net cash from operating activities</b>	<b>457</b>	<b>247</b>	<b>14</b>	<b>34</b>
<b>Cash flow from investment activities</b>				
Capital increase in subsidiary	-	-	-	(1)
Acquisition of investments	(1,775)	(2,927)	-	-
Sale of investments	-	2	-	-
Purchases of fixed assets and intangible	(2)	(4)	-	(4)
Interest on debentures receivable	9	21	-	-
Interest on capital and dividends received	986	3,829	845	2,746
<b>Net cash used (from) in investing activities</b>	<b>(782)</b>	<b>921</b>	<b>845</b>	<b>2,741</b>
<b>Cash flow from financing activities</b>				
Advance for future capital increase	-	68	-	-
Loan operations	299	498	-	-
Settlement - Loan operations	-	(200)	-	-
Issue of debentures	-	1,200	-	-
Loans and financing receivable	200	200	-	-
Purchases of treasury shares	-	(449)	(204)	(204)
Interest on capital and dividends paid	(631)	(3,074)	(628)	(2,703)
<b>Net cash used in financing activities</b>	<b>(132)</b>	<b>(1,757)</b>	<b>(832)</b>	<b>(2,907)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(457)</b>	<b>(589)</b>	<b>27</b>	<b>(132)</b>
Cash and cash equivalents at the beginning of the period	534	666	643	802
Cash and cash equivalents at the end of the period	77	77	670	670

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

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**Individual Statement of Value Added**

(In millions of reais)

	07/01 to 09/30/2017	%	01/01 to 09/30/2017	%	07/01 to 09/30/2016	%	01/01 to 09/30/2016	%
<b>Inputs purchased from third parties</b>	<b>(21)</b>		<b>(42)</b>		<b>(6)</b>		<b>(22)</b>	
Third-party services	(13)		(31)		(5)		(13)	
Other	(8)		(11)		(1)		(9)	
Agreement for apportionment of shared costs	-		-		-		(3)	
Other	(8)		(11)		(1)		(6)	
<b>Gross value added</b>	<b>(21)</b>		<b>(42)</b>		<b>(6)</b>		<b>(22)</b>	
Depreciation and amortization	-		(2)		(1)		(2)	
<b>Net added value produced by the company</b>	<b>(21)</b>		<b>(44)</b>		<b>(7)</b>		<b>(24)</b>	
<b>Added value received through transfers</b>	<b>2,422</b>		<b>7,002</b>		<b>2,138</b>		<b>6,536</b>	
Share of income in subsidiaries, associates and joint ventures	2,319		6,761		2,094		6,409	
Financial income	40		117		35		111	
Other income	63		124		9		16	
<b>Total value added to be distributed</b>	<b>2,401</b>		<b>6,958</b>		<b>2,131</b>		<b>6,512</b>	
<b>Distribution of value added</b>	<b>2,401</b>	<b>100.00%</b>	<b>6,958</b>	<b>100.00%</b>	<b>2,131</b>	<b>100.00%</b>	<b>6,512</b>	<b>100.00%</b>
Personnel - compensation	1	0.04%	5	0.07%	2	0.09%	5	0.08%
Taxes, fees and contributions - federal	10	0.42%	385	5.53%	(5)	-0.23%	134	2.06%
Return on third parties' assets - interest	40	1.67%	107	1.54%	20	0.94%	60	0.92%
Return on own assets	2,350	97.87%	6,461	92.86%	2,114	99.20%	6,313	96.94%
Dividends and interest on capital	637		1,746		572		1,706	
Retained earnings for the period	1,713		4,715		1,542		4,607	

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



**ITAÚSA – INVESTIMENTOS ITAÚ S.A**  
**Notes to the Financial Statements**  
**at September 30, 2017**

*(In millions of Reais, except as otherwise disclosed)*

**NOTE 1 – OVERVIEW**

Itaúsa – Investimentos Itaú S.A. (“ITAÚSA”) is a publicly held company, organized and existing under the laws of Brazil, and is located at Praça Alfredo Egydio de Souza Aranha, No. 100, Jabaquara, Torre Olavo Setubal, in the city of São Paulo, SP, Brazil.

ITAÚSA has as its main objective supporting the companies in which it holds equity interests, through studies, analyses and suggestions regarding operating policy; projects for the expansion of the companies mentioned; obtaining resources to meet the related additional needs for risk capital through the subscription or acquisition of securities issued, to strengthen their position in the capital market and carry out related activities or subsidiaries of interest to the companies mentioned, except for those restricted to financial institutions.

Through its controlled and joint-controlled companies and other investments, ITAÚSA operates in the following markets: financial services (Itaú Unibanco Holding), wood panels, bathroom porcelains, bathroom fixtures and electronic showers (Duratex), footwear, apparel and sports products (Alpargatas), gas transportation (Nova Transporte do Sudeste – NTS), information technology (Itautec), and chemical products (Elekeiroz) – as shown in Note 27 “Segment Information”.

ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family which holds 63.26% of the common shares and 16.97% of the preferred shares, making 34.45% of the total.

The Fiscal Council is the body responsible for overseeing the preparation of ITAÚSA’s Individual and Consolidated Financial Statements.

These interim individual and consolidated financial statements were approved by the ITAÚSA Board of Directors on November 6, 2017.

## NOTE 2 – ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these individual and consolidated financial statements are set out below.

### 2.1 BASIS OF PREPARATION

#### Consolidated financial statements

The consolidated financial statements of Itaúsa and its subsidiaries (ITAÚSA CONSOLIDATED) were prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (“CPC”), as well as the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), and contain all the information relevant to the financial statements, which is consistent with that used by board in its management.

#### Individual financial statements

The individual financial statements of the parent were prepared in accordance with the Brazilian accounting practices issued by the CPC and are published together with the consolidated financial statements and contain all the information relevant to the financial statements, which is consistent with that used by board in its management.

The preparation of financial statements requires the Company’s management (“Management”) to use certain critical accounting estimates and to exercise judgment in the process of applying the accounting policies of ITAÚSA and its subsidiaries. The areas that require a higher degree of judgment and have greater complexity, as well as those in which assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.3.

The presentation of the individual and consolidated statements of value added is required by Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to publicly held companies, while IFRS does not require the presentation of such statements. As a consequence, under IFRS, the statement of value added is presented as supplementary information, without prejudice to the set of financial statements.

All references to the pronouncements of the CPC should also be understood as references to the corresponding IFRS pronouncements, and vice versa, and it should be noted that, in general, the early adoption of revisions or new IFRS is not possible in Brazil.

### 2.2 NEW PRONOUNCEMENTS, CHANGES TO AND INTERPRETATIONS OF EXISTING PRONOUNCEMENTS

#### a) Amendments to accounting pronouncements applicable to period ended September 30, 2017

- There were no amendments to accounting pronouncements applicable for the period ended September 30, 2017

#### b) Accounting pronouncements recently issued and applicable to future periods

The following pronouncements will be applicable for periods after the date of these consolidated financial statements and have not been adopted early:

- IFRS 9 – Financial Instruments – this standard is aimed at replacing IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 applies to financial instruments and will be adopted retrospectively at its effective date on January 1, 2018. This new standard is structured to cover the pillars (I) classification and measurement of financial assets; (II) impairment, and (III) hedge accounting. Among a number of amendments, we believe that the items below may have the most significant impacts:
  - Classification and measurement of financial assets: the classification of financial assets should depend on two criteria: the entity’s business model for managing its financial assets and the characteristics of the contractual cash flow of financial assets;
  - Impairment: The new standard introduced the expected loss approach and classification into three phases;
  - Hedge accounting: The hedge accounting requirements are directly related to risk management and should be applied on a prospective basis.

IFRS 9 is in process of implementation by Itaúsa and its subsidiaries and joint ventures, and an evaluation of the possible impacts resulting from the adoption of this standard has been conducted and will be completed through its effective date. It should be noted that the adoption of the expected loss in relation to the incurred loss approach is likely to require an increase in the allowance for loan and lease losses, since the recognition of losses will be anticipated.

- IFRS 15 – Revenue from Contracts with Customers– This pronouncement replaces IAS 18 and IAS 11, as well as the interpretations related thereto (IFRICs 13, 15 and 18). It requires that revenue is recognized in a way that shows the transfer of assets or services to the customer for an amount that reflects the company's expectation of having in consideration the rights to these assets or services. This standard is effective for annual periods beginning on January 1, 2018. No material impacts arising from the adoption of this standard has been identified for the financial statements of ITAÚSA.
- Amendments to IFRS 10 – “Consolidated Financial Statements” and IAS 28 – “Investments in Associates and Joint Ventures”. These amendments relate to an inconsistency between the requirements of IFRS 10 and IAS 28 (2011) regarding the sale or contribution of assets between an investor and its associates or joint ventures. The effective date has not been defined by the IASB yet. No material impacts arising from this change on the financial statements of the ITAÚSA were identified.
- IFRS 16 – “Leases” – The pronouncement replaces IAS 17 - Leases, and related interpretations (IFRIC 4, SIC 15 and SIC 27). It eliminates the accounting for operating lease agreements for the lessee, presenting only one lease model, that consists of: (a) recognizing leases which terms exceeds 12 months and with substantial amounts; (b) initially recognizing lease in assets and liabilities at present value; and (c) recognizing depreciation and interest from lease separately in the result. For the lessor, accounting will continue to be segregated between operating and financial lease. Effective for annual periods beginning on January 1, 2019. Possible impacts arising from the adoption of this standard are being assessed and will be completed by the date this standard is effective.

There are no other IFRS standards or IFRIC interpretations that have not yet come into force and that could have a significant impact on the ITAÚSA and its subsidiaries.

### 2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the individual and consolidated financial statements in compliance with the CPCs requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue, expenses, gains and losses over the reporting and subsequent periods, because actual results may differ from those determined in accordance with these estimates and assumptions.

All estimates and assumptions made by Management are in compliance with the CPCs and represent the current best estimates made in compliance with the applicable rules. Estimates and judgments are evaluated on an ongoing basis, considering past experience and other factors.

The financial statements reflect a variety of estimates and assumptions. The critical accounting estimates and assumptions that have the most significant impact on the carrying amounts of assets and liabilities are described below:

#### a) Deferred income tax and social contribution

As explained in Note 2.4m, deferred tax assets are recognized only in relation to temporary differences and losses carried-forward to the extent that it is probable that ITAÚSA and its subsidiaries will generate future taxable profits for their utilization. The expected realization of the deferred tax assets of ITAÚSA and its subsidiaries is based on the projection of future income and other technical studies, as disclosed in Note 14. The carrying amount of deferred tax assets was R\$ 1,108 at September 30, 2017 (R\$ 961 at December 31, 2016).

#### b) Fair value of financial instruments, including derivatives

The fair value of financial instruments, including derivatives, is determined using valuation techniques. This calculation is based on assumptions that take into consideration Management's judgment regarding market information and conditions existing as at the balance sheet date.

ITAÚSA and its subsidiaries rank the fair value measurements using a fair value hierarchy that reflects the significance and observable nature of inputs adopted as part of the measurement process. There are three broad levels related to the fair value hierarchy, detailed in Note 29.

ITAÚSA and its subsidiaries believe that all of the methodologies they have adopted are appropriate and consistent with those used by other market participants. Regardless of this fact, the adoption of other methodologies or the use of different assumptions to estimate fair values may result in different fair value estimates.

The methodologies used to estimate the fair value of certain financial instruments are also described in Note 29.

### **c) Provisions, contingent assets and liabilities**

ITAÚSA and its subsidiaries periodically review their contingencies. These contingencies are evaluated based on Management's best estimates, taking into account the opinion of legal counsel, when there is a likelihood that financial resources will be required to settle the obligations and the amounts may be reasonably estimated.

Contingencies classified as probable losses are recognized in the balance sheet under "Provision."

Contingent amounts are measured using appropriate models and criteria, despite uncertainty surrounding the ultimate timing and amounts, as detailed in Note 17.

The carrying amount of these contingencies at September 30, 2017 was R\$ 1,240 (R\$ 1,041 at December 31, 2016).

### **d) Risk of variations in the fair value of biological assets**

ITAÚSA and its subsidiaries use several estimates to value their forestry reserves, in accordance with the methodology established by CPC 29/IAS 41 – "Agriculture". These estimates are based on market references, and are subject to changes that could impact on the consolidated financial information. Specifically, a 5% reduction in standing wood prices would result in a reduction in the fair value of biological assets to R\$ 52, net of tax effects. If the discount rate used were increased by 0.5%, this would result in a reduction in the fair value of biological assets of about R\$ 9, net of tax effects.

The methodologies used to estimate the fair value of biological assets are also described in Note 13.

### **e) Benefits of pension plans**

The current value of assets related to pension plans depends on a number of factors that are determined based on actuarial calculations, which use several assumptions (Note 26b). Among the assumptions adopted to calculate these amounts are assumptions regarding the discount rate and the current market conditions. Any changes in these assumptions will affect the corresponding book values.

### **f) Estimated impairment of goodwill**

ITAÚSA and its subsidiaries test goodwill on an annual basis or if there is an indication that the goodwill may be impaired, in compliance with the accounting policy presented in Note 2.4j. The balance could be impacted on by changes in the economic or market scenario.

## **2.4 SUMMARY OF MAIN ACCOUNTING PRACTICES**

### **a) Consolidation and equity method**

#### **I. Subsidiaries**

In compliance with CPC 36 / IAS 27 – "Consolidated Financial Statements", subsidiaries are entities over which ITAÚSA holds control. ITAÚSA controls an entity when it is exposed to, or is entitled to, variable returns arising from its involvement with that entity and it is capable of influencing these returns.

The table below shows the fully consolidated subsidiaries and joint ventures that are accounted for under the equity method.

	Incorporation country	Activity	Interest in capital at 09/30/2017	Interest in capital at 12/31/2016
<b>Joint ventures</b>				
Itaú Unibanco Holding S.A.	Brazil	Holding company/Financial institution	37.41%	37.36%
IUPAR - Itaú Unibanco Participações S.A.	Brazil	Holding company	66.53%	66.53%
Alpargatas S.A.	Brazil	Footwear, apparel and sports items	27.55%	-
<b>Full consolidation</b>				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	36.41%	35.53%
Elekeiroz S.A.	Brazil	Chemical products	96.60%	96.60%
Itaúsa Empreendimentos S.A.	Brazil	Service	100.00%	100.00%
Itautec S.A.	Brazil	Information technology	98.93%	97.80%
ITH Zux Cayman Ltd.	Cayman Islands	Holding	100.00%	100.00%
RT Diamond Multimercado Crédito Privado Fundo de Investimento	Brazil	Exclusive investment fund	100.00%	100.00%

## II. Business combinations

Accounting for business combinations under CPC 15 / IFRS 3 – “Business Combinations” is applicable when a business is acquired. Under CPC 15 / IFRS 3, a business is defined as an integrated set of activities and assets that is conducted and managed for the purpose of providing a return to investors, or cost reduction or other economic benefits. In general, a business consists of an integrated set of activities and assets that may be conducted and managed so as to provide a direct return, as dividends, lower costs or other economic benefits, to investors or other stockholders, members or participants. If there is goodwill inherent in a set of activities or transferred assets, this is presumed to be a business. For acquisitions that meet the definition of businesses, accounting under the acquisitions method is required.

The acquisition cost is measured at the fair value of the assets delivered, equity instruments issued and liabilities incurred or assumed at the exchange date, plus costs directly attributable to the acquisition. Acquired assets and assumed liabilities and contingent liabilities identifiable in a business combination are initially measured at their fair value at the acquisition date, regardless of the existence of non-controlling interests. The excess of the acquisition cost over the fair value of identifiable net assets acquired is accounted for as goodwill.

The treatment of goodwill is described in Note 2.4 j. If the acquisition cost is lower than the fair value of the identifiable net assets acquired, the difference is recognized directly in income.

For each business combination, the acquirer should measure any non-controlling interest in the acquired company at the fair value or at an amount proportional to its interest in net assets of the acquired company.

## III. Transactions with non-controlling interests

CPC 36 / IAS 27 – “Consolidated Financial Statements” establishes that changes in ownership interests in a subsidiary, that do not result in a change of control are accounted for as capital transactions and any difference between the amount paid and the carrying value of the stake held by non-controlling stockholders is recognized directly in consolidated stockholders' equity.

### b) FOREIGN CURRENCY TRANSLATION

#### I. Functional and presentation currency

The consolidated financial statements of ITAÚSA and its subsidiaries are presented in Brazilian reais. The real is the functional currency of ITAÚSA and its subsidiaries, and the presentation currency of these consolidated financial statements. For each investment held, ITAÚSA and its subsidiaries have defined the functional currency, according to CPC 02 / IAS 21 – “The Effects of Changes in Foreign Exchange Rates and the Translation of Financial statements”.

The assets and liabilities of subsidiaries with a functional currency other than the Brazilian real are translated as follows:

- Assets and liabilities are translated at the closing rate at the balance sheet date;
- Income and expenses are translated at monthly average exchange rates;
- Exchange differences arising from translation are recorded in “Cumulative comprehensive income”.

## II. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statement of Income under "financial result".

For financial assets classified as available for sale, the exchange differences resulting from a change in the amortized cost of the instrument are recognized in the income statement, while those resulting from other changes in the carrying amount, except impairment losses, are recognized in Other comprehensive income until derecognition or impairment.

### c) CASH AND CASH EQUIVALENTS

ITAÚSA and its subsidiaries defines "cash and cash equivalents" as cash and current accounts in banks (included under the heading "Cash and deposits on demand"), securities and financial assets that have original maturities equal to or less than 90 days, as shown in Note 3.

### d) FINANCIAL ASSETS

#### I. Classification

ITAÚSA and its subsidiaries classifies its financial assets, upon initial recognition, depending on the purpose for which they are acquired. The classifications used are: designated at fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale financial assets.

#### (a) Financial assets designated at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading.

A financial asset is classified in this category if it is acquired particularly to be sold in the short term. Assets in this category are classified as current assets.

#### (b) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that an entity has the positive intention and ability to hold to maturity, other than those that the entity designates upon initial recognition as being at fair value through profit or loss.

#### (c) Loans and receivables

These are non-derivative financial assets that are not quoted in an active market and that have either fixed or determinable payments. Financial assets recognized by ITAÚSA and its subsidiaries in this category of financial instruments are mainly: cash and cash equivalents, trade accounts receivable and securities.

#### (d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets, which are designated in this category or which are not classified in any of the previous categories.

#### I. Recognition and measurement

Purchases and sales of financial assets are usually recognized as at the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not classified at fair value through profit or loss. Financial assets are written off when the rights to receive cash flow have expired or have been transferred, in the latter case provided that ITAÚSA and its subsidiaries have substantially transferred all of the risks and benefits of the property. The available-for-sale financial assets are subsequently accounted for at fair value. Loans and receivables are accounted for at amortized cost, based on the effective interest rate method.

Exchange variations on non-monetary financial assets and liabilities, such as investments in shares classified as available for sale, are recognized in the "Other comprehensive income" account, under stockholders' equity.

When securities classified as available for sale are sold or impaired, accumulated adjustments to the fair value recognized in equity are included in the statement of income as "Financial Result".

Dividends from available-for-sale financial assets, such as investments in shares, are recognized in the statement of income as part of other revenue, when ITAÚSA and its subsidiaries right to receive dividends has been established.

The fair values of investments with public quotations are based on current purchase prices. If the market for a financial asset (and securities not listed on a stock exchange) is not active, ITAÚSA and its subsidiaries establish the fair value based on valuation techniques. These techniques include the use of transactions recently carried out with third parties, reference to other instruments that are substantially similar, discounted cash flow analysis and option pricing models that make the greatest possible use of information generated by the market and that rely to the least extent possible on information generated by the company's Management itself.

## II. Offsetting of financial instruments

Financial assets and liabilities are offset against each other and the net amount is reported in the balance sheet solely when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them or to realize the asset and simultaneously settle the liability.

## III. Impairment of financial assets

### (i) Assets measured at amortized cost

ITAÚSA and its subsidiaries assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of assets (a "loss event") and that loss event (or events) impact(s) on the estimated future cash flow of a financial asset or group of financial assets that may be reliably estimated.

The criteria adopted by ITAÚSA to determine whether there is objective evidence of impairment loss include:

- (i) Significant financial difficulty of the issuer or debtor;
- (ii) A breach of contract, such as default or late payment of interest or principal;
- (iii) Granting by the group, for economic or legal reasons related to the debtor's financial difficulty, of concessions to a borrower that a creditor would not usually consider;
- (iv) Probability that the debtor will file for bankruptcy or other financial reorganization;
- (v) The disappearance of an active market for that financial asset due to financial difficulties; or
- (vi) Indications from observable data that there is a measurable reduction in estimated future cash flow based on a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - Adverse changes in the payment condition of the debtors in the portfolio;
  - National or local economic conditions that are correlated with default on the assets in the portfolio.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the financial assets. The book value of the asset is reduced and the loss amount is recognized in the statement of income. If an account receivable or an investment held to maturity has a variable interest rate, the discount rate used to measure an impairment loss is the effective interest rate established in accordance with the agreement. In practice, ITAÚSA and its subsidiaries may measure impairment based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the impairment loss amount decreases and the reduction is objectively related to an event that has taken place after the impairment is recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized loss will be recognized in the statement of income.

### (ii) Assets classified as available-for-sale

ITAÚSA and its subsidiaries assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. For debt bonds, Itaúsa and its subsidiaries adopt the criteria mentioned in (I) above.

For investments in securities classified as available-for-sale, a significant or long-lasting decrease in the fair value of the security below its cost is evidence that the asset is impaired. Should there be any evidence of this type for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognized in income (loss) – will be excluded from equity and recognized in the income statement.

If, in a subsequent period, the impairment loss amount decreases and the reduction is objectively related to an event that has taken place after the impairment is recognized, the reversal of this loss will be recognized in the income statement.

#### **e) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

Derivatives are initially recognized at fair value on the date when the derivative agreement is entered into, and are subsequently remeasured at fair value through the results.

Derivatives are contracted as a form of financial risk management, and the ITAÚSA policy is not to enter into leveraged derivative transactions.

Although the Company does not have a hedge accounting policy, it has designated certain debts at fair value through profit or loss, because of the existence of derivative financial assets directly related to loans, as a means of avoiding the recognition of gains and losses in different periods.

#### **f) TRADE ACCOUNTS RECEIVABLE**

Trade accounts receivable are recorded and maintained at the nominal value of the amounts obtained on sales of products, plus exchange variations, where applicable. Trade accounts receivable substantially relate to short-term operations and are, therefore, not discounted to present value as no significant adjustment would arise therefrom. The provision for doubtful receivables (allowance for doubtful accounts or impairment) is constituted based on the analysis of risks regarding the realization of the credits receivable, in amounts considered sufficient by management to cover potential losses on the realization of these assets.

Recoveries of written-off items are credited to "Other operating income", in the statement of income.

#### **g) INVENTORY**

Inventories are stated at the average cost of purchase or production, lower than replacement cost or net realizable value, whichever is lower. Imports in transit are stated at the cost of each import.

The cost of finished goods and products in progress comprises raw materials, direct labor, and other direct costs, and the respective direct production costs (based on normal capacity).

The net realizable value is the selling price estimated in the ordinary course of business, less the estimated selling completion and disposal costs.

#### **h) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

##### **I. Associates**

In conformity with CPC 18 / IAS 28 – Investments in Associates and Joint Ventures, associates are companies in which the investor has a significant influence but does not hold control. Investments in these companies are initially recognized at cost of acquisition and subsequently accounted for using the equity method. Investments in associates and joint ventures include the goodwill identified upon acquisition, net of any cumulative impairment loss.

##### **II. Joint ventures**

In accordance with CPC 19 / IAS 31 – "Investments in Joint Businesses", investments in joint businesses are classified as joint operations or joint ventures.

The classification depends on the contractual rights and obligations held by each investor, rather than the legal structure of the joint business.



The share of ITAÚSA and its subsidiaries, in the profits or losses of their unconsolidated companies after acquisition is recognized in the consolidated statement of income. The share of changes in the reserves of corresponding stockholders' equity of their unconsolidated companies is recognized in their own reserves in stockholders' equity. The cumulative changes after acquisition are adjusted against the carrying amount of the investment. When the share of ITAÚSA and its subsidiaries in the losses of an unconsolidated company is equal to or above their interest in the unconsolidated company, including any other receivables, ITAÚSA and its subsidiaries do not recognize additional losses, unless they have incurred any obligations or made payments on behalf of the unconsolidated company.

Unrealized gains on transactions between ITAÚSA and its subsidiaries and its unconsolidated companies are eliminated to the extent of the interest of ITAÚSA and its subsidiaries. Unrealized losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of unconsolidated companies have been changed, when necessary, to ensure consistency with the policies adopted by ITAÚSA and its subsidiaries.

If the interest in the unconsolidated company decreases, but ITAÚSA and its subsidiaries retains significant influence, only the proportional amount of the previously recognized amounts in "Other comprehensive income" is reclassified in joint control income, when appropriate.

Gains and losses from dilution arising from investments in unconsolidated companies are recognized in the consolidated statement of income under "Share of income in associates and joint ventures".

#### **i) FIXED ASSETS**

In accordance with CPC 27 / IAS 16 – "Property, Plant and Equipment", fixed assets are recognized at cost of acquisition less accumulated depreciation, which is calculated using the straight-line method and rates based on the estimated useful lives of these assets. These rates are presented in Note 11.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of each year.

ITAÚSA and its subsidiaries review their assets in order to identify whether any indication of impairment exists. If such indications are identified, fixed assets are tested for impairment. In accordance with CPC 01 / IAS 36 – "Impairment of Assets", impairment losses are recognized at the amount for which the carrying amount of the asset (or group of assets) exceeds the recoverable amount, and they are recognized in the consolidated statement of income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which independent cash flow can be identified (cash-generating units.). The assessment can be made at an individual asset level when the fair value less cost to sell can be determined reliably.

Gains and losses on disposals of fixed assets are recognized in the consolidated statement of income under "Other (losses)/gains, net".

#### **j) GOODWILL**

In accordance with CPC 15 / IFRS 3 – "Business Combinations", goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets and liabilities of the entity acquired at the date of acquisition. Goodwill is not amortized, but its recoverable amount is tested for impairment annually or when there is any indication of impairment, using an approach that involves the identification of cash-generating units and estimates of fair value less cost to sell and/or value in use.

As defined in CPC 01 / IAS 36 – "Impairment of Assets", a cash-generating unit is the lowest identifiable group of assets that generates cash flow that is independent of the cash inflows from other assets or groups of assets. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination.

CPC 01 / IAS 36 determines that an impairment loss shall be recognized for a cash-generating unit if the recoverable amount of the cash-generating unit is less than its carrying amount. The loss shall be allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit on a pro rata basis applied to the carrying amount of each asset. The loss cannot reduce the carrying amount of an asset below the higher of its fair value less costs to sell or its value in use. The impairment losses on goodwill cannot be reversed.

The goodwill of unconsolidated companies is reported as part of the investments in the consolidated balance sheet under “Investments in associates and joint ventures”, and the impairment testing is carried out in relation to the total balance of the investments (including goodwill).

#### **k) INTANGIBLE ASSETS – OTHER INTANGIBLE ASSETS**

Intangible assets are non-physical assets, including software and other assets, and are initially recognized at cost. Intangible assets are recognized when they arise from legal or contractual rights, their costs can be reliably measured, and if, in the case of intangible assets not arising from separate acquisitions or business combinations, it is probable that future economic benefits will arise from their use. The balance of intangible assets relates to assets acquired or internally generated.

Intangible assets may have finite or indefinite useful lives. Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized, but are tested annually in order to identify any indication of impairment.

ITAÚSA and its subsidiaries assess their intangible assets annually in order to identify whether any indications of impairment exist, as well as the possible reversal of previous impairment losses. If any such indications are found, intangible assets are tested for impairment. In accordance with CPC 01 / IAS 36, impairment losses are recognized as the difference between the carrying and recoverable amount of an asset (or group of assets) in the consolidated statement of income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell or its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which cash flow can be separately identified (the cash-generating unit level). The assessment can be made at an individual asset level when the fair value less cost to sell can be determined reliably.

As provided for in CPC 4 / IAS 38 – “Intangible Assets”, ITAÚSA and its subsidiaries have chosen the cost model to measure their intangible assets after their initial recognition.

#### **l) BIOLOGICAL ASSETS**

Forest reserves are recognized at their fair value, less estimated costs to sell at harvest time, in accordance with Note 13. For immature plantations (up to one year of life), their cost is considered to be close to their fair value. Gains and losses arising from the recognition of a biological asset at its fair value, less costs to sell, are recognized in the statement of income. The depletion appropriated in the statement of income is formed by the portion of the formation cost and the portion related to the difference of the fair value.

Formation costs of these assets are recognized in income as incurred. The effects of the change in the fair value of the biological asset are stated at a separate account in the income statement.

#### **m) INCOME TAX AND SOCIAL CONTRIBUTION**

There are two components of the provision for income tax and social contribution: current and deferred.

The current income tax expense approximates the taxes to be paid or recovered for the applicable period. Current assets and liabilities are recorded in the balance sheet under “Tax assets – income tax and social contribution - current” and “Tax liabilities – income tax and social contribution - current”, respectively.

The deferred income tax and social contribution represent deferred tax assets and liabilities, and are based on the differences between the tax bases of assets and liabilities and the amounts reported in the financial statements at each year-end. Deferred tax assets, including those arising from tax losses, are only recognized when it is probable that future taxable income will be available for offsetting. Deferred tax assets and liabilities are recognized in the balance sheet under “Tax assets – income tax and social contribution – deferred” and “Tax liabilities – income tax and social contribution – deferred”, respectively.

Income tax and social contribution expenses are recognized in the consolidated statement of income under “Income tax and social contribution”, except when they relate to items directly recognized in “Cumulative comprehensive income”, such as: deferred tax on the fair value measurement of available-for-sale financial assets, and tax on cash flow hedges. Deferred taxes on such items are initially recognized in “Cumulative comprehensive income” and subsequently recognized in “Income” together with the recognition of the gain/loss originally deferred.

Changes in tax legislation and tax rates are recognized in the consolidated statement of income under “Income tax and social contribution” in the period in which they are enacted. Interest and fines are recognized in the consolidated statement of income under “General and administrative expenses”. Income tax and social contribution are calculated at the rates shown below, considering the respective taxable bases, based on the current legislation related to each tax, which, in the case of the operations in Brazil, are equal for all the reporting periods as follows:

Income tax	15%
Additional income tax	10%
Social contribution	9%

In order to determine the proper level of provision for taxes to be maintained for uncertain tax positions, a two-phase approach has been applied, according to which a tax benefit is recognized if it is more probable than not that a position can be sustained. The benefit amount is then measured as the highest tax benefit when its probability of realization is over 50%.

## n) EMPLOYEE BENEFITS

### Pension plans – defined contribution

The subsidiaries of ITAÚSA offer a defined contribution plan to all employees, managed by Fundação Itaúsa Industrial. The plan regulations provide for contributions by sponsors that range from 50% to 100% of the amount contributed by the employees. ITAÚSA and its subsidiaries have offered this defined contribution plan to their employees in the past, but this plan is being extinguished and no new participants can be enrolled.

Regarding the defined contribution plan, there is no additional payment obligation after the contribution is made. Contributions are recognized as expenses for employee benefits, when due. Contributions made in advance are recognized as an asset in the proportion in which these contributions cause an effective reduction in future payments.

## o) STOCK-BASED COMPENSATION

Stock-based compensation is accounted for in accordance with CPC 10 / IFRS 2 – “Share Based Payment”, which requires an entity to measure the value of equity instruments granted, based on their fair value as at the grant dates of the options. This cost is recognized during the vesting period of the right to exercise the instruments.

The total amount to be expensed is determined with reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (notably an employee remaining with the entity over a specified time period). The fulfillment of non-market vesting conditions is included among the assumptions regarding the number of options that are expected to be exercised. At the end of each period the entity revises its estimates regarding the number of options that are expected to be exercised based on non-market vesting conditions. It recognizes the impact of revision to the original estimates, if any, in the statement of income, with a corresponding adjustment to the stockholders’ equity.

When the options are exercised, the subsidiaries generally deliver treasury shares to the beneficiaries.

The fair value of stock options is estimated using option pricing models that take into account the exercise price of the option, the current stock price, the risk-free interest rate, the expected volatility of the stock price and the life-span of the option.

All stock-based compensation plans established by subsidiaries correspond to plans that can be settled exclusively through the delivery of shares – Note 19.

## p) LOANS AND FINANCING

Borrowing is initially recognized at its fair value when funds are received, net of transaction costs, and subsequently stated at amortized cost – that is, with the addition of charges and interest proportional to the period that has elapsed (calculated on a pro rata basis), using the effective interest rate method, except for borrowing that is hedged by derivative instruments, which is stated at fair value.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, i.e. an asset in respect of which a substantial period of time is required to prepare it for its intended use or sale, are capitalized as part of the cost of the asset when it is probable that these costs will result in future economic benefits to the entity that can be reliably measured. Other borrowing costs are recognized as expenses in the year in which they are incurred.

## q) CAPITAL AND TREASURY SHARES

### Capital

Common and preferred shares are classified in stockholders' equity. The additional costs directly attributable to the issue of new shares are included in stockholders' equity as a deduction from the amount raised, net of taxes.

### Treasury shares

Common and preferred shares that are repurchased are recorded in stockholders' equity under "Treasury shares" at their average purchase prices.

Treasury shares that are subsequently sold, such as those sold to grantees under ITAÚSA's stock option plan, are recorded as a reduction in "treasury shares", measured at the average price of treasury stock held at that date.

The difference between the sale price and the average price of the treasury shares is recorded as a reduction or an increase in "Additional paid-in capital" depending upon the circumstances. The cancellation of treasury shares is recorded as a reduction in treasury shares against appropriated reserves, at the average price of the treasury shares at the cancellation date.

## r) DIVIDENDS AND INTEREST ON CAPITAL

Pursuant to the Company's bylaws, the stockholders are entitled to a mandatory minimum dividend of 25% of the net income for the year, in the form of quarterly payments, adjusted in accordance with the legislation in force. Minimum dividend amounts established in the bylaws are recorded as liabilities at the end of each quarter. Any other amount above the mandatory minimum dividend is accounted for as a liability when it is approved by the stockholders at a Stockholder's Meeting. Since January 1, 1996, Brazilian companies have been permitted to apply a tax-deductible nominal interest rate charge on net equity (called interest on capital).

For accounting purposes interest on capital is treated as a dividend and is presented as a reduction of stockholders' equity in the financial statements. The related tax benefit is recorded in the statement of income.

## s) EARNINGS PER SHARE

Earnings per share are computed by dividing the net income attributable to the owners of ITAÚSA by the weighted average number of common and preferred shares outstanding for each reporting period. The weighted average number of shares is computed based on the periods for which the shares were outstanding.

Earnings per share are presented based on the two types of stock issued by ITAÚSA. Both types, common and preferred, participate in dividends on substantially the same basis, except that preferred shares are entitled to a priority non-cumulative minimum annual dividend of R\$ 0.01 per share. Earnings per share are computed based on the distributed earnings (dividends and interest on capital) and undistributed earnings of ITAÚSA after giving effect to the preference indicated above, without regard to whether the earnings will ultimately be fully distributed. Earnings per share amounts have been determined as if all earnings had been distributed and computed following the requirements of CPC 41 / IAS 33 – "Earnings per Share".

## t) REVENUE

### Sales revenue of products and services

Revenue from the sale of products is recognized in income at the time when all risks and benefits inherent in the product are transferred to the purchaser. Revenue is not recognized if there is a significant uncertainty regarding its realization.

## u) SEGMENT INFORMATION

CPC 22 / IFRS 8 – “Segment Information” determines that operating segments must be disclosed consistently with the information provided to the chief operating decision-maker, who is the person or group of persons who allocates resources to the segments and assesses their performance. ITAÚSA considers that its Board of Directors is the chief operating decision-maker.

ITAÚSA has the following business segments: the Financial Area and the Industrial Area, subdivided into Alpargatas, Duratex, NTS - Nova Transportadora do Sudeste and Elekeiroz.

Segmental information is presented in Note 27.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

For the purpose of the consolidated statements of cash flow, cash and cash equivalents include the following items (amounts with original maturity terms that are equal to or less than 90 days):

	09/30/2017	12/31/2016
Cash and deposits on demand	81	50
Investments in fixed income and investment funds	98	319
Bank deposit certificates	840	1,399
Repurchase agreements	77	666
<b>Total</b>	<b>1,096</b>	<b>2,434</b>

We point out that in the period were no investment and financing transactions that not have affected cash or cash equivalents.

**NOTE 4 - FINANCIAL ASSETS HELD FOR TRADING**

	09/30/2017	12/31/2016
Subordinated financial bills	-	61
Financial treasury bills	76	249
Debentures	49	-
<b>Total</b>	<b>125</b>	<b>310</b>

**NOTE 5 – AVAILABLE-FOR-SALE FINANCIAL ASSETS**

On April 4, 2017, ITAÚSA acquired a 7.65% stake in the capital stock of Nova Transportadora do Sudeste S.A. – NTS.

The amount of R\$ 115 was recorded in income for the period, as a result of dividends and interest on capital received, which was recorded in line Other (Losses)/Gains, Net (Note 22).

On September 30, 2017, the fair value of this asset was R\$ 931.

As this share is not traded in the market, the fair value is based on discounted cash flows, by using a rate based on a market interest rate and the risk premium specific for such share.

**NOTE 6 – HELD-TO-MATURITY FINANCIAL ASSETS**

On April 4, 2017, ITAÚSA acquired stock convertible debentures issued by Nova Transportadora do Sudeste S.A. - NTS, maturing in ten years, in the total amount of R\$ 442, with interest at 100% of CDI plus interest of 4% per year. This interest will be paid on a quarterly basis, in March, June, September and December of each year.

The amount of R\$ 30, related to interest income from these debentures, was recorded in income for the period, in line Financial Result. The amount of R\$ 27 was effectively received by ITAÚSA.

## NOTE 7 - TRADE ACCOUNTS RECEIVABLE

Trade Accounts Receivable	09/30/2017	12/31/2016
Domestic customers	960	892
Foreign customers	125	105
Related parties	35	37
Impairment	(105)	(100)
<b>Total</b>	<b>1,015</b>	<b>934</b>

The balances of accounts receivable by maturity are as follows:

Maturities	09/30/2017	12/31/2016
Not yet due	930	897
Past-due up to 30 days	51	22
From 31 to 60 days	7	7
From 61 to 90 days	5	5
From 91 to 180 days	12	12
More than 180 days	115	91
<b>Total</b>	<b>1,120</b>	<b>1,034</b>

Below are the changes in the allowance for doubtful accounts:

	09/30/2017	12/31/2016
Opening balance	(100)	(59)
Constitution of provision	(11)	(49)
Reversal (income statement)	-	1
Write-offs	6	7
<b>Closing Balance</b>	<b>(105)</b>	<b>(100)</b>

## NOTE 8 - OTHER ASSETS AND LIABILITIES

## a) Other assets

	09/30/2017			12/31/2016		
	Current	Non-Current	Total	Current	Non-Current	Total
<b>Other financial assets</b>						
Deposits as guarantees for contingent liabilities	-	102	102	-	99	99
Dividends and interest on stockholders' equity receivable	409	-	409	1,004	-	1,004
Amounts receivable from the sale of fixed assets	51	47	98	31	37	68
Retirement plan assets (Note 26)	14	120	134	5	126	131
Government debt certificates	-	2	2	-	10	10
Acquisition escrow accounts	3	26	29	3	20	23
Forest incentives	-	13	13	-	14	14
Electricity sales	13	-	13	9	-	9
Amounts receivable Partnership Oki Electric Industry Co. Ltd.	-	-	-	55	-	55
Other amounts receivable	4	25	29	2	8	10
<b>Total</b>	<b>494</b>	<b>335</b>	<b>829</b>	<b>1,109</b>	<b>314</b>	<b>1,423</b>
<b>Other non-financial assets</b>						
Prepaid expenses	16	-	16	14	-	14
Investment property	-	27	27	-	28	28
Held-for-sale assets	-	20	20	-	20	20
Other	1	7	8	-	23	23
<b>Total</b>	<b>17</b>	<b>54</b>	<b>71</b>	<b>14</b>	<b>71</b>	<b>85</b>

## b) Other liabilities

	09/30/2017			12/31/2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Suppliers	297	-	297	246	-	246
Personnel provision	160	-	160	115	-	115
Partnerships in which some partners are passive (*)	39	94	133	38	94	132
Advances from customers	6	-	6	8	5	13
Acquisitions of companies	-	32	32	20	32	52
Freight and insurance payable	17	-	17	15	-	15
Commission payable	9	-	9	8	-	8
Acquisitions of reforestation areas	5	-	5	12	-	12
Product warranty and technical support	14	4	18	15	4	19
Commercial leasing	-	10	10	-	10	10
Liabilities provided with joint operation partner	-	26	26	-	22	22
Liabilities payable - NTS	-	238	238	-	-	-
Other	60	53	113	55	39	94
<b>Total</b>	<b>607</b>	<b>457</b>	<b>1,064</b>	<b>532</b>	<b>206</b>	<b>738</b>

(\*) Refers to the value of the participation of third parties in the reforestation projects the group, to which the Duratex subsidiary Duratex Florestal has contributed forest assets, basically forest reserves and the equity holders have contributed in kind.

## NOTE 9 – INVENTORY

	09/30/2017	12/31/2016
Raw materials, supplies and packaging	279	279
Finished products	404	391
Work in progress	114	121
Showrooms	123	121
Advances to suppliers	1	2
Allowance for inventory losses	(6)	(7)
<b>Total</b>	<b>915</b>	<b>907</b>

The cost of inventory recognized in results and included in “Cost of products and services” totaled R\$ 2,726 (R\$ 2,703 at September 30, 2016).

At September 30, 2017 and December 31, 2016, the subsidiaries of ITAÚSA did not have any inventory pledged as collateral.



**NOTE 10 – INVESTMENTS****I) ITAÚSA****a) Acquisition of interest in Alpargatas S.A.**

On July 12, 2017, Itaúsa, together with Brasil Warrant Administração de Bens e Empresas S.A. (“BW”) and Cambuhy Investimentos Ltda. (“Cambuhy”), signed a purchase agreement for 54.24% of the capital stock of Alpargatas S.A., and after the completion of this transaction, Itaúsa will hold 27.12% of Alpargatas’ total capital stock. This stake is represented by 103,623,035 common shares (42.889% of total common shares) and 23,968,521 preferred shares (10.474% of preferred shares).

This transaction was closed on September 20, 2017, with Itaúsa’s disbursement of R\$1,740 and the execution of a Shareholders’ Agreement among Itaúsa, BW and Cambuhy for the shared management of Alpargatas. Among other provisions, this agreement includes the majority and equal appointment of members to Alpargatas’ Board of Directors.

Purchasers will carry out a public offering to purchase the common shares held by other Alpargatas shareholders, ensuring a price equal to 80% of the amount paid to sellers. The outcome of this public offering may result in purchasers increasing their stake in Alpargatas and in additional proportional disbursements by Itaúsa.

In conformity with CPC 18 (R2), “Investments in Associates and Joint Ventures”, Itaúsa’s interest in Alpargatas was recognized as an Investment in Joint Ventures and will be accounted for under the equity method as of the fourth quarter of 2017.

A process to allocate a purchase price is in progress, taking into account the interest in net assets and liabilities stated at fair value, the consideration paid by Itaúsa and goodwill. This transaction is not expected to have any significant impact on Itaúsa’s current fiscal year’s financial results.

The table below shows the main information from the financial statements of Alpargatas at 06/30/2017:

<b>Information</b>	<b>06/30/2017</b>
Total assets	3,002
Total liabilities	844
Stockholders' Equity	2,158
Net income	242

## b) Subsidiaries and joint ventures stockholder' equity

Stockholders' equity	Joint Ventures		Subsidiaries				
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman company Ltd.
<b>Stockholders' equity at 12/31/2015</b>							
Capital	85,148	12,430	1,868	322	272	262	47
Treasury shares	(4,353)	-	(28)	-	-	-	-
Carrying value adjustments	(1,290)	(557)	459	-	-	-	-
Reserves	31,014	16,384	2,233	133	-	43	-
Other	1,733	-	-	-	(195)	-	(45)
<b>Balance at 12/31/2015</b>	<b>112,252</b>	<b>28,257</b>	<b>4,532</b>	<b>455</b>	<b>77</b>	<b>305</b>	<b>2</b>
<b>Changes from 01/01 to 09/30/2016</b>							
Net income	17,271	3,063	(1)	(40)	(11)	3	-
Treasury shares	420	-	-	-	-	-	-
Dividends and interest on capital	(6,439)	(238)	-	-	-	-	-
Other comprehensive income	(947)	(248)	(41)	-	-	-	-
Other	(615)	(159)	79	-	(6)	-	-
<b>Stockholders' equity at 09/30/2016</b>							
Capital	97,148	12,430	1,962	322	272	262	45
Treasury shares	(1,250)	-	(28)	-	-	-	-
Carrying value adjustments	(2,237)	(805)	419	-	-	-	-
Reserves	26,629	19,050	2,216	93	-	46	-
Other	1,652	-	-	-	(212)	-	(43)
<b>Balance at 09/30/2016</b>	<b>121,942</b>	<b>30,675</b>	<b>4,569</b>	<b>415</b>	<b>60</b>	<b>308</b>	<b>2</b>
<b>Stockholders' equity at 12/31/2016</b>							
Capital	97,148	12,430	1,962	322	272	262	45
Treasury shares	(1,882)	-	(28)	-	-	-	-
Carrying value adjustments	(3,274)	(1,078)	398	-	-	-	-
Reserves	28,805	19,586	2,238	8	-	48	-
Other	1,785	-	-	(219)	(216)	-	(43)
<b>Balance at 12/31/2016</b>	<b>122,582</b>	<b>30,938</b>	<b>4,570</b>	<b>111</b>	<b>56</b>	<b>310</b>	<b>2</b>
<b>Changes from 01/01 to 09/30/2017</b>							
Net income	18,418	2,538	100	23	(17)	-	-
Treasury shares	(508)	-	-	-	-	-	-
Dividends and interest on capital	(9,523)	(295)	-	-	-	-	-
Other comprehensive income	1,044	274	5	-	-	-	-
Other	(603)	(158)	2	-	-	-	-
<b>Stockholders' equity at 09/30/2017</b>							
Capital	97,148	13,500	1,962	103	56	262	39
Treasury shares	(2,409)	-	(28)	-	-	-	-
Carrying value adjustments	(2,230)	(804)	403	-	-	-	-
Reserves	37,190	20,601	2,340	31	-	48	-
Other	1,711	-	-	-	(17)	-	(37)
<b>Balance at 09/30/2017</b>	<b>131,410</b>	<b>33,297</b>	<b>4,677</b>	<b>134</b>	<b>39</b>	<b>310</b>	<b>2</b>

## c) Interest in capital of subsidiaries and joint ventures

Below is the composition of the share capital of subsidiaries and joint ventures, and the quantities held by ITAÚSA:

Interest in capital	Joint Ventures		Subsidiaries				
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman Company Ltd.
<b>Outstanding Common shares at 09/30/2016</b>	<b>3,047,037,403</b>	<b>710,454,184</b>	<b>689,298,742</b>	<b>14,518,150</b>	<b>11,072,186</b>	<b>2,186,700</b>	<b>12,200,000</b>
Shares of capital	3,047,040,198	710,454,184	691,784,501	14,518,150	11,199,367	2,186,700	12,200,000
Treasury shares	(2,795)	-	(2,485,759)	-	(127,181)	-	-
<b>Outstanding Preferred shares at 09/30/2016</b>	<b>2,890,041,173</b>	<b>350,942,273</b>	<b>-</b>	<b>16,967,020</b>	<b>-</b>	<b>-</b>	<b>-</b>
Shares of capital	2,936,875,751	350,942,273	-	16,967,020	-	-	-
Treasury shares	(46,834,578)	-	-	-	-	-	-
<b>Outstanding shares 09/30/2016</b>	<b>5,937,078,576</b>	<b>1,061,396,457</b>	<b>689,298,742</b>	<b>31,485,170</b>	<b>11,072,186</b>	<b>2,186,700</b>	<b>12,200,000</b>
<b>Number of shares owned by ITAÚSA at 09/30/2016</b>	<b>1,178,227,819</b>	<b>706,169,365</b>	<b>245,169,699</b>	<b>30,379,121</b>	<b>10,953,371</b>	<b>2,186,700</b>	<b>12,200,000</b>
Common shares	1,178,125,199	355,227,092	245,169,699	14,261,761	10,953,371	2,186,700	12,200,000
Preferred shares	102,620	350,942,273	-	16,117,360	-	-	-
<b>Direct interest at 09/30/2016</b>							
Interest in capital	19.85%	66.53%	35.57%	96.49%	98.93%	100.00%	100.00%
Interest in voting capital	38.66%	50.00%	35.57%	98.23%	98.93%	100.00%	100.00%
<b>Common shares in circulation at 09/30/2017</b>	<b>3,351,741,143</b>	<b>710,454,184</b>	<b>689,305,842</b>	<b>14,518,150</b>	<b>11,072,186</b>	<b>2,186,700</b>	<b>12,200,000</b>
Shares of capital	3,351,744,217	710,454,184	691,784,501	14,518,150	11,072,186	2,186,700	12,200,000
Treasury shares	(3,074)	-	(2,478,659)	-	-	-	-
<b>Preferred shares in circulation at 09/30/2017</b>	<b>3,152,611,081</b>	<b>350,942,273</b>	<b>-</b>	<b>16,967,020</b>	<b>-</b>	<b>-</b>	<b>-</b>
Shares of capital	3,230,563,326	350,942,273	-	16,967,020	-	-	-
Treasury shares	(77,952,245)	-	-	-	-	-	-
<b>Outstanding shares at 09/30/2017</b>	<b>6,504,352,224</b>	<b>1,061,396,457</b>	<b>689,305,842</b>	<b>31,485,170</b>	<b>11,072,186</b>	<b>2,186,700</b>	<b>12,200,000</b>
<b>Number of shares owned by ITAÚSA at 09/30/2017</b>	<b>1,296,050,600</b>	<b>706,169,365</b>	<b>250,968,698</b>	<b>30,379,121</b>	<b>10,953,371</b>	<b>2,186,700</b>	<b>12,200,000</b>
Common shares	1,295,937,718	355,227,092	250,968,698	14,261,761	10,953,371	2,186,700	12,200,000
Preferred shares	112,882	350,942,273	-	16,117,360	-	-	-
<b>Direct interest at 09/30/2017</b>							
Interest in capital	(1) 19.93%	66.53%	36.41%	(3) 96.49%	98.93%	100.00%	100.00%
Interest in voting capital	(2) 38.66%	50.00%	36.41%	98.23%	98.93%	100.00%	100.00%

(1) Itaúsa holds a direct interest in Itaú Unibanco Holding S.A. of 19.93% and an indirect interest of 17.48% through the investment in the jointly-controlled subsidiary Itaú Unibanco Participações S.A. (IUPAR), which holds a 26.28% direct interest in Itaú Unibanco Holding S.A., totaling 37.41% interest in the capital.

(2) The direct interest in the common shares of Itaú Unibanco Holding S.A. is 38.66% and the indirect interest is 25.5% through the investment in the jointly-controlled subsidiary Itaú Unibanco Participações S.A. (IUPAR), which holds a 51% direct interest in the common shares of Itaú Unibanco Holding S.A., totaling 64.16% of the voting capital.

(3) Itaúsa holds a direct interest in Elekeiroz S.A. of 96.49% and an indirect interest of 0.11% through the investment in the subsidiary Itaúsa Empreendimentos S.A., which holds a 0.11% direct interest in Elekeiroz S.A., totaling 96.6% interest in the capital.

## d) Change in investments

Investments	Joint Ventures			Subsidiaries					Total
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Alpargatas S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman Company Ltd.	
<b>Investment balance at 12/31/2015</b>									
Interest in capital	22,336	18,800	-	1,603	440	75	305	2	43,561
Unrealized income (loss)	(13)	-	-	-	-	-	-	-	(13)
Fair value - identifiable assets and liabilities	93	-	-	-	-	-	-	-	93
<b>Balance at 12/31/2015</b>	<b>22,416</b>	<b>18,800</b>	<b>-</b>	<b>1,603</b>	<b>440</b>	<b>75</b>	<b>305</b>	<b>2</b>	<b>43,641</b>
<b>Changes from 01/01 to 09/30/2016</b>	<b>1,853</b>	<b>1,609</b>	<b>-</b>	<b>15</b>	<b>(39)</b>	<b>(16)</b>	<b>3</b>	<b>-</b>	<b>3,425</b>
Share of income	4,423	2,038	-	-	(39)	(16)	3	-	6,409
Dividends and interest on capital	(2,261)	(158)	-	-	-	-	-	-	(2,419)
Capital increase	-	-	-	34	-	-	-	-	34
Other comprehensive income	(188)	(165)	-	(14)	-	-	-	-	(367)
Other	(121)	(106)	-	(5)	-	-	-	-	(232)
<b>Investment balance at 09/30/2016</b>									
Interest in capital	24,199	20,409	-	1,618	401	59	308	2	46,996
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable assets and liabilities (Note 25)	82	-	-	-	-	-	-	-	82
<b>Balance at 09/30/2016</b>	<b>24,269</b>	<b>20,409</b>	<b>-</b>	<b>1,618</b>	<b>401</b>	<b>59</b>	<b>308</b>	<b>2</b>	<b>47,066</b>
<b>Market value at 09/30/2016<sup>(*)</sup></b>	<b>78,951</b>	<b>-</b>	<b>-</b>	<b>2,128</b>	<b>157</b>	<b>166</b>	<b>-</b>	<b>-</b>	<b>81,402</b>
<b>Investment balance at 12/31/2016</b>									
Interest in capital	24,394	20,583	-	1,619	108	55	310	2	47,071
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable assets and liabilities (Note 25)	79	-	-	-	-	-	-	-	79
<b>Balance at 12/31/2016</b>	<b>24,461</b>	<b>20,583</b>	<b>-</b>	<b>1,619</b>	<b>108</b>	<b>55</b>	<b>310</b>	<b>2</b>	<b>47,138</b>
<b>Changes from 01/01 to 09/30/2017</b>	<b>1,781</b>	<b>1,570</b>	<b>1,740</b>	<b>77</b>	<b>23</b>	<b>(17)</b>	<b>(1)</b>	<b>-</b>	<b>5,173</b>
Share of income	5,041	1,689	-	26	23	(17)	(1)	-	6,761
Dividends and interest on capital	(3,349)	(196)	-	-	-	-	-	-	(3,545)
Purchase of shares	-	-	1,740	51	-	-	-	-	1,791
Sale of investments	-	-	-	(2)	-	-	-	-	(2)
Other comprehensive income	208	182	-	2	-	-	-	-	392
Other	(119)	(105)	-	-	-	-	-	-	(224)
<b>Investment balance at 09/30/2017</b>									
Interest in capital	26,184	22,153	1,740	1,696	131	38	309	2	52,253
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable assets and liabilities (Note 25)	70	-	-	-	-	-	-	-	70
<b>Balance at 09/30/2017</b>	<b>26,242</b>	<b>22,153</b>	<b>1,740</b>	<b>1,696</b>	<b>131</b>	<b>38</b>	<b>309</b>	<b>2</b>	<b>52,311</b>
<b>Market value at 09/30/2017<sup>(*)</sup></b>	<b>105,485</b>	<b>-</b>	<b>2,006</b>	<b>2,387</b>	<b>208</b>	<b>171</b>	<b>-</b>	<b>-</b>	<b>110,257</b>

(\*) Disclosed only for public companies.

## II) ITAÚSA CONSOLIDATED

## a) Composition of investments in associates and jointly controlled entities

	Interest % at 12/31/2016		12/31/2016			01/01 to 09/30/2016	
	Total	Voting	Stockholders' equity	Investment balance	Market value	Net income	Share of income
Itaú Unibanco Holding	37.36	64.16	122,582	24,461	81,955	17,271	4,423
IUPAR - Itaú Unibanco Participações	66.53	50.00	30,938	20,583	-	3,063	2,038
Other	-	-	-	(1) 18	-	-	(2) (5)
<b>Total</b>				<b>45,062</b>			<b>6,456</b>

	Interest % at 09/30/2017		09/30/2017			01/01 to 09/30/2017	
	Total	Voting	Stockholders' equity	Investment balance	Market value	Net income	Share of income
Itaú Unibanco Holding	37.41	64.16	131,410	26,242	105,485	18,418	5,041
IUPAR - Itaú Unibanco Participações	66.53	50.00	33,297	22,153	-	2,538	1,689
Alpargatas (Note 10la)	-	-	-	1,740	-	-	-
Other	-	-	-	(1) 17	-	-	(2) (10)
<b>Total</b>				<b>50,152</b>			<b>6,720</b>

(1) Investment arising from interest held by Elekeiroz S.A. in Nexoleum Bioderivados S.A.

(2) Result not arising from the net income of subsidiaries.

## b) Other information

The table below shows a summary of the financial information of the investees accounted for under the equity method:

<b>Assets and liabilities (*)</b>	<b>09/30/2017</b>	<b>12/31/2016</b>
<b>Assets</b>	<b>1,373,522</b>	<b>1,353,261</b>
Cash and cash equivalents	93,744	96,121
Financial assets	760,359	708,625
Loan operations and lease operations portfolio	440,687	463,394
Tax assets	39,225	44,292
Other assets	39,507	40,829
<b>Liabilities</b>	<b>1,231,054</b>	<b>1,219,668</b>
Deposits	359,904	329,414
Securities sold under repurchase agreements	319,193	349,164
Other financial liabilities	318,835	331,918
Reserves for insurance and private pensions	174,575	154,076
Civil, labor, tax and social security lawsuits	21,600	20,909
Other liabilities	36,947	34,187

(\*) Basically represented by Itaú Unibanco Holding.

<b>Other Financial Information - Itaú Unibanco Holding</b>	<b>01/01 to 09/30/2017</b>	<b>01/01 to 09/30/2016</b>
Interest and similar income	112,409	118,776
Interest and similar expenses	(62,842)	(70,402)
Net income before income tax and social contribution	27,327	30,118
Income tax and social contribution (*)	(8,739)	(12,476)
Net income	18,588	17,642
Net income attributable to the owners of the parent company	18,418	17,271
Other comprehensive income	1,044	(947)
<b>Total comprehensive income</b>	<b>19,462</b>	<b>16,324</b>

(\*) Considering the temporary effects of Law 13,169/15, which increases the social contribution tax rate to 20%, tax credits were accounted for based on their expected realization. There were no unrecorded deferred tax assets at 09/30/2017 e 12/31/2016.

## NOTE 11 – FIXED ASSETS

Fixed Assets	Land	Buildings and Improvements	Equipment and facilities	Furniture and fixtures	Vehicles	Assets under development or construction	Other assets	Total
<b>Balance at 12/31/2015</b>								
Cost	775	1,138	4,568	60	60	195	174	6,970
Accumulated depreciation	-	(413)	(2,217)	(37)	(50)	-	(107)	(2,824)
<b>Net book value</b>	<b>775</b>	<b>725</b>	<b>2,351</b>	<b>23</b>	<b>10</b>	<b>195</b>	<b>67</b>	<b>4,146</b>
<b>Changes from 01/01 to 09/30/2016</b>								
Acquisitions	-	2	30	1	1	109	11	154
Write-offs	(2)	-	(6)	-	-	-	-	(8)
Depreciation	-	(27)	(221)	(3)	(2)	-	(11)	(264)
Transfers	1	(11)	145	-	1	(149)	11	(2)
Other	(13)	(7)	(19)	-	-	-	-	(39)
<b>Balance at 09/30/2016</b>								
Cost	761	1,123	4,713	61	60	155	196	7,069
Accumulated depreciation	-	(441)	(2,433)	(40)	(50)	-	(118)	(3,082)
<b>Net book value</b>	<b>761</b>	<b>682</b>	<b>2,280</b>	<b>21</b>	<b>10</b>	<b>155</b>	<b>78</b>	<b>3,987</b>
Annual depreciation rates (%)	-	4%	5% to 20%	10%	10%	-	4% to 20%	
<b>Balance at 12/31/2016</b>								
Cost	755	1,119	4,675	61	60	125	200	6,995
Accumulated depreciation	-	(445)	(2,444)	(40)	(51)	-	(122)	(3,102)
Impairment	-	(9)	(133)	(1)	-	(8)	-	(151)
<b>Net book value</b>	<b>755</b>	<b>665</b>	<b>2,098</b>	<b>20</b>	<b>9</b>	<b>117</b>	<b>78</b>	<b>3,742</b>
<b>Changes from 01/01 to 09/30/2017</b>								
Acquisitions	-	4	22	1	-	126	6	159
Write-offs	(14)	-	(1)	-	-	(1)	(1)	(17)
Depreciation	-	(27)	(220)	(2)	(2)	-	(13)	(264)
Transfers	-	8	86	-	3	(107)	10	-
Impairment	-	-	20	-	-	-	-	20
Other	4	-	(3)	-	-	-	-	1
<b>Balance at 09/30/2017</b>								
Cost	745	1,131	4,778	62	63	143	215	7,137
Accumulated depreciation	-	(472)	(2,664)	(42)	(53)	-	(135)	(3,366)
Impairment	-	(9)	(112)	(1)	-	(8)	-	(130)
<b>Net book value</b>	<b>745</b>	<b>650</b>	<b>2,002</b>	<b>19</b>	<b>10</b>	<b>135</b>	<b>80</b>	<b>3,641</b>
Annual depreciation rates (%)	-	4%	5% to 20%	10%	10%	-	4% to 20%	

## NOTE 12 – INTANGIBLE ASSETS

Intangible Assets	Software	Trademarks and patents	Goodwill for future profitability	Customer portfolio	Total
<b>Balance at 12/31/2015</b>					
Cost	85	26	714	414	1,239
Accumulated amortization	(52)	(2)	-	(161)	(215)
<b>Net value</b>	<b>33</b>	<b>24</b>	<b>714</b>	<b>253</b>	<b>1,024</b>
<b>Change from 01/01 to 09/30/2016</b>					
Acquisitions	9	-	-	-	9
Amortization expense	(4)	(1)	-	(21)	(26)
Other	-	(4)	5	(1)	-
<b>Balance at 09/30/2016</b>					
Cost	95	22	719	412	1,248
Accumulated amortization	(57)	(3)	-	(181)	(241)
<b>Net value</b>	<b>38</b>	<b>19</b>	<b>719</b>	<b>231</b>	<b>1,007</b>
<i>Annual amortization rates</i>	20%	-	-	6.67%	
<b>Balance at 12/31/2016</b>					
Cost	98	23	719	412	1,252
Accumulated amortization	(59)	(3)	-	(189)	(251)
Impairment	(1)	(3)	-	-	(4)
<b>Net value</b>	<b>38</b>	<b>17</b>	<b>719</b>	<b>223</b>	<b>997</b>
<b>Changes from 01/01 to 09/30/2017</b>					
Acquisitions	5	-	-	-	5
Amortization expense	(6)	-	-	(20)	(26)
<b>Balance at 09/30/2017</b>					
Cost	103	17	719	412	1,251
Accumulated amortization	(65)	-	-	(209)	(274)
Impairment	(1)	-	-	-	(1)
<b>Net value</b>	<b>37</b>	<b>17</b>	<b>719</b>	<b>203</b>	<b>976</b>
<i>Annual amortization rates</i>	20%	-	-	6.67%	

Goodwill for future profitability is a result of the following acquisitions:

	09/30/2017	12/31/2016
<b>Acquisitions</b>		
Itaú Unibanco Holding (note 25)	437	437
Satipel	188	188
Thermosystem	26	26
Cerâmica Monte Carlo	22	22
Deca Nordeste	17	17
Duchacorona	5	5
Metalúrgica Jacareí	2	2
Other acquisitions	22	22
<b>Net value</b>	<b>719</b>	<b>719</b>

**NOTE 13 – BIOLOGICAL ASSETS (forest reserves)**

ITAÚSA Consolidated, through its subsidiaries Duratex Florestal Ltda., Duratex S.A (new name of Tablemac S.A.) and Caetex Florestal S.A., owns eucalyptus and pine forest reserves that are mainly used as raw materials in the production of wood panels, floors and components, and are also sold to third parties.

These reserves guarantee the supply of wood to ITAÚSA's plants, and they also protect ITAÚSA from the future risk of increases in wood prices. The forest reserves are a sustainable operation and are integrated into ITAÚSA's industrial complexes which, together with the supply network, provides a high level of self-sufficiency in relation to the wood supply.

As of September 30, 2017, these companies had approximately 178.7 thousand hectares in areas of effective planting (176.7 thousand hectares at December 31, 2016) in the states of São Paulo, Minas Gerais, Rio Grande do Sul, Alagoas and Colombia.

**a) Fair value estimate**

The fair value is determined based on the estimated wood volume at the point of harvest, on the current prices of standing timber, except in the case of (i) eucalyptus forests that have up to one year of life and of pine forests that have up to four years of life, which are stated at cost, as it is understood that these values are close to their fair value; and (ii) forests in the process of growth, for which the discounted cash flow method is adopted.

Biological assets are measured at fair value, less cost to sell at the point of harvest.

The fair value was determined by valuing the estimated volumes at the point of harvest considering the current market prices in view of the volume estimates. The assumptions used were as follows:

i. Discounted cash flow – forecast wood volume at the point of harvest, considering the current market prices, net of realizable planting costs and the capital costs of land used in planting (brought to present value) at the discount rate of 10.1% p.a. at September 30, 2017 and December 31, 2016. The discount rate used in cash flow corresponds to the weighted average cost of Duratex S.A., which is reviewed annually by the Management.

ii. Prices – prices in R\$/cubic meter through current market prices, disclosed by specialized companies operating in regions and offering products similar to those of Duratex, in addition to the prices set in transactions with third parties, also in active markets.

iii. Differentiation – harvest volumes separated and valued according to (a) species (pine and eucalyptus), (b) region, (c) purpose (saw and process).

iv. Volumes – estimates of volumes to be harvested (sixth year for eucalyptus and 12th year for pine), based on the projected average productivity for each region and species. The average productivity may vary based on age, cropping, climate conditions, quality of seedlings, fires and other natural risks. In relation to formed forests, the current wood volumes are used. Rotating inventory is taken from the second year of life of forests, and their effects are included in the financial statements.

v. Regularity – expectations regarding future wood prices and volumes reviewed at least every quarter, or when the rotational physical inventory is concluded.



**b) Composition of balances**

The biological asset balances are composed of the costs of forest planting and the difference between the fair value and the planting costs, as shown below:

	09/30/2017	12/31/2016
Cost of formation of biological assets	1,029	966
Difference between cost and fair value	592	563
<b>Fair value of biological assets</b>	<b>1,621</b>	<b>1,529</b>

Forests are free from any liens or guarantees to third parties, including financial institutions. In addition, no forests for which legal title is restricted.

**c) Changes**

The changes in the accounting balances from the beginning of the period are as follows:

	09/30/2017	12/31/2016
<b>Opening balance</b>	<b>1,529</b>	<b>1,442</b>
Variations in fair value		
Volume price	121	158
Depletion	(92)	(142)
Variations in historical value		
Formation	137	178
Depletion	(74)	(107)
<b>Closing balance</b>	<b>1,621</b>	<b>1,529</b>

	01/01 to 09/30/2017	01/01 to 09/30/2016
<b>Effects of variations in the fair value of biological assets</b>	<b>29</b>	<b>37</b>
Variations in fair value	121	115
Depletion of fair value	(92)	(78)

**NOTE 14 - INCOME TAX AND SOCIAL CONTRIBUTION**

ITAÚSA and each of its subsidiaries file separate corporate income tax returns for each fiscal year. Income tax in Brazil comprises income tax and social contribution on net income, which is a tax on income additional to income tax.

**a) Composition of income tax and social contribution expense**

The amounts recorded as income tax and social contribution expense in the consolidated financial statements reconcile with the statutory rates, as follows:

Current income tax and social contribution	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
<b>Income before income tax and social contribution</b>	2,369	6,607	2,095	6,219
Charges (income tax and social contribution) at the current rates	(806)	(2,247)	(712)	(2,114)
<b>Increase/decrease in income tax and social contribution charges arising from:</b>				
<b>(Additions) / exclusions</b>	840	2,165	750	2,208
Share of comprehensive income of associates and joint ventures	777	2,285	710	2,195
Dividends	15	34	-	-
Interest on capital	25	(183)	22	(1)
Tax Credits not Recorded	22	25	-	-
Other	1	4	18	14
<b>Total income tax and social contribution</b>	34	(82)	38	94

**b) Deferred income tax and social contribution**

I - The balance and changes in deferred income tax and social contribution are as follows:

	12/31/2015	Realization/ reversal	Increase	12/31/2016
<b>Deferred tax assets</b>				
Tax losses and social contribution losses carried forward	503	(66)	141	578
Allowance for loan losses	8	(2)	5	11
Adjustment to market value - securities and derivative financial instruments	3	(1)	-	2
Provision for contingent liabilities	248	(19)	94	323
Other	54	(24)	17	47
<b>Total deferred tax assets</b>	816	(112)	257	961
<b>Deferred tax liabilities</b>				
Revaluation reserve	(51)	3	-	(48)
Present value of financing	(5)	-	(1)	(6)
Swap results	(129)	97	-	(32)
Depreciation	(10)	-	(3)	(13)
Pension plans	(5)	4	(1)	(2)
Sales of property	(2)	-	(16)	(18)
Other liabilities	(50)	32	(1)	(19)
Adjustments: CPCs / IFRS	(359)	1	-	(358)
<b>Total deferred tax liabilities</b>	(611)	137	(22)	(496)
<b>Deferred tax assets, net</b>	205	25	235	465

	12/31/2016	Realization/ reversal	Increase	09/30/2017
<b>Deferred tax assets</b>				
Tax losses and social contribution loss carried forward	578	(102)	-	476
Allowance for loan losses	11	-	-	11
Adjustments to market value - securities and derivative financial instruments	2	-	-	2
Provision for contingent liabilities	323	(9)	85	399
Provision for interest on capital	-	-	171	171
Other	47	(5)	7	49
<b>Total deferred tax assets</b>	<b>961</b>	<b>(116)</b>	<b>263</b>	<b>1,108</b>
<b>Deferred tax liabilities</b>				
Revaluation reserve	(48)	3	-	(45)
Present value of financing	(6)	3	-	(3)
Swap results	(32)	25	-	(7)
Depreciation	(13)	-	(2)	(15)
Pension plans	(2)	-	(1)	(3)
Sales of property	(18)	-	(7)	(25)
Other liabilities	(19)	1	(17)	(35)
Adjustments: CPCs / IFRS	(358)	11	-	(347)
<b>Total deferred tax liabilities</b>	<b>(496)</b>	<b>43</b>	<b>(27)</b>	<b>(480)</b>
<b>Deferred tax assets, net</b>	<b>465</b>	<b>(73)</b>	<b>236</b>	<b>628</b>

II - The estimated realization of the deferred income tax and social contribution, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies were as follows:

	09/30/2017	12/31/2016
<b>Deferred tax assets</b>	<b>1,108</b>	<b>961</b>
Deferred tax assets to be recovered within 12 months	207	29
Deferred tax assets to be recovered after 12 months	901	932
<b>Deferred tax liabilities</b>	<b>(480)</b>	<b>(496)</b>
Deferred tax liabilities to be recovered after 12 months	(480)	(496)
<b>Deferred tax assets, net</b>	<b>628</b>	<b>465</b>

## NOTE 15 – LOANS AND FINANCING

Type <sup>(1)</sup>	Charges	Guarantees	09/30/2017		12/31/2016	
			Current	Non Current	Current	Non Current
<b>Duratex</b>						
BNDES	TJLP + 2.2 % p.a.	Surety - Itaúsa	1	-	6	-
BNDES	TJLP + 2.7 % p.a.	Guarantee - Cia Ligna de Investimentos	-	1	-	1
BNDES	TJLP + 2.8 % p.a.	Surety - 70% Itaúsa and 30% natural person	50	53	84	65
BNDES	Fixed 2.5 % to 7 % p.a.	Surety - 70% Itaúsa and 30% natural person	2	1	4	2
BNDES	SELIC + 2.16 % p.a.	Surety - 70% Itaúsa and 30% natural person	1	-	1	1
FINAME	TJLP + 2.3 % p.a./ Fixed 6 % p.a.	Chattel Mortgage and Promissory Notes	10	44	10	36
FINAME	6.0 % p.a.	Chattel Mortgage and Guarantee	1	5	1	5
FUNDIEST	30 % IGP-M per month	Guarantee - Cia Ligna de Investimentos	29	57	28	74
FUNDOPEM	IPCA + 3 % p.a.	Surety - 70% Itaúsa and 30% natural person	-	-	3	48
PROINVEST / PRO FLORESTA	IGP-M + 4 % p.a./IPCA + 6 % p.a.	Guarantee - Cia Ligna and Mortgage of Asset	-	-	1	-
EXPORT CREDIT with swap	8.0 % p.a.	-	20	-	39	20
EXPORT CREDIT	104.8 % to 107.5 % of CDI	-	103	621	14	693
DISCOUNT NPR	9.5 % p.a.	-	-	-	40	-
EXIM TJLP	TJLP + 3.3 % p.a.	Promissory Note	117	-	1	115
EXIM SELIC	Selic + 3.6 % p.a.	Promissory Note	56	-	-	51
<b>Total local currency</b>			<b>390</b>	<b>782</b>	<b>232</b>	<b>1,111</b>
BNDES	Basket of currencies + 2.2 % p.a.	Surety - Itaúsa	-	-	1	-
BNDES	US\$ + LIBOR + 1.6 % p.a.	Surety - Itaúsa	-	-	1	-
ACC	US\$ + 3.8 % p.a.	Promissory Note	-	-	66	-
RESOLUTION 4131 with Swap	US\$ + Libor + 1.50 % p.a.	Promissory Note	1	178	1	180
RESOLUTION 4131 with Swap	US\$ + 2.11 % to 3.66 % p.a.	Promissory Note	358	179	340	387
<b>Total foreign currency</b>			<b>359</b>	<b>357</b>	<b>409</b>	<b>567</b>
<b>Total Duratex</b>			<b>749</b>	<b>1,139</b>	<b>641</b>	<b>1,678</b>
<b>Duratex Subsidiaries</b>						
BNDES	3.5 % to 5.5 % p.a.	Surety - 70% Itaúsa and 30% natural person	1	2	1	26
BNDES	TJLP + 2.8 % p.a.	Surety - 70% Itaúsa and 30% natural person	12	66	2	52
FINAME	Fixed 5.6 % to 9 % p.a.	Chattel Mortgage and Surety Duratex S.A.	1	3	2	6
FINAME	TJLP + 4.0 % p.a.	Chattel Mortgage and Surety Duratex S.A.	1	6	-	-
FINAME	Selic + 4.28 % p.a.	Chattel Mortgage and Surety Duratex S.A.	-	1	-	-
EXPORT CREDIT NOTE	104.9 % of CDI	Surety - Duratex S.A.	37	106	7	141
RURAL CREDIT NOTE	12.75 % p.a.	Surety - Duratex S.A.	-	193	-	177
RURAL CREDIT NOTE	12.75 % p.a.	-	-	-	13	-
CRA	98 % of CDI	Guarantee - Duratex S.A.	16	693	1	693
<b>Total local currency</b>			<b>68</b>	<b>1,070</b>	<b>26</b>	<b>1,095</b>
CII	LIBOR + 3.95 % p.a.	Pledge and Mortgage of Equipment	2	-	3	-
DEG/CII	5.4 % p.a.	Pledge and Mortgage of Equipment	9	-	10	2
LEASING	DTF + 2.0 % p.a.	Promissory Note	-	1	1	2
<b>Total foreign currency</b>			<b>11</b>	<b>1</b>	<b>14</b>	<b>4</b>
<b>Total Duratex subsidiaries</b>			<b>79</b>	<b>1,071</b>	<b>40</b>	<b>1,099</b>
<b>Elekeiroz</b>						
BNDES	TJLP + 1.72 % to 4.32 % p.a.	Surety - Itaúsa	12	23	15	32
BNDES	IPCA + 1.96 % to 2.26 % p.a.	Surety - Itaúsa	3	6	5	7
BNDES	3.0 % to 6.0 % p.a.	Surety - Itaúsa	1	1	1	2
FINEP	3.5 % p.a.	Surety - Itaúsa	2	5	2	7
NCE SAFRA	127 % of CDI	-	26	25	-	54
BNB	9.50 % p.a.	Surety - Itaúsa	7	22	-	28
<b>Total local currency</b>			<b>51</b>	<b>82</b>	<b>23</b>	<b>130</b>
BNDES	Exchange variation + 2.12 % to 2.16 % p.a.	Surety - Itaúsa	3	4	4	7
NCE - ABC	129.25 % of CDI	-	7	6	7	13
PREPAYMENT EXPORT	CDI + 5.22 % p.a.	-	-	-	5	1
4131 - ABC	129 % of CDI	Surety - Itaúsa	29	-	30	-
4131 - SAFRA	131.70 % of CDI	Surety - Itaúsa	16	-	-	-
<b>Total foreign currency</b>			<b>55</b>	<b>10</b>	<b>46</b>	<b>21</b>
<b>Total Elekeiroz</b>			<b>106</b>	<b>92</b>	<b>69</b>	<b>151</b>
<b>Itaútec</b>						
FINEP	4.0 % p.a.	Surety - Itaúsa	7	-	14	4
ALFA CG	114.8 % to 115 % of CDI	-	-	-	16	-
<b>Total local currency</b>			<b>7</b>	<b>-</b>	<b>30</b>	<b>4</b>
<b>Total Itaútec</b>			<b>7</b>	<b>-</b>	<b>30</b>	<b>4</b>
<b>Itaúsa</b>						
CCB - SAFRA	108 % of CDI	-	200	-	-	-
<b>Total local currency</b>			<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Itaúsa</b>			<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Itaúsa Consolidated</b>			<b>1,141</b>	<b>2,302</b>	<b>780</b>	<b>2,932</b>

(1) Certain loans and financing (identified in the table above as "with Swap") were designated at fair value through profit or loss.

Maturities	09/30/2017	12/31/2016
2018	227	869
2019	779	765
2020	505	483
2021	83	82
2022	704	711
2023	2	9
2024	2	7
Other	-	6
<b>Total</b>	<b>2,302</b>	<b>2,932</b>

## NOTE 16 – DEBENTURES

On May 24, 2017 ITAÚSA raised funds in the market through the issue in a single series of 12,000 debentures, non-convertible into shares, with face value of R\$ 100 thousand each, with interest at 106.9% of CDI, with semiannual payments of interest and amortization of the principal amount in three annual successive installments, in May 2022, 2023 and 2024.

On September 30, 2017 the updated amount of these debentures was R\$ 1,242.

**NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

ITAÚSA and its subsidiaries record provision for tax, labor and civil contingencies in the ordinary course of business.

The respective provision is recognized based on the probability of loss as assessed by the legal advisors of the group.

Relying on the opinion of legal advisors, Management believes that the provision for contingencies recognized is sufficient to cover any loss that may possibly be incurred in any legal action or administrative proceedings.

**a) Contingent assets**

ITAÚSA and its subsidiaries are discussing in court the refund of taxes e contributions, and they are also a part in civil proceedings in which they have rights receivable or expected rights.

The table below shows the main lawsuits in which, based on the opinion of the legal advisors, a favorable outcome to the company is considered probable, and the amounts related to these lawsuits that are not recognized in the financial statements.

	09/30/2017	12/31/2016
<b>Tax lawsuits</b>	<b>209</b>	<b>230</b>
IPI bonus credit from 1980 to 1985 <sup>(1)</sup>	119	136
Monetary adjustment of credits from Eletrobrás	13	14
INSS - Social Security Contributions <sup>(2)</sup>	37	47
Integration program tax on revenue ("PIS") and social security funding tax on revenue ("COFINS")	20	23
Other	20	10
<b>Civil lawsuits</b>	<b>19</b>	<b>17</b>
Collection/execution of out-of-court instruments	15	14
Other	4	3
<b>Total</b>	<b>228</b>	<b>247</b>

*(1) In May 2017, a judicial remedy granting subsidiary Duratex the right to refund the so-called IPI Bonus Credit for 1984 was issued a final and unappealable decision, and this offset credit was recorded in June 2017 in the amount of R\$34*

*(2) This lower balance refers basically to the change in outlook of this contingent asset, from probable to remote, based on the opinion of subsidiary Duratex' legal counsel.*

**b) Provision**

**Tax:** Provisions is equivalent to the principal amounts of taxes involved in tax, administrative or judicial proceedings, subject to tax assessment notices, plus interest and, when applicable, fines and charges. The amount is accrued when it involves a legal liability, regardless of the likelihood of loss – that is, whether an outcome favorable to the institution is dependent upon the recognition of the unconstitutionality of the applicable law in force. In other cases, the provision is recognized whenever the likelihood of loss is probable.

**Labor:** Relates to claims in relation to alleged labor rights deriving from overtime, occupational disease, salary equivalence, and involving subsidiary liability.

**Civil:** Civil lawsuits mainly refer to pain and suffering and property damage.

Following the movement of provision and balances of the judicial deposits:

	Tax	Labor	Civil	Total
<b>Balance at 12/31/2015</b>	<b>664</b>	<b>87</b>	<b>20</b>	<b>771</b>
Monetary adjustment	83	21	3	107
Increase	189	34	3	226
Reversal	(17)	(12)	(3)	(32)
Payments	-	(30)	(1)	(31)
<b>Balance at 12/31/2016</b>	<b>919</b>	<b>100</b>	<b>22</b>	<b>1,041</b>
Escrow deposits	(30)	(15)	-	(45)
<b>Balance at 12/31/2016 after the offset of escrow deposits</b>	<b>889</b>	<b>85</b>	<b>22</b>	<b>996</b>

	Tax	Labor	Civil	Total
<b>Balance at 12/31/2016</b>	<b>919</b>	<b>100</b>	<b>22</b>	<b>1,041</b>
Monetary adjustment	63	8	1	72
Increase	168	30	2	200
Reversal	(14)	(9)	(4)	(27)
Payments	(14)	(26)	(1)	(41)
Transfer to Other Liabilities (*)	(5)	-	-	(5)
<b>Balance at 09/30/2017</b>	<b>1,117</b>	<b>103</b>	<b>20</b>	<b>1,240</b>
Escrow deposits	(31)	(20)	-	(51)
<b>Balance at 09/30/2017 after the offset of escrow deposits</b>	<b>1,086</b>	<b>83</b>	<b>20</b>	<b>1,189</b>

(\*) Refers to subsidiary Duratex, in view of this company's adhering to the payment installment program (item d).

The main discussions related to tax provision are as follows:

- PIS and COFINS – calculation basis – R\$ 1,044: the right to calculate and pay contributions to PIS and COFINS without including the amounts received as interest on capital in the calculation is under discussion.

### c) Contingent liabilities

ITAÚSA and its subsidiaries are involved in tax, civil and labor lawsuits, which, in the opinion of their legal advisors, present possible losses and for which provision is not recognized.

At September 30, 2017, these lawsuits totaled R\$ 1,166 for tax lawsuits, R\$ 42 for labor claims and R\$ 10 for civil lawsuits.

The main disputes in tax lawsuits that have a probability of possible loss are related to the following topics:

- Income tax withheld at source, income tax, social contribution, PIS and COFINS – request for offset denied – R\$ 584: cases in which the liquidity and certainty of offsetting credits are being discussed;
- Taxation of revaluation reserve – R\$ 300: discussion related to taxation of revaluation reserve in corporate spin-off operations carried out in the period from 2006–2009;
- PIS and COFINS – disallowance of credits – R\$ 53: the restriction regarding the right to credits in connection with certain inputs related to these contributions is being disputed;
- Levying of tax on circulation of goods and services (ICMS) credits – R\$ 50: discussion regarding the levying, recognition and use of ICMS credits;
- Differences in accessory obligations – R\$ 19: there is a discussion regarding possible differences within the information included in the accessory obligations;
- Income tax and social contribution – profit made available abroad – R\$ 14: discussion of the calculation basis for the levying of these taxes on profits earned abroad;
- IRPJ and CSLL – disallowance of credits - R\$ 13: Deduction of tax paid overseas by the parent company is being disputed.

### d) Program for Settlement or Installment Payment of Taxes

The subsidiaries Duratex and Itautec have adhered to PPIs – Installment Payment Incentive Programs, basically related to the federal level, and introduced by Provisional Measure No. 783, of May 31, 2017, which became Law No. 13,496, of October 24, 2017.

PPIs promote the regularization of the debits mentioned in these laws, arising from tax and non-tax debits, either (recognized or not), including those registered as overdue tax liabilities.

The net effect on income from 01/01 to 09/30/2017 was an expense of R\$2, as a result of the companies' adherence to the program.

## NOTE 18 – ITAÚSA STOCKHOLDERS' EQUITY

## a) Capital

On the meeting held on May 18, 2017, the Board of Directors approved the increase of subscribed paid-in capital to R\$ 37,145 from R\$ 36,405, with the issue of 121,311,478 new book-entry shares, with no par value, of which 46,341,899 are common and 74,969,579 are preferred shares, for private subscription at R\$ 6.10 per share.

At the meeting held on August 07, 2017, the Board of Directors resolved on the cancellation of 77,789,229 common shares of own issue held in treasury, by absorbing R\$ 653 recorded in Revenue Reserves.

Subscribed paid-in capital now totals R\$ 37,145, represented by 7,473,629,873 book-entry shares, with no par value, of which 2,823,483,724 are common and 4,650,146,149 are non-voting preferred shares, entitled to the following advantages:

- Priority receipt of a non-cumulative annual minimum dividend of R\$ 0.01 per share;
- The right, during a possible disposal of control, to be included in the public offering of shares, so as to be entitled to a price equal to 80% of the amount paid for a share with voting rights, which is part of the controlling stake, and dividends equal to those of the common shares.

Authorized capital stock is equivalent to 12,000,000,000 book-entry shares, with no par value, of which up to 4,000,000,000 common and up to 8,000,000,000 preferred shares.

The table below shows the breakdown of and changes in shares of paid-in capital and the reconciliation of the balances at December 31, 2016 and September 30, 2017:

	Number			Amount
	Common	Preferred	Total	
<b>Shares outstanding at 12/31/2015</b>	<b>2,595,391,868</b>	<b>4,159,251,428</b>	<b>6,754,643,296</b>	<b>32,325</b>
<b>Changes in shares of paid-in capital from 01/01 to 12/31/2016</b>	<b>257,383,946</b>	<b>413,925,142</b>	<b>671,309,088</b>	<b>4,080</b>
Capital increase based on capitalization of revenue reserves	-	-	-	4,080
Cancellation of treasury stock	(2,155,240)	(2,000,000)	(4,155,240)	-
10% bonus shares	259,539,186	415,925,142	675,464,328	-
<b>Shares of capital stock at 12/31/2016</b>	<b>2,854,931,054</b>	<b>4,575,176,570</b>	<b>7,430,107,624</b>	<b>36,405</b>
Residents in Brazil	2,854,100,005	2,735,820,552	5,589,920,557	27,389
Residents abroad	831,049	1,839,356,018	1,840,187,067	9,016
<b>Treasury shares at 12/31/2016</b>	<b>(26,819,000)</b>	<b>-</b>	<b>(26,819,000)</b>	<b>-</b>
Treasury shares at 12/31/2015	(2,155,240)	(2,000,000)	(4,155,240)	-
Shares purchased	(26,819,000)	-	(26,819,000)	-
Cancellation of treasury stock	2,155,240	2,000,000	4,155,240	-
<b>Shares outstanding at 12/31/2016</b>	<b>2,828,112,054</b>	<b>4,575,176,570</b>	<b>7,403,288,624</b>	<b>36,405</b>
<b>Changes in shares of paid-in capital from 01/01 to 09/30/2017</b>	<b>(31,447,330)</b>	<b>74,969,579</b>	<b>43,522,249</b>	<b>740</b>
Cancellation of treasury stock	(77,789,229)	-	(77,789,229)	-
Subscription of shares	46,341,899	74,969,579	121,311,478	740
<b>Shares of capital stock at 09/30/2017</b>	<b>2,823,483,724</b>	<b>4,650,146,149</b>	<b>7,473,629,873</b>	<b>37,145</b>
Residents in Brazil	2,822,300,973	2,696,127,646	5,518,428,619	27,427
Residents abroad	1,182,751	1,954,018,503	1,955,201,254	9,718
<b>Treasury shares at 09/30/2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Treasury shares at 12/31/2016	(26,819,000)	-	(26,819,000)	-
Shares purchased	(50,970,229)	-	(50,970,229)	-
Cancellation of treasury stock	77,789,229	-	77,789,229	-
<b>Shares outstanding at 09/30/2017</b>	<b>2,823,483,724</b>	<b>4,650,146,149</b>	<b>7,473,629,873</b>	<b>37,145</b>

## b) Treasury Shares

In the period from January 1 to September 30, 2017, the Company purchased 50,970,229 common shares of own issue (26,819,000 from 01/01 to 12/31/2016), as authorized by the Board of Directors, either to be held in treasury, for later cancellation or replacement in the market, at the total cost of R\$ 449 (R\$ 204 from 01/01 to 12/31/2016) and average unit cost of R\$ 8.80 (R\$ 7.61 from 01/01 to 12/31/2016).

At the meetings held on February 13 and August 07, 2017, the Board of Directors resolved on the cancellation of 77,789,229 common shares of own issue held in treasury, by absorbing R\$ 653 recorded in Revenue Reserves.

	Number			Amount
	Common	Preferred	Total	
<b>Treasury Shares at 12/31/2015</b>	<b>(2,155,240)</b>	<b>(2,000,000)</b>	<b>(4,155,240)</b>	<b>(33)</b>
Cancellation of treasury stock	2,155,240	2,000,000	4,155,240	33
Shares purchased	(26,819,000)	-	(26,819,000)	(204)
<b>Treasury Shares at 31/12/2016</b>	<b>(26,819,000)</b>	<b>-</b>	<b>(26,819,000)</b>	<b>(204)</b>
Shares purchased	(50,970,229)	-	(50,970,229)	(449)
Cancellation of treasury stock	77,789,229	-	77,789,229	653
<b>Treasury Shares at 09/30/2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## c) Dividends

Stockholders are entitled to a mandatory minimum dividend of not less than 25% of the adjusted net income pursuant to the provisions of the Brazilian Corporate Law. Both common and preferred shares participate equally in the dividend, after the common shares have received dividends equal to the minimum priority dividend of R\$ 0.01 per share to be paid on preferred shares. The minimum dividend may be paid in four or more installments, at least quarterly or at shorter intervals.

The calculation of the quarterly advance of the mandatory minimum dividend is based on the share position on the last day of the prior month, with payment being made on the first business day of the subsequent month, amounting to R\$ 0.015 per share.

### I. Calculation

Net income	6,461	
(-) Legal reserve	(323)	
Dividend calculation basis	6,138	
<b>Mandatory minimum dividend</b>	<b>1,535</b>	<b>25.00%</b>

### II. Provision for interest on capital and dividends

	Gross	WTS	Net
<b>Paid</b>	<b>702</b>	<b>(88)</b>	<b>614</b>
<b>Dividends</b>	<b>112</b>	<b>-</b>	<b>112</b>
One quarterly installment of R\$ 0.015 per share paid on 07/03/2017	112	-	112
<b>Interest on capital</b>	<b>590</b>	<b>(88)</b>	<b>502</b>
One installment of R\$ 0.0790 per share paid on 08/25/2017	590	(88)	502
<b>Provided for</b>	<b>1,044</b>	<b>(123)</b>	<b>921</b>
<b>Dividends</b>	<b>224</b>	<b>-</b>	<b>224</b>
One quarterly installment of R\$ 0.015 per share to be paid on 10/02/2017	112	-	112
One quarterly installment of R\$ 0.015 per share to be paid on 01/02/2018	112	-	112
<b>Interest on capital</b>	<b>820</b>	<b>(123)</b>	<b>697</b>
One installment of R\$ 0.1096 per share to be declared	820	(123)	697
<b>Total at 09/30/2017 - R\$ 0.2053 net per share</b>	<b>1,746</b>	<b>(211)</b>	<b>1,535</b>
<b>Total at 09/30/2016 - R\$ 0.2025 net per share</b>	<b>1,706</b>	<b>(207)</b>	<b>1,499</b>



## d) Appropriated reserves

### • Legal reserve

The legal reserve is recognized at 5% of the net income for each year, pursuant to Article 193 of Law No. 6,404/76, amended by Law No.11,638/07 and Law No.11,941/09, up to the limit of 20% of capital.

### • Statutory reserves

These reserves are recognized with the aim of:

- Dividend equalization with the purpose of guaranteeing funds for the payment of dividends, including interest on capital or advances thereon, to maintain the flow of the stockholders' compensation;
- Increasing working capital, guaranteeing funds for the company's operations; and
- Increasing the capital of investees, to guarantee the preemptive rights of subscription to the capital increases of investees.

	09/30/2017	12/31/2016
<b>Revenue reserves</b>	<b>14,999</b>	<b>12,370</b>
Legal	1,277	954
Statutory	13,722	11,416
Dividend equalization	7,407	5,402
Working capital increases	2,335	2,110
Increases in the capital of investees	3,980	2,662
Proposal for distribution of additional dividends (*)	-	1,242
<b>Other reserves</b>	<b>675</b>	<b>707</b>
<b>Total reserves at parent company</b>	<b>15,674</b>	<b>13,077</b>

(\*) Refers to dividends and interest on capital declared after December 31 of each period.

Details of reserves	Revenue reserves		Other reserves	Total reserves
	Legal reserve	Statutory reserves		
Balance at 12/31/2016	954	11,416	707	13,077
Recognition of reserves	323	4,392	-	4,715
Cancellation of treasury stock	-	(653)	-	(653)
Dividend amount in addition to the minimum mandatory dividend for prior years	-	(1,242)	-	(1,242)
Goodwill on issue of shares	-	-	1	1
Transactions with subsidiaries and jointly controlled companies	-	(191)	(33)	(224)
<b>Balance at 09/30/2017</b>	<b>1,277</b>	<b>13,722</b>	<b>675</b>	<b>15,674</b>

## e) Unappropriated reserves

This refers to the balance of profit remaining after the distribution of dividends and appropriations to the legal reserve. This reserve is recognized after a resolution of the Board of Directors, at the Annual Stockholders' Meeting, in the year subsequent to that for which the financial statements are issued.

## NOTE 19 – SHARE-BASED PAYMENTS

### Stock option plan of subsidiaries – Duratex S.A.

As set forth in the bylaws, Duratex S.A. has a stock option plan, the purpose of which is to integrate its executives into the company's development process in the medium and long term, providing them with the option of benefiting from the value that their work and dedication add to Duratex's capital stock.

The options will entitle their holders to subscribe to the common shares of Duratex, subject to the conditions established in the plan.

The rules and operating procedures related to the plan will be proposed by the People, Governance and Appointing Committee, designated by the company's Board of Directors. This committee will periodically submit proposals regarding the application of the plan to the approval of the Board of Directors.

Options may only be granted in years in which there are sufficient profits to distribute mandatory dividends to stockholders. The total number of options to be granted during each year will not exceed the limit of 0.5% of the total shares held by Duratex that the controlling and non-controlling interest holders own on the date of that year-end balance sheet.

The exercise price to be paid to Duratex is established by the Personnel Committee at the option granting date. The exercise price will be calculated by People, Governance and Appointing Committee based on the average prices of Duratex's common shares at the B3 trading sessions, over a period of at least five and at most 90 trading sessions prior to the option issue date; at the discretion of that committee, which will also decide on the positive or negative adjustment of up to 30%. The established prices will be adjusted up to the month prior to the exercise of the option at the IGP-M or, in its absence, using an index established by the Personnel Committee.

Assumptions	2007	2008	2009	2010	2011	2012	2013	2014	2016
Total stock options granted	2,787,034	2,678,887	2,517,937	1,333,914	1,875,322	1,290,994	1,561,061	1,966,869	1,002,550
Exercise price at the grant date	11.82	15.34	9.86	16.33	13.02	10.21	14.45	11.44	5.74
Fair value at the grant date	8.88	7.26	3.98	7.04	5.11	5.69	6.54	4.48	4.00
Exercise deadline	10 years	10 years	8 years	8 years	8.5 years	8.8 years	8.9 years	8.1 years	8.9 years
Vesting period	1.5 years	1.5 years	3 years	3 years	3.5 years	3.8 years	3.9 years	3.10 years	3.9 years

To determine this value, the following economic assumptions were adopted:

	2007	2008	2009	2010	2011	2012	2013	2014	2016
Volatility of share price	36.60%	36.60%	46.20%	38.50%	32.81%	37.91%	34.13%	28.41%	39.82%
Dividend yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Risk-free return rate <sup>(1)</sup>	7.60%	7.20%	6.20%	7.10%	5.59%	4.38%	3.58%	6.39%	6.95%
Effective exercise rate	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%

(1) IGP-M coupon

The Company carries out the settlement of this benefit by delivering its own shares held in treasury up to the date of effective exercise of the options by the executives. In 2015 there was not the Company's stock option grant.

Statement of the value and appropriation of the options granted:

Granting date	Granted number	Maturity date	Exercise deadline	Granting price	To be exercised		Option price	Total amount	Periods			Other periods
					12/31/2016	09/30/2017			2007 to 2015	2016	2017	
01/31/2007	2,787,034	06/30/2008 to	12/31/2017	11.82	1,294,078	1,266,367	8.88	25	25	-	-	-
02/13/2008	2,678,887	06/30/2009 to	12/31/2018	15.34	1,340,260	1,321,788	7.26	19	19	-	-	-
06/30/2009	2,517,937	06/30/2012 to	12/31/2017	9.86	839,525	839,525	3.98	9	9	-	-	-
04/14/2010	1,333,914	12/31/2013 to	12/31/2018	16.33	808,763	801,545	7.04	9	9	-	-	-
06/29/2011	1,875,322	12/31/2014 to	12/31/2019	13.02	1,523,797	1,513,512	5.11	9	9	-	-	-
04/09/2012	1,290,994	12/31/2015 to	12/31/2020	10.21	780,997	776,474	5.69	6	7	-	-	-
04/17/2013	1,561,061	12/31/2016 to	12/31/2021	14.45	1,222,907	1,214,551	6.54	8	7	2	-	-
02/11/2014	1,966,869	12/31/2017 to	12/31/2022	11.44	2,144,813	2,134,363	4.48	9	4	2	2	1
03/09/2016	1,002,550	12/31/2019 to	12/31/2024	5.74	1,002,550	995,150	4.00	6	-	1	1	3
<b>Sum</b>	<b>17,014,568</b>				<b>10,957,690</b>	<b>10,863,275</b>		<b>100</b>	<b>89</b>	<b>5</b>	<b>3</b>	<b>4</b>
<b>Exercise effectiveness</b>								<b>96.63%</b>	<b>96.63%</b>	<b>96.63%</b>	<b>96.63%</b>	<b>96.63%</b>
<b>Computed value</b>								<b>97</b>	<b>86<sup>(1)</sup></b>	<b>5<sup>(2)</sup></b>	<b>3<sup>(3)</sup></b>	<b>4<sup>(4)</sup></b>

(1) Amount charged to income from 2007 to 2015.

(2) Amount charged to income in 2016.

(3) Amount charged to income in the nine months 2017.

(4) Value charged to income in other periods.

At September 30, 2017, Duratex S.A. had 2,478,659 treasury shares, which might be used in a possible option exercise.

## NOTE 20 – NET SALES REVENUE OF PRODUCTS AND SERVICES

	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
Gross revenue from sales of products and services	1,619	4,531	1,457	4,356
Domestic market	1,415	3,967	1,262	3,706
Foreign market	204	564	195	650
Taxes and contributions on sales	(329)	(924)	(295)	(884)
<b>Net revenue from sales of products and services</b>	<b>1,290</b>	<b>3,607</b>	<b>1,162</b>	<b>3,472</b>

## NOTE 21 – EXPENSES, BY NATURE

	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
Variation in fair value of biological assets	40	121	39	115
Variations in the inventories of finished products and work in process	41	190	132	307
Raw materials and consumption materials	(661)	(1,969)	(690)	(2,048)
Remuneration, charges and benefits to employees	(267)	(740)	(237)	(705)
Depreciation, amortization and depletion	(142)	(412)	(129)	(413)
Transport expenses	(70)	(230)	(81)	(239)
Advertising expenses	(51)	(131)	(40)	(107)
Other expenses	(102)	(293)	(118)	(308)
<b>Total</b>	<b>(1,212)</b>	<b>(3,464)</b>	<b>(1,124)</b>	<b>(3,398)</b>

The expenses by nature described above represent the following captions of the statement of income:

	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
Cost of products and services	(945)	(2,726)	(884)	(2,703)
Sales expenses	(184)	(506)	(157)	(466)
General and administrative expenses	(83)	(232)	(83)	(229)
<b>Total</b>	<b>(1,212)</b>	<b>(3,464)</b>	<b>(1,124)</b>	<b>(3,398)</b>

## NOTE 22 – OTHER (LOSSES)/GAINS, NET

	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
Provision for contingencies - reversal	(3)	(6)	5	(12)
Write-off of surplus of pension plan	5	6	15	11
Amortization of intangible assets	(7)	(23)	(7)	(23)
Options granted and recognized	(8)	(10)	1	(4)
Losses on sales of other investments and fixed assets	52	70	35	45
PIS and COFINS credits on acquisitions of raw materials	4	11	4	11
Rental revenue	2	6	3	8
Gain from a bargain purchase on acquisition Nexoleum S.A.	-	-	1	5
IPI Bonus Credit (Note 17a)	-	32	-	-
Dividends and interest on capital - NTS (Note 5)	59	115	-	-
Adherence to the Special Tax Regularization Program (Brazilian acronym "PERT")	(31)	(31)	-	-
Other	6	12	(3)	(10)
<b>Total</b>	<b>79</b>	<b>182</b>	<b>54</b>	<b>31</b>

## NOTE 23 – FINANCIAL RESULT

	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
<b>Financial income</b>				
Remuneration on financial investments	67	214	85	238
Foreign exchange variations	6	19	(1)	1
Indexation adjustment	10	33	12	39
Interest and discount obtained	30	47	3	10
Other	1	3	3	7
<b>Total</b>	<b>114</b>	<b>316</b>	<b>102</b>	<b>295</b>
<b>Financial expenses</b>				
Charges on financing	(64)	(245)	(105)	(26)
Foreign exchange variations	4	(26)	(3)	(16)
Indexation adjustment	(20)	(65)	(22)	(69)
Derivatives	(45)	(71)	(10)	(294)
Bank charges	(3)	(12)	(3)	(7)
Other	(9)	(26)	(7)	(22)
<b>Total</b>	<b>(141)</b>	<b>(448)</b>	<b>(150)</b>	<b>(435)</b>
<b>Total financial result</b>	<b>(27)</b>	<b>(132)</b>	<b>(48)</b>	<b>(140)</b>

## NOTE 24 – EARNING PER SHARE

The basic and diluted earnings per share were computed pursuant to the table below for the periods indicated.

The basic earnings per share are computed by dividing the net income attributable to the stockholders of ITAÚSA by the average number of shares for the year, and by excluding the number of shares purchased and held as treasury shares.

Diluted earnings per share are computed in a similar way, but with the adjustment made to the denominator when assuming the conversion of all shares that may dilute earnings.

	07/01 to 09/30/2017	01/01 to 09/30/2017	07/01 to 09/30/2016	01/01 to 09/30/2016
<b>Net income attributable to owners of the parent company</b>				
<b>Net income</b>	<b>2,350</b>	<b>6,461</b>	<b>2,114</b>	<b>6,313</b>
Minimum non-cumulative dividend on preferred shares in accordance with bylaws	(47)	(46)	(46)	(46)
<b>Subtotal</b>	<b>2,303</b>	<b>6,415</b>	<b>2,068</b>	<b>6,267</b>
Retained earnings to be distributed to common equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(28)	(28)	(28)	(28)
<b>Subtotal</b>	<b>2,275</b>	<b>6,387</b>	<b>2,040</b>	<b>6,239</b>
<b>Retained earnings to be distributed to common and preferred equity owners on a pro-rata basis</b>				
To common equity owners	859	2,425	779	2,393
To preferred equity owners	1,416	3,962	1,261	3,846
<b>Total net income available to common equity owners</b>	<b>887</b>	<b>2,453</b>	<b>807</b>	<b>2,421</b>
<b>Total net income available to preferred equity owners</b>	<b>1,463</b>	<b>4,008</b>	<b>1,307</b>	<b>3,892</b>
<b>Weighted average number of shares outstanding</b>				
Common shares	2,823,483,724	2,825,648,563	2,828,112,054	2,845,991,387
Preferred shares	4,650,146,149	4,616,826,336	4,575,176,570	4,575,176,570
<b>Earnings per share – basic and diluted - R\$</b>				
Common shares	0.31	0.87	0.29	0.85
Preferred shares	0.31	0.87	0.29	0.85

The impact from the dilution of earnings per share is lower than R\$ 0.01.

**NOTE 25 – BUSINESS COMBINATION**

In May 2010, Bank of America Corporation sold its interest in the capital of Itaú Unibanco Holding. Preferred shares were traded in the market and common shares were purchased by ITAÚSA, which increased its direct and indirect interest in the capital of Itaú Unibanco Holding from 35.46% to 36.57%.

June 30, 2010, was determined as the date for the application of the acquisition method set forth in CPC 15 / IFRS 3 – “Business Combinations”. The application of the acquisition method involved the recognition and measurement of identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree, and the recognition and measurement of goodwill or gains arising from a bargain purchase.

On the purchase date, ITAÚSA recorded goodwill of R\$ 809, including:

- (i) Identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree;
- (ii) The consideration for the control of the purchased company; and
- (iii) Goodwill or gains arising from a bargain purchase.

The table below shows the balance of identifiable assets and liabilities and the amount of goodwill computed proportionally to the acquisition of 1.22%:

	12/31/2016	Amortization/ Realization	09/30/2017
<b>Intangible assets subject to amortization</b>			
Customer relationships	27	(3)	24
Exclusive access to retail customers and real estate brokers	37	(12)	25
Others	1	-	1
<b>Total intangible assets subject to amortization ( I )</b>	<b>65</b>	<b>(15)</b>	<b>50</b>
<b>Intangible assets not subject to amortization</b>			
Hipercard brand	2	-	2
Itaú brand	65	-	65
<b>Total intangible assets not subject to amortization ( II )</b>	<b>67</b>	<b>-</b>	<b>67</b>
<b>Total allocated to intangible assets ( III = I + II )</b>	<b>132</b>	<b>(15)</b>	<b>117</b>
<b>Deferred tax liability ( IV )</b>	<b>(53)</b>	<b>6</b>	<b>(47)</b>
<b>Total goodwill allocated ( V = III + IV )</b>	<b>79</b>	<b>(9)</b>	<b>70</b>
<b>Goodwill</b>	<b>437</b>	<b>-</b>	<b>437</b>

Identifiable intangible assets subject to amortization are recorded in income for a period of 2 to 16 years, according to the useful life defined based on the expected future economic benefits generated by the asset.

Intangible assets not subject to amortization and the residual goodwill, which also represents the expected future economic benefits, do not have defined useful lives, and will have their recoverability tested at least annually by Management.

This purchase of shares represented an increase in the interest of ITAÚSA, and most of the identifiable assets and liabilities were recorded in ITAÚSA based on criteria that were similar to those for previously recorded operations, before the increase in interest. Likewise, the same approach was followed for the income, expenses and net income of ITAÚSA.

**NOTE 26 – POST-EMPLOYMENT BENEFITS**

As prescribed in CPC 33 / IAS 19 - “Employee Benefits”, we present the policies adopted by subsidiaries of ITAÚSA in relation to employee benefits, as well as the accounting procedures adopted.

ITAÚSA’s subsidiaries in Brazil are part of a group of companies that sponsor Fundação Itaúsa Industrial, a not-for-profit organization the purpose of which is to manage private plans for the concession of bonus plans or supplementary income or benefits similar to those conferred by the official government retirement plan. Fundação Itaúsa manages a defined contribution plan – PAI-CD (the “CD Plan”) and a defined benefit plan–BD (the “BD Plan”).

Employees hired by the industrial and services area companies have the option of voluntarily participating in the CD Plan, managed by Fundação Itaúsa Industrial.

**(a) Defined contribution plan – CD Plan**

This plan is offered to all employees of sponsor companies and had 8,769 participants at September 30, 2017 (8,940 at December 31, 2016).

The CD Plan (an individual retirement plan) offers no actuarial risk and the investment risk is borne by the participants.

**Pension Program Fund**

Contributions made by sponsors that remained in the plan because the participants had opted for redemption or early retirement, formed the Pension Fund which, according to the internal rules of the plan, has been used to offset contributions made by the sponsors.

The amount recorded in the balance sheet under “Other financial assets” (Note 8a) is R\$ 123 (R\$ 117 at December 31, 2016). The amount of R\$ 6 was recognized in the results (The expense of R\$ 5 was recorded in result at September 30, 2016).

**(b) BD Plan**

This plan has as its basic purpose the granting of benefits that, as a lifetime monthly income, are intended to supplement, pursuant to its terms, the income paid by the official government retirement plan. This plan is no longer available, which means that no new participants will be admitted to it.

The plan includes the following benefits: a supplement to the governmental retirement plan, payable based on the time of contribution, special circumstances, age, disability, lifetime monthly income, retirement premium and death bonus.

At September 30, 2017, Other Financial Assets (Note 8a) recorded in the balance sheet amounted to R\$ 11 (R\$ 14 at December 31, 2016), payable in twenty-one (21) monthly installments.

**Main assumption used**

	09/30/2017	09/30/2016
Discount rate	11.14% p.a.	12.60% p.a.
Mortality table (1)	AT-2000	AT-2000
Turnover	Null	Null
Future salary growth	7.23 % p.a.	7.38 % p.a.
Growth of the pension benefit /plans	4.85 % p.a.	5.00 % p.a.
Inflation	4.85 % p.a.	5.00 % p.a.

(1) The mortality tables adopted correspond to those disclosed by the Society of Actuaries, the North American entity equivalent to the Brazilian Institute of Actuarial Science, which reflects a 10% increase in the probability of survival compared to the respective basic tables; the life expectancies in years according to the AT-2000 mortality table for participants of 55 years of age are 27 and 31 years for men and women, respectively.

## NOTE 27 – SEGMENT INFORMATION

In accordance with the standards in force, an operating segment may be understood as a component of an entity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- (b) whose operating results are regularly reviewed by the entity's chief operating decision – makers in order to make decisions about resources to be allocated to the segment and assess its performance;
- (c) for which discrete financial information is available.

The operating segments of ITAÚSA were defined according to the reports submitted to the Board of Directors for decision-making. Therefore, the segments are divided into the Financial Sector and the Non-financial Sectors.

One of ITAÚSA's corporate purposes is holding interest in the capital stock of other companies of different segments. Itaúsa's main investments are Duratex, Elekeiroz, Alpargatas, and Nova Transportadora do Sudeste - NTS, which operate in non-financial sectors, and Itaú Unibanco Holding, a financial sector company.

The Itaúsa subsidiaries have independence with regard to defining their differentiated and specific standards in the management and segmentation of their respective businesses.

### • Financial Sector

Itaú Unibanco Holding is a banking institution that offers, directly or through its subsidiaries, a broad range of credit and other financial services to a diversified client base of individuals and companies in and outside Brazil.

ITAÚSA exercises joint control over the businesses of Itaú Unibanco Holding; the jointly-controlled entities were accounted for under the equity method and were not consolidated.

The complete financial statements of Itaú Unibanco Holding for the period from January 1, 2017, to September 30, 2017, are available at the following website <https://www.itaub.com.br/relacoes-com-investidores/>.

### • Non-financial Sectors

In the non-financial segment we have a broad range of companies; for this reason, we have separated information by company. A brief description of the products and services provided by each company is as follows:






I) Alpargatas: it is engaged in the manufacturing and sale of footwear and respective components, apparel, textile artifacts and respective components, leather, resin and natural or artificial rubber and sports products. ITAÚSA exercises a shared control on Alpargatas' business, and its information is not consolidated, but rather accounted for under the equity method.

II) Duratex manufactures bathroom porcelain and metals, and the respective fittings and electronic showers, with the Deca and Hydra brands, which are distinguished by their wide range of products, bold design, and superior quality. Duratex also produces wood panels from pine and eucalyptus, largely used in the manufacture of furniture, mainly fiberboard, chipboard and medium, high and super-density fiberboards, better known as MDF, HDF and SDF, from which laminated flooring (Durafloor) and ceiling and wall coatings are manufactured.

III) Nova Transportadora do Sudeste - NTS: it is engaged in the transportation of gas, through gas pipelines, to distribution companies and thermal power plants in the states of São Paulo, Rio de Janeiro and Minas Gerais, a region accounting for a large part of Brazil's GDP. ITAÚSA invests in NTS together with other shareholders, and this investment is accounted for as a Financial Asset, in conformity with CPC 38.

IV) Elekeiroz operates in the chemical market and is engaged in the manufacturing and sale of chemical and petrochemical products in general, including third parties' products, and imports and exports. The company's production capacity exceeds 700 thousand tons of chemical products per year in its industrial units, and the products are basically intended for the industrial sector, particularly for the civil construction, clothing, automotive and food industries.

V) Itautec's main business is holding an interest in companies in Brazil and abroad, particularly in companies engaged in the manufacture and sale of commercial and banking automation equipment and the provision of services.

	January to September	Financial Sector	Non Financial Sector			
			 (1)		 (2)	
Total assets	2017	1,373,518	3,709	9,033	10,182	456
	2016	1,324,122	3,777	9,246	n.d	707
Operating revenues <sup>(3)</sup>	2017	147,822	1,667	2,888	3,092	719
	2016	155,529	2,006	2,881	n.d	585
Net income	2017	18,418	234	100	1,348	23
	2016	17,271	171	1	n.d	(40)
Stockholders' equity	2017	131,410	2,241	4,678	4,286	135
	2016	121,942	1,985	4,571	n.d	415
Annualized return on average equity (%) <sup>(4)</sup>	2017	20.2%	21.6%	2.9%	43.0%	26.1%
	2016	20.0%	17.4%	0.0%	n.d	-12.4%
Internal fund generation <sup>(5)</sup>	2017	56,863	193	735	2,744	57
	2016	76,603	227	643	n.d	(17)

(1) Based on Financial Statements ended in June 2017

(2) Information were not reviewed by external audit

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

- Itaú Unibanco Holding: interest and similar income, dividend income, net gain (loss) from investment securities and derivatives, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.
- Alpargatas, Duratex, NTS and Elekeiroz: sales of products.

(4) Represents the ratio of net income for the year and the average equity (Dec16 + Mar + Jun + Sep) / 4.

(5) Refers to funds arising from operations as reported in the statement of cash flows.

Note: Net Income, Stockholders' equity and ROE of Itaú Unibanco correspond to results attributable to controlling stockholders.



**NOTE 28 – RELATED PARTIES**

Transactions between related parties are carried out based on the amounts, maturities and average rates in accordance with normal market practices on the respective dates, as well as under reciprocal conditions.

Transactions between companies included in the consolidation were eliminated from the consolidated financial statements. The transaction terms take into consideration the absence of risk.

The transactions with these related parties are mainly characterized as follows:

**a) Related parties**

	Consolidated			
	Assets/(Liabilities)		Revenue/(Expenses)	
	09/30/2017	12/31/2016	01/01 to 09/30/2017	01/01 to 09/30/2016
<b>Financial investments</b>	35	126	2	13
Itaú Unibanco S.A.	35	126	2	13
<b>Customers</b>	35	37	76	142
Other Related Parties (*)	35	37	76	142
<b>Banking service fees</b>	-	-	(1)	(2)
Itaú Corretora S.A.	-	-	(1)	(1)
Itaú Unibanco S.A.	-	-	-	(1)
<b>Total</b>	<b>70</b>	<b>163</b>	<b>77</b>	<b>153</b>

(\*) Refers basically to the operations for the sale of Duratex S.A.'s goods to Leo Madeiras Maqs. e Fer. S.A., Fibria Celulose, as well as rural leasing costs with Ligna Florestal Ltda.

In addition to the aforementioned operations, ITAÚSA and non-consolidated related parties, as an integral part of agreement for the apportionment of common costs, recorded in "General and administrative expenses", the amount of R\$ 1 (R\$ 4 from January 1 to September 30, 2016) due to the use of a common shared-structure.

As at September 30, 2017, it was not necessary to make an allowance for doubtful accounts.

**b) Guarantees provided**

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

	09/30/2017	12/31/2016
Duratex S.A.	133	211
Elekeiroz S.A.	134	138
Itautec S.A.	7	19
<b>Total</b>	<b>274</b>	<b>368</b>

**c) Compensation of key personnel**

The compensation of members of ITAÚSA and its subsidiaries' management was as follows:

	01/01 to 09/30/2017	01/01 to 09/30/2016
Compensation	38	25
Profit sharing	11	11
Stock options	3	4
<b>Total</b>	<b>52</b>	<b>40</b>

## NOTE 29 – MANAGEMENT OF FINANCIAL RISKS

### I – Financial risk factors

In order to understand the risks inherent in ITAÚSA'S activities, it is important to understand that its business objective is the management of investments in its companies. Accordingly, the risks to which ITAÚSA is subject are those that are managed by its subsidiaries and affiliates.

In terms liquidity risk, ITAÚSA's cash flow forecast is made by Management, which monitors the continuous forecasts of liquidity requirements to ensure that it has sufficient cash to meet operating needs, mainly the payment of dividends and interest on capital and the settlement of other obligations assumed.

ITAÚSA's excess cash is invested in government securities and investment fund quotas.

At the reporting date, ITAÚSA had cash and cash equivalents amounting to R\$ 77 (R\$ 666 at December 31, 2016), which are expected readily generate to cash inflows to manage the liquidity risk.

With the purpose of maintaining investments at acceptable risk levels, new investments or increases in interests are discussed at a joint meeting of ITAÚSA's Executive Board and Board of Directors.

We present below the main risks associated with ITAÚSA's subsidiaries:

#### a) Market risk

##### (i) Foreign currency risk

Changes in foreign exchange rates may result in a decrease in asset amounts or an increase in liability amounts. The foreign exchange risk derives from future commercial operations, assets and liabilities recognized and net foreign investments.

In view of certain risk management procedures, which aim to minimize the foreign exchange exposure, hedge mechanisms are in place to protect most of the foreign exchange exposure.

##### (ii) Derivative operations

In derivative operations there are no checks, monthly settlements or margin calls, and the contract is settled upon maturity, and recorded at fair value, taking into account market conditions such as terms and interest rates.

We present below the types of contract in place in subsidiaries:

- Swap contracts - US\$ x CDI: this type of operation aims at changing debts expressed in US dollars into debts indexed to the CDI;
- Swap contracts – fixed rate x CDI: this type of operation aims to change debts at fixed interest rates into debts indexed to the CDI;
- NDF (Non-Deliverable Forward) Contract: this operation is aimed at eliminating a company's foreign exchange exposure. Accordingly, the contract is settled on its respective maturity date, taking into account the difference between the forward exchange rate (NDF) and the foreign exchange rate at the end of the period (Ptax);
- The fair value of financial instruments was valued based on the estimated present value, both for the long and short positions, and the resulting difference between these positions gives rise to the swap market value.

The following table summarizes the fair value of derivative financial instruments:

	Notional amount	Fair value	Accumulated effect	
	09/30/2017	09/30/2017	Amount receivable	Amount payable
<b>Swap contracts</b>	-	96	25	(3)
<b>Asset position</b>	786	894	25	(3)
Foreign currency (US\$)	766	835	25	(3)
Fixed rate	20	59	-	-
<b>Liability position</b>	(786)	(798)	-	-
CDI	(786)	(798)	-	-
<b>Futures contracts (NDF)</b>	101	100	1	-
<b>Agreement of Sale</b>	101	100	1	-
NDF	101	100	1	-

	Notional amount	Fair value	Accumulated effect	
	12/31/2016	12/31/2016	Amount receivable	Amount payable
<b>Swap contracts</b>	-	94	98	(4)
<b>Asset position</b>	959	1,120	98	(4)
Foreign currency (US\$)	901	1,062	98	(3)
Fixed rate	58	58	-	(1)
<b>Liability position</b>	(959)	(1,026)	-	-
CDI	(959)	(1,026)	-	-
<b>Futures contracts (NDF)</b>	27	27	-	-
<b>Agreement of Sale</b>	27	27	-	-
NDF	27	27	-	-

The gains or losses on operations shown in the table were offset in the interest and foreign currency, asset and liability positions, the effects of which are presented in the financial statements.

### Sensitivity analysis

We present below the sensitivity analysis of financial instruments, including derivatives, describing the risks that may give rise to material losses to ITAÚSA and its subsidiaries, with a Probable Scenario (Base Scenario) and two other scenarios, pursuant to the provisions of CVM Instruction No. 475/08, representing 25% and 50% impairment of the risk variable considered.

For the risk variable rates used in the Probable Scenario, B3 / Bloomberg quotations were used for the respective maturity dates.

Risk	Instrument/Operation	Description	Probable Scenario	Possible Scenario	Remote Scenario
Foreign exchange	Swap - US\$ / CDI (Res. 4131)	Drop - US\$	(10)	(210)	(410)
	Hedged item: debt in foreign currency (US\$)	(Increase US\$)	10	210	410
	NDF (US\$)	Drop - US\$	-	25	50
	Hedged item: debt in foreign currency (US\$)	(Increase US\$)	-	(25)	(50)
	Exports receivable	(Drop - US\$)	-	(4)	(8)
		Increase - US\$	-	4	8
	BNDES – revolving credit	Drop - US\$	(1)	2	4
		(Increase US\$)	-	(2)	(4)
	Foreign suppliers (-) Hedge	Drop - US\$	-	2	4
		(Increase US\$)	-	(2)	(4)
<b>Total</b>			<b>(1)</b>	<b>-</b>	<b>-</b>

## (iii) Cash flow risk or fair value associated with interest rate

The cash invested earns interest indexed to the CDI variation percentage, with redemption guaranteed by the issuing banks in accordance with the contracted rates. There are no other relevant assets the results of which are directly affected by changes in market interest rates.

For liabilities, the interest rate risk derives from long-term loans. Most of these loans are indexed to the Brazilian long-term interest rate ("TJLP"), a rate aimed at encouraging long-term investments in the production sector, which is historically lower than the financing rates in the market.

The risk associated with these contracted interest rates is monitored from the beginning of the financing, and the institution's policy is to monitor the changes in and projections of the interest market, analyzing any possible need or opportunity to contract hedges for these operations.

**b) Credit risk**

The sales policy is directly associated with the credit risk level to which the institution is willing to be exposed to in the course of business. Diversifying the receivables portfolio and selecting clients, as well as monitoring sales financing terms and individual credit limits, are among the procedures adopted to minimize default levels or losses in the realization of accounts receivable.

Regarding financial and other investments, the company's policy is to work together with prime institutions and refrain from having investments concentrated in a single economic group.

**c) Liquidity risk**

This is the risk that ITAÚSA and its subsidiaries will not have net funds that are sufficient to meet their financial commitments, as a result of the mismatch of terms or volume between the scheduled receipts and payments. Assumptions regarding future reimbursements and receipts, monitored on a daily basis by the treasury area, are established in order to manage the liquidity of cash in domestic and foreign currencies.

The table below shows the maturities of financial liabilities and accounts payable to suppliers at the balance sheet date:

09/30/2017	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	1,141	1,031	1,685	828
Suppliers and other payables	342	18	241	30
<b>Total</b>	<b>1,483</b>	<b>1,049</b>	<b>1,926</b>	<b>858</b>

12/31/2016	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	780	1,636	1,292	4
Suppliers and other payables	298	1	-	34
<b>Total</b>	<b>1,078</b>	<b>1,637</b>	<b>1,292</b>	<b>38</b>

**II - Estimated fair value**

It is assumed that the balances of trade accounts receivable and trade accounts payable at their carrying amounts less impairment are close to their fair values. The fair values of financial assets and liabilities, for disclosure purposes, are estimated by discounting the future contractual cash flow at the interest rate in force in the market, which is available for ITAÚSA and its subsidiaries for similar financial instruments.

The financial statements are in conformity with CPC 40 / IFRS 7 – "Financial Instruments: Evidence" measured in the balance sheet at fair value, which requires the disclosure of these measurements using the following hierarchy levels:

- Level 1: prices (unadjusted) quoted for identical assets or liabilities in active markets;
- Level 2: information, in addition to quoted prices, included in level 1, which is adopted by the market for assets or liabilities, either directly (that is, as prices) or indirectly (that is, as price derivatives);
- Level 3: inputs for assets or liabilities not based on the data adopted by the market (that is, non-observable inputs).

In the following table, we present the consolidated financial instruments by level:

	Level	09/30/2017	12/31/2016
<b>Assets <sup>(1)</sup></b>		<b>4,441</b>	<b>5,119</b>
Cash and cash equivalents	1	81	50
Cash and cash equivalents	2	1,015	2,384
Subordinated financial bills	2	-	61
Financial treasury bills	1	76	249
Debentures	2	49	-
Available-For-Sale Financial Assets	3	931	-
Held-To-Maturity Financial Assets	2	445	-
Trade accounts receivable	2	1,015	934
Dividends and interest on capital	2	409	1,004
Deposits as guarantees for contingent liabilities	2	102	99
Other assets	2	318	338
<b>Liabilities:</b>		<b>6,366</b>	<b>6,077</b>
Loans, financing and debentures	2	4,685	3,712
Suppliers / other expenses	2	631	333
Dividends and interest on capital	2	1,050	2,032

(1) The fair values of interests in unconsolidated joint ventures are reported in note 10 IIa.

## NOTE 30 – SUBSEQUENT EVENTS

### Purchase of Duratex S.A. Shares

On October 05, 2017, ITAÚSA purchased 1,839,017 common shares from subsidiary Duratex S.A., at the average unit cost of R\$ 9.97, totaling R\$ 18, increasing its stake in capital stock to 36.68%.

### Increase in the limit for acquiring shares of the Company's own issue for Treasury

The Board of Directors at a meeting on October 10, 2017, authorized the Board of Officers to acquire up to 153,700,000 book entry shares of the Company's own issue, being 103,700,000 common and 50,000,000 preferred for holding as treasury stock, cancellation or resale to the Market.

## **INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

### **Introduction**

We have reviewed the individual balance sheet of Itaúsa - Investimentos Itaú S.A. (Company), as of September 30, 2017 and the related statements of income, comprehensive income and cash flows for the three and nine-month period then ended and of changes in shareholders' equity for the nine-month period then ended, as well as a summary of the main accounting practices and other notes.

We have also reviewed the consolidated balance sheet of Itaúsa - Investimentos Itaú S.A. and its controlled companies (Consolidated), as of September 30, 2017 and the related consolidated statements of income, comprehensive income and cash flows for the three and nine-month period then ended and changes in shareholders' equity for the nine-month period then ended, as well as a summary of the main accounting practices and other notes.

The Company's management is responsible for the fair presentation and preparation of the individual interim financial statements in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Statements, issued by the Committee of Accounting Pronouncements (CPC), and of the consolidated interim financial statements in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Statements and with the International Accounting Standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express an opinion on the interim information based on our review.

### **Scope of the review**

We conducted our review in accordance with Brazilian and international standards for reviewing interim financial information (NBC TR 2410 and ISRE 2410 – “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”). An interim review consists principally of applying analytical and other review procedures, and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

### **Conclusion on the individual interim financial statements**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. at September 30, 2017, the results of its operations and cash flows for the three and nine-month period then ended, in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Statements.

### **Conclusion on the consolidated interim financial statements**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its controlled companies at September 30, 2017, the consolidated results of its operations and cash flows for the three and nine-month period then ended, in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Statements and International Accounting Standard IAS 34 - Interim Financial Reporting, issued by IASB.

## Other issues

### Interim statements of value added

We have also reviewed the Individual and Consolidated interim statements of value added for the three and nine-month period ended September 30, 2017. These statements are the responsibility of the company's management and are presented as supplementary information. These statements were submitted to the same review procedures previously described and based on our review, we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the interim financial statements, Company and Consolidated, taken as a whole.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, November 06, 2017.



**BDO RCS Auditores Independentes SS**  
**CRC 2 SP 013846/O-1**

**Jairo da Rocha Soares**  
**Accountant CRC 1 SP 120458/O-6**

## Report on Review

### To the Board of Directors and Shareholders of Itaúsa – Investimentos Itaú S.A.

#### Introduction

We have reviewed the accompanying interim financial statements of Itaúsa - Investimentos Itaú S.A. ("Parent Company"), which comprise the balance sheet as at September 30, 2017 and the related statements of income, comprehensive income and cash flows for the three and nine-month period then ended and the statement of changes in equity for the nine-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

We have also reviewed the accompanying consolidated interim financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at September 30, 2017 and the related consolidated statements of income, comprehensive income and cash flows for the three and nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the Parent Company interim financial statements in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the Consolidated interim financial statements in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

#### Scope of review

We conducted our review in accordance with the Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion on the Parent Company interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Parent Company interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. at September 30, 2017, and its financial performance and cash flows for the three and nine-month period ended September 30, 2017, in accordance with CPC 21 - Interim Financial Reporting.

#### Conclusion on the Consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its subsidiaries, at September 30, 2017 and their financial performance and the cash flows for the three and nine-month period ended September 30, 2017, in accordance with CPC 21 - Interim Financial Reporting and IAS 34 - Interim Financial Reporting issued by the IASB.



**Other matters**

We have also reviewed the Parent Company and Consolidated interim statements of value added for the three and nine-month period ended September 30, 2017. These statements are the responsibility of the company's management, and are presented as supplementary information. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the interim financial statements taken as a whole.

São Paulo, November 06, 2017.

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Washington Luiz Pereira Cavalcanti  
Contador CRC 1SP172940/O-6

# ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ 61.532.644/0001-15

A Publicly Listed Company

NIRE 35300022220

## OPINION OF THE FISCAL COUNCIL

The members of Fiscal Council of **ITAÚSA - INVESTIMENTOS ITAÚ S.A.** (Itaúsa) have proceeded to examine the management report and the financial statements for the September 30, 2017, which were reviewed by BDO RCS Auditores Independentes S/S (BDO) as independent auditors, pursuant to the statutory requirements including those relating to the regulations issued by the Brazilian Securities and Exchange Commission. Pursuant to the practices of Corporate Governance, these account statements have also been reviewed by PricewaterhouseCoopers Auditores Independentes (PwC), as Conglomerate's independent auditor, including of the controlling company of Itaúsa. Both the independent auditors issued unqualified reports.

The Fiscal Councilors have verified the exactness of the elements examined and in the light of the opinions of BDO and PwC mentioned above, understand that these documents adequately reflect the equity situation, the financial position and the activities of Itaúsa in the period. São Paulo (SP), November 6, 2017. (signed) Tereza Cristina Grossi Togni – President; Alexandre Barenco Ribeiro, Flavio Cesar Maia Luz, José Maria Rabelo and Paulo Ricardo Moraes Amaral – Councilors.

*ALFREDO EGYDIO SETUBAL*  
Investor Relations Officer

# ITAÚSA – INVESTIMENTOS ITAÚ S.A.

CNPJ. 61.532.644/0001-15

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## **SUMMARIZED MINUTES OF THE MEETING OF THE BOARD OF EXECUTIVE OFFICERS OFFICERS HELD ON NOVEMBER 6, 2017**

**DATE, TIME AND PLACE:** on November 6, 2017, at 9:00 am at Av. Brigadeiro Faria Lima, 3500, 1st floor, room 141, in the city and state of São Paulo.

**CHAIR:** Alfredo Egydio Setubal, CEO.

**QUORUM:** the totality of the elected members.

**RESOLUTIONS UNANIMOUSLY ADOPTED:** following due examination of the account statements for the 3rd quarter of 2017, pursuant to the provisions in sub-section V and VI of Article 25 of CVM Instruction 480/09, amended, the Board unanimously resolved to declare that:

- a) it has reviewed, discussed and agrees with the opinion expressed in the report issued by BDO RCS Auditores Independentes S/S, as independent auditors, pursuant to the statutory requirements including those relating to the regulations issued by the Brazilian Securities and Exchange Commission. Pursuant to the practices of Corporate Governance, these financial statements have also been reviewed by PricewaterhouseCoopers Auditores Independentes, as Conglomerate's independent auditor, including of the controlling company of Itaúsa. Both the independent auditors issued unqualified reports; and
- b) it has reviewed, discussed and agrees with the financial statements for the quarter ending September 30, 2017.

**CONCLUSION:** there being no further matters on the agenda and no members wishing to raise any further matters, the meeting was declared closed and these minutes were drafted, read, approved and signed by all. São Paulo (SP), November 6, 2017. (signed) Alfredo Egydio Setubal – CEO; Roberto Egydio Setubal and Rodolfo Villela Marino – Executive Vice-Presidents.

*ALFREDO EGYDIO SETUBAL*  
Investor Relations Officer