

A low-angle, upward-looking photograph of a modern glass skyscraper. The building's facade is composed of a grid of blue-tinted glass panels. The word "ITAÚSA" is prominently displayed in large, metallic, three-dimensional letters on the lower part of the building. The sky is a clear, bright blue, and the sun is visible as a bright, slightly overexposed area in the upper right quadrant. The perspective creates a sense of height and architectural scale.

Complete Financial Statements
September 30, 2006

ITAÚSA INVESTIMENTOS ITAÚ S.A.

MANAGEMENT REPORT – JANUARY TO SEPTEMBER 2006

To Our Stockholders

We present our Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the third quarter of 2006, in accordance with the regulations established by the Brazilian Corporate Law, the National Monetary Council (CMN) and the Brazilian Securities and Exchange Commission (CVM). These financial statements have been approved by the Fiscal Council.

SUSTAINABILITY

The performance of the Group companies reflects a way of conducting business that takes into account economic, social and environmental aspects, and a culture based on ethical values and respect to people. The environmental management of Itaúsa industrial companies ensures the adoption of technologies that do not adversely affect the environment, which enables the rational use and preservation of natural resources and the management of industrial waste.

Banco Itaú Holding Financeira (Itaú) and Itaúsa have once more been included among the 318 selected companies in the whole world that make up the Dow Jones Sustainability World Index (DJSI). Itaú is the only Latin American bank in this index since its creation, for the seventh consecutive time. Itaúsa was selected for the third time.

DJSI is the most respected worldwide index composed of shares of companies renowned for corporate sustainability, and is considered an important parameter for foreign investors searching for diversified investments and products. In addition to financial indicators, it adopts corporate governance, transparency, management and social and environmental responsibility criteria for evaluation purposes.

The social and cultural investments and initiatives in the environmental field for the third quarter are presented at the end of this report.

HUMAN CAPITAL MANAGEMENT

Human capital management is a constant point of attention of the Group's companies. In the quarter, investments in education, training and development programs amounted to R\$ 52 million. Personnel compensation, including charges and benefits, totaled R\$ 3.384 million. Welfare benefits granted to employees and their dependants totaled R\$ 550 million and supplementary retirement, food, health and dental care, social assistance services, scholarships, leisure, sports and cultural activities, loans at subsidized interest rates, insurance, transportation vouchers, donations and special grants, among others.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

In this quarter, the impact of the BankBoston (BKB) acquisition in Brazil on ITAÚSA's net income amounted to R\$ 748 million, of which R\$ 2,081 million refers to gain on capital increase, R\$ (531) million to the reduction of Itaú Holding Financeira's ownership interests and R\$ (802) million to the indirect interest on BKB net effects through Itaú Holding.

R\$ thousand

	Parent company		Minority interests		Group	
	09/30/2006	09/30/2005	09/30/2006	09/30/2005	09/30/2006	09/30/2005
Net income	3,375,343	1,755,614	1,611,934	2,109,703	4,987,277	3,865,317
Stockholders' equity	12,222,741	9,624,283	13,185,539	8,904,456	25,408,280	18,528,739
Return on average equity	41.74	25.11	20.32	32.28	31.13	28.57
Dividends/interest on capital	915,797	615,052	787,513	712,954	1,703,310	1,328,006

MAIN FINANCIAL INDICATORS

	09/30/2006	09/30/2005	Change %
Results per thousand shares - in R\$			
Net income	1,058.13	549.44	92.58
Book value	3,831.70	3,012.06	27.21
Price per common share ON (1)	9,897.33	6,220.91	59.10
Price per preferred share PN (1)	9,061.00	6,234.29	45.34
Market capitalization (2) - in thousands of R\$	29,915,705	19,903,855	50.30

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

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

MAIN INDICATORS OF THE COMPANIES CONTROLLED BY ITAÚSA

R\$ thousand

	3 Q	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED / GROUP (1)
		Banco Itaú Holding Financeira S.A. Consolidated	Duratex S.A.	Itautec S.A.	Elekeiroz S.A.	
Total assets	2006	206,934,917	2,344,296	890,518	559,603	211,782,767
	2005	145,938,697	1,950,658	821,692	512,511	150,038,377
Operating revenue (2)	2006	34,751,178	1,078,468	1,034,642	526,765	37,608,337
	2005	23,833,374	940,286	1,172,555	507,908	27,157,900
Net income	2006	3,029,285	160,800	21,119	8,144	4,987,277
	2005	3,826,534	105,777	39,250	34,758	3,865,317
Stockholders' equity	2006	21,693,105	1,341,608	329,695	327,292	25,408,280
	2005	15,229,220	1,035,449	314,717	313,544	18,528,739
Annualized return (Net income/Stockholders' equity) % (3)	2006	22.62%	17.98%	8.76%	3.39%	31.13%
	2005	34.67%	13.95%	15.78%	15.34%	28.57%
Internal fund generation (4)	2006	10,919,480	224,590	60,592	39,202	12,985,690
	2005	6,839,861	167,146	82,113	53,234	7,080,627

(1) Data related to consolidated/group are net of consolidation eliminations and unrealized income from intercompany transactions.

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

- Banco Itaú Holding Financeira S.A.: totality of Income from financial operations, Income from services rendered, Income from insurance premiums, Capitalization and Pension plans and other Operating Income;
- Duratex S.A., Itautec S.A. e Elekeiroz S.A.: taking into consideration Net revenue from sales of products and/or services.

(3) Represents the ratio of net income for the period and average equity.

(4) Covers resources arising from operations:

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

FINANCIAL SERVICES AREA

BANCO ITAÚ HOLDING FINANCEIRA

Itaú Holding acquired BankBoston's operations in Brazil from Bank of America Corporation (BAC), a transaction authorized by Bacen on August 22 and approved by stockholders at the Extraordinary Stockholders' Meeting held on August 25. The payment of this transaction was made through the issuance of 68,518 thousand preferred shares of Itaú, corresponding to approximately 5.8% of its capital stock. Additionally, two members of the Board of Directors were elected: Geraldo Carbone, former president of BankBoston, and Guillermo Alejandro Cortina, appointed by BAC.

After the completion of this transaction, the whole BankBoston operation, which was named ItauBank (mentioned as BKB in this report), was assumed by Itaú and the network of 89 BankBoston branches in the country started to operate under the Itaú Personnalité brand. The synergy resulting from keeping this network of branches and the integration of the BankBoston team guarantee the maintenance of the quality of customized services to high net worth individuals, while making available to these customers the conveniences of Itaú. Accordingly, Itaú Holding expands its businesses in this segment in a consistent and sustainable way.

The agreements signed by Itaú with BAC on August 8 for the acquisition of BankBoston operations in Chile and Uruguay will be concluded after their approval by the governmental authorities of Brazil, Chile and Uruguay.

On August 31, Itaú and XL Capital Ltd. (XL) signed definitive agreements on the incorporation of an insurance company, Itaú XL Seguros Corporativos S.A. (Itaú XL), which will operate in the commercial and industrial insurance markets of large risk in Brazil. The capital stock of the new insurance company amounts to approximately R\$ 170 million, of which each partner holds 50% of ownership interests. Itaú XL will benefit from the Itaú's knowledge of and share in the Brazilian market and XL's expertise in the subscription of large risk insurance. Moreover, it will access the XL reinsurance capacity, being prepared for scenarios of possible changes in the regulation of the reinsurance industry in Brazil. Susep granted a preliminary approval for the preparation of the incorporation documents, which it shall further approve, but that already permits the new insurance company to start operations.

For the first time Moody's assigned Itaú, through its Cayman branch, the investment grade rating for long-term foreign-currency debt securities. With this rating, the foreign securities issued by the bank appreciated due to the market's perception of its soundness and great risk performance. It has also upgraded the deposit ratings of Banco Itaú, Banco Itaú BBA and Banco Itaú Cayman Island.

Fitch Ratings upgraded the credit rating of short-term local currencies of Itaú Holding, Banco Itaú and Banco Itaú BBA from B to F3, as well as those of long-term foreign currencies from BB to BB+. These upgrades confirm our capacity of settling financial commitments within the expected term.

Itaú's consolidated net income felt an impact amounting to R\$ (1,764) million, of which R\$ (1,715) million referred to the full amortization of BKB's goodwill, R\$ (194) million to the adjustment to Itaú Holding's criteria and R\$ 145 million to BKB's income for the period from May 1, 2006 to September 30, 2006.

Consolidated net income without the effects of BankBoston (BKB) acquisition totaled R\$ 4,793 million up to September 2006, with annualized return of 35.8% on average equity. Taking into account the BKB effects, the consolidated net income for the third quarter amounted to R\$ 71 million, totaling R\$ 3,029 million for the period from January to September, with return of 22.6%.

Consolidated stockholders' equity totaled R\$ 21,693 million, a 42.4% increase in relation to the same period of the prior year. Itaú paid or provided for its own taxes and contributions in the amount of R\$ 4,691 million in the period from January to September 2006.

At the end of the period, Itaú's consolidated assets totaled R\$ 206,935 million, a 41.8% increase as compared to September 2005. The loan portfolio, including endorsements and sureties, grew 45.9% as compared to the same period in the prior year, totaling R\$ 89,869 million. Noteworthy is the 47.2% increase in the credit to individuals segment.

Total free, raised and managed own assets increased 50.6% as compared to September 2005, totaling R\$ 353,299 million. Time deposits grew 35.2%.

Itaú's preferred and common shares rose 25.7% and 17.5%, respectively, as compared to September 2005, while the Bovespa index rose 21.1%. The market value of Itaú reached R\$ 76,845 million at the end of September.

Technical provisions for insurance, pension plan and capitalization totaled R\$ 17,534 million, an increase of 30.0% in relation to the same period of 2005.

With the completion of the split of Credicard and the acquisition of Bankboston operations in Brazil, Banco Itaú consolidated its position as the top issuer of credit cards in Brazil. At the end of September 2006, it had 13.3 million cards issued, which accounted to R\$ 26.4 billion of billings for the period from January to September 2006..

Banco Itaú BBA participated in debenture and promissory notes operations that totaled R\$ 13.5 billion and credit rights investment funds (FIDC) operations that totaled R\$ 1.7 billion. In the National Association of Investment Banks (ANBID) ranking, disclosed in relation to operations during the first nine months of 2006, the Bank ranked first in the FIDC origination operations and second in fixed-income origination with a market share of 49.9% and 20.2%, respectively.

In capital markets, Banco Itaú BBA was the coordinator and bookrunner of IPOs that totaled R\$ 1.9 billion and of subsequent public offerings that amounted to R\$ 2.5 billion. In the ANBID ranking disclosed in relation to the first nine months of 2006, the Bank ranked fourth in the origination of these operations with a market share of 6.9%.

At the end of the quarter, Banco Itaú BBA ranked third in Bloomberg's and Thomson's mergers & acquisitions transactions.

ITAÚSA EUROPA INVESTIMENTOS

Itaúsa Europa Investimentos, the holding company that concentrates the Group's banking investments in Europe, posted a net income of € 36.3 million and assets of € 3.3 billion at the end of the period, increases of 21.6% and 17.9%, respectively, in relation to the same period in 2005.

Banco Itaú Europa's consolidated assets reached € 3.3 billion at the end of the period, 17.9% higher than that posted in the same period of 2005. In the period from January to September 2006, consolidated net income totaled € 36.6 million, a growth of 20.8% as compared to the same period of 2005, and the banking product reached € 61.1 million, 25.0% higher than that posted in the same period of 2005. Consolidated return on average equity reached 13.0%, while the efficiency ratio reached 33.6%.

Banco Itaú Europa Luxemburgo contributed to the overall positive results of the Bank, accounting for 25.5% of its banking product and 16.1% of net results. At the end of September, managed assets exceeded US\$ 3.0 billion, with more than 1,600 active clients.

The Bank's investment grade status - Baa1 by Moody's and BBB+ by Fitch Ratings – has significantly contributed to the access to a varied source of funds, considering that the Bank traded on the primary and secondary markets from January to September of 2006.

Banco BPI, S.A., an associated company in which the Itaú Group holds 17.5% of interest, of which 51% is held by Itaú Europa, recorded in September 2006 total consolidated assets of € 34.3 billion, stockholders' equity of € 1.3 billion and net income of € 218.1 million.

INDUSTRIAL AREA

Duratex

This year Duratex invested R\$ 79.1 million in the acquisition of permanent assets. During the period, we highlight the establishment and maintenance of existing forest reserves and the purchase of production equipment in order to meet the export agreements of sanitary porcelain fixtures. The Company is still conducting feasibility studies on the expansion of its operations that are expected to be concluded in the following months.

During the period from January to September, Duratex benefited from an improvement in the local economy. Gross revenues totaled R\$ 1,421.6 million, 12% higher than that posted in the same period of 2005. Total exports amounted to approximately US\$ 45.4 million, resulting in net revenues amounting to R\$ 1,078.5 million, 15% higher than in 2005.

The operating cash generation based on EBITDA increased 20%, totaling R\$ 332.5 million. Due to the favorable environment, the EBITDA margin increased from 29% to 31%. Consolidated net income totaled R\$ 160.8

million, 52% higher than that posted in the same period of 2005. Annualized return on equity was 18.0%, higher than the 14% of 2005.

At the end of September, Duratex recorded a consolidated indebtedness of R\$ 641.4 million, corresponding to a net debt of R\$ 116.6 million, equivalent to 0.26 of the EBITDA. In addition to the high cash generation, the drop in indebtedness was influenced by the company's capitalization through the primary issuance of common shares in April.

In the Wood Division, the good performance of the furniture industry, main consumer of wood-based panels, and the decrease in shipments to the foreign market resulted in a growth of 16% in amounts shipped during the period. Net revenues totaled R\$ 730.4 million, representing a 15% increase. EBITDA reached R\$ 255.3 million, 28% higher than that posted in 2005, whereas the EBITDA margin reached 35%. Exports totaled US\$ 38.7 million (US\$ 42.8 million in 2005), of which fiberboard panels accounted for 82%.

The incentive measures announced by the government for the construction sector have had a positive impact on the Deca Division's market, as there is more credit available, as well as new real estate units, and a higher placement of new shares by the industry's companies, which attempts to raise funds to invest in the sector. This improvement is still not effectively noticed in the results of Deca's Division, as its main products are used in the finishing phase, at the end of the construction. Nonetheless, the division's shipments grew 8%. Net revenue reached R\$ 348.1 million, 15% higher than the same period of 2005, which offset the effect of the increase in raw materials, particularly of copper. The Division's EBITDA totaled R\$ 77.2 million, corresponding to a margin of 22%. Exports reached US\$ 6.7 million, 52% higher than in 2005. Of this total, sanitary porcelain fixtures accounted for 74%.

Itautec

Gross revenue from sales and services of Itautec reached R\$ 1, 146.0 million during the period from January to September, an increase of 38.3% as compared to the gross revenue from the remaining operations for the same period of 2005, distributed as follows:

	01/01 to 09/30/2006		01/01 to 09/30/2005		Change %
Solution and Automation	164,525	14%	116,395	14%	41.4%
Information Technology	505,240	44%	433,831	52%	16.5%
Services	241,891	21%	201,166	24%	20.2%
Itautec - Brazil	911,656	80%	751,392	91%	21.3%
Itautec - Overseas + Exports	39,879	3%	25,256	3%	57.9%
Itec + Tallard	194,484	17%	52,137	6%	273.0%
Total	1,146,019	100%	828,785	100%	38.3%

Itautec's gross income totaled R\$ 211.6 million, resulting in a gross margin of 20.5%. Operating expenses totaled R\$ 179.0 million, 14.1% lower than in 2005. Net income amounted to R\$ 21.1 million, representing an annualized return on average equity of 8.9% for the period. Return on invested capital (ROIC) reached 5.8%.

The EBITDA totaled R\$ 58.8 million, resulting in an EBITDA margin of 5.7%.

The increase in operation volume required higher investment in working capital and in leased fixed assets, resulting in an increase in the indebtedness level to R\$ 139.9 million.

The shipment of banking automation equipment increased 186% as compared to the same period in 2005. The number of shipped ATMs increased 57%.

In the sales automation segment, shipments grew 55%.

In the information technology area, the market continued to grow. Shipments of PCs and notebooks grew 98% and 108%, respectively, in relation to the same period of 2005.

We highlight the launching of a new version of the QuickWay Checker with wireless connection (Wi-Fi). This equipment had a good acceptance in the foreign market, having been successfully installed in a chain of supermarkets in New York. This was the first business automation solution of Itautec in the United States.

In this period, we highlight the export of over 300 ATMs, Full and TTW (Through The Wall) models, to clients from Europe and Africa.

In the subsidiaries Itec and Tallard, noteworthy in the third quarter was the project on data storage solution for one of the largest perfume and fragrance manufacturing companies of the country, providing security and easy data retrieval to management and sales planning.

Elekeiroz

In the period from January to September, Elekeiroz's shipments reached 346 thousand tons, 2.7% below that posted in the same period of 2005.

Gross and net revenues from January to September reached R\$ 656.5 and R\$ 526.8 million, posting increases of 1.1% and 3.7% in relation to the same period of 2005 (R\$ 649.1 and R\$ 507.9 million). However, the increase in revenue was not enough to offset the reduction in the average unit contribution margin, which continues to be 25% lower than that of 2005.

This margin reduction was mainly caused by the high cost of propene and slowdown of the agriculture sector, which decreased the demand for fertilizers and then pushed down the price of sulphuric acid.

Net income for the period, after provisions for payment of taxes and profit sharing, amounted to R\$ 8.1 million (R\$ 34.8 million in 2005), with return on equity of 3.3% per year.

The resulting EBITDA amounted to R\$ 30.1 million (R\$ 66.8 million in 2005), with a margin of 5.7% in relation to net revenue.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

In the social area, we draw special attention to the nationwide launching of the Itaú Criança Program (Itaú Child Program). This Program counts on the participation of Unicef and "Pastoral da Criança", a religious institution for children support, and is designed to mobilize society at large with actions and programs that contribute to the full development of children and youths. The first action is to divulge the Statute of Children and Youths (ECA) at over 3,000 branches, which will also be in charge of receiving the donation of children books.

At Fundação Itaú Social, we highlight the first edition of the "Jovens Urbanos" (urban youth) Program in Rio de Janeiro, which will benefit 480 youths, the continuity of the Social Projects Economic Evaluation course, with the participation of 30 representatives from NGOs and the Government, and the transfer, by Banco Itaú, through the capitalization plan PIC Esperança, of approximately R\$ 3,0 million to elementary education programs developed by UNICEF and Fundação Itaú Social.

In the period from January to September, Instituto Itaú Cultural's headquarters in São Paulo received over 242 thousand visitors. The "Rumos" (directions) Program received 662 applications for the Dance category and 377 for the Film and Video category. Also noteworthy are the fourth edition of the "Onda Cidadã" (communal wave) program and the third edition of the international art and technology biennial exhibition, which was visited by over 90,000 visitors.

Itautec, through the tax incentives provided by the Rouanet Law, is sponsoring the 2006 season of the São Paulo Symphony Orchestra.

Among the Duratex's initiatives, noteworthy is the Tide Setúbal Cabinetry School, opened in 2000 in the city of Agudos (SP), in partnership with the Local Government of the city and Senai (National Service for Industrial Apprenticeship). The School contributes with the supply of specialized labor in the city and developing the wood field in the region, already acknowledged as a furniture manufacturing center. The Woodworker course is offered to youths aged over 14, with 36 apprentices starting the course in 2006.

Developed by Duratex Forest Area, the Educação para um Futuro Melhor (Education for a Better Future) project aims at stimulating the company's employees and mainly land workers to resume their studies. The main elements of this project are clarified through talks, when application forms, explanatory booklets, and school kits are distributed to those willing to join it. Approximately 200 employees participate in this project.

Since 1996, Duratex has maintained the Área de Vivência Ambiental Piatan – Avap (Piatan Environment Experience Area), which mission is to carry out environmental education activities. By the end of September of this year, over 4,000 people have taken part of this initiative, among which are students, teachers, representatives of governmental agencies, customers, employees and visitors from several countries. In 2006, Avap's main focus is the sustainable wood production from the handling of forest plantations to showing countless applications of such raw material in the everyday lives of people, taking into account the way public opinion has drawn attention to the use of forest plantations for industrial supply.

Banco Itaú ran the 18th edition of the “Plante a Primavera” (Cultivating the Spring) campaign. In this year, 150 branches throughout Brazil distributed over 50 thousand kits with more than 150 thousand seeds of Aroeira Vermelha (broad-leaved pepper tree, *Schinus terebinthifolia*). This campaign, aimed at raising the awareness to ecological issues and integrating communities, is conducted in partnership with Akatu Institute, which encourages conscious consumption. Itaútec, in turn, carried out initiatives involving employees and the community close to the company, such as an orchid exhibition and the distribution of 2,000 succulents and 3,000 sunflower seeds.

INDEPENDENT AUDITORS – CVM INSTRUCTION No. 381

. Procedures adopted by the Company

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

During the period from January to September 2006, the independent auditors and related parties did not provide non-audit related services in excess of 5% of total external audit fees.

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

- March/06 – Agreement for using an electronic library of international accounting standards – Itaú Holding – Brazil;
- June/06 – Consulting and advisory services agreement in order to resolve specific issues regarding tax, accounting and corporate structure issues – Banco Itaú S.A. – Brazil; and
- August/06 – Participation in the course on international accounting – Banco Itaú S.A. - Brazil.

. Summary of the Independent Auditors' justification

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

ACKNOWLEDGEMENTS

We thank our stockholders for their support, our clients for their trust and loyalty, and our employees for their work and effort, which have been essential for the consistent and sustainable growth of our business.

(Approved at the Meeting of the Board of Directors on November 6, 2006)

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

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** Investor Relations Director*

Accountant

REGINALDO JOSÉ CAMILO

CT-CRC-1SP - 114.497/O – 9

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Vice-Chairman

CARLOS DA CAMARA PESTANA

Board Members

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CANDIDO BOTELHO BRACHER
HENRI PENCHAS
JEAN MARTIN SIGRIST JÚNIOR
JORGE ALBERTO O. V. JARDIM GONÇALVES
JOSÉ FRANCISCO CLARO
RENATO ROBERTO CUOCO
ROBERTO MASSARU NISHIKAWA
RODOLFO HENRIQUE FISCHER
SÉRGIO RIBEIRO DA COSTA WERLANG

EXECUTIVE COMMISSION OF THE BOARD OF DIRECTORS

President

ALMIR VIGNOTO

Board Members

JOSÉ FRANCISCO CLARO
JORGE ALBERTO O. V. JARDIM GONÇALVES
JEAN MARTIN SIGRIST JÚNIOR
ROBERTO MASSARU NISHIKAWA

FISCAL COUNCIL

President

JOSÉ MATA SOUSA MENDES

Board Members

JOÃO MANUEL RICARDO CATARINO
PRICEWATERHOUSECOOPERS & ASSOCIADOS, SOCIEDADE
DE REVISORES OFICIAIS DE CONTAS, LDA.

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

OLAVO EGYDIO SETUBAL

Vice-Chairmen

LAERTE SETUBAL FILHO

MARIA DE LOURDES EGYDIO VILLELA

PAULO SETUBAL

Members

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JAIR RIBEIRO DA SILVA NETO

JAIRO CUPERTINO

JOSÉ CARLOS MORAES ABREU

OLAVO EGYDIO SETUBAL JÚNIOR

FISCAL COUNCIL**President**

PAULO RICARDO MORAES AMARAL

Members

IRAN SIQUEIRA LIMA

FABIANO ROMES MACIEL

EXECUTIVE BOARD**Chief Executive Officer**

PAULO SETUBAL

Executive Managing Vice-Presidents

GUILHERME ARCHER DE CASTILHO

PLINIO DO AMARAL PINHEIRO (*)

RAUL PENTEADO

Executive Directors

CARLOS ALBERTO TENÓRIO NOBRE

ENRIQUE JUDAS MANUBENS

MÁRIO COLOMBELLI FILHO

Managing Directors

ALEXANDRE COELHO NETO DO NASCIMENTO

ANTONIO JOAQUIM DE OLIVEIRA

ANTONIO MASSINELLI

FLÁVIO DIAS SOARES

(*) *Investor Relations Director***ITAUTEC S.A. - GRUPO ITAUTEC****BOARD OF DIRECTORS****Chairman**

OLAVO EGYDIO SETUBAL

Vice-Chairman

JOSÉ CARLOS MORAES ABREU

Members

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JAIRO CUPERTINO

PAULO SETUBAL

RENATO ROBERTO CUOCO

RICARDO EGYDIO SETUBAL

EXECUTIVE BOARD**Chief Executive Officer**

PAULO SETUBAL

Manager Director

GUILHERME ARCHER DE CASTILHO

Executive Managing Vice-Presidents

CLÁUDIO VITA FILHO

RAUL PENTEADO

RICARDO EGYDIO SETUBAL *

Executive Director

WILTON RUAS DA SILVA

* *Investor Relations Director***ELEKEIROZ S.A.****BOARD OF DIRECTORS****Chairman**

OLAVO EGYDIO SETUBAL

Vice-Chairmen

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JOSÉ CARLOS MORAES ABREU

PAULO SETUBAL

Members

CESAR CALVO HUIDOBRO

RAUL PENTEADO

REINALDO RUBBI

EXECUTIVE BOARD**Chief Executive Officer**

PAULO SETUBAL

Manager Director

REINALDO RUBBI *

Directors

CARLOS CALVO SANZ

JULIÃO DE SOUZA ESCUDERO

RICARDO JOSÉ BARALDI

* *Investor Relations Director*

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED BALANCE SHEET

(In thousands of Reais)

ASSETS	09/30/2006	09/30/2005
Current assets	164,505,842	114,454,434
Cash and cash equivalents	3,645,833	2,171,296
Interbank investments (Notes 4a and 5)	28,318,040	22,666,689
Securities and derivative financial instruments (Notes 4b, 4c and 6)	36,200,633	23,797,186
Securities	18,236,936	9,467,647
Derivative financial instruments	2,233,793	2,392,495
Assets guaranteeing technical provisions - PGBL/VGBL Fund Quotas (Note 11b)	12,980,086	9,181,797
Assets guaranteeing technical provisions - Other securities (Note 11b)	2,749,818	2,755,247
Interbank accounts of subsidiaries	14,819,422	11,683,271
Loan, lease and other credit operations (Note 7)	49,855,450	35,698,857
Operations with credit granting characteristics (Note 4d)	53,929,949	37,464,939
(-) Allowance for loan losses (Note 4e)	(4,074,499)	(1,766,082)
Inventories (Notes 4f and 8)	491,666	467,895
Products	484,772	448,527
Real estate	6,894	19,368
Other receivables (Note 13)	30,341,720	17,192,178
Foreign exchange portfolio (Note 9)	20,123,190	9,738,686
Deferred tax assets (Note 14b I)	3,983,718	2,110,521
Sundry (Note 13a)	6,325,634	5,428,295
(-) Allowance for loan losses	(90,822)	(85,324)
Other assets (Notes 4g and 13b)	277,220	265,298
Prepaid expenses (Note 13c)	555,858	511,764
Long-term receivables	42,207,114	31,195,284
Interbank investments (Notes 4a and 5)	1,388,703	508,853
Securities and derivative financial instruments (Notes 4b, 4c and 6)	7,643,979	8,003,114
Securities	5,738,264	6,424,981
Derivative financial instruments	1,081,486	652,220
Assets guaranteeing technical provisions - Other securities (Note 11b)	824,229	925,913
Interbank accounts of subsidiaries	375,176	322,755
Loan, lease and other credit operations (Note 7)	23,271,747	16,218,093
Operations with credit granting characteristics (Note 4d)	26,249,520	18,107,759
(-) Allowance for loan losses (Note 4e)	(2,977,773)	(1,889,666)
Other receivables (Note 13)	8,769,423	5,245,882
Foreign exchange portfolio (Note 9)	1,647,789	-
Deferred tax assets (Note 14b I)	2,705,336	2,063,770
Sundry (Note 13a)	4,416,298	3,182,112
Other assets (Notes 4g and 13b)	9,180	4
Prepaid expenses (Note 13c)	748,906	896,583
Permanent assets	5,069,811	4,388,659
Investments (Notes 4i and 15a II)	984,130	742,835
Investment in affiliates	750,952	568,353
Other investments	233,178	174,482
Fixed assets (Notes 4j and 15b)	3,570,038	3,353,286
Fixed assets	8,143,132	7,790,280
Leased properties	173,979	97,090
Forest reserves	108,421	95,773
(Accumulated depreciation)	(4,855,494)	(4,629,857)
Deferred charges (Notes 4k and 15b)	515,643	292,538
Organization and expansion expenses	1,326,604	779,970
(Accumulated depreciation)	(810,961)	(487,432)
TOTAL ASSETS	211,782,767	150,038,377

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CONSOLIDATED BALANCE SHEET

(In thousands of Reais)

LIABILITIES	09/30/2006	09/30/2005
Current liabilities	118,475,298	86,885,814
Funds raised by subsidiaries (Notes 4a and 10)	71,795,802	56,226,019
Foreign currency	4,455,995	3,496,288
Local currency	52,117,122	42,583,423
Money market	15,222,685	10,146,308
Subordinated debts (Note 10)	46,962	59,487
Derivative financial instruments (Notes 4c and 6b)	1,616,465	1,511,214
Borrowings (Notes 4a and 10)	363,494	258,756
Foreign currency	193,288	149,996
Local currency	170,206	108,760
Statutory and social contributions	1,658,734	1,244,445
Tax and social security contributions (Note 14c I)	2,256,848	1,979,924
Other liabilities	32,092,566	19,942,201
Foreign exchange portfolio (Note 9)	20,289,082	10,098,737
Credit card operations	5,354,647	3,852,170
Securitization of foreign payment orders (Note 10)	199,031	86,053
Sundry (Note 13d)	6,249,806	5,905,241
Interbank accounts of subsidiaries	5,022,511	3,030,489
Technical provisions for insurance, pension plan and capitalization (Notes 4I and 11a)	3,621,916	2,633,279
Long-term liabilities	67,774,736	44,518,905
Funds raised by subsidiaries (Notes 4a and 10)	37,807,188	21,968,770
Foreign currency	6,225,024	4,259,005
Local currency	11,729,346	7,426,942
Money market	19,852,818	10,282,823
Subordinated debts (Note 10)	4,500,361	4,389,384
Derivative financial instruments (Notes 4c and 6b)	755,461	431,663
Borrowings (Notes 4a and 10)	366,097	412,292
Foreign currency	155,242	175,594
Local currency	210,855	236,698
Tax and social security contributions (Note 14c I)	5,045,145	3,279,614
Other liabilities	5,388,740	3,184,832
Foreign exchange portfolio (Note 9)	1,652,070	-
Securitization of foreign payment orders (Note 10)	1,335,144	1,118,553
Sundry (Note 13d)	2,401,526	2,066,279
Technical provisions for insurance, pension plan and capitalization (Notes 4I and 11a)	13,911,744	10,852,350
Deferred income	124,453	104,919
Minority interest	13,185,539	8,904,456
Stockholders' equity of parent company (Note 16)	12,222,741	9,624,283
Capital	5,200,000	5,000,000
Capital reserves	26,824	28,423
Revaluation reserves	43,548	49,822
Revenue reserves	6,876,036	4,696,078
Adjustment to market value - securities and derivatives	76,333	150,843
(-) Treasury shares	-	(300,883)
Stockholders' equity of the Itaúsa Group	25,408,280	18,528,739
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	211,782,767	150,038,377

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED STATEMENT OF INCOME

(In thousands of Reais)

	01/01 to 09/30/2006	01/01 to 09/30/2005
OPERATING REVENUE	37,608,337	27,157,900
Sales of products and services	9,139,348	8,134,458
Insurance, pension plan and capitalization	5,647,690	4,891,339
Financial	14,352,110	9,482,003
Insurance, pension plan and capitalization (Note 11c)	1,549,096	1,357,612
Securities	6,317,259	3,022,318
Equity in earnings of affiliates	133,828	(1,443)
Other operating revenues (Note 13f)	469,006	271,613
OPERATING EXPENSES	(31,511,912)	(20,439,721)
Cost of products and services	(1,898,406)	(1,850,019)
Insurance, pension plan and capitalization	(4,835,474)	(4,311,886)
Equity	(4,731,144)	(2,257,269)
Administrative	(7,078,938)	(5,988,134)
Management fees	(171,246)	(154,463)
Financial	(7,422,591)	(1,926,267)
Financial expenses on technical provisions for pension plan and capitalization (Note 11c)	(1,266,612)	(1,072,461)
Other operating expenses (Note 13f)	(4,107,501)	(2,879,222)
OPERATING INCOME	6,096,425	6,718,179
NON-OPERATING INCOME (Note 13g)	205,255	(335,606)
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	6,301,680	6,382,573
INCOME TAX AND SOCIAL CONTRIBUTION (Note 14a I)	(830,590)	(2,157,768)
Due on operations for the period	(2,370,683)	(2,346,808)
Related to temporary differences	1,540,093	189,040
PROFIT SHARING	(483,813)	(359,488)
Employees - Law 10,101 of 12/19/2000	(350,605)	(259,685)
Officers - Statutory - Law 6,404 of 12/15/1976	(133,208)	(99,803)
NET INCOME RELATING TO MINORITY INTEREST IN SUBSIDIARIES	(1,611,934)	(2,109,703)
NET INCOME OF PARENT COMPANY	3,375,343	1,755,614
Net income relating to minority interests in subsidiaries	1,611,934	2,109,703
NET INCOME OF THE ITAÚSA GROUP	4,987,277	3,865,317
NUMBER OF OUTSTANDING SHARES - in thousands	3,189,903	3,195,250
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES - R\$	1,058.13	549.44
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES - R\$	3,831.70	3,012.06
EFFECTS OF THE BKB TRANSACTION		
NET INCOME OF THE PARENT COMPANY WITHOUT BKB	2,627,343	
AMORTIZATION OF GOODWILL BKB	(2,597,837)	
DEFERRED TAX ASSETS FOR THE AMORTIZATION OF GOODWILL	883,264	
MINORITY INTERESTS IN THE ABOVE ITEMS	950,930	
NON OPERATING INCOME FOR THE CHANGE IN HOLDING INTERESTS	1,511,643	
NET INCOME OF THE PARENT COMPANY	3,375,343	

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(In thousands of Reais)

	01/01 to 09/30/2006	01/01 to 09/30/2005
A- FINANCIAL RESOURCES WERE PROVIDED BY	29,904,081	15,573,400
NET INCOME FOR THE YEAR	3,375,343	1,755,614
Items not representing movement of net working capital		
Minority interest	1,611,934	2,109,703
Depreciation and amortization	566,185	505,440
Equity in the earnings of subsidiaries, net of received dividends	(88,875)	34,125
Amortization of goodwill	2,597,837	-
Others	(1,424)	(31,174)
ADJUSTED NET INCOME	8,061,000	4,373,708
STOCKHOLDERS RESOURCES	100,182	100,328
Capital increase	100,000	100,000
Premium on subscription of shares	182	328
THIRD PARTIES RESOURCES	21,742,899	11,099,364
Increase in long-term liabilities	18,293,400	11,065,739
Cost of disposed permanent assets	87,503	14,473
Cost of investment disposals	3,371	5,612
Change in deferred income	8,001	13,540
Changes in minority interests, net	3,350,624	-
B- FINANCIAL RESOURCES WERE USED FOR	13,337,563	6,205,906
Increase in long-term receivables	7,737,826	3,204,909
Adjustment to market value - securities and derivatives - subsidiary and affiliated companies	110,958	93,977
Purchased properties and other assets	809,137	414,239
Investments in the period	107,366	26,758
Goodwill on purchase of investments	2,597,837	-
Increase in deferred assets	271,129	71,148
Purchase of treasury shares	-	300,883
Dividends paid to minority stockholders	787,513	712,954
Dividends proposed	915,797	615,052
Changes in minority interests, net	-	765,986
INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)	16,566,518	9,367,494
INCREASE (DECREASE) IN NET WORKING CAPITAL	16,566,518	9,367,494
At the beginning of the period	29,464,026	18,201,126
Current assets	117,440,972	103,482,985
Current liabilities	87,976,946	85,281,859
At the end of the period	46,030,544	27,568,620
Current assets	164,505,842	114,454,434
Current liabilities	118,475,298	86,885,814

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**BALANCE SHEET***(In thousands of Reais)*

ASSETS	09/30/2006	09/30/2005
Current assets	1,138,324	1,000,411
Cash and cash equivalents	446	130
Securities (Note 6a)	591,846	566,298
Deferred tax assets	19,012	25
Other sundry receivables (Note 13a)	527,020	433,958
Long-term receivables	25,112	112,056
Securities (Note 6a)	33	32
Deferred tax assets	10,976	34
Other sundry receivables (Note 13a)	14,103	111,990
Permanent assets	13,377,863	9,541,339
Investments		
Investments in subsidiaries (Note 15a)	13,364,788	9,527,372
Other investments	4,126	4,164
Fixed assets (Note 15b)	8,949	9,803
TOTAL ASSETS	14,541,299	10,653,806
LIABILITIES		
Current liabilities	790,953	524,799
Dividends payable	727,102	464,131
Tax and social security contributions	61,036	43,270
Other liabilities (Note 13d)	2,815	17,398
Long-term liabilities - Tax and social security contributions	15,032	10,212
Stockholders' equity (Note 16)	13,735,314	10,118,795
Capital (Note 16a)	5,200,000	5,000,000
Capital reserves	26,824	28,423
Revaluation reserves	43,548	49,822
Revenue reserves (Note 16c)	8,388,609	5,190,590
Adjustment to market value - securities (Notes 4b, 4c and 6a)	76,333	150,843
(-) Treasury shares	-	(300,883)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	14,541,299	10,653,806

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
STATEMENT OF INCOME

(In thousands of Reais)

	01/01 to 09/30/2006	01/01 to 09/30/2005
OPERATING REVENUE	2,850,361	2,431,382
Financial	-	9,465
Securities	155,148	539,151
Equity in earnings of subsidiaries (Note 15a)	2,693,404	1,880,239
Other operating income	1,809	2,527
OPERATING EXPENSES	(86,466)	(104,776)
Equity	(660)	(666)
Administrative	(18,435)	(15,155)
Management fees	(4,111)	(3,648)
Other operating expenses (Note 13f)	(63,260)	(85,307)
OPERATING INCOME	2,763,895	2,326,606
NON-OPERATING INCOME (Note 13g)	1,583,025	(341,811)
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	4,346,920	1,984,795
INCOME TAX AND SOCIAL CONTRIBUTION (Notes 4n and 14a)	63,904	(147,518)
Due on operations for the period	(9,349)	(174,171)
Related to temporary differences	73,253	26,653
PROFIT SHARING	(3,201)	(2,911)
Officers - Statutory - Law 6,404 of 12/15/1976	(3,201)	(2,911)
NET INCOME	4,407,623	1,834,366
NUMBER OF OUTSTANDING SHARES (In thousands) (Note 16)	3,189,903	3,195,250
NET INCOME PER THOUSAND SHARES - R\$	1,381.74	574.09
BOOK VALUE PER THOUSAND SHARES - R\$	4,305.87	3,166.82

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (NOTE 16)
(In thousands of Reals)

	Capital		Capital reserves			Revenue reserves		Statutory	Adjustment to market value - securities and derivatives	Treasury shares	Retained earnings	Total
	Monetary correction Law 8,200	Premium on subscription of shares	Options for tax incentives	Revaluation reserves	Legal	Unrealized profits						
At December 31, 2004	3,800,000	25,013	1,453	1,094	50,673	470,730	-	4,794,026	244,820	(93,087)	-	9,294,722
Prior years' adjustments	-	-	-	-	-	-	-	-	-	-	(101,244)	(101,244)
Share subscription - domestic	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Premium on issuance of shares	-	-	328	-	-	-	-	-	-	-	-	328
Change of adjustment to market value - subsidiaries	-	-	-	-	-	-	-	-	(83,977)	-	-	(83,977)
Reversal/realization of reserves	-	-	-	-	(851)	-	-	-	-	-	851	-
Capital increase with reserves	1,100,000	-	-	-	-	-	-	(1,100,000)	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	(93,087)	-	93,087	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(300,883)	-	(300,883)
Options for tax incentives	-	-	-	535	-	-	-	-	-	-	-	535
Net income for the period	-	-	-	-	-	-	-	-	-	-	1,834,366	1,834,366
Appropriations:												
Legal reserve	-	-	-	-	-	91,718	-	-	-	-	(91,718)	-
Statutory reserve	-	-	-	-	-	-	-	1,027,203	-	-	(1,027,203)	-
Interest on capital	-	-	-	-	-	-	-	-	-	-	(615,052)	(615,052)
At September 30, 2005	5,000,000	25,013	1,781	1,629	49,822	562,448	-	4,628,142	150,843	(300,883)	-	10,118,795
At December 31, 2005	5,000,000	25,013	1,781	1,629	49,392	588,815	-	4,852,811	148,886	(434,191)	-	10,234,136
Share subscription - domestic	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Premium on issuance of shares	-	-	182	-	-	-	-	-	-	-	-	182
Change of adjustment to market value - subsidiaries	-	-	-	-	-	-	-	-	(72,553)	-	(18,277)	(90,830)
Reversal/realization of reserves	-	-	-	-	(5,844)	-	-	-	-	-	5,844	-
Capital increase with reserves	100,000	-	-	-	-	-	-	(98,219)	-	-	-	-
Cancellation of treasury shares	-	-	(1,781)	-	-	-	-	(434,191)	-	434,191	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	-	4,407,623	4,407,623
Appropriations:												
Legal	-	-	-	-	-	220,381	-	-	-	-	(220,381)	-
Unrealized profits	-	-	-	-	-	-	268,383	-	-	-	(268,383)	-
Statutory reserve	-	-	-	-	-	-	-	2,990,629	-	-	(2,990,629)	-
Interest on capital	-	-	-	-	-	-	-	-	-	-	(915,797)	(915,797)
At September 30, 2006	5,200,000	25,013	182	1,629	43,548	809,196	268,383	7,311,030	76,333	-	-	13,735,314

ITAÚSA - INVESTIMENTOS ITAÚ S.A. STATEMENT OF CHANGES IN FINANCIAL POSITION

(In thousands of Reais)

	01/01 to 09/30/2006	01/01 to 09/30/2005
A- FINANCIAL RESOURCES WERE PROVIDED BY	1,016,285	1,097,844
NET INCOME FOR THE PERIOD	4,407,623	1,834,366
Items not representing movement of net working capital:		
Depreciation and amortization	660	666
Equity in the earnings of subsidiaries, net of received dividends	(3,549,295)	(892,671)
Allowance for losses	(4)	69
Amortization of goodwill	4,627	2,016
ADJUSTED NET INCOME	863,611	944,446
FINANCIAL RESOURCES FROM STOCKHOLDERS	100,182	100,328
Capital increase	100,000	100,000
Premium on subscription of shares	182	328
FINANCIAL RESOURCES FROM THIRD PARTIES	52,492	53,070
Increase in long-term liabilities	6,278	5,052
Cost of investment disposals	46,214	42,776
Write-offs of fixed assets	-	5
Prior years' adjustments	-	4,702
Tax incentives	-	535
B- FINANCIAL RESOURCES WERE USED FOR	1,012,361	1,047,855
Increase in long-term receivables	14,192	13,379
Purchased properties and other assets	5	3
Investments in the period	82,367	118,538
Purchase of treasury shares	-	300,883
Dividends proposed	915,797	615,052
INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)	3,924	49,989
INCREASE (DECREASE) IN NET WORKING CAPITAL	3,924	49,989
At the beginning of the period	343,447	425,623
Current assets	1,211,452	1,017,113
Current liabilities	868,005	591,490
At the end of the period	347,371	475,612
Current assets	1,138,324	1,000,411
Current liabilities	790,953	524,799

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**NOTES TO THE FINANCIAL STATEMENTS****FROM JANUARY 1 TO SEPTEMBER 30, 2006 AND 2005**

(In thousands of reais)

NOTE 1 – OPERATIONS

ITAÚSA – Investimentos Itaú S.A. (ITAÚSA) has as main objective supporting 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 of its subsidiaries (ITAÚSA CONSOLIDATED) have been prepared in accordance with accounting principles established by the Brazilian Corporate Law and instructions issued by the Brazilian Securities and Exchange Commission (CVM), the Central Bank of Brazil (BACEN), the National Monetary Council (CMN), the Superintendency of Private Insurance (SUSEP) and the National Council of Private Insurance (CNSP), which include the use of practices and estimates necessary to calculate accounting provisions.

Operations with Credit Cards, arising from purchases made by card holders, are included in receivables for loan, lease and other credit operations. The resources related to these amounts are included in Other Liabilities – Credit Card Operations. Lease Operations are presented, at present value, in the Balance Sheet, and related income and expenses, which represent the financial result of these operations, are presented, grouped together, under loan, lease and other credit operations in Statement of Income. Advances on exchange contracts are reclassified from Other Liabilities – Foreign Exchange Portfolio. The foreign exchange result is presented on an adjusted basis, with the reclassification of expenses and income, in order to represent exclusively the impact of variations and differences of rates on the balance sheet accounts denominated in foreign currencies.

NOTE 3 –CONSOLIDATED FINANCIAL STATEMENTS

Intercompany transactions and balances and results have been eliminated on consolidation. The investments held by consolidated companies in Exclusive Investment Funds are consolidated. The investments in these fund portfolios are classified by type of transaction and were distributed by type of security, in the same categories in which these securities had been originally allocated. Deferred taxes related to adjustments to market value of trading securities, derivative financial instruments (assets/liabilities) and securities available for sale, including the additional provision, are presented in the Balance Sheet at their related net amounts (Note 14b II). Up to March 31, 2006, Operations with Credit Granting Characteristics and Allowance for Loan Losses were presented in the Balance Sheet net of additional write-offs, related to fully provisioned operations, and which recovery is considered remote by Management. As from the second quarter of 2006, the credit assignment procedure started being adopted for part of the operations with these characteristics. The effects of the Foreign Exchange Variation on investments abroad are classified in the Statement of Income accounts, according to the nature of the corresponding balance sheet accounts.

The difference in Net Income and Stockholders' Equity between ITAÚSA and ITAÚSA CONSOLIDATED (Note 16d) results from the elimination of unrealized income (losses) arising from consolidated intercompany transactions, the related taxes on which have been deferred, and from the adoption of different criteria for the amortization of goodwill on purchase of investments and the recognition of deferred tax assets:

- I- In ITAÚSA, goodwill recorded in subsidiaries, mainly originated from the acquisition of BankBoston S.A. in Brasil and from increases in investments Credicard and Orbitall, from the partnership to set up the Finaceira Itaú CBD and Americanas Itaú and from the acquisition of part of the shares of BPI S.A., is being amortized based on the expected future profitability (10 years) or by the realization of investments, in order to: a) avoid an unnecessary decrease in its Stockholders' Equity for operating limits computation purposes; b) avoid an unnecessary capital increase; and c) obtain better compliance with market accounting practices.

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

- II- In BANCO BANESTADO S.A. (BANESTADO) and ITAÚSA CONSOLIDATED, deferred tax assets are recorded at amounts considering the expected future earnings.

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

		Interest (%)	
		09/30/2006	09/30/2005
FINANCIAL SERVICES AREA			
Banco Itaú Holding Financeira S.A.	(1)	45.43	47.98
Banco Itaú S.A.		45.43	47.98
Banco Itaú-BBA S.A.		43.49	45.94
Banco ItaúBank S.A.	(2)	45.43	-
Banco Itaucred Financiamentos S.A.		45.42	47.98
Banco Fiat S.A.		45.42	47.97
Banco Itaú Buen Ayre S.A.		45.43	47.98
Banco Itaú Europa Luxembourg S.A.		89.30	89.79
Banco Itaú Europa, S.A.		89.34	89.84
Itaú Bank, Ltd		45.43	47.98
Cia. Itauleasing de Arrendamento Mercantil		45.43	47.98
ItaúBank Leasing S.A. Arrendamento Mercantil	(2)	45.43	-
Itaú Corretora de Valores S.A.		45.43	47.98
Financeira Itaú CBD S.A. - Crédito, Financiamento e Investimento	(3)	22.71	23.99
Financeira Americanas Itaú S.A - Crédito, Financiamento e Investimento	(4)(7)	22.71	23.99
Itaú Seguros S.A.		45.43	47.98
Itaú Vida e Previdência S.A.		45.43	47.98
Cia. Itaú de Capitalização		45.42	47.97
Banco Itaucard S.A.	(5)	45.42	47.97
Credicard Banco S.A.	(6)(7)	-	23.99
Banco Itaú Cartões S.A.	(6)	45.42	47.97
Orbitall Serviços e Processamento e Informatização Comercial S.A.		45.42	47.97
Redecard S.A.	(7)	14.51	15.32
Fiat Administradora de Consórcios Ltda		45.42	47.97
Itaú Administradora de Consórcios Ltda		45.42	47.98
Afinco Américas Madeira, SGPS, Sociedade Unipessoal, LDA		45.43	47.98
Itaúsa Export S.A.		87.87	88.44
Serasa S.A.	(7)	14.71	15.54
INDUSTRIAL AREA			
Duratex S.A.	(1)	41.66	47.60
Itautec S.A.	(1)	93.96	94.22
Elekeiroz S.A.	(1)	96.49	96.41
Itaúsa Empreendimentos S.A.		99.95	100.00

(1) Listed company.

(2) Investment acquired on May 1, 2006 and approved by BACEN for implementation as from September 1, 2006

(3) Company with shared control, fully included in consolidation, as authorized by CVM, in view of the business management by ITAÚ HOLDING.

(4) Investment set up on April 27, 2005 and approved to operate by BACEN on February 21, 2006.

(5) New company name of Itaucard Financeira S.A. Crédito, Financiamento e Investimento, approved by BACEN on April 25, 2006.

(6) Company proportionally incorporated by Banco Itaú Cartões S.A. on April 30, 2006.

(7) Companies with shared control included proportionally in consolidation.

NOTE 4 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES

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

b) Securities

1. In ITAÚSA and non-financial subsidiaries (Industrial Area) are recorded at cost of acquisition restated and adjusted to reflect the market value, when this is lower.
2. In financial, insurance, pension plan, and capitalization controlled companies, and their subsidiaries (Financial Services Area), recorded at acquisition cost restated by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Circular Letter 3,068, of November 8, 2001 and SUSEP Circular Letter 314, of December 27, 2005. They are classified in the following categories.
 - trading securities - acquired to be actively and frequently traded, are adjusted to market value, with a contra-entry to the results for the period;
 - Available-for-sale securities - securities that can be negotiated but are not acquired to be actively and frequently traded. They are adjusted to their market value with a contra-entry to an account disclosed in stockholders' equity; and
 - Held-to-maturity securities - securities, except for non-redeemable shares, for which the company has the financial condition and intends or is required to hold them in the portfolio up to their maturity, are recorded at cost of acquisition, or market value, whenever these are transferred from another category. The securities are adjusted up to maturity date, not being adjusted to market value.

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

Decreases in the market value of 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.

3. The effects of the procedures described in the item 2 above, in the subsidiaries of the Financial Services 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) Derivative Financial Instruments - These are classified on the date of their acquisition, according to management's intention of using them either as a hedge or not, according to BACEN Circular Letter 3,082, of January 30, 2002. Transactions involving financial instruments, carried out upon the client's request, for their own account, or which do not comply with hedging criteria (mainly derivatives used to manage the overall risk exposure) are stated at market value, including realized and unrealized gains and losses, which are recorded directly in the statement of income.

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

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

- d) Loan, Lease and Other Credit Operations (Operations with Credit Granting Characteristics)** - These transactions are recorded at present value and calculated "pro rata die" based on the variation of the contracted index, and are recorded on the accrual basis until 60th days overdue in financial companies. After the 60th day, income is recognized upon the effective receipt of installments.
- e) Allowance for Loan Losses** - The balance of the allowance for loan losses was recorded based on the credit risk analysis, at an amount considered sufficient to cover loan losses according to the rules determined by CMN Resolution 2,682 of December 21, 1999, among which are:
- Provisions are recorded from the date loans are granted, based on the risk assessment of clients and on the periodical quality evaluation of clients and industries and not only in the event of default;
 - Based exclusively on delinquency, write-offs of credit operations against loss may be carried out 360 days after the due date of the credit or 540 days for operations that mature after a period of 36 months.
- f) Inventories** - These are valued at the average acquisition or production cost, which is lower than replacement costs or realizable values and, when applicable, decreased by the provision for obsolescence. Imports in transit are stated at the accumulated cost of each import.
- g) Other assets** - These assets are mainly comprised by assets held for sale relating to real estates available for sale, own real estate not in use or received as payment in kind, which are adjusted to market value through the set-up of a provision, according to current regulations.
- h) Prepaid Expenses** – These refer to the disbursements the benefit of which will result in earnings in future periods.
- i) Investments** - In subsidiary and affiliated companies, investments are accounted for under the equity method. The consolidated financial statements of foreign branches and subsidiaries are adapted to comply with Brazilian accounting practices and converted into reais. Other investments are recorded at cost, restated up to December 31, 1995, and adjusted to market value by setting up a provision in accordance with current standards.
- j) Fixed assets** - These assets are stated at cost of acquisition or construction, less accumulated depreciation, restated up to December 31, 1995. For insurance, pension plan and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports.

In the Financial Area, with respect to operating lease, leased assets are stated at cost of acquisition less accumulated depreciation. The depreciation of leased assets is recognized under the straight-line method, based on the usual useful lives, taking into account that the useful life shall be decreased by 30% should it meet the conditions provided for by the Ministry of Finance Ordinance 113 of February 26, 1988. Receivables are recorded in lease receivable at the contractual amount, with contra entry to unearned income accounts. The recognition in income will occur on the due date of the installments.

Depreciation is calculated using the straight-line method, based on monetarily correct cost, and for the Financial Area companies assets/equipment with residual value up to R\$ 3 are fully depreciated. Depreciation is calculated at the following annual rates:

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

- k) Deferred charges** - Deferred organization and expansion expenses mainly represent leasehold improvements and acquisition of software, which are amortized on a straight-line basis over their respective contractual terms, limited to ten and five years, respectively.
- l) Technical Provisions of Insurance, Pension Plan and Capitalization** - provisions are recognized according to the technical notes approved by SUSEP and criteria established by CNSP Resolution 120 of December 24, 2004.

I- Insurance:

- Provision for unearned premiums - recognized to determine unearned premiums relating to the risk coverage period;
- Provision for premium deficiency – recognized 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 – recognized based on claims of loss, in an amount sufficient to cover future commitments;
- Provision for claims incurred but not reported IBNR - recognized for the estimated amount of claims occurred for risks assumed in the portfolio but not reported.

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- Pension Plan and Individual life insurance with living benefit:

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

- Provision for unsettled benefits and redemptions and/or Other unsettled amounts– refer to amounts still not settled up to the balance sheet date;
- Provision for events incurred but not reported IBNR – recognized for the estimated amount of events occurred but not reported;
- Mathematical provisions for benefits granted and benefits to be granted – correspond to commitments assumed with participants, but for which benefits are not yet due, and to those receiving the benefits;
- Provision for insufficient contribution – recognized in case of insufficient mathematical provisions.

III- Capitalization:

- Mathematical provision for redemptions – represents capitalization certificates received to be redeemed;
- Provision for raffles– calculated according to the definition in the technical note;
- Provision for raffles payable – recognized for raffles of certificates already held;
- Provision for contingencies – recognized for the application of the contingency rate on the collected amount.

m) Contingent Assets and Liabilities and Legal Liabilities – Tax and Social Security: assessed, recognized and disclosed according to the provisions set forth in CVM Resolution No. 489 of October 3, 2005.

I- Contingent Assets and Liabilities

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

- Contingent Assets: not recognized, except upon evidence ensuring a high reliability level of realization, usually represented by claims awarded a final unappealable judgment and confirmation of the recoverability of the claim through receipt of amounts or offset against another liability.
- Contingent Liabilities: basically arise from administrative proceedings and lawsuits, inherent in the normal course of business, filed by third parties, former employees and governmental bodies, in connection with civil, labor, tax and social security lawsuits and other risks. These contingencies are calculated based on conservative practices, being usually recorded based on the opinion of legal advisors and considering the probability that financial resources shall be required for settling the obligation, the amount of which may be estimated with sufficient certainty. Contingencies are classified either as probable, for which provisions are recognized; possible, which are disclosed but not recognized; or remote, for which recognition or disclosure are not required. Any contingent amounts are measured through the use of models and criteria which allow their adequate measurement, in spite of the uncertainty of their term and amounts, as follows:
 - Civil and labor contingencies: quantified upon judicial notification, and adjusted monthly:
 - at the moving average of payment of lawsuits ended in the last 12 months plus the average cost of fees paid for lawsuits related to claims considered similar and usual and which have amounts not considered significant; or
 - at the claimed indemnity amount, based on the evidence presented and on the evaluation of legal advisors – which considers case law, legal opinions raised, evidence produced in the records and the judicial decisions already issued – relating to the risk level of loss of lawsuits related to claims considered unusual or which have amounts considered significant.

Provisions for civil and labor contingencies are adjusted up to the amounts deposited as guarantees for their execution or to the definitive execution amount (indisputable amount) when the claim is awarded a final and unappealable judgment.

- Tax and social security contingencies: quantified upon judicial notification of administrative proceedings, based on their monthly adjusted amounts.
- Other risks: quantified mainly based on the assessment of credit risk on joint obligations.

Escrow deposits are restated in accordance with the current legislation.

Contingencies guaranteed by indemnity clauses in privatization processes and with liquidity are only recognized upon disbursement, with simultaneous recognition of receivables, not producing effect in results.

II- Legal Liabilities – Tax and Social Security

Represented by amounts payable related to tax liabilities, the legality or constitutionality of which are subject to administrative or judicial defense.

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

- n) Taxes** - These provisions are calculated according to current legislation at the rates shown below, for effects of the related calculation bases.

Income tax	15.00%
Additional income tax	10.00%
Social contribution	9.00%
PIS (*)	1.65%
COFINS (*)	7.60%
ISS	up to 5,00%
CPMF	0.38%

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

- o) Deferred income** – These refer to unexpired interest received in advance that is recorded as income is earned, and the negative goodwill on acquisition of investments arising from expected future income, not absorbed in the consolidation process.

NOTE 5 - INTERBANK INVESTMENTS

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

	Book value	
	09/30/2006	09/30/2005
Money market	18,631,740	13,313,308
Funded position (*)	11,046,995	9,249,476
Financed position	7,584,745	3,975,856
With free movement	1,800,312	299,999
Without free movement	5,784,433	3,675,857
Short position	-	87,976
Money market - Assets guaranteeing technical provisions - SUSEP	570,017	248,030
Interbank deposits	10,504,986	9,614,204
TOTAL	29,706,743	23,175,542

(*) Includes R\$ 5,998,165 (R\$ 5,009,593 at 09/30/2005) related to money market with free movement, in which securities are restricted to guarantee transactions at the Brazilian Mercantile & Futures Exchange (BM&F).

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

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

a) Summary

Description	Cost	Provision for adjustment to market value with impact on		Market value	
		Result	Stockholders' equity	09/30/2006	09/30/2005
Itaúsa and Industrial Area					
Securities	1,197,038	-	-	1,197,038	869,484
Derivative financial instruments (assets)	71	-	-	71	111,950
Subtotal	1,197,109	-	-	1,197,109	981,434
Financial Services Area (1)					
Trading securities (2)	24,550,229	19,553	-	24,569,782	16,432,201
Available-for-sale securities	13,017,428	-	117,867	13,135,295	9,914,032
Held-to-maturity securities (3)	1,627,218	-	-	1,627,218	1,939,868
Derivative financial instruments (assets)	2,814,070	501,138	-	3,315,208	2,932,765
Subtotal	42,008,945	520,691	117,867	42,647,503	31,218,866
Deferred taxes			(49,770)		
Adjustments of securities reclassified to held-to-maturity category			28,654		
Consolidated companies			27,312		
Total adjustment to market value			124,063		
Additional provision (exceeding minimum required)				-	(400,000)
Total Securities and Derivative Financial Instruments (Assets)	43,206,054	520,691		43,844,612	31,800,300
Derivative financial instruments - Itaúsa and Industrial Area	(17,224)	6,240		(10,984)	(46,321)
Derivative financial instruments - Financial Area	(1,858,513)	(502,429)		(2,360,942)	(1,896,556)
Total Securities and Derivative Financial Instruments (Liabilities)	(1,875,737)	(496,189)		(2,371,926)	(1,942,877)
Minority interest			(47,730)	-	-
Amount separately disclosed in Stockholders' equity of ITAÚSA			76,333		

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

(2) Includes portfolios of PGBL and VGBL plan securities, in the amount of R\$ 12,980,086 (R\$ 9,181,797 at 09/30/2005), owned by customers responsible for the risks, and recorded as marketable securities in compliance with SUSEP requirements, with contra entry to liabilities, in Technical Provision for Pension Plan.

(3) Securities classified under this category, if stated at market value, would present a positive adjustment of R\$ 153,088 (positive adjustment in the amount of R\$ 165,585 at 09/30/2005).

At ITAÚSA, the amount of R\$ 591,879 (R\$ 566,330 at 09/30/2005) is basically composed of Quotas of Investment Funds.

b) Derivative Financial Instruments - The globalization of the markets in recent years has resulted in a high level of sophistication in the financial products used. As a result of this process, there has been an increasing demand for derivative financial instruments to manage market risks mainly arising from fluctuations in interest and exchange rates and asset prices. Accordingly, the subsidiaries of ITAÚSA are fully involved in the derivative markets, either in complying with the growing needs of its 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 negotiated by the Bank are purchased for two basic purposes:

- Hedge - to perform hedge of the 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 Brazilian Mercantile & 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 lock the financing rates offered to customers with maturity or currency mismatches between their obligations and the resources used to fund them subsidiaries of ITAÚSA carries out transactions overseas with futures contracts, forwards, options and swaps, with registration mainly in the Chicago, New York and London Exchanges.

The main risk factors of the derivatives assumed by subsidiaries of ITAÚSA at 09/30/2006 were related to the foreign exchange rate, interest rate, U.S. dollar coupon and Reference Rate coupon, Libor and variable income. The management of these and other market risk factors is supported by the infrastructure of sophisticated statistical and deterministic models. Based on this management model, the Bank, with the use of transactions involving derivatives, has been able to maximize the risk-return ratios, even under highly volatile situations.

Under regular conditions, the exchange prices are the best indicators of the fair value of the financial instruments. However, not all instruments have liquidity or quotations and, in 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: quotations on the exchanges;
- Swaps: the cash flow of each part is discounted to present value, according to the corresponding interest curves, obtained based on the BM&F prices and/or market prices of the government securities for Brazilian transactions, and on the international exchange prices for transactions carried out abroad;
- Options: statistical models that consider the volatility behavior of the asset object, the interest rates, the exercise price and the spot price of the goods, such as the Black & Scholes model.

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

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

	MEMORANDUM ACCOUNT NOTIONAL VALUE		BALANCE SHEET ACCOUNT RECEIVABLES/ (RECEIVED) (PAYABLE) PAID	ADJUSTMENT TO MARKET VALUE	MARKET VALUE	
	09/30/2006	09/30/2005	09/30/2006	09/30/2006	09/30/2006	09/30/2005
Futures contracts	144,226,909	91,291,852	(3,083)	422	(2,661)	(25,636)
Purchase commitments	96,217,042	37,889,371	(3,314)	(852)	(4,166)	30,326
Commitments to sell	48,009,867	53,402,481	231	1,274	1,505	(55,962)
Swap contracts			389,230	(33,503)	355,727	763,557
Asset position	55,460,867	29,720,923	1,234,590	413,582	1,648,172	1,977,161
Liability position	55,071,637	28,935,997	(845,360)	(447,085)	(1,292,445)	(1,213,604)
Option contracts	86,311,232	30,465,278	83,447	63,562	147,009	57,920
Purchase commitments - long position	14,241,706	11,938,274	74,374	(14,313)	60,061	114,406
Commitments to sell - long position	26,696,449	4,912,001	234,327	71,226	305,553	476,115
Purchase position - short position	21,875,374	7,946,531	(157,507)	50,347	(107,160)	(206,830)
Commitments to sell - short position	23,497,703	5,668,472	(67,747)	(43,698)	(111,445)	(325,771)
Forward contracts			549,906	(1,763)	548,143	203,979
Purchases receivable			6,612	251	6,863	-
Purchases payable			(40,146)	(5,663)	(45,809)	-
Sales receivable			602,442	5,252	607,694	203,979
Sales deliverable			(19,002)	(1,603)	(20,605)	-
Other derivative financial instruments	18,136,443	9,990,989	(81,096)	(23,769)	(104,865)	102,018
Asset position	7,350,093	6,284,944	661,796	25,140	686,936	273,054
Liability position	10,786,350	3,706,045	(742,892)	(48,909)	(791,801)	(171,036)
		ASSETS	2,814,141	501,138	3,315,279	3,044,715
		LIABILITIES	(1,875,737)	(496,189)	(2,371,926)	(1,942,877)
		TOTAL	938,404	4,949	943,353	1,101,838

Derivative contracts fall due as follows (in days):

Clearing	0 - 30	31 - 180	181 - 365	Over 365	09/30/2006	09/30/2005
Futures	51,194,563	48,806,592	16,751,030	27,474,724	144,226,909	91,291,852
Swaps	6,378,145	17,623,273	10,493,921	19,730,938	54,226,277	27,808,008
Options	9,871,256	62,932,195	2,812,098	10,695,683	86,311,232	30,465,278
Others	2,280,904	6,438,976	3,145,527	6,271,036	18,136,443	9,990,989

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

a) Summary

I- By type of operations

	09/30/2006	09/30/2005
Loan operations	56,443,529	41,264,729
Capital lease operations	13,634,110	6,947,496
Credit card operations	8,095,139	5,964,898
Advances on exchange contracts (1)	1,805,875	1,282,580
Other sundry receivables (2)	200,816	112,995
Total	80,179,469	55,572,698
Endorsements and sureties (3)	9,689,769	6,043,576
Total with endorsements and sureties	89,869,238	61,616,274

(1) Includes Advances on Exchange Contracts and Income Receivable from Advances Granted, reclassified from Liabilities /Other Credits- Foreign Exchange Portfolio (Note 9).

(2) Includes Securities and Credits Receivable, Debtors for Purchase of Assets and Endorsements and Sureties paid.

(3) Recorded in Memorandum Accounts.

II- By business sector

	09/30/2006	%	09/30/2005	%
Public sector	882,269	1.1	1,328,888	2.4
Private sector	79,297,200	98.9	54,243,810	97.6
Corporations	39,588,132	49.4	26,885,959	48.4
Individuals	39,709,068	49.5	27,357,851	49.2
Total	80,179,469	100.0	55,572,698	100.0

b) Allowance for loan losses

	01/01 to 09/30/2006	01/01 to 09/30/2005
Opening balance	(4,107,176)	(3,053,555)
Balance from acquisition of BKB at 04/30/2006	(370,812)	-
Net increase for the period	(4,833,939)	(2,496,437)
Write-Off	2,259,655	1,894,244
Closing balance	(7,052,272)	(3,655,748)
Specific allowance (1)	(3,025,649)	(1,207,057)
Generic allowance (2)	(2,326,623)	(1,248,691)
Additional allowance (3)	(1,700,000)	(1,200,000)

(1) For operations with past due installments of over 14 days or under responsibility of companies which are under composition with creditors or those undergoing bankruptcy process.

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

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

Obs.: The specific and generic allowances reflect the effects of a supplementary allowance totaling R\$ 277,264 without BKB (R\$ 212,276 at 09/30/2005) as it does not consider the option established by article 5 of CMN Resolution 2682 of 12/21/1999, amended by article 2 of CMN Resolution 2697, of 02/24/2000, that the loan transactions with clients whose total liability is below R\$ 50 could be determined based only on the overdue amounts.

At 09/30/2006, the balance of the allowance for loan losses in relation to the credit portfolio is equivalent to 8,8% (6,6% at 09/30/2005).

c) Recovery and renegotiation of credits

I- Composition of the result of allowance for loan losses

	01/01 to 09/30/2006	01/01 to 09/30/2005
Net increase for the period	(4,833,939)	(2,496,437)
Recoveries	640,096	643,193
Renegotiation	187,856	268,592
Receipt	452,240	374,601
Result of allowance for loan losses	(4,193,843)	(1,853,244)

II- Renegotiated credits

	09/30/2006	09/30/2005
Renegotiated credits	3,028,134	1,288,613
Allowance for loan losses	(1,681,369)	(533,591)
Percentage	55.5	41.4

NOTE 8 - INVENTORIES

	09/30/2006	09/30/2005
Products	484,772	448,527
Raw material	225,749	176,436
Work in process	34,908	34,263
Finished products	87,836	168,530
Storeroom	136,279	69,298
Real estate	6,894	19,368
Total	491,666	467,895

NOTE 9 - FOREIGN EXCHANGE PORTFOLIO

	09/30/2006	09/30/2005
ASSETS - OTHER RECEIVABLES	21,770,979	9,738,686
Exchange purchase pending settlement - foreign currency	11,584,898	4,835,840
Bills of exchange and term documents - foreign currency	5,510	5,002
Exchange sale rights - local currency	10,385,204	5,155,368
(-) Advances received - local currency	(204,633)	(257,524)
LIABILITIES - OTHER LIABILITIES	21,941,152	10,098,737
Exchange sales pending settlement - foreign currency	10,241,688	4,117,845
Liabilities from purchase of foreign currency - local currency	11,696,339	5,978,540
Other	3,125	2,352
MEMORANDUM ACCOUNTS	910,647	77,911
Outstanding import credits - foreign currency	116,771	53,113
Confirmed export credits - foreign currency	793,876	24,798

**NOTE 10 – FUNDS RAISED BY SUBSIDIARIES AND BORROWINGS AND ONLENDINGS
- FINANCIAL SERVICES AREA**

	09/30/2006	09/30/2005
Foreign currency	10,681,019	7,755,293
Funds from acceptance and issuance of securities	4,104,327	3,584,328
Borrowings and onlendings (1)	6,576,692	4,170,965
Local currency	63,846,468	50,010,365
Deposits	55,361,341	44,422,354
Funds from acceptance and issuance of securities	3,463,771	1,392,934
Borrowings and onlendings	5,021,356	4,195,077
Securitization of foreign payment orders (2)	1,534,175	1,204,606
Deposits received under securities repurchase agreements	35,075,503	20,429,131
Own portfolio	27,798,427	16,368,224
Third-party portfolio	5,476,764	3,672,649
Free portfolio	1,800,312	388,258
Subordinated debts	4,547,323	4,448,871
Bank Deposit Certificates	2,119,674	1,956,736
Debentures	603,247	604,664
Euronotes	969,475	1,013,856
Redeemable preferred shares	854,927	873,615
Total	115,684,488	83,848,266

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

(2) Recorded in Other Liabilities.

NOTE 11 - INSURANCE, PENSION PLAN AND CAPITALIZATION OPERATIONS

a) Composition of the Technical Provisions

	09/30/2006	09/30/2005
Insurance	1,384,573	1,215,324
Unearned premiums	740,100	672,933
Unsettled claims	362,575	331,202
IBNR	205,932	162,732
Premium deficiency - Others	18,413	9,233
Premium deficiency - Health care (1)	47,723	28,315
Mathematical provision for benefits to be granted	6,453	8,159
Mathematical provision for benefits granted	388	-
Financial surplus	1,277	1,019
Unsettled benefits	358	866
Redemption and other unresolved amounts	1,356	865
Life insurance and pension plan	15,065,409	11,169,229
Unearned premiums	248,519	226,346
Unsettled claims	33,266	35,954
IBNR	45,615	41,767
Mathematical provision for benefits to be granted	14,172,982	10,396,531
Mathematical provision for benefits granted	96,563	87,726
Financial surplus	282,469	219,463
Financial variation	82,445	83,294
Risk variation	24,324	17,337
Insufficient contribution (2)	44,944	41,059
Redemption and other unresolved amounts	19,473	10,503
Premium deficiency	8,739	6,939
Unexpired risks	1,223	1,328
Unsettled benefits	1,305	955
Administrative	3,543	27
Capitalization	1,083,678	1,101,076
Mathematical provision for redemptions	1,006,604	1,009,560
Contingencies	65,793	78,381
Raffles pending/payable	11,281	13,135
TOTAL	17,533,660	13,485,629

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

In compliance with USGAAP standards, the provisions recorded in the financial statements filed with SEC (Securities and Exchange Commission) were conservatively estimated at R\$ 614,109, at 12/31/2005 (R\$ 549,000 at 12/31/2004), enough to cover deficits until the termination of the plans in 2099.

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

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

(2) Recorded based on actuarial valuation in a sufficient amount for the settlement of obligations.

b) Assets Guaranteeing Technical Provision - SUSEP

	LIFE INSURANCE AND PENSION							
	INSURANCE		PLAN		CAPITALIZATION		TOTAL	
	09/30/2006	09/30/2005	09/30/2006	09/30/2005	09/30/2006	09/30/2005	09/30/2006	09/30/2005
Interbank investments - Money market	144,062	49,936	238,035	45,071	187,920	153,023	570,017	248,030
Securities and derivative financial instruments	969,351	935,503	14,670,922	10,962,764	913,860	964,690	16,554,133	12,862,957
PGBL/VGBL fund quotas (1)	-	-	12,980,086	9,181,797	-	-	12,980,086	9,181,797
Other securities	969,351	935,503	1,690,836	1,780,967	913,860	964,690	3,574,047	3,681,160
Government	255,258	231,309	749,377	797,092	140,368	116,285	1,145,003	1,144,686
Private	714,093	704,194	941,459	983,875	773,492	848,405	2,429,044	2,536,474
Credit rights (2)	264,762	248,468	182,040	180,389	-	-	446,802	428,857
TOTAL	1,378,175	1,233,907	15,090,997	11,188,224	1,101,780	1,117,713	17,570,952	13,539,844

(1) PGBL and VGBL plan securities portfolio, the ownership and embedded risks of which are the customer's responsibility, recorded as securities, as determined by SUSEP, as a contra entry to liabilities in the Pension Plan Technical Provisions account.

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

c) Results of Operations

	LIFE INSURANCE AND PENSION							
	INSURANCE		PLAN		CAPITALIZATION		TOTAL	
	01/01 to 09/30/2006	01/01 to 09/30/2005	01/01 to 09/30/2006	01/01 to 09/30/2005	01/01 to 09/30/2006	01/01 to 09/30/2005	01/01 to 09/30/2006	01/01 to 09/30/2005
Income from financial operations	115,113	119,350	92,783	89,403	74,588	76,398	282,484	285,151
Financial income from insurance, pension plan and capitalization operations	115,380	119,350	1,305,980	1,105,513	127,736	132,749	1,549,096	1,357,612
Financial expenses from insurance, pension plan and capitalization operations	(267)	-	(1,213,197)	(1,016,110)	(53,148)	(56,351)	(1,266,612)	(1,072,461)
Results of operations from insurance, pension plan and capitalization	406,977	240,877	251,116	213,912	154,123	124,664	812,216	579,453
Premiums and contributions	1,603,582	1,381,667	3,360,772	2,785,232	582,776	601,040	5,547,130	4,767,939
Changes in technical provisions	(54,232)	(68,836)	(1,592,649)	(1,290,069)	(405,986)	(473,182)	(2,052,867)	(1,832,087)
Expenses for claims	(887,607)	(848,313)	(95,633)	(88,303)	-	-	(983,240)	(936,616)
Selling expenses	(262,885)	(265,307)	(17,779)	(19,776)	-	-	(280,664)	(285,083)
Expenses for benefits and redemptions	-	-	(1,399,799)	(1,168,802)	(19,796)	-	(1,419,595)	(1,168,802)
Other income and expenses	8,119	41,666	(3,796)	(4,370)	(2,871)	(3,194)	1,452	34,102
TOTAL	522,090	360,227	343,899	303,315	228,711	201,062	1,094,700	864,604

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

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

a) **Contingent Assets:** in the period from 01/01 to 09/30/2006, contingent assets were not recognized and there are no lawsuits with realization classified as probable.

b) **Contingent Liabilities:**

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

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

Change in Provision for Contingent Liabilities	01/01 to 09/30/2006				
	Civil	Labor	Tax and social security	Other	Total
Opening balance	897,878	903,395	411,656	159,901	2,372,830
Balance from BKB acquisition at 04/30/2006	35,605	13,490	163,660	6,531	219,286
Write-offs due to the split of Credicard at 04/30/2006	(86,279)	(9,497)	(68,872)	-	(164,648)
Changes in the Period Reflected in Results (Notes 13e, 13f)	<u>269,845</u>	<u>340,089</u>	<u>20,781</u>	<u>(75,145)</u>	<u>555,570</u>
Restatements/Charges	-	-	20,783	-	20,783
Increase	269,845	340,089	(2)	2,198	612,130
Write-offs through reversal	-	-	-	(77,343)	(77,343)
Payments	(129,547)	(234,691)	(28,517)	(2,156)	(394,911)
Closing balance (Note 13d)	987,502	1,012,786	498,708	89,131	2,588,127
Closing balance at 06/30/2005 (Note 13d)	888,716	957,314	398,929	230,254	2,475,213
Escrow deposits at 09/30/2006 (Note 13a)	386,551	681,606	366,158	-	1,434,315
Escrow deposits at 09/30/2005 (Note 13a)	203,514	522,068	158,235	-	883,817

- **Contingencies classified as possible:** not recognized in the accounting books and are represented by Civil Lawsuits amounting to R\$ 107,753 and Tax and Social Security Lawsuits amounting to R\$ 2,070,340. The principal characteristics of these lawsuits are described below:
 - CPMF (Tax on Bank Account Outflows) in Customer Operations – R\$ 386,644: refers to tax assessment notices issued for collection of tax credit related to CPMF on operations carried out with customers. The decision from the Taxpayers' Council or the Superior Chamber of Tax Appeals of the Ministry of Finance is pending.
 - IR (Income Tax) on sale of investments – R\$ 328,202: refers to tax assessment notice issued due to tax effects on investments. The lower court's decision is pending.
 - IR (Income Tax)/Allowance for Loan Losses – R\$ 278,174: calculated by adopting the IN 76/87 and the CMN Resolution 1.748/90, thus rejecting the Regulatory Instruction (IN) No. 80/93, which reduced the percentage from 1.5% to 0.5% for realization of the Allowance for Loan Losses in base year 1993. The bank is questioning the impossibility of applying the rule to events occurred in the fiscal year when it was enacted (principle of anteriority). A suspension was awarded for the bank's appeal, however, the judgment by the Federal Regional Court of the 3rd Region is pending.

- ISS – Banking Institutions – R\$ 110,418: refers to tax assessment notices issued by municipalities for collection of ISS on amounts recorded in several accounts, on the grounds of being service revenue. An administrative final decision or tax foreclosure is pending.
- Social Security Contribution on Profit Sharing and Results Exceeding the Collective Bargaining Agreement – R\$ 171,180: refers to the Debt Entry Tax Notice issued based on the levy of social security contribution on the payment of profit sharing and results. A decision from the appellate court is pending.
- Apportionment of Net Assets by Book Value – R\$ 107,908: refers to the tax assessment notice issued due to the deduction of capital loss computed in the winding-up and liquidation of investments. A notice on the decision from the appellate court is pending.
- ISS (Service Tax) – Leasing – R\$ 114,487: the bank is questioning the constitutionality of the requirement, since: a) capital lease is a type of lease of chattels; b) the referred operations are financial leases, in which there is no service provision and therefore they cannot be taxed by ISS, under penalty of violation of articles 156 III of the Federal Constitution of 1988 and 110 of the National Tax Code. Should the tax levy be confirmed, it shall be due at the company's principal place of business, under article 12, "a" of Decree-Law No. 406/68.
- Social Security Contribution on Sole Bonus – R\$ 63,319: refers to Debt Entry Tax Notices issued based on the levy of social security contribution on sole bonus paid to the employees. The lower court's decision is pending.

The amount of R\$ 878,310 related to Securities, the amount of R\$ 446,275 (R\$ 176,613 at 09/30/2005) (Note 13a) deposited, as well as Permanent Assets represented basically by Property for Own Use in the amount R\$ 966,487 (R\$ 411,483 at 09/30/2005), according to article 32 of Law 10,522/02, are pledged in guarantee of voluntary resources related to contingent liabilities lawsuits.

c) Legal Liabilities – Tax and Social Security: recognized at the full amount being questioned, totaling R\$ 3,585,098, of which R\$ 1.041.505 refers to lawsuits in which the possibility of loss is considered probable, R\$ 340.146 in which the possibility of loss is considered possible and R\$ 2.203.447 in which the possibility of loss is considered remote. Changes in these provisions and respective deposits are shown in Note 14c II.

At March 31, 2006, the income arising from the restatement of escrow deposits and the expenses on restatement of the corresponding liabilities started being recognized on accrual basis, which gave rise to positive effects in the income net of taxes of R\$ 47,811.

According to the opinion of the legal advisors, ITAÚSA and its subsidiary companies are not involved in any other administrative proceedings or lawsuits that may significantly affect the results of their operations. The combined evaluation of all existing provisions for all contingent liabilities and legal obligations, which are recognized upon the adoption of statistical models for claims involving small amounts and separate analysis by internal and external legal advisors of other cases, showed that the amounts provided for are sufficient, according to the CVM Resolution 489 of October 3, 2005.

The adjustment to this Resolution's new requirements did not produce effects on the results and stockholders' equity.

NOTE 13 - BREAKDOWN OF ACCOUNTS**a) Other Sundry Receivables**

	09/30/2006	09/30/2005
Escrow deposits for provisions for contingent liabilities (Note 12b)	1,880,590	1,060,430
Contingencies classified as probable	1,434,315	883,817
Contingencies classified as possible	446,275	176,613
Escrow deposits for legal liabilities - Tax and Social Security	2,277,508	1,582,875
Escrow deposits for foreign fund raising program	443,466	205,238
Taxes and contributions to offset	1,250,440	769,197
Social contribution to offset – Provisional Measure 2,158, of August 24, 2001 (Note 14bl)	1,040,835	1,164,835
Income receivable	706,980	526,628
Insurance premium receivable	698,473	668,893
Trade notes receivable	793,606	708,443
Negotiation and intermediation of securities	839,075	885,414
Sundry debtors	489,938	431,701
Domestic	395,497	348,583
Abroad	94,441	83,118
Sundry	321,021	606,753
Total	10,741,932	8,610,407

In ITAÚSA, basically consist of Dividends and Bonus Receivable - R\$ 398,709 (R\$ 408,049 at 09/30/2005) and Taxes and Contributions to Offset - R\$ 128,487 (R\$ 24,040 at 09/30/2005).

b) Other Assets

	09/30/2006	09/30/2005
Assets not for own use	377,587	367,702
(-) Valuation allowance	(89,767)	(102,582)
Other	(1,420)	182
Total	286,400	265,302

c) Prepaid expenses

	09/30/2006	09/30/2005
Technical cooperation agreement (*)	977,928	1,107,088
Commissions	203,497	200,701
Advertising	42,386	51,438
Other	80,953	49,120
TOTAL	1,304,764	1,408,347

(*) Basically refers to the amounts spent to acquire rights to credit payrolls and perform tax collections for Municipal and State Governments. As of September 30, 2006, the balance basically comprises the amount of R\$ 399,500 related to the agreement entered into at 09/16/2005 with the Municipal Government of São Paulo and R\$ 295,293 (R\$ 344,019 at 09/30/2005) related to the agreements entered into with the State Governments of Rio de Janeiro, Minas Gerais and Goiás.

d) Other Sundry Liabilities

	09/30/2006	09/30/2005
Provision for contingent liabilities (Note 12b)	2,588,127	2,475,213
Collection and payment of taxes	1,703,255	1,349,145
Negotiation and intermediation of securities	915,617	1,152,691
Provision for personnel	817,532	667,609
Suppliers	183,967	139,326
AOLA Service Agreement (*)	-	137,662
Sundry creditors	1,386,898	1,109,166
Domestic	1,348,665	1,064,712
Foreign	38,233	44,454
Liabilities related to insurance companies	160,769	170,884
Liabilities for official agreements and rendering of payment services	202,803	120,015
Provisions and sundry credits	692,364	649,809
Total	8,651,332	7,971,520

(*) At 12/29/2005, Itaú Holding and American On Line Latin America Inc (AOLA) entered into an agreement for terminating their alliance, which provided for the mutual release from all obligations arising from such strategic alliance and related amendments. Accordingly, all amounts arising from such agreement were recorded in the financial statements to such date.

In ITAÚSA, basically consists of Provision for Contingent Liabilities - R\$ 240 (R\$ 261 at 09/30/2005), Personnel - R\$ 258 (R\$ 306 at 09/30/2005) and FGTS - R\$ 131 (R\$ 124 at 09/30/2005)

e) Other Operating Revenues

	01/01 to 09/30/2006	01/01 to 09/30/2005
Reversal of operating provisions	226,796	43,812
Legal Liabilities - Tax and social security (Note 14c II)	117,676	8,694
Provision for contingencies - other (Nota 12b)	77,343	-
Other	31,777	35,118
Recovery of charges and expenses	60,008	67,528
Equity in subsidiaries, not derived from net income	53,045	10,488
Rents	4,824	6,545
Exchange variation on assets	9,125	37,696
Other	115,207	105,544
Total	469,006	271,613

f) Other Operating Expenses

	01/01 to 09/30/2006	01/01 to 09/30/2005
Tax expenses (Note 14aII)	1,675,354	1,536,732
Amortization of goodwill (*)	1,206,022	246,996
Provisions for contingencies (Note 12b)	292,824	356,387
Civil lawsuits	269,845	288,172
Fiscal and social security	20,781	68,215
Other	2,198	-
Operating expenses from industrial companies	205,190	230,398
Selling - Credit cards	256,924	121,094
Claims	134,580	152,514
Other	336,607	235,101
Total	4,107,501	2,879,222

(*) At September 30, 2006, it basically refers to the following: goodwill on Bankboston acquisition, net of non-operating gain of ITAÚSA arising from the change in its interest in Banco Itaú Holding Financeira's capital increase amounting to R\$1,088,476; and BPI shares in the amount of R\$ 112,884 and, at September 30, 2005, it refers to the partnership with Lojas Americanas S.A. amounting to R\$ 200,000 and the goodwill on acquisition of capital stock of Itaú Holding from Caja de Ahorros y Pensiones de Barcelona (LA CAIXA) amounting to R\$ 112,884.

In ITAÚSA, basically composed of Tax Expenses in the amount of R\$ 57,122 (R\$ 81,628 at 09/30/2005).

g) Non-operating Income

	01/01 to 09/30/2006	01/01 to 09/30/2005
Income from sale of investments (1)	117,294	(12,456)
(Provision)/reversal of non-operating provisions	15,701	12,280
Non-operating equity result	44,551	5,282
Capital gains/(losses) and Other (2)	27,709	(340,712)
Total	205,255	(335,606)

(1) At 09/30/2006 refers to effects of the Block Trade operation of subsidiary Duratex S.A..

(2) Basically refers to gains and losses in change of treasury shares of subsidiary Itaú Holding.

In ITAÚSA, basically composed of Income from sale of investments - R\$ 53,075 and Non-Operating Equity Result - R\$ 1,534,331 (R\$ 11,704 at 09/30/2005) of which R\$ 1,511,643 is related to the BKB operation.

NOTE 14 - TAXES

a) Composition of expenses for taxes and contributions

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

Due on Operations for the Period	01/01 to 09/30/2006	01/01 to 09/30/2005
Income before income tax and social contribution	6,301,680	6,382,573
Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (Note 4n), respectively	(2,142,571)	(2,170,075)
Increase/Decrease to Income Tax and Social Contribution charges arising from:		
Permanent (Additions) Exclusions	992,290	(62,318)
Investments in affiliates	45,502	(491)
Foreign exchange variation of overseas investments	(138,732)	(418,951)
Interest on capital	546,151	451,522
Dividends, interest on external debt bonds and tax incentives	48,770	48,842
Other	490,599	(143,240)
Temporary (Additions) Exclusions	(1,000,626)	(183,254)
Allowance for loan losses	(722,839)	(364,808)
Excess (Insufficiency) of depreciation of capital lease	766,183	422,373
Adjustment to market value of trading securities and derivative financial instruments, and adjustments from operations in futures markets	73,058	131,640
Interest on capital	(133,887)	(147,187)
Provision for contingent liabilities	(33,773)	(33,714)
Goodwill on acquisition of BKB	(883,265)	-
Other non-deductible provisions	(66,103)	(191,558)
(Increase) Offset on tax losses/negative social contribution basis	(219,776)	68,839
Expenses for Income Tax and Social Contribution	(2,370,683)	(2,346,808)
Related to Temporary Differences		
Increase (reversal) for the period	1,220,313	171,070
Prior periods increase (reversal)	319,780	17,970
Income (expenses) from deferred taxes	1,540,093	189,040
Total income tax and social contribution	(830,590)	(2,157,768)

In ITAÚSA, income tax and social contribution expenses, net of the related realization referring to temporary differences, are basically originated from taxation of interest on capital received/receivable from subsidiaries, net of amounts paid/declared to stockholders and from appreciation of securities, as mentioned in item III.

II) Composition of tax expenses:

	01/01 to 09/30/2006			01/01 to 09/30/2005		
	On Sales of Products and Services (*)	On Other Revenues (Note 13f)	Total	On Sales of Products and Services (*)	On Other Revenues (Note 13f)	Total
PIS and COFINS	(208,872)	(1,159,158)	(1,368,030)	(237,319)	(1,057,775)	(1,295,094)
ISS	(10,640)	(240,778)	(251,418)	(9,639)	(201,505)	(211,144)
IPI	(113,769)	-	(113,769)	(112,884)	-	(112,884)
ICMS	(242,640)	-	(242,640)	(261,901)	-	(261,901)
(CPMF)	-	(192,150)	(192,150)	-	(209,486)	(209,486)
Other	(9,462)	(83,268)	(92,730)	(7,787)	(67,966)	(75,753)
Total (note 4n)	(585,383)	(1,675,354)	(2,260,737)	(629,530)	(1,536,732)	(2,166,262)

(*) These taxes have been levied on Sales of Products and Services.

At ITAÚSA, tax expenses basically comprise PIS in the amount of R\$ 9,318 (R\$ 14,054 from 01/01 to 09/30/2005) and COFINS in the amount of R\$ 43,169 (R\$ 64,735 from 01/01 to 09/30/2005).

III) Tax Effects on Foreign Exchange Management of Investments Abroad

In order to minimize the effects on income in connection with the foreign exchange variation on investments abroad, net of respective tax effects, ITAÚSA and Banco Itaú Holding Financeira S.A. carry out derivative transactions in foreign currency (hedge), as mentioned in Note 21b.

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

For the period ended September 30, 2006, these transactions gave rise to taxable gains due to the appreciation of the Real in relation to US Dollar and Euro, which accounted for the high expenses related to income tax and social contribution, PIS and COFINS.

b) Deferred tax assets

I) The deferred tax assets balance, segregated based on its origin (income tax and social contribution), is represented as follows:

	12/31/2005	BKB Acquisition	Write-off due to split	Realization / Reversal	Increase	09/30/2006	09/30/2005
Related to tax losses and negative social contribution basis	572,020	3	-	(113,315)	414,566	873,274	696,376
Temporary differences:	3,240,664	399,993	(95,892)	(1,164,923)	3,435,938	5,815,780	3,477,915
Allowance for loan losses	1,388,404	192,263	-	(532,816)	1,256,054	2,303,905	1,481,215
Provision for interest on own capital	208,162	-	-	(208,162)	293,310	293,310	281,337
Legal liabilities - Tax and social security	365,320	15,037	(52,118)	(29,867)	71,550	369,922	397,038
Provision for contingent liabilities	<u>553,872</u>	<u>41,412</u>	<u>(31,741)</u>	<u>(122,684)</u>	<u>264,003</u>	<u>704,862</u>	<u>530,952</u>
Civil	277,884	-	(28,755)	(33,431)	97,996	313,694	272,234
Labor	233,068	4,587	(2,986)	(83,059)	95,792	247,402	255,678
Tax and social security	42,920	36,825	-	(6,194)	70,215	143,766	3,040
Allowance for real estate	44,583	209	-	(16,891)	2,129	30,030	31,752
Goodwill on acquisition of BKB Investment	-	-	-	-	883,265	883,265	-
Provision of corporate restructuring of BKB	-	76,166	-	(16,987)	-	59,179	-
Other	680,323	74,906	(12,033)	(237,516)	665,627	1,171,307	755,621
Total deferred tax assets	3,812,684	399,996	(95,892)	(1,278,238)	3,850,504	6,689,054	4,174,291
Social Contribution for Offset arising from Option foreseen in article 8 of Provisional Measure 2,158-35, of August 24, 2001.	1,125,971	-	-	(85,136)	-	1,040,835	1,164,835

At ITAÚSA, deferred tax assets amount to R\$ 29,988 (R\$ 58 at 09/30/2005) and are basically represented by interest on capital, tax loss and negative social contribution basis, the expectation of realization of which is up to 1 year.

II- The Provision for Taxes and Deferred Income Tax and Social Contribution and its changes is represented by:

	12/31/2005	BKB Acquisition	Realization/ Reversal	Increase	09/30/2006	09/30/2005
Reflected in income and expense accounts	1,200,655	84,184	(162,905)	1,077,353	2,199,287	989,240
Depreciation in excess - Lease	971,930	-	-	757,542	1,729,472	779,774
Taxation on results abroad - Capital Gains	51,844	-	(422)	-	51,422	49,485
Adjustment from operations in futures market	86,639	84,184	(84,184)	139,849	226,488	111,013
Adjustment to market value - securities and derivative financial instruments	30,042	-	(30,042)	-	-	-
Other	60,200	-	(48,257)	179,962	191,905	48,968
Reflected in stockholders' equity accounts - Adjustment to market value of securities available for sale (Note 4)	154,631	-	(135,737)	-	18,894	112,486
Total	1,355,286	84,184	(298,642)	1,077,353	2,218,181	1,101,726

At ITAÚSA, the Provision for Deferred Tax and Contributions amount to R\$ 60,599 and is represented basically by Interest on Capital and Taxes Levied on Restatement of Escrow Deposits.

III- The estimate of realization and present value of deferred tax assets and social contribution for offset, arising from Provisional Measure 2158-35 of 08/24/2001 and from Provision for Deferred Income Tax and Social Contribution existing at September 30, 2006, in accordance with expected future taxable income, based on the history of profitability and technical studies of feasibility are:

Realization Year	Deferred tax assets			Social Contribution for Offset	Provision for Deferred Income Tax and Social Contribution	Net Deferred Taxes
	Temporary Differences	Tax Loss and Negative Basis	TOTAL			
2006	1,013,687	245,099	1,258,786	28,998	(144,734)	1,143,050
2007	1,527,554	628,175	2,155,729	268,093	(415,733)	2,008,089
2008	904,770	-	904,770	318,100	(427,538)	795,332
2009	661,881	-	661,881	372,073	(627,629)	406,325
2010	415,775	-	415,775	53,571	(307,143)	162,203
after 2010	1,292,113	-	1,292,113	-	(295,405)	996,708
Total	5,815,780	873,274	6,689,054	1,040,835	(2,218,181)	5,511,708
Present value (*)	5,051,215	812,537	5,863,752	899,967	(1,790,840)	4,972,879

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

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

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

IV- Unrecorded deferred tax assets amount to R\$ 511,678 (R\$ 504,054 at 09/30/2005).

At ITAÚSA, unrecorded deferred tax assets amount to R\$ 860 (R\$ 983 at 09/30/2005).

c) Taxes and Social Security Contributions

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

	09/30/2006	09/30/2005
Taxes and contributions on income payable	1,217,147	1,113,835
Taxes and contributions payable	281,567	415,970
Provision for deferred income tax and social contribution	2,218,181	1,101,726
Legal Liabilities - Tax and Social Security	3,585,098	2,628,007
Total	7,301,993	5,259,538

II) Legal Liabilities - Tax and Social Security and related Escrow Deposits

Change in Legal Liabilities	01/01 to 09/30/2006	01/01 to 09/30/2005
Opening balance (*)	2,660,039	2,328,665
Balance from acquisition of BKB at 04/30/2006	178,498	-
Write-off due to the split of Credicard on 04/30/2006	(119,107)	-
Change in the period reflected in results	<u>888,251</u>	<u>308,559</u>
Charges on taxes	512,138	130,017
Net increase	493,789	187,236
Write-offs through reversal	(117,676)	(8,694)
Payments	(22,583)	(9,217)
Closing balance	3,585,098	2,628,007

(*) The amounts related to Tax and Social Security Contingencies were reclassified to comply with the requirements of CVM Deliberation 489, of 10/03/2005 (Note 20).

Change in Escrow Deposits	01/01 to 09/30/2006	01/01 to 09/30/2005
Opening balance	1,603,648	1,098,961
Balance from acquisition of BKB at 04/30/2006	70,721	-
Appropriation of income	450,072	28,788
Change in the period	<u>153,067</u>	<u>455,126</u>
Deposited	170,820	580,084
Withdrawals	(15,759)	(120,742)
Conversion into income	(1,994)	(4,216)
Closing balance (Note 13a)	2,277,508	1,582,875

d) Taxes Paid or Provided for and Withheld from Clients

We show below the amount of taxes paid or provided for, basically levied on income, revenue and payroll and the amount withheld and collected from clients levied directly on the financial operation:

	01/01 to 09/30/2006	01/01 to 09/30/2005
Taxes paid or provided for	5,136,339	5,156,191
Taxes withheld and collected from clients	5,986,305	4,460,606
Total	11,122,644	9,616,797

NOTE 15 - PERMANENT ASSETS

a) Investments

l) Interest in subsidiaries - ITAÚSA

Companies	Balance at 12/31/2005 (a)	Subscription/ Acquisition/ Sales	Receiving/ Provision and Dividends and interest on own capital	Equity in earnings of subsidiaries	Adjustment to securities of subsidiaries	Amortization of goodwill	Balance at 09/30/2006 (a)	Balance at 09/30/2005 (a)	Equity in earnings of subsidiaries from 01/01 to 09/30/2005
Banco Itaú Holding Financeira S.A.	8,030,305		(653,102)	3,997,622 (b)	(88,673)	(3,525)	11,282,627	7,817,147	1,539,478 (b)
Itaucorp S.A.	522,428	6,415	-	92,964 (b)	-	-	621,807	511,150	59,118
Itaúsa Export S.A.	493,870		-	48,443	(1,831)	(449)	540,033	418,420	(124,558)
Duratex S.A.	337,308	35,686	(15,844)	44,042 (b)	-	(442)	400,750	331,139	26,171 (b)
Itautec S.A.	216,617		(4,662)	25,453	-	-	237,408	210,725	63,697
Elektopart Participações e Administração S.A.	124,009		-	6,550	-	-	130,559	66,973	793
Itaúsa Europa - Investimentos, SGPS, LDA.	87,914		-	12,707 (c)	(326)	-	100,295	82,174	(17,983) (c)
Ith Zux Cayman Company Ltd.	37,578		-	(1,819) (c)	-	-	35,759	34,700	(7,734) (c)
Elekeiroz S.A.	8,800		-	365	-	-	9,165	8,645	1,393
Other subsidiaries	15,969	(6,162)	-	(3,422)	-	-	6,385	46,299	(2,367)
TOTAL GERAL	9,874,798	35,939	(673,608)	4,222,905	(90,830)	(4,416)	13,364,788	9,527,372	1,538,008

(a) Includes total goodwill/negative goodwill, being: R\$ 51,305 at 12/31/2005, R\$ 56,760 at 09/30/2006 and R\$ 52,630 at 09/30/2005.

(b) Includes non-operating revenue arising from change in interest, being: R\$ 1,529,501 at 09/30/2006 and expenses of R\$ 342,231 at 09/30/2005.

(c) Includes total foreign exchange expenses, being: R\$ 3,899 at 09/30/2006 and R\$ 40,352 at 09/30/2005.

Companies	Capital	Stockholders equity	Net income for the period	Number of shares owned by ITAÚSA		Equity Share in voting capital (%)	Equity Share in capital (%)
				Common	Preferred		
Banco Itaú Holding Financeira S.A.	12,881,120	24,666,230	5,141,503	534,425,660	28,030	88.85	45.43
Itaucorp S.A.	283,036	636,184	92,893	12,241,340	3,935,980	99.94	99.95
Itaúsa Export S.A.	508,552	842,889	62,287	14,702,122,576	148,328,939	80.00	77.77
Duratex S.A.	903,630	1,341,608	160,800	31,860,300	5,557,656	59.98	29.51
Itautec S.A.	196,410	329,695	21,119	155,411,285	-	88.93	88.93
Elektopart Participações e Administração S.A.	220,453	388,756	19,624	252,930,540	-	33.38	33.38
Itaúsa Europa - Investimentos, SGPS, LDA.	674,957	1,001,147	102,307	29,708,318	-	12.14	12.14
Ith Zux Cayman Company Ltd.	76,097	46,824	1,642	35,000,000	-	100.00	100.00
Elekeiroz S.A.	200,000	327,292	8,144	11,183,657	12,628,787	3.85	3.78

II) Composition of investments

	09/30/2006	09/30/2005
Investments in affiliates	750,952	568,353
Banco BPI S.A.	631,004	441,209
AGF Brasil Seguros S.A.	111,157	123,052
Other	8,791	4,092
Other investments	233,178	174,482
Investments through tax incentives	107,746	110,699
Equity securities	79,337	46,705
Shares and quotas	29,151	24,891
Other	114,391	98,209
Provision for losses	(97,447)	(106,022)
TOTAL	984,130	742,835

III) Composition of equity in earnings of affiliates

	01/01 to 09/30/2006	01/01 to 09/30/2005
Equity in earnings of affiliates	135,840	171,146
Foreign exchange variation on investments	(2,012)	(172,589)
TOTAL	133,828	(1,443)

b) Fixed Assets and Deferred Charges

	09/30/2006			09/30/2005		
	Cost	Accumulated Depreciation/ Amortization/ Depletion	Residual value	Cost	Accumulated Depreciation/ Amortization/ Depletion	Residual value
Fixed Assets	8,425,532	(4,855,494)	3,570,038	7,983,143	(4,629,857)	3,353,286
Other fixed assets	8,143,132	(4,804,305)	3,338,827	7,790,280	(4,580,362)	3,209,918
Real State	3,134,206	(1,272,749)	1,861,457	2,856,664	(1,178,510)	1,678,154
Land	925,935	-	925,935	869,541	-	869,541
Buildings	2,208,271	(1,272,749)	935,522	1,987,123	(1,178,510)	808,613
Other	5,008,926	(3,531,556)	1,477,370	4,933,616	(3,401,852)	1,531,764
Installations	309,727	(217,546)	92,181	269,700	(193,253)	76,447
Furniture and Equipment	1,829,445	(1,018,109)	811,336	1,863,804	(1,045,789)	818,015
EDP Systems	2,475,765	(2,174,961)	300,804	2,510,669	(2,019,506)	491,163
Other (Communication, Security and Transportation)	393,989	(120,940)	273,049	289,443	(143,304)	146,139
Leased Fixed Assets	173,979	(51,189)	122,790	97,090	(49,495)	47,595
Real State	173,979	(51,189)	122,790	97,090	(49,495)	47,595
Buildings	154,748	(47,899)	106,849	97,090	(49,495)	47,595
Furniture and Equipment	19,231	(3,290)	15,941	-	-	-
Forest Reserves	108,421	-	108,421	95,773	-	95,773
Forests	108,421	-	108,421	95,773	-	95,773
Deferred Charges	1,326,604	(810,961)	515,643	779,970	(487,432)	292,538
Leasehold improvements	401,860	(161,858)	240,002	255,681	(114,546)	141,135
Expenses on Acquisition of Software	518,542	(296,900)	221,642	200,146	(103,277)	96,869
Other Deferred Expenses	406,202	(352,203)	53,999	324,143	(269,609)	54,534

In ITAÚSA, Fixed Assets are basically composed of Buildings - R\$ 5,942 (R\$ 6,499 at 09/30/2005).

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

The capital of ITAÚSA amounts to R\$ 5,200,000 and comprises 3,189,902,995 book-entry shares with no par value, of which 1,210,037,200 are common shares and 1,979,865,795 are preferred shares with no voting rights, but with the following advantages:

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

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

	NUMBER		
	Common	Preferred	Total
Shares of capital stock at 12/31/2005	1,215,752,051	2,033,807,435	3,249,559,486
Treasury shares at 12/31/2005	10,983,372	62,562,008	73,545,380
Cancellation of shares - A/ESM of 04/28/2006	(10,983,372)	(62,562,008)	(73,545,380)
Capital increase with subscription of shares	5,268,521	8,620,368	13,888,889
Outstanding shares at 09/30/2006	1,210,037,200	1,979,865,795	3,189,902,995
Outstanding shares at 09/30/2005	1,214,730,051	1,980,520,435	3,195,250,486

b) Dividends

Stockholders are entitled to a mandatory dividend of not less than 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 per share to be paid to preferred shares.

The quarterly advance of the mandatory minimum dividend, paid as Interest on Capital, upon resolution of the Board of Directors in a meeting held on 03/06/2006, was increased from R\$ 9.50 to R\$ 12.00 per thousand shares, as from those paid on 07/03/2006, inclusive.

I- Calculation

Net income	4,407,623	
Adjustments		
(-) Legal reserve	(220,381)	
Dividend calculation basis	4,187,242	
Dividends/Interest on capital payable	1,046,810	25,00%
Unrealized revenue reserve	268,383	
Mandatory minimum dividend	778,427	

(*) Calculated according to article 202 of Law 6.404/76 and modified by law 10.303/01.

II- Provision of Interest on Capital

	Gross	WTS	Net
Provided for/Paid			
1 quarterly installment of R\$ 12.00 per thousand shares to be paid in July 2006	38,279	5,742	32,537
1 quarterly installment of R\$ 12.00 per thousand shares to be paid in October 2006	38,279	5,742	32,537
1 quarterly installment of R\$ 12.00 per thousand shares to be paid in January 2007	38,279	5,742	32,537
Supplementary of R\$ 48.00 per thousand shares to be paid in August 2006	153,115	22,967	130,148
Supplementary to be declared	647,845	97,177	550,668
Total at 09/30/2006 - R\$ 287.0924 per thousand shares	915,797	137,370	778,427
Total at 09/30/2005 - R\$ 192.0495 per thousand shares	615,052	92,258	522,794

c) Revenue reserves

	09/30/2006	09/30/2005
Revenue reserves	8,388,609	5,190,590
Legal	809,196	562,448
Unrealized profits	268,383	-
Statutory	7,311,030	4,628,142
Dividends equalization (1)	3,393,273	1,791,624
Working capital increase (2)	1,615,058	1,329,840
Increase in capital of investees (3)	2,302,699	1,506,678

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

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

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

d) Reconciliation of Net income and Stockholders' Equity between Itaúsa and Itaúsa Consolidated

The difference between the Net Income and Stockholders' Equity of ITAÚSA and ITAÚSA CONSOLIDATED arises from the adoption of different criteria for the amortization of goodwill on purchase of investments, the recording of deferred tax assets and the write-off of unrealized income on intercompany operations, on which the related taxes were deferred.

	Net income		Stockholders' equity	
	01/01 to 09/30/2006	01/01 to 09/30/2005	09/30/2006	09/30/2005
ITAÚSA	4,407,623	1,834,366	13,735,314	10,118,795
Goodwill amortization	(1,269,598)	(10,835)	(2,108,639)	(855,632)
Deferred tax assets	237,198	(67,917)	596,066	361,240
Unrealized income (loss)	120	-	-	(120)
ITAÚSA CONSOLIDATED	3,375,343	1,755,614	12,222,741	9,624,283

NOTE 17 – RELATED PARTIES

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

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

The unconsolidated related parties are the following:

- The owners of ITAÚSA;
- Fundação Itaúbanko, Fundação Itaúsa Industrial, FUNBEP – Multisponsored Pension Fund and Employees' Social Security Savings of BEG (PREBEG), and Itaúbank Association of Private Social Security, closed-end private pension funds that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 19a; and
- Fundação Itaú Social, Instituto Itaú Cultural - IIC and Fundação Itaúbank, sponsored by Banco Itaú Holding Financeira S.A. and subsidiaries to act in their respective areas of interest. During the period, the consolidated companies made donations to Fundação Itaú Social of R\$ 1,339 (R\$ 1,725 from 01/01 to 09/30/2005), to IIC of R\$ 15,500 (R\$ 16,450 from 01/01 to 09/30/2005), and to Fundação Itaúbank of R\$ 1,217 from 05/01 to 09/30/06.

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

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

	09/30/2006	09/30/2005
Duratex S.A.	117,774	153,056
Elekeiroz S.A.	88,463	54,633
Itautec S.A.	51,372	37,491
Total	257,609	245,180

NOTE 18 - FINANCIAL INSTRUMENTS - MARKET VALUE

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

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

	Book value		Market		Unrealized income (loss) (*)			
	09/30/2006	09/30/2005	09/30/2006	09/30/2005	Result		Stockholders' equity	
					09/30/2006	09/30/2005	09/30/2006	09/30/2005
Interbank deposits	29,706,743	23,175,542	29,724,280	23,190,832	17,537	15,290	17,537	15,290
Securities and derivative financial instruments	43,844,612	31,800,300	43,997,700	32,365,885	299,609	1,037,666	153,088	565,585
Additional provision (exceeding the minimum required)					-	400,000	-	400,000
Adjustment available-for-sale securities					117,867	455,753	-	-
Adjustment held-to-maturity securities					181,742	181,913	153,088	165,585
Loan and lease operations	73,127,197	51,916,950	73,206,888	52,159,050	79,691	242,100	79,691	242,100
Investment in Banco BPI S.A.	631,004	441,209	2,156,506	1,209,231	1,525,502	768,022	1,525,502	768,022
Funds raised by subsidiaries	109,602,990	78,194,789	109,584,660	78,202,653	18,330	(7,864)	18,330	(7,864)
Securitization of foreign payment orders	1,534,175	1,204,606	1,539,547	1,209,503	(5,372)	(4,897)	(5,372)	(4,897)
Subordinated debts	4,547,323	4,448,871	4,526,204	4,432,960	21,119	15,911	21,119	15,911
Treasury shares	1,119,975	760,117	1,575,010	1,012,346	455,035	252,199	455,035	252,229
Total unrealized					2,411,451	2,318,427	2,264,930	1,846,376

(*) Does not include the related tax effects - Includes Unrealized Income of minority stockholders in the amount of R\$ 1,072,178 (R\$ 1,099,718 at 09/30/2005) in result and R\$ 1,156,713 (R\$ 955,041 at 09/30/2005) in 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 based on their nominal values, monetarily restated to maturity dates and discounted to present value using future market interest rates and swap market rates for fixed-rate securities and using market interest rates for fixed-rate securities published in the Gazeta Mercantil newspaper on October 2, 2006 for floating-rate securities.
- Government securities, included in Securities, were determined based on rates obtained in the market and validated through comparison with information provided by the National Association of Open Market Institutions (ANDIMA). For the companies of the Financial and Insurance Areas, they are recorded based on their market value, according to the rules established by BACEN Circular Letters 3,068 of November 8, 2001 and 3,082 of January 30, 2002 and SUSEP Circular Letter 295, of June 14, 2005, except when classified as held to maturity.
- Shares of listed companies, when included in Securities, are valued according to the average quotation available on the last trading session 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.
- Loans with maturity over 90 days, when available, were calculated based on their net present value of future cash flows discounted at market interest rates effective on the balance sheet date, taking into account the effects of hedges as well (swap contracts).
- Investments in affiliates - Abroad (BPI) are determined based on stock market quotations, book value per share and auction quotations.
- Time and interbank deposits and funds from acceptance and issuance of securities, when available, were calculated based on their present value determined by future cash flows discounted at future market interest rates, swap market rates for fixed-rate securities, and market interest rates for fixed-rate securities published in the Gazeta Mercantil on October 2, 2006, for floating-rate securities. The effects of hedges (swap contracts) are also taken into account.
- Securitization of foreign payment orders, based on the net present value of the future cash flows estimated as from the interest curves of the indexation market places, net of the interest rates practiced in the market on the balance sheet date, considering the credit risk of the issuer, calculated based on the market price of other securities issued by the same.
- Subordinated debts, based on the net present value of future fixed or floating cash flows in foreign currency, net of the interest rates practiced in the market on the balance sheet date and considering the credit risk of the issuer. The floating cash flows are estimated as from the interest curves of the indexation market places.
- Derivatives related to swaps contracted to hedge the remaining assets/liabilities, based on notional values of each of the contract parameters (part and counterpart), restated up to the maturity dates and discounted at present value using the futures 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 day of the month or, if this is not available, according to the most recent quotation on prior trading days, published in the daily bulletin of each Stock Exchange.

NOTE 19 – BENEFITS TO EMPLOYEES

Under the terms of CVM 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 subsidiary companies sponsor the following supplementary retirement plans:

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

(1) *Defined benefit plan*

(2) *Variable contribution plan*

(3) *Defined contribution plan*

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

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

Fundação Itaúsa Industrial offered to the participants of BD-Duratex plan the option of migrating to the defined-contribution plan (CD-PAI) during the period from July 1 to August 31, 2005; 97% of the participants accepted to migrate.

During the period, the contributions paid totaled R\$ 26,876 (R\$ 20,929 from 01/01 to 09/30/2005). The contribution rate increases based on the participant's salary.

b) Post-employment benefits:

ITAÚSA and/or its subsidiaries do not sponsor other post-employment benefits, except in those cases arising from maintenance of obligations according to the acquisition agreements signed by Banco Itaú Holding Financeira S.A., 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\$ 6,572 (R\$ 6,659 from 01/01 to 09/30/2005). The contribution rate increases based on the beneficiary's age.

c) Net value 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, of December 13, 2000, are summarized below.

	09/30/2006	09/30/2005
Net assets of the plans	10.096.498	9.068.334
Actuarial liabilities	(8.584.661)	(7.443.020)
Surplus (*)	1.511.837	1.625.314

(*) According to paragraph 49.g of the attachment to the CVM Deliberation 371, of December 13, 2000, the net surplus was not recognized.

In addition to the reserves recorded by the plans, the sponsors record provisions in the amount of R\$ 30,535 (R\$ 26,948 at 09/30/2005) to cover insufficient actuarial reserves.

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

	01/01 to 09/30/2006			01/01 to 09/30/2005		
	Assets	Actuarial liabilities	Surplus	Assets	Actuarial liabilities	Surplus
Present value - beginning of the period	9,327,392	(8,128,429)	1,198,963	8,685,202	(7,235,424)	1,449,778
Adjustments in the period (1)	-	-	-	(333,064)	201,598	(131,466)
Expected return on assets/ Cost of current service + interest	511,742	(766,792)	(255,050)	794,677	(680,769)	113,908
Benefits paid	(290,597)	290,597	-	(271,575)	271,575	-
Contributions of sponsors/ participants	47,989	-	47,989	46,888	-	46,888
Gains/(losses) in the period (2)/(3)	499,972	19,963	519,935	146,206	-	146,206
Present value - end of the period	10,096,498	(8,584,661)	1,511,837	9,068,334	(7,443,020)	1,625,314

(1) Correspond to effects of change of 97% of participants from BD-Duratex Plan to the PAI-CD Plan.

(2) The gains in assets correspond to the actual earnings obtained above the expected return rate on assets .

(3) Gains on actuarial liabilities refer to the revision of future contributions.

e) Main assumptions used in actuarial valuation:

	09/30/2006	
	Financial Services Area (1)	Industrial Area (2)
Discount rate	10,24% p.a.	10,77% p.a. (3)
Expected return rate on assets	12,32% p.a.	15,25% p.a. (4)
Mortality table	GAM-83	GAM-83
Turnover	Exp.Itaú 1999/2001	Exp. Towers
Future salary growth	7,12% p.a.	8,68% p.a. (5)
Growth of the pension fund and social security benefits	4,00% p.a.	4,50% p.a.
Inflation	4,00% p.a.	4,50% p.a.
Actuarial method	Projected Unit Credit. (6)	Projected Unit Credit. (6)

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

(2) Corresponds to the assumptions adopted by the plans managed by Fundação Itaúsa Industrial (defined benefit plans sponsored by Duratex S.A. and its subsidiaries - BD-Duratex, and by Itaútec-Philco S.A. and its subsidiaries - BD-Itaútec).

(3) At September 30, 2005, the adopted rate was 11.30% p.a.. The BD-Itaútec plan uses a discount rate of 8.68% p.a. (9.20% at 09/30/2005).

(4) At September 30, 2005, the adopted rate was 13.40% p.a.. The BD-Itaútec plan uses an expected return rate on assets of 14.50% p.a. (12.32% p.a. at 09/30/2005).

(5) At September 30, 2005, the adopted rate was 9.20% p.a.. The BD-Itaútec plan uses a future salary growth rate of 10.77% p.a. (7.12% p.a. at

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

NOTE 20 – RECLASSIFICATIONS FOR COMPARISON PURPOSES

We reclassified some balances as of September 30, 2005, for comparison purposes, in view of the regrouping of the headings, in the Balance Sheet, of Derivative Financial Instruments and Other Sundry Receivables – related to adjustment to market value of futures contracts; Foreign Exchange Portfolio – related to the reclassification of Other Liabilities of Advances on Exchange Contracts; and the reclassification of Tax Contingencies from heading Liabilities – Tax and Social Security to Other Sundry Liabilities, in such a way as to comply with CVM Resolution 489 of October 3, 2005, and the proper classification of Banking Service Fees and Extraordinary Result in the Statement of Income.

	Prior Balances	Reclassifications	Current balances
CURRENT ASSETS AND LONG-TERM RECEIVABLES	144,382,210	1,267,508	145,649,718
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	31,811,174	(10,874)	31,800,300
Derivative financial instruments	3,055,589	(10,874)	3,044,715
OTHER RECEIVABLES	21,159,678	1,278,382	22,438,060
Foreign exchange portfolio	8,471,178	1,267,508	9,738,686
Sundry	8,599,533	10,874	8,610,407
TOTAL ASSETS	148,770,869	1,267,508	150,038,377
CURRENT AND LONG-TERM LIABILITIES	130,137,211	1,267,508	131,404,719
DERIVATIVE FINANCIAL INSTRUMENTS	1,930,363	12,514	1,942,877
TAXES AND SOCIAL SECURITY CONTRIBUTIONS	5,658,467	(398,929)	5,259,538
OTHER LIABILITIES	21,473,110	1,653,923	23,127,033
Foreign exchange portfolio	8,831,229	1,267,508	10,098,737
Sundry	7,585,105	386,415	7,971,520
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	148,770,869	1,267,508	150,038,377
STATEMENT OF INCOME FOR THE PERIOD			
OPERATING INCOME	27,090,472	67,428	27,157,900
Equity in earnings of affiliates	(68,871)	67,428	(1,443)
OPERATING EXPENSES	(20,117,725)	(321,996)	(20,439,721)
Other operating expenses	(2,557,226)	(321,996)	(2,879,222)
OPERATING INCOME	6,972,747	(254,568)	6,718,179
NON-OPERATING RESULT	11,812	(347,418)	(335,606)
INCOME TAX AND SOCIAL CONTRIBUTION	(2,205,498)	47,730	(2,157,768)
Related to temporary differences	141,310	47,730	189,040
EXTRAORDINARY RESULT	(554,256)	554,256	-
NET INCOME	3,865,317	-	3,865,317

NOTE 21 - ADDITIONAL INFORMATION**a) Insured assets**

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

b) Balances of foreign currencies

The balances in reais linked to foreign currency were:

	09/30/2006	09/30/2005
Permanent foreign investments	7,805,061	6,322,881
Net amount of other assets and liabilities indexed to foreign currency, including derivatives	(12,320,235)	(10,212,665)
Net foreign exchange position	(4,515,174)	(3,889,784)

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

c) Statement of Cash Flows

I - ITAÚSA CONSOLIDATED

	01/01 to 09/30/2006	01/01 to 09/30/2005
Adjusted net income	13,131,968	8,272,252
Net income	3,375,343	1,755,614
Adjustment to net income:	9,756,625	6,516,638
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	(302,759)	24,347
Allowance for loan losses	4,836,787	2,497,071
Results from operations with subordinated debts	248,669	(21,906)
Results from securitization of foreign payment orders	(44,988)	(262,040)
Change in technical provision for insurance, pension plan and capitalization	2,052,867	1,832,087
Depreciation and amortization	566,185	505,440
Amortization of goodwill	2,597,837	-
Adjustment to legal liabilities - tax and social security	265,024	7,427
Adjustment to provision for contingent liabilities	(313,564)	43,418
Provision for corporate restructuring	-	75,000
Deferred taxes	(1,540,093)	(189,040)
Equity in earnings of affiliates	(133,828)	1,443
Income from held-to-maturity securities	(56,892)	(85,981)
Minority interest result	1,611,934	2,109,703
Other	(30,554)	(20,331)
Change in assets and liabilities	(33,222,634)	(12,489,685)
(Increase) Decrease in interbank investments	(6,790,983)	(3,387,845)
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	(10,194,666)	(2,892,807)
(Increase) Decrease in interbank accounts of subsidiaries	2,491,942	824,488
(Increase) Decrease in loan, lease and other credit operations	(21,433,907)	(10,061,980)
(Increase) Decrease in inventories	(33,820)	39,208
(Increase) Decrease in other receivables and assets	(1,866,454)	(295,472)
(Increase) Decrease in foreign exchange portfolio	49,655	113,999
(Increase) Decrease in prepaid expenses	146,991	(487,506)
(Decrease) Increase in technical provisions for insurance, pension plan and capitalization	841,259	630,469
(Decrease) Increase in social contribution and tax and other liabilities	3,559,348	3,014,221
(Decrease) Increase in deferred income	8,001	13,540
OPERATING ACTIVITIES - Net cash provided by / (invested)	(20,090,666)	(4,217,433)
Interest on capital/Dividends received	44,953	32,682
Funds from interest received and redemption of held-to-maturity securities	373,029	1,674,121
Sale of investments	3,371	5,612
Sale of fixed assets	87,503	14,473
Purchase of securities held to maturity	(10,073)	(9,965)
Purchase of investments	(107,366)	(26,758)
Goodwill on purchase of investments	(2,597,837)	-
Purchase of fixed assets and forest reserves	(809,137)	(414,239)
Deferred charges	(271,129)	(71,148)
Change in participation of minority interest	3,344,147	(765,986)
INVESTMENT ACTIVITIES - Net cash provided by / (invested)	57,461	438,792
Increase (Decrease) in funds obtained by subsidiaries - foreign currency	2,251,829	(1,509,268)
Increase (Decrease) in funds obtained by subsidiaries - domestic currency	7,710,694	3,375,238
Increase (Decrease) in funds obtained by subsidiaries - open market	13,047,225	4,330,713
Increase (Decrease) in borrowings - foreign currency	67,097	(16,329)
Increase (Decrease) in borrowings - local currency	39,800	(2,358)
Increase (Decrease) in credit cards operations	50,636	176,841
Increase (Decrease) in securitization of foreign payment orders	293,828	(436,381)
Increase (Decrease) in subordinated debts	(285,767)	(294,563)
Interest on capital paid to minority stockholders	(890,720)	(785,424)
Subscription of shares	100,000	100,000
Premium on subscription of shares	182	328
Purchase of own shares	-	(300,883)
Interest on capital paid	(899,644)	(723,358)
FINANCING ACTIVITIES - Net cash provided by / (invested)	21,485,160	3,914,556
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	1,451,955	135,915
At the beginning of the period	2,193,878	2,035,381
At the end of the period	3,645,833	2,171,296

II - ITAÚSA

	01/01 to 09/30/2006	01/01 to 09/30/2005
Adjusted net income	190,001	299,109
Net income	4,407,623	1,834,366
Adjustment to net income:	(4,217,622)	(1,535,257)
Amortization of goodwill	4,627	2,016
Equity in earnings of subsidiary and affiliated companies	(4,222,905)	(1,538,008)
(Reversal) Provision for losses	(4)	69
Depreciation and amortization	660	666
Change in assets and liabilities	(245,124)	866
(Increase) Decrease in securities and derivative financial instruments	(207,230)	(75,108)
(Increase) Decrease in sundry receivables and other assets	49,032	26,107
(Decrease) Increase in provisions and accounts payable and other liabilities	(86,926)	49,867
OPERATING ACTIVITIES - Net cash provided by / (invested)	(55,123)	299,975
Sale of investments	46,214	42,776
Sale of fixed assets	-	5
Sale of investments	(82,367)	(118,538)
Purchase of fixed assets for use	(5)	(3)
Interest on capital/Dividends received	891,061	699,100
INVESTMENT ACTIVITIES - Net cash provided by/ (invested)	854,903	623,340
Premium on subscription of shares	182	328
Capital increase	100,000	100,000
Purchase of treasury shares	-	(300,883)
Interest on capital paid	(899,644)	(723,358)
Reserves from tax incentives	-	535
FINANCING ACTIVITIES - Net cash provided by / (invested)	(799,462)	(923,378)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	318	(63)
At the beginning of the period	128	193
At the end of the period	446	130

d) Statement of Added Value

	01/01 to 09/30/2006	Share %	01/01 to 09/30/2005	Share %
Sales of products and services net of cost of materials, third-party services and others (a)	7,768,641	-	6,829,688	-
Income from financial operations (b)	9,375,911		9,080,520	
Result from operations with insurance, pension plan and capitalization (c)	812,216	-	579,453	-
Other operating revenues/expenses (d)	(5,587,818)	-	(4,734,869)	-
Added value (e = a + b + c + d)	12,368,950	-	11,754,792	-
Compensation of employees (f) (*)	4,148,467	33.5	3,424,633	29.1
Payment of taxes and contributions (g)	3,133,877	25.3	4,343,473	37.0
Payment of debts (h)	99,330	0.8	121,369	1.0
Amount distributed to stockholders (i)	1,703,310	13.8	1,328,006	11.3
Parent company	915,797	7.4	615,052	5.2
Minority interests	787,513	6.4	712,954	6.1
Reinvestment of profits (j)	3,283,966	26.6	2,537,311	21.6
Parent company	2,459,546	19.9	1,140,563	9.7
Minority interests	824,420	6.7	1,396,748	11.9
Distribution of added value (k = f + g + h + i + j)	12,368,950	100.0	11,754,792	100.0

(*) Does not include social security contributions.

Report of Independent Auditors on Limited Reviews

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

1. We have carried out limited reviews of the financial statements of Itaúsa - Investimentos Itaú S.A. (“the Company”) and the consolidated financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiary companies (consolidated) for the nine-month periods ended September 30, 2006 and 2005, consisting of the balance sheets and the corresponding statements of income, of changes in financial position, and the statement of changes in stockholders’ equity of the Company. 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 financial statements and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of Company and its subsidiaries.
3. Based on our limited reviews, we are not aware of any material modifications that should be made to the financial statements referred to above in order that such information be stated in conformity with the accounting practices adopted in Brazil.

São Paulo, November 6, 2006

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Ricardo Baldin
Contador CRC 1SP110374/O-0

REPORT OF INDEPENDENT AUDITORS ON THE SPECIAL REVIEW

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

1. We have carried out a special accounting review of the Quarterly Information of Itaúsa – Investimentos Itaú S.A. (parent company and consolidated) for the quarter ended September 30, 2006, comprising the balance sheet and statement of income, all prepared under the responsibility of the Company's Management. Our responsibility is to issue a report, without expressing an opinion, on this quarterly information. The quarterly information of the subsidiary companies Banco Itaú Holding Financeira S.A., Itaúsa Export S.A., Itaúsa Europa – Investimentos, SGPS Ltda., Duratex S.A., Itautec S.A., and Elekeiroz S.A. for the quarter ended September 30, 2006, which values were the basis for the valuation under the equity method and consolidation (note 15a), was reviewed by other independent auditors. Our report on the special review, as regards the value of these investments, is exclusively based on the reports of these other independent auditors.
2. Our review was carried out in accordance with specific standards established by IBRACON – Brazilian Institute of Independent Auditors in conjunction with CFC – Federal Accounting Council and mainly comprised: (a) inquiry of and discussion 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) review of relevant information and subsequent events which have, or could have, significant effects on the Company's financial position and operations.
3. Based on our special review and on the other independent auditors' reports, we are not aware of any material changes which should be made to the Quarterly Information referred to in paragraph 1, for it to be stated in conformity with the Brazilian accounting practices specifically applicable to the preparation of Quarterly Information (ITR) and consistent with the standards of the Brazilian Securities Commission – CVM.
4. The balance sheet as of September 30, 2005 and the respective statement of income for the quarter then ended, presented for comparative purposes, were examined by other independent auditors, whose special review report thereon, dated November 4, 2005 was unqualified.

São Paulo, November 6, 2006

Orlando Octavio de Freitas Jr.
Accountant-Partner
CRC 1SP178871/O-4
BDO Trevisan Auditores Independentes
CRC 2SP013439/O-5

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ - 61.532.644/0001-15

Publicly-held company

NIRE. 35300022220

OPINION OF THE FISCAL COUNCIL

The effective members of the Fiscal Council of ITAÚSA - INVESTIMENTOS ITAÚ S.A., having perused the financial statements for the period from January to September of 2006, have verified the accuracy of all the items examined, understanding them to adequately reflect the company's capital structure, financial position and the activities conducted during the period, recommending that they be approved by the company's Board of Directors.

São Paulo-SP, November 06, 2006.

JOSÉ MARCOS KONDER COMPARATO
President

PAULO RICARDO MORAES AMARAL
Member

ARTEMIO BERTHOLINI
Member