

Complete Financial Statements
December 31, 2007

ITAÚSA

ITAÚSA INVESTIMENTOS ITAÚ S.A.**MANAGEMENT REPORT – January to December 2007****To our Stockholders:**

We present our Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the period from January to December 2007, in accordance with the regulations established by the Brazilian Corporate Law and the Brazilian Securities and Exchange Commission (CVM). These financial statements have been approved by the Fiscal Council.

ECONOMIC ENVIRONMENT

The Brazilian economy grew in 2007, stimulated by the increase in the domestic demand, with a great surge in investments and consumption. Benefited from the increase in income and high offer of banking credit, Brazilians started to consume more goods and services. The continued reduction in interest rates was another factor that collaborated to the favorable scenario, which accounted for the estimated increase in GDP of 5.3%.

Despite the high volatility in the international financial markets in the second half, started with the US subprime mortgage crisis and which drove a fall in real estate prices, the Brazilian banking system did not feel major impacts, since the domestic banks do not hold real estate assets in the USA.

Imports increased as a result of the internal growth and appreciation of the Real, but not as fast as exports, which, mainly supported by the rise in commodities prices and boom in global trade, enabled the balance of trade to be positive. The large inflow of investments also contributed to this result. Inflation rose slightly, mainly due to the increase in agricultural and petroleum commodities prices. Despite being pushed, the inflation rate stood close to the midpoint of the target.

While the banking activity benefited from this situation, it also contributed to the growth in economy. In 2007, bank loans to individuals and businesses increased even more. Noteworthy is the lease segment, principally focused on vehicles, and the real estate loans. Defaults decreased even though credit volumes increased, whereas the interest rates for bank loans dropped. Demand and savings deposits put in a remarkable performance, having increased 36% and 20%, respectively, whereas time deposits increased only 0.4%.

The capital markets was one of the great highlights in 2007. A record number of companies carried out primary issues of shares, doubling the value of operations registered in the previous year. The primary issues of debentures, however, ended the year below the level reached in 2006.

Industrial output grew 6%, exceeding by far the 2.8% increase noted in 2006. This boost occurred in all categories, mainly capital goods and durable consumer goods. This very favorable scenario benefited the economy segments served by Itaúsa's industrial companies.

Supplies for the civil construction and furniture manufacturing segments increased 5.1% and 7.3% in the twelve-month period.

The information technology segment benefited from consumption rise, with an increase in computer sales. The appreciated Real on the one hand causes a decrease in the end price of products, but on the other softens costs -- and profitability is maintained.

Chemical and petrochemical industry also enjoyed a good moment. The strong demand made up for the high oil prices and the appreciation of the foreign exchange rate.

SUSTAINABLE PERFORMANCE

In 2007, Itaúsa improved its position as one of the largest companies in the world, according to the ranking published by Fortune magazine. In terms of revenue, Itaúsa is ranked 288th, having gained 127 positions as compared to 2006. Among the financial sector companies, it occupies the 41st position.

Another matter for pride was the inclusion of Itaúsa, for the 4th time, in the portfolio of the Dow Jones Sustainability World Index. DJSI, as it is known, is the most respected global index made up by shares of companies recognized by their corporate responsibility and it is a major benchmark for foreign investors that seek diversified products. Itaúsa is included in a selected list of 318 companies from all over the world, including its subsidiary Banco Itaú Holding Financeira (Itaú Holding), the only Latin American Bank in this index since its creation, eight years ago. Itaú Holding is also included in the new share portfolio of the Corporate Sustainability Index of Bovespa (ISE) in effect up to November 2008.

The actions aimed at expanding corporate governance permeate all companies of Itaúsa. One example is the Securities Trading Policy established by Duratex in 2007 with the purpose of establishing rules that provides about stock market operations involving the management, main stockholders and employees. This attitude shows the company's concern about maintaining a reliable and transparent relationship with investors, the market and society.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

R\$ Million

	Parent company		Minority interest		Group	
	2007	2006	2007	2006	2007	2006
Net income	3,988	4,486	4,928	2,310	8,916	6,796
Recurring net income (see note 20c)	3,662	3,379	4,210	3,267	7,872	6,647
Stockholders' equity	15,676	12,842	18,257	14,403	33,933	27,245
Return on average equity (%)	27.7%	40.1%	29.8%	20.4%	28.8%	30.2%
Recurring return on average equity (%)	25.5%	30.2%	25.5%	28.8%	25.5%	29.5%
Interest on capital/dividends	1,340	1,302	1,675	1,269	3,015	2,571

MAIN FINANCIAL INDICATORS

	2007	2006	Change %
Net income per thousand shares - em R\$			
Net income of parent company	1,131.03	1,411.50	(19.9)
Recurring net income of parent company	1,038.47	1,063.38	(2.3)
Recurring net income of parent company (without considering the bonus of shares)	1,141.24	1,063.38	7.3
Book value of the parent company	4,445.26	4,041.09	10.0
Price per common share (ON) (1)	16,504.71	12,572.86	31.3
Price per preferred share (PN) (1)	12,493.33	10,406.32	20.1
Market capitalization (2) - in millions of R\$	49,450	35,692	38.5

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

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

MAIN INDICATORS OF THE COMPANIES CONTROLLED BY ITAÚSA

R\$ million

	Year	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	2007	294,876	2,630	1,070	650	300,036
	2006	209,691	2,375	871	579	214,433
Operating revenue (2)	2007	52,042	1,671	1,524	871	56,414
	2006	47,761	1,489	1,467	720	51,673
Net income	2007	8,474	319	101	71	8,916
	2006	4,309	226	50	19	6,796
Stockholders' equity	2007	28,969	1,536	423	392	33,933
	2006	23,564	1,396	350	333	27,245
Return on average equity (%) (3)	2007	32.1%	21.5%	25.2%	19.8%	28.8%
	2006	22.7%	18.3%	15.3%	5.8%	30.2%
Permanent assets	2007	3,896	1,330	152	255	5,529
	2006	4,585	1,203	121	261	6,123
Investments in the period	2007	1,191	222	64	31	1,481
	2006	5,241	105	72	27	5,375
Internal fund generation (4)	2007	15,755	414	146	120	16,482
	2006	14,368	310	128	58	16,979
Dividends paid/ provided for	2007	2,835	155	27	21	3,015
	2006	2,215	77	14	6	2,571
Personnel expenses	2007	6,601	346	304	64	7,343
	2006	5,790	304	280	57	6,458
Number of employees	2007	65,089	6,785	5,347	767	78,003
	2006	59,921	6,076	5,018	739	71,774
Taxes paid and provided for	2007	7,820	501	147	46	8,752
	2006	6,220	371	131	40	6,921

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

(2) 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, Pension Plans and Capitalization premiums and other Operating Income;
- Duratex S.A., Itautec S.A. and Elekeiroz S.A.: taking into consideration Net revenue from sales of products and/or services.

(3) Represents the ratio of net income for the year and average equity ((Dec + Mar + Jun + Sep + Dec)/5).

(4) Covers resources arising from operations:

- plus expenses for 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 debits from insurance operations and deferred selling expenses from insurance, pension plan and capitalization.

FINANCIAL SERVICES AREA

Banco Itaú Holding Financeira

In 2007, the path of good results of Itaú Holding continued. This performance is the result of investments made in recent years, which yielded the expected returns.

The consolidation of the process of acquisition of BankBoston operations in Latin America was one of the most significant facts in 2007. The Central Bank approved the acquisition on February 1, and in March Banco Itaú Holding Financeira (Itaú Holding) was already operating officially in Chile and Uruguay with all branches converted. BankBoston operations in Chile and Uruguay started being included in the financial statements of Itaú Holding from the first quarter of 2007. BankBoston operations in Brazil are already included in Itaú Holding and all branches integrated into Itaú's operating system.

In May, Banco Itaú Europa and its subsidiary Banco Itaú Europa Luxembourg completed the acquisitions of BankBoston International (BBI), with head offices in Miami, and of BankBoston Trust Company Limited (BBT), with head offices in Nassau. The operation comprised financial assets under management of approximately US\$ 3.2 billion and about 5,500 private banking clients in Latin America. The goodwill arising on these acquisitions totaled R\$ 96 million, which was fully amortized in the consolidated financial statements of Itaú Holding.

Itaú Holding consolidated its position as one of the leaders in the private banking segment in Latin America, with the acquisition of the international private banking assets of ABN AMRO Bank N.V. of Latin American clients served by Miami and Montevideo. This business, which was completed in June, comprised managed assets totaling approximately US\$ 3.0 billion, recorded in the United States, Switzerland and Luxembourg. From the second quarter of 2007, these assets started being recorded in Banco Itaú Europa.

Other events should be highlighted in the year, such as the sale of 832,176 shares of Serasa S.A. to Experian Brasil Aquisições Ltda. The profit after taxes was R\$ 490 million. Itaú Holding still holds 10.29% indirect interest in the company's total capital stock.

The Bank also sold 53.8 million common shares it held in Redecard S.A. (8.73% of total capital), generating a positive impact of R\$ 1.0 billion after taxes on the result for 2007. Itaú Holding also continues taking part in the company's control.

Itaú Holding participated in the Initial Public Offering (IPO) carried out by Bovespa Holding S.A. (Bovespa) and Bolsa de Mercadorias e Futuros – BM&F S.A. (BM&F), selling the shares it held in both companies. In the IPO of Bovespa, the bank sold 11.4 million shares, resulting in a positive impact after taxes of R\$ 164 million on the result for 2007, while it still holds 4% in the capital stock of Bovespa, corresponding to a market value of R\$ 973 million as of December 31, 2007. In the IPO of BM&F, the bank sold 13.9 million shares, resulting in a positive impact after taxes on the result for 2007 of R\$ 150 million. After this operation, Itaú Holding holds 2.3% in the capital stock of this company, corresponding to a market value of R\$ 520 million as of December 31, 2007.

In other news of capital markets, Banco Itaú incorporated Kinea, a company specialized in the management of alternative investments, diversifying the offer of products for high net worth and institutional clients. In the international environment, Itaú Holding formed an association with Daewoo Securities and KDB Asset Management to launch investments comprising shares and fixed-income securities, to provide a selection of portfolios targeted at Korean investors who want to invest in Brazilian assets. With these actions, Itaú Holding became the first Latin American bank to operate as fund advisor in South Korea's capital markets.

At the end of the year, Itaú Holding announced an agreement with LPS Brasil – Consultoria de Imóveis S.A. (Lopes) for the promotion and supply of real estate products, seeking to leverage the sales of real estate and to strengthen the Brazilian real estate loan market. Itaú Holding paid R\$ 290 million for the agreement, recorded in prepaid expenses, which will be amortized over 20 years.

The major results of Itaú Holding in 2007 are as follows.

The loan portfolio, including endorsements and sureties, grew 36.2% as compared to the same period of 2006, totaling R\$ 127,589 million. In Brazil, the portfolio of non-mandatory loans to the individuals segment grew 34.8% in the year, reaching R\$ 54,416 million, and that to the very small, small and middle market business segment increased 34.0%, as compared to December 2006, totaling R\$ 21,769 million.

In 2007, the loan portfolio comprising vehicle lease and financing totaled R\$ 29,611 million, a 64.4% increase as compared to 2006, causing Itaú Holding to assume the leadership in this market. Itaú Holding is also the leader

in the market of credit card issue in Brazil, with 14.8 million cards at the end of 2007. At the end of 2007, consumer financing operations comprised 6.1 million clients and R\$ 1,937 million in receivables.

Total free, raised and managed own assets increased 32.1% as compared to December 2006, totaling R\$ 471,657 million. Itaú Holding ended 2007 with R\$ 217,377 million in managed assets, being the biggest manager among the Brazilian private banks.

Itaú Seguros and its subsidiaries reached R\$ 3,307 million in premiums earned for the year, representing an 8.9% increase as compared to the same period of 2006. Technical provisions of Insurance and Pension Plan reached R\$ 22,705 million, whereas those of Capitalization totaled R\$ 1,127 million in the period. Funds raised from the sale of Pension Plan and VGBL products reached R\$ 5,334 million in 2007, representing an increase of 20.2% in relation to 2006.

In 2007, Banco Itaú BBA carried out the launch of debenture and promissory notes operations totaling R\$ 18.0 billion and Credit Rights Investment Funds (FDIC) totaling R\$ 1.7 billion. In the National Association of Investment Banks (ANBID) ranking, divulged based on operations up to December 2007, the bank was first in origination and distribution of fixed-income and FIDC operations, with market shares of 24% and 27%, respectively. In capital markets, Banco Itaú BBA was the coordinator and bookrunner of initial public offerings that totaled R\$ 18.5 billion and of subsequent public offerings that amounted to R\$ 3.2 billion. In the Thomson ranking, divulged based on operations up to December 2007, Itaú BBA was third, with a market share of 10%.

Among the awards received by Itaú Holding in 2007, we highlight the following:

- Best Bank in Latin America - Euromoney Magazine
- Largest Bank in Latin America - in the category Stockholders' Equity - The Banker Magazine
- Best Bank in Brazil - Euromoney Magazine (10th consecutive time)
- Most Sustainable and Ethical Bank in Latin America - Latin Finance Magazine and Management & Excellence (the third time in a row)
- Melhores da Dinheiro - The Best Company in the following categories: Banks (third time in a row) and Best Social and Environmental Responsibility Practice - IstoÉ Dinheiro Magazine
- Benchmark company in sustainability in Brazil - Guia Exame de Sustentabilidade 2007
- The Most Admired Companies in Brazil – ranked first in the categories Retail Banks and Private Pension - Carta Capital in partnership with TNS InterScience

Itaúsa Europa Investimentos

Itaúsa Europa Investimentos, the holding company that concentrates the Group's banking investments in Europe, recorded net income of € 52.7 million in 2007. Total assets of Itaúsa Europa reached € 4.5 billion in December 2007, an increase of 38.9% as compared to previous year. This increase was mainly resulted from the acquisition of the private banking operations of Latin American customers from BankBoston and ABN Amro in the end of the first half.

Banco Itaú Europa's consolidated net income reached € 53.1 million. Banking product amounted to € 113.1 million, 35.9% above the amount recorded in 2006, which shows, in addition to the stable contribution of financial margin, an outstanding performance in the capital markets, treasury and international private banking areas, and of the interest held in Banco BPI. In consolidated terms, the return on average equity reached 12.3% and the efficiency ratio reached 53.8%.

The Bank's investment grade status (Baa1 by Moody's and BBB+ by Fitch Ratings) has significantly contributed to the diversification of sources of funds, considering that the bank played an active role on the primary and secondary markets during 2007.

In the composition of consolidated assets totaling € 4.5 billion, noteworthy are the credits to businesses that reached € 1.7 billion, mainly comprised by structured loans, mostly associated with the financing of Brazilian exports.

In 2007, the international private banking activity underwent an important development with the acquisition of new business units and client portfolios. With this expansion, Itaú Europa's private banking business is now present in Miami and Nassau. This restructuring resulted in a significant increase in Itaú Europa's managed assets, which exceeded US\$ 6.3 billion at the end of 2007, as well as in the strengthening of funds raised from client deposits that reached US\$ 2.4 billion at the end of the year.

Banco BPI, S.A., an associated company in which the Itaú Group holds 18.3% of interest, of which 51% is held by Itaú Europa, recorded in December 2007 total consolidated assets of € 40.6 billion, stockholders' equity of € 1.6 billion and net income of € 355 million.

INDUSTRIAL AREA

Duratex

The good moment in the domestic economy, resulting from controlled inflation, the trend towards reduced interest rates, increase in population income and higher financing with extended terms, enabled the business expansion of Duratex, which attained the best result of its history. The sectors in which it operates – furniture and civil construction – were greatly benefited from this scenario.

In view of the above, the consolidated net revenue reached R\$ 1,671 million, an increase of 12% as compared to 2006, and the operating cash generation, measured by EBITDA, totaled R\$ 558 million, 22% greater than in 2006 and equivalent to an EBITDA margin of 33%. This strong operating improvement reflects the increase in shipments, mainly of products with higher added value, and the consequent dilution of fixed costs. As a result, the gross margin for the year was 45%, as compared to the 43% for 2006. The net income amounted to R\$ 319 million, 41% higher than in previous year, which represents a return on average equity (ROE) of 22%, which was 18% for 2006. As a consequence of this result, regular dividends for 2007 totaled R\$ 105 million, plus an extraordinary dividend, paid in November, equivalent to R\$ 50 million, which increased the distribution of earnings to 48% of the profit earned for the period.

Duratex, the leader in the Brazilian market of wooden panel manufacturing has important competitive advantages, such as self sufficiency in the supply of raw materials. The 110 thousand hectares of land in the State of São Paulo and own cultivation guarantees the sustainability of its operations at competitive costs. The short average distance between its land and plants, the shortest in the sector, is translated into lower logistics costs. The knowledge gained over more than 50 years in cultivation of species, especially eucalyptus, the high mechanization level and the investment in genetic research contribute to raise the level of forest productivity, increasing its competitiveness. This operation has important environmental certificates, the ISO 14001 and the Forest Stewardship Council (FSC), which attest its sustainability and appropriate stewardship.

The Deca Division, leader in the segment of sanitary metal fixture manufacturing that also occupies an outstanding position in the segment of porcelain fixtures in Brazil, launched in 2007 approximately 90 new products. We highlight the Max line, targeted at the low-income segment, and the flow-control valves - Nova Hydra – aligned with the water saving concept. Its products are exported to 26 countries, having earned for the third time an award from the International Forum Design of Hannover, Germany, for the innovative concept of the winning design.

The investment program (PAR) of R\$ 850 million to be implemented until 2009, will ensure the increases of its share in the markets it operates with economy of scale. Of this total, the Wood Division will invest R\$ 630 million in projects that include the building of the largest plant of manufacture MDF in the Municipality of Agudos, State of São Paulo. Other R\$ 220 million will be invested to increase the production of sanitary metal and porcelain fixtures of Deca Division.

In 2007, the Duratex preferred shares appreciated 31% and posted a strong growth in average trading volume, which reached R\$ 26 million, approximately 240% higher than in the previous year. As a consequence of the increase in liquidity, they started to be included in the two most important stock market indexes – Ibovespa and IbrX-50 – which comprise in their portfolios the highest liquidity shares in the market according to their selection criteria. The increase in the market interest for Duratex shares is related to a series of measures adopted by the company's management, among which we highlight the voluntary granting of tag-along rights at the rate of 80% to preferred stockholders and the establishment of a policy on the distribution of minimum dividend equivalent to 30% of adjusted net income, in addition to the already mentioned operating improvement.

Itautec

The market for Itautec products has been greatly booming. Sales of PCs and notebooks were influenced by the growth in economy, availability of credit and drop in prices caused by reduced taxes and the U.S. dollar devaluation.

In 2007, the gross revenue from sales and services amounted to R\$ 1,702 million, 3.5% higher than in the previous year, of which 35% was from the IT area, 21% was from the Service area, 28% was from the Overseas Operations and 16% was from Solution and Automation area. We highlight the improvement in EBITDA – that reached R\$ 119 million, 70.1% higher than in 2006, and the reduction in operating expenses by 7.7%. Accordingly, the recurring operating result reached R\$ 78 million, an increase of 152% as compared to the previous year. The net income of R\$ 101 million, impacted by the transaction of sale of the old plant located at

the neighborhood of Tatuapé in the Municipality of São Paulo, represents a return on average equity (ROE) of 25%. Itautec distributed to its stockholders 31.2% of net income for the last five years, its market value having reached R\$ 679 million. The net indebtedness level is still low and with a profile that is very appropriate to the company's needs.

The start-up of operations of its new plant in the Municipality of Jundiaí, State of São Paulo, was the biggest event worth noting in 2007. By investing R\$ 31 million, Itautec transformed an old shut down plant into an industrial complex that will meet the growing demand for IT and banking automation equipment. With this, the annual capacity to produce PCs will increase to 500,000 units (a growth of 67% in relation to 2006), whereas the notebook's will increase to 216,000 units. The production of Banking and Commercial Automation equipments was also increased, with the implementation of a second production line, in addition to the installation of a safe and cabinet production plant.

The company's presence abroad follows the strategy that it devised towards internationalization and clearly shows the competitiveness of the adopted business model, as it account for 28% of revenue, 31% larger than in 2006.

Itautec's total investment in 2007 reached R\$ 117 million. Of this amount, R\$ 53 million were invested in Research & Development, a fundamental activity for maintaining its products up-to-date and competitive in the several markets the company operates. The volume of investments in this activity, which reached R\$ 254 million in the last five years, enabled Itautec to become the Brazilian IT company with the strongest presence abroad and caused the company's products to win several awards, such as those granted by the International Forum Design of Hannover, in Germany.

Elekeiroz

The maintenance of China's enormous growth continued to boost the demand for basic raw materials in the international market, among which petroleum and its byproducts. Even though petroleum was traded at US\$ 100 per barrel, pushing costs throughout the production chain, the margin of petrochemical products were satisfactory.

The increase of 8.7% in the domestic apparent consumption of chemical products for industrial use in the year was not met by the local production, which grew only 1.6% in the period. The difference was supplied by imports, raising by 57% the commercial deficit of this industry, which reached US\$ 13.3 billion.

In this scenario in 2007, the company's exports grew 11%, reaching 520 thousand tons. The gross and net revenues increased 21% to R\$ 1,083 million and R\$ 871 million, respectively. In the period, exports grew 15%, totaling R\$ 163 million. In relation to the net revenue, 75% of it came from the civil construction, automotive, textile and exports.

The company invested R\$ 31 million in the plants of Camaçari, State of Bahia, and Várzea Paulista, State of São Paulo to raise productivity, reduce operating costs, improve the control over industrial operations, increase the installed capacities and replace equipments. The strategy of focusing on products with higher added value made it sell the remaining installations of the industrial complex of Taubaté, disposed in 2006, and stop the carbon disulphide production.

The favorable scenario, the taken actions and the significant growths in shipment and revenue resulted in important improvements in the use of installed capacity and business profitability, taking into consideration that the net income reached R\$ 71 million, the return on average equity stood at 19.8% and EBITA amounted to R\$ 129 million, equivalent to a EBITA margin of 14.8% of net revenue. The Board of Elekeiroz decided to pay dividends in the amount of R\$ 0.67 per share, 3.8x higher of the amount paid in the previous year, totaling R\$ 21 million, which is equivalent of 30% of the net income.

For the three-year period, from 2008 to 2010, the company forecasts investments in automation and expansion of the oxo-alcohol, phthalic and maleic anhydride, plasticizer and unsaturated polyester resin plants. These investments will be financed by a long-term financing amounting to R\$ 116 million obtained from BNDES. The company also started studies aimed at reemploying the existing technology in the company to use ethanol as raw material for producing "green" n-butanol.

HUMAN CAPITAL MANAGEMENT

Itaúsa and its subsidiaries have over 78 thousand employees. In the year, they invested R\$ 82 million in education, training and development programs. Compensation of personnel, plus charges and benefits, totaled

R\$ 5,256 million. Welfare benefits granted to employees and their dependants totaled R\$ 859 million and comprise supplementary pension plan, food, health and dental care, social services, scholarships, entertainment, sports and cultural activities, loans at subsidized interest rates, insurance, transportation vouchers, donations and special grants, among others.

SOCIAL AND ENVIRONMENTAL HIGHLIGHTS

In 2007, Itaúsa companies invested R\$ 185 million in social and cultural projects. Among the large range of projects on environmental preservation, we highlight the creation of the Committee on Social, Cultural and Environmental Sustainability, which comprises the totality of Itaúsa's industrial companies, as well as the establishment of the Environmental Policy to the industrial segment.

Banco Itaú developed its Social and Environmental Risk Policy for Credit to Businesses, published on the website www.itaubr.com.br/socioambiental. It launched the "Uso Consciente da Conta Corrente e de Acessibilidade" (Responsible Use of Current Account and Accessibility) programs. In relation to customer relationship, it continued the "Uso Consciente de Crédito" (Responsible Use of Credit) and "Mais Segurança" (More Security) programs.

Debates, lectures and events about social and environmental responsibility gathered several stakeholder segments during the "Seminário Itaú de Microfinanças" (Itaú Seminar on Microfinance) and "Diálogos Itaú de Sustentabilidade" (Itaú's Dialogues about Sustainability), which had the Nobel Peace Prize winner Al Gore. We also highlight the "Plante o Amanhã" (Cultivate the Tomorrow) campaign and the launch of Itaú Renda Fixa Ecomudança (fixed-income fund), which will allocate part of its management fees to finance projects for offsetting carbon emissions.

Duratex launched the Carbon Sequestration Program. The company's investments in environment totaled R\$ 14 million during the year, 24% higher than in 2006, of which we highlight the treatment of effluents, collection of residues and maintenance of forest areas. The Deca Division was awarded at the fifth Brazilian Environment Benchmarking.

Elekeiroz is a signatory to the Responsible Care program, managed in Brazil by the Brazilian Chemical Industry Association (Abiquim), representing it at Fiesp in the Task Force on Water Resources, because it recognizes that the proper handling of issues of the environment, safe operations, recycling of materials and reduction of consumption of scarce resources such as water, electric energy and fossil fuels, are essential for its sustainability. In August it sponsored the eleventh congress on responsible care, in which it participated in the presentation of the "15 anos de melhoria ambiental na Indústria Química" (15 years of environmental improvement in the Chemical Industry) and in July it was mentioned in the cover article of the Petro & Química magazine for its actions focused on energy efficiency and environmental responsibility.

Since the middle of 2007, Elekeiroz participates in the Agenda 21, coordinated by the municipal government of Várzea Paulista, State of São Paulo, with the purpose of debating problems and finding solutions to ensure the sustainable development of this region, based on the National Environmental Policy. In addition to the local municipal government and representatives of 12 municipalities of the region, this Program counts on the participation of bodies such as the Ministry of the Environment and the State of São Paulo Environmental Agency (CETESB), representatives of non-governmental organizations and other civil society entities.

Itautec's attitude towards the environment was fundamental for gaining recognition by the Environmental Award granted by Fiesp and the Brazilian Environment Benchmarking. In addition to ISO 14001 certificate, Itautec follows the standards for the use of nonpolluting materials and recycling set by the international organizations ROHS and WEEE, respectively.

In relation to education and culture, we highlight initiatives such as the second edition of "Itaú Criança" (Itaú Child). Fundação Itaú Social and the Ministry of Education (MEC) signed a protocol for the use of the methodology adopted by "Escrevendo o Futuro" (Writing the Future) program in the creation of the Brazilian Portuguese Language Olympiad. They have also entered into a partnership for the use of the methodology of "Melhoria da Educação no Município" (Improvement of Municipal Education) program for training consultants. Fundação Itaú Social also invested in 25 projects of its own and supported 165 institutions. The 7th edition of the Itaú-Unicef Award, which recognizes the work of organizations that contribute to the development of children and teenagers, was also held.

Banco Itaú also contributes to the development of society through banking products. The PIC Esperança and PIC Itaú Criança Capitalization Plans transferred R\$ 4 million to the K-12 education programs and Itaú's Fund of Social Excellence (FIES) distributed R\$ 3 million to 20 non-governmental organizations responsible for projects focused on child, environmental and labor education.

In the year that it celebrated 20 years of existence, Instituto Itaú Cultural received over 265,000 visitors in its headquarters in São Paulo. It organized 194 events in all Brazilian states and in Montevideo, Buenos Aires and Lima, among which are the "Rumos" (Directions) Program, the "Itaú Contemporâneo" exhibit and the first edition of the Latin American Photography Forum of São Paulo. It also launched the new website and the monthly magazine "Continuum Itaú Cultural", and held the second edition of "Antídoto" - International Seminar on Cultural Actions in Conflict Zones.

As a contribution to society, Itaú Cultural launched eighty four new products and donated over 57,000 items to libraries, cultural and educational institutions, researchers, educators, artists and TV stations. In total, Itaú Holding invested R\$ 183 million in social and cultural projects in the year. The projects supported by the Rouanet Law totaled R\$ 47 million.

INDEPENDENT AUDITORS - CVM INSTRUCTION No. 381

. Procedures adopted by the Company

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

During the period from January to December 2007, 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:

- January 25, 2007 - Advisory services agreement for preparation of monthly/annual report for reimbursement of 2007 Value-Added Tax (IVA) - Banco Itaú Europa Luxembourg;
- March 08, 2007 - Agreement for using an electronic library of international accounting standards - Itaú Holding - Brazil;
- March 27, 2007 - Advisory services agreement in order to resolve specific issues regarding accounting issues - Banco Itaú Europa;
- March 27, 2007 - Advisory services agreement in order to resolve specific issues regarding accounting and tax treatment - Banco Itaú Europa;
- May 25, 2007 - Service agreement related to US GAAP course - Banco Itaú S.A.- Brazil;
- July 11, 2007 - Consulting and advisory services agreement in order to resolve specific issues involving tax, accounting and corporate law - Itaú Holding - Brazil; and
- July 20, 2007 - Compensation and benefits survey of domestic companies - OCA S.A. - Uruguay.

. Independent Auditors' justification

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

ACKNOWLEDGEMENTS

We thank our stockholders and clients for their trust, which we seek to repay by providing differentiated results and quality products and services. We also thank our employees for their talent, which have provided the sustainable growth of our business.

(Approved at the Meeting of the Board of Directors held on February 18, 2008)

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

BOARD OF DIRECTORS

Chairman

OLAVO EGYDIO SETUBAL

Vice Chairwoman

MARIA DE LOURDES EGYDIO VILLELA

Directors

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JOSÉ CARLOS MORAES ABREU

PAULO SETUBAL

FISCAL COUNCIL

President

JOSÉ MARCOS KONDER COMPARATO

Members

ARTEMIO BERTHOLINI

PAULO RICARDO MORAES AMARAL

EXECUTIVE BOARD

President and General Manager

OLAVO EGYDIO SETUBAL

Executive Directors Vice Presidents

JAIRO CUPERTINO

ROBERTO EGYDIO SETUBAL

Executive Directors

HENRI PENCHAS (*)

RENATO ROBERTO CUOCO

DISCLOSURE AND TRADING COMMITTEE

ALFREDO EGYDIO ARRUDA VILLELA FILHO

HENRI PENCHAS

PAULO SETUBAL

(*) *Investor Relations Director*

Accountant

REGINALDO JOSÉ CAMILO

CT-CRC-1SP - 114.497/O – 9

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

OLAVO EGYDIO SETUBAL

Vice-Chairmen

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JOSÉ CARLOS MORAES ABREU

ROBERTO EGYDIO SETUBAL

Directors

ALCIDES LOPES TÁPIAS

ALFREDO EGYDIO SETUBAL

CARLOS DA CAMARA PESTANA

FERNÃO CARLOS BOTELHO BRACHER

GERALDO JOSÉ CARBONE

GUILLERMO ALEJANDRO CORTINA

GUSTAVO JORGE LABOISSIERE LOYOLA

HENRI PENCHAS

MARIA DE LOURDES EGYDIO VILLELA

PERSIO ARIDA

ROBERTO TEIXEIRA DA COSTA

SERGIO SILVA DE FREITAS

TEREZA CRISTINA GROSSI TOGNI

EXECUTIVE BOARD**Chief Executive Officer**

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Senior Vice President

HENRI PENCHAS

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SILVIO APARECIDO DE CARVALHO

Managing Directors

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MARCO ANTONIO ANTUNES

WAGNER ROBERTO PUGLIESE

INTERNATIONAL ADVISORY BOARD

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ARTUR EDUARDO BROCHADO DOS SANTOS SILVA

CARLOS DA CAMARA PESTANA

FERNÃO CARLOS BOTELHO BRACHER

HENRI PENCHAS

JOSÉ CARLOS MORAES ABREU

MARIA DE LOURDES EGYDIO VILLELA

ROBERTO TEIXEIRA DA COSTA

RUBENS ANTONIO BARBOSA

SERGIO SILVA DE FREITAS

ADVISORY BOARD

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LICIO MEIRELES FERREIRA

LUIZ EDUARDO CAMPELLO

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Members

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CARLOS DA CAMARA PESTANA

FERNÃO CARLOS BOTELHO BRACHER

JOSÉ CARLOS MORAES ABREU

ROBERTO EGYDIO SETUBAL

ROBERTO TEIXEIRA DA COSTA

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CARLOS DA CAMARA PESTANA

Members

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GUSTAVO JORGE LABOISSIERE LOYOLA

TEREZA CRISTINA GROSSI TOGNI

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ALCIDES LOPES TÁPIAS

ALFREDO EGYDIO ARRUDA VILLELA FILHO

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ANTONIO JACINTO MATIAS

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ROBERTO TEIXEIRA DA COSTA

SILVIO APARECIDO DE CARVALHO

TEREZA CRISTINA GROSSI TOGNI

FISCAL COUNCIL**President**

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Members

ALBERTO SOZIN FURUGUEM

MARCOS DE ANDRADE REIS VILLELA

(*) *Investor Relations Director*

ITAÚSA EUROPA - INVESTIMENTOS SGPS LDA.

MANAGING BOARD

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CARLOS DA CAMARA PESTANA
HENRI PENCHAS
JOSÉ CARLOS MORAES ABREU
JOSÉ FRANCISCO CLARO
MARIA DE LOURDES EGYDIO VILLELA
OLAVO EGYDIO SETUBAL
PAULO SETUBAL
ROBERTO EGYDIO SETUBAL

BANCO ITAÚ EUROPA S.A.

BOARD OF DIRECTORS

Chairman

ROBERTO EGYDIO SETUBAL

Vice Chairman

CARLOS DA CAMARA PESTANA

Board Members

ALFREDO EGYDIO SETUBAL
ALMIR VIGNOTO
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

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

FISCAL COUNCIL

President

JOSÉ MATA SOUSA MENDES

Members

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

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

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Vice Chairmen

LAERTE SETUBAL FILHO

MARIA DE LOURDES EGYDIO VILLELA

PAULO SETUBAL

Directors

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

MÁRCIO LUCIANO MANCINI

EXECUTIVE BOARD**Chief Executive Officer**

PAULO SETUBAL

Executive Managing Vice Presidents

GUILHERME ARCHER DE CASTILHO

PLINIO DO AMARAL PINHEIRO (*)

RAUL PENTEADO

Executive Directors

ENRIQUE JUDAS MANUBENS

MÁRIO COLOMBELLI FILHO

Managing Directors

ALEXANDRE COELHO NETO DO NASCIMENTO

ANTONIO JOAQUIM DE OLIVEIRA

ANTONIO MASSINELLI

ELCIDIR ELCIO BERMUSSI

FLÁVIO DIAS SOARES

MARCO ANTONIO MILLEO

DISCLOSURE COMMITTEE**Members**

PAULO SETUBAL

PLINIO DO AMARAL PINHEIRO

RAUL PENTEADO

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

OLAVO EGYDIO SETUBAL

Vice Chairman

JOSÉ CARLOS MORAES ABREU

Directors

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JAIRO CUPERTINO

PAULO SETUBAL

RENATO ROBERTO CUOCO

RICARDO EGYDIO SETUBAL

EXECUTIVE BOARD**Chief Executive Officer**

PAULO SETUBAL

General Manager

GUILHERME ARCHER DE CASTILHO

Executive Managing Vice President

CLÁUDIO VITA FILHO

RAUL PENTEADO

RICARDO EGYDIO SETUBAL (*)

Executive Director

WILTON RUAS DA SILVA

DISCLOSURE COMMITTEE**Members**

RICARDO EGYDIO SETUBAL

PAULO SETUBAL

GUILHERME ARCHER DE CASTILHO

RAUL PENTEADO

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

OLAVO EGYDIO SETUBAL

Vice Chairmen

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JOSÉ CARLOS MORAES ABREU

PAULO SETUBAL

Directors

CESAR CALVO HUIDOBRO

RAUL PENTEADO

REINALDO RUBBI

EXECUTIVE BOARD**Chief Executive Officer**

PAULO SETUBAL

General Manager

REINALDO RUBBI (*)

Directors

CARLOS CALVO SANZ

RICARDO JOSÉ BARALDI

DISCLOSURE COMMITTEE**Members**

REINALDO RUBBI

PAULO SETUBAL

() Investor Relations Director*

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED BALANCE SHEET

(In thousands of reais)

ASSETS	12/31/2007	12/31/2006
Current assets	231,122,582	170,708,888
Cash and cash equivalents	4,458,579	3,732,337
Interbank investments (Notes 4a and 5)	55,219,093	29,879,956
Securities and derivative financial instruments (Notes 4b, 4c and 6)	54,124,468	37,670,603
Securities	29,604,139	18,619,412
Derivative financial instruments	2,953,327	1,959,143
Assets guaranteeing technical provision - PGBL/VGBL fund quotas (Note 11b)	18,664,004	14,323,595
Assets guaranteeing technical provision - other securities (Note 11b)	2,902,998	2,768,453
Interbank accounts of subsidiaries	17,340,515	15,222,539
Loan, lease and other credit operations (Note 7)	69,932,906	59,933,697
Operations with credit granting characteristics (Note 4d)	74,465,829	64,441,527
(Allowance for loan losses) (Note 4e)	(4,532,923)	(4,507,830)
Inventories (Notes 4f and 8)	669,290	482,304
Products	661,799	476,051
Real estate	7,491	6,253
Other receivables	27,171,491	22,823,016
Foreign exchange portfolio (Note 9)	16,099,986	12,872,015
Deferred tax assets (Note 14b I)	2,326,428	2,723,659
Sundry (Note 13a)	8,849,852	7,266,022
(Allowance for loan losses)	(104,775)	(38,680)
Other assets (Notes 4g and 13b)	298,062	315,862
Prepaid expenses (Notes 4h and 13c)	1,908,178	648,574
Non-current assets	68,913,120	43,724,290
Long-term receivables	63,384,011	37,601,654
Interbank investments (Notes 4a and 5)	1,669,600	1,592,750
Securities and derivative financial instruments (Notes 4b, 4c and 6)	8,376,940	9,539,709
Securities	6,544,285	7,312,516
Derivative financial instruments	1,174,016	1,399,662
Assets guaranteeing technical provision - other securities (Note 11b)	658,639	827,531
Interbank accounts of subsidiaries	386,798	354,747
Loan, lease and other credit operations (Note 7)	37,689,381	16,783,966
Operations with credit granting characteristics (Note 4d)	41,082,118	19,706,820
(Allowance for loan losses) (Note 4e)	(3,392,737)	(2,922,854)
Other receivables	12,835,964	8,589,352
Foreign exchange portfolio (Note 9)	2,669,828	-
Deferred tax assets (Note 14b I)	4,166,041	3,741,731
Sundry (Note 13a)	6,000,095	4,847,621
Other assets (Notes 4g and 13b)	16,483	7,560
Prepaid expenses (Notes 4h and 13c)	2,408,845	733,570
Permanent assets	5,529,109	6,122,636
Investments (Notes 4i and 15a II)	1,291,623	2,023,119
Investments in affiliates	1,008,546	1,779,561
Other investments	283,077	243,558
Fixed assets (Notes 4j and 15b)	3,433,581	3,545,277
Fixed assets for own use	8,371,282	8,271,990
Leased properties	85,920	112,254
Forest reserves	130,679	111,302
(Accumulated depreciation)	(5,154,300)	(4,950,269)
Intangible (Note 15b)	7,592	5,788
Deferred charges (Notes 4k and 15b)	796,313	548,452
Organization and expansion expenditures	1,568,868	1,272,083
(Accumulated amortization)	(772,555)	(723,631)
TOTAL ASSETS	300,035,702	214,433,178

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED BALANCE SHEET

(In thousands of reais)

LIABILITIES	12/31/2007	12/31/2006
Current liabilities	173,764,292	120,062,715
Funds raised by subsidiaries (Notes 4a and 10)	126,313,887	83,113,460
Foreign currency	9,323,439	4,019,526
Local currency	78,138,526	60,168,238
Money market	38,851,922	18,925,696
Subordinated debt (Note 10)	2,065,107	61,900
Derivative financial instruments (Notes 4c and 6b)	2,493,250	1,292,540
Borrowings (Note 4a)	434,945	293,377
Foreign currency	193,552	151,393
Local currency	241,393	141,984
Statutory and social contributions	3,039,101	2,587,295
Tax and social security contributions (Note 14c)	2,493,087	1,889,410
Other liabilities	31,879,132	25,706,176
Foreign exchange portfolio (Note 9)	16,243,458	13,123,604
Credit card operations	8,705,802	6,877,710
Securitization of foreign payment orders (Note 10)	166,327	217,874
Sundry (Note 13d)	6,763,545	5,486,988
Interbank accounts of subsidiaries	1,855,960	2,174,746
Technical provisions for insurance, pension plan and capitalization (Notes 4l and 11a)	3,189,823	2,943,811
Non-current liabilities	92,220,819	67,000,223
Long-term liabilities	92,220,819	67,000,223
Funds raised by subsidiaries (Notes 4a and 10)	45,082,202	35,392,783
Foreign currency	5,202,876	5,432,112
Local currency	14,041,661	9,541,660
Money market	25,837,665	20,419,011
Subordinated debt (Note 10)	9,310,176	4,504,490
Derivative financial instruments (Notes 4c and 6b)	1,431,704	983,741
Borrowings (Note 4a)	527,402	368,983
Foreign currency	226,812	152,689
Local currency	300,590	216,294
Tax and social security contributions (Note 14c)	8,591,156	6,194,482
Other liabilities	6,635,903	3,463,104
Foreign exchange portfolio (Note 9)	2,674,110	-
Securitization of foreign payment orders (Note 10)	943,248	1,313,842
Sundry (Note 13d)	3,018,545	2,149,262
Technical provisions for insurance, pension plan and capitalization (Notes 4l and 11a)	20,642,276	16,092,640
Deferred income (Note 4o)	117,372	124,939
Minority interest (Note 20d)	18,257,410	14,403,016
Stockholders' equity of the parent company (Note 16)	15,675,809	12,842,285
Capital	7,500,000	5,200,000
Capital reserves	27,576	26,824
Revaluation reserves	30,720	43,318
Revenue reserves	8,110,698	7,600,397
Adjustment to market value - securities and derivative financial instruments	37,317	96,691
(-) Treasury shares	(30,502)	(124,945)
Stockholders' equity of the Itaúsa Group	33,933,219	27,245,301
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	300,035,702	214,433,178

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

(In thousands of reais)

	01/01 to 12/31/2007	01/01 to 12/31/2006
OPERATING REVENUES	56,413,575	51,672,724
Sales of products and services	14,028,201	12,554,562
Insurance, pension plan and capitalization	9,113,519	8,198,973
Financial	22,181,154	19,378,434
Financial income from insurance, pension plan and capitalization operations (Note 11c)	2,210,270	2,117,128
Securities	8,109,965	8,547,410
Equity in earnings of affiliates	219,563	294,367
Other operating revenues (Note 13e)	550,903	581,850
OPERATING EXPENSES	(44,593,548)	(43,218,907)
Cost of products and services	(2,789,741)	(2,641,442)
Insurance, pension plan and capitalization	(7,894,759)	(7,074,146)
Equity	(6,254,467)	(6,231,066)
Administrative	(10,975,886)	(9,799,776)
Management fees	(235,901)	(234,120)
Financial	(9,432,410)	(10,147,803)
Financial expenses on technical provisions for pension plan and capitalization (Note 11c)	(1,840,601)	(1,704,078)
Other operating expenses (Note 13f)	(5,169,783)	(5,386,476)
OPERATING INCOME	11,820,027	8,453,817
NON-OPERATING INCOME (Note 13g)	2,831,012	520,780
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	14,651,039	8,974,597
INCOME TAX AND SOCIAL CONTRIBUTION (Notes 4n and 14a I)	(4,949,525)	(1,476,156)
Due on operations for the period	(3,239,361)	(2,559,202)
Related to temporary differences	(1,710,164)	1,083,046
PROFIT SHARING	(785,284)	(702,459)
Employees - Law 10,101 of 12/19/2000	(633,289)	(527,841)
Officers - Statutory - Law 6,404 of 12/15/1976	(151,995)	(174,618)
NET INCOME OF THE ITAÚSA GROUP	8,916,230	6,795,982
NET INCOME RELATING TO MINORITY INTEREST IN SUBSIDIARIES (Note 20d)	(4,927,748)	(2,310,351)
NET INCOME OF PARENT COMPANY	3,988,482	4,485,631
NUMBER OF OUTSTANDING SHARES – in thousands	3,526,409	3,177,929
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES – R\$	1,131.03	1,411.50
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES – R\$	4,445.26	4,041.09
EXCLUSION OF NONRECURRING EFFECTS (Note 20c)	(326,429)	(1,106,275)
NET INCOME OF PARENT COMPANY WITHOUT NONRECURRING EFFECTS	3,662,053	3,379,356
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES - R\$	1,038.47	1,063.38
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES (WITHOUT BONUS EFFECTS) - R\$	1,141.24	1,063.38

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

(In thousands of reais)

	01/01 to 12/31/2007	01/01 to 12/31/2006
A - FINANCIAL RESOURCES WERE PROVIDED BY	37,078,034	32,494,826
NET INCOME FOR THE YEAR	3,988,482	4,485,631
Items not representing changes in net working capital		
Minority interest	4,927,748	2,310,351
Depreciation and amortization	770,570	760,603
Equity in the earnings of subsidiaries, net of received dividends	(159,057)	(248,475)
Amortization of goodwill	-	3,111,934
Changes in provisions	43,765	-
Other	(6,877)	(7,058)
ADJUSTED NET INCOME	9,564,631	10,412,986
STOCKHOLDERS' RESOURCES	300,752	100,182
Capital increase	300,000	100,000
Premium on subscription of shares	752	182
THIRD PARTIES' RESOURCES	27,212,651	21,981,658
Increase in long-term liabilities	25,220,596	17,530,230
Cost of disposed permanent assets	397,271	85,185
Cost of investment disposals	37,566	6,787
Elimination of investments included in consolidation for the period	963,467	-
Change in deferred income	(7,567)	8,487
Change in minority interest, net	601,318	4,350,969
B - FINANCIAL RESOURCES WERE USED FOR	30,365,917	11,301,336
Increase in long-term receivables	25,782,357	3,132,366
Adjustment to market value - securities and derivatives – subsidiary and affiliated companies	31,572	98,567
Purchased properties and other fixed assets	875,314	934,557
Investments in the period	125,993	976,768
Goodwill on purchase of investments	-	3,111,934
Increase in deferred assets	479,673	351,448
Purchase of treasury shares	56,000	124,945
Dividends paid to minority stockholders	1,674,672	1,268,798
Dividends proposed	1,340,336	1,301,953
INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)	6,712,117	21,193,490
INCREASE (DECREASE) IN NET WORKING CAPITAL	6,712,117	21,193,490
At the beginning of the year	50,646,173	29,452,683
Current assets	170,708,888	117,440,972
Current liabilities	120,062,715	87,988,289
At the end of the year	57,358,290	50,646,173
Current assets	231,122,582	170,708,888
Current liabilities	173,764,292	120,062,715

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

ASSETS	12/31/2007	12/31/2006
Current assets	1,408,440	1,374,222
Cash and cash equivalents	142	27
Securities (Note 6a)	313,214	482,976
Deferred tax assets (Nota 14b I)	16,597	23,380
Other sundry receivables (Note 13a)	1,078,487	867,839
Non-current assets	16,950,730	14,308,330
Long-term receivables	24,732	27,761
Securities (Note 6a)	33	33
Deferred tax assets (Note 14b I)	1,188	13,497
Other sundry receivables (Note 13a)	23,511	14,231
Permanent assets	16,925,998	14,280,569
Investments		
Investments in subsidiaries (Note 15a I)	16,913,972	14,267,712
Other investments	4,121	4,125
Fixed assets (Note 15b)	7,905	8,732
TOTAL ASSETS	18,359,170	15,682,552
LIABILITIES		
Current liabilities	1,106,997	1,156,979
Dividends / interest on capital payable	1,068,916	1,024,784
Tax and social security contributions	10,284	115,237
Other liabilities	27,797	16,958
Non-current liabilities	13,932	19,951
Long-term liabilities – tax and social security contributions	13,932	19,951
Stockholders' equity (Note 16)	17,238,241	14,505,622
Capital (Note 16a)	7,500,000	5,200,000
Capital reserves	27,576	26,824
Revaluation reserves	30,720	43,318
Revenue reserves (Note 16c)	9,673,130	9,263,734
Adjustment to market value - securities (Notes 4b, 4c and 6a)	37,317	96,691
(-) Treasury shares	(30,502)	(124,945)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	18,359,170	15,682,552

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**STATEMENT OF INCOME***(In thousands of reais)*

	01/01 to 12/31/2007	01/01 to 12/31/2006
OPERATING REVENUES	4,057,742	3,731,666
Securities	215,111	181,769
Equity in earnings of subsidiaries (Note 15a I)	3,840,475	3,547,756
Other operating revenues	2,156	2,141
OPERATING EXPENSES	(70,122)	(129,090)
Equity	(872)	(879)
Administrative	(28,279)	(24,266)
Management fees	(7,101)	(5,449)
Other operating expenses (Note 13f)	(33,870)	(98,496)
OPERATING INCOME	3,987,620	3,602,576
NON-OPERATING INCOME (Note 15a I)	(79,373)	1,984,937
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	3,908,247	5,587,513
INCOME TAX AND SOCIAL CONTRIBUTION (Note 4n)	(14,247)	85,262
Due on operations for the period	608	(14,881)
Related to temporary differences	(14,855)	100,143
PROFIT SHARING	(6,423)	(4,100)
Officers - Statutory - Law 6,404 of 12/15/1976	(6,423)	(4,100)
NET INCOME	3,887,577	5,668,675
NUMBER OF OUTSTANDING SHARES – in thousands (Note 16a)	3,526,409	3,177,929
NET INCOME PER THOUSAND SHARES – R\$	1,102.42	1,783.76
BOOK VALUE PER THOUSAND SHARES – R\$	4,888.33	4,564.49
EXCLUSION OF NONRECURRING EFFECTS (Note 20c)	(562,822)	(2,473,107)
NET INCOME OF PARENT COMPANY WITHOUT NONRECURRING EFFECTS	3,324,755	3,195,568
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES - R\$	942.82	1,005.55
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES (WITHOUT BONUS EFFECTS) - R\$	1,036.12	1,005.55

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Note 16)

(In thousands of reais)

	Capital	Capital reserves			Revaluation reserves	Revenue reserves			Adjustment to market value - securities/derivatives	Treasury shares	Retained earnings	Total
		Reversal of reserves unrealized profits	Premium on subscription of shares	Options for tax incentives		Legal	Unrealized profits	Statutory				
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
Change in adjustment to market value - subsidiaries	-	-	-	-	-	-	-	-	(52,195)	-	(18,278)	(70,473)
Subscription of shares	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Premium on issuance of shares	-	-	182	-	-	-	-	-	-	-	-	182
Capital increase with reserves	100,000	-	(1,781)	-	-	-	-	(98,219)	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	(434,191)	-	434,191	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(124,945)	-	(124,945)
Reversal of reserves unrealized profits	-	-	-	-	(6,074)	-	-	-	-	-	6,074	-
Net income for the period	-	-	-	-	-	-	-	-	-	-	5,668,675	5,668,675
Appropriations:												
Legal reserve	-	-	-	-	-	283,434	-	-	-	-	(283,434)	-
Unrealized profits	-	-	-	-	-	-	239,650	-	-	-	(239,650)	-
Statutory reserve	-	-	-	-	-	-	-	3,831,434	-	-	(3,831,434)	-
Interest on capital	-	-	-	-	-	-	-	-	-	-	(1,301,953)	(1,301,953)
At December 31, 2006	5,200,000	25,013	182	1,629	43,318	872,249	239,650	8,151,835	96,691	(124,945)	-	14,505,622
Change in adjustment to market value - subsidiaries	-	-	-	-	-	-	-	-	(59,374)	-	-	(59,374)
Subscription of shares	300,000	-	-	-	-	-	-	-	-	-	-	300,000
Premium on issuance of shares	-	-	752	-	-	-	-	-	-	-	-	752
Capital increase with reserves	2,000,000	-	-	-	-	-	-	(2,000,000)	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	(150,443)	-	150,443	-	-
Reversal/realization of reserves	-	-	-	-	(12,598)	-	-	12,598	-	-	-	-
Reversal of reserves unrealized profits	-	-	-	-	-	-	(239,650)	-	-	-	239,650	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(56,000)	-	(56,000)
Net income for the period	-	-	-	-	-	-	-	-	-	-	3,887,577	3,887,577
Appropriations:												
Legal reserve	-	-	-	-	-	194,379	-	-	-	-	(194,379)	-
Statutory reserve	-	-	-	-	-	-	-	2,592,512	-	-	(2,592,512)	-
Dividends	-	-	-	-	-	-	-	-	-	-	(169,358)	(169,358)
Interest on capital	-	-	-	-	-	-	-	-	-	-	(1,170,978)	(1,170,978)
At December 31, 2007	7,500,000	25,013	934	1,629	30,720	1,066,628	-	8,606,502	37,317	(30,502)	-	17,238,241

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

(In thousands of reais)

	01/01 to 12/31/2007	01/01 to 12/31/2006
A - FINANCIAL RESOURCES WERE PROVIDED BY	1,784,360	1,400,120
NET INCOME FOR THE PERIOD	3,887,577	5,668,675
Items not representing movement of net working capital		
Depreciation and amortization	872	879
Equity in the earnings of subsidiaries, net of received dividends	(2,420,362)	(4,433,224)
Provision for losses	3	(2)
Amortization of goodwill	12,489	6,199
ADJUSTED NET INCOME	1,480,579	1,242,527
STOCKHOLDERS' RESOURCES	300,752	100,182
Capital increase	300,000	100,000
Premium on subscription of shares	752	182
THIRD PARTIES' RESOURCES	3,029	57,411
Increase in long-term liabilities	-	11,197
Cost of investment disposals	-	46,214
Decrease in long-term receivables	3,029	-
B - FINANCIAL RESOURCES WERE USED FOR	1,700,160	1,526,324
Increase in long-term receivables	-	16,842
Purchased properties and other fixed assets	45	8
Investments in the period	297,761	82,576
Purchase of treasury shares	56,000	124,945
Proposed dividends and interest on capital	1,340,336	1,301,953
Decrease in long-term liabilities	6,018	-
INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)	84,200	(126,204)
INCREASE (DECREASE) IN NET WORKING CAPITAL	84,200	(126,204)
At the beginning of the period	217,243	343,447
Current assets	1,374,222	1,211,452
Current liabilities	1,156,979	868,005
At the end of the period	301,443	217,243
Current assets	1,408,440	1,374,222
Current liabilities	1,106,997	1,156,979

ITAÚSA INVESTIMENTOS ITAÚ S.A.

NOTES TO THE FINANCIAL STATEMENTS

FROM JANUARY 1 TO DECEMBER 31, 2007 AND 2006

(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 those restricted to 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 estimates necessary to calculate accounting provisions.

In the preparation of the financial statements, the Company made the changes provided for by the CVM Resolution 488 of October 3, 2005.

At the ESM held on December 26, 2006, stockholders approved the purchase of all shares of the capital stock of BankBoston (BKB) operations in Chile and Uruguay, converting them into Banco Itaú Holding Financeira (ITAÚ HOLDING) wholly-owned subsidiary companies, a subsidiary of ITAÚSA; this acquisition was recorded at December 31, 2006 in the heading Investments – investments in affiliates of the Balance Sheet and in earnings of affiliates of the Consolidated Statement of Income. On February 1, 2007, February 7, 2007 and March 12, 2007, these transactions were approved by BACEN, by the Superintendency of Bank and Financial Institutions of Chile (SBIF) and by the Uruguayan authorities, respectively, and therefore they started being included in the consolidation process on March 31, 2007.

The consolidated statement of income from January 1 to December 12, 2006 includes BKB's results in Brazil as from May 1, 2006. In order to enable the proper analysis of the net income, the heading "Net income without the nonrecurring effects" is presented below the Consolidated Statement of Income, and this effect is highlighted in a heading called "Exclusion of the nonrecurring effects" (Note 20c).

On May 31, 2007 the acquisitions of BAC subsidiary companies, BankBoston International (BBI) and BankBoston Trust Company Limited (BBT), by ITAÚ HOLDING subsidiary companies, Banco Itaú Europa S.A. and Banco Itaú Europa Luxembourg S.A., were concluded. The related goodwill amounting to R\$ 95.665 was fully amortized in the consolidated financial statements (Note 13f).

On June 28, 2007, ITAÚ HOLDING disposed of 22.33% of the interest it held in the capital stock of Serasa S.A., comprising 832,176 shares, to Experian Brasil Aquisições Ltda., and the remaining indirect interest of 10.29% was no longer consolidated as from that date (Note 15a II). Income from this transaction before taxes amounted to R\$ 742,523 (Note 13g).

In 2007, public stock offerings were carried out, in which ITAÚ HOLDING sold part of interest in the capital of the companies below:

Company	Operation date	Disposal		Remaining share (%)	Income before taxes (Note 13g)
		Share (%)	Number of shares		
Redecard S.A.	07/11 and 31	8.73	53,798,700	23.21	1,544,439
Bovespa Holding S.A.	10/26	1.62	11,422,427	4.02	248,453
Bolsa de Mercadorias & Futuros - BM&F S.A.	12/03	1.53	13,856,195	2.31	226,823

On December 28, 2007, ITAÚ HOLDING and LPS Brasil – Consultoria de Imóveis S.A. (LOPES), by way of its subsidiaries, entered into a partnership agreement to promote and offer real estate products and financial services, comprising the incorporation of a promotion company proportionally held by these companies, the equal distribution of profits after capital cost, arising from the distribution of these products and services and the execution of commissioning agreements to offer and sell other financial products and services. ITAÚ HOLDING paid R\$ 290,000 for the agreement to SATI – Assessoria Imobiliária Ltda. (SATI), a LOPES' subsidiary. This payment is recorded in Prepaid Expenses and will be amortized in 240 months (20 years). If the promotion company meets certain predefined targets, SATI may receive an additional amount of up to R\$ 220,000 over a ten-year period (Note 13c).

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

NOTE 3 – CONSOLIDATED FINANCIAL STATEMENTS

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

The difference in Net Income and Stockholders' Equity between ITAÚSA and ITAÚSA CONSOLIDATED (Note 16d) results from the elimination of unrealized profits (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 originated on purchase of investments and the recognition of deferred tax assets.

In ITAÚSA, goodwill recorded in subsidiaries, mainly originated from the acquisition of BKB operations in Brazil, Chile and Uruguay, BBI and BBT, from the partnership to set up the Financeira 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 upon realization of the investments.

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

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

		Incorporation country	Interest (%)	
			12/31/2007	12/31/2006
FINANCIAL SERVICES AREA				
Afínco Américas Madeira, SGPS, Sociedade Unipessoal, LDA		Portugal	44.76	44.64
Banco Fiat S.A.		Brasil	44.76	44.64
Banco Itaú BBA S.A.		Brasil	42.86	42.74
Banco Itaú Buen Ayre S.A.		Argentina	44.76	44.64
Banco Itaú Cartões S.A.	(1)	Brasil	-	44.64
Banco Itaú Chile (Note 2)		Chile	44.76	-
Banco Itaú Europa Luxembourg S.A.		Luxemburgo	89.20	89.14
Banco Itaú Europa, S.A.		Portugal	89.21	89.19
Banco Itaú Holding Financeira S.A.	(2)	Brasil	44.76	44.64
Banco Itaú S.A.		Brasil	44.76	44.64
Banco Itaú Uruguay S.A. (Note 2)		Uruguai	44.76	-
Banco ItauBank S.A.		Brasil	44.76	44.64
Banco Itaucard S.A.		Brasil	44.76	44.64
Banco Itaucred Financiamentos S.A.		Brasil	44.76	44.64
Banco Itauleasing S.A.	(3)	Brasil	44.76	44.64
BIU Participações S.A.	(4)(5)	Brasil	18.65	-
Cia. Itaú de Capitalização		Brasil	44.76	44.64
FAI - Financeira Americanas Itaú S.A Crédito, Financiamento e Investimento	(4)	Brasil	22.38	22.32
Fiat Administradora de Consórcios Ltda		Brasil	44.76	44.64
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento	(6)	Brasil	22.38	22.32
Itaú Administradora de Consórcios Ltda		Brasil	44.76	44.64
Itaú Bank, Ltd	(7)	Ilhas Cayman	44.76	44.64
Itaú Corretora de Valores S.A.		Brasil	44.76	44.64
Itaú Seguros S.A.		Brasil	44.76	44.64
Itaú Vida e Previdência S.A.		Brasil	44.76	44.64
Itaú XL Seguros Corporativos S.A.	(6)	Brasil	22.38	-
ItauBank Leasing S.A. Arrendamento Mercantil		Brasil	44.76	44.64
Itaúsa Export S.A.		Brasil	87.72	87.69
Oca Casa Financiera S.A. (Note 2)		Uruguai	44.76	-
Orbitall Serviços e Processamento de Informações Comerciais S.A.		Brasil	44.76	44.64
Redecard S.A. (Note 2)	(4)	Brasil	10.39	14.26
Serasa S.A. (Note 2)		Brasil	-	14.45
INDUSTRIAL AREA				
Duratex S.A.	(2)	Brasil	41.43	41.76
Elekeiroz S.A.	(2)	Brasil	96.46	96.49
Itaúsa Empreendimentos S.A.		Brasil	99.96	99.95
Itautec S.A.	(2)	Brasil	94.01	94.01

(1) Company spun off on July 31, 2007 into Banco Itaucard S.A and Banco Itaú S.A.

(2) Listed company.

(3) New corporate name of Cia. Itauleasing de Arrendamento Mercantil, approved by BACEN on September 12, 2007.

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

(5) Company incorporated on June 27, 2007, the capital of which was paid in with the transfer of shares of Serasa S.A., represented by remaining interest of 10.29% (Note 2).

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

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

NOTE 4 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES

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

b) Securities

I- In ITAÚSA and non-financial subsidiaries (Industrial Area) are recorded at cost of acquisition restated and adjusted to reflect the market value, when this is lower.

II- In financial subsidiaries, insurance, pension plan and capitalization companies and their subsidiaries (Financial Services Area), recorded at cost of acquisition restated by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Circular 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, and adjusted to market value, with a contra-entry to the results for the period;
- Available-for-sale securities – securities that can be negotiated but are not acquired to be actively and frequently traded. They are adjusted to their market value with a contra-entry to an account disclosed in stockholders' equity; and
- Held-to-maturity securities – securities, except for non-redeemable shares, for which the 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 their maturity date, not being adjusted to market value.

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

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

III- The effects of the procedures described in item 2 above, in the Financial Services subsidiaries of ITAÚSA, recorded under stockholders' equity or the statement of income, were equally recorded in stockholders' equity or in the equity of earnings of parent company in proportion to the ownership percentage.

c) Derivative financial instruments - These are classified on the date of their acquisition, according to management's intention of using them either as a hedge or not, according to BACEN Circular 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 financial assets and liabilities, which have changes in market value highly associated with those of the items being protected at the beginning and throughout the duration of the contract, and which are found effective to reduce the risk related to the exposure being protected, are classified as a hedge, in accordance with their nature:

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

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

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

Depreciation is calculated using the straight-line method, based on monetarily corrected 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 estate in use	4%	to	8%
Installations, furniture, equipment and security, transportation and communication systems	10%	to	25%
EDP systems	20%	to	50%

k) Deferred charges - Deferred organization and expansion expenditures mainly represent leasehold improvements and acquisition of software, and acquisition of customer portfolios, which are amortized in periods from five to ten years.

l) Technical provisions of insurance, pension plan and capitalization – provisions are recognized according to the technical notes approved by SUSEP and criteria established by CNSP Resolution 162 of December 26, 2006 and the amendments introduced by CNSP Resolution 181, of December 19, 2007.

I- Insurance:

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

II- Pension Plan and Individual life with living benefits - A correspond to liabilities assumed such as retirement plans, disability, pension and annuity:

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

III- Capitalization:

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

m) Contingent Assets and Liabilities and Legal Liabilities – Tax and Social Security: assessed, recognized and disclosed according to the provisions set forth in CVM Resolution 489 of October 3, 2005.

I- Contingent Assets and Liabilities

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

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

Escrow deposits are restated in accordance with the current legislation.

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

II- Legal Liabilities – Tax and Social Security

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

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

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

Income tax	15.00%
Additional income tax	10.00%
Social contribution (Note 20e II)	9.00%
PIS (1)	1.65%
COFINS (1)	7.60%
ISS	up to 5.00%
CPMF (2)	0.38%

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

(2) As from January 1, 2008, the withholding and payment of this contribution were ended, pursuant to Regulatory Instruction 450, of September 21, 2004, of the Federal Revenue Service.

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

NOTE 5 - INTERBANK INVESTMENTS

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

	12/31/2007	12/31/2006
Money market	41,456,970	20,687,459
Funded position (*)	20,090,514	12,019,176
Financed position	21,005,308	8,653,804
With free movement	-	498,580
Without free movement	21,005,308	8,155,224
Short position	361,148	14,479
Money market – Assets Guaranteeing Technical Provisions - SUSEP	1,146,582	717,972
Interbank deposits	14,285,141	10,067,275
TOTAL	56,888,693	31,472,706

(*) Includes R\$ 6,850,110 (R\$ 4,327,063 at 12/31/2006) related to money market with free movement, in which securities are basically restricted to guarantee transactions at the Brazilian Mercantile and Futures Exchange (BM&F) and the Central Bank of Brazil (BACEN).

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

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

a) Summary

Description	Cost	Provision for adjustment to market value with impact on		Market value	
		Result	Stockholders' equity	12/31/2007	12/31/2006
Itaúsa and Industrial Area					
Securities	1,156,763	-	-	1,156,763	983,859
Derivative Financial Instruments	9,221	(2,090)	-	7,131	(9,323)
Subtotal	1,165,984	(2,090)	-	1,163,894	974,536
Financial Services Area (1)					
Trading securities (2)	38,821,447	(43,242)	-	38,778,205	27,573,758
Available-for-sale securities	16,947,727	-	59,310	17,007,037	13,688,470
Held-to-maturity securities (3)	1,432,060	-	-	1,432,060	1,605,420
Derivative financial instruments	3,792,742	327,470	-	4,120,212	3,368,128
Subtotal	60,993,976	284,228	59,310	61,337,514	46,235,776
Deferred taxes			(31,566)		
Adjustments of securities reclassified to held-to-maturity category			21,915		
Adjustment of securities of unconsolidated affiliates			15,485		
Total adjustment to market value			65,144		
Total Securities and Derivative Financial Instruments (Assets)	62,159,960	282,138		62,501,408	47,210,312
Derivative Financial Instruments – Itaúsa and Industrial Area	(64,723)	(2,927)		(67,650)	(30,014)
Derivative Financial Instruments – Financial Area	(3,790,389)	(66,915)		(3,857,304)	(2,246,267)
Total Securities and Derivative Financial Instruments (Liabilities)	(3,855,112)	(69,842)		(3,924,954)	(2,276,281)
Minority interest			(27,827)		
Amounts separately disclosed in Stockholders' equity of ITAÚSA			37,317		

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

(2) Includes portfolios of PGBL and VGBL plan securities, in the amount of R\$ 18,664,004 (R\$ 14,323,595 at 12/31/2006) whose ownership and embedded risks belong to clients, and recorded as marketable securities in compliance with SUSEP requirements, with contra-entry to liabilities, in Technical Provision for Pension Plans.

(3) Securities classified under this category, if stated at market value, would present a positive adjustment of R\$ 205,085 (positive adjustment in the amount of R\$ 187,348 at 12/31/2006).

At ITAÚSA, the amount of R\$ 313,247 (R\$ 483,009 at 12/31/2006) 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 assets prices and credit, aiming to hedge against default by counterparts. Accordingly, ITAÚSA and its subsidiaries are fully involved in the derivative markets for meeting the growing needs of their clients, as well as carrying out their risk management policy. Such policy is based on the use of derivative instruments to minimize the risks resulting from commercial and financial operations.

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

The main risk factors of the derivatives, assumed at December 31, 2007, were related to the foreign exchange rate, interest rate, U.S. dollar coupon, Reference Rate coupon, Libor and variable income. The management of these and other market risk factors is supported by the infrastructure of sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to optimize the risk-return ratios, even under highly volatile situations.

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

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

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

- Swaps: the cash flow of each leg is discounted to present value, according to the corresponding interest curves, obtained based on the BM&F prices and/or market prices of the government securities for Brazilian transactions, and on the international exchange prices for transactions carried out abroad.
- Futures and Forward Contracts: quotation on the exchanges or adoption of a criterion identical to those used for swaps.
- Options: statistical models that incorporate the volatility of the asset value, the interest rates, the exercise price and the spot price of the goods, such as the Black & Scholes model.
- Credit: pricing model involving a payment flow in the case of no event, and in the case of event, the notional amount is paid in exchange for unsettled securities.

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

The tables below summarize the notional amount restated to market price and the respective net exposures in the balance sheet for the derivative financial instruments.

	MEMORANDUM ACCOUNT NOTIONAL AMOUNT		BALANCE SHEET ACCOUNT RECEIVABLE (RECEIVED) (PAYABLE)/PAID	ADJUSTMENT TO MARKET VALUE	MARKET VALUE	
	12/31/2007	12/31/2006	12/31/2007	12/31/2007	12/31/2007	12/31/2006
Futures contracts	103,018,832	190,720,774	(120,548)	38,520	(82,028)	5,588
Purchase commitments	42,175,866	57,508,787	28,928	(434,869)	(405,941)	32,199
Commitments to sell	60,842,966	133,211,987	(149,476)	473,389	323,913	(26,611)
Swap contracts			(241,365)	175,188	(66,177)	587,252
Asset position	47,200,043	112,786,253	1,570,486	221,784	1,792,270	1,723,227
Liability position	47,441,408	112,147,436	(1,811,851)	(46,596)	(1,858,447)	(1,135,975)
Option contracts	132,271,560	232,495,445	39,660	194	39,854	171,452
Purchase commitments – long position	36,296,164	137,511,164	126,360	(44,951)	81,409	52,548
Commitments to sell – long position	25,947,077	26,365,253	324,677	111,698	436,375	397,959
Purchase commitments – short position	45,217,870	45,490,566	(287,960)	31,277	(256,683)	(115,184)
Commitments to sell – short position	24,810,449	23,128,462	(123,417)	(97,830)	(221,247)	(163,871)
Forward contracts			954,841	415	955,256	457,975
Purchase receivable			33,174	17	33,191	1,032
Purchase payable			(33,174)	-	(33,174)	(3,585)
Sales receivable			1,070,960	439	1,071,399	466,327
Sales deliverable			(116,119)	(41)	(116,160)	(5,799)
Other derivative financial instruments	40,771,679	19,580,691	(685,737)	41,221	(644,516)	(139,743)
Asset position	22,121,911	10,592,070	676,306	36,393	712,699	712,124
Liability position	18,649,768	8,988,621	(1,362,043)	4,828	(1,357,215)	(851,867)
		ASSETS	3,801,963	325,380	4,127,343	3,358,805
		LIABILITIES	(3,855,112)	(69,842)	(3,924,954)	(2,276,281)
		TOTAL	(53,149)	255,538	202,389	1,082,524

Derivative contracts mature as follows (in days):

Clearing	0 - 30	31 - 180	181 - 365	Over 365	12/31/2007	12/31/2006
Futures	21,992,851	27,967,745	20,533,864	32,524,372	103,018,832	190,720,774
Swaps	6,450,482	14,678,487	7,161,956	17,338,632	45,629,557	111,598,206
Options	69,554,147	12,728,755	48,032,323	1,956,335	132,271,560	232,495,445
Other	7,766,654	15,674,823	9,224,449	8,105,753	40,771,679	19,580,691

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

	12/31/2007				Total	12/31/2006
	Futures	Swaps	Options	Other		
BM&F/Bovespa	97,372,239	9,998,831	118,629,386	6,050,951	232,051,407	231,982,473
Over-the-counter market	5,646,593	35,630,726	13,642,174	34,720,728	89,640,221	322,412,643
Financial institutions	5,646,593	16,047,063	11,965,879	26,700,004	60,359,539	264,225,466
Companies	-	17,882,585	1,676,295	8,007,369	27,566,249	57,258,280
Individuals	-	1,701,078	-	13,355	1,714,433	928,897
Total	103,018,832	45,629,557	132,271,560	40,771,679	321,691,628	554,395,116
Total 12/31/2006	190,720,774	111,598,206	232,495,445	19,580,691	554,395,116	

Credit derivatives

	Credit risk amount		Effect on the calculation of the required net equity	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Transferred	(4,287,331)	(649,154)	(471,606)	(71,407)
Credit swaps whose underlying assets are:				
Securities	(4,217,331)	(438,804)	(463,906)	(48,268)
Derivatives with companies	(70,000)	(50,000)	(7,700)	(5,500)
Credit swaps whose underlying assets are:				
Securities	-	(160,350)	-	(17,639)
Received	2,228,982	2,861,557	74,155	59,464
Credit swaps whose underlying assets are:				
Securities	2,072,982	2,761,557	56,995	48,464
Derivatives with companies	156,000	100,000	17,160	11,000
Total	(2,058,349)	2,212,403	(397,451)	(11,943)

The market value of the credit derivative operations described above, recorded in assets, totals R\$ 39,453 (R\$ 33,125 at 12/31/2006), and in liabilities R\$ 45,862 (R\$ 30,631 at 12/31/2006). During the period, there was no occurrence of a credit event as provided for in the agreements.

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

a) Summary

I- By type of operations

	12/31/2007	12/31/2006
Loan operations	73,507,512	57,418,531
Lease operations	28,502,174	15,842,384
Credit card operations	11,533,048	9,320,527
Advances on exchange contracts (1)	1,796,564	1,358,949
Other sundry receivables (2)	208,649	207,956
Total	115,547,947	84,148,347
Endorsements and sureties (3)	12,484,269	10,034,446
Total with endorsements and sureties	128,032,216	94,182,793

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

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

(3) Recorded in Memorandum Accounts.

II- By business sector

	12/31/2007	%	12/31/2006	%
Public sector	865,535	0.7	855,537	1.0
Private sector	114,682,412	99.3	83,292,810	99.0
Companies	54,298,559	47.0	40,625,489	48.3
Individuals	60,383,853	52.3	42,667,321	50.7
Total	115,547,947	100.0	84,148,347	100.0

b) Allowance for loan losses

	01/01 to 12/31/2007	01/01 to 12/31/2006
Opening balance	(7,430,684)	(4,107,176)
Balance arising from the acquisition of BKB operations in Brazil at 04/30/2006	-	(370,812)
Balance arising from the acquisition of BKB operations in Chile and Uruguay at 12/31/2006	(131,077)	-
Net increase for the period	(6,563,386)	(6,447,640)
Write-off	6,199,487	3,494,944
Closing balance	(7,925,660)	(7,430,684)
Specific allowance (1)	(3,400,177)	(3,317,907)
Generic allowance (2)	(2,375,483)	(2,412,777)
Additional allowance (3)	(2,150,000)	(1,700,000)

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

(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 expected losses resulting from a strong reversal of the economic cycle, quantified based on historical data considering loan portfolios in case of economic crisis.

Note: The specific and generic allowances reflect the effects of the supplementary allowance totaling R\$ 292,235 (R\$ 254,975 at 12/31/2006) 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 December 31, 2007, the balance of the allowance for loan losses in relation to the credit portfolio is equivalent to 6.9% (8.8% at 12/31/2006).

c) Recovery and renegotiation of credits

I- Composition of the result of allowance for loan losses

	01/01 to 12/31/2007	01/01 to 12/31/2006
Net increase for the period	(6,563,386)	(6,447,640)
Recoveries	1,068,491	943,018
Result of allowance for loan losses	(5,494,895)	(5,504,622)

II - Renegotiated credits

	12/31/2007	12/31/2006
Renegotiated credits	2,927,769	2,726,332
Allowance for loan losses	(1,524,855)	(1,576,415)
(%)	52.1	57.8

NOTE 8 – INVENTORIES

	12/31/2007	12/31/2006
Products	661,799	476,051
Raw material	328,768	202,421
Work in process	34,979	39,767
Finished products	242,091	174,612
Storeroom	55,961	59,251
Real estate	7,491	6,253
Total	669,290	482,304

NOTE 9 – FOREIGN EXCHANGE PORTFOLIO

	12/31/2007	12/31/2006
ASSETS – OTHER RECEIVABLES	18,769,814	12,872,015
Exchange purchase pending settlement – foreign currency	9,941,536	6,851,561
Bills of exchange and term documents – foreign currency	437	1,448
Exchange sale rights – local currency	8,948,512	6,205,132
(-) Advances received – local currency	(120,671)	(186,126)
LIABILITIES – OTHER LIABILITIES (Note 2)	18,917,568	13,123,604
Exchange sales pending settlement – foreign currency	8,595,206	6,148,571
Liabilities from purchase of foreign currency – local currency	10,319,481	6,972,146
Other	2,881	2,887
MEMORANDUM ACCOUNTS	278,910	188,562
Outstanding import credits – foreign currency	242,097	136,176
Confirmed export credits – foreign currency	36,813	52,386

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

	12/31/2007	12/31/2006
Foreign currency	14,526,315	9,451,638
Funds from acceptance and issuance of securities	3,451,973	4,066,389
Borrowings and onlendings (1)	11,074,342	5,385,249
Local Currency	92,180,187	69,709,898
Deposits	81,535,226	61,103,081
Funds from acceptance and issuance of securities	4,919,135	3,475,000
Borrowings and onlendings	5,725,826	5,131,817
Securitization of foreign payment orders (2)	1,109,575	1,531,716
Deposits received under securities repurchase agreements	64,689,587	39,344,707
Own portfolio	43,348,711	30,976,428
Third-party portfolio	20,984,361	8,352,714
Free portfolio	356,515	15,565
Subordinated debt	11,375,283	4,566,390
Certificate of deposits	9,963,119	2,125,410
Debentures	620,600	623,715
Euronotes	791,564	962,545
Redeemable preferred shares	-	854,720
Redeemable preferred shares (3)	707,842	-
Total	184,588,789	124,604,349

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

(2) Recorded in Other Liabilities;

(3) Redeemable preferred shares are classified in the balance sheet in Minority Interest as from June 2007.

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

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Mathematical provision of benefits to be granted and ben	6,745	6,926	20,116,639	15,634,564	-	-	20,123,384	15,641,490
Unearned premiums	850,653	780,079	270,307	260,436	-	-	1,120,960	1,040,515
Mathematical provision for redemptions	-	-	-	-	1,075,630	1,051,556	1,075,630	1,051,556
Raffle contingency	-	-	-	-	43,761	65,167	43,761	65,167
Unsettled claims	543,315	362,518	77,606	34,576	-	-	620,921	397,094
Financial surplus	1,802	1,501	322,931	297,149	-	-	324,733	298,650
IBNR	146,288	215,068	27,864	45,727	-	-	174,152	260,795
Financial variation	-	-	94,475	85,906	-	-	94,475	85,906
Premium deficiency	75,186	68,402	12,373	9,986	-	-	87,559	78,388
Health care (1)	44,090	47,528	-	-	-	-	44,090	47,528
Other	31,096	20,874	12,373	9,986	-	-	43,469	30,860
Insufficient contribution	-	-	60,532	50,096	-	-	60,532	50,096
Other (2)	18,483	1,761	79,923	54,601	7,586	10,432	105,992	66,794
TOTAL	1,642,472	1,436,255	21,062,650	16,473,041	1,126,977	1,127,155	23,832,099	19,036,451

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

In compliance with USGAAP standards, the provisions recorded in the financial statements filed with the SEC (Securities and Exchange Commission) were conservatively estimated at R\$ 582,194 at 12/31/2006 (R\$ 614,109 at 12/31/2005), sufficient to cover deficits until the termination of the plans in 2099.

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

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

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

b) Assets Guaranteeing Technical Provision - SUSEP

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Interbank investments – Money market	401,901	193,743	300,366	265,947	444,315	258,282	1,146,582	717,972
Securities and derivative financial instruments	969,897	966,031	20,554,127	16,065,975	701,617	887,573	22,225,641	17,919,579
PGBL/VGBL fund quotas (1)	-	-	18,664,004	14,323,595	-	-	18,664,004	14,323,595
Other	969,897	966,031	1,890,123	1,742,380	701,617	887,573	3,561,637	3,595,984
Government	337,160	312,705	886,036	777,918	22,005	143,701	1,245,201	1,234,324
Private	632,737	653,326	1,004,087	964,462	679,612	743,872	2,316,436	2,361,660
Credit rights (2)	263,500	270,066	229,844	189,136	-	-	493,344	459,202
TOTAL	1,635,298	1,429,840	21,084,337	16,521,058	1,145,932	1,145,855	23,865,567	19,096,753

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

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

c) Results of Operations

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	01/01 to 12/31/2007	01/01 to 12/31/2006	01/01 to 12/31/2007	01/01 to 12/31/2006	01/01 to 12/31/2007	01/01 to 12/31/2006	01/01 to 12/31/2007	01/01 to 12/31/2006
Income from financial operations	150,194	167,373	145,678	137,204	73,797	108,473	369,669	413,050
Financial income from insurance, pension plan and capitalization	150,611	167,762	1,908,384	1,769,070	151,275	180,296	2,210,270	2,117,128
Financial expenses on technical provisions for pension plan and capitalization	(417)	(389)	(1,762,706)	(1,631,866)	(77,478)	(71,823)	(1,840,601)	(1,704,078)
Result of operations from insurance, pension plan and capitalization	552,794	569,723	396,289	346,636	269,677	208,468	1,218,760	1,124,827
Premiums and contributions	2,274,707	2,154,226	5,839,809	5,120,571	882,003	794,170	8,996,519	8,068,967
Changes in technical provisions	(81,261)	(97,088)	(2,788,465)	(2,573,719)	(588,537)	(555,761)	(3,458,263)	(3,226,568)
Expenses for claims	(1,259,192)	(1,162,882)	(161,653)	(124,725)	-	-	(1,420,845)	(1,287,607)
Selling expenses	(366,612)	(337,620)	(28,888)	(23,405)	(1,606)	(1,046.00)	(397,106)	(362,071)
Expenses for benefits and redemptions	(1,301)	-	(2,467,203)	(2,045,461)	(18,562)	(25,150)	(2,487,066)	(2,070,611)
Other income and expenses	(13,547)	13,087	2,689	(6,625)	(3,621)	(3,745)	(14,479)	2,717
TOTAL	702,988	737,096	541,967	483,840	343,474	316,941	1,588,429	1,537,877

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

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

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

b) **Contingent Liabilities:**

- **Calculation criteria:**

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

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

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

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

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

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

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

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

Change in Provision for Contingent Liabilities	01/01 to 12/31/2007					01/01 to 12/31/2006
	Civil	Labor	Tax and social	Other	Total	Total
Opening balance	828,231	1,568,930	516,038	89,318	3,002,517	2,316,647
Balance arising from the acquisition of BKB on 04/30/2006	-	-	-	-	-	202,650
Write-off due to the spin off of Credicard on 04/30/2006	-	-	-	-	-	(188,852)
(-) Contingencies guaranteed by indemnity clauses (Note 4m I)	(20,289)	(550,896)	(7,048)	-	(578,233)	-
Subtotal	807,942	1,018,034	508,990	89,318	2,424,284	2,330,445
Change in the period reflected in results	<u>825,473</u>	<u>480,226</u>	<u>101,223</u>	<u>8,171</u>	<u>1,415,093</u>	<u>627,588</u>
Restatements/Charges	-	-	49,010	-	49,010	32,609
Increase	825,473	480,226	96,691	8,171	1,410,561	672,322
Write-offs through reversal	-	-	(44,478)	-	(44,478)	(77,343)
Payments	(390,136)	(269,199)	(37,018)	-	(696,353)	(533,749)
Subtotal	1,243,279	1,229,061	573,195	97,489	3,143,024	2,424,284
(+) Contingencies guaranteed by indemnity clauses (Note 4m I)	44,633	563,683	10,174	-	618,490	578,233
Closing balance (Note 13d)	1,287,912	1,792,744	583,369	97,489	3,761,514	3,002,517
Escrow deposits at 12/31/2007 (Note 13a)	473,718	1,079,569	330,163	-	1,883,450	
Escrow deposits at 12/31/2006 (Note 13a)	425,450	683,382	299,110	-	1,407,942	

- **Contingencies classified as possible:** not recognized in the accounting books and comprise Civil Lawsuits amounting to R\$ 184,682 and Tax and Social Security Lawsuits amounting to R\$ 1,825,032. The principal characteristics of these lawsuits are described below:
- CPMF (Tax on Bank Account Outflows – R\$ 426,505: refers to tax assessment notices issued for collection of deferred tax asset 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.
 - IRPJ/CS (Income Tax/Social Contribution) on disposal of investments – R\$ 370,656: refers to tax assessment notice issued due to tax effects on disposal of investments. Awaiting Court's decision.
 - IR/PDD (Income Tax/Allowance for Loan Losses) – R\$ 154,680: Reject the IN 80/93, which reduced the percentage from 1.5% to 0.5% for realization of the Allowance for Loan Losses in base year 1993, calculated by adopting the Regulatory Instruction (IN) 76/87 and the CMN Resolution 1,748, of August 31, 1990. The company makes allegations about the impossibility of applying the rule to events occurred in the fiscal year when it was enacted (principle of anteriority). A suspension was awarded for the company's appeal, however, the judgment by the Federal Regional Court of the 3rd Region is pending.
 - CPMF – Transfer of Securities – R\$ 145,987: refers to tax assessment notices issued for collection of deferred tax asset related to CPMF on payment of liabilities arising from transfer of securities. A decision from the Taxpayers' Council is pending.
 - ISS – Banking Institutions – R\$ 129,468: refers to tax assessments notices issued by municipalities for collection of ISS on amounts recorded in several accounts, on the grounds of being service revenue. An administrative final decision or tax foreclosure is pending.
 - Apportionment of Net Assets by Book Value – R\$ 119,527: refers to the tax assessment notice issued due to the deduction of capital loss computed in the winding-up and liquidation of investments. Awaiting Court's decision.

The amount of R\$ 1,150,625 (R\$ 977,965 at 12/31/2006) related to Securities, the amount of R\$ 1,145,219 (R\$ 537,409 at 12/31/2006) (Note 13a) of deposits, as well as Permanent Assets in the amount of R\$ 1,033,386 (R\$ 984,757 at 12/31/2006), according to Article 32 of Law 10,522/02, are pledged in guarantee of voluntary appeals related to lawsuits involving contingent liabilities. As a result of the unconstitutionality lawsuit 1976, the Federal Supreme Court ruled unconstitutional the requirement of guarantees for considering voluntary appeals on April 10, 2007. The Bank is requesting the cancellation of the pledging of guarantees to the Federal Revenue Service.

The Receivables balance arising from reimbursements of contingencies totals R\$ 565,203 (R\$ 651,039 at 12/31/2006) (Note 13a), basically represented by the guarantee in the Banerj privatization process occurred in 1997, in which the State of Rio de Janeiro created a fund to guarantee the equity recomposition from losses on Civil, Labor and Tax Contingencies.

c) Legal liabilities - Tax and Social Security

Change in legal liabilities	01/01 to 12/31/2007	01/01 to 12/31/2006
Opening balance	4,054,382	2,785,373
Balance arising from the acquisition of BKB on 04/30/06	-	195,406
Write-off due to the spin off of Credicard on 04/30/06	-	(119,107)
Change in the period reflected in results	<u>1,624,658</u>	<u>1,212,835</u>
Charges on taxes	322,973	565,180
Net increase	1,322,673	786,255
Write-offs through reversal	(20,988)	(138,600)
Payments	(17,272)	(20,125)
Closing balance (Note 14c)	5,661,768	4,054,382
Probability of loss		
Probable	1,010,140	1,071,250
Possible	346,537	341,499
Remote	4,305,091	2,641,633
Change in escrow deposits	01/01 to 12/31/2007	01/01 to 12/31/2006
Opening balance	2,407,101	1,623,711
Balance arising from the acquisition of BKB on 04/30/06	-	81,804
Appropriation of income	211,661	500,931
Changes in the period	<u>444,172</u>	<u>200,655</u>
Deposited	455,871	220,455
Withdrawals	(8,681)	(17,807)
Conversion into income	(3,018)	(1,993)
Closing balance (Note 13a)	3,062,934	2,407,101

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 the accrual basis, which gave rise to additions to net income after tax of R\$ 47.811.

The main natures of processes are described as follows:

- PIS and COFINS X Law 9,718/98 – R\$ 2,228,842 – Assert the right of paying contributions to PIS and COFINS on revenue, not adopting the provisions of Article 3, paragraph 1, of Law 9,718/98, which established the inappropriate extension of the calculation bases of these contributions. The corresponding escrow deposit totals R\$ 480,859.
- IRPJ and CSLL X Profit earned Abroad – R\$ 777,187. Aimed at rejecting the requirement set forth by Regulatory Instruction 213/02, in view of its illegality, determining the inclusion of equity in earnings in the calculation of taxable income and the CSLL calculation basis, including that from disposal of investment abroad. The corresponding escrow deposit totals R\$ 248,020.
- CPMF (Tax on Bank Account Outflows) – Leasing companies – R\$ 609,822 – Aimed at giving the treatment granted to financial institutions to leasing companies as to zero rate of CPMF (Article 8, item 3, of Law 9,311/96). The corresponding escrow deposit totals R\$ 517,281.
- CSLL X Equality – R\$ 258,485 – Assert the right of paying CSLL at 8%, applicable to companies in general, according to the heading of Article 19 of Law 9,249/95, rejecting the provisions of paragraph 1 therein, which sets forth a differentiated rate (18%) for financial institutions in view of the infraction to the principle of equality. The corresponding escrow deposit totals R\$ 132,732.
- INSS X Supplementary Law 84/96 and Additional rate of 2.5% – R\$ 219,504 – Aimed at rejecting the levy of social security contribution at 15%, as well as an additional rate of 2.5%, on compensation paid to service providers that are individuals and managers, set forth by Supplementary Law 84/96, in view of its unconstitutionality, as this contribution has the same taxable year and income tax calculation basis, going against the provisions of Articles 153, item III, 154, item I, 156, item III and 195, paragraph 4, of Federal Constitution. The corresponding escrow deposit totals R\$ 170,149.
- PIS X Constitutional Amendment 17/97 – R\$ 204,187 – Aimed at rejecting the levy of PIS over a period, from the end of the term enforced by Constitutional Amendment 10/96 and the restart of its enforcement, with the enactment of Constitutional Amendment 17/97, based on principles of anteriority over 90 days and not

retroactive to tax laws and nonexistence of legislation for this period. Successively, aimed at paying PIS over the mentioned period based on Supplementary Law 7/70. The corresponding escrow deposit totals R\$ 13,009.

According to the opinion of the legal advisors, ITAÚSA and its subsidiary companies are not involved in any other administrative proceedings or lawsuits that may significantly affect the results of their operations. The combined evaluation of all existing provisions for all contingent liabilities and legal obligations, which are recognized through the adoption of statistical models for claims involving small amounts and separate analysis by internal and external legal advisors of other cases, showed that the amounts provided for are sufficient, according to the CMN Resolution 3,535 of January 31, 2008.

NOTE 13 – BREAKDOWN OF ACCOUNTS

a) Other Sundry Receivables

	12/31/2007	12/31/2006
Escrow deposits for provisions for contingent liabilities (Note 12b)	<u>3,028,669</u>	<u>1,945,351</u>
Contingencies classified as probable	1,883,450	1,407,942
Contingencies classified as possible	1,145,219	537,409
Escrow deposits for legal liabilities – tax and social security (Note 12c)	3,062,934	2,407,101
Negotiation and intermediation of securities	1,014,001	740,648
Taxes and contributions for offset	2,152,499	1,679,274
Social contribution for offset - MP 2,158 of August 24, 2001 (Note 14b I)	925,687	1,020,648
Receivables from reimbursement of contingent liabilities (Note 12b)	565,203	651,039
Income receivable	850,557	773,304
Insurance premium receivable	789,636	758,217
Trade notes receivable	851,169	762,034
Escrow deposits for foreign fund raising program	424,638	489,563
Receivables - sale of Credicard brand (1)	230,169	277,940
Tax incentive options	109,561	84,835
Sundry debtors	<u>506,737</u>	<u>466,225</u>
Domestic	308,887	335,035
Foreign	197,850	131,190
Other (2)	<u>338,487</u>	<u>57,464</u>
Total	<u>14,849,947</u>	<u>12,113,643</u>

(1) Refers to the exclusive right exercised by Citibank to use the Credicard brand as from January 1, 2009 (disclosed in Material Fact issued by ITAÚ HOLDING on 12/06/2006).

(2) Includes the amount of R\$ 128,133 related to the acquisition, at a public bidding, carried out by Banco Itaú in April 2007 of rights held by the Government of the State of Goiás on the receipt of funds and royalties from Itaipu Binacional.

At ITAÚSA, basically comprise Income Receivable of R\$ 965,861 (R\$ 731,677 at 12/31/2006) and Taxes and Contributions for Offset of R\$ 98,700 (R\$ 134,241 at 12/31/2006).

b) Other assets

	12/31/2007	12/31/2006
Assets not for own use	374,106	391,380
(-) Valuation allowance	(59,820)	(68,537)
Other	259	579
Total	314,545	323,422

c) Prepaid expenses

	12/31/2007	12/31/2006
Technical cooperation agreement (1)	2,124,509	968,906
Association for the Promotion and Provision of Financial and Real Estate Products (2)	288,792	-
Commissions	<u>1,626,624</u>	<u>204,732</u>
Related to insurance and pension plan	155,933	167,125
Related to vehicle financing (3)	1,436,277	-
Other	34,414	37,607
Advertising	145,137	117,275
Other	131,961	91,231
TOTAL	4,317,023	1,382,144

(1) Basically refers to the amounts spent to acquire rights to credit payrolls and perform tax collections for Municipal and State Governments. As of December 31, 2007, the balance basically represents the agreements entered into with the State Governments of Rio de Janeiro, Goiás and Minas Gerais, and with the Municipal Government of São Paulo.

(2) Refers to the amount paid to LOPES. (Note 2).

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

d) Other sundry liabilities

	12/31/2007	12/31/2006
Provision for contingent liabilities (Note 12b)	3,761,514	3,002,517
Collection and payment of taxes and contributions	355,670	221,019
Negotiation and intermediation of securities	1,986,005	1,097,787
Personnel provision	574,557	568,347
Suppliers	267,722	184,947
Sundry creditors	<u>1,636,807</u>	<u>1,641,266</u>
Domestic	1,406,535	1,557,925
Foreign	230,272	83,341
Liabilities related to insurance companies	196,507	203,841
Liabilities for official agreements and rendering of payment services	297,987	75,603
Provision and sundry creditors	<u>705,321</u>	<u>640,923</u>
Total	<u>9,782,090</u>	<u>7,636,250</u>

e) Other operating revenues

	01/01 to 12/31/2007	01/01 to 12/31/2006
Reversal of operating provisions	56,988	260,972
Legal liabilities – tax and social security (Note 12c)	20,988	138,600
Provision for contingencies – other (Note 12b)	-	77,343
Other	36,000	45,029
Recovery of charges and expenses	98,917	78,194
Equity in subsidiaries, not arising from net income	61,860	63,722
Other	333,138	178,962
Total	550,903	581,850

f) Other operating expenses

	01/01 to 12/31/2007	01/01 to 12/31/2006
Tax expenses (Note 14a II)	(2,579,425)	(2,401,459)
Provision for contingencies (Note 12b)	(934,867)	(280,192)
Civil (1)	(825,473)	(272,528)
Tax and social security	(101,223)	(4,942)
Other	(8,171)	(2,722)
Amortization of goodwill (2)	(301,412)	(1,387,287)
Operating expenses from industrial companies	(333,502)	(282,596)
Selling - credit cards	(426,964)	(337,932)
Claims	(185,389)	(175,732)
Other	(408,224)	(521,278)
Total	(5,169,783)	(5,386,476)

(1) Includes the provision for economic plans amounting to R\$ 397,768 (R\$ 79,155 from 01/01 to 12/31/2006).

(2) From 01/01 to 12/31/2007 refers basically to the purchase of BBI, BBT, and acquisition of share of BPI - SGPS S.A. (BPI) and acquisition of share of ITAÚ HOLDING. From 01/01 to 12/31/2006, it refers basically to acquisition of BKB, net of Inon-operating gain in ITAÚSA due to change in participation in ITAÚ HOLDING in the capital increase in the amount of R\$ 1,191,838 and of BPI shares in the amount of R\$ 115,008.

At ITAÚSA, basically composed of Tax Expenses in the amount of R\$ 12,279 (R\$ 90,041 from 01/01 to 12/31/2006).

g) Non-operating income

	01/01 to 12/31/2007	01/01 to 12/31/2006
Income from sale of investments (*)	2,826,709	401,327
(Provision)/reversal of non-operating provisions	18,462	40,974
Non-operating equity in earnings	13,193	38,617
Capital gains/(losses) and other	(27,352)	39,862
Total	2,831,012	520,780

(*) From 01/01 to 12/31/2007 is basically composed of R\$ 114,321, arising from gain on sale of the former head office of Banco ItauBank S.A. and R\$ 2,762,238 related to gain from disposal of investments in Serasa S.A., Redecard S.A., Bovespa Holding S.A. and Bolsa de Mercadorias & Futuros - BM&F S.A., in the amounts of R\$ 742,523, R\$ 1,544,439, R\$ 248,453 and R\$ 226,823, respectively (Note 2). From 01/01 to 12/31/2006 refers to effects of sale of Credicard brand in the amount of R\$ 269,519 by the subsidiary ITAÚ HOLDING and Block Trade operation of the subsidiary Duratex S.A..

NOTE 14 - TAXES

a) Composition of expenses for taxes and contributions

l) 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 12/31/2007	01/01 to 12/31/2006
Income before income tax and social contribution	14,651,039	8,974,597
Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (Note 4n), respectively	(4,981,353)	(3,051,363)
Increase/decrease to Income Tax and Social Contribution charges arising from:		
Permanent (additions) exclusions	(87,974)	1,427,253
Investments in affiliates	74,651	100,085
Foreign exchange variation on investments abroad	(542,456)	(172,043)
Interest on capital	152,244	822,179
Dividends, interest on external debt bonds and tax incentives	298,895	74,514
Gains (losses) on equity interests	5,720	660,027
Other	(77,028)	(57,509)
Temporary (additions) exclusions	1,729,048	(1,046,379)
Allowance for loan losses	(257,963)	(770,217)
Excess (insufficiency) of depreciation of leased assets	1,646,047	923,633
Adjustment to market value of trading securities and derivative financial instruments and adjustments from operations in futures markets	(100,831)	71,835
Interest on capital	507,932	(292,580)
Legal liabilities – tax and social security, contingent liabilities and restatement of escrow deposits	(454,316)	58,997
Income on sale of permanent asset items and rights	(350)	67,615
Goodwill on purchase of investments	236,203	(1,068,025)
Other non-deductible provisions	152,326	(37,637)
(Increase) Offset of income tax and social contribution loss carryforwards	100,918	111,287
Expenses for income tax and social contribution	(3,239,361)	(2,559,202)
Related to temporary differences		
Increase (reversal) for the period	(1,778,463)	946,979
Prior periods increase (reversal)	68,299	136,067
Income (expenses) from deferred taxes	(1,710,164)	1,083,046
Total income tax and social contribution	(4,949,525)	(1,476,156)

II) Composition of tax expenses:

	01/01 to 12/31/2007			01/01 a 12/31/2006		
	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	(331,219)	(1,842,431)	(2,173,650)	(292,854)	(1,644,726)	(1,937,580)
ISS	(16,208)	(288,891)	(305,099)	(15,125)	(310,857)	(325,982)
IPI	(178,568)	-	(178,568)	(158,453)	-	(158,453)
ICMS	(376,571)	-	(376,571)	(332,803)	-	(332,803)
CPMF	-	(278,801)	(278,801)	-	(328,336)	(328,336)
Other	(44,947)	(169,302)	(214,249)	(33,015)	(117,540)	(150,555)
Total (Note 4n)	(947,513)	(2,579,425)	(3,526,938)	(832,250)	(2,401,459)	(3,233,709)

(*) These taxes have been deducted within the Sales of Products and Services line.

At ITAÚSA, tax expenses basically comprises PIS in the amount of R\$ 2,297 (R\$ 15,126 from 01/01 to 12/31/2006) and COFINS in the amount of R\$ 10,579 (R\$ 69,921 from 01/01 to 12/31/2006).

III) Tax Effects on Foreign Exchange Management of Investments Abroad

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

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

b) Deferred tax assets

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

	12/31/2006	Acquisition of BKB Chile/Uruguay	Realization / Reversal	Increase	12/31/2007
Reflected in income and expense accounts	6,465,390	35,381	(2,269,826)	2,258,180	6,489,125
Related to income tax and social contribution loss carryforwards	541,513	5,652	(158,770)	118,317	506,712
Temporary differences:	<u>5,923,877</u>	<u>29,729</u>	<u>(2,111,056)</u>	<u>2,139,863</u>	<u>5,982,413</u>
Allowance for loan losses	2,353,420	14,521	(741,636)	931,847	2,558,152
Provision for interest on capital	502,830	-	(502,830)	-	-
Legal liabilities – tax and social security	421,551	-	(2,823)	302,318	721,046
Provision for contingent liabilities	<u>659,321</u>	<u>-</u>	<u>(242,007)</u>	<u>472,747</u>	<u>890,061</u>
Civil	257,835	-	(129,408)	280,032	408,459
Labor	251,739	-	(101,756)	151,123	301,106
Tax and social security	149,747	-	(10,843)	41,592	180,496
Allowance for real estate	23,598	-	(6,527)	12,369	29,440
Goodwill on purchase of investments	1,315,046	-	(245,296)	20,813	1,090,563
Provision for corporate restructuring	36,187	-	(36,187)	-	-
Other	611,924	15,208	(333,750)	399,769	693,151
Reflected in stockholders' equity accounts - Adjustment to market value of available-for-sale securities	-	-	-	3,344	3,344
Total deferred tax assets	6,465,390	35,381	(2,269,826)	2,261,524	6,492,469
Social contribution for offset arising from Option foreseen in article 8 of Provisional Measure 2,158-35 of August 24, 2001.	1,020,648	-	(94,961)	-	925,687

At ITAÚSA, deferred tax assets amount to R\$ 17,785 (R\$ 36,877 at 12/31/2006) and are basically represented by income tax and social contribution loss carryforwards, the expectation of realization of which is up to 5 years.

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

	12/31/2006	Acquisition of BKB Chile/Uruguay	Realization / Reversal	Increase	12/31/2007
Reflected in income and expense accounts	2,513,359	3,496	(283,640)	1,916,564	4,149,779
Depreciation in excess - leasing	1,888,678	-	-	1,666,089	3,554,767
Taxation on results abroad – capital gains	52,513	3,496	-	9,551	65,560
Adjustment from operations in futures market	284,374	-	(218,475)	88	65,987
Adjustment to market value of trading securities and derivative financial instruments	-	-	-	117,579	117,579
Restatement of escrow deposits related to legal and contingent liabilities	138,541	-	-	72,867	211,408
Income on sale of permanent asset items and rights	73,252	-	(353)	577	73,476
Other	76,001	-	(64,812)	49,813	61,002
Reflected in stockholders' equity accounts - Adjustment to market value of available-for-sale securities	66,360	-	(30,644)	-	35,716
Total	2,579,719	3,496	(314,284)	1,916,564	4,185,495

At ITAÚSA, the provision for deferred income tax and social contribution amounts to R\$ 1,854 (R\$ 69,051 as of December 31, 2006) and is represented basically by taxes levied on restatement of escrow deposits.

III- The estimates of realization and present value of Deferred Tax Assets and Social Contribution for Offset, arising from Provisional Measure 2,158-35 of 08/24/2001, and from the Provision for Deferred Income Tax and Social Contribution existing at December 31, 2007, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are:

Realization year	Deferred tax assets			Social contribution for offset	Provision for deferred income tax and social contribution	Net deferred taxes
	Temporary differences	Income tax and social contribution tax loss carryforwards	Total			
2008	1,896,048	482,694	2,378,742	524,148	(573,270)	2,329,620
2009	1,079,369	5,853	1,085,222	401,539	(634,845)	851,916
2010	1,140,894	6,056	1,146,950	-	(806,872)	340,078
2011	703,222	5,854	709,076	-	(820,106)	(111,030)
2012	493,159	6,257	499,416	-	(943,835)	(444,419)
After 2012	673,065	-	673,065	-	(406,567)	266,498
Total	5,985,757	506,712	6,492,469	925,687	(4,185,495)	3,232,661
Present value (*)	5,332,919	461,955	5,794,874	870,819	(3,621,252)	3,044,441

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

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

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

IV- Unrecorded deferred tax assets amount to R\$ 438,766 (R\$ 490,269 at 12/31/2006).

On December 31, 2007 there were no unrecorded deferred tax assets at ITAÚSA.

c) Tax and social security contributions

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

	12/31/2007	12/31/2006
Taxes and contributions on income payable	533,635	854,930
Taxes and contributions payable	703,345	594,861
Provision for deferred income tax and social contribution	4,185,495	2,579,719
Legal liabilities – tax and social security (Note 12c)	5,661,768	4,054,382
Total	11,084,243	8,083,892

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 financial operations:

	01/01 to 12/31/2007	01/01 to 12/31/2006
Taxes paid or provided for	8,751,964	6,921,199
Taxes withheld and collected from clients	8,516,460	9,130,934
Total	17,268,424	16,052,133

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

Companies	Balances at 12/31/2006 (a)	Subscription Acquisition/Sales	Receipt/ Provision of dividends and interest on capital (b)	Equity in earnings of subsidiaries	Adjustment to marketable securities of subsidiaries	Amortization of goodwill	Balances at 12/31/2007 (a)	Equity in earnings of subsidiaries 01/01 to 12/31/2006
Banco Itaú Holding Financeira S.A.	12,097,143	160,045	(1,267,360)	3,440,674 (c)	(43,728)	(10,901)	14,375,873	5,150,859 (c)
Itaucorp S.A.	644,974	6	(1,289)	124,366 (c)			768,057	117,097 (c)
Itaúsa Export S.A.	572,068	117,183	(87)	(4,700)	(13,286)	(599)	670,579	79,120
Duratex S.A.	419,741		(45,671)	83,655 (c)		(985)	456,740	64,868 (c)
Itautec S.A.	241,558		(24,119)	87,171		(4)	304,606	37,484
Elekpart Participações e Administração S.A.	134,330		(265)	27,912			161,977	10,420
Itaúsa Europa - Investimentos, SGPS, LDA.	107,667	20,529		2,903 (d)	(2,360)		128,739	19,693 (d)
Ith Zux Cayman Company Ltd.	35,585			(6,072) (d)			29,513	(1,993) (d)
Elekeiroz S.A.	9,395		(799)	2,998			11,594	805
Other subsidiaries	5,251	(2)	(5)	1,050	-		6,294	759 (c)
GRAND TOTAL	14,267,712	297,761	(1,339,595)	3,759,957	(59,374)	(12,489)	16,913,972	5,479,112

(a) Includes total goodwill/ negative goodwill, being: R\$ 153,029 at 12/31/2007 and R\$ 56,605 at 12/31/2006.

(b) Income receivable includes dividends and interest on capital receivable amounting to R\$ 965,861 (R\$ 731,677 at 12/31/2006).

(c) Includes non-operating expenses arising from change in interest, being: R\$ 80,518 of 01/01 at 12/31/2007 and revenue of R\$ 1,931,356 of 01/01 at 12/31/2006.

(d) Includes total foreign exchange expenses of R\$ 17,355 (R\$ 2,260 at 12/31/2006).

Companies	Capital	Stockholders' equity	Net income for the period	Number of shares owned by ITAÚSA		Equity in voting capital (%)	Equity in capital (%)
				Common	Preferred		
Banco Itaú Holding Financeira S.A.	14,254,213	31,732,368	7,865,776	1,072,947,120	56,060	86.34	44.76
Itaucorp S.A.	318,502	782,389	124,321	12,241,502	3,935,980	99.94	99.96
Itaúsa Export S.A.	659,223	1,011,705	(6,045)	17,300,341,732	174,542,235	80.00	77.77
Duratex S.A.	943,626	1,535,840	318,868	32,005,853	6,098,671	59.76	29.51
Itautec S.A.	196,410	423,376	100,928	10,366,478	-	88.97	88.97
Elekpart Participações e Administração S.A.	219,890	481,654	83,622	252,930,540	-	33.46	33.46
Itaúsa Europa - Investimentos, SGPS, LDA.	808,057	1,235,495	100,613	1 (a)	-	12.14	12.14
Ith Zux Cayman Company Ltd.	61,996	40,578	1,929	35,000,000	-	100.00	100.00
Elekeiroz S.A.	220,000	391,555	71,457	559,180	631,430	3.85	3.78

(a) Capital is formed by two quotas of different values.

II- Composition of investments

	12/31/2007	12/31/2006
Investments in affiliates	1,008,546	1,779,561
BPI - SGPS S.A.	756,383	693,729
Banco Itaubank - Chile (Note 2)	-	786,626
Banco Itaubank - Uruguay (Note 2)	-	176,841
AGF Brasil Seguros S.A.	130,012	114,915
Serasa S.A. (Note 2)	99,017	-
Delle Holding S.A.	21,101	4,835
Other	2,033	2,615
Other investments	283,077	243,558
Investments through tax incentives	106,328	108,033
Equity securities	11,210	86,983
Shares and quotas	96,560	25,299
Other	150,276	116,828
Allowance for losses	(81,297)	(93,585)
TOTAL	1,291,623	2,023,119

III- Composition of equity in earnings of affiliates

	01/01 to 12/31/2007	01/01 to 12/31/2006
Equity in earnings of affiliates	271,625	285,421
Foreign exchange variation on investments	(52,062)	8,946
TOTAL	219,563	294,367

b) Fixed assets, intangible and deferred charges

	12/31/2007			12/31/2006		
	Cost	Accumulated depreciation/ amortization/ depletion	Net	Cost	Accumulated depreciation/ amortization/ depletion	Net
Fixed assets	8,587,881	(5,154,300)	3,433,581	8,495,546	(4,950,269)	3,545,277
Own fixed assets	8,371,282	(5,147,993)	3,223,289	8,271,990	(4,898,003)	3,373,987
Real estate	3,069,287	(1,370,252)	1,699,035	3,169,313	(1,287,305)	1,882,008
Land	986,755	-	986,755	940,714	-	940,714
Buildings	2,082,532	(1,370,252)	712,280	2,228,599	(1,287,305)	941,294
Other	5,301,995	(3,777,741)	1,524,254	5,102,677	(3,610,698)	1,491,979
Installations	363,616	(238,308)	125,308	299,387	(210,645)	88,742
Furniture and equipment	1,914,559	(1,051,180)	863,379	1,863,816	(1,024,679)	839,137
EDP systems	2,696,528	(2,270,379)	426,149	2,580,748	(2,177,933)	402,815
Other (communication, security and transportation)	327,292	(217,874)	109,418	358,726	(197,441)	161,285
Leased fixed assets	85,920	(6,307)	79,613	112,254	(52,266)	59,988
Real estate - Buildings	67,367	-	67,367	93,023	(48,224)	44,799
Furniture and equipment	18,553	(6,307)	12,246	19,231	(4,042)	15,189
Forest reserves	130,679	-	130,679	111,302	-	111,302
Intangible	9,953	(2,361)	7,592	16,871	(11,083)	5,788
Deferred charges	1,568,868	(772,555)	796,313	1,272,083	(723,631)	548,452
Leasehold improvements	512,647	(166,452)	346,195	412,744	(125,914)	286,830
Expenditures on acquisition of software	347,446	(178,985)	168,461	470,627	(254,214)	216,413
Other deferred expenditures (*)	708,775	(427,118)	281,657	388,712	(343,503)	45,209

(*) Basically includes the amount paid to ABN AMRO Bank N.V. for the acquisition of the international private banking assets of Latin American customers served by its Miami and Montevideo branches.

At ITAÚSA, Fixed Assets are basically composed of Buildings - R\$ 5,271 (R\$ 5,802 at 12/31/2006).

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

At the Annual and Extraordinary Stockholders' Meeting held on April 27, 2007, the following proposals of the Board of Directors were approved:

- Cancellation of 14,271,000 preferred book-entry shares held in treasury, without capital decrease, through the incorporation of R\$ 150,443 recorded in Revenue Reserves – Working Capital Increase;
- Capital increase through capitalization of Revenue Reserves in the amount of R\$ 2,000,000, with the issuance of 317,563,200 new book-entry shares, as bonus (10%), with no par value, 121,003,720 of which are common and 196,559,480 are preferred shares;
- Capital increase with subscription of shares in the amount of R\$ 300,000, with issuance of 35,714,286 new book-entry shares, with no par value, 13,608,508 of which are common and 22,105,778 are preferred shares, and the subscribed shares may be paid up by offsetting the already declared interest on capital, with settlement by June 8, 2007. Capital increase was approved by ESM of June 29, 2007.

As a result of these increases, capital of ITAÚSA amounts to R\$ 7,500,000 and comprises 3,528,909,481 book-entry shares, with no par value, of which 1,344,649,428 are common and 2,184,260,053 are preferred shares without voting rights, but with the following advantages:

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

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

	NUMBER			Total value
	Common	Preferred	Total	
Shares of capital stock at 12/31/2006	1,210,037,200	1,979,865,795	3,189,902,995	
Capital increase – ASM/ESM of 04/27/2007	134,612,228	218,665,258	353,277,486	
Share bonus (10%)	121,003,720	196,559,480	317,563,200	
Subscription of shares (approved by ESM of 06/29/2007)	13,608,508	22,105,778	35,714,286	
Cancellation of shares – ASM/ESM of 04/27/2007	-	(14,271,000)	(14,271,000)	
Shares of capital stock at 12/31/2007	1,344,649,428	2,184,260,053	3,528,909,481	
Treasury shares at 12/31/2006 (1)	-	11,974,000	11,974,000	(124,945)
Purchases of shares	-	4,797,000	4,797,000	(56,000)
Cancellation of shares – ASM/ESM of 04/27/2007	-	(14,271,000)	(14,271,000)	150,443
Treasury shares at 12/31/2007 (1)	-	2,500,000	2,500,000	(30,502)
Outstanding shares at 12/31/2007	1,344,649,428	2,181,760,053	3,526,409,481	
Outstanding shares at 12/31/2006	1,210,037,200	1,967,891,795	3,177,928,995	

(1) Own shares purchased under the authorization of the Board of Directors, to be held in Treasury for subsequent cancellation.

b) Dividends

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

As approved at the Board of Directors meeting on June 20, 2007, Itaúsa stockholders (individuals and companies) who should receive interest on capital of R\$ 0.012 per share (net of R\$ 0.0102 per share, in view of the deduction of 15% of withholding income tax), received on July 2, 2007 dividends at the declared amount of R\$ 0.012, an increase of approximately 18%.

I- Calculation

Net income	3,887,577	
Adjustments		
(-) Legal reserve	(194,379)	
Dividend calculation basis	3,693,198	
Dividends/ interest on capital payable	925,039	25.05%
(+) Reversion of unrealized profit reserve	239,650	
(=) Mandatory minimum dividend	1,164,689	

II- Provision of interest on capital and dividends

	Gross	WTS	Net
Paid / Prepaid	264,694	(27,000)	237,694
Dividends - 1 quarterly installment of R\$ 0.012 per share paid in July 2007	42,347	-	42,347
Interest on capital - 1 installment of R\$ 0.051 per share paid in August 2007	180,000	(27,000)	153,000
Dividends - 1 quarterly installment of R\$ 0.012 per share paid in October 2007	42,347	-	42,347
Provided (*)	1,075,642	(148,647)	926,995
Dividends - 1 quarterly installment of R\$ 0.012 per share to be paid in January 2008	42,347	-	42,347
Dividends - 1 quarterly installment of R\$ 0.012 per share to be paid in April 2008	42,317	-	42,317
Additional - R\$ 0.281 per share, to be paid until April 30, 2008:			
.. Interest on capital - R\$ 0.023 per share, credited on November 30, 2007, to be paid in March 3, 2008	81,165	(12,175)	68,990
.. Interest on capital - R\$ 0.173 per share, to be paid in March 3, 2008	610,069	(91,511)	518,558
.. Interest on capital - R\$ 0.085 per share, to be paid in June 9, 2008	299,744	(44,961)	254,783
Total at 12/31/2007 - R\$ 0.3800 per share	1,340,336	(175,647)	1,164,689
Total at 12/31/2006 - R\$ 0.4092 per share	1,301,953	(195,293)	1,106,660

(*) Recorded in Other Liabilities – Social and Statutory.

c) Revenue reserves

	12/31/2007	12/31/2006
Revenue reserves	9,673,130	9,263,734
Legal	1,066,628	872,249
Unrealized profits	-	239,650
Statutory reserve	<u>8,606,502</u>	<u>8,151,835</u>
Dividends equalization (1)	4,122,644	3,813,790
Working capital increase (2)	2,151,233	1,783,173
Increase in capital of investees (3)	2,332,625	2,554,872

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

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

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

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

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

	Net income		Stockholders' equity	
	01/01 to 12/31/2007	01/01 to 12/31/2006	12/31/2007	12/31/2006
ITAÚSA	3,887,577	5,668,675	17,238,241	14,505,622
Amortization of goodwill	200,045	(1,405,819)	(2,044,815)	(2,244,860)
Deferred tax assets	(99,140)	222,655	482,383	581,523
Unrealized income	-	120	-	-
ITAÚSA CONSOLIDATED	3,988,482	4,485,631	15,675,809	12,842,285

NOTE 17 – RELATED PARTIES

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

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

The unconsolidated related parties are the following:

- The controlling stockholders of ITAÚSA;
- Fundação Itaúbanco, Fundação Itaúsa Industrial, FUNBEP – Fundo de Pensão Multipatrocinado and Caixa de Previdência dos Funcionários do BEG (PREBEG), closed-end private pension entities that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 19a; and
- Fundação Itaú Social and Instituto Itaú Cultural (IIC), entities sponsored by 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\$ 51,978 (R\$ 1,912 from January 1 to December 31, 2006) and to IIC of R\$ 28,500 (R\$ 21,560 from January 1 to December 31, 2006).

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

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

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

	12/31/2007	12/31/2006
Duratex S.A.	157,745	104,891
Elekeiroz S.A.	79,937	88,350
Itautec S.A.	174,521	42,411
Total	412,203	235,652

NOTE 18 – FINANCIAL INSTRUMENTS - MARKET VALUE

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

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

	Book value		Market		Unrealized income (loss) (*)			
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	Results		Stockholders' equity	
					12/31/2007	12/31/2006	12/31/2007	12/31/2006
Interbank investments	56,888,693	31,472,706	56,893,516	31,489,449	4,823	16,743	4,823	16,743
Securities and derivative financial instruments	62,501,408	47,210,312	62,706,493	47,397,660	286,310	390,026	205,085	187,348
Adjustment of available-for-sale securities					59,310	175,160	-	-
Adjustment of held-to-maturity securities					227,000	214,866	205,085	187,348
Loan and lease operations	107,622,287	76,717,663	107,804,317	76,820,757	182,030	103,094	182,030	103,094
Investments in affiliated companies								
Investment in Redecard	172,142	-	4,498,597	-	4,326,455	-	4,326,455	-
Investment in Serasa	99,017	-	369,664	-	270,647	-	270,647	-
Bovespa Holding S.A.	58,784	-	973,330	-	914,546	-	914,546	-
Bolsa de Mercadorias & Futuros - BM&F S.A.	20,777	-	519,857	-	499,080	-	499,080	-
Investment in BPI	756,383	693,729	1,944,622	2,216,793	1,188,239	1,523,064	1,188,239	1,523,064
Funds raised by subsidiaries	171,396,089	118,506,243	171,372,704	118,485,593	23,385	20,650	23,385	20,650
Securitization of foreign payment orders	1,109,575	1,531,716	1,109,630	1,574,803	(55)	(43,087)	(55)	(43,087)
Subordinated debts and redeemable preferred shares (Note 10)	12,083,125	4,566,390	12,145,905	4,610,518	(62,780)	(44,128)	(62,780)	(44,128)
Treasury shares	1,230,106	1,248,352	2,163,463	1,937,761	934,484	683,598	933,357	689,409
Total unrealized					8,567,164	2,649,960	8,484,812	2,453,093

(*) Does not include the related tax effects. Includes unrealized income in the amount of R\$ 4,391,959 (R\$ 1,120,972 at 12/31/2006) in results and R\$ 3,758,888 (R\$ 1,387,191 at 12/31/2006) in stockholders' equity.

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

- Interbank investments, bank deposit certificates and mortgage notes, the last two included in Securities, were determined based on their nominal amounts, monetarily restated to maturity dates and discounted to present value using future market interest rates and swap market rates for fixed-rate securities and using market interest rates for fixed-rate securities published in the Gazeta Mercantil newspaper on October 1, 2007 for floating-rate securities.
- Government securities, included in Securities, were determined based on rates obtained in the market and validated through the 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 on their market value, according to rules established by BACEN Circular Letters 3068 and 3082 of November 8, 2001 and January 30, 2002, respectively, 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 sessions, 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 affiliated companies - in BPI, Redecard S.A., Bovespa Holding S.A. and Bolsa de Mercadorias & Futuros – BM&F S.A. are determined based on stock market quotations, and in Serasa S.A. are determined based on the last transaction prices.
- Time and interbank deposits and funds from acceptance and issuance of securities, when available, were calculated based on their present value determined by future cash flows discounted at future market interest rates and swap market rates for fixed-rate securities, and for floating-rate securities, market interest rates for fixed-rate securities published in the Gazeta Mercantil newspaper on 01/02/2008. The effects of hedges (swap contracts) are also taken into account. The effects of hedges (swap contracts) are also taken into account.
- Securitization of foreign payment orders, based on the net present value of the future cash flows estimated as from the interest curves of the indexation market places, net of the interest rates practiced in the market on the balance sheet date, considering the credit risk of the issuer, calculated based on the market price of other securities issued by the same.
- Subordinated debt, based on the net present value of future fixed or floating cash flows in foreign currency, net of the interest rates practiced in the market on the balance sheet date and considering the credit risk of the issuer. The floating cash flows are estimated as from the interest curves of the indexation market places.
- Derivatives related to swaps contracted to hedge the remaining assets/liabilities, based on notional amounts 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 Resolution 371, dated December 13, 2000, we present the policies adopted by ITAÚSA and its subsidiaries regarding benefits to employees, as well as the accounting procedures adopted:

a) Supplementary retirement benefits:

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

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

(1) *Defined benefit plan.*

(2) *Variable contribution plan.*

(3) *Defined contribution plan.*

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

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

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

During the period, the contributions paid totaled R\$ 44,912 (R\$ 36,919 from January 1 to December 31, 2006). The contribution rate increases based on the participant's salary.

b) Post-employment benefits:

ITAÚSA and or its subsidiaries do not offer other post-employment benefits, except in those cases arising from maintenance of obligations according to the acquisition agreements signed by ITAÚ, under the terms and conditions established, in which health plans are totally or partially sponsored for former workers and beneficiaries. During the period, the contributions made totaled R\$ 6,971 (R\$ 8,652 from January 1 to December 31, 2006). The contribution rate increases based on the beneficiary's age.

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

The net assets and actuarial liabilities, which consider the actuarial obligations, calculated in conformity with the criteria established by CVM Resolution 371/2000, are summarized below:

	12/31/2007	12/31/2006
Net assets of the plans	12,767,343	10,768,519
Actuarial liabilities	(9,540,927)	(8,672,398)
Surplus (*)	3,226,416	2,096,121

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

In addition to the reserves recorded by the plans, the sponsors record provisions in the amount of R\$ 27,536 (R\$ 29,278 at December 31, 2006) to cover possible actuarial liabilities.

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

	01/01 to 12/31/2007			01/01 to 12/31/2006		
	Assets	Actuarial liabilities	Surplus	Assets	Actuarial liabilities	Surplus
Present value - beginning of the period	10,768,519	(8,672,398)	2,096,121	9,327,392	(8,128,429)	1,198,963
Expected return on assets/ Cost of current service + interest	1,309,538	(1,113,722)	195,816	1,141,336	(1,022,386)	118,950
Benefits paid	(431,321)	431,321	-	(396,282)	396,282	-
Contributions of sponsors/participants	50,925	-	50,925	56,085	-	56,085
Gains (losses) in the period (1)/(2)	1,069,682	(186,128)	883,554	639,988	82,135	722,123
Present value – end of the period	12,767,343	(9,540,927)	3,226,416	10,768,519	(8,672,398)	2,096,121

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

(2) Gains on actuarial liabilities refer to the change of mortality table from GAM-83 to AT-2000.

e) Main assumptions used in actuarial valuation

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

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

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

(3) At December 31, 2006, the AT-83 mortality table was adopted.

(4) At December 31, 2007, the company started to adopt the AT-83 mortality table. At December 31, 2006 the company adopted the GAM-83 table and added 1/3 of the difference in the expectation of survival between this and the AT-83 table.

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

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

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

b) Foreign currencies

The balances in reais linked to foreign currency were:

	12/31/2007	12/31/2006
Permanent foreign investments	10,222,246	8,961,493
Net amount of other assets and liabilities indexed to foreign currency, including derivatives	(16,387,188)	(12,742,596)
Net foreign exchange position	(6,164,942)	(3,781,103)

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

c) Nonrecurring results

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

	ITAÚSA		ITAÚSA CONSOLIDATED	
	01/01 to 12/31/2007	01/01 to 12/31/2006	01/01 to 12/31/2007	01/01 to 12/31/2006
Net income	3,887,577	5,668,675	3,988,482	4,485,631
Nonrecurring effects	(562,822)	(2,473,107)	(326,429)	(1,106,275)
Effects of purchase of BKB (*)	-	(1,924,590)	-	(936,896)
Goodwill on purchase of BKB Brazil	-	-	-	778,849
Goodwill on purchase of BKB - Chile / Uruguay	-	-	-	208,845
Nonoperating gain for change in interest of ITAÚSA in ITAÚ HOLDING	-	(1,920,096)	-	(1,920,096)
Net result of BKB in Brazil for the period from May 1, 2006 to September 30, 2006	-	(65,671)	-	(65,671)
Adjustments to ITAÚ HOLDING's criteria	-	61,177	-	61,177
Goodwill on purchase of BBI and BBT (Notes 2 and 13f)	-	-	84,425	-
Goodwill on purchase of shares of BPI and other	-	-	52,857	115,594
Goodwill on purchase of Itaú Holding's shares (Note 13f)	-	-	99,111	-
Escrow accounts and commitments related to acquired investments	36,578	-	36,578	-
Adjustment of escrow deposits and related liabilities	-	(47,811)	-	(47,811)
Recognition of allowance for loan losses (Note 7b)	117,852	47,495	117,852	47,495
Purchase of treasury shares - Duratex	12,468	-	12,468	-
Purchase of treasury shares - ITAÚ HOLDING	74,450	-	74,450	-
Recognition of provision for economic plans	92,316	-	92,316	-
Recognition of deferred tax assets - ITAÚ HOLDING	-	(203,421)	-	-
Block Trade operation - Duratex	-	(88,342)	-	(28,219)
Goodwill	-	-	-	60,123
Expenses from brokerage	-	6,024	-	6,024
Gains from capital	-	(94,366)	-	(94,366)
Reversal of additional valuation allowance for securities	-	(114,462)	-	(114,462)
Sale of 50% of Camargo Correa Desenvolvimento Imobiliário S.A.'s shares	(15,904)	-	(15,904)	-
Sale of shares (Notes 2 and 13g)	(829,354)	-	(829,354)	-
Redecard S.A.	(470,172)	-	(470,172)	-
Serasa S.A.	(218,775)	-	(218,775)	-
Bovespa Holding S.A.	(73,395)	-	(73,395)	-
Bolsa de Mercadorias & Futuros - BM&F S.A.	(67,012)	-	(67,012)	-
Sale of real estate - Itaúbank (Note 13g)	(33,682)	-	(33,682)	-
Sale of real estate Tatuapé - Itaútec	(20,448)	-	(20,448)	-
Tax on realization of the realization reserve of the Tatuapé property	2,902	-	2,902	-
Sale of the Credicard brand	-	(79,409)	-	(79,409)
Other extraordinary events	-	(62,567)	-	(62,567)
Recurring net income	3,324,755	3,195,568	3,662,053	3,379,356

(*) In December 2006 only the effects of acquisition of BKB were disclosed. For purposes of better comparison to the year 2007, these were supplemented by the other nonrecurring effects, as divulged in the 2006.

d) Minority interest in subsidiaries

	Stockholders' equity		Result	
	12/31/2007	12/31/2006	01/01 to 12/31/2007	01/01 to 12/31/2006
Banco Itaú Holding Financeira S.A.	16,002,916	13,046,453	(4,693,053)	(2,183,138)
Duratex S.A.	894,935	806,620	(186,243)	(128,901)
Itau Bank, Ltd. (1)	707,842	-	-	-
Itaú BBA Participações S.A.	232,020	204,252	(40,341)	(25,515)
Itaú XL Seguros Corporativos S.A.	102,085	93,936	(14,451)	(9,133)
Miravalles Empreendimentos e Participações S.A. (2)	90,900	62,077	31,516	56,341
Três "B" Empreendimentos e Participações Ltda. (3)	64,549	57,115	(9,662)	(8,535)
Itaú Gestão de Ativos S.A. (4)	60,949	59,605	(1,565)	(2,629)
Itautec S.A.	25,355	20,856	(6,118)	(2,915)
Investimentos Bemge S.A. (5)	15,894	15,112	(1,754)	(2,190)
Elekeiroz S.A.	12,985	9,866	(2,519)	(773)
Kinea Investimentos S.A. (6)	2,165	-	835	-
Elekpart Participações e Administração S.A.	-	1,021	-	(80)
Other	44,815	26,103	(4,393)	(3,083)
Total	18,257,410	14,403,016	(4,927,748)	(2,310,551)

(1) Represented by redeemable preferred shares:

- Issued on December 31, 2002 by Itau Bank Ltd., in the amount of US\$ 393,072 thousand, with maturity on March 31, 2015 and semiannual dividends calculated based on LIBOR rate plus 1.25% p.a.;

- Up to March 31, 2007, recorded as Other liabilities – Subordinated debt (Note 10).

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

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

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

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

(6) Indirect subsidiary of Banco ItauBank S.A.

e) Subsequent event

- I- Law 11,638 – On December 28, 2007, Law 11,638 was approved in order to amend and revoke some provisions of Law 6,404, of December 15, 1976, and Law 6,385, of December 7, 1976 in connection with accounting practices, preparation and disclosure of financial statements.

Article 9 of this Law sets forth that it will come into effect on the first day of the year subsequent to its publication. Accordingly, the amendments set forth in this law shall give rise to effects on the financial statements for the years ending January 1, 2008, and some of these amendments are awaiting regulation by BACEN, SUSEP and CVM, and should be in conformity with international accounting standards. Accordingly, ITAÚSA understands that nowadays it is not possible to determine the impacts of the adoption of this law.

Among the major amendments set forth by this law, ITAÚSA already adopts the presentation of the Statements of Cash Flows and Added Value (Note 20f), and the criteria for classification and valuation of financial instruments at market price for financial and equivalent companies. (Notes 4b II and 6).

We highlight below the major amendments awaiting regulation:

- Fixed assets will now include assets arising from operations that transfer to the company any benefits, risks and controls of these assets, and deferred charges will now include preoperating expenses and restructuring expenses;
 - Creation of subgroup “Asset valuation adjustments” in Stockholders’ equity, with the purpose of classifying any contra-entries to increases or decreases in the amounts assigned to asset and liability elements, in view of its valuation at market price;
 - Adjustment to present value of long-term asset and liability balances, with the other operations being adjusted when any significant effect arises;
 - Periodic analysis on recovery of amounts recorded in fixed assets, intangible assets and deferred charges;
 - In take-over, merger and spin-off operations, carried out between independent parties and related to the effective transfer of control, the assets and liabilities of the company to be taken over or arising from the merger of spin-off will be recorded at their market value;
 - Change in treatment of tax incentives that will now pass through results, with optional allocation to Revenue Reserve - Reserve for tax incentives and excluded from the mandatory dividend calculation basis.
- II- Social Contribution on Net Income (CSLL) – Provisional Measure 413, of January 3, 2008, increased the CSLL rate from 9% to 15% for financial and financial-equivalent companies, as from May 1, 2008, which will generate an increase in CSLL expenses arising from that date, as well as an increase in deferred tax assets proportionally to the rate increase.

f) Statements of cash flows and added value

We present below the Statement of Cash Flows, Consolidated and Individual, prepared using the Indirect Method, and the Statement of Added Value, not required by the Brazilian accounting practices and the Brazilian Central Bank until December 31, 2007, which were prepared in conformity with the structure of the Accounting Chart for Institutions of the National Financial System - COSIF. As from September 2007, in the Statement of Cash Flows, funding was transferred from the financing activity, aiming at concentrating the whole financial intermediation activity as operational.

I - Statement of cash flows - ITAUSA CONSOLIDATED

	01/01 to 12/31/2007	01/01 to 12/31/2006
Adjusted net income	19,007,506	17,382,550
Net income	3,988,482	4,485,631
Adjustment to net income:	15,019,024	12,896,919
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	(81,225)	(441,939)
Allowance for loan losses	6,563,386	6,447,640
Results from subordinated debt	794,359	272,627
Results from securitization of foreign payment orders	(192,077)	(47,445)
Change in technical provision for insurance, pension plan and capitalization	3,458,263	3,226,568
Depreciation and amortization	770,570	760,603
Goodwill amortization	-	3,111,934
Adjustment to legal liabilities - tax and social security	948,535	489,131
Adjustment to provision for contingent liabilities	320,396	(311,337)
Deferred taxes	1,710,164	(1,083,046)
Equity in earnings of affiliates	(219,563)	(294,367)
Income from available-for-sale securities	(1,012,820)	(1,150,857)
Income from held-to-maturity securities	(33,859)	(71,314)
(Income) Loss from disposal of fixed assets (Note 13g)	(114,321)	-
(Gain) Loss from disposal of investments (Note 13g)	(2,762,238)	(269,519)
Minority interest	4,927,748	2,310,351
Other	(58,294)	(52,111)
Change in assets and liabilities	(22,288,902)	(11,175,441)
(Increase) Decrease in interbank investments	(24,161,461)	(8,556,946)
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	(9,418,626)	(10,362,878)
(Increase) Decrease in interbank accounts of subsidiaries	(2,468,813)	(738,511)
(Increase) Decrease in loan, lease and other credit operations	(30,351,024)	(26,687,368)
(Increase) Decrease in inventories	(152,079)	(24,458)
(Increase) Decrease in other receivables and assets	(3,034,222)	(3,178,231)
(Increase) Decrease in foreign exchange operations	(103,835)	131,071
(Increase) Decrease in prepaid expenses	(2,934,879)	69,611
Increase (Decrease) in funds obtained by subsidiaries - foreign currency	(2,596,225)	1,022,448
Increase (Decrease) in funds obtained by subsidiaries - local currency	22,470,289	13,574,124
Increase (Decrease) in funds obtained by subsidiaries - money market	24,554,828	17,316,429
Increase (Decrease) in borrowings - foreign currency	116,282	22,649
Increase (Decrease) in borrowings - local currency	183,705	17,017
Increase (Decrease) in credit card operations	1,828,092	1,573,699
Increase (Decrease) in securitization of foreign payment orders	(230,064)	293,826
Increase (Decrease) in technical provisions for insurance, pension plan and capitalization	1,337,385	1,170,349
Increase (Decrease) in taxes and social contributions payable and other liabilities	2,679,312	3,173,241
Increase (Decrease) in deferred income	(7,567)	8,487
OPERATING ACTIVITIES - Net cash provided by / (used in)	(3,281,396)	6,207,109
Interest on capital/ Dividends received from affiliates	60,506	45,892
Funds from interest received and sale of available-for-sale securities	11,849,909	11,311,123
Funds from interest received and redemption of held-to-maturity securities	207,220	409,254
Sale of investments	2,799,804	6,787
Goodwill on purchase of investments	-	(3,111,934)
Disposal of fixed assets	476,685	85,185
Purchase of available-for-sale securities	(14,257,340)	(13,295,255)
Purchase of held-to-maturity securities	-	(10,073)
Purchase of investments	(96,701)	(976,768)
Purchase of fixed assets and forest reserves	(805,226)	(934,557)
Deferred charges	(449,123)	(351,448)
INVESTMENT ACTIVITIES - Net cash provided by / (used in)	(214,266)	(6,821,794)
Increase (Decrease) in subordinated debt	6,722,376	(290,658)
Changes in minority interest	(97,470)	4,341,799
Interest on capital paid to minority stockholders	(1,310,780)	(935,311)
Subscription of shares	300,000	100,000
Premium on subscription of shares	752	182
Purchase of own shares	(56,000)	(124,945)
Interest on capital paid	(1,336,974)	(937,923)
FINANCING ACTIVITIES - Net cash provided by / (used in)	4,221,904	2,153,144
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET	726,242	1,538,459
At the beginning of the period	3,732,337	2,193,878
At the end of the period	4,458,579	3,732,337

II - Statement of cash flows - ITAÚSA

	01/01 to 12/31/2007	01/01 to 12/31/2006
Adjusted net income	140,984	196,639
Net income	3,887,577	5,668,675
Adjustment to net income:	(3,746,593)	(5,472,036)
Amortization of goodwill	12,489	6,199
Equity in earnings of subsidiary and affiliated companies	(3,759,957)	(5,479,112)
(Reversal) Provision for losses	3	(2)
Depreciation and amortization	872	879
Changes in assets and liabilities	154,909	(137,020)
(Increase) Decrease in securities and derivative financial instruments	169,762	(98,360)
(Increase) Decrease in sundry receivables and other assets	44,510	25,200
(Decrease) Increase in provisions and accounts payable and other liabilities	(59,363)	(63,860)
OPERATING ACTIVITIES - Net cash provided by/(used in)	295,893	59,619
Sale of investments	-	46,214
Purchase of investments	(297,761)	(82,576)
Purchase of fixed assets	(45)	(8)
Interest on capital/Dividends received	1,094,250	939,336
INVESTMENT ACTIVITIES - Net cash provided by/(used in)	796,444	902,966
Premium on subscription of shares	752	182
Capital increase	300,000	100,000
Purchase of treasury shares	(56,000)	(124,945)
Interest on capital paid	(1,336,974)	(937,923)
FINANCING ACTIVITIES - Net cash provided by/(used in)	(1,092,222)	(962,686)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	115	(101)
At the beginning of the period	27	128
At the end of the period	142	27

III- Statement of added value - ITAÚSA CONSOLIDATED

	01/01 to 12/31/2007	Share %	01/01 to 12/31/2006	Share %
Sale of products and services, net of cost of materials, third-party services and others (a)	12,134,764	-	10,649,107	-
Income from financial operations (b)	15,757,471	-	12,739,004	-
Result from operations with insurance, pension plan and capitalization (c)	1,218,760	-	1,124,827	-
Other operating income (expenses) (d)	(5,153,982)	-	(7,202,343)	-
Added value (e = a + b + c + d)	23,957,013	-	17,310,595	-
Compensation of employees (f) (*)	6,409,989	26.8	5,683,436	32.8
Payment of taxes and contributions (g)	8,558,968	35.7	4,705,907	27.2
Payment of debts (h)	71,826	0.3	125,270	0.7
Amount distributed to stockholders (i)	3,015,008	12.6	2,570,751	14.9
Reinvestment of profits (j)	5,901,222	24.6	4,225,231	24.4
Distribution of added value (k = f + g + h + i + j)	23,957,013	100.0	17,310,595	100.0

(*) Does not include social security contributions.

INDEPENDENT AUDITORS' REPORT

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

- 1 We have audited the accompanying balance sheets of Itaúsa - Investimentos Itaú S.A. (Company and consolidated) as of December 31, 2007 and 2006, and the related statements of income, changes in shareholders' equity, and changes in financial position for the year then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements. The financial statements of subsidiaries Banco Itaú Holding Financeira S.A., Itaúsa Export S.A., Itaúsa Europa - Investimentos, SGPS, Ltda., Duratex S.A. and Itautec S.A., for the years ended December 31, 2007 and 2006, whose amounts were used for evaluation purposes under the equity and consolidation method (note 15a), were issued by other independent auditors, who issued an unqualified report, and our opinion on the amounts of these subsidiaries is solely based on the report of those independent auditors.
- 2 Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Company, (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed, and (c) evaluating the significant accounting practices and estimates adopted by management, as well as the presentation of the financial statements taken as a whole.
- 3 In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Itaúsa - Investimentos Itaú S.A. (Company and consolidated) as of December 31, 2007 and 2006, and the results of its operations, the changes in shareholders' equity, and the changes in its financial position for the years then ended in conformity with Brazilian accounting practices.
- 4 Our audits were conducted for the purpose of expressing an opinion on the financial statements referred to in paragraph 1, taken as a whole. The statements of cash flows and added value, which are being presented for purposes of providing additional information, are not a required part of the financial statements. Such statements have been subjected to the auditing procedures described in paragraph 2 and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

São Paulo, February 18, 2008.

Orlando Octávio de Freitas Júnior
Engagement Partner
CRC 1SP178871/O-4
BDO Trevisan Auditores Independentes
CRC 2SP013439/O-5

Report of Independent Auditors

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

- 1 We have audited the financial statements of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and of Itaúsa - Investimentos Itaú S.A. and its subsidiary companies (Consolidated) as of December 31, 2007 and 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
- 2 We conducted our audits in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of Itaúsa and its subsidiary companies, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements and (c) assessing the accounting practices used and significant estimates made by Company management, as well as evaluating the overall financial statement presentation.
- 3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and Itaúsa - Investimentos Itaú S.A. and its subsidiary companies (Consolidated) at December 31, 2007 and 2006, the result of operations, the changes in stockholders' equity and the changes in the financial position of the Company, for the years then ended, as well as the consolidated results of operations and the changes in the consolidated financial position for the years then ended, in conformity with accounting practices adopted in Brazil.

São Paulo, February 18, 2008

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ - 61.532.644/0001-15

Publicly-held company

NIRE 35300022220

OPINION OF THE FISCAL COUNCIL

The effective members of the Fiscal Council of ITAÚSA – INVESTIMENTOS ITAÚ S.A., having perused the management report and financial statements for the year ended December 31, 2007, have verified the accuracy of all 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, February 18, 2008.

JOSÉ MARCOS KONDER COMPARATO
President

ARTEMIO BERTHOLINI
Member

PAULO RICARDO MORAES AMARAL
Member