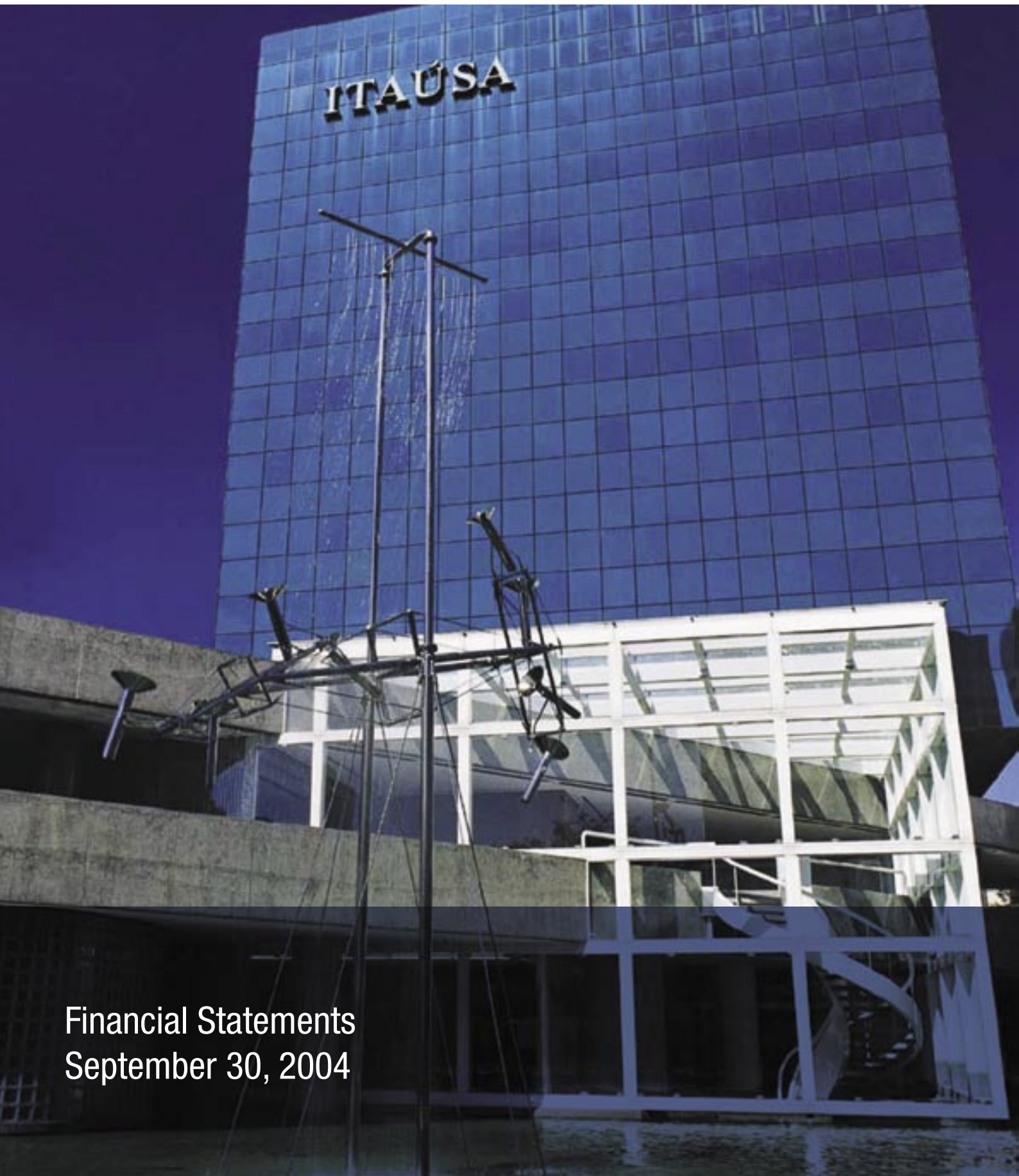


ITAÚSA - INVESTIMENTOS ITAÚ S.A.



Financial Statements
September 30, 2004

ITAÚSA INVESTIMENTOS ITAÚ S.A.**MANAGEMENT REPORT – THIRD QUARTER 2004****To our Stockholders**

We are pleased to present the Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the third quarter 2004, which have been prepared in accordance with Corporate Legislation and the regulations of the Brazilian Securities Commission (CVM). They also have the favorable opinion of the Fiscal Council.

THE ECONOMY

This quarter, the Brazilian economy maintained its recovery trend. In July, inflation started to show signs of decrease that intensified in September. Growth expectations were maintained. This scenario was confirmed with the reduction in Brazil's sovereign risk, measured by the EMBI index of 469 base points at the end of September from 650 base points at the end of June. The Brazilian Real also appreciated in relation to the main foreign currencies. With respect to the U.S. dollar, the foreign exchange rate decreased to R\$2.8586 at the end of September from R\$3.1075 at the end of June. This appreciation can assist fighting inflation and opens the opportunity their domestic demand becomes an important source of GDP growth. On the other hand, it may affect the maintenance of high trade surpluses in the coming quarters.

By September, the economy still posted a remarkable trade surplus of over US\$25 billion, substantially reducing the country's foreign vulnerability. Exports, which up until September aggregated to US\$70 billion, grew 34.6% as compared to the first nine months of the year giving a substantial boost to the economy.

At the same time, the recovery in wages and salaries, which increased 4.6% in July-August as compared to the same period in 2003, is increasing domestic demand and allowing the recovery of demand for durables and stimulating the production and sale of nondurable and semi-durable goods. This quarter, credit to individuals increased 6.6% and credit to businesses increased 3.3%. Forecasts point to an aggregate GDP increase of 4.0% up to the third quarter.

The recovery of the investment rate, to reach 19.7% of GDP in the third quarter, against just 18.1% in the same period of 2003, should allow the ongoing recovery of the economy. We believe that we will still have a favorable economic environment for the banking sector in the coming quarters.

This quarter, the manufacturing sector maintained the growth trend noted at the beginning of the year. In the period July-September, the manufacturing industry grew 10.5% if compared to the same period in 2003. This industry's upturn arises mainly from dynamic exports and increase in domestic demand.

Capital goods and durable assets continued to lead industrial growth. In the third quarter, these segments grew 25.9% and 27.0%, respectively. The nondurable and semi-durable consumer goods industry grew 5.5%. The moderate increase in income explains in part this industry's slower recovery. In terms of segments, in the third quarter, the wood industry grew 11.5%; office machinery and IT equipment 38.7%; electronics, devices, and communication equipments 18.0%; furniture 8.0%; and sundry chemicals 20.6%.

A slowdown of the growth rate is expected for the last quarter. The intensive use of installed capacity in record levels is one of the factors that prevent maintaining the strong growth pace of the previous quarters. As regards investment, prospects are positive, in particular if we consider the 25.7% increase in the production of capital goods this year.

ITAÚSA OPERATIONS

Itaúsa, a publicly listed holding company, centralizes the financial and strategic decisions of its subsidiaries even though it preserves the operating autonomy of each company. Investments are diversified but each company has its own strategic business focus.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

R\$ thousand

	Parent company		Minority stockholders		Conglomerate	
	09/30/2004	09/30/2003	09/30/2004	09/30/2003	09/30/2004	09/30/2003
Total net income	1,369,257	1,109,938	1,528,954	1,239,292	2,898,211	2,349,230
Recurring net income	1,680,479	1,338,287	1,688,181	1,537,294	3,368,660	2,875,581
Extraordinary results	(311,222)	(228,349)	(159,227)	(298,002)	(470,449)	(526,351)
Stockholders' equity	8,553,481	7,427,590	7,989,603	6,876,685	16,543,084	14,304,275
Annualized return (net income/stockholders' equity) (%)	21.89	20.41	26.30	24.72	24.02	22.48
Dividends/Interest on own capital	433,116	331,719	470,787	381,410	903,903	713,129

MAIN FINANCIAL INDICATORS

	09/30/2004	09/30/2003	Change %
Results per thousand shares – R\$			
Net income	424.63	345.40	22.94
Net worth	2,652.60	2,311.41	14.76
Price per share ON (1)	3,718.89	3,242.86	14.68
Price per share PN (1)	3,748.10	2,754.09	36.09
Market capitalization (2) - R\$ thousand	12,050,722	9,429,149	27.80

(1) Based on the average quotation in September.

(2) Calculated based on the average quotation of the preferred shares in September.

MAIN INDICATORS OF THE COMPANIES CONTROLLED BY ITAÚSA

R\$ thousand

	3rd. Quarter	FINANCIAL AND INSURANCE AREA		INDUSTRIAL AREA			CONSOLIDATED / CONGLOMERATE (2)
		Banco Itaú Holding Consolidated	Insurance, pension plan and capitalization (1)	Duratex	Itautec Philco	Elekeiroz	
Total assets	2004	138,519,767	14,028,675	1,876,511	968,343	496,587	142,383,089
	2003	118,981,949	9,058,015	1,628,474	933,321	453,378	122,466,470
Operating revenue (3)	2004	21,680,644	5,453,235	883,354	1,105,898	507,754	24,463,146
	2003	16,905,881	4,890,853	710,420	861,694	419,525	19,138,627
Net income	2004	2,745,296	549,701	92,737	17,584	48,955	2,898,211
	2003	2,297,871	471,671	41,564	(3,628)	25,429	2,349,230
Stockholders' equity	2004	13,470,846	3,173,041	993,506	326,405	279,586	16,543,084
	2003	11,463,805	2,267,340	923,681	303,505	234,192	14,304,275
Annualized return (Net income/ Stockholders' equity) (%)	2004	28.06%	23.74%	12.64%	7.25%	24.00%	24.02%
	2003	27.58%	28.66%	6.04%	-1.59%	14.73%	22.48%
Internal fund raising (4)	2004	6,393,202	2,145,671	153,403	66,922	67,574	6,620,506
	2003	6,141,263	1,630,447	96,382	47,446	32,565	6,330,001

(1) Data related to insurance, pension plan and capitalization companies, consolidated in Banco Itaú Holding Financeira S.A. are also presented separately to evidence them.

(2) Data related to consolidated/conglomerate present net amounts of eliminations of consolidation and unrealized income from intercompany transactions.

(3) Following a worldwide trend, Operating income by area of operation was obtained as follows:

- Banco Itaú Holding Financeira S.A.: totality of Income from financial intermediation, Income from services rendered, Income from insurance premiums, Capitalization and Pension plans and other operating income.
- Insurance, pension plan and capitalization: taking into consideration Income from insurance premiums, Capitalization, Pension plan, Financial income and Capital gains.
- Duratex, Itautec Philco and Elekeiroz: taking into consideration Net income from sales of products and/or services.

(4) Covers resources arising from operations:

- plus expenses from allowance for possible loan losses;
- not taking into consideration changes in mathematics provisions for capitalization and pension plan and considering the changes in unsettled claims, credits and debts from operations with insurance and deferred trade expenses from insurance, pension plan and capitalization.

FINANCIAL AND INSURANCE AREA

Banco Itaú Holding Financeira

Banco Itaú Holding Financeira S.A. (Itaú) is the organization responsible for controlling all activities of the Itaúsa conglomerate related to the financial services area. The organization maintained its performance of the last financial years, evidencing the sustainability of its results. Aggregate net income in the period September-January was R\$2,745 million. Annualized profitability was 28.1%, reflecting revenue diversification and cost management efficiency.

Itaú still holds the highest stock market value amongst all Latin-American banks, totaling R\$34,959 million at September 30, 2004.

Itaú's consolidated assets reached R\$138,520 million, a 16.4% increase over the same period last year. The loan portfolio reached R\$51,059 million, including sureties and bonds, a 19.6% increase over the same period in 2003. The highlight was the increase in the individuals (23.0%) and small businesses and middle market (69.6%) portfolios.

Total resources increased 21.8% as compared to September 2003, totaling R\$213,289 million. The highlight in the period was the 28.8% increase in managed funds, totaling R\$93,774 million.

Banco Itaú Holding Financeira was picked for the fifth consecutive time to be part of the Dow Jones Sustainability Index (DJSI). Itaúsa is part of the index for the second consecutive time. Both entities are part of the selected group of 318 companies from 24 countries. In addition to being recognized for its management and generating shareholder value, the companies forming the DJSI represent an aggregate market value of US\$6.5 trillion.

In the third quarter, Itaú received important acknowledgements:

- . Best Bank in Brazil - Euromoney Magazine, The Banker Magazine, and Latin Finance Magazine
- . Best Bank in Latin America – Emerging Markets Magazine
- . The most admired companies in Brazil – Carta Capital Magazine – leader in two categories: Retail Bank, Insurance company, and Private Pension Fund
- . Best Corporate Governance in Brazil - Euromoney Magazine
- . The 100 Most Innovative IT Users – Information Week Magazine
- . Largest third-party fund manager – Institutional Investor Magazine
- . Best Investor Relations in Latin America - Institutional Investor – Research Group

Itaú and Companhia Brasileira de Distribuição (CBD) announced on July 27, 2004 the incorporation of a new financial institution that will operate exclusively in structuring and selling financial and related products and services to CBD customers. The new institution, in which each partner holds 50%, will be managed by Itaú. The partnership will represent an investment of approximately R\$455 million, including goodwill of R\$380 million. Start-up is scheduled for the first half of 2005.

The highlight at Banco Itaú is the Itaú Social Excellency Fund FIA launched in September, which will serve two types of investors: institutional investors and individuals. The fund portfolio consists of securities of companies with differentiated and recognized social corporate responsibility practices. In addition to the security risk and return analysis, fund managers will analyze three essential aspects: Social Practices, Environmental Protection institutional Practices, and Good Corporate Governance Practices.

Banco Itaú-BBA maintained its focus on the use of sophisticated and creative business alternatives for the large corporations segment, aiming at the continuous improvement of the relationship with its clients and the increase in the number of higher value added transactions, in a high operating efficiency and low cost environment. In the third quarter, we highlight transactions carried out in the domestic fixed-income and variable income capital markets, as well as in foreign markets.

Subsequent Event

. Equity interest in Credicard Banco and Orbital

According to the announcement on November, 08 Itaú Holding became the owner of 50% of Unibanco participation in Credicard, which, added to its existing participation, reached a total Itaú Holding's equity interest of 50% in Credicard Banco (a credit card issuer). Itaú Holding will acquire the equity interests of Citigroup and Unibanco in Orbital thus increasing its participation to 100% of the company's capital (a credit card transactions processor). The above mentioned transactions, which are subject to certain conditions agreed upon among the parties, represent to Itaú Holding a net investment of approximately R\$ 1,049 million, including estimated goodwill of R\$ 955 million.

. Inauguration of the Itaú Branch in Japan

In October, Itaú inaugurated its first branch in Tokyo, Japan. The branch is dedicated to the Brazilian clients resident in or passing by Japan to facilitate business with Brazil, always joining convenience, modernity, technology, transparency, and ethics, which are organization-wide values. Among the main services provided by the Japan Branch is the Itaú Remittance – transferring money from Japan to Brazil. The presence in Japan is an important step toward the consolidation of the Bank's international strategy. The Tokyo Branch is Itaú's first branch in Asia. Currently, Itaú is in the USA and in Europe, in addition to branches in Central and South America.

Insurance, Pension Plans and Capitalization

Itaú Seguros and its subsidiaries (including Health) reached, this quarter, R\$ 537 million in premiums, presenting an increase of 14% as compared to the same period in 2003. A higher cost of claims adversely affected income.

Income from pension plans reached, this quarter, R\$ 199 million and VGBL premiums reached an aggregate of R\$ 524 million.

Technical provisions for pension funds totaled R\$ 3,850 million, an increase of 5.9% as compared to the second quarter of 2004. VGBL and life insurance provisions totaled R\$ 4,104 million.

The provisions for capitalization totaled R\$ 1,012 million, from which more than R\$ 6 million in cash was distributed during this quarter, as prizes to the winning customers. This quarter, 170,000 bonds were sold, reaching 653,000 in the year to date.

Itaú Seguros launched the Consultor Automotivo (Car Adviser). This service offers car insurers a free evaluation that identifies possible problems in their cars before taking the car to a repair shop. Consultor Automotivo also provides a repair cost estimate.

R\$ Million

Pro Forma Information	Insurance (1)		Life Insurance and Pension Plans (1)		Capitalization (1)		Consolidated (1)		
	3rd quarter 2004	2nd quarter 2004	3rd quarter 2004	2nd quarter 2004	3rd quarter 2004	2nd quarter 2004	3rd quarter 2004	2nd quarter 2004	Change (%)
Net income	25	23	63	80	28	33	117	131	-10.7%
Premiums earned and revenues from pension plans and capitalization	400	388	93	94	46	48	540	526	2.7%
Technical provisions	1,082	1038	7,954	7,254	1012	976	10,048	9,267	8.4%

(1) Shareholdings in other businesses were eliminated.

ITAÚSA PORTUGAL

The holding company Itaúsa Portugal, SGPS, S.A., concentrates the conglomerate's financial activities in the European Union. At the end of the third quarter, its consolidated assets totaled €2.3 billion, an increase of 3% as compared to the same period in 2003. Net income reached €21 million, with an annualized return of 9.2% on consolidated stockholders' equity of €308 million.

Our Portuguese holding company fully owns the capital of Banco Itaú Europa S.A., headquartered in Lisbon. This, in turn, owns 100% of the capital stock of Banco Itaú Europa Luxembourg S.A. and 51% of the 16.1% share that the Itaú group holds in Banco BPI S.A., the fourth largest Portuguese financial institution.

In January-September 2004, Banco Itaú Europa posted consolidated net income of €21.5 million. These results reflect the diversification with important contribution to this performance of the capital market, treasury, and international private banking operations. At the end of the period, Banco Itaú Europa presents an efficiency rate of 29%.

Itaú Europa's business, including assets and guarantees, totaled €2,543 million, a 15% increase when compared to the same period in 2003. This increase came with a positive performance of the different loan portfolios of Banco Itaú Europa, in particular the structured financing portfolio, which reached approximately US\$850 million. In this context, Itaú Europa has been expanding its client base both in the corporate segment of Banco Itaú-BBA and middle market served by Banco Itaú.

Banco Itaú Europa Luxembourg maintained its policy of expanding its private client base by increasing and strengthening the product offer, fund family, investment options, and advisory services, always acting proactively in fund allocation. The assets under the bank's management now exceed US\$ 2 billion.

INDUSTRIAL AND REAL ESTATE AREA

Duratex

Duratex posted consolidated billings of R\$1.2 billion, a 30% increase as compared to the same period in 2003. Exports grew 24%, totaling US\$41.8 million.

Operating results of Duratex posted an increase of 60%, totaling R\$184.4 million and EBITDA of R\$240.8 million, increasing 51%.

Net income reached R\$92.7 million, a 123% increase over the same period in 2003. Operating cash generation was R\$113.6 million.

In the period January-September, Duratex's preferred shares were traded in all Sao Paulo Stock Exchange (Bovespa) sessions totaling 3.6 billion securities traded that increased 44.4%, well above the Ibovespa (4.5%) index. This performance is explained by the operational improvement of the company and the announcement of the corporate change proposal, on August 17, 2004, which comprised the gradual extinction of the Beneficiary Parts, the increase in dividends to 30% of net income, from 25%, and the extinction of the 8% priority dividend on the Company's capital stock, intended to align the Company's and stockholders' interests and create value for everyone.

The Wood Division posted a sales volume 22% higher than in the same period in 2003. This growth derives from the increase in shipments of particleboard and MDF/HDF panels.

Of the events in the third quarter, we highlight the Formóobile/Formar Trade Fair, which purpose was to join together and develop the relationship between manufacturers, resellers, and cabinetmakers.

The Deca Division posted sales volume 6% higher than in the first nine months of 2003. The recovery of the operation margin is still held back by the restrained performance of the civil construction industry, which has not benefited from the economic upturn. This quarter, the Company launched 26 new metal products and 23 new ceramics products.

The Resource Investment Plan totaled R\$124.7 million. Investments made in fixed assets represented R\$86.8 million, of which we highlight the following: expansion of the sanitary ceramics plant in Jundiaí (SP); new low pressure laminate line (LPL) in Botucatu; and the purchase of land and forest in the Botucatu and Itapetininga regions to supply the new installed capacity.

Itautec Philco

At the end of the period, gross sales and services revenues of Itautec Philco reached R\$1,295.1 million, 32% higher than in the same period in 2003. Aggregate net income reached R\$17.6 million, over a R\$3.6 million loss in 2003. By September, accumulated operating cash generation was R\$66.2 million and EBITDA was R\$87.3 million, equal to 7.9% of net revenues. In the period, R\$41 million was invested in technology development.

Itautec Philco was elected the best Technology-Equipment company by the survey The Best Companies of Dinheiro. This survey, promoted by Dinheiro magazine, is a unique initiative focused on showing the best managed corporate organization in Brazil based on financial sustainability, human resources, innovation, social responsibility, and environmental indicators.

The Banking Automation Business Unit (BU) recorded the shipment of 4,505 units of equipment, 108% higher than in the same period in 2003.

By September, 9,469 Commercial Automation and Self-service units of equipment were shipped, which represents an expressive increase of 127% as compared to the same period in 2003. This quarter, 170 sets of the Sistema Itaútec de Gerenciamento de Atendimento "SIGA" were sold and shipped to a major multinational financial institution operating in the Mexican market.

In the period, Itec recorded billings of R\$37.7 million, an increase of 31% as compared to the same period in 2003. It is worth noting the startup of the Ecuador operations, posting R\$2.9 million in billings, which account for 5% of total consolidated billings.

In the Information Technology area, 88,548 units of equipment were shipped by the PCs & Mobiles BU and 2,720 by Servers, increases of 37% and 34%, respectively, as compared to the same period in 2003. Note the 184% growth in the number of Notebooks sold, confirming the growth trends previously pointed out for this product sales.

Philco shipped 843,000 units of equipment. Note the shipment of 102,000 High-End TV sets, representing an expressive increase of 320% as compared to the aggregate to September 2003. It is worth highlighting also the launching of the DVD player DV-P4800, with slim design and advanced resources, and the launching of the Real Flat 21" TV set (TPF 2121), the design of which and appropriate price range pleased customers and consumers.

The Semiconductors BU shipped 511,000 memory modules, a 37% increase as compared to the same period in 2003. During the third quarter there were large bids in the Corporate market.

The Boards BU maintained the growth recovery of the automobile and consumer markets that started in the first half of 2004. During the third quarter, Multilayer and Single Layer technology boards posted a 137% and 80% volume increase, respectively.

Itaútec Philco foreign market revenues were R\$56.8 million to September, 20% higher than in the same period in 2003. There are great growth prospects in this market through the operations of subsidiaries established in Argentina, Ecuador, Mexico, United States, Portugal, and Spain.

Elekeiroz

The chemical industry companies are operating at full installed capacity and even though up to September the sector's specific trade balance deficit was US\$ 8 billion, which is very worrying since new investments take at least two years to be operational. Another problem is the impact of the significant increase in oil prices abroad (33.8% in the third quarter only, totaling 52% in the year, in US dollars), both on production costs and petrochemical product prices and on the growth of the world economy.

Elekeiroz's gross revenues from sales amounted to R\$ 638.4 million, 27% higher than achieved in the same period of 2003.

Net income amounted to R\$ 49.0 million, growing 93% in relation to the same period of 2003. Operational cash generation was R\$ 70.8 million.

Total shipments of Elekeiroz in January-September reached 370 thousand tons, 3% lower than the 2003 volume. Organic products reached 184 thousand tons, a 6% growth. Inorganic products posted a 10% drop to 186 thousand tons. This reduction arises from the maintenance shutdown of the sulfuric acid plant.

Exports, comprising only organic products, reached 37 thousand tons, a 3% drop caused by the appreciation of the Brazilian currency during the period and logistics problems regarding international transportation.

The unit average contribution margin of shipped products was 38% higher as compared to the same period in 2003 because of a better product mix.

Since their acquisition in May 2002, the Camaçari and Taubaté units have been subject to specific investment plans for their modernization, rationalization and automation supported by BNDES and BNB, through approved financial transactions, but not yet engaged by the end of the third quarter. The delays in the engagement process and the resulting release of funds for the projects caused a decrease in these investments implementation process.

The implantation of the ethyl hexanoic acid production line 2, using own technology and partial use of idle assets at the Camaçari unit is still a priority. Currently, the product used in paint and varnish manufacturing is all imported.

The growth of the main indicators of the Elekeiroz consolidated results is as follows:

	<i>R\$ million</i>		
	2004	2003	Change %
Gross revenue	638.4	502.7	27%
Net income	507.8	419.5	21%
Export revenue	83.0	77.4	7%
Operating result	67.2	34.6	94%
Net profit	49.0	25.4	93%
EBITDA	90.5	66.9	35%
Annualized return (%)	24.0	14.7	-

Itaúsa Empreendimentos

The residential real estate market posted a slight increase in the number of units launched and the pace they are being sold, as compared to the prior quarter.

The construction works in the Itaúsa Empreendimentos' residential developments continue at fast pace.

The demand for new areas in the office build market maintained its growth, despite the still low net absorption rate.

At the Raposo Shopping Mall, the company proceeded with the restructuring of the store mix and studied its expansion. By September, accumulated sale grew 8.45% as compared to the same period in 2003.

Human Capital Management

Staff compensation plus charges and benefits totaled R\$ 2,652 million. The social benefits given to the employees and their dependents totaled R\$ 418 million and encompass supplementary retirement, meals, health and dental care, social assistance services, scholarships, leisure, sports and cultural activities, loans at subsidized interest rates, insurance, transportation voucher, donations and special grants, and others.

Human capital management is a permanent focus of attention at the Group's companies. In the period, R\$ 34 million was invested in employee education, training, and development programs.

Through the Young Citizen Program, coordinated by the São Paulo State Government, this quarter the Bank hired 133 youngsters, as office boys and trainees, for the branches' administrative and self-service areas. The Young Apprentice Program, aimed at expanding opportunities and offering professional experience to poor young students, resulted in the hiring of 61 youngsters. The number of employees working at the Bank through the People with Special Needs Hiring Program is now 790 people.

SOCIAL RESPONSIBILITY

For the Group companies, the commitment to sustainable development reflects on the way we do business, taking into consideration social, environmental and economic dimensions. The companies are aligned with the environmental management best practices. Additionally, they adopt education-related actions to build the community's awareness on the importance of preserving the environment. The following are some highlights for the quarter.

Itaú Social Foundation

Highlights for the period include the activities of the 2nd edition of the "Prêmio Escrevendo o Futuro" ("Writing the Future Award") regarding the selection of the semifinalist texts and the students and teachers that will participate in the Regional Workshops. The awards will be granted on December 6.

The "Programa Melhoria da Educação do Município" ("Improvement of Municipal Education Program") continued its 2nd stage in the so-called semiarid. In the Paraíba center a pilot project was initiated to assess and monitor the Program.

As part of the "Programa Educação e Participação" ("Education and Participation Program"), we continued the Learning Managers Program and promoted the six Regional Training Gatherings.

The "Programa Jovens Urbanos" (Urban Youth Program) continued to offer training courses to teachers and to the 480 youngsters that participated in its first edition.

The Itaú Holding Support Voluntaries Committee was created. This committee is composed of voluntary employees from different areas of the Bank.

Together with Rádio Bandeirantes, the 4th edition of the "Prêmio Escola Voluntária" ("Voluntary School Award") was opened with the participation of 225 schools. Teachers and students from the ten semifinalist schools participated in the communication and voluntary work training program.

Investing in the strengthening of the management competence of third sector entities, the Itaú Social Foundation developed a Social Projects Economic Evaluation methodology to be made available to Government Authorities and NGOs in 2005. In November, the Foundation will conduct in São Paulo the Social Projects Economic Evaluation Seminar.

Instituto Itaú Cultural

In July, the 2nd edition of the international event Emoção Art.ficial 2.0 was opened to the public. With 30 art works by Brazilian and foreign artists, the biennial exhibition discussed the political use of technology, its growing presence in daily life, and its impact on society, especially in countries with striking social differences. The exhibition was open during 76 days and recorded 129,710 visitors.

The main purpose of the Rumos Program is to find new talents of the artistic and intellectual Brazilian production. Through public notices in the internet and in partnerships from all over the country, it is possible to participate in the selection process. The 2004-2005 issue received 1,649 applications from all Brazilian states and residents from countries such as Germany, United States, and Japan. From May 18 to September 22, 1,403 applications were received for the Music area, 108 applications for Cultural Journalism, and 138 for Audiobooks.

Following the partnership started in 2003 with Paço Imperial in Rio de Janeiro, in March it was launched in the capital of Rio de Janeiro, the exhibition "Tudo é Brasil" ("All is Brazil"), under the guardianship of Lauro Cavalcanti. 88,400 people visited the event, which generated a book and a DVD distributed to cultural and educational institutions. In November the exhibition will be transferred to the Itaú Cultural headquarter in São Paulo.

The Project "Crônica na Sala de Aula" ("Chronicle in the Classroom"), which enables teachers of public schools to use literary works as a tool in the classroom - passed through seven States during the year. In September, this project was selected to be included in the Good Corporate Citizenship Guide 2004 of Exame Magazine.

In September, the Program "Jogo de Idéias" ("Idea Games"), to be exhibited on Tuesdays at 9:30 pm, was launched in TVE of Rio de Janeiro. Idea Games is produced by Itaú Cultural and includes discussions with authorities, artists, cultural producers and agents on current issues.

Social practices of the industrial companies

Amongst the social projects, highlights include the partnership between Itaútec Philco and Instituto Ethos, by assuming the commitment with ethics and respect concerning all targets: customers, suppliers, community and environment.

In August, for the fourth consecutive year, Itaútec Philco carried out the Blood Campaign, in order to stimulate the blood donation, as a citizenship, fraternity and friendship attitude. 132 blood bags were collected for Fundação Pró-Sangue.

Environmental activities

By reinforcing Banco Itaú Holding Financeira concerns for environmental issues, Banco Itaú and Banco Itaú-BBA decided to adopt the Ecuador Principles. By adopting such principles, the Banks will take into account the social and environmental policies of the International Finance Corporation (IFC) for financing projects over U\$ 50 million. The projects not in compliance with such policies must take the necessary measures in order to obtain such loans.

Concerning its environmental policies, Itaútec Philco is committed to sustainable development principles, aiming at technological improvements, always focusing on quality, sustainable production and competitiveness, contributing to improve the community quality of life. During the quarter, the company collected and recycled 245 tons of solid waste.

INDEPENDENT AUDITORS –CVM INSTRUCTION 381

The policy of Itaúsa – Investimentos Itaú S.A., its subsidiary companies or companies belonging to the same group for the engagement of non-audit services from our current independent auditors is based on the principles internationally accepted to preserve the independence of the auditor. These principles consist of: (a) the auditor should not audit his own work, (b) the auditor should not perform managerial roles for his client, and (c) the auditor should not promote the interests of its client.

During the period, PricewaterhouseCoopers Auditores Independentes provided audit related services to enable the Bank to comply with the rules set forth by the Sarbanes Oxley Act, Section 404, in the amount of R\$ 1,730 thousand, which represent 18.0% of total fees paid.

During this period, PricewaterhouseCoopers Auditores Independentes did not provide to Banco Itaú Financial Holding or its subsidiary companies any services unrelated to the external audit which had fees that exceeded 5% of total external audit costs.

ACKNOWLEDGEMENTS

We wish to thank our stockholders for their support and trust, crucial to the continuous development reached by Itaúsa. We are also grateful to our customers for their trust and allegiance which we try to repay with quality, innovative, convenient products and services. To our employees and associates, we also wish to express our appreciation for their dedication to the organization that has resulted in the continuous improvement of our products and services.

(Approved at the Meeting of the Board of Directors on November 11, 2004).

ITAÚSA - INVESTIMENTOS ITAÚ S.A. CONSOLIDATED BALANCE SHEET

(In thousands of Reais)

ASSETS	09/30/2004	09/30/2003
Current and long-term receivables	137,839,196	117,767,239
Cash and cash equivalents	2,058,343	1,830,546
Interbank deposits	25,396,978	22,784,817
Securities and derivative financial instruments	29,005,983	29,685,395
Interbank accounts of affiliates	11,262,780	8,891,055
Loan, leasing operations and other credits	44,806,810	36,929,193
(-) Allowance for loan losses	(3,026,803)	(3,290,320)
Inventories		
Products	480,600	428,292
Real estate	13,658	12,377
Other credits	26,787,827	19,541,134
(-) Allowance for loan losses	(83,781)	(89,530)
Other assets	283,417	372,742
Prepaid expenses	853,384	671,538
Permanent assets	4,543,893	4,699,231
Investments		
Investments in affiliates	751,330	735,652
Other investments	145,126	148,155
Fixed assets		
Property for own use	7,101,106	6,606,064
Leased properties	138,735	140,569
Forest reserves	90,615	87,037
(Accumulated depreciation)	(3,981,531)	(3,346,532)
Deferred charges		
Costs with organization and expansion	786,932	802,553
(Accumulated amortization)	(488,420)	(474,267)
TOTAL ASSETS	142,383,089	122,466,470

ITAÚSA - INVESTIMENTOS ITAÚ S.A. CONSOLIDATED BALANCE SHEET

(In thousands of Reais)

LIABILITIES	09/30/2004	09/30/2003
Current and long-term liabilities	125,732,099	108,039,416
Funds raised by subsidiaries		
Foreign currency	10,062,425	13,447,584
Domestic currency	42,977,511	39,732,217
Open market	21,928,610	18,293,858
Subordinated debts	4,834,829	4,770,195
Financial instruments and derivatives	804,910	668,873
Borrowings		
Foreign currency	385,595	493,969
Domestic currency	361,020	324,252
Statutory and social contributions	860,958	714,910
Taxes and social security contributions	3,745,105	3,758,076
Provisions and accounts payable	27,247,169	17,791,596
Interbank accounts of subsidiaries	2,476,339	1,958,088
Technical provisions for insurance, pension plan and capitalization	10,047,628	6,085,798
Deferred income	107,906	122,779
Minority interest	7,989,603	6,876,685
Stockholders' equity from parent company	8,553,481	7,427,590
Capital	3,800,000	3,500,000
Capital reserves	27,560	26,948
Revaluation reserves	50,956	52,201
Retained earnings	4,519,695	3,650,027
Adjustment to market value - securities and derivatives	248,357	231,682
(-) Treasury shares	(93,087)	(33,268)
Stockholders' equity of the Itaúsa Conglomerate	16,543,084	14,304,275
TOTAL LIABILITIES	142,383,089	122,466,470

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD
(In thousands of Reais)

	01/01 to 09/30/2004	01/01 to 09/30/2003
OPERATING REVENUE	24,463,146	19,138,627
OPERATING EXPENSES	(19,402,446)	(14,471,499)
OPERATING INCOME	5,060,700	4,667,128
NON-OPERATING RESULT	(9,676)	(87,133)
INCOME BEFORE TAXATION ON PROFIT AND PROFIT SHARING	5,051,024	4,579,995
INCOME TAX AND SOCIAL CONTRIBUTION	(1,385,195)	(1,444,562)
Due on operations for the period	(1,358,139)	(1,624,135)
Deferred related to temporary differences	(27,056)	179,573
EXTRAORDINARY RESULTS	(470,449)	(526,351)
Parent company	(311,222)	(228,349)
Relating to minority interest in subsidiaries	(159,227)	(298,002)
PROFIT SHARING	(297,169)	(259,852)
Employees - Law 10,101 of 12/19/2000	(217,723)	(195,942)
Directors - Statutory - Law 6,404 of 12/15/1976	(79,446)	(63,910)
NET INCOME RELATING TO MINORITY INTEREST OF SUBSIDIARIES	(1,528,954)	(1,239,292)
NET INCOME OF PARENT COMPANY	1,369,257	1,109,938
Net income relating to minority interest of subsidiaries	1,528,954	1,239,292
NET INCOME OF ITAÚSA CONGLOMERATE	2,898,211	2,349,230
NUMBER OF OUTSTANDING SHARES - in thousands	3,224,559	3,213,451
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES - R\$	424.63	345.40
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES - R\$	2,652.60	2,311.41

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Notes to the Financial Statements

PERIODS ENDED SEPTEMBER 30, 2004 AND 2003

(In thousands of Reais)

NOTE 1 - OPERATIONS

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

NOTE 2 - PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of ITAÚSA and its subsidiaries (ITAÚSA CONSOLIDATED) have been prepared in accordance with accounting policies derived from Brazilian Corporate Law and the instructions issued by the Brazilian Securities and Exchange Commission (CVM), the Superintendence of Private Insurance (SUSEP) and the Brazilian Central Bank (BACEN), which include the use of estimates necessary to calculate accounting provisions.

In Loan, Leasing Operations and Other Credits are included the receivables, arising from purchases made by the credit card holders. The resources related to these amounts are contemplated in Provisions and Accounts Payable. The Leasing Operations are presented at current value in the Balance Sheet, and related income and expenses, which represent the financial result of these operations, are grouped in Operating Income.

The exchange rate result is presented adjusted, with the reclassification of expenses and income, to represent exclusively the variation and differences of rates applied on the balance sheet accounts representing foreign currencies.

The consolidated financial statements are presented without the segregation between current and long-term, consistent with prior quarterly presentations.

NOTE 3 - CONSOLIDATED FINANCIAL STATEMENTS

The significant balances of balance sheet accounts and results, as well as the amounts of transactions between consolidated companies, were eliminated. Similarly, eliminations were made of unrealized results arising from operations between these companies, and the related taxes were deferred. The Exclusive Investments Funds of subsidiaries were included in consolidation. The securities and investments of these funds portfolios are classified by type of operation and were distributed by type of paper, in the same categories in which they had been originally allocated. Deferred taxes related to the adjustment to market value of trading securities, derivative financial instruments (assets/liabilities) and securities available for sale, including on additional provision, are presented in the Balance Sheet by their related net amounts. The effects of foreign exchange variation on foreign investments are recorded in the Statement of Income, according to the nature of the corresponding balance sheet accounts.

In ITAÚSA, the goodwill recorded by the subsidiaries, arising mainly from the purchases of Banco Itaú-BBA S.A., AGF Vida e Previdência, part of BPI S.A. shares, and the incorporation of a new company called FINANCEIRA ITAÚ CBD S.A. CRÉDITO, FINANCIAMENTO E INVESTIMENTO, which will exclusively engage in developing and selling financial and related products and services to the customers Companhia Brasileira de Distribuição, as well as own and other subsidiaries goodwill, are amortized based on expected future profitability (ten years), or realization of investments, in order to:

- a) avoid unnecessary decrease in stockholders' equity for operating limits computation purposes;
- b) avoid unnecessary capital increase;
- c) obtain better compliance with market accounting practices.

In ITAÚSA CONSOLIDATED, this goodwill was fully amortized in the periods when these acquisitions occurred in order to:

- a) permit a better comparability with previous periods financial statements;
- b) permit measuring net income and stockholders' equity based on conservative criteria.

In Banco Banestado S.A. tax credits are recorded at an amount considered sufficient justified by expected future profitability, reflected in ITAÚSA through equity in the results, taking into consideration a context with more extension and synergy, factors that are favorable to the maximization of results, and as such these tax credits were fully recognized.

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

		Holding (%)	
		09/30/2004	09/30/2003
FINANCIAL AREA			
Banco Itaú Holding Financeira S.A.	(1)	47.02	46.48
Banco Itaú S.A.		47.02	46.48
Banco Itaú-BBA S.A.		45.02	44.51
Banco Banerj S.A.		47.02	46.48
Banco Banestado S.A.		47.02	46.48
Banco BEG S.A.		47.02	46.48
Banco Itaucred Financiamento S.A.		47.02	46.48
Banco Fiat S.A.		47.02	46.48
Banco Itausaga S.A.	(2)	47.02	-
Banco Itaú Buen Ayre S.A.		47.02	46.48
Banco Itaú Europa Luxembourg S.A.		89.60	89.50
Banco Itaú Europa S.A.		89.65	89.55
Itaú Bank Ltd		47.02	46.48
Cia Itauleasing de Arrendamento Mercantil		47.02	46.48
Itaú Corretora de Valores S.A.		47.02	46.48
Itaucard Financeira S.A. – Crédito, Financiamento e Investimento		47.02	46.48
Credicard S.A. – Administradora de Cartões de Crédito e Controladas	(3)	15.67	15.49
Miravalles Empreendimentos e Participações S.A.	(3)(4)	23.51	-
Redecard S.A.	(3)	15.02	14.85
Fiat Administradora de Consórcios Ltda		47.02	46.48
Itaú Administradora de Consórcios Ltda		47.02	46.48
Akbar - Marketing e Serviços Ltda e Controladas		45.02	44.51
Afinco Américas Madeira, SGPS, Sociedade Unipessoal Limitada		47.02	46.48
Itaúsa Export S.A.		88.22	88.11
Serasa S.A.	(3)	15.16	14.74
INSURANCE, PENSION PLAN AND CAPITALIZATION			
Itaú Seguros S.A.		47.02	46.48
Itaú Vida e Previdência S.A.	(5)	47.02	46.48
Cia Itaú de Capitalização		47.02	46.41
Itauprev Vida e Previdência S.A.	(6)	47.02	-
WOOD AND CONSTRUCTION MATERIALS			
Duratex S.A.	(1)	47.61	47.93
TECHNOLOGY AND ELECTRONICS			
Itautec Philco S.A.	(1)	94.22	94.22
CHEMICAL			
Elekeiroz S.A.	(1)	96.41	96.32
REAL ESTATE			
Itaúsa Empreendimentos S.A.		100.00	100.00
PRT Investimentos Ltda		100.00	100.00

(1) Listed company.

(2) New corporate name of Banco AGF S.A. Investment purchased on 02/20/2004.

(3) Investment with control proportionally included in the consolidation.

(4) Investment made on 08/09/2004 to make possible the Itaú and CBD partnership.

(5) New corporate name of Itaú Previdência e Seguros S.A.

(6) New corporate name of AGF Vida e Previdência S.A., to be approved by SUSEP. Investment purchased on 12/30/2003.

NOTE 4 - SUMMARY OF THE MAIN ACCOUNTING PRACTICES

a) Interbank deposits, remunerated restricted credits – Brazilian Central Bank (BACEN), remunerated deposits, funds obtained in the open market, exchange acceptances and issue of securities, borrowings and onlendings and other receivables and payables - Transactions subject to monetary correction or foreign exchange rates are recorded at present value, calculated "pro rata die" based on the variation of contracted index and interest.

b) Securities and derivative financial instruments

1. In ITAÚSA and non-financial affiliates (Industrial Area) are recorded at cost of acquisition restated and adjusted to reflect the market value, when this is lower.
2. In financial affiliates, insurance, pension plan security and capitalization companies, and its affiliates (Financial and Insurance Area) recorded at acquisition cost restated by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Resolution Circular 3068, of November 8, 2001 and SUSEP Resolution 226, of February 7, 2003.

2.1. Securities must be classified in the following categories:

- trading securities – securities acquired to be actively and frequently traded, are adjusted to market value, as a contra-entry for the results for the period;
- securities available for sale – securities that are not intended for negotiation and are maintained through their maturity. They are adjusted to their market value as a contra-entry to an account disclosed in stockholders' equity; and
- securities held to maturity – securities, except for non-redeemable shares, for which there is the intention and financial capacity of the institution to hold them in the portfolio up to their maturity, recorded only at restated cost of acquisition or market value upon the transfer of the other category, not being adjusted to market value.

Gains and losses on securities available for sale, when realized, are recognized through specific identification at the date of negotiation in the statement of income, as contra-entry to a specific stockholders' equity accounts.

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

- 2.2. Derivative Financial Instruments are classified, at the date of acquisition, in accordance with management intention of utilizing these derivative financial instruments as a hedge or not.

Transactions involving financial instruments, carried out at customers request, at one's own account, or which do not comply with hedging criteria (mainly derivatives used to manage the exposure to global risks), are stated at market value, including realized and unrealized gains and losses, which are recorded directly in the statement of income.

3. The effects of the procedures described in the item 2 above, in the affiliates of the Financial and Insurance Area of ITAÚSA, recorded under stockholders' equity or in the income statement, were equally recorded directly in stockholders' equity or in the equity of earnings of affiliates in proportion to the participation percentage.

- c) Credit and lease operations and other credits (operations characterized as credit assignment) -** These are recorded at current value, calculated "pro rata die" based on the variation of the contracted index, being restated up to the 60th day of overdue in the case of financial companies, taking into consideration in the case of property financing the present value of the falling due contract installments
- d) Allowance for loan losses -** The balance of the allowance for loan losses was recorded based on an analysis of the credit risk in the loan portfolio, in amounts considered sufficient to cover loan losses according to the rules determined by BACEN Resolution 2682 of December 21,1999, for the financial affiliates, among which are:
- Provisions necessary are recorded from the date of the loan disbursements, based on periodic analysis of the quality of the client and the industry and not just in the event of default;
 - Based exclusively on delinquency, write-offs can be made 360 days after the due date of the credit or 540 days for operations that mature after a period of 36 months. Other factors related to analysis of the quality of the client/loan may generate write-offs before these periods.
- e) Other assets -** Mainly composed of assets not in use corresponding to own properties, for sale and received as payment in kind, being adjusted at market value through provisions set up based on current rules.
- f) Prepaid expenses -** These refer to the investments that will result in earnings in future years.
- g) Investments -** In subsidiary and affiliated companies, investments are accounted for under the equity method. The financial statements of foreign branches and affiliates, are adapted to comply with Brazilian accounting policies and converted into Reais. Other investments are recorded at cost, restated up to December 31, 1995, being adjusted to market value through provisions set up based on current rules.
- h) Fixed assets -** These are stated at cost of acquisition or construction, less accumulated depreciation, restated up to December 31, 1995. For insurance, private pension and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports. Depreciation is calculated using the straight-line method, based on monetarily corrected cost at the following annual rates:

Buildings in use			4 %
Installations, furnishings, equipment and security, transportation and communication systems	10 %	to	25 %
EDP Systems	20 %	to	50 %

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

j) Technical provisions for insurance, pension plans and capitalization

Technical provisions are set up according to the technical notes approved by SUSEP and criteria established by CNSP Resolution 89 of August 19, 2002.

I - Insurance:

Provision for unsettled claims - set up to determine unearned premiums relating to the risk coverage period; Provision for insufficient premiums – set up in case of insufficient Provision for unearned premiums; Provision for unearned premiums of current risks but not issued – calculated based on technical studies; Provision for unsettled claims – set up based on notices of loss, in an amount sufficient to cover future commitments; Provision for claims incurred but not reported (IBNR)- set up in relation to the estimated amount of claims occurred in risks assumed in the portfolio but not reported.

In order to calculate the amount of provision for claims under litigation, the experts and legal advisors carry out appraisals based on the amount insured and on technical regulations, taking into account the probability of unfavorable result to the insurance company.

II - Supplementary pension plan and individual life insurance:

Correspond to liabilities assumed such as retirement plans, disability, pension and annuity.

Provision for Benefits to Regulate and Redemptions or Other amounts to Regulate (Other Provisions) – refer to amounts still not regulated up to the balance sheet date; Provision for events incurred but not reported (IBNR) – set up in relation to the estimated amount of events incurred but not reported; Mathematical Provisions for Benefits Granted and Benefits to be Granted – correspond to commitments assumed with participants, but receipt has not started and those receiving the benefits; Provision for insufficient contribution – set up in case of insufficient mathematical provisions.

III - Capitalization:

Mathematical provision for redemptions – represents capitalization securities received to be redeemed; Provision for raffles – calculated according to definition in technical note; Raffles payable – set up by raffles of securities carried out; Provision for contingencies (Other provisions) – set up by the application of contingency quota on the collected amount.

k) Taxes – Taxes are calculated at the rates shown below, considering, for the effects of the respective calculation bases, the current legislation of each tax.

Income tax	15.00%
Additional income tax	10.00%
Contribuição Social	9.00%
PIS (1)	1.65%
COFINS (1) (2)	7.60%
ISS	up to 5.00%
CPMF	0.38%

(1) For Itaúsa and its non-financial subsidiaries that comply with non-cumulative calculation basis, PIS rate has been 1.65% since December 2002 and COFINS increased from 3% to 7.6% as from February 2004. PIS/Cofins rate levied on the financial income of these companies (except for the financial income arising from interest on own capital and hedge transactions) was reduced to zero as from August 2004. For financial and similar companies the PIS rate is 0.65%.

(2) As from September 2003 included, the rate increased from 3% to 4% for financial and similar companies.

Amounts subject to litigation have been fully provided for.

NOTE 5 - INTERBANK INVESTMENTS

We present below the composition of the interbank deposits of the subsidiaries of the Financial Area:

	Book value	
	09/30/2004	09/30/2003
Investment in the open market	15,932,790	11,757,099
Funded position	3,563,342	2,525,551
Financed position	12,369,448	9,206,986
Rights linked to unrestricted trading securities	-	24,562
Investment in the open market - technical provision guarantees - SUSEP	303,108	657,089
Interbank deposits (*)	9,161,080	10,370,629
TOTAL	25,396,978	22,784,817

(*) Includes allowance for losses.

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

We present the composition of the account Securities and Derivatives. In the subsidiaries of the Financial and Insurance areas, they are classified in accordance with the standards of BACEN and SUSEP, stated at cost and market values, and the effects are directly recorded in stockholders' equity and results of subsidiaries and of ITAÚSA.

a) Summary

Description	Cost	Provision for adjustment to market value impacted on		Market value	
		Result	Stockholders' equity	09/30/2004	09/30/2003
Itaúsa and Industrial Area					
Marketable securities	639,862	-	-	639,862	625,830
Derivative financial instruments (assets)	109,044	-	-	109,044	2,959
Subtotal	748,906	-	-	748,906	628,789
Financial Area					
Securities for negotiation (*)	12,862,939	55,817	-	12,918,756	10,157,133
Securities available for sale	10,318,471	-	677,830	10,996,301	15,848,811
Securities held to maturity	3,624,476	-	-	3,624,476	2,092,174
Derivative financial instruments (assets)	1,333,598	(16,054)	-	1,317,544	1,503,488
Subtotal	28,139,484	39,763	677,830	28,857,077	29,601,606
Deferred taxes			(264,055)		
Adjustment of securities reclassified to securities held to maturity			96,259		
Total adjustment to market value			510,034		
Additional provision (exceeding minimum required)				(600,000)	(545,000)
Total marketable securities and derivative financial instruments (assets)	28,888,390	39,763	29,005,983	29,005,983	29,685,395
Derivative financial instruments - Itaúsa and Industrial Area	18,515	-	-	18,515	-
Derivative financial instruments - Financial Area	847,859	(61,464)	-	786,395	668,873
Total derivative financial instruments (Liabilities)	866,374	(61,464)	(61,464)	804,910	668,873
Minority interest			(261,677)		
Amount separately disclosed in Stockholders' equity of ITAÚSA			248,357		

(*) Includes portfolios of PGBL and VGBL pension plans, in the amount of R\$ 6,117,892, owned by customers responsible for the risks, and recorded as marketable securities in compliance with SUSEP requirements, in contra entry against liabilities, in Technical Provision for Pension Plans.

b) Derivative Financial Instruments - The globalization of markets in the last years has resulted in a high level of sophistication in the financial products used. As a result of this process, there was an increasing demand for derivative financial instruments to manage market risks mainly arising from fluctuations in interest and exchange rates and assets prices. Accordingly, the subsidiaries of ITAÚSA are fully involved in the operation of derivative markets, either in complying with the growing needs of clients, or in the performance of its risk management policy. Such policy is based on the use of derivative instruments to minimize the risks resulting from commercial and financial operations.

The derivatives traded by the Bank are purchased for two basic purposes:

- Hedge - to perform hedge of structural portfolio;
- Trading - to serve as instruments for the Bank to assume proprietary and risk management positions of the derivatives traded with large clients.

Most derivative contracts traded with clients in Brazil are swap and future contracts, which are registered at the Commodities and Futures Exchange (BM&F) or at the Clearing House for the Custody and Financial Settlement of Securities (CETIP). BM&F future contracts involving interbank rates and U.S. dollars are mainly used to fix the financing rates offered to customers with maturities or in currency which are mismatched with the resources used to fund these operations. ITAÚSA carries out transactions overseas with futures contracts, forwards, options and swaps, with registration mainly in the stock exchanges of Chicago, New York and London.

The main risk factors of the derivatives assumed by ITAÚSA at September 30, 2004 were related to the foreign exchange rate, interest rate, U.S. dollar and reference rate Libor and variable income. The management of these and other market risk factors is supported by the infrastructure of sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to maximize the relation risk and return, even under high volatility situations.

Under regular conditions, the stock exchange prices are the best indicators of the fair value of the financial instruments. However, not all instruments have liquidity or quotes and, in this case, it is necessary to adopt current value estimates and other valuation techniques. To obtain these market values, the following criteria were adopted:

- Futures and Forward Contracts: quotes on the stock exchanges;
- Swaps: the cash flow of each part is discounted to current value, according to the corresponding interest curves, obtained based on the BM&F prices and/or market prices of the public securities for Brazilian transactions, and on the international stock exchanges prices for transactions carried out abroad;
- Options: statistical models that take over the volatility behavior of the asset objective, the interest rates, the exercise price and the spot price of the good, such as the Black & Scholes model.

The positions of these financial instruments have their national values recorded in memorandum accounts and the adjustments/premiums in balance sheet accounts.

The table below summarizes the national value restated to market price and the respective net exposures in the balance sheet for the derivative financial instruments.

	MEMORANDUM ACCOUNT NATIONAL VALUE		BALANCE SHEET ACCOUNT RECEIVABLES/ (RECEIVED) (PAYABLE)/PAID	ADJUSTMENT TO MARKET VALUE	MARKET VALUE	
	09/30/2004	09/30/2003	09/30/2004	09/30/2004	09/30/2004	09/30/2003
Futures contracts	95,255,995	42,744,691	(20,552)	-	(20,552)	39,231
Purchase commitments	54,089,612	18,618,574	6,004	-	6,004	(12,997)
Commitments to sell	41,166,383	24,126,117	(26,556)	-	(26,556)	52,228
Swaps contracts			515,310	36,258	551,568	674,315
Asset position	31,681,218	31,215,651	1,037,581	73,601	1,111,182	1,038,748
Liability position	31,165,910	30,602,512	(522,271)	(37,343)	(559,614)	(364,433)
Options contracts	65,496,723	9,352,104	(30,778)	9,266	(21,512)	13,310
Purchase commitments - purchased position	42,275,721	3,637,322	170,514	(97,159)	73,355	59,195
Commitments to sell - purchased position	2,197,008	977,192	13,608	7,435	21,043	18,900
Purchase position - sold position	18,446,738	4,179,585	(182,388)	109,855	(72,533)	(40,227)
Commitments to sell - sold position	2,577,256	558,005	(32,512)	(10,865)	(43,377)	(24,558)
Term						
Purchase receivable	-	-	-	-	-	24,563
Purchase payable	-	-	-	-	-	(24,703)
Sales receivable	-	-	88,195	266	88,461	67,255
Other derivative financial instruments	4,946,715	7,709,961	3,541	(380)	3,161	79,875
Asset position	2,296,906	4,362,543	132,744	(197)	132,547	294,827
Liability position	2,649,809	3,347,418	(129,203)	(183)	(129,386)	(214,952)
			ASSETS	(16,054)	1,426,588	1,503,488
			LIABILITIES	61,464	(804,910)	(668,873)
			TOTAL	45,410	621,678	834,615
Clearing	0 - 30	31 - 180	181 - 365	Over 365	09/30/2004	09/30/2003
Futures	31,328,915	52,354,968	3,336,627	8,235,485	95,255,995	42,744,691
Swaps	5,643,994	10,146,072	7,410,606	7,441,384	30,642,056	30,204,852
Options	10,067,317	53,979,752	1,315,377	134,277	65,496,723	9,352,104
Others	1,271,063	640,909	390,036	2,644,707	4,946,715	7,709,961

NOTE 7 - LOAN, LEASING OPERATIONS AND OTHER CREDITS - FINANCIAL AREA

a) Summary

	09/30/2004	09/30/2003
Loan operations	36,722,606	31,161,495
Leasing operations	2,830,315	1,007,888
Credit card operations	3,463,688	2,720,597
Advances on exchange contracts (1)	1,645,779	1,918,668
Other credits (2)	144,422	120,545
Total	44,806,810	36,929,193
Endorsements and sureties (3)	6,249,315	5,766,493
Total with endorsements and sureties	51,056,125	42,695,686

(1) Includes advances on exchange contracts and income receivable from advances. Recorded in Provisions and Accounts Payable/Other Credits/Exchange Portfolio.

(2) Includes securities and credits receivable, debtors from purchase of other assets and honored endorsements and sureties.

(3) Recorded in memorandum accounts.

b) Allowance for Loan Losses

	01/01 to 09/30/2004	01/01 to 09/30/2003
Opening balance	(3,162,967)	(3,172,145)
Balance from institutions acquired	(3,480)	(87,832)
Extraordinary result (1)	-	(101,252)
Net increase for the period	(1,147,676)	(1,591,598)
Write-Offs (2)	1,287,320	1,662,507
Closing balance	(3,026,803)	(3,290,320)
Minimum required allowance (3)	(2,026,803)	(2,377,560)
Additional allowance (4)	(1,000,000)	(912,760)

(1) At September 30, 2003, considers the additional provision of the Acquired Institutions.

(2) Includes additional write-offs on Allowance for Loan Losses for operations that management considers as having expectation of recovery in the long-term.

(3) Set up according to BACEN rules due to the classification of the client or operation, as well as for operations with past due installments for over 14 days or owed by companies which are under composition with creditors or under a bankruptcy process.

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

NOTE 8 – FUNDING AND BORROWINGS AND ONLENDINGS - FINANCIAL AREA

	09/30/2004	09/30/2003
Foreign currency	10,062,425	13,447,584
Funds from acceptance and issuance of securities	3,381,902	4,606,382
Borrowings and onlendings	6,680,523	8,841,202
Domestic currency	42,977,511	39,732,217
Deposits	37,503,434	34,347,202
Funds from acceptance and issuance of securities	885,875	742,406
Borrowings and onlendings	4,588,202	4,642,609
Funds obtained in the open market	21,928,610	18,293,858
Subordinated debts	4,834,829	4,770,195
Total	79,803,375	76,243,854

NOTE 9 - INSURANCE, PENSION PLAN AND CAPITALIZATION OPERATIONS**a) Composition of Technical Provisions**

	09/30/2004	09/30/2003
Insurance	1,081,527	905,915
Unearned premiums	588,821	494,042
Claims to settle	328,588	287,987
IBNR	140,705	113,032
Other	23,413	10,854
Life and Pension	7,954,353	4,252,773
Unearned premiums	201,669	189,271
Claims to settle	34,403	36,385
IBNR	43,273	36,439
Mathematical of benefits to grant	7,333,902	3,774,838
Mathematical of benefits granted	67,650	29,973
Financial surplus	159,970	107,117
Financial variation	80,606	61,922
Other	32,880	16,828
Capitalization	1,011,748	927,110
Mathematical for redemptions	912,868	820,375
Contingencies	83,271	90,849
Raffles	15,609	15,886
TOTAL	10,047,628	6,085,798

b) Funds that guarantee technical provisions - SUSEP

	INSURANCE		PENSION PLAN		CAPITALIZATION		TOTAL	
	09/30/2004	09/30/2003	09/30/2004	09/30/2003	09/30/2004	09/30/2003	09/30/2004	09/30/2003
Interbank Deposits - Money market	75,506	233,121	44,747	91,970	182,855	331,998	303,108	657,089
Securities and derivative financial instruments	734,389	574,026	7,758,534	4,042,704	850,157	619,126	9,343,080	5,235,856
PGBL/VGBL Funds Quotas(1)	-	-	6,117,892	2,773,078	-	-	6,117,892	2,773,078
Public	177,664	259,586	894,901	886,415	105,285	281,600	1,177,850	1,427,601
Private	556,725	314,440	745,741	383,211	744,872	337,526	2,047,338	1,035,177
Credit rights	240,438	134,229	164,072	142,763	-	-	404,510	276,992
Real estate	41,337	46,105	-	-	-	-	41,337	46,105
TOTAL	1,091,670	987,481	7,967,353	4,277,437	1,033,012	951,124	10,092,035	6,216,042

(1) Securities portfolio of the PGBL and VGBL pension plans owned by the clients and recorded as securities, in accordance with SUSEP chart of accounts, which contra-entry in the past was the account Technical Provisions of Pension Plans.

NOTE 10 - DETAIL OF ACCOUNTS**a) Other Credits**

	09/30/2004	09/30/2003
Exchange portfolio	14,375,443	7,796,186
Tax credits	3,636,226	4,142,192
Deposits in guarantee	2,918,676	2,236,907
Taxes and contributions to offset	997,795	917,584
Social contribution to be offset – Provisional Measure (MP) 2158 of August 24, 2001	1,311,054	1,340,613
Income receivable	523,888	590,642
Insurance premium receivable	632,140	522,387
Trade notes receivable	719,069	603,360
Negotiation and intermediation of securities	784,271	568,543
Sundry debtors		
Domestic	372,140	406,506
Foreign	133,747	132,207
Sundry	383,378	284,007
Total	26,787,827	19,541,134

b) Other Assets

	09/30/2004	09/30/2003
Non-operating assets	412,370	504,406
(-) Provision for devaluation	(129,087)	(132,117)
Others	134	453
Total	283,417	372,742

c) Provisions and Accounts Payable

	09/30/2004	09/30/2003
Exchange portfolio	14,642,895	8,097,672
Operations with credit cards	2,547,371	1,923,813
Securitization of foreign payment orders	2,032,131	1,681,902
Provision for labor liabilities	1,069,844	1,067,095
Provision for contingent liabilities	899,623	519,357
Negotiation and Intermediation of securities	1,563,295	989,413
Personnel	550,882	562,245
Suppliers	151,210	123,262
Liabilities for official agreements and payment services rendered	153,048	157,686
Sundry creditors		
Domestic	911,041	734,361
Foreign	105,592	209,971
Liabilities for purchase of assets and rights	144,707	99,789
Liabilities related to insurance companies	189,724	99,424
Provisions and sundry credits	2,285,806	1,525,606
Total	27,247,169	17,791,596

NOTE 11 - EXTRAORDINARY RESULT

For a better analysis of the financial statements for the period, the amount of R\$ 470,449 was classified to the Extraordinary Result account, net of the respective taxes, as follows:

	Parent company	Minority stockholder	Conglomerate
Amortization of goodwill on investments	(204,860)	(196,537)	(401,397)
ITAÚ and CBD partnership	(164,190)	(184,994)	(349,184)
BPI - SIC Sociedade Independente de Comunicação S.A. and other	(40,670)	(11,543)	(52,213)
Favorable outcomes concerning administrative/legal proceedings	14,158	15,952	30,110
Realization of taxes on interest on long-term funds raised abroad	18,954	21,358	40,312
Non-operating loss - Banco Itaú Holding - treasury stock	(64,474)	-	(64,474)
Provision for loss on investments (1)	(75,000)	-	(75,000)
TOTAL	(311,222)	(159,227)	(470,449)

(1) Aims to cover risks of fluctuation of the Real compared to the U.S. dollar and Euro, considering the high volatility scenarios, as verified during the period in the domestic and international financial markets.

NOTE 12 - TAXES**a) Composition of expenses with taxes and contributions**

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

Due on operations for the period	01/01 to 09/30/2004	01/01 to 09/30/2003
Income before Income Tax and Social Contribution	5,051,024	4,579,995
Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (*) respectively	(1,717,348)	(1,557,198)
Increase/Decrease to Income Tax and Social Contribution charges arising from:		
Permanent (Inclusions) Exclusions	559,613	191,110
Investments in affiliates	22,112	(11,526)
Exchange variation in foreign investments	147,172	(127,672)
Interest on own capital	307,327	258,326
Non-deductible provisions and other	83,002	71,982
Temporary (Inclusions) Exclusions	(265,023)	(285,968)
Allowance for loan losses	(8,641)	(232,580)
Depreciation excess (Deficiency)	59,701	(5,093)
Adjustment to market value of securities for negotiation and derivative financial instruments	(20,297)	206,768
Labor provisions, tax contingencies and other	(295,786)	(255,063)
(Increase) Offset on tax losses/negative social contribution basis	64,619	27,921
Expense with Income Tax and Social Contribution	(1,358,139)	(1,624,135)
Related to temporary differences		
Increase (Reversal) for the period	135,578	131,799
Increase (Reversal) of prior periods	(162,634)	47,774
Total deferred taxes	(27,056)	179,573
Total Income tax and Social contribution	(1,385,195)	(1,444,562)

(*) According to Note 4 k.

b) Tax Credits

l) The tax credit balance, (income tax and social contribution) segregated due to its origin, is represented as follows:

	12/31/2003	Net movement	09/30/2004	09/30/2003
Reflected in the result	3,840,228	(204,002)	3,636,226	4,137,888
Related to tax losses and negative basis of social contribution	830,251	(87,044)	743,207	815,401
Temporary differences:	3,009,977	(116,958)	2,893,019	3,322,487
Allowance for loan losses	1,427,797	(174,471)	1,253,326	1,506,323
Adjustment to market value of trading securities and derivative financial instruments (assets and liabilities)	231,634	(231,634)	-	220,262
Provision for interest on own capital	5,167	164,231	169,398	134,178
Provision for tax contingencies	274,053	44,926	318,979	253,086
Labor contingencies	307,463	(3,145)	304,318	302,220
Provision for civil contingencies	155,925	61,050	216,975	153,781
Provision for real estate	48,695	(2,659)	46,036	43,310
Other	559,243	24,744	583,987	709,327
Tax credits - Reflected in stockholders' equity - adjustment to market value of securities and derivative financial instruments	527	(527)	-	4,304
Total tax credits	3,840,755	(204,529)	3,636,226	4,142,192
Social contribution to offset from option foreseen in article 8 of Provisional Measure 2158-35, of 08.24.2001.	1,341,278	(30,224)	1,311,054	1,340,613

II) The estimate of realization and present value of tax credits and social contribution to offset, arising from Provisional Measure 2158-35 of 08/24/2001, existing at 09/30/2004, in accordance with the expectation to generate future taxable income, based on history of profitability and technical studies of feasibility are:

Realization year	Tax Credits			Social contribution to offset
	Temporary differences	Tax loss and Negative basis	TOTAL	
2004	848,531	120,006	968,537	19,555
2005	729,351	245,914	975,265	115,714
2006	438,284	310,418	748,702	126,275
2007	361,529	66,869	428,398	137,146
2008	185,178	-	185,178	146,337
after 2008	330,146	-	330,146	766,027
Total	2,893,019	743,207	3,636,226	1,311,054
Present value (*)	2,615,818	684,244	3,300,062	1,073,257

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

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

Net profit is not directly related to taxable for income tax and social contribution, due to differences existing between accounting criteria and tax legislation, besides corporate aspects. Accordingly, we recommend that the development of the realization of tax credits arising from temporary differences, tax losses and negative basis is not used as an indication of future net profits.

III) Unrecorded tax credits amount to R\$ 662,184 (R\$467,210 at 09/30/2003)

c) Tax and Social Security Contributions

I) The balance of Tax and Social Security Contributions is represented as follows:

	09/30/2004	09/30/2003
Taxes and contributions on net income payable	609,949	896,506
Taxes and contributions payable	389,352	340,923
Provision for deferred income tax and social contribution	428,539	591,611
Provision for tax contingencies	2,317,265	1,929,036
Total	3,745,105	3,758,076

II) Change in Deferred Income Tax and Social Contribution

	12/31/2003	Net movement (*)	09/30/2004	09/30/2003
Excess depreciation - Leasing	224,336	61,516	285,852	232,232
Taxation on overseas results - Capital gains	67,614	(1,727)	65,887	63,220
Revaluation reserve	10,613	(576)	10,037	18,125
Adjustment to market value of securities and derivative financial instruments (Assets and liabilities)	59,584	(59,584)	-	42,124
Adjustment to market value of securities available for sale	296,018	(233,495)	62,523	235,571
Other	3,767	473	4,240	339
Total	661,932	(233,393)	428,539	591,611

(*) Also includes deferred taxes from companies acquired in the period.

d) Taxes paid or provided and retained from customers

The table below shows the amount of taxes paid or provided for, basically levied on income, revenues and payroll, and the amount withheld from and paid for clients, directly levied on financial intermediation:

	09/30/2004	09/30/2003
Taxes paid or provided for	3,609,167	3,222,418
Taxes withheld and paid from clients	3,849,754	3,790,375
Total	7,458,921	7,012,793

NOTE 13 - INVESTMENTS**a) Composition of investments**

	09/30/2004	09/30/2003
Share of equity in affiliates	751,330	735,652
BPI S.A.	623,007	617,374
AGF Brasil Seguros S.A.	124,389	113,361
Other	3,934	4,917
Other investments	145,126	148,155
Investments by tax incentives	114,648	110,257
Equity securities	40,028	35,029
Shares and quotas	25,882	28,021
Other	77,754	70,143
Provision for losses	(113,186)	(95,295)
TOTAL	896,456	883,807

b) Composition of equity in Income of Affiliates

	01/01 to 09/30/2004	01/01 to 09/30/2003
Share of equity in affiliates	83,426	16,255
Foreign exchange variation on investments	(18,392)	(50,154)
TOTAL	65,034	(33,899)

NOTE 14 – STOCKHOLDERS' EQUITY – ITAÚSA**a) Capital**

The capital of ITAÚSA is R\$ 3,800,000 and is represented by 3,253,335,486 entry shares with no par value, of which 1,206,398,844 are common shares and 2,046,936,642 are preferred shares, with no voting rights, but with the following advantages:

- Priority in the receipt of the minimum annual dividend of R\$ 10.00 per thousand shares, non-cumulative;
- Right of, in an eventual sale of control, to be included in the public offer for the acquisition of shares, in order to ensure a price equal to 80% of the amount paid per share with voting rights and part of the control block, as well as dividend at least equal to that of the common shares.

We show below the movement of the shares representative of capital and treasury shares in the period:

	NUMBER		
	Common	Preferred	Total
Shares representative of share capital at 12/31/2003	1,184,643,391	2,041,959,391	3,226,602,782
Cancellation of shares - E/OGM 04/26/2004	(13,000)	(31,958,000)	(31,971,000)
Capital increase with subscription of shares	21,768,453	36,935,251	58,703,704
Number of shares at 09/30/2004	1,206,398,844	2,046,936,642	3,253,335,486
Treasury shares at 12/31/2003	-	18,516,000	18,516,000
Purchase of shares (*)	13,000	42,218,000	42,231,000
Cancellation of shares - E/OGM 04/26/2004	(13,000)	(31,958,000)	(31,971,000)
Treasury shares at 09/30/2004 (*)	-	28,776,000	28,776,000
Outstanding shares at 09/30/2004	1,206,398,844	2,018,160,642	3,224,559,486

(*) Based on authorization of the Board of Directors, in the period own shares were purchased to be held in treasury, later cancellation or replacement in the market. The cost of shares purchased in the period are shown below, as well as the average cost of treasury shares and their market value at 09/30/2004:

Cost/market value (R\$ 1/per thousand shares)	Preferred
Purchases in the period	
Minimum	2.85
Weighted average	3.31
Maximum	3.55
Balance of treasury shares	
Average cost	3.23
Market value at 09/30/2004	3.82

b) Dividends

Stockholders are entitled to a minimum compulsory dividend of 25% of net income, which is adjusted according to the rules set forth in Brazilian Corporate Law. Both types of shares participate equally, after common shares have received dividends equal to the minimum priority dividend on preferred shares.

The advance of the minimum mandatory dividend, paid as interest on own capital, as approved by the Board of Directors' Meeting held on 05/10/2004, was increased from R\$ 5.60 to R\$ 7.32 per thousand shares, as from 07/01/2004, include.

NOTE 15 - RELATED PARTIES

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

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

The unconsolidated related parties are the following:

- The controlling companies of ITAÚSA;
- Fundação Itaúbanco, Fundação Itaúsa Industrial, FUNBEP – Fundo de Pensão Multipatrocinado and Caixa de Previdência dos Funcionários do BEG (PREBEG), closed private pension entities that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 18a; and
- Fundação Itaú Social and Instituto Itaú Cultural - IIC, entities sponsored by the subsidiary Banco Itaú Holding Financeira S.A. and its subsidiaries to act in their respective areas of interest. During the period, the consolidated companies made donations to Fundação Itaú Social and IIC in the amounts of R\$ 1.7 million and R\$ 15,000, respectively (R\$ 9,988 from 01/01 to 09/30/2003).

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

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

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

	09/30/2004	09/30/2003
Duratex	199,612	249,359
Elekeiroz	21,827	32,758
Itautec Philco	62,346	84,492
Total	283,785	366,609

NOTE 16 - FINANCIAL INSTRUMENTS - MARKET VALUE

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

The book value of each financial instrument, whether included or not in the balance sheet, when compared with the values that might be obtained in an active market, or in the absence of such markets, using the net present value of future cash flows, adjusted based on the current market interest rate, approximates its corresponding market value, or the market value is not available, except for those included in:

	Book value		Market value		Unrealized income (loss) ⁽¹⁾⁽²⁾		Stockholders' equity	
					In result			
	09/30/2004	09/30/2003	09/30/2004	09/30/2003	09/30/2004	09/30/2003	09/30/2004	09/30/2003
Short-term interbank deposits	25,396,978	22,784,817	25,407,259	22,793,121	10,281	8,304	10,281	8,304
Securities and derivatives	29,005,983	29,685,395	29,005,983	29,685,395	-	-	-	-
Securities unrealized result					1,556,524	1,273,093	782,435	593,637
Additional provision (exceeding the minimum required)					600,000	545,000	600,000	545,000
Adjustment of securities available for sale					677,830	679,456	-	-
Adjustment of securities held up to maturity					278,694	48,637	182,435	48,637
Loan and leasing operations	41,780,007	33,638,873	42,088,741	33,831,551	308,734	192,678	308,734	192,678
Investment in BPI	623,007	617,374	1,314,132	1,031,295	691,125	413,921	691,125	413,921
Funds raised by subsidiary companies	74,968,546	71,473,659	74,881,811	71,472,902	86,735	757	86,735	757
Provisions and accounts payable	27,247,169	17,791,596	27,114,079	17,735,400	133,090	56,196	133,090	56,196
Subordinated debts	4,834,829	4,770,195	4,750,791	4,645,109	84,038	125,086	84,038	125,086
Treasury stock	564,441	291,771	851,623	389,443	-	-	287,182	97,672
Total unrealized					2,870,527	2,070,035	2,383,620	1,488,251

(1) Does not include the related tax effects.

(2) Includes unrealized gains from minority interest amounting to R\$ 1,370,568 (R\$ 1,016,938 at September 30, 2003) on income and R\$ 1,103,409 (R\$ 704,490 at September 30, 2003) on stockholders' equity.

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

- Interbank deposits, bank deposit certificates and mortgage notes, the last two included in Securities, were determined on the basis of their nominal values, monetarily restated to maturity dates and discounted to present value using futures market interest rates and swap market rates for fixed-rate securities and using rates published in the Gazeta Mercantil in October 1, 2004, for floating-rate securities.
- Government securities, in Securities, were determined based on their market value, approved by the comparison with information provided by the National Association of Open Market Institutions (ANDIMA). The financial institutions were determined based on their market value, according to the rules established by BACEN Letters 3068 of November 8, 2001 and 3082 of January 30, 2002 and SUSEP Letter 226, of February 7, 2003.
- Shares of listed companies, when included in Marketable Securities, by the average rate available in the last trading session of the month, or, if not, the most recent rate quotation in prior trading sessions, published in the Daily Report of each Stock Exchange.
- Loan operations with maturity over 90 days, when available, based on net present value of future cash flows discounted at the interest rate used by the market at the balance sheet date, also considering the effects of the hedge operations (swap contracts).
- Interest in overseas subsidiary (BPI), by the share value at the stock exchanges, by equity value of the share and auction quotation.
- Time and interbank deposits and funds from acceptances and issuance of securities, when available, were calculated based on their present value determined by means of future cash flows discounted using future market interest rates, swap market rates for fixed-rate securities, and market rates for floating-rate securities published in the Gazeta Mercantil on October 1, 2004. The effects of hedges (swap contracts) are also taken into account.
- Securitization of the Payment Orders Abroad, based on the net present value of the future cash flows estimated as from the interest curves of the indexation marketplaces, net of the interest rates practiced in the market on the balance sheet date, considering the credit risk of the issuer, calculated based on the market price of other securities issued by the same.
- Subordinated Debts, based on the net present value of future fixed or post-fixed cash flows in foreign currency, net of the interest rates practiced in the market on the balance sheet date and considering the credit risk of the issuer. The post-fixed cash flows are estimated as from the interest curves of the indexation marketplaces.
- Derivatives, related to swap operations contracted to hedge the remaining assets/liabilities, based on reference values of each of the contracts parameters (part and counterpart), restated up to the maturity dates and discounted at present value at the future market interest rates, in compliance with the characteristics of each contract.
- Treasury shares are valued according to the average quotation available on the last trading of the month or, if this is not available, according to the most recent quotation on prior trading days, published in the daily bulletin of each Stock Exchange.

NOTE 17 - RECLASSIFICATION FOR COMPARISON PURPOSES

In order to keep a comparison standard for the September 30, 2004 financial statements of ITAÚSA CONSOLIDATED, reclassifications were made in the September 30, 2003 balances, mainly to make the Finance Area's transactions clearer.

	Prior disclosure	Reclassifications	Reclassified balances
ASSETS			
CURRENT ASSETS AND LONG-TERM RECEIVABLES			
Interbank deposits	21,980,820	803,997	22,784,817
Securities and derivative financial instruments	30,489,392	(803,997)	29,685,395
Property, plant and equipment			
Property for own use	3,315,133	3,290,931	6,606,064
Leased properties	84,968	55,601	140,569
(Accumulated depreciation)	-	(3,346,532)	(3,346,532)
Deferred charges	328,286	(328,286)	-
Costs with organization and expansion	-	802,553	802,553
(Accumulated amortization)	-	(474,267)	(474,267)
TOTAL ASSETS	122,466,470	-	122,466,470
LIABILITIES			
CURRENT AND LONG-TERM LIABILITIES			
Funds raised by affiliates			
Domestic currency	39,703,541	28,676	39,732,217
Dividends payable	482,698	(482,698)	-
Statutory and social obligations	-	714,910	714,910
Provisions and accounts payable	18,023,808	(232,212)	17,791,596
Interbank accounts of affiliates	1,986,764	(28,676)	1,958,088
TOTAL LIABILITIES	122,466,470	-	122,466,470
STATEMENT OF INCOME			
OPERATING INCOME	19,024,766	113,861	19,138,627
OPERATING EXPENSES	(14,279,750)	(191,749)	(14,471,499)
OPERATING INCOME	4,745,016	(77,888)	4,667,128
NON-OPERATING RESULT	(165,021)	77,888	(87,133)
INCOME TAX AND SOCIAL CONTRIBUTION	(1,444,562)	-	(1,444,562)
Due on operations for the period	(1,597,437)	(26,698)	(1,624,135)
To be offset relating to temporary additions	152,875	26,698	179,573
NET INCOME OF THE CONGLOMERATE	2,349,230	-	2,349,230

In this quarter, the commission on credit operations, credit card sales, civil lawsuits and claims expenses were reclassified in the statement of income for the period of 01/01 to 06/30/2004.

STATEMENT OF INCOME FOR THE PERIOD	01/01 to	Reclassifications for the period		01/01 to
	06/30/2004	01/01 to	01/04 to	06/30/2004
	Disclosed	03/31/2004	06/30/2004	Reclassified
OPERATING RESULT	3,151,655	(17,487)	(23,529)	3,110,639
NON-OPERATING RESULT	(36,536)	17,487	23,529	4,480
NET INCOME	1,930,705	-	-	1,930,705

NOTE 18 - BENEFITS TO EMPLOYEES

Under the terms of CVM Deliberation 371, dated December 13, 2000, we present the policies adopted by ITAÚSA and its subsidiaries regarding the benefits to employees, as well as the accounting procedures adopted:

a) Supplementary retirement benefits:

ITAÚSA and its subsidiaries sponsor supplementary retirement plans managed by Fundação Itaúbanko, Fundação Itaúsa Industrial, FUNBEP – Fundo de Pensão Multipatrocinado, Caixa de Previdência dos Funcionários do BEG (PREBEG) and Fundação Duratex the latter one merged by Fundação Itaúsa Industrial at 06/01/2004 (closed and supplementary private pension funds), which are intended to grant benefits that, as a life annuity (in the case of FUNBEP, PREBEG and the plan of Fundação Bemge de Seguridade Social – FASBEMGE, also grants death benefits), will supplement the retirement paid by the Social Security.

All of these plans are closed to new participants.

As regards new employees, the Bank offers a defined-contribution plan through PGBL, managed by Itaú Previdência e Seguros, in case of Financial and Insurance companies, or by Fundação Itaúsa Industrial, in case of industrial companies.

During the period, the contributions paid totaled R\$ 19,595 (R\$ 19,575 from January 1 to September 30, 2003). The contribution rate increases based on the participant's income.

b) Post-employment benefits:

ITAÚSA and/or its subsidiaries do not sponsor other post-employment benefits, except in those cases arising from maintenance obligations according to the acquisition agreements signed by controlling ITAÚ, under the terms and conditions established, in which health plans are totally or partially sponsored for retired workers and beneficiaries. During the period, the contributions made totaled R\$ 12,605 (R\$ 6,365 from January 1 to September 30, 2003). The contribution rate increases based on the beneficiary's age.

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

The assets and actuarial liabilities calculated in conformity with the criteria established by CVM Deliberation 371/2000 are summarized below.

	09/30/2004	09/30/2003
Net assets of the plans	8,075,911	6,752,000
Actuarial liabilities	(6,319,208)	(5,497,305)
Surplus (1)	1,756,703	1,254,695

(1) According to paragraph 49.g of the attachment to the CVM Resolution 371/00, the net assets were not recognized.

In addition to the reserves kept by the plans, the sponsors have provisions in the amount of R\$ 27,670 (R\$ 27,500 at 09/30/2003) to cover insufficient actuarial reserves.

d) Performance of Net assets and Actuarial liabilities, and Excess of assets over liabilities

	01/01 to 09/30/2004			01/01 to 09/30/2003		
	Assets	Actuarial liabilities	Excess of assets over liabilities	Assets	Actuarial liabilities	Excess of assets over liabilities
Present value – beginning of the period	7,272,962	(5,967,582)	1,305,380	5,808,450	(5,187,777)	620,673
Adjustments in the period (1)	-	-	-	-	16,597	16,597
Expected return from assets/Cost of current service						
+ Interest	664,848	(589,644)	75,204	530,512	(519,078)	11,434
Benefits paid	(238,018)	238,018	-	(192,953)	192,953	-
Contributions employer/Participants	52,262	-	52,262	45,179	-	45,179
Gains/(Losses) in the period (2)	323,857	-	323,857	560,812	-	560,812
Present value-end of period	8,075,911	(6,319,208)	1,756,703	6,752,000	(5,497,305)	1,254,695

(1) Adjustments arising from the review of the scope of assumed commitments and related effects on actuarial calculations.

(2) The gains from assets correspond to earnings above the return rate expected for the assets.

e) Main assumptions used in actuarial assessment

	09/30/2004	09/30/2003
Discount rate (1)	10.24% p.a.	10.24% p.a.
Return rate expected for the assets	12.32% p.a.	12.32% p.a.
Table of mortality	(2)	(2)
Turnover (3)	Exp.Itaú 99/01	Exp.Itaú 99/01
Future salary growth	7.12% p.a.	7.12% p.a.
Growth of the pension fund and social security benefits	4.00% p.a.	4.00% p.a.
Inflation	4.00% p.a.	4.00% p.a.
Actuarial method	Cred.Unit.Projet.(4)	Cred.Unit.Projet.(4)

(1) Considering the plans managed by FUNBEP and PREBEG, sponsored by BANESTADO and BEG, as from December 31, 2002, the discount rates of 11.80% p.a. and 12.32% p.a., respectively, started being used, which consider the weighted average return rate expected for the assets of the mentioned plans, including fixed income securities with terms compatible with those of the actuarial liabilities.

(2) At 09/30/2003, the Supplementary Retirement Plan, the 002 Benefits Plan and the Supplementary Life Plan, managed by Fundação Itaúbanko and FUNBEP used the AT-49 table, while the Franprev Benefits Plan, also managed by Fundação Itaúbanko, PREBEG and the Health Plans used the GAM-71 table. As from 12/31/2003, these tables were replaced by the GAM-83 table. With regards to the plans managed by Fundação Itaúsa Industrial and Fundação Duratex, the UP-94 table was used at the two base dates.

(3) The turnover assumption is based on the effective participants of Banco Itaú S.A., resulting in an average of 2.0% p.a. experienced in 99/01.

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

NOTE 19 - ADDITIONAL INFORMATION**a) Insured Assets**

Although ITAÚSA and its subsidiaries have reduced risk level due to the lack of physical concentration of their assets, they maintain a policy to insure assets considered sufficient to cover possible losses.

b) Assets and Liabilities in Foreign Currency

The balance sheet accounts, in local currency, subject to foreign currency are as follows:

	09/30/2004	09/30/2003
Foreign permanent investments	6,856,355	6,674,638
Net balance of other assets and liabilities indexed in foreign currency, including derivatives	(9,927,180)	(7,076,684)
Net exchange position	(3,070,825)	(402,046)

NOTE 20 - STATEMENT OF CASH FLOWS

We present below the Statement of Cash Flows prepared by the Indirect Method

	01/01 to 09/30/2004	01/01 to 09/30/2003
Adjusted net income	7,619,351	5,891,569
Net income	1,369,257	1,109,938
Adjustment to net income:	6,250,094	4,781,631
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	273,869	(663,999)
Allowance for loan losses	1,151,489	1,592,936
Results from operations with subordinated debt	305,434	35,400
Change in technical provisions for insurance, pension plan and capitalization	2,113,997	1,609,542
Deferred taxes	27,056	(179,573)
(Gain) loss on sale of assets	12,940	39,384
Extraordinary equity in the results of affiliated companies - Amortization of goodwill	401,397	523,738
Equity in the results of affiliated companies	(65,034)	33,899
Foreign exchange variation of permanent assets	1,105	8,901
(Reversal) provision for losses	1,121	11,870
Depreciation and amortization	497,766	530,241
Minority interest	1,528,954	1,239,292
Change in assets and liabilities	(10,204,652)	(5,498,367)
(Increase) Decrease in short-term interbank investments	(4,139,575)	(5,813,278)
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	281,108	(4,363,816)
(Increase) Decrease in interbank accounts of subsidiaries	(1,097,728)	2,523,542
(Increase) Decrease in loan, leasing and other credit operations	(7,445,575)	7,232
(Increase) Decrease in inventories	(45,237)	33,463
(Increase) Decrease in other credits and other assets	(7,775,448)	(1,383,123)
(Increase) Decrease in prepaid expenses	20,593	63,502
(Decrease) Increase in technical provisions for insurance, pension plan and capitalization	244,514	73,390
(Decrease) Increase in provisions and accounts payable and other liabilities	9,804,706	3,350,487
(Decrease) Increase in deferred income	(52,010)	10,234
OPERATING ACTIVITIES - Net cash provided by (invested)	(2,585,301)	393,202
Dividends received from affiliated companies	39,163	-
Sale of investments	17,905	49,463
Sale of fixed assets in use	31,633	40,829
Decrease in deferred charges	6,010	3,391
Purchase of investments	(27,523)	(48,095)
Goodwill on purchase of investments	(380,541)	(539,474)
Purchase of fixed assets and forest reserves	(370,572)	(419,019)
Investment in deferred charges	(68,014)	(93,083)
Change in participation in minority interest	(44,770)	667,737
INVESTMENT ACTIVITIES - Net cash provided by (invested)	(796,709)	(338,251)
Increase (decrease) in funds obtained by subsidiaries - foreign currency	(1,070,461)	(329,999)
Increase (decrease) in funds obtained by subsidiaries - local currency	756,609	(4,537,081)
Increase (decrease) in funds obtained by subsidiaries - open market	4,996,401	6,418,107
Increase (decrease) in borrowings - foreign currency	(32,953)	(17,401)
Increase (decrease) in borrowings - local currency	(55,818)	(75,294)
Increase (decrease) in liabilities by subordinated debt	(284,176)	(857,622)
Dividends paid to minority stockholders	(617,984)	(478,577)
Capital increase	158,500	117,481
Share premium	612	-
Purchase of treasury stocks	(138,764)	(33,268)
Interest on own capital paid	(614,162)	(413,467)
FINANCING ACTIVITIES - Net cash provided by (Invested)	3,097,804	(207,121)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(284,206)	(152,170)
At the beginning of the period	2,342,549	1,982,716
At the end of the period	2,058,343	1,830,546
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(284,206)	(152,170)

REPORT OF INDEPENDENT ACCOUNTANTS

Report of Independent Accountants on Limited Reviews

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

1. We have carried out limited reviews of the accounting information included in the Quarterly Information of Itaúsa - Investimentos Itaú S.A. and its subsidiaries (consolidated) for the nine-month periods ended on September 30, 2004 and 2003, consisting of the consolidated balance sheets and the corresponding consolidated statements of income. This financial information is the responsibility of the Company's management.
2. Our reviews were carried out in conformity with specific standards established by the IBRACON - Institute of Independent Auditors of Brazil, in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of Company and its subsidiaries.
3. Based on our limited reviews, we are not aware of any material modifications that should be made to the Quarterly Information referred to above in order that such information be stated in conformity with the accounting practices adopted in Brazil applicable to the preparation of Quarterly Information, consistent with the Brazilian Securities Commission (CVM) regulations.

São Paulo, November 08, 2004

PricewaterhouseCoopers
Independent Accountants
CRC 2SP000160/O-5

Ricardo Baldin
Accountants CRC 1SP110374/O-0

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ - 61.532.644/0001-15

Listed Company

OPINION OF THE FISCAL COUNCIL

The members of ITAÚSA - INVESTIMENTOS ITAÚ S.A.'s Fiscal Council, after examining the financial statements for the third quarter of 2004, have verified the correctness of all elements presented which fairly reflect the stockholders' equity, financial position and the activities in the period, recommending that they be approved by the Company's Administrative Council.

São Paulo-SP, November 11, 2004.

JOSÉ MARCOS KONDER COMPARATO

Chairman

GERALDO DE CAMARGO VIDIGAL

Member

MARCOS DE ANDRADE REIS VILLELA

Member