ITAÚSA

Complete Financial Statements

September 30, 2019

CONTENTS

MANAGEMENT REPORT

We present the Management Report and the Financial Statements of Itaúsa – Investimentos Itaú S.A. (Itaúsa) for the third quarter of 2019 (3Q19), prepared in accordance with the standards established by the Accounting Pronouncement Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), as well as the International Financial Reporting Standards (IFRS).

Independent auditor's report

The Financial Statements were audited by PricewaterhouseCoopers Auditores Independentes (PwC) and have received an unqualified opinion from the external auditor. The Financial Statements were approved by the Fiscal Council.

The Financial Statements were made available to the market on the websites of Itaúsa, B3 S.A. – Brasil, Bolsa, Balcão (B3), and the CVM.

1. ECONOMIC ENVIRONMENT

Economic activity indicators have ended up outperforming expectations slightly, as measured by market consensus and outlined in the Focus Market Readout disclosed by the Central Bank of Brazil over the last months, thus leading market expectations towards a more positive tone when concerning the gradual recovery of the Brazilian economy in the medium term.

The combination of basic interest rates at its lowest rates ever (currently at 5.0% p.y.) and inflation rates consistently below its target (12-month IPCA up to September 2019 totaling 2.9%), together with the approval of a draft text for the social security reform in second round voting and the release of funds in connection with the workers severance fund (FGTS) and PIS-PASEP, thus increasing expectations on the advancement of the structural reforms agenda and economic recovery, has contributed to mitigate uncertainties on the economy gears and striven to boost consumption and private investments.

Regarding the labor market, unemployment rate is at 11.8% in the quarter ended in September 2019, slightly down from the previous quarter and the same period of the previous year, as measured by the Continuous Pnad (Continuous National Household Sample Survey).

On the other hand, in 2019 the global economy has continued its downward trend against a backdrop of high uncertainties. The US GDP is expected to slow down to a 2.2% growth rate in 2019 (from 2.9% in 2018), whereas the Euro zone growth is expected to continue to slow down, to 1.1% in 2019 (from 1.8% in 2018), as estimated by Itaú BBA. Inflation remains low, which should lead the European Central Bank towards new interest rate cuts. Also as estimated by Itaú BBA, China is expected to grow by 6.2% in 2019 (from 6.6% in 2018), mainly driven by the impacts of the war trade with the US. These factors together may increase the inflow of capital to emerging economies and favor those countries showing improved expectations in the macroeconomic scenario, which includes Brazil.

In such ongoing challenging environment, investees in the consumer goods and civil construction segments may experience better conditions for operational growth, boosted by improved economic conditions, the recovery of consumption, and seasonality. The financial sector has witnessed the ongoing improvement in capital markets that started in the first half, as evidenced by a greater number of IPOs, secondary offerings and debt bond issues. The cut in the Selic rate and the private sector's enhanced level of confidence should continue to favor the funds, investment banking and loan granting segments, which are also benefitted from increased consumption levels.

1. ITAÚSA HIGHLIGHTS

Return to stockholders

On August 23 and October 1, 2019, additional quarterly dividends were paid out in the amounts of R$0.3405 and R$0.02 per share, respectively, to stockholders with stockholding position at the end of August 15 and August 30, respectively.

In the first nine months of 2019, earnings paid totaled approximately R$9.3 billion. Gross earnings paid per share in the last 12 months totaled R$1.1929, which, divided by the current share price (R$13.76 on 11/08/2019), totals 8.7% of dividend yield.

The complete history of earnings paid and payable can be accessed at:
http://www.itausa.com.br/en/itausa-in-the-stock-market/dividends

Itautec registration as a publicly-held company cancelled

On August 15, 2019, Itautec's request for cancellation of its registration as a publicly-held company was granted by the CVM, thus completing the process of merger of its shares into Itaúsa, which had started with the announcement to the market through a Material Fact disclosed by both companies on February 25, 2019.

As a result of this merger, Itaúsa issued approximately 119,000 preferred shares (ITSA4), with a 0.001% dilution for its stockholders.

Wholly-owned subsidiary Itaúsa Empreendimentos merger

The Extraordinary General Stockholders' Meeting held on August 30, 2019 approved the merger of shares of wholly-owned Itaúsa Empreendimentos S.A., a company with an administrative structure of approximately 80 professionals fully dedicated to operational activities to support Itaúsa, with no capital dilution. This operation will provide for more operational synergy and efficiency, with the resulting optimization and rationalization of administrative costs and accessory obligations. In that same event, stockholders also approved timely improvements to Itaúsa's Bylaws.

Increased interest in Alpargatas' capital stock

Between August 13 and 26, 2019, Itaúsa acquired 2.5 million preferred shares of Alpargatas, at the average price of R$23.66 per share, thus increasing its ownership interest in the latter's total capital by 0.3% to 28.9%. This event, continuing the share purchase process started in May 2019, was driven by Itaúsa's taking advantage of a market opportunity and strengthens the Company's trust in the creation of long-term value of this investment.

Itaúsa and Itaú Unibanco once again make up the DJSI

Itaúsa, for the 16th year, and Itaú Unibanco, for the 20th consecutive year, were selected to make up the portfolio of the Dow Jones Sustainability World Index (DJSI), the world's main corporate sustainability index. In its 2019/2020 edition, this portfolio is made up of 318 companies from 27 countries, of which only seven are Brazilian.

Both companies achieved the highest scores in the sectors where they operate in the following categories: Anti-Crime Policies and Measures, Contributor to Public Policies, Financial Stability and Systemic Risk, Environmental Reporting and Financial Inclusion.

Furthermore, Itaúsa and Itaú Unibanco were selected for the portfolio of the Dow Jones Sustainability Emerging Markets Index.

SUBSEQUENT EVENTS

Acquisition of Liquigás completed

On November 7, 2019, Itaúsa announced to the market in general that the Acquiring Group of which it is part has submitted the best offer for acquiring the totality of Liquigás' shares.

The offer price by the Acquiring Group was R$ 3.7 billion and is subject to certain adjustments provided for in the purchase and sale agreement to be signed later this year. Itaúsa's stake in the Transaction will be through equity investment in Copagaz, thereby holding a minority and relevant stake of approximately 49% in Copagaz's total and voting capital, with the remaining capital being held by Copagaz's current stockholders.

This Transaction will be submitted to the approval of Petrobras' relevant bodies, and subsequently submitted to the Brazilian Antitrust Authority (CADE). The completion of this transaction and respective financial settlement are dependent upon the fulfillment of certain conditions precedent, among them the approval from CADE.

Constantly seeking for efficient capital allocation opportunities, Itaúsa has stepped up the evaluation process for investments and divestments over the last years, and the Transaction is aligned with Itaúsa's portfolio management strategy that privileges increase of profitability, risk reduction and long-term value creation. This transaction will have no impact in Itaúsa's results in this fiscal year.

Itaúsa will keep the market informed on the developments of this transaction accordingly.

For further information, please see the Announcement to the Market disclosed on November 7, 2019 at:

www.itausa.com.br/en/announcements-and-minutes/material-facts

3. ITAÚSA'S ECONOMIC PERFORMANCE

As a holding company, Itaúsa's results are basically derived from its share of income, determined based on the net income of its subsidiaries and revenues from investments in financial assets.

As a result of the merger of wholly-owned subsidiary Itaúsa Empreendimentos into Itaúsa, carried out on August 30, the Individual Statement of Income of Itaúsa, presented in the pro-forma table below, had some 2018 and 2019 figures adjusted in the lines for better comparability of the data submitted, without, however, resulting in any change in net income.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED AND CAPITAL MARKETS

	R$ million			**R$ per share**		
	9M19	9M18	change	**09/30/2019**	09/30/2018	change
PROFITABILITY						
Net income	**6,862**	6,929	-1.0%	**0.82**	0.84	-2.5%
Recurring net income	**7,168**	6,657	7.7%	**0.85**	0.80	6.1%
Return on Equity (annualized)	**17.4%**	18.1%	-70 bps			
Recurring Return on Equity (annualized)	**18.2%**	17.4%	80 bps			
BALANCE SHEET (1)						
Total assets	**55,509**	55,845	-0.6%			
Net indebtedness	**263**	24	995.8%			
Stockholders' equity	**52,130**	52,691	-1.1%	**6.20**	6.26	-1.1%
CAPITAL MARKETS						
Market Value (2)	**110,855**	**84,948**	30.5%			
Average Daily Traded Volume (ADTV) on B3 (3)	**297**	**201**	47.5%			

(1) For better comparability, all periods include the merger of Itaúsa Empreendimentos.

(2) Calculated based on the closing price of preferred shares in the last day of the period.

(3) Includes Itaúsa's preferred shares (ITSA4)

PRO-FORMA INDIVIDUAL RESULT OF ITAÚSA

in R$ million	3Q19	3Q18	Δ%	9M19	9M18	Δ%
INVESTEES' RESULTS IN ITAÚSA	**2,543**	**2,324**	*9%*	**7,590**	**7,019**	*8.1%*
FINANCIAL SECTOR	**2,470**	**2,299**	***7.4%***	**7,322**	**6,837**	***7.1%***
NON-FINANCIAL SECTOR	**78**	**27**	***187.0%***	**279**	**153**	***82.0%***
ALPARGATAS	(2)	(9)	*-77.8%*	33	(8)	*-512.5%*
DURATEX	11	23	*-52.2%*	43	44	*-2.3%*
NTS (1)	69	13	*426.9%*	203	117	*73.1%*
OTHER COMPANIES (2)	(5)	(2)	*150.0%*	(11)	29	*-137.9%*
RESULTS OF ITAÚSA	**(48)**	**(38)**	*26.3%*	**(378)**	**(412)**	*-8.3%*
FINANCIAL INCOME / EXPENSES	(15)	(12)	*25.0%*	(36)	(56)	*-35.7%*
ADMINISTRATIVE EXPENSES (2)	(31)	(26)	*19.2%*	(93)	(68)	*36.8%*
TAX EXPENSES	(3)	(4)	*-25.0%*	(252)	(297)	*-15.2%*
OTHER OPERATING REVENUES	1	4	*-75.0%*	3	9	*-66.7%*
INCOME BEFORE INCOME TAX/SOCIAL CONTRIBUTION	**2,495**	**2,286**	*9.1%*	**7,212**	**6,607**	*9.1%*
INCOME TAX / SOCIAL CONTRIBUTION	(21)	42	*-150.0%*	(44)	50	*-188.0%*
RECURRING INDIVIDUAL NET INCOME	**2,474**	**2,328**	***6.3%***	**7,168**	**6,657**	***7.7%***
NON-RECURRING RESULTS	**(533)**	**154**	***-446.1%***	**(306)**	**272**	***-212.5%***
NET INCOME	**1,941**	**2,482**	***-21.8%***	**6,862**	**6,929**	***-1.0%***

(1) For better comparability, all periods include the merger of Itaúsa Empreendimentos in the Statement of Income.

(2) Share of income in 3Q19 and 9M19 impacted by the effect of amortization of goodwill on assets (PPA) in the amount of R$ 22 million.

(3) Includes dividends/interest on capital, adjustment to fair value of shares, interest on debentures convertible into shares, and expenses on time installment of the amount invested in NTS.

Results of investees

Recurring share of income totaled R$2,543 million, up 9.4% on a year-on-year basis. This increase was mainly driven by a better performance of Itaú Unibanco, with a 5.0% growth in Interest Income compared to the 8.1% increase in loan portfolio, including financial guarantees provided and corporate securities, in addition to the 6.7% increase in Commissions and Fees. Furthermore, it is worth mentioning the double-digit growth in all Alpargatas business and the growth in NTS's operational result arising from contractual adjustments.

Faced with a challenging scenario, Itaúsa's investees have directed efforts to better take advantage of their operational structures. Duratex has focused on optimizing its assets base for higher business profitability and increased return on the capital invested, in addition to putting into practice some initiatives to improve operational efficiency. Alpargatas in turn has experienced operational efficiency gains, as a result of better expenses management mainly as a result of the VIP 100% (Value Improvement Program) and OBZ (Zero-Base Budgeting) projects.

In this quarter, share of income was characterized by significant non-recurring events in investees that led to a negative result of R$533 million, mainly driven by adjustments to the structure of Itaú Unibanco to conform to the market reality, by way of a Voluntary Severance Program announced in August impacting share of income by R$536 million. Duratex's results were mainly impacted by the revenue from the sale of land and forests in 3Q18, which contributed to a better result in that quarter, whereas Alpargatas reported a gain in connection with the successful outcome in a lawsuit challenging ICMS/COFINS levied, with a positive impact on the 3Q18 results.

Further information on the performance of investees is described in section "4. Comments on the Performance of Investees" below.

Itaúsa's Results

Administrative expenses totaled R$31 million in 3Q19. This 19.2% increase on a year-on-year basis was mainly driven by the expansion of the administrative structure, additional expenses on merger and acquisitions projects, IT improvements, sureties and guarantees taken out to secure lawsuits, and increase in share bookkeeping services driven by an expanded stockholder base.

Financial Result totaled R$15 million in expenses (R$12 million in 3Q18), mainly derived from the lower position of average cash and the lower level of interest rates.

Net Income for the quarter totaled R$1.941 million, down 21.8% on a year-on-year basis, mainly driven by the non-recurring effects mentioned above. If we excluded these effects, recurring net income would be R$2,474 million, up 6.3% on a year-on-year basis.

RECONCILIATION OF RECURRING NET INCOME

	3Q19	3Q18	**9M19**	9M18
Recurring Net income	**2,474**	**2,328**	**7,168**	**6,657**
Addition/(Exclusion) of Non-Recurring Effects D= (A + B + C)	**(533)**	**154**	**(306)**	**272**
Own (A)	**-**	**-**	**28**	**(85)**
Disposal of shares in Elekeiroz	-	-	-	(85)
Disposal of interest in Itaú Unibanco Centro Empresarial	-	-	28	-
Arising from Ownership Interest in the Financial Sector (B)	**(533)**	**3**	**(324)**	**144**
Changes in treasury shares	3	3	214	147
Voluntary Resignation Plan	(536)	-	(536)	-
Other	-	-	(2)	(3)
Arising from Ownership Interest in the Non-Financial Sector (C)	**-**	**151**	**(10)**	**213**
Alpargatas	**1**	**36**	**(11)**	**47**
Gain and deferred tax assets - PIS/COFINS - ICMS base	-	55	23	55
Impairment on goodwill - Argentina	-	-	(21)	-
Other	1	(19)	(13)	(8)
Duratex	**(1)**	**115**	**1**	**166**
Sale of land and forests	(0)	119	-	170
Other	(1)	(4)	1	(4)
Net Income	**1,941**	**2,482**	**6,862**	**6,929**

MAIN INDICATORS OF ITAÚSA CONGLOMERATE COMPANIES

We present below the main indicators of Itaúsa Conglomerate companies, based on the Consolidated Financial Statements under IFRS.

	January to September	Itaú	ALPARGATAS	Duratex
Operating revenues [1]	**2019**	**143,404**	**2,956**	**3,526**
	2018	125,233	2,647	3,686
Net income [6]	**2019**	**18,439**	**156**	**121**
	2018	18,254	258	574
Stockholders' equity [6]	**2019**	**129,380**	**2,535**	**4,765**
	2018	129,879	2,249	5,389
Annualized return on average equity (%) [2][6]	**2019**	**19.9%**	**8.5%**	**3.4%**
	2018	19.8%	15.8%	15.4%
Annualized recurring return on average equity (%) [2][6]	**2019**	**21.4%**	**10.6%**	**3.4%**
	2018	19.8%	5.6%	3.2%
Internal fund generation [3]	**2019**	**42,662**	**441**	**752**
	2018	42,566	319	970
Interest of Itaúsa in companies [4][5]	**2019**	**37.5%**	**28.9%**	**36.7%**
	2018	37.6%	27.6%	36.7%

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

- Itaú Unibanco Holding: Interest and similar income, dividend income, adjustments to fair value of financial assets and liabilities, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.
- Alpargatas and Duratex: Sales of products and services.

(2) Represents the ratio of net income for the period and the average equity ((Dec18 + Mar + Jun + Sep)/4).

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

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

(5) The Interest presented consider the outstanding shares.

(6) Net Income, Stockholders' Equity and ROE correspond to the amounts attributable to controlling stockholders.

3.1. Capital markets

Share performance

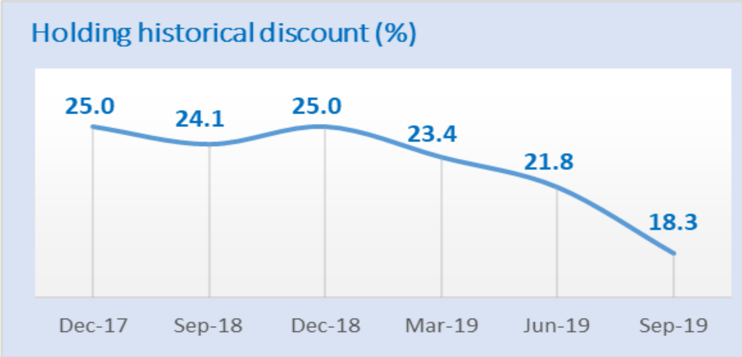
Itaúsa's preferred shares (traded on B3 under ticker ITSA4) closed September 2019 at R$13.18, a 30.5% appreciation over the previous 12 months (or 43.1% as adjusted by declared earnings), whereas Ibovespa, B3's main index, rose by 32.0% in the same period.

The daily average financial volume of preferred shares traded in the first nine months of 2019 was R$297 million, with an average of 29,000 daily trades.

On September 30, 2019, Itaúsa had 313,300 individual stockholders, up 178.0% from the number of 112,700 on a year-on-year basis.

Holding company discount

Discount is an indicator resulting from the difference between the market price ascertained for Itaúsa's shares and the theoretical value obtained through the sum of the market values of the parts that compose the holding company's investments. On September 30, 2019, Itaúsa's shares were traded at a 18.3% discount, down 580 bps on a year-on-year basis.



Part of this discount can be justified in view of the holding company's maintenance expenses, taxes levied on a fraction of the earnings received (tax inefficiency), and risk assessment, among other factors. Itaúsa's management believes that the discount reduction may be driven by the improvement in some of these factors and a better market perception of the fundamentals that justify it. Management also understands that the current level does not reflect the proper indicator level.

Market capitalization on September 30, 2019, based on the price of the most liquid shares (ITSA4), was R$110,855 million, whereas the sum of interests in investees at market value totaled R$135,403 million.

The Investor Relations department discloses information about the discount, which may be received by email, on a monthly basis on its website. To receive it, please register on http://www.itausa.com.br/en/e-mail-alert.

Public Meeting with stockholders, investors and capital markets, in partnership with Apimec/SP

On September 3, Itaúsa held, for the 19th consecutive year, its annual public meeting with stockholders, investors, and the general public interested in capital markets, in partnership with Apimec/SP. This event had the record attendance of over 950 people, either in person or following live on the Internet. It enabled the interaction between the audience and the management members of Itaúsa and investees (Itaú Unibanco, Alpargatas, and Duratex) to discuss the results, strategies, and long-term prospects of the companies.

The full video and material presented in the event are available on Itaúsa's website. Access at http://www.itausa.com.br/en/financial-information/meeting-with-analysts.

4. COMMENTS ON THE PERFORMANCE OF INVESTEES

Itaú Unibanco Holding S.A.

HIGHLIGHTS

Technology investment

Technology has become an important pillar for ensuring that Itaú Unibanco is up to date and ready to respond to the challenges from the market and its clients. In 2019 technology investment is estimated at least 20% higher than the amount in 2018 and 60% higher than in 2016, which shows the bank's commitment to the advancement of digital solutions and better client experiences.

Eight commitments of positive impact

In September 2019, aimed at strengthening its sustainability stance, Itaú Unibanco signed a document including the UN Principles for Responsible Banking. In order to ensure that these principles are met, it launched in that same month the eight commitments of positive impact, as follows: Financing in Positive Impact Sectors, Responsible Investment, Inclusion and Entrepreneurship, Financial Citizenship, Transparency in Reporting and Communication, Ethics in Relationships and Business, Inclusive Management, and Responsible Management.

Results

Net income[1] totaled R$5.2 billion in 3Q19, down 15.7% on a year-on-year basis, mainly driven by expenses on the voluntary severance program and the higher provision for loan losses as a result of the loan portfolio growth.

R$ million (except where indicated)	3Q19	3Q18	Δ%	9M19	9M18	Δ%
Operating Revenues[2]	29,913	28,313	5.7%	86,818	84,372	2.9%
Net Income	5,165	6,125	-15.7%	18,439	18,254	1.0%
ROE[1]	16.4%	19.5%	- 3.1 p.p.	19.9%	19.8%	0.1 p.p.
Recurring ROE	20.9%	19.5%	1.4 p.p.	21.4%	19.8%	1.6 p.p.
Loan Portfolio	692,181	640,280	8.1%	692,181	640,280	8.1%

In the quarter, Itaú Unibanco reported a 5.7% increase in **Operating Revenues**[2] on a year-on-year basis. Main factors leading to this result are as follows:

> A 5.0% increase in **Interest Income** [2] mainly driven by an 8.1% growth of the loan portfolio, including financial guarantees provided and corporate securities. Noteworthy was the 23.8% increase in the segments of very small, small and middle-market companies, and the 14.5% increase in individuals. The 30.8% increase in interest and other expenses, derived from the change in the bank's mix of funding, has absorbed part of the Interest Income;
>
> A 6.7% increase in **Commissions and Fees and Result of Insurance Operations** mainly driven by (i) a 30.5% increase in fund management fees; (ii) higher revenues from advisory and brokerage services; and (iii) higher credit and debit card commissions.

The **Expected Loss on Financial Assets and Claims** was up by R$3.1 billion, mainly driven by higher expected losses on loan operations, as a result of the growth of loan portfolios in the segments of very small, small and middle-market companies, as well as of individuals.

General and Administrative Expenses were up by 5.6%, mainly driven by the voluntary severance program, with an impact of R$2.4 billion in connection with labor provisions and dismissals and social benefits.

Capital Management and Liquidity

Capital management is vital, since it is a key element through which the bank seeks to optimize the application of funds and ensure the business soundness. These goals are reflected in its capital ratio and dividend distribution policies, which set up a minimum Tier I capital ratio of 13.5%. Therefore, profit distributions are conditioned on this threshold, as well as business growth outlooks, profitability for the year, mergers and acquisitions, changes in the market, and tax and regulatory changes that may modify capital requirements. At the end of September 2019, Tier I capital ratio was at 14.1%. Dividends paid, provided for or registered in stockholders' equity in the first nine months of 2019 totaled R$11.0 billion, up 45.9% on a year-on-year basis. Regarding liquidity, it is worth mentioning that the short-and long-term ratios are above the minimum required by the Central Bank of Brazil (100%). On September 30, 2019, the short-term ratio (liquidity coverage ratio, or LCR) reached 151.9%, whereas the long-term ratio (Net stable funding ratio, or NSFR) reached 117.5%.

[1] Attributable to controlling stockholders.
[2] Adjusted to tax effects on hedge instruments for foreign investments.

ALPARGATAS

HIGHLIGHTS

New headquarters, a new culture

As part of Nova Alpa transformation project, combining delivery of results, connectivity, and people appreciation focused on meritocracy, in August 2019 Alpargatas' headquarters were moved to a new address, also in the city of São Paulo, which features a collaborative layout and has brought about savings on rent expenses.

In September Alpargatas hosted the global leadership meeting, as a hallmark of its new culture based on 6 principles designed to support its next growth cycle, as follows: *Inspired by people, Face the impossible, Make it happen, Owner's heart, Grow together,* and *Take care of the future*.

New distribution center

Alpargatas opened a new Distribution Center (DC) intended for multichannel sales, with facilities in the City of Extrema, state of Minas Gerais (MG). This new DC is part of the company's plan to integrate the physical stores of its largest business Havaianas with ecommerce.

Results

R$ million (except where indicated)	3Q19	3Q18	Δ%	9M19	9M18	Δ%
Net Revenue	1,036.9	930.8	11.4%	2,956.0	2,646.9	11.7%
EBITDA	150.3	229.8	-34.6%	382.0	448.0	-14.7%
Net Income	58.5	119.8	-51.2%	133.9	251.2	-46.7%
Recurring Net Income	59.7	(5.8)	-1129.3%	172.8	84.6	104.3%
ROE	9.4%	21.9%	- 12.5 p.p.	7.3%	15.4%	- 8.1 p.p.
Recurring ROE	9.6%	-1.1%	10.7 p.p.	9.4%	5.2%	4.2 p.p.

Consolidated net revenue increased by 11.4% in 3Q19 on a year-on-year basis, mainly driven by the better performance of all business in Brazil (Havaianas Brasil, Mizuno, and Osklen), Havaianas international operations, and the operations in Argentina. Net revenue totaled R$2,956.0 million in the year-to-date, up 11.7% from the same period of 2018.

In the third quarter, the net revenue of the **Brazil** line, represented by brands Havaianas, Dupé, Mizuno, and Osklen, totaled R$741.6 million, up 10.9% on a year-on-year basis, mainly driven by the above-inflation price rise for the new collection, larger volume and a better mix of channels. **Sandals International** posted a net revenue of R$162.1 million in 3Q19, up 10.4% on a year-on-year basis, mainly driven by a larger volume of sales (+13.9%) particularly in the Latam (Latin America) and APAC (Asia Pacific) regions. In **Argentina**, net revenue totaled R$133.2 million, up 15.5% on a year-on-year basis, mainly driven by the rise in prices in local currency in the period, which made up for the 10.3% drop in the volume of footwear.

In own stores and franchises operated in Brazil, including e-commerce, sales volume increased by double digits on a year-on-year basis (Havaianas +10% and Osklen +13%), according to the same-store sales concept.

Gross profit increased by 18.8% in 3Q19 on a year-on-year basis, up 290 bps in gross margin, mainly driven by the performance in Argentina as a result of the price adjustment in all markets, and the efficiency gain from the restructurings carried out since the 3Q18.

Recurring EBITDA increased by 36.5% from 3Q18 and reached R$155.5 million, driven by the higher net revenue in all regions and the better expense management derived from the VIP 100% (Value Improvement Program) and ZBB (Zero-Based Budgeting) projects. Non-recurring effects adversely impacting the 3Q19 were mainly driven by the restructuring in Brazil, with advisory expenses, the contractual agreement for the former headquarters, and stores closing down. In 3Q18, adjustments carried out were driven by the positive effects from the final and unappealable decision of the lawsuit that challenged the inclusion of ICMS in the COFINS calculation base in Brazil, and the impact of advisory services and labor compensation expenses in Argentina. In the year-to-date, recurring EBITDA totaled R$419.9 million, up 25.4% on a year-on-year basis.

Recurring consolidated net income in 3Q19 totaled R$59.7 million, mainly driven by the aforementioned factors, from a loss of R$5.8 million in 3Q18. In the year-to-date, recurring consolidated net income reached R$172.8 million, up 104.3% from the same period of 2018. Operating cash generation was R$284.9 million, and cash balance was R$123.3 million at the end of September 2019.

Duratex

HIGHLIGHTS

Optimizing assets for higher profitability

To optimize its assets base to respond to the search for higher business profitability and better return of capital invested, Duratex has announced the sale of forest assets in the State of São Paulo and the decommissioning of the wood panel unit of Botucatu/SP, which operations had been suspended since November 2018. These transactions will in the aggregate lead to the recognition of approximately R$230.0 million in extraordinary net income and R$450.0 million net in cash, to be accounted for in 4Q19.

Acquisition of Cecrisa completed

In the third quarter, Duratex completed the acquisition of Cecrisa Revestimentos Cerâmicos S.A., a company that produces and sells Cecrisa and Portinari branded products, for R$253.1 million and the inclusion of Cecrisa's liabilities, in the amount of R$438.5 million, into its balance sheet. This acquisition had already been announced in 2Q19, and an additional amount of R$275 million will be payable over the next five years.

Results

Net revenue for 3Q19 totaled R$1,308.4 million, down 13.5% on a year-on-year basis, mainly impacted by the effect in 3Q18 of the company's receiving the second tranche of the sale of land and forests. Excluding this effect, net revenue would increase by 2.4%.

R$ million (except where indicated)	3Q19	3Q18	Δ%	9M19	9M18	Δ%
Net Revenue	1,308.4	1,512.5	-13.5%	3,525.5	3,686.0	-4.4%
EBITDA	246.7	902.8	-72.7%	762.4	1,629.2	-53.2%
Net Income	27.7	376.3	-92.6%	121.0	573.8	-78.9%
Recurring Net Income	30.5	61.6	-50.5%	119.2	119.9	-0.6%
ROE	2.3%	30.0%	- 27.6 p.p.	3.4%	15.4%	- 12 p.p.
Recurring ROE	2.6%	4.7%	- 2.2 p.p.	3.4%	3.2%	0.2 p.p.

The **Wood Division**'s net revenue totaled R$724.0 million in the period, down 31.0% on a year-on-year basis. Excluding the aforementioned effect and the sale of the fiberboard business in 3Q18, the Wood Division's pro forma net revenue would be 11.2% lower, driven by the 16.3% fall in volume shipped.

The **Deca Division**'s net revenue totaled R$406.4 million, stable on a year-on-year basis. Even though volume had dropped by 5.6%, the unit net revenue increased by 5.8%, as a result of the successful trade policy implementation, which positively impacted gross margin, which in turn increased by 230 bps on a year-on-year basis.

The **Ceramic Tiles Division** posted a net revenue of R$177.9 million, up 220.9% on a year-on-year basis, mainly driven by the consolidation of Cecrisa's results and the larger volume of the 2019 line sales.

Consolidated EBITDA in 3Q19 was R$246.7 million, down 72.7% on a year-on-year basis, mainly driven by non-recurring items. Recurring consolidated EBITDA increased by 13.5% in the same period. Net income totaled R$27.7 million, down 92.6%, mainly driven by the aforementioned impacts. In the year-to-date, EBITDA and recurring net income totaled R$630.5 million and R$119,2 million, respectively.

Net debt totaled R$2,161.2 million at the end of September 2019, representing 2.49 times the recurring adjusted EBITDA for 12 months, up 7.45% from the end of the previous quarter, with, however, a now restructured profile, given the issue of R$1.2 billion in debentures in the first quarter.

nts

Results

R$ million (except where indicated)	3Q19	3Q18	Δ%	9M19	9M18	Δ%
Net Revenue	1,112	1,016	9%	3,293	3,009	9%
Net Income	542	497	9%	1,641	1,432	15%

In the third quarter of 2019, net revenue reached R$1,112 million, up 9.0% on a year-on-year basis, mainly driven by the annual inflation-adjustment of gas ship-or-pay agreements. Net income in 3Q19 totaled R$542 million, up 9.0% on a year-on-year basis. In the year-to-date, NTS recorded net revenue of R$3,293 million and net income of R$1,641 million, up 15% on a year-on-year basis, as consequence of a more favorable financial result, mainly driven by lower financial expenses due to debt restructuring.

Dividends and interest on capital

In the period from July to September 2019, Itaúsa received dividends and interest on capital, gross, in the amount of R$41.2 million. The amount received totaled R$125.4 million in the year-to-date.

5. PEOPLE MANAGEMENT

Itaúsa Conglomerate had the support of approximately 127,000 employees on September 30, 2019, including 15,600 employees in foreign units. Its dedicated structure, intended to carry out the holding company's activities, had 80 professionals on that same date.

6. INDEPENDENT AUDITORS – CVM INSTRUCTION No. 381

Procedures adopted by the company

The policy adopted by Itaúsa, its subsidiaries and parent company, to engage non-audit services from our independent auditors is based on the applicable regulations and internationally accepted principles that preserve the auditors' independence. These principles include the following: (a) and auditor cannot audit his or her work; (b) an auditor cannot hold managerial positions at their client's; and (c) an auditor cannot promote the interests of its client.

In the period from July to September 2019, the independent auditors and related parties did not provide non-audit services in excess of 5% of total external audit fees

Independent Auditors' Justification - PwC

The provision of non-audit services does not affect the independence or the objectivity of the external auditor of Itaúsa and its subsidiaries. The policy adopted for providing non-audit services to Itaúsa is based on principles that preserve the independence of the Independent Auditors, all of which were considered in the provision of the referred services.

7. ACKNOWLEDGMENTS

We thank our stockholders for their trust, which we always try to repay by obtaining results differentiated from those of the market, and our employees, for their talent and dedication, which have enabled the sustainable growth of business.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

BOARD OF DIRECTORS

Chairman
Henri Penchas

Vice-Chairman
Alfredo Egydio Setubal
Ana Lúcia de Mattos Barretto Villela

Members
Paulo Setubal Neto
Rodolfo Vilella Marino
Victório Carlos De Marchi

Alternative members
Edson Carlos De Marchi
Ricardo Egydio Setubal
Ricardo Villela Marino

FISCAL COUNCIL

President
Tereza Cristina Grossi Togni

Members
Eduardo Rogatto Luque
Flavio César Maia Luz
José Maria Rabelo
Paulo Ricardo Moraes Amaral

Alternative members
Carlos Eduardo de Mori Luporini
Felício Cintra do Prado Júnior
Guilherme Tadeu Pereira Júnior
Isaac Berensztejn
João Costa

EXECUTIVE BOARD

Chief Executive Officer
Alfredo Egydio Setubal (*)

Executive Vice-Presidents
Alfredo Egydio Arruda Villela Filho
Roberto Egydio Setubal
Rodolfo Villela Marino

Managing Officers
Frederico de Souza Queiroz Pascowitch
Maria Fernanda Ribas Caramuru
Priscila Grecco Toledo

(*) *Investor Relations Officer*

ACCOUNTANT

Sandra Oliveira Ramos Medeiros
CRC 1SP 220.957/O-9

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Consolidated Balance Sheet
(In millions of Reais)

ASSETS	NOTE	09/30/2019	12/31/2018
Cash and cash equivalents	3	2,031	2,421
Financial assets - Fair value through profit or loss	4	1,091	1,030
Trade accounts receivable	5	1,215	1,215
Other financial assets	6a	566	758
Inventory	7	970	798
Investments in associates and joint ventures	8 IIa	50,147	52,831
Fixed assets, net	9	3,632	3,338
Intangible assets, net	10	796	423
Right-of-Use Assets	11	536	-
Biological assets	12	1,629	1,565
Tax assets		1,872	1,756
Income tax and social contribution - for offsetting		385	399
Income tax and social contribution - deferred	13b	1,370	1,294
Other		117	63
Other non-financial assets	6a	76	71
TOTAL ASSETS		**64,561**	**66,206**

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	09/30/2019	12/31/2018
Liabilities			
Dividends and interest on capital		519	772
Debentures	14	2,519	1,208
Loans and financing	15	1,917	2,863
Provision	16	1,567	1,448
Tax liabilities		771	517
Income tax and social contribution - current		45	26
Income tax and social contribution - deferred	13b	527	462
Other		199	29
Other liabilities	6b	1,571	1,319
Lease Liabilities	11	548	-
Total Liabilities		**9,412**	**8,127**
Stockholders' Equity			
Capital	17a	43,515	43,515
Reserves	17d	10,332	13,339
Carrying value adjustments		(1,717)	(1,711)
Total Stockholders' Equity Attributable to Owners of the Parent Company		**52,130**	**55,143**
Non-controlling interests		3,019	2,936
Total Stockholders' Equity		**55,149**	**58,079**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**64,561**	**66,206**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A

Consolidated Statement of Income

(In millions of Reais, except per share information)

	NOTE	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	01/01 to 09/30/2018
Net sales revenue of products and services	19	1,308	3,522	1,511	4,113
Cost of products and services	20	(959)	(2,547)	(1,085)	(3,031)
Gross profit		**349**	**975**	**426**	**1,082**
Sales expenses	20	(184)	(515)	(194)	(534)
General and administrative expenses	20	(100)	(272)	(87)	(237)
Other (losses)/gains, net	21	32	145	458	626
Tax expenses		(4)	(249)	-	(293)
Share of income in associates and joint ventures	8 IIa	1,936	7,020	2,328	7,019
Operating result		**2,029**	**7,104**	**2,931**	**7,663**
Financial income	22	129	308	66	247
Financial expenses	22	(170)	(384)	(129)	(422)
Financial result		**(41)**	**(76)**	**(63)**	**(175)**
Income before income tax and social contribution		**1,988**	**7,028**	**2,868**	**7,488**
Current income tax and social contribution	13a	(22)	(59)	(214)	(330)
Deferred income tax and social contribution	13a	(8)	(31)	67	136
Net income		**1,958**	**6,938**	**2,721**	**7,294**
Net income attributable to owners of the parent company		1,941	6,862	2,482	6,929
Net income attributable to non-controlling interests		17	76	239	365
Earnings per share - basic and diluted	23				
Common		0.23	0.82	0.30	0.83
Preferred		0.23	0.82	0.30	0.83
Weighted average number of shares outstanding – basic and diluted					
Common		2,889,837,770	2,889,838,811	2,889,839,643	2,860,348,123
Preferred		5,520,977,160	5,520,937,555	5,520,858,345	5,466,536,474

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A

Consolidated Statement of Comprehensive Income

(In millions of Reais)

	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	01/01 to 09/30/2018
Net income	**1,958**	**6,938**	**2,721**	**7,294**
Other comprehensive income	**(33)**	**(6)**	**77**	**(200)**
Amounts that will subsequently be reclassified to results	**(54)**	**23**	**74**	**(203)**
Interest in associates and jointly controlled entities, net of tax	**(57)**	**21**	**68**	**(241)**
Adjustment to fair value of financial assets, hedges and foreign exchange variations on investments abroad	(57)	21	68	(241)
Interest in subsidiaries, net of tax	**3**	**2**	**6**	**38**
Foreign exchange variations on investments abroad	3	2	6	38
Amounts that will not subsequently be reclassified to results	**21**	**(29)**	**3**	**3**
Interest in associates and jointly controlled entities, net of tax	**21**	**(29)**	**3**	**3**
Remeasurement of post-employment benefit obligations	21	(29)	3	3
Total comprehensive income	**1,925**	**6,932**	**2,798**	**7,094**
Comprehensive income attributable to owners of the parent-company	1,908	6,856	2,559	6,729
Comprehensive income attributable to non-controlling interests	17	76	239	365

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

ITAÚSA- INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Cash Flows
(In millions of Reais)

	Note	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	01/01 to 09/30/2018
Cash flow from operating activities					
Adjusted net income		**305**	**725**	**249**	**901**
Net income		1,958	6,938	2,721	7,294
Adjustments to net income:		(1,653)	(6,213)	(2,472)	(6,393)
Share of income in associates and joint ventures	8 IIa	(1,936)	(7,020)	(2,328)	(7,019)
Deferred income tax and social contribution		8	31	(67)	(136)
Contingent liabilities	16b	23	191	36	199
Interest, foreign exchange and monetary variations, net		79	173	105	281
Depreciation, amortization and depletion		155	477	311	668
Change in fair value of biological assets	12c	(12)	(109)	(49)	(121)
Allowance for loan losses	5	2	7	3	12
Net result on sale of investment and fixed assets		-	(27)	-	121
Other		28	64	(483)	(398)
Changes in assets and liabilities		**95**	**(202)**	**6**	**(1,242)**
Decrease in financial assets		-	-	-	39
(Increase) decrease in trade accounts receivable		86	136	(292)	(342)
(Increase) decrease in inventory		121	(33)	40	(60)
(Increase) decrease in tax assets		3	11	(30)	(11)
(Increase) decrease in other assets		(94)	204	268	52
Increase (decrease) in tax liabilities		24	48	(5)	(73)
Increase (decrease) in other liabilities		(45)	(568)	25	(847)
Others		**(43)**	**(246)**	**(226)**	**(469)**
Payment of income tax and social contribution		(12)	(58)	(201)	(319)
Interest paid on loans and financing		(31)	(188)	(25)	(150)
Net cash (used in) from operating activities		**357**	**277**	**29**	**(810)**
Cash flow from investment activities					
Purchase of investments		(326)	(421)	(4)	(4)
Sale of investments		-	-	-	29
Interest on debentures receivable		-	-	-	15
Acquisition of fixed assets, intangibles and biological assets		(116)	(348)	(111)	(321)
Sale of fixed assets, intangibles and biological assets		299	303	267	420
Interest on capital and dividends received		3,076	9,564	1,967	7,594
Redemption of debentures		-	-	-	442
Net cash from investment activities		**2,933**	**9,098**	**2,119**	**8,175**
Cash flow from financing activities					
Subscription of shares		-	-	-	664
Treasury shares		1	3	(17)	(32)
Interest on capital and dividends paid		(3,029)	(9,739)	(1,871)	(6,518)
Loans and financing receivable		6	6	-	431
Payment of borrowing and financing		(383)	(1,174)	(24)	(883)
Issue of Debentures		-	1,198	-	-
Payment of debentures		(5)	(5)	-	-
Payment to the dissenting shareholders		(55)	(55)	-	-
Net cash used in financing activities		**(3,465)**	**(9,766)**	**(1,912)**	**(6,338)**
Net increase (decrease) in cash and cash equivalents		**(175)**	**(391)**	**236**	**1,027**
Cash and cash equivalents at the beginning of the period	3	2,205	2,421	2,017	1,218
Effects of changes in exchange rates on cash and cash equivalents		1	1	1	9
Cash and cash equivalents at the end of the period	3	2,031	2,031	2,254	2,254

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Value Added
(In millions of reais)

	07/01 to 09/30/2019	%	01/01 to 09/30/2019	%	07/01 to 09/30/2018	%	01/01 to 09/30/2018	%
Income	**1,628**		**4,394**		**2,258**		**5,716**	
Sales of products and services	1,628		4,374		1,839		5,080	
Allowance for doubtful accounts	(2)		(7)		(3)		(12)	
Other revenue	2		27		422		648	
Inputs purchased from third parties	**(1,072)**		**(2,794)**		**(1,031)**		**(3,261)**	
Cost of products and services	(884)		(2,262)		(834)		(2,602)	
Materials, energy and third-party services	(188)		(532)		(318)		(659)	
Losses	-		-		121		-	
Gross value added	**556**		**1,600**		**1,227**		**2,455**	
Depreciation, amortization and depletion	(155)		(477)		(311)		(668)	
Net value added produced by the company	**401**		**1,123**		**916**		**1,787**	
Value added received from transfer	**2,109**		**7,487**		**2,434**		**7,392**	
Share of income in associates and joint ventures	1,936		7,020		2,328		7,019	
Financial income	129		308		66		247	
Other revenue	44		159		40		126	
Total value added to be distributed	**2,510**		**8,610**		**3,350**		**9,179**	
Distribution of value added	**2,510**	**100.00%**	**8,610**	**100.00%**	**3,350**	**100.00%**	**9,179**	**100.00%**
Personnel	215	8.57%	628	7.29%	204	6.09%	630	6.86%
Compensation	172		505		163		505	
Benefits	31		90		30		92	
FGTS – Government severance pay fund	10		30		10		32	
Other	2		3		1		1	
Taxes, fees and contributions	163	6.49%	661	7.68%	299	8.93%	856	9.33%
Federal	136		622		276		829	
State	23		29		22		18	
Municipal	4		10		1		9	
Return on third parties' assets	174	6.93%	383	4.45%	126	3.76%	399	4.35%
Interest	174		383		124		396	
Rental revenue	-		-		-		1	
Other	-		-		2		2	
Return on own assets	1,958	78.01%	6,938	80.58%	2,721	81.22%	7,294	79.46%
Dividends and interest on capital paid/provided for	168		3,368		168		2,177	
Retained earnings for the period	1,773		3,494		2,314		4,752	
Non-controlling interests in retained earnings	17		76		239		365	

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Individual Balance Sheet

(In millions of Reais)

ASSETS	NOTE	09/30/2019	12/31/2018
Cash and cash equivalents		965	936
Financial assets - Fair value through profit or loss	4	1,091	1,030
Other financial assets		188	307
Dividends and interest on capital		150	270
Escrow deposits as guarantees of contingencies		38	37
Investments in subsidiaries, associates and joint ventures	8 Ic	51,825	54,810
Fixed assets, net		100	99
Right-of-Use Assets		12	-
Tax assets		1,219	1,215
Income tax and social contribution - current		301	293
Income tax and social contribution - deferred		916	920
Other		2	2
Other assets		109	23
TOTAL ASSETS		**55,509**	**58,420**

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	09/30/2019	12/31/2018
Liabilities			
Dividends and interest on capital		353	408
Debentures	14	1,228	1,208
Provision		1,315	1,285
Tax liabilities		100	67
Income tax and social contribution - deferred		97	60
Other		3	7
Lease Liabilities		12	-
Other liabilities		371	309
Total Liabilities		**3,379**	**3,277**
Stockholders' Equity			
Capital	17a	43,515	43,515
Reserves	17d	10,332	13,339
Carrying value adjustments		(1,717)	(1,711)
Total Stockholders' Equity		**52,130**	**55,143**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**55,509**	**58,420**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Individual Statement of Income

(In millions of Reais, except per share information)

	NOTE	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	01/01 to 09/30/2018
Other (losses)/gains, net		42	156	38	-
General and administrative expenses		(34)	(92)	(23)	(57)
Tax expenses		(2)	(248)	(2)	(293)
Share of income in subsidiaries, associates and joint ventures	8 I c	1,940	7,054	2,467	7,258
Operating result		**1,946**	**6,870**	**2,480**	**6,908**
Financial income		82	204	8	104
Financial expenses		(68)	(174)	(50)	(172)
Financial result		**14**	**30**	**(42)**	**(68)**
Income before income tax and social contribution		**1,960**	**6,900**	**2,438**	**6,840**
Current income tax and social contribution		-	-	(1)	(1)
Deferred income tax and social contribution		(19)	(38)	45	90
Net income		**1,941**	**6,862**	**2,482**	**6,929**
Earnings per share - basic and diluted	23				
Common		0.23	0.82	0.30	0.83
Preferred		0.23	0.82	0.30	0.83
Weighted average number of shares outstanding – basic and diluted					
Common		2,889,837,770	2,889,838,811	2,889,839,643	2,860,348,123
Preferred		5,520,977,160	5,520,937,555	5,520,858,345	5,466,536,474

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A

Individual Statement of Comprehensive Income

(In millions of reais)

	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	01/01 to 09/30/2018
Net income	**1,941**	**6,862**	**2,482**	**6,929**
Other comprehensive income	**(33)**	**(6)**	**77**	**(200)**
Amounts that will subsequently be reclassified to results	**(54)**	**23**	**74**	**(203)**
Interest in jointly controlled entities, net of tax	**(57)**	**21**	**68**	**(241)**
Adjustment to fair value of financial assets, hedges and foreign exchange variations on investments abroad	(57)	21	68	(241)
Interest in subsidiaries, net of tax	**3**	**2**	**6**	**38**
Foreign exchange variation on investments abroad	3	2	6	38
Amounts that will not be subsequently reclassified to results	**21**	**(29)**	**3**	**3**
Interests in associates and jointly controlled entities, net of tax	**21**	**(29)**	**3**	**3**
Remeasurement of post-employment benefit obligations	21	(29)	3	3
Total comprehensive income	**1,908**	**6,856**	**2,559**	**6,729**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated and Individual Statement of Changes in Stockholders' Equity (Note 17)
(In millions of Reais)

	Attributable to owners of the parent company								Total stockholders' equity		
	Capital	Treasury shares	Capital reserves	Appropriated revenue reserves	Unappropriated revenue reserves	Proposal for distribution of additional dividends	Retained earnings / (accumulated deficit)	Carrying value adjustments	Owners of the parent company	Non-controlling interests	Total
Balance at 01/01/2018	**37,145**	-	**719**	**9,667**	**687**	**5,002**	-	**(1,294)**	**51,926**	**2,993**	**54,919**
Transactions with owners	6,370	(32)	-	(4,999)	-	(5,002)	(2,177)	-	**(5,840)**	57	**(5,783)**
Subscription of shares	1,370	-	-	-	-	-	-	-	**1,370**	-	**1,370**
Treasury shares	-	(32)	-	-	-	-	-	-	**(32)**	-	**(32)**
Increase in capital with reserves	5,000	-	-	(5,000)	-	-	-	-	-	-	-
Dividends and interest on capital not claimed	-	-	-	1	-	-	-	-	**1**	57	**58**
Dividends and interest on capital	-	-	-	-	-	-	(2,177)	-	**(2,177)**	-	**(2,177)**
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	-	(5,002)	-	-	**(5,002)**	-	**(5,002)**
Transactions with subsidiaries and jointly controlled companies	-	-	(142)	18	-	-	-	-	**(124)**	-	**(124)**
Paid-in reserves	-	-	-	687	(687)	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	6,929	(200)	**6,729**	365	**7,094**
Net income	-	-	-	-	-	-	6,929	-	**6,929**	365	**7,294**
Other comprehensive income	-	-	-	-	-	-	-	(200)	**(200)**	-	**(200)**
Appropriations:											
Legal reserve	-	-	-	346	-	-	(346)	-	-	-	-
Unappropriated-reserves	-	-	-	-	4,406	-	(4,406)	-	-	-	-
Balance at 09/30/2018	**43,515**	**(32)**	**577**	**5,719**	**4,406**	-	-	**(1,494)**	**52,691**	**3,415**	**56,106**
Change in the period	**6,370**	**(32)**	**(142)**	**(3,948)**	**3,719**	**(5,002)**	-	**(200)**	**765**	**422**	**1,187**
Balance at 01/01/2019	**43,515**	-	**633**	**6,155**	**122**	**6,429**	-	**(1,711)**	**55,143**	**2,936**	**58,079**
Transactions with owners	-	-	-	2	-	(6,429)	(3,368)	-	**(9,795)**	7	**(9,788)**
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	7	**7**
Dividends and interest on capital not claimed	-	-	-	2	-	-	-	-	**2**	-	**2**
Dividends and interest on capital	-	-	-	-	-	-	(3,368)	-	**(3,368)**	-	**(3,368)**
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	-	(6,429)	-	-	**(6,429)**	-	**(6,429)**
Transactions with subsidiaries and jointly controlled companies	-	-	(157)	83	-	-	-	-	**(74)**	-	**(74)**
Paid-in reserves	-	-	-	122	(122)	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	6,862	(6)	**6,856**	76	**6,932**
Net income	-	-	-	-	-	-	6,862	-	**6,862**	76	**6,938**
Other comprehensive income	-	-	-	-	-	-	-	(6)	**(6)**	-	**(6)**
Appropriations:											
Legal reserve	-	-	-	343	-	-	(343)	-	-	-	-
Unappropriated-reserves	-	-	-	-	3,151	-	(3,151)	-	-	-	-
Balance at 09/30/2019	**43,515**	-	**476**	**6,705**	**3,151**	-	-	**(1,717)**	**52,130**	**3,019**	**55,149**
Change in the period	-	-	**(157)**	**550**	**3,029**	**(6,429)**	-	**(6)**	**(3,013)**	**83**	**(2,930)**

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

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

	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	01/01 to 09/30/2018
Cash flow from operating activities				
Adjusted net income	**24**	**(21)**	**44**	**(10)**
Net income	1,941	6,862	2,482	6,929
Adjustments to net income:	(1,917)	(6,883)	(2,438)	(6,939)
Share of income in subsidiaries, associates and joint ventures	(1,940)	(7,054)	(2,467)	(7,258)
Deferred income tax and social contribution	19	38	(45)	(90)
Contingent liabilities	1	150	19	178
Interest and monetary variations, net	2	7	55	108
Net result on sale of investment and fixed assets	-	(27)	-	121
Depreciation and amortization	1	3	-	2
Changes in assets and liabilities	**(45)**	**(195)**	**(103)**	**(866)**
Decrease in financial assets	-	-	-	38
(Increase) decrease in tax assets	3	10	(30)	(12)
(Increase) decrease in other assets	(68)	248	(18)	353
Decrease in tax liabilities	(4)	(9)	(28)	(20)
Increase (decrease) in other liabilities	24	(444)	(27)	(1,225)
Other	-	**(39)**	-	**(44)**
Interest paid on loans and financing	-	(39)	-	(44)
Net cash used in operating activities	**(21)**	**(255)**	**(59)**	**(920)**
Cash flow from investment activities				
Acquisition of investments	(59)	(154)	-	-
Sale of investments	-	-	-	29
Cash and cash equivalents of merged subsidiary	304	304	-	-
Purchases of fixed assets and intangible	(4)	(14)	(3)	(8)
Sale of fixed assets and intangible	37	37	-	-
Redemption of debentures	-	-	-	442
Interest on debentures receivable	-	-	-	16
Interest on capital and dividends received	3,077	9,654	1,968	7,618
Net cash from investment activities	**3,355**	**9,827**	**1,965**	**8,097**
Cash flow from financing activities				
Advance for future capital increase	-	-	-	664
Settlement - Loan operations	-	-	-	(520)
Loans and financing payable	-	-	-	20
Purchases of treasury shares	-	-	(17)	(32)
Amortization of Lease Liabilities	(1)	(1)	-	-
Interest on capital and dividends paid	(3,029)	(9,542)	(1,871)	(6,476)
Net cash used in financing activities	**(3,030)**	**(9,543)**	**(1,888)**	**(6,344)**
Net increase in cash and cash equivalents	**304**	**29**	**18**	**833**
Cash and cash equivalents at the beginning of the period	661	936	886	71
Cash and cash equivalents at the end of the period	965	965	904	904

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Individual Statement of Value Added
(In millions of Reais)

	07/01 to 09/30/2019	%	01/01 to 09/30/2019	%	07/01 to 09/30/2018	%	01/01 to 09/30/2018	%
Inputs purchased from third parties	**(19)**		**(65)**		**(19)**		**(171)**	
Third-party services	(14)		(45)		(15)		(40)	
Other	(5)		(20)		(4)		(131)	
Gross value added	**(19)**		**(65)**		**(19)**		**(171)**	
Depreciation and amortization	(1)		(3)		-		(2)	
Net added value produced by the company	**(20)**		**(68)**		**(19)**		**(173)**	
Added value received through transfers	**2,064**		**7,417**		**2,515**		**7,485**	
Share of income in subsidiaries, associates and joint ventures	1,940		7,054		2,467		7,258	
Financial income	82		204		8		104	
Other income	42		159		40		123	
Total value added to be distributed	**2,044**		**7,349**		**2,496**		**7,312**	
Distribution of value added	**2,044**	**100.00%**	**7,349**	**100.00%**	**2,496**	**100.00%**	**7,312**	**100.00%**
Personnel - compensation	8	0.39%	24	0.33%	4	0.16%	7	0.10%
Taxes, fees and contributions	22	1.08%	289	3.93%	(41)	-1.64%	207	2.83%
Return on third parties' assets - interest	73	3.57%	174	2.37%	51	2.04%	169	2.31%
Return on own assets	1,941	94.96%	6,862	93.37%	2,482	99.44%	6,929	94.76%
Dividends and interest on capital	168		3,368		168		2,177	
Retained earnings for the period	1,773		3,494		2,314		4,752	

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

ITAÚSA – INVESTIMENTOS ITAÚ S.A
Notes to the Financial Statements
at September 30, 2019 and 2018
(In millions of Reais, except as otherwise disclosed)

NOTE 1 – OVERVIEW

Itaúsa – Investimentos Itaú S.A. ("ITAÚSA") is a publicly held company, organized and existing under the laws of Brazil, and is located at Paulista Avenue No. 1,938, 5th floor, Bela Vista, in the city of São Paulo, SP, Brazil.

The corporate purpose of ITAÚSA is to hold equity interests in other companies, in Brazil or abroad, for investment in any sectors of the economy, including through investment funds, disseminating among its investees its principles of appreciation of human capital, governance, and ethics in business, and creation of value for its stockholders on a sustainable basis.

Through its controlled and joint-controlled companies and other investments, ITAÚSA operates in the following markets: financial services (Itaú Unibanco Holding), wood panels, bathroom porcelains, bathroom fixtures, ceramic tiles and electronic showers (Duratex), footwear, apparel and sports products (Alpargatas) – as shown in Note 25 "Segment Information".

ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family which holds 63.27% of the common shares and 18.57% of the preferred shares, making 33.93% of the total.

These individual and consolidated financial statements were approved by the ITAÚSA Board of Directors on November 11, 2019.

NOTE 2 – ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

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

Consolidated financial statements

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

Individual financial statements

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

The presentation of the individual and consolidated statements of value added is required by Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to publicly held companies. The statement of value added was prepared in accordance with the criteria defined in the Technical Pronouncement CPC 09 – "Statement of Value Added". IFRS does not require the presentation of such statement. As a consequence, under IFRS, the statement of value added is presented as supplementary information, without prejudice to the set of financial statements.

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

2.2 NEW PRONOUNCEMENTS, CHANGES TO AND INTERPRETATIONS OF EXISTING PRONOUNCEMENTS

a) Accounting pronouncements applicable

CPC 06 (R2) / IFRS 16 – "Leases"

This pronouncement replaces IAS 17 – Leases, as well as related interpretations (IFRIC 4, SIC 15, and SIC 27) and eliminates the accounting for operating lease agreements for the lessee, presenting one lease model only, which consists in (a) initially recognizing all leases in assets (Right-of-Use Asset) and liabilities (Lease Liabilities) at present value; and (b) recognizing the depreciation of the Right-of-Use Asset and the interest from lease separately in income.

The greatest impact from adopting CPC 06 (R2) in the financial statements of ITAÚSA, as of the transition date, derives from the effects determined by subsidiary Duratex and is related to the lease of rural land at the present value of R$488. Other leases comprise administrative buildings, distribution centers and vehicles estimated at R$13. These amounts were recorded in Right-of-Use Asset in assets and Lease Liabilities in liabilities.

ITAÚSA and subsidiaries have adopted CPC 06/IFRS 16 by the modified retrospective transition method as of January 1, 2019, by using the following criteria: lease liabilities were measured at the present value of remaining payments, discounted at the incremental borrowing rate. Right-of-use assets were measured by the value equal to the lease liabilities, adjusted by prepaid or accumulated lease payment amounts related to these leases recorded in the balance sheet immediately before the date of initial application.

ICPC 22 / IFRIC 23 – "Uncertainty over Income Tax treatments"

The interpretation clarifies how to apply the requirements for recognition and measurement of CPC 32 / IAS 12 – Income Taxes when there is uncertainty about the acceptance of income tax treatment by tax authorities.
This interpretation is effective for the years beginning January 1st, 2019 and there were no relevant impacts for the Financial Statements of ITAÚSA.

b) Accounting pronouncements issued recently applicable to future periods

The pronouncement below will come into force for periods after the date of these Financial Statements. It has not been adopted early by the company:

- Change in Conceptual Framework – In March, 2018, o IASB issued a review of the Conceptual Framework and the main changes refer to: definitions of assets and liabilities, recognition criteria, write-off, measurement, presentation and disclosure for equity elements and result. These changes are effective for the years started on January 1st, 2020 and possible impacts are being assessed and will be completed by the date they are in force.

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

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

a) Deferred income tax and social contribution

As explained in Note 2.4m, deferred tax assets are recognized only in relation to temporary differences and losses carried-forward to the extent that it is probable that ITAÚSA and its subsidiaries will generate future taxable profits for their utilization. The expected realization of the deferred tax assets of ITAÚSA and its subsidiaries is based on the projection of future income and other technical studies, as disclosed in Note 13. The carrying amount of deferred tax assets is R$1,370 at September 30, 2019 (R$1,294 at December 31, 2018).

b) Fair value of financial instruments, including derivatives

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

ITAÚSA and its subsidiaries rank the fair value measurements using a fair value hierarchy that reflects the significance and observable nature of inputs adopted as part of the measurement process. There are three broad levels related to the fair value hierarchy, detailed in Note 27.

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

The methodologies used to estimate the fair value of certain financial instruments are also described in Note 27.

c) Provisions, contingent assets and liabilities

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

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

Contingent amounts are measured using appropriate models and criteria, despite uncertainty surrounding the ultimate timing and amounts, as detailed in Note 16.

The carrying amount of these contingencies net of escrow deposits at September 30, 2019 is R$1,567 (R$1,448 at December 31, 2018).

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

ITAÚSA and its subsidiaries use several estimates to value their forestry reserves, in accordance with the methodology established by CPC 29/IAS 41 – "Agriculture". These estimates are based on market references, and are subject to changes that could impact on the consolidated financial information. Specifically, a 5% reduction in standing wood prices would result in a reduction in the fair value of biological assets to R$53, net of tax effects. If the discount rate used were increased by 0.5%, this would result in a reduction in the fair value of biological assets of about R$7, net of tax effects.

The methodologies used to estimate the fair value of biological assets are also described in Note 12.

e) Benefits of pension plans

The current value of assets related to pension plans depends on a number of factors that are determined based on actuarial calculations, which use several assumptions (Note 24b). Among the assumptions adopted to calculate these amounts are assumptions regarding the discount rate and the current market conditions. Any changes in these assumptions will affect the corresponding book values.

f) Estimated impairment of goodwill

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

2.4 SUMMARY OF MAIN ACCOUNTING PRACTICES

a) CONSOLIDATION AND EQUITY METHOD

I. Subsidiaries

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

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

	Incorporation country	Activity	Interest in capital at 09/30/2019	Interest in capital at 12/31/2018
Joint ventures				
Itaú Unibanco Holding S.A.	Brazil	Holding company/Financial institution	37.46%	37.55%
IUPAR - Itaú Unibanco Participações S.A.	Brazil	Holding company	66.53%	66.53%
Alpargatas S.A.	Brazil	Footwear, apparel and sports items	28.88%	27.55%
Full consolidation				
Duratex S.A.	Brazil	Wood panels, bathroom porcelains, bathroom fixtures, electronic showers, and ceramic tiles	36.65%	36.67%
Itaúsa Empreendimentos S.A. (1)	Brazil	Service	-	100.00%
Itautec S.A.	Brazil	Information technology	100.00%	98.93%
ITH Zux Cayman Ltd.	Cayman Islands	Holding	100.00%	100.00%

(1) Company merged into ITAÚSA on 08/30/2019 (Note 8 (b)).

II. Business combinations

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

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

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

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

III. Transactions with non-controlling interests

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

b) FOREIGN CURRENCY TRANSLATION

I. Functional and presentation currency

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

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

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

II. Foreign currency transactions

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

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

c) CASH AND CASH EQUIVALENTS

ITAÚSA and its subsidiaries define "cash and cash equivalents" as cash and deposits on demand (which comprise cash and current accounts in banks), securities and financial assets with original maturities equal or less than 90 days, as shown in Note 3.

d) FINANCIAL ASSETS

I. Classification

ITAÚSA and its subsidiaries classify their financial assets, upon initial recognition, depending on the characteristics of these assets' cash flows and the business models used by the entity for financial assets management. The classifications used are as follows: measured at amortized cost, measured at fair value through other comprehensive income, and measured at fair value through profit or loss.

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are assets whose cash flows characteristic corresponds only to the payment of principal and interest, and that are generated by a business model to obtain contractual cash flows of the instrument.

(b) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Financial assets measured at fair value through other comprehensive income are assets whose cash flows characteristics also corresponds only to the payment of principal and interest and that are generated by a business model that involves both obtaining contractual cash flows and selling these instruments.

(c) Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets measured at fair value through profit or loss are assets whose cash flows characteristics do not correspond only to the payment of principal and interest or that are generated by a business model to be sold in the short-term (trading).

II. Recognition and measurement

Purchases and sales of financial assets are usually recognized as at the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not classified at measured at fair value through profit or loss. Financial assets are written off when the rights to receive cash flows have expired or have been transferred; in the latter case provided that ITAÚSA and its subsidiaries have substantially transferred all the risks and benefits of the property.

Financial assets measured at fair value through profit or loss and through other comprehensive income are subsequently accounted for at fair value, and the effects of the change in fair value are recognized, respectively, in profit or loss for the period or in other comprehensive income. Financial assets measured at amortized cost are accounted for at amortized cost, based on the effective interest rate method.

Upon the sale of debt bonds measured as fair value through other comprehensive income, the accumulated adjustments to fair value recognized at a separate account under stockholders' equity ("Asset Valuation Adjustment") are included in the statement of income as "Financial Result". On the other hand, assets classified as FVTOCI will never have their effects from the measurement at fair value recognized in the statement of income, even if they are sold, and these amounts should be reclassified as retained earnings.

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

III. Offsetting of financial instruments

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

IV. Impairment of financial assets

ITAÚSA and its subsidiaries assess, at each balance sheet date, the need to recognize impairment losses for all financial assets measured at amortized cost and at fair value through other comprehensive income. This assessment excludes financial assets measured at fair value through profit or loss and equity instruments, even if these are classified as measured at fair value through other comprehensive income.

Impairment losses are calculated taking into account a number of factors, such as the credit status of each financial asset, the analysis of the economic or sector scenario, and the history of losses recognized in previous periods.

The amount of impairment loss is measured as the difference between the book value of assets and the present value of estimated future cash flows, discounted at the original interest rate of financial assets. The book value of the asset is reduced and the loss amount is recognized in the statement of income. If a financial asset has a variable interest rate, the discount rate used to measure an impairment loss will be the effective interest rate adjusted according to the agreement. If, in a subsequent period, the amount of the impairment loss decreases, the reversal of this previously recorded loss will be recorded in the statement of income.

e) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

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

f) TRADE ACCOUNTS RECEIVABLE

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

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

g) INVENTORY

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

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

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

h) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

I. Associates

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

II. Joint ventures

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

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

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

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

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

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

As from the third quarter of 2018, ITAÚSA recognizes the effects of hyperinflation in Argentina arising from its joint-controlled subsidiaries (Itaú Unibanco Holding and Alpargatas), in conformity with CPC 42 / IAS 29 – Financial Reporting in Hyperinflationary Economies.

i) FIXED ASSETS

In accordance with CPC 27 / IAS 16 – "Property, Plant and Equipment", fixed assets are recognized at cost of acquisition deduct of the accumulated depreciation, which is calculated using the straight-line method and rates based on the estimated useful lives of these assets. These rates are presented in Note 9.

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

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

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

j) GOODWILL

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

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

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

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

k) INTANGIBLE ASSETS – OTHER INTANGIBLE ASSETS

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

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

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

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

l) BIOLOGICAL ASSETS

Forest reserves are recognized at their fair value, less estimated costs to sell at harvest time, in accordance with Note 12. For immature plantations (up to one year of life), their cost is considered to be close to their fair value. Gains and losses arising from the recognition of a biological asset at its fair value, deduct of the costs to sell, are recognized in the statement of income. The depletion appropriated in the statement of income is formed by the portion of the formation cost and the portion related to the difference of the fair value.

Formation costs of these assets are recognized in income as incurred.

m) INCOME TAX AND SOCIAL CONTRIBUTION

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

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

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

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

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

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

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

n) EMPLOYEE BENEFITS

Pension plans – defined contribution

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

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

o) STOCK-BASED COMPENSATION

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

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

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

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

All stock-based compensation plans established by subsidiaries correspond to plans that can be settled exclusively through the delivery of shares (Note 18).

p) LOANS AND FINANCING

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

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

q) CAPITAL AND TREASURY SHARES

Capital

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

Treasury shares

Common and preferred shares that are repurchased are recorded in stockholders’ equity under “Treasury shares” at their average purchase prices.

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

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

r) DIVIDENDS AND INTEREST ON CAPITAL

Pursuant to the Company's bylaws, the stockholders are entitled to a mandatory minimum dividend of 25% of the net income for the year, in the form of quarterly payments, adjusted in accordance with the legislation in force. Minimum dividend amounts established in the bylaws are recorded as liabilities at the end of each quarter. Any other amount above the mandatory minimum dividend is accounted for as a liability when it is approved by the stockholders at a Stockholder´s Meeting.

Since January 1, 1996, Brazilian companies have been permitted to apply a tax-deductible nominal interest rate charge on net equity (called interest on capital). For accounting purposes interest on capital is treated as a dividend and is presented as a reduction of stockholders' equity in the financial statements. The related tax benefit is recorded in the statement of income.

s) EARNINGS PER SHARE

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

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

t) REVENUE

Revenue comprises the fair value of the proceeds received or receivable from the sale of products in the normal course of business of ITAÚSA and its subsidiaries. Revenue is recorded net of taxes, returns, discounts and rebates granted, as well as of the eliminations of sales between the group companies. It is recognized when such value may be measured with accuracy, when it is probable that future economic benefits will flow into the entity and when specific criteria, as detailed below, are met for every activity.

I. Sale of Products

These are recorded in income upon delivery of products, as well as at the time risks and benefits are transferred to the purchaser.

II. Financial Income

Financial income is recorded over time based on the effective interest method. When an impairment is identified for a financial instrument, ITAÚSA and its subsidiaries reduce the carrying amount to its recoverable amount, which corresponds to the estimated future cash flows, discounted at the original effective interest rate of such instrument.

u) SEGMENT INFORMATION

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

ITAÚSA has the following business segments: the Financial Area and the non-financial Area, subdivided into Alpargatas and Duratex.

Segmental information is presented in Note 25.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	09/30/2019	12/31/2018
Cash and deposits on demand	114	174
Investments in fixed income and investment funds	1,083	1,238
Bank deposit certificates	834	1,009
Total	**2,031**	**2,421**

NOTE 4 – FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS

	06/30/2019	12/31/2018
Investment - NTS (*)	1,091	1,030
Total	**1,091**	**1,030**

(*) It refers to the 7.65% interest of ITAÚSA in the capital of Nova Transportadora do Sudeste S.A. (NTS) acquired on April 4, 2017.

NOTE 5 - TRADE ACCOUNTS RECEIVABLE

Trade Accounts Receivable	09/30/2019	12/31/2018
Domestic customers	1,075	1,070
Foreign customers	194	182
Related parties	21	39
Impairment	(75)	(76)
Total	**1,215**	**1,215**

The balances of accounts receivable by maturity are as follows:

Maturities	09/30/2019	12/31/2018
Current	1,114	1,092
Past-due up to 30 days	65	66
From 31 to 60 days	18	31
From 61 to 90 days	7	13
From 91 to 180 days	15	16
More than 180 days	71	73
Total	**1,290**	**1,291**

We present below the changes in the provision for expected loan losses:

	09/30/2019	12/31/2018
Opening balance	(76)	(109)
Acquisition of companies	(7)	(15)
Constitution of provision	(11)	-
Write-offs	19	19
Write-off - Elekeiroz	-	29
Closing Balance	**(75)**	**(76)**

NOTE 6 - OTHER ASSETS AND LIABILITIES

a) Other assets

	09/30/2019			12/31/2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Other financial assets						
Deposits as guarantees for contingent liabilities	-	104	104	-	96	96
Dividends and interest on stockholders' equity receivable	55	-	55	90	-	90
Amounts receivable from the sale of fixed assets	36	45	81	284	13	297
Retirement plan assets (Note 24)	-	108	108	5	111	116
Acquisition escrow accounts	2	30	32	3	56	59
Forest incentives	-	10	10	-	10	10
Electricity sales	8	-	8	1	-	1
Sale of Elekeiroz shares	-	-	-	-	13	13
Indemnifiable assets	-	26	26	-	-	-
Compulsory loans	-	46	46	-	-	-
Other amounts receivable	68	28	96	11	65	76
Total	**169**	**397**	**566**	**394**	**364**	**758**
Other non-financial assets						
Prepaid expenses	22	20	42	8	-	8
Investment property	-	22	22	-	24	24
Held-for-sale assets	-	8	8	-	35	35
Other	-	4	4	-	4	4
Total	**22**	**54**	**76**	**8**	**63**	**71**

(1) Includes R$ 48 related to decrease in capital stock of Nova Transportadora do Sudeste, and R$ 13 related to receivables from land in Várzea Paulista.

b) Other liabilities

	09/30/2019			12/31/2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Suppliers	455	-	455	438	-	438
Personnel provision	203	32	235	281	-	281
Accounts payable (from SCPs) to shareholders (*)	37	94	131	27	94	121
Advances from customers	25	6	31	21	6	27
Acquisitions of companies	47	149	196	34	32	66
Freight and insurance payable	19	-	19	17	-	17
Commission payable	14	-	14	9	-	9
Acquisitions of reforestation areas	4	-	4	6	-	6
Product warranty and technical support	32	5	37	-	4	4
Commercial leasing	-	7	7	-	9	9
Liabilities provided with joint operation partner	-	41	41	-	35	35
Liabilities payable - NTS	-	327	327	-	296	296
Other	66	8	74	10	-	10
Total	**902**	**669**	**1,571**	**843**	**476**	**1,319**

(*) SCPs: Partnerships in which some partners are passive

NOTE 7 – INVENTORY

	09/30/2019	12/31/2018
Raw materials	259	260
Finished products	500	324
Work in progress	137	124
Showrooms	127	116
Advances to suppliers	3	1
Allowance for inventory losses	(56)	(27)
Total	**970**	**798**

At September 30, 2019 and December 31, 2018, the subsidiaries of ITAÚSA did not have any inventory pledged as collateral.

NOTE 8 – INVESTMENTS

I) ITAÚSA

a) Subsidiaries and joint ventures stockholder' equity

Stockholders' equity	Joint Ventures			Subsidiaries			
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Alpargatas S.A.	Duratex S.A.	Itautec S.A.	Itaúsa Empreend. S.A.[1]	ITH Zux Cayman Company Ltd.
Stockholders' equity at 12/31/2017							
Capital	97,148	13,500	648	1,962	56	262	42
Treasury shares	(2,743)	-	(64)	(28)	-	-	-
Carrying value adjustments	(3,486)	(1,134)	(149)	417	-	-	-
Reserves	38,529	21,165	1,751	2,364	-	43	-
Other	1,930	-	-	-	(23)	-	(40)
Balance at 12/31/2017	**131,378**	**33,531**	**2,186**	**4,715**	**33**	**305**	**2**
Changes from 01/01 to 09/30/2018	**(1,499)**	**(488)**	**63**	**674**	**(3)**	**(1)**	-
Net income	18,254	429	258	574	(3)	(1)	-
Treasury shares	623	-	-	1	-	-	-
Dividends and interest on capital	(19,399)	(660)	(208)	-	-	-	-
Other comprehensive income	(647)	(171)	16	105	-	-	-
Other	(330)	(86)	(3)	(6)	-	-	-
Stockholders' equity at 09/30/2018							
Capital	97,148	16,000	648	1,962	56	262	49
Treasury shares	(1,963)	-	(64)	(27)	-	-	-
Carrying value adjustments	(3,279)	(1,079)	(133)	522	-	-	-
Reserves	36,045	18,122	1,798	2,932	-	42	-
Other	1,928	-	-	-	(26)	-	(47)
Balance at 09/30/2018	**129,879**	**33,043**	**2,249**	**5,389**	**30**	**304**	**2**
Stockholders' equity at 12/31/2018							
Capital	97,148	16,000	648	1,962	56	262	44
Treasury shares	(1,820)	-	(64)	(26)	-	-	-
Carrying value adjustments	(3,812)	(1,220)	(76)	454	-	-	-
Reserves	43,146	20,063	1,873	2,245	-	45	-
Other	2,120	-	-	-	(30)	-	(42)
Balance at 12/31/2018	**136,782**	**34,843**	**2,381**	**4,635**	**26**	**307**	**2**
Changes from 01/01 to 09/30/2019	**(7,402)**	**(2,015)**	**155**	**132**	**(11)**	**(307)**	-
Net income	18,439	4,825	157	121	(11)	1	-
Treasury shares	863	-	-	3	-	-	-
Dividends and interest on capital	(26,482)	(6,782)	-	-	-	-	-
Other comprehensive income	(16)	(4)	(18)	5	-	-	-
Other	(206)	(54)	16	3	-	(308)	-
Stockholders' equity at 09/30/2019							
Capital	97,148	16,000	1,500	1,962	56	-	44
Treasury shares	(1,307)	-	(64)	(23)	-	-	-
Carrying value adjustments	(3,828)	(1,224)	(94)	459	-	-	-
Reserves	35,323	18,052	1,194	2,369	-	-	-
Other	2,044	-	-	-	(41)	-	(42)
Balance at 09/30/2019	**129,380**	**32,828**	**2,536**	**4,767**	**15**	-	**2**

(1) Company merged into ITAÚSA on 08/30/2019.

b) Interest in capital of subsidiaries and joint ventures

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

Interest in capital	Joint Ventures			Subsidiaries			
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Alpargatas S.A.	Duratex S.A.	Itautec S.A.	Itaúsa Empreend. S.A. (3)	ITH Zux Cayman Company Ltd.
Common shares in circulation at 12/31/2018	**4,958,290,359**	**710,454,184**	**241,608,525**	**689,467,756**	**11,072,186**	**2,186,700**	**12,200,000**
Shares of capital	4,958,290,359	710,454,184	241,608,551	691,784,501	11,072,186	2,186,700	12,200,000
Treasury shares	-	-	(26)	(2,316,745)	-	-	-
Preferred shares in circulation at 12/31/2018	**4,762,230,563**	**350,942,273**	**221,444,849**	-	-	-	-
Shares of capital	4,845,844,989	350,942,273	228,841,226	-	-	-	-
Treasury shares	(83,614,426)	-	(7,396,377)	-	-	-	-
Outstanding shares at 12/31/2018	**9,720,520,922**	**1,061,396,457**	**463,053,374**	**689,467,756**	**11,072,186**	**2,186,700**	**12,200,000**
Number of shares owned by ITAÚSA at 12/31/2018	**1,944,075,803**	**706,169,365**	**127,591,556**	**252,807,715**	**10,953,371**	**2,186,700**	**12,200,000**
Common shares	1,943,906,480	355,227,092	103,623,035	252,807,715	10,953,371	2,186,700	12,200,000
Preferred shares	169,323	350,942,273	23,968,521	-	-	-	-
Direct interest at 12/31/2018							
Interest in capital	20.00%	66.53%	27.55%	36.67%	98.93%	100.00%	100.00%
Interest in voting capital	39.21%	50.00%	42.89%	36.67%	98.93%	100.00%	100.00%
Common shares in circulation at 09/30/2019	**4,958,290,359**	**710,454,184**	**302,010,657**	**689,722,785**	**11,072,186**	-	**12,200,000**
Shares of capital	4,958,290,359	710,454,184	302,010,689	691,784,501	11,072,186	-	12,200,000
Treasury shares	-	-	(32)	(2,061,716)	-	-	-
Preferred shares in circulation at 09/30/2019	**4,785,803,283**	**350,942,273**	**276,806,062**	-	-	-	-
Shares of capital	4,845,844,989	350,942,273	286,051,533	-	-	-	-
Treasury shares	(60,041,706)	-	(9,245,471)	-	-	-	-
Outstanding shares at 09/30/2019	**9,744,093,642**	**1,061,396,457**	**578,816,719**	**689,722,785**	**11,072,186**	-	**12,200,000**
Number of shares owned by ITAÚSA at 09/30/2019	**1,944,075,803**	**706,169,365**	**167,182,596**	**252,807,715**	**11,072,186**	-	**12,200,000**
Common shares	1,943,906,480	355,227,092	129,528,793	252,807,715	11,072,186	-	12,200,000
Preferred shares	169,323	350,942,273	37,653,803	-	-	-	-
Direct interest at 09/30/2019							
Interest in capital	(1) 19.95%	66.53%	28.88%	36.65%	100.00%	0.00%	100.00%
Interest in voting capital	(2) 39.21%	50.00%	42.89%	36.65%	100.00%	0.00%	100.00%

(1) Itaúsa holds a direct interest in Itaú Unibanco Holding S.A. of 19.95% and an indirect interest of 17.51% through the investment in the jointly-controlled subsidiary Itaú Unibanco Participações S.A.(IUPAR), which holds a 26.31% direct interest in Itaú Unibanco Holding S.A., totaling 37.46% interest in the capital.

(2) The direct interest in the common shares of Itaú Unibanco Holding S.A. is 39.21% and the indirect interest is 25.86% through the investment in the jointly-controlled subsidiary Itaú Unibanco Participações S.A.(IUPAR), which holds a 51.71% direct interest in the common shares of Itaú Unibanco Holding S.A., totaling 65.06% of the voting capital.

(3) As mentioned in item (b), Itaúsa Empreendimentos S.A. was merged into ITAÚSA as of 08/30/2019.

Merger of shares in Itautec – Grupo Itautec S.A. completed

The merger of shares in Itautec – Grupo Itautec S.A. into ITAÚSA was completed on June 14, 2019. This transaction was approved by the stockholders of both companies at the respective General Stockholders' Meetings held on April 30, 2019. Itautec's stockholders are now the holders of the same number of preferred shares issued by ITAÚSA (ITSA4). For this purpose, ITAÚSA issued 118,815 preferred shares (ITSA4), ending up with the dilution of 0.001% for Itaúsa's stockholders. These shares are now entitled to all earnings declared as of that date. ITAÚSA's stockholders exercising their right to dissent and appraisal ensued the acquisition of 1,873 common shares for treasury, which were then cancelled as resolved by the Board of Directors on August 12, 2019 (Note 17).

Furthermore, on August 15, 2019, Itautec's request for cancellation of its registration as a publicly-held company in category "A" was granted by the CVM.

Merger of wholly-owned subsidiary Itaúsa Empreendimentos S.A. ("Itaúsa Empreendimentos")

On August 30, 2019, the Extraordinary General Stockholders' Meeting resolved on the merger of shares of Itaúsa Empreendimentos into ITAÚSA. Itaúsa Empreendimentos had an administrative structure of approximately 80 professionals fully dedicated to operational activities to support ITAÚSA and the group's industrial area companies.

This corporate restructuring was aimed at seeking more operational synergy and efficiency, with the resulting optimization and rationalization of administrative costs and accessory obligations derived from the maintenance of Itaúsa Empreendimentos.

Considering Itaúsa Empreendimentos' corporate structure, this merger was implemented without diluting ITAÚSA's capital, since there was no capital increase, new shares issue, ratio of exchange of shares or the right of dissent and appraisal for any stockholders.

Cecrisa Revestimentos Cerâmicos S.A. ("Cecrisa") acquired by investee Duratex

On July 31, 2019, through its subsidiary Cerâmica Urussanga S.A.("Ceusa"), investee Duratex acquired 100% of the capital stock of Cecrisa and its subsidiaries, which are companies specialized in the production of ceramic tiles.

Consideration paid/payable totaled R$389 and, since the acquisition date, Cecrisa has contributed with a net revenue of R$126 and loss income of R$1 to Duratex.

c) Change in investments

	Joint Ventures			Subsidiaries					
Investments	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Alpargatas S.A	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A. (3)	ITH Zux Cayman Company Ltd.	Total
Investment balance at 12/31/2017									
Interest in capital	26,339	22,308	602	1,723	146	32	304	2	51,456
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable net assets	68	-	548	-	-	-	-	-	616
Goodwill	460	-	599	-	-	-	-	-	1,059
Balance at 12/31/2017	**26,855**	**22,308**	**1,749**	**1,723**	**146**	**32**	**304**	**2**	**53,119**
Changes from 01/01 to 09/30/2018	**(353)**	**(324)**	**(14)**	**246**	**(146)**	**(3)**	**(1)**	**-**	**(595)**
Share of income	6,696	285	39	210	32	(3)	(1)	-	7,258
Dividends and interest on capital	(6,856)	(439)	(56)	-	-	-	-	-	(7,351)
Sale of investments	-	-	-	-	(178)	-	-	-	(178)
Other comprehensive income	(128)	(114)	4	38	-	-	-	-	(200)
Other	(65)	(56)	(1)	(2)	-	-	-	-	(124)
Investment balance at 09/30/2018									
Interest in capital	25,995	21,984	619	1,969	-	29	303	2	50,901
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable net assets	59	-	517	-	-	-	-	-	576
Goodwill	460	-	599	-	-	-	-	-	1,059
Balance at 09/30/2018	**26,502**	**21,984**	**1,735**	**1,969**	**-**	**29**	**303**	**2**	**52,524**
Market value at 09/30/2018 (1)	**107,383**	**-**	**1,563**	**2,283**	**-**	**165**	**-**	**-**	**111,394**
Investment balance at 12/31/2018									
Interest in capital	27,356	23,182	656	1,694	-	25	306	2	53,221
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable net assets	57	-	485	-	-	-	-	-	542
Goodwill	460	-	599	-	-	-	-	-	1,059
Balance at 12/31/2018	**27,861**	**23,182**	**1,740**	**1,694**	**-**	**25**	**306**	**2**	**54,810**
Changes from 01/01 to 09/30/2019	**(1,549)**	**(1,341)**	**175**	**46**	**-**	**(10)**	**(306)**	**-**	**(2,985)**
Share of income	3,788	3,210	22	44	-	(11)	1	-	7,054
Dividends and interest on capital	(5,292)	(4,512)	-	-	-	-	-	-	(9,804)
Purchase of shares	-	-	154 (2)	-	-	1	-	-	155
Other comprehensive income	(3)	(3)	(2)	2	-	-	-	-	(6)
Other	(42)	(36)	1	-	-	-	(307)	-	(384)
Investment balance at 09/30/2019									
Interest in capital	25,813	21,856	732	1,740	-	15	-	2	50,158
Unrealized income (loss)	(12)	(15)	-	-	-	-	-	-	(27)
Fair value - identifiable net assets	51	-	463	-	-	-	-	-	514
Goodwill	460	-	720	-	-	-	-	-	1,180
Balance at 09/30/2019	**26,312**	**21,841**	**1,915**	**1,740**	**-**	**15**	**-**	**2**	**51,825**
Market Value of the Stake at 09/30/2019 (1)	**127,860**	**-**	**4,330**	**3,198**	**-**	**-**	**-**	**-**	**135,388**

(1) Disclosed only for public companies.

(2) In the months of May and August of 2019, ITAÚSA acquired on B3 (over-the-counter market) 7,693,152 preferred shares in Alpargatas for the total amount of R$154. These acquired shares account for 1.330% of Alpargatas' total stock, with ITAÚSA now holding a 28.88% interest (excluding treasury shares) therein. ITAÚSA set off the purchase price allocation process by factoring in the interest in net assets and liabilities stated at fair value, the consideration paid by ITAÚSA and goodwill.

(3) As mentioned in item (b), Itaúsa Empreendimentos S.A. was merged into ITAÚSA as of 08/30/2019.

II) ITAÚSA CONSOLIDATED

a) Composition of investments in associates and jointly controlled entities

Investments	Joint Ventures			Associates	Total
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Alpargatas S.A		
Share of income from 01/01 to 09/30/2018	6,696	285	39	(1)	7,019
Investiment balance at 12/31/2018	27,861	23,182	1,740	48	52,831
Share of income from 01/01 to 09/30/2019	3,788	3,210	22	-	7,020
Investiment balance at 09/30/2019	26,312	21,841	1,915	79	50,147

b) Other information

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

Assets and liabilities (*)	09/30/2019	12/31/2018
Assets	**1,613,974**	**1,552,802**
Cash and deposits on demand	114,854	37,159
Financial assets	850,534	888,785
Loan operations and lease operations portfolio	548,602	536,091
Tax assets	45,358	42,835
Other assets	54,626	47,932
Liabilities	**1,471,392**	**1,403,558**
Financial Liabilities	1,185,543	1,151,232
Reserves for insurance and private pensions	213,837	201,187
Civil, labor, tax and social security lawsuits	19,068	18,613
Other liabilities	52,944	32,526

(*) Basically represented by Itaú Unibanco Holding.

Other Financial Information - Itaú Unibanco Holding	01/01 to 09/30/2019	01/01 to 09/30/2018
Interest and similar income	107,362	99,664
Interest and similar expenses	(61,967)	(50,797)
Net income before income tax and social contribution	23,424	20,230
Income tax and social contribution (*)	(4,326)	(1,448)
Net income	19,098	18,782
Net income attributable to the owners of the parent company	18,439	18,254
Other comprehensive income	(15)	(647)
Total comprehensive income	18,424	17,607

(*) On September 30, 2018, the temporary effects brought about by Law No. 13,169/15, which raised the social contribution rate to 20% from 15% up to December 31, 2018, were included, and deferred tax assets were accounted for based on their expected realization. On September 30, 2019 and December 31, 2018, there are no unrecognized deferred tax assets. On September 30, 2019, the effects arising from the end of this temporary rise in the social contribution rate, as it was returned to its 15% level, were included.

c) Usufruct of part of shares held by IUPAR terminated

In November 2008, upon the Itaú and Unibanco merger, ITAÚSA and the Moreira Salles Family granted IUPAR (the company incorporated to control Itaú Unibanco) shares of Itaú Unibanco's capital stock, under the establishment of usufruct rights to dividends / interest on capital for a 10-year period, which expired in November 2018. ITAÚSA's indirect interest in the capital of Itaú Unibanco under the usufruct established up to November 2018 represented a 15.3% stake. After the usufruct expires, PIS/COFINS will be levied on the interest on capital amounts received by IUPAR from Itaú Unibanco.

NOTE 9 – FIXED ASSETS

Fixed Assets	Land	Buildings and Improvements	Equipment and facilities	Furniture and fixtures	Vehicles	Assets under development or construction	Other assets	Total
Balance at 12/31/2017								
Cost	760	1,179	4,813	64	64	144	223	**7,247**
Accumulated depreciation	-	(479)	(2,688)	(43)	(53)	-	(139)	**(3,402)**
Impairment	-	(12)	(181)	(1)	-	(8)	26	**(176)**
Net book value	**760**	**688**	**1,944**	**20**	**11**	**136**	**110**	**3,669**
Changes from 01/01 to 09/30/2018	**(96)**	**(5)**	**(102)**	**(1)**	**1**	**(38)**	**(29)**	**(270)**
Acquisitions	9	8	42	2	1	98	8	**168**
Write-offs	(56)	-	(4)	-	-	-	(1)	**(61)**
Depreciation	-	(26)	(197)	(3)	(2)	-	(14)	**(242)**
Transfers	(57)	5	74	-	2	(125)	-	**(101)**
Impairment	-	(1)	(11)	-	-	-	-	**(12)**
Other	18	13	31	-	-	-	2	**64**
Sale of Elekeiroz shares	(10)	(4)	(37)	-	-	(11)	(24)	**(86)**
Balance at 09/30/2018								
Cost	664	1,147	4,382	61	64	98	231	**6,647**
Accumulated depreciation	-	(464)	(2,540)	(42)	(52)	-	(150)	**(3,248)**
Net book value	**664**	**683**	**1,842**	**19**	**12**	**98**	**81**	**3,399**
Annual depreciation rates (%)	-	*4%*	*5% to 20%*	*10%*	*10%*	-	*4% to 20%*	
Balance at 12/31/2018								
Cost	656	1,145	4,399	61	66	107	234	**6,668**
Accumulated depreciation	-	(473)	(2,606)	(43)	(53)	-	(155)	**(3,330)**
Net book value	**656**	**672**	**1,793**	**18**	**13**	**107**	**79**	**3,338**
Annual depreciation rates (%)	-	*4%*	*5% to 20%*	*10%*	*10%*	-	*4% to 20%*	
Changes from 01/01 to 09/30/2019	**45**	**83**	**77**	**2**	**1**	**86**	-	**294**
Acquisitions	42	7	35	1	1	150	6	**242**
Write-offs	(2)	(9)	(12)	-	-	-	(2)	**(25)**
Depreciation	-	(26)	(202)	(3)	(2)	-	(14)	**(247)**
Transfers	(6)	11	59	3	2	(75)	6	-
Transfer to Investment Property	-	(1)	-	-	-	-	-	**(1)**
Other	2	(1)	(4)	-	-	-	1	**(2)**
Acquisition of companies	9	102	201	1	-	11	3	**327**
Balance at 09/30/2019								
Cost	701	1,292	4,912	71	72	193	280	**7,521**
Accumulated depreciation	-	(537)	(3,042)	(51)	(58)	-	(201)	**(3,889)**
Net book value	**701**	**755**	**1,870**	**20**	**14**	**193**	**79**	**3,632**
Annual depreciation rates (%)	-	*4%*	*5% to 20%*	*10%*	*10%*	-	*4% to 20%*	

NOTE 10 – INTANGIBLE ASSETS

Intangible Assets	Software	Trademarks and patents	Goodwill for future profitability	Customer portfolio	Total
Balance at 12/31/2017					
Cost	108	64	359	412	**943**
Accumulated amortization	(68)	-	-	(215)	**(283)**
Impairment	(1)	-	-	-	**(1)**
Net value	**39**	**64**	**359**	**197**	**659**
Change from 01/01 to 09/30/2018	**7**	-	**9**	**(19)**	**(3)**
Acquisitions	16	-	9	-	**25**
Amortization expense	(6)	-	-	(21)	**(27)**
Impairment	(3)	-	-	-	**(3)**
Other	-	-	-	2	**2**
Balance at 09/30/2018					
Cost	113	65	368	415	**961**
Accumulated amortization	(67)	(1)	-	(237)	**(305)**
Net value	**46**	**64**	**368**	**178**	**656**
Annual amortization rates	*20%*	-	-	*6.67%*	
Balance at 12/31/2018					
Cost	122	57	156	400	**735**
Accumulated amortization	(68)	(1)	-	(243)	**(312)**
Net value	**54**	**56**	**156**	**157**	**423**
Changes from 01/01 to 09/30/2019	**8**	**8**	**376**	**(19)**	**373**
Acquisitions	13	-	-	-	**13**
Amortization expense	(7)	-	-	(19)	**(26)**
Acquisition of companies	2	8	376	-	**386**
Balance at 09/30/2019					
Cost	146	64	520	401	**1,131**
Accumulated amortization	(84)	-	12	(263)	**(335)**
Net value	**62**	**64**	**532**	**138**	**796**
Annual amortization rates	*20%*	-	-	*6.67%*	

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

	09/30/2019	12/31/2018
Acquisitions		
Cecrisa (Note 8b)	376	-
Thermosystem	20	20
Cerâmica Monte Carlo	20	20
Deca Nordeste	17	17
Ceusa e Massima	99	99
Net value	**532**	**156**

NOTE 11 – LEASES

ITAÚSA and subsidiaries have adopted CPC 06 (R2)/IFRS 16 as of January 1, 2019.

We present below the table summarizing the impacts in the transition and changes in the period:

a) Right-of-Use Assets

	09/30/2019				
	Land	Buildings	Vehicles	Others	Outros
Initial adoption on 01/01/2019	488	10	3	-	501
New contracts / Indexation adjustment	34	-	-	18	52
Acquisition of companies	-	4	-	5	9
Depreciation in the period (Income)	(2)	(3)	(1)	(2)	(8)
Depreciation in the period (*)	(18)	-	-	-	(18)
Total	**502**	**11**	**2**	**21**	**536**

(*) Recorded in forest planting costs, item Biological assets

b) Lease Liabilities

	09/30/2019				
	Land	Buildings	Vehicles	Others	Total
Initial adoption on 01/01/2019	488	10	3	-	501
New contracts / Indexation adjustment	34	-	-	18	52
Acquisition of companies	-	4	-	6	10
Interest accrued in the period (Income)	1	1	-	-	2
Interest accrued in the period (*)	38	-	-	-	38
Write-off due to payment	(47)	(4)	(1)	(3)	(55)
Total	**514**	**11**	**2**	**21**	**548**

(*) Recorded in forest planting costs, item Biological assets

NOTE 12 – BIOLOGICAL ASSETS (forest reserves)

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

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

As of September 30, 2019, these companies had approximately 150.0 thousand hectares in areas of effective planting (158.3 thousand hectares at December 31, 2018) in the states of São Paulo, Minas Gerais, Rio Grande do Sul, Alagoas and Colombia.

a) Fair value estimate

The fair value is determined based on the estimated wood volume at the point of harvest, on the current prices of standing timber, except in the case of eucalyptus forests that have up to one year of life and of pine forests that have up to four years of life, which are stated at cost, as it is understood that these values are close to their fair value.

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

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

i. Discounted cash flow – forecast wood volume at the point of harvest, considering the current market prices, net of realizable planting costs and the capital costs of land used in planting (brought to present value) at the discount rate of 5.7% p.a. at September 30, 2019. The discount rate used in cash flow corresponds to the weighted average cost of Duratex S.A., which is reviewed annually by the Management.

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

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

iv. Volumes – estimates of volumes to be harvested (6th year for eucalyptus and 12th year for pine), based on the projected average productivity for each region and species. The average productivity may vary based on age, cropping, climate conditions, quality of seedlings, fires and other natural risks. In relation to formed forests, the current wood volumes are used. Rotating inventory is taken from the second year of life of forests, and their its effects are included in the financial statements.

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

b) Composition of balances

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

	09/30/2019	12/31/2018
Cost of formation of biological assets	1,074	1,030
Difference between cost and fair value	555	544
Transfer to other assets	-	(9)
Fair value of biological assets	**1,629**	**1,565**

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

c) Changes

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

	09/30/2019	12/31/2018
Opening balance	**1,565**	**1,699**
Variations in fair value		
Volume price	109	148
Depletion	(98)	(259)
Variations in historical value		
Formation	145	178
Depletion	(92)	(192)
Saldo subtotal	**1,629**	**1,574**
Transfer to other assets	-	(9)
Closing balance	**1,629**	**1,565**

	01/01 to 09/30/2019	01/01 to 09/30/2018
Effects of variations in the fair value of biological assets	**11**	**(98)**
Variations in fair value	109	121
Depletion of fair value	(98)	(219)

The depletion amount for the period is recorded in item Cost of products and services in the statement of income.

NOTE 13 - INCOME TAX AND SOCIAL CONTRIBUTION

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

a) Composition of income tax and social contribution expense

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

Current income tax and social contribution	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	01/01 to 09/30/2018
Income before income tax and social contribution	**1,988**	**7,028**	**2,868**	**7,488**
Charges (income tax and social contribution) at the current rates	(676)	(2,390)	(975)	(2,546)
Increase/decrease in income tax and social contribution charges arising from:				
(Additions) / exclusions	**646**	**2,300**	**828**	**2,352**
Share of comprehensive income of associates and joint ventures	657	2,386	791	2,386
Dividends on investments stated at acquisition cost	13	39	11	35
Interest on capital	-	-	24	(80)
Deferred tax assets not recorded	(26)	(129)	(1)	8
Other	2	4	3	3
Total income tax and social contribution	**(30)**	**(90)**	**(147)**	**(194)**
Effective rate	1.5%	1.3%	5.1%	2.6%

b) Deferred income tax and social contribution

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

	12/31/2017	Realization/ reversal	Increase	12/31/2018
Deferred tax assets				
Tax losses and social contribution loss carried forward	585	(36)	10	559
Impairment of fixed assets	10	(1)	1	10
Provision for impairment of trade accounts receivable	18	-	11	29
Provision for contingent liabilities	476	(3)	96	569
Income Tax on Profits Abroad	11	-	27	38
Other	58	(13)	44	89
Total deferred tax assets	**1,158**	**(53)**	**189**	**1,294**
Deferred tax liabilities				
Revaluation reserve	(45)	4	-	(41)
Present value of financing	(4)	3	-	(1)
Swap results	(4)	-	(8)	(12)
Depreciation	(15)	-	(2)	(17)
Pension plans	(39)	3	(2)	(38)
Sales of property	(19)	13	-	(6)
Biological Assets	(223)	37	-	(186)
Client Portfolio	(55)	7	-	(48)
Goodwill on assets	(16)	-	(2)	(18)
Adjustment to fair value on investments	(4)	-	(47)	(51)
Other liabilities	(72)	31	(3)	(44)
Total deferred tax liabilities	**(496)**	**98**	**(64)**	**(462)**
Deferred tax assets, net	**662**	**45**	**125**	**832**

	12/31/2018	Realization/ reversal	Increase	09/30/2019
Deferred tax assets				
Tax losses and social contribution loss carried forward	559	(2)	3	560
Impairment of fixed assets	10	(1)	-	9
Provision for impairment of trade accounts receivable	29	(29)	41	41
Provision for contingent liabilities	569	(3)	37	603
Income Tax on Profits Abroad	38	-	11	49
Other	89	(3)	22	108
Total deferred tax assets	**1,294**	**(38)**	**114**	**1,370**
Deferred tax liabilities				
Revaluation reserve	(41)	-	(28)	(69)
Present value of financing	(1)	-	(3)	(4)
Swap results	(12)	11	-	(1)
Depreciation	(17)	-	(13)	(30)
Pension plans	(38)	1	-	(37)
Sales of property	(6)	-	-	(6)
Biological Assets	(186)	-	(4)	(190)
Client Portfolio	(48)	7	-	(41)
Goodwill on assets	(18)	-	-	(18)
Adjustment to fair value on investments	(51)	-	(38)	(89)
Other liabilities	(44)	-	2	(42)
Total deferred tax liabilities	**(462)**	**19**	**(84)**	**(527)**
Deferred tax assets, net	**832**	**(19)**	**30**	**843**

As a result of the acquisition of Cecrisa (Note 8 Ib), deferred income tax and social contribution increased by the net amount of R$ 32.

II - We present below the estimated realization of Deferred Tax Assets:

Year	09/30/2019
2019	49
2020	425
2021	568
2022	71
2023	67
2024 to 2026	186
2027 to 2029	4
Total	**1,370**

III – On September 30, 2019, deferred tax assets not recognized totaled R$ 304 (R$ 162 at December 31, 2018).

NOTE 14 – DEBENTURES

I) ITAÚSA

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

On September 30, 2019 the updated amount of debentures was R$1,228 (R$1,208 at 12/31/2018).

II) SUBSIDIARY COMPANIES

On May 17, 2019, subsidiary Duratex carried out the Second Issue of Simple, Unsecured Debentures (code DTEX12), non-convertible into shares in a single series, in the amount of R$1,200 million.

The Company issued 120,000 debentures with nominal unit value of R$10,000, compensatory interest of 108% of the CDI rate, with semiannual payments and maturing in two equal installments corresponding to 50% of the nominal unit value of the debentures, on May 17, 2024 and May 17, 2026.

In December 2016, indirect subsidiary Cecrisa carried out its 6th issue of debentures in the amount of R$100. This issue has a 12-month grace period, amortization of quarterly interest and, as of the 12th month, amortization of principal + interest in 17 quarterly installments with final maturity in December 2021.

On September 30, 2019 the updated amount of these debentures was R$1,290 (R$0 at 12/31/2018).

NOTE 15 – LOANS AND FINANCING

Type [1]	Charges	Guarantees	09/30/2019		12/31/2018	
			Current	Non Current	Current	Non Current
Local currency						
BNDES with Swap	103.89% of CDI	Surety - 70% Itaúsa- Investimentos Itaú S.A. and 30% Individuals	10	82	11	90
BNDES with Swap	117.51% of CDI	Surety - 70% Itaúsa- Investimentos Itaú S.A. and 30% Individuals	-	4	-	4
CRA (agribusiness receivables certificate)	98% of CDI	Guarantee Duratex S.A.	11	695	-	694
EXPORT CREDIT	104.8% of CDI	-	281	27	107	303
EXPORT CREDIT	107.5% of CDI	-	146	-	140	-
FGPP - BANCO DO BRASIL with Swap	Fixed rate from 6.6% to 7.90% p.y.	-	393	-	4	385
FINAME	6 % p.y.	Chattel mortgage	1	3	1	4
FINAME	Fixed rate 5.6 % p.y.	Chattel mortgage and surety Duratex S.A.	-	1	-	1
FINAME	Fixed rate 9 % p.y.	Chattel mortgage and surety Duratex S.A.	1	1	-	1
FINAME	Long-term interest rate + 2.3% p.y./Fix	Chattel mortgage	13	20	15	29
FINAME	Long-term interest rate + 4% p.y.	Chattel mortgage and surety Duratex S.A.	2	3	2	5
FNE	Fixed rate 7.53% p.y.	Guarantee Duratex Florestal Ltda.	-	-	-	6
FUNDIEST	30 % IGP-M p.m.	Guarantee - Cia Ligna de Investimentos	-	7	26	25
EXPORT CREDIT NOTE	104.9% of CDI	Surety - Duratex S.A.	26	8	38	71
PROMISSORY NOTE	104.5% of CDI	-	36	35	-	540
FINAME - BANCO SAFRA	Pré 9,5% a.a	93,2% trade notes	14	21	-	-
FINEP	TJLP + 0,05% a.a	20% Dtrade notes + surety – Banco Safra	13	-	-	-
FINAME - B.BRASIL	Pré 5,88% a.a	Trust receipt – machinery and equipment	2	7	-	-
VENDOR	Pré 12% a.a	Trade notes	5	-	-	-
Total local currency			**954**	**914**	**344**	**2,158**
Foreign currency						
Resolution 4,131 with Swap	US$ + 3.66% p.y.	Promissory note	-	-	183	-
Resolution 4,131 with Swap	US$ + Libor + 1.5% p.y.	Promissory note	-	-	178	-
ACC - B.BRASIL	US$ + 4,23% a.a	40% Duplicatas	11	-	-	-
ACC - BOCOM BBM with Swap	US$ + 10,37% a.a	Promissory note	6	-	-	-
ACC - SANTANDER	US$ + 6,82% a.a	Promissory note - Aval Portinari	8	-	-	-
ACC - B.SAFRA	US$ + 5,46% a.a	15,70% trade notes	9	-	-	-
ACC - BRADESCO	US$ + 5,80% a.a	Clean	8	-	-	-
ACE - B.BRASIL	US$ + 4,21% a.a	40% trade notes	1	-	-	-
ACE - B.SAFRA	US$ + 5,50% a.a	Clean	6	-	-	-
Total foreign currency			**49**	**-**	**361**	**-**
Grand Total			**1,003**	**914**	**705**	**2,158**

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

Maturities	09/30/2019	12/31/2018
2019	-	-
2020	25	1,288
2021	103	88
2022	713	710
2023	15	13
2024	13	13
2025	11	11
2026	10	11
2027	11	11
2028	11	11
Other	2	2
Total	**914**	**2,158**

NOTE 16 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

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

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

a) Contingent assets

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

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

	09/30/2019	12/31/2018
Tax lawsuits	**229**	**203**
IPI bonus credit from 1980 to 1985	124	121
Monetary adjustment of credits from Eletrobrás	11	10
INSS - Social Security Contributions	60	58
Integration program tax on revenue ("PIS") and social security funding tax on revenue ("COFINS")	16	2
Other	18	12
Civil lawsuits	**8**	**6**
Collection/execution of out-of-court instruments	8	6
Total	**237**	**209**

b) Provision

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

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

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

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

	Tax	Labor	Civil	Total
Balance at 12/31/2017	**1,330**	**109**	**32**	**1,471**
Restatement/ Fine	63	9	2	74
Increase	224	38	4	266
Reversal	-	(29)	(14)	(43)
Payments/ Conversion into Income	(6)	(27)	(3)	(36)
Write-off related to sale of Elekeiroz shares	(3)	(12)	(7)	(22)
Balance at 12/31/2018	**1,608**	**88**	**14**	**1,710**
Escrow deposits	(242)	(19)	(1)	(262)
Balance at 12/31/2018 net of escrow deposits	**1,366**	**69**	**13**	**1,448**

	Tax	Labor	Civil	Total
Balance at 12/31/2018	**1,608**	**88**	**14**	**1,710**
Restatement/ Fine	55	7	1	63
Increase	265	33	4	302
Reversal	(97)	(13)	(1)	(111)
Payments/ Conversion into Income	(4)	(19)	(3)	(26)
Acquisition of companies	4	12	74	90
Balance at 09/30/2019	**1,831**	**108**	**89**	**2,028**
Escrow deposits	(412)	(25)	(24)	(461)
Balance at 09/30/2019 net of escrow deposits	**1,419**	**83**	**65**	**1,567**

(*) This caption shows the amounts related to the acquisition of the company (Note 8 Ib).

The main discussions related to tax provision of ITAÚSA are as follows:

- PIS and COFINS – R$ 1,693 (R$ 1,312, net of escrow deposits): The company's right to adopt the cumulative tax system for taxes PIS and COFINS is being discussed in court, in view of the illegal and unconstitutional nature of including the so-called "pure" holding companies in the non-cumulative tax system. In view of a tax foreclosure action filed, the PIS and COFINS portion that is being challenged by the company, for the period from April 2011 to October 2017, is guaranteed by way of an insurance. As of November 2017, the company has been making escrow deposits accordingly. The company awaits the appeals it has filed to be tried by the higher courts. This contingency is being provided for as this issue concerns a discussion involving a legal obligation, even though the probability of loss is possible.

c) Contingent liabilities

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

At September 30, 2019, these lawsuits totaled R$ 1,246 for tax lawsuits, R$ 77 for labor claims and R$ 83 for civil lawsuits.

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

- Income tax withheld at source, income tax, social contribution, PIS and COFINS – request for offset denied – R$ 307: cases in which the liquidity and certainty of offsetting credits are being discussed;

- Taxation of revaluation reserve – R$ 296: discussion related to taxation of revaluation reserve in corporate spin-off operations carried out in the period from 2006–2009;

- Costs of loss of suit – Tax Foreclosure Action - PIS and COFINS (difference between cumulative and non-cumulative tax systems) – R$ 262 related to the portion of costs of loss of suit demanded under the tax foreclosure action;

- PIS and COFINS – disallowance of credits – R$ 69: the restriction regarding the right to credits in connection with certain inputs related to these contributions is being disputed;

- Levying of tax on circulation of goods and services (ICMS) credits – R$ 56: discussion regarding the levying, recognition and use of ICMS credits;

- Tax assessments for IRPJ (corporate income tax) and CSLL (social contribution) related to payment installment under Law No. 11,941/09 – R$ 51: Discussion on IRPJ and CSLL in connection with the non-taxation of revenue generated upon adoption of the payment installment under Law No. 11,941/09 and the non-addition of financial expenses in the 2009 calculation base;

- Differences in accessory obligations – R$ 18: there is a discussion regarding possible differences within the information included in the accessory obligations;

- Social security contribution levied on non-compensatory amounts – R$ 12 - Discussion about the exclusion of profit sharing paid out to management members and statutory officers from the social security contribution calculation base.

NOTE 17 – STOCKHOLDERS' EQUITY

a) Capital

On September 30, 2019, subscribed, paid-up capital is R$43,515, represented by 8,410,814,930 book-entry shares, with no par value, of which 2,889,837,770 are common and 5,520,977,160 are non-voting preferred shares, entitled to the following advantages:

- Priority receipt of a non-cumulative annual minimum dividend of R$0.01 per share;

- The right, during a possible disposal of control, to be included in the public offering of shares, so as to be entitled to a price equal to 80% of the amount paid for a share with voting rights, which is part of the controlling stake, and dividends equal to those of the common shares.

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

The table below shows the breakdown of and changes in shares of paid-in capital and the reconciliation of the balances:

	09/30/2019			
	Number			Amount
	Common	Preferred	Total	
Residents in Brazil at 12/31/2018	2,887,785,145	3,318,421,750	6,206,206,895	32,109
Residents abroad at 12/31/2018	2,054,498	2,202,436,595	2,204,491,093	11,406
Shares of capital stock at 12/31/2018	**2,889,839,643**	**5,520,858,345**	**8,410,697,988**	**43,515**
Capital increase based on shareholding increase (Itautec)	-	118,815	118,815	-
Cancellation of treasury stock	(1,873)	-	(1,873)	-
Changes in shares of paid-in capital from 01/01 to 09/30/2019	**(1,873)**	**118,815**	**116,942**	-
Residents in Brazil	2,887,788,965	3,353,126,775	6,240,915,740	32,289
Residents abroad	2,048,805	2,167,850,385	2,169,899,190	11,226
Shares of capital stock at 09/30/2019	**2,889,837,770**	**5,520,977,160**	**8,410,814,930**	**43,515**
Treasury shares at 12/31/2018	-	-	-	-
Shares purchased (3)	(1,873)	-	(1,873)	-
Cancellation of treasury stock (3)	1,873	-	1,873	-
Treasury shares at 09/30/2019	-	-	-	
Shares outstanding at 09/30/2019	**2,889,837,770**	**5,520,977,160**	**8,410,814,930**	-
Shares outstanding at 12/31/2018	**2,889,839,643**	**5,520,858,345**	**8,410,697,988**	-

	12/31/2018			
	Number			Amount
	Common	Preferred	Total	
Residents in Brazil	2,821,665,246	2,693,462,873	5,515,128,119	27,411
Residents abroad	1,818,478	1,956,683,276	1,958,501,754	9,734
Shares of capital stock at 12/31/2017	**2,823,483,724**	**4,650,146,149**	**7,473,629,873**	**37,145**
Capital increase based on capitalization of revenue reserves	-	-	-	5,000
Cancellation of treasury stock	-	(3,500,000)	(3,500,000)	-
10% bonus shares	-	764,927,089	764,927,089	-
Subscription of shares	66,355,919	109,285,107	175,641,026	1,370
Changes in shares of paid-in capital from 01/01 to 12/31/2018	**66,355,919**	**870,712,196**	**937,068,115**	**6,370**
Residents in Brazil at 12/31/2018	2,887,785,145	3,318,421,750	6,206,206,895	32,109
Residents abroad at 12/31/2018	2,054,498	2,202,436,595	2,204,491,093	11,406
Shares of capital stock at 12/31/2018	**2,889,839,643**	**5,520,858,345**	**8,410,697,988**	**43,515**
Treasury shares at 12/31/2017 (1)				
Shares purchased	-	(3,500,000)	(3,500,000)	-
Cancellation of treasury stock	-	3,500,000	3,500,000	-
Treasury shares at 12/31/2018	-	-	-	
Shares outstanding at 12/31/2018	**2,889,839,643**	**5,520,858,345**	**8,410,697,988**	-
Shares outstanding at 12/31/2017 (2)	**2,823,483,724**	**5,397,509,136**	**8,220,992,860**	-

(1) Own shares, purchased based on authorization of the Board of Directors, to be held in Treasury for subsequent cancellation or replacement in the market.

(2) For better comparability, outstanding shares in the 2017 were adjusted by the split approved on 05/24/2018.

(3) Foram adquiridas de acionistas dissidentes 1.873 ações relativas ao processo de incorporação de ações da Itautec, conforme Comunicado ao Mercado de 10/06/2019. As referidas ações foram canceladas por meio de deliberação do Conselho de Administração em 12/08/2019, em contrapartida das Reservas de Lucros.

b) Treasury Shares

	Number			Amount
	Common	Preferred	Total	
Treasury Shares at 12/31/2017	-	-	-	-
Shares purchased	-	(3,500,000)	(3,500,000)	(32)
Cancellation of treasury stock	-	3,500,000	3,500,000	32
Treasury Shares at 12/31/2018	-	-	-	-
Shares purchased	(1,873)	-	(1,873)	-
Cancellation of treasury stock	1,873	-	1,873	-
Treasury Shares at 09/30/2019	-	-	-	-

c) Dividends

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

The calculation of the quarterly advance of the mandatory minimum dividend is based on the share position on the last day of the prior month, with payment being made on the first business day of the subsequent month.

I. Calculation

Net income	6,862	
(-) Legal reserve	(343)	
Dividend calculation basis	6,519	
Mandatory minimum dividend	**1,630**	**25.00%**
Dividends Provided for	**3,368**	**51.66%**

II. Stockholders' compensation

	Date of Payment	Value per share		Gross	Net
		Gross	Net		
Paid		**0.3605**	**0.3605**	**3,032**	**3,032**
Quarterly installment	07/01/2019	0.0200	0.0200	168	168
Interest on capital	08/23/2019	0.3405	0.3405	2,864	2,864
Provided for		**0.0400**	**0.0400**	**336**	**336**
Quarterly installment	10/01/2019	0.0200	0.0200	168	168
Quarterly installment	01/02/2020	0.0200	0.0200	168	168
Total at 09/30/2019		**0.4005**	**0.4005**	**3,368**	**3,368**
Total at 09/30/2018		**0.2588**	**0.2574**	**2,177**	**2,165**

d) Appropriated reserves

• Legal reserve

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

• Statutory reserves

These reserves are recognized with the aim of:

- Dividend equalization with the purpose of guaranteeing funds for the payment of dividends, including interest on capital or advances thereon, to maintain the flow of the stockholders' compensation;

- Increasing working capital, guaranteeing funds for the company's operations; and

- Increasing the capital of investees, to guarantee the preemptive rights of subscription to the capital increases of investees.

	09/30/2019	12/31/2018
Revenue reserves	**9,856**	**12,706**
Legal	2,089	1,746
Statutory	7,767	10,960
Dividend equalization	3,622	1,961
Working capital increases	1,824	1,194
Increases in the capital of investees	2,321	1,376
Proposal for distribution of additional dividends (*)	-	6,429
Capital reserves	**476**	**633**
Total reserves at parent company	**10,332**	**13,339**

(*) Refers to dividends and interest on capital exceeding the mandatory minimum dividend.

Details of reserves	Capital reserves	Revenue reserves: Legal reserve	Revenue reserves: Statutory reserves	Total reserves
Balance at 12/31/2018	633	**1,746**	**10,960**	**13,339**
Recognition of reserves	-	343	3,151	**3,494**
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	(6,429)	**(6,429)**
Dividends and interest on capital not claimed	-	-	2	**2**
Transactions with subsidiaries and jointly controlled companies	(1) (157)	-	(2) 83	**(74)**
Balance at 09/30/2019	**476**	**2,089**	**7,767**	**10,332**

Includes mainly:

(1) Recognition of stock-based payment plans.

(2) Effects of Argentina hyperinflation adjustments and of the Corporate Restructuring of Itaú Unibanco Holding S.A.

e) Unappropriated reserves

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

NOTE 18 – SHARE-BASED PAYMENTS

Stock option plan of subsidiaries – Duratex S.A.

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

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

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

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

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

Assumptions	2011	2012	2013	2014	2016	2018	2019
Total stock options granted	1,875,322	1,290,994	1,561,061	1,966,869	1,002,550	1,046,595	1,976,673
Exercise price at the grant date	13.02	10.21	14.45	11.44	5.74	9.02	9.80
Fair value at the grant date	5.11	5.69	6.54	4.48	4.00	5.19	5.17
Exercise deadline	8.5 years	8.8 years	8.9 years	8.1 years	8.9 years	8.8 years	8.8 years
Vesting period	3.5 years	3.8 years	3.9 years	3.10 years	3.9 years	3.8 years	3.7 years

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

	2011	2012	2013	2014	2016	2018	2019
Volatility of share price	32.81%	37.91%	34.13%	28.41%	39.82%	38.09%	38.49%
Dividend yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Risk-free return rate (1)	5.59%	4.38%	3.58%	6.39%	6.95%	4.67%	4.05%
Effective exercise rate	96.63%	96.63%	96.63%	96.63%	94.90%	94.90%	94.90%

(1) IGP-M coupon

The Company carries out the settlement of this benefit by delivering its own shares held in treasury up to the date of effective exercise of the options by the executives. In 2015 and 2017 there was not the Company's stock option grant.

Statement of the value and appropriation of the options granted:

Granting date	Granted number	Maturity date	Exercise deadline	Granting price	To be exercised		Option price	Total amount	Periods						Other periods
					12/31/2018	09/30/2019			Due	2011 to 2015	2016	2017	2018	2019	
Overdue in previous years									62,710	-	-	-	-	-	-
06/29/2011	1,875,322	12/31/2014	12/31/2019	13.02	1,080,061	1,080,061	5.11	9,208	-	9,208	-	-	-	-	-
04/09/2012	1,290,994	12/31/2015	12/31/2020	10.21	581,774	581,774	5.69	6,390	-	6,390	-	-	-	-	-
04/17/2013	1,561,061	12/31/2016	12/31/2021	14.45	897,255	897,255	6.54	8,443	-	6,689	1,754	-	-	-	-
02/11/2014	1,966,869	12/31/2017	12/31/2022	11.44	1,648,223	1,648,223	4.48	8,214	-	4,302	2,232	1,680	-	-	-
03/09/2016	1,002,550	12/31/2019	12/31/2024	5.74	784,800	647,100	4.00	5,685	-	-	1,251	1,515	1,458	951	510
04/26/2018	1,046,595	12/31/2021	12/31/2026	9.02	1,032,356	792,653	5.19	5,381	-	-	-	-	999	1,275	3,107
05/13/2019	1,976,673	12/31/2022	12/31/2027	9,80	-	1,976,673	5.17	10,219	-	-	-	-	-	1,083	9,136
Sum	**10,720,064**				**6,024,469**	**7,623,739**		**53,540**	**62,710**	**26,589**	**5,237**	**3,195**	**2,457**	**3,309**	**12,753**
Exercise effectiveness								**94.90%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**	**94.90%**	**94.90%**	**94.90%**
Computed value								**51,429**	**60,598**	**25.691 (1)**	**5.061 (2)**	**3.088 (3)**	**2.337 (4)**	**3.150 (5)**	**12.102 (6)**

(1) Amount charged to income from 2011 to 2015.
(2) Amount charged to income in 2016.
(3) Amount charged to income in 2017.
(4) Amount charged to income in 2018.
(5) Amount charged to income in the six months of 2019.
(6) Value charged to income in other periods.

At September 30, 2019, Duratex S.A. had 2,061,716 treasury shares, which might be used in a possible option exercise.

NOTE 19 – NET SALES REVENUE OF PRODUCTS AND SERVICES

	07/01 to 09/30/2019	01/01 to 03/31/2019	07/01 to 09/30/2018	01/01 to 03/31/2018
Gross revenue from sales of products and services	**1,628**	**4,374**	**1,839**	**5,080**
Domestic market	1,402	3,697	1,540	4,259
Foreign market	226	677	299	821
Taxes and contributions on sales	(320)	(852)	(328)	(967)
Net revenue from sales of products and services	**1,308**	**3,522**	**1,511**	**4,113**

NOTE 20 – EXPENSES, BY NATURE

	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	01/01 to 09/30/2018
Variation in fair value of biological assets	12	109	49	121
Variations in the inventories of finished products and work in process	(34)	173	7	187
Raw materials and consumption materials	(503)	(1,645)	(610)	(2,017)
Remuneration, charges and benefits to employees	(258)	(754)	(233)	(727)
Depreciation, amortization and depletion	(146)	(450)	(303)	(635)
Transport expenses	(85)	(255)	(105)	(279)
Advertising expenses	(29)	(77)	(23)	(67)
Other expenses	(200)	(435)	(148)	(385)
Total	**(1,243)**	**(3,334)**	**(1,366)**	**(3,802)**

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

	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	07/01 to 09/30/2018
Cost of products and services	(959)	(2,547)	(1,085)	(3,031)
Sales expenses	(184)	(515)	(194)	(534)
General and administrative expenses	(100)	(272)	(87)	(237)
Total	**(1,243)**	**(3,334)**	**(1,366)**	**(3,802)**

NOTE 21 – OTHER (LOSSES)/GAINS, NET

	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	07/01 to 09/30/2018
Write-off of surplus of pension plan	2	3	-	-
Amortization of intangible assets	(8)	(26)	(9)	(27)
Options granted and recognized	-	-	(7)	(3)
Gain (loss) on sales of fixed assets	-	29	435	631
Rental revenue	-	4	3	9
Dividends and interest on capital - NTS	41	124	37	115
Prodep-Reintegra credits	1	3	11	11
Gain (loss) on sale of investment at Elekeiroz	-	-	-	(121)
ICMS in PIS and COFINS base	-	29	-	-
Restructuring of porcelain unit - São Leopoldo	2	(17)	-	-
Other	(6)	(4)	(12)	11
Total	**32**	**145**	**458**	**626**

NOTE 22 – FINANCIAL RESULT

	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	01/01 to 09/30/2018
Financial income				
Remuneration on financial investments	84	193	20	138
Foreign exchange variations	23	51	3	43
Indexation adjustment	15	49	37	50
Interest and discount obtained	6	14	5	14
Other	1	1	1	2
Total financial income	**129**	**308**	**66**	**247**
Financial expenses				
Charges on financing	(103)	(230)	(86)	(329)
Foreign exchange variations	(35)	(61)	(15)	(81)
Indexation adjustment	(20)	(58)	(21)	(52)
Derivatives	(5)	(10)	8	73
Bank charges	2	(5)	(2)	(9)
Tax on financial operations	-	-	-	(2)
Other	(9)	(20)	(13)	(22)
Total financial expenses	**(170)**	**(384)**	**(129)**	**(422)**
Total financial result	**(41)**	**(76)**	**(63)**	**(175)**

NOTE 23 – EARNING PER SHARE

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

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

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

Net income attributable to owners of the parent company	07/01 to 09/30/2019	01/01 to 09/30/2019	07/01 to 09/30/2018	01/01 to 09/30/2018
Net income	**1,941**	**6,862**	**2,482**	**6,929**
Minimum non-cumulative dividend on preferred shares in accordance with bylaws	(55)	(55)	(55)	(55)
Subtotal	**1,886**	**6,807**	**2,427**	**6,874**
Retained earnings to be distributed to common equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(29)	(29)	(29)	(29)
Subtotal	**1,857**	**6,778**	**2,398**	**6,845**
Retained earnings to be distributed to common and preferred equity owners on a pro-rata basis				
To common equity owners	638	2,329	824	2,351
To preferred equity owners	1,219	4,449	1,574	4,494
Total net income available to common equity owners	**667**	**2,358**	**853**	**2,380**
Total net income available to preferred equity owners	**1,274**	**4,504**	**1,629**	**4,549**
Weighted average number of shares outstanding				
Common shares	2,889,837,770	2,889,838,811	2,889,839,643	2,860,348,123
Preferred shares	5,520,977,160	5,520,937,555	5,520,858,345	5,466,536,474
Earnings per share – basic and diluted - R$				
Common shares	0.23	0.82	0.30	0.83
Preferred shares	0.23	0.82	0.30	0.83

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

NOTE 24 – POST-EMPLOYMENT BENEFITS

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

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

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

(a) Defined contribution plan – CD Plan

This plan is offered to all employees of sponsor companies and had 8,069 participants at September 30, 2019 (8,546 at December 31, 2018).

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

Pension Program Fund

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

The amount recorded in the balance sheet under "Other financial assets" (Note 6a) is R$ 108 (R$ 111 at December 31, 2018). The revenue of R$ 3 was recognized in the results.

(b) BD Plan

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

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

On September 30, 2019, the Company has no balance receivable in connection with a portion of the special reserve of the defined benefit (BD) plan allocated to sponsors (R$ 5 on December 31, 2018).

Main assumption used

	09/30/2019	09/30/2018
Discount rate	9.13% p.a.	9.75% p.a.
Mortality table (1)	AT-2000	AT-2000
Turnover	Null	Null
Future salary growth	6.36 % p.a.	6.62 % p.a.
Growth of the pension benefit /plans	4.00 % p.a.	4.25 % p.a.
Inflation	4.00 % p.a.	4.25 % p.a.

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

NOTE 25 – SEGMENT INFORMATION

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

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

(b) whose operating results are regularly reviewed by the entity's chief operating decision – makers in order to make decisions about resources to be allocated to the segment and assess its performance;

(c) for which discrete financial information is available.

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

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

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

- **Financial Sector**

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

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

The complete financial statements of Itaú Unibanco Holding are available at the following website https://www.itau.com.br/relacoes-com-investidores/.

- **Non-financial Sector**

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

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

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

We present below the main indicators of the ITAÚSA portfolio companies, extracted from their financial statements. Net income, stockholders' equity and ROE correspond to results attributable to controlling stockholders. As Duratex is controlled by ITAÚSA, its information was consolidated in the financial statements of ITAÚSA.

	January to September	Financial Sector	Non Financial Sector	
		Itaú	ALPARGATAS	Duratex
Operating revenues [1]	2019	143,404	2,956	3,526
	2018	125,233	2,647	3,686
Net income	2019	18,439	156	121
	2018	18,254	258	574
Stockholders' equity	2019	129,380	2,535	4,765
	2018	129,879	2,249	5,389
Annualized return on average equity (%) [2]	2019	19.9%	8.5%	3.4%
	2018	19.8%	15.8%	15.4%
Annualized recurring return on average equity (%) [2]	2019	21.4%	10.6%	3.4%
	2018	19.8%	5.6%	3.2%
Internal fund generation [3]	2019	42,662	441	752
	2018	42,566	319	970

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

- *Itaú Unibanco Holding: interest and similar income, dividend income, adjustments to fair value of financial assets and liabilities, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.*
- *Alpargatas and Duratex: sales of products.*

(2) Represents the annualized ratio of net income for the period and the average equity ((Dec18 + Mar + Jun + Sep)/4).

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

NOTE 26 – RELATED PARTIES

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

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

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

a) Related parties

	Consolidated			
	Assets/(Liabilities)		Revenue/(Expenses)	
	09/30/2019	12/31/2018	01/01 to 09/30/2019	01/01 to 09/30/2018
Financial investments	**21**	**20**	**2**	**1**
Itaú Unibanco S.A.	21	20	2	1
Clients/Suppliers	**(5)**	**39**	**82**	**121**
Other Related Parties (1)	(5)	39	82	121
Banking service fees/Rental	**(5)**	**(8)**	**31**	**(6)**
Itaú Corretora S.A.	(1)	-	(6)	(3)
Itaú Unibanco S.A.	(6)	(8)	(2) 37	(3)
Itaú BBA	2	-	-	-
Total	**11**	**51**	**115**	**116**

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

(2) Fixed assets owned by ITAÚSA were disposed to Itaú Unibanco S.A. on June 28, 2019, for R$37, in connection with its 3.34% interest in Itaú Unibanco Centro Empresarial (IUCE).

b) Guarantees provided

In addition to these transactions, there are guarantees provided by ITAÚSA, for the benefit of its subsidiaries, endorsements, sureties and others, as follows:

	09/30/2019	12/31/2018
Duratex S.A.	68	73
Itautec S.A.	38	45
Total	**106**	**118**

c) Compensation of key personnel

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

	01/01 to 09/30/2019	01/01 to 09/30/2018
Compensation	34	22
Profit sharing	17	25
Stock options	3	2
Total	**54**	**49**

NOTE 27 – MANAGEMENT OF FINANCIAL RISKS

I – Financial risk factors

As a holding company, the risks to which ITAÚSA is subject are those that are managed by its subsidiaries and affiliates.

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

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

At the reporting date, ITAÚSA had cash and cash equivalents amounting to R$ 965 (R$ 936 at December 31, 2018), which are expected readily generate to cash inflows to manage the liquidity risk.

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

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

a) Market risk

(i) Foreign currency risk

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

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

(ii) Derivative operations

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

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

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

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

	Notional amount	Fair value	Accumulated effect	
	09/30/2019	09/30/2019	Amount receivable	Amount payable
Swap contracts	-	16	16	-
Asset position	489	513	16	-
Foreign currency (US$)	7	8	1	-
Fixed rate	385	400	8	-
IPCA +	97	105	7	-
Liability position	(489)	(497)	-	-
CDI	(489)	(497)	-	-
Futures contracts (NDF)	112	112	0	-
Agreement of Sale	112	112	0	-
NDF	112	112	0	-

	Notional amount	Fair value	Accumulated effect	
	09/30/2018	09/30/2018	Amount receivable	Amount payable
Swap contracts	-	36	50	(9)
Asset position	740	788	50	(9)
Foreign currency (US$)	355	408	50	-
Fixed rate	385	380	-	(9)
Liability position	(740)	(752)	-	-
CDI	(740)	(752)	-	-
Futures contracts (NDF)	195	194	-	(1)
Agreement of Sale	195	194	-	(1)
NDF	195	194	-	(1)

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

Sensitivity analysis

We present below the sensitivity analysis of financial instruments, including derivatives, describing the risks that may give rise to material losses to ITAÚSA and its subsidiaries, under three different scenarios (probable, possible, and remote), pursuant to the provisions of CVM Instruction No. 475/08, representing 25% and 50% impairment of the risk variable considered.

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

Risk	Instrument/Operation	Description	Probable Scenario	Possible Scenario	Remote Scenario
Interest rate	Swap – Fixed/ CDI	Increase - CDI	(10)	(16)	(22)
	Hedged item: loans at fixed rates		10	16	22
	Swap - IPCA+ / CDI	Increase - CDI	8	(27)	(69)
	Hegde item: loans at IPCA+ rates		(8)	27	69
Foreign exchange	Swap - US$ / CDI	Drop - US$	-	(2)	(5)
	Hedged item: debt in foreign currency (US$)	(Increase US$)	-	2	5
	NDF (US$)	Drop - US$	-	28	56
	Hedged item: debt in foreign currency (US$)	(Increase US$)	-	(28)	(56)
Total			-	-	-

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

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

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

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

b) Credit risk

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

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

c) Liquidity risk

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

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

09/30/2019	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	1,087	161	3,185	3
Suppliers and other payables	456	-	-	-
Total	**1,543**	**161**	**3,185**	**3**

12/31/2018	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	711	1,375	1,960	25
Suppliers and other payables	449	2	-	23
Total	**1,160**	**1,377**	**1,960**	**48**

II - Estimated fair value

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

The financial statements are in conformity with CPC 40 (R1) / IFRS 7 – "Financial Instruments: Evidence" measured in the balance sheet at fair value, which requires the disclosure of these measurements using the following hierarchy levels:

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

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

	Level	09/30/2019	12/31/2018
Assets		**4,903**	**5,424**
Cash and cash equivalents	1	114	174
Cash and cash equivalents	2	1,917	2,247
Financial assets - Fair value through profit or loss	3	1,091	1,030
Trade accounts receivable	2	1,215	1,215
Dividends and interest on capital	2	55	90
Deposits as guarantees for contingent liabilities	2	104	96
Other assets	2	407	572
Liabilities		**5,411**	**5,317**
Loans, financing and debentures	2	4,436	4,071
Suppliers / other expenses	2	456	474
Dividends and interest on capital	2	519	772

NOTE 28 – SUBSEQUENT EVENTS

Sale of Property – Itautec

On November 4, 2019, subsidiary Itautec entered into a “Commitment to Sell or Purchase a Property and Other Covenants” with CDM Administração de Bens Ltda., aimed at selling a property located in the City of Jundiaí, State of São Paulo. The sale amounted to R$44, of which R$20 were received upon signature of the commitment and the remaining R$24 will be received in 12 monthly consecutive installments, adjusted by the National Construction Cost Index (INCC). The completion of this operation is subject to certain conditions precedent to be fulfilled within 70 days after the commitment was entered into.

On September 30, 2019, this property is recorded as “Property for Investment” under “Other Assets” in the amount of R$22 (Note 6).

Liquigás DistribuidoraS.A. (“Liquigás”) acquisition by acquiring group of which ITAÚSA is part

On November 7th, 2019 ITAÚSA issued a Material Fact informing its shareholders and the market in general that it received, by the end of November 6th, 2019, formal notice from Petróleo Brasileiro S.A. (“Petrobras”) confirming that the group of which ITAÚSA is part along with Copagaz – Distribuidora de Gás S.A. (“Copagaz”) and Nacional Gás Butano Distribuidora Ltda. (“Nacional”), together the “Acquiring Group”, has presented the best binding offer for the acquisition of all shares of Liquigás.

The offer price by the Acquiring Group was R$3.7 billion and is subject to certain adjustments provided for in the purchase and sale agreement to be signed later this year. ITAÚSA's stake in the transaction will be through equity investment in Copagaz, thereby holding a minority and relevant stake of approximately 49% in Copagaz's total and voting capital, with the remaining capital being held by Copagaz's current shareholders.

The transaction will be submitted to the approval of Petrobras’ relevant bodies, and subsequently submitted to the Brazilian Antitrust Authority (CADE). The closing of the transaction and the respective financial settlement depend on the fulfillment of certain conditions precedent, among them the approval by CADE.

This acquisition will produce no effect on ITAÚSA's Financial Statements in the current fiscal year.

REPORT ON REVIEW OF PARENT COMPANY AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim individual balance sheet of Itaúsa – Investimentos Itaú S.A. ("Company") as at September 30, 2019 and the related individual statements of income, comprehensive income and cash flows for the quarter and nine-month period then ended, and the statement of changes in stockholders´equity for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

We have also reviewed the accompanying consolidated interim balance sheet of Itaúsa – Investimentos Itaú S.A. and its subsidiaries ("Consolidated") as at September 30, 2019 and the related consolidated statements of income, comprehensive income and cash flows for the quarter and nine-month period then ended, and the consolidated statement of changes in stockholders´equity for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

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

Scope of review

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

Conclusion on the parent company interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim financial statements referred to above present fairly, in all material respects, the Company's financial position as at September 30, 2019,and its financial performance and cash flows for the quarter and nine-month period then ended, in accordance with CPC 21.

Conclusion on the consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its subsidiaries as at September 30, 2019, and their consolidated financial performance and their consolidated cash flows for the quarter and nine-month period then ended in accordance with CPC 21 and IAS 34.

Other matters

Statements of value added

The interim financial statements referred to above include the parent company and consolidated statements of value added for the three and nine-month period ended September 30, 2019. These statements are the responsibility of the Company's management and are presented as supplementary information. These statements have been subjected to review procedures performed together with the review of the interim financial statements for the purpose of concluding whether they are reconciled with the interim financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and that they are consistent with the parent company and consolidated interim financial statements taken as a whole.

São Paulo, November 11, 2019.

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 A Publicly Listed Company NIRE 35300022220

OPINION OF THE FISCAL COUNCIL

The members of Fiscal Council of **ITAÚSA - INVESTIMENTOS ITAÚ S.A.** have proceeded to examine the individual and consolidated interim financial statements for the quarter ending September 30, 2019, which were reviewed by PricewaterhouseCoopers Auditors Independents (“PwC”), as Conglomerate’s independent auditor.

The Fiscal Councilors have verified the exactness of the elements examined and considering the unqualified report issued by PwC, understand that these documents adequately reflect the equity situation, the financial position and the activities of Itaúsa in the period. São Paulo (SP), November 11, 2019. (signed) Tereza Cristina Grossi Togni – President; Eduardo Rogatto Luque, Flavio César Maia Luz, José Maria Rabelo and Paulo Ricardo Moraes Amaral – Councilors.

ALFREDO EGYDIO SETUBAL
Investor Relations Officer

ITAÚSA – INVESTIMENTOS ITAÚ S.A.

CNPJ. 61.532.644/0001-15 A Publicly Listed Company NIRE 35300022220

SUMMARIZED MINUTES OF THE MEETING OF THE EXECUTIVE BOARD
HELD ON NOVEMBER 11, 2019

DATE, TIME AND PLACE: on November 11, 2019 at 5:00 p.m., at Paulista Avenue, 1938, 5th floor, Room 501, in the city and state of São Paulo.

CHAIR: Henri Penchas.

QUORUM: the totality of the elected members.

RESOLUTIONS ADOPTED: the Directors unanimously decided:

a) to approve the interim account statements of Itaúsa, both individual and consolidated, with respect to the 3rd quarter of 2019, the subject of: (i) an unqualified review issued by PricewaterhouseCoopers Auditores Independentes in the position of the Company's independent auditors; and (ii) a favorable manifestation of the Board of Officers and opinion without qualification of the Fiscal Council; and

b) to authorize the disclosure of these documents through the Brazilian Securities and Exchange Commission, B3 S.A. – Brasil, Bolsa, Balcão and the Company's electronic address www.itausa.com.br.

CONCLUSION: there being no further matters on the agenda these minutes were drafted, read, approved and signed by all. São Paulo (SP), November 11, 2019. (signed) Henri Penchas - President; Alfredo Egydio Setubal and Ana Lúcia de Mattos Barretto Villela - Vice Presidents; Paulo Setubal Neto, Rodolfo Villela Marino and Victório Carlos De Marchi - Directors.

ALFREDO EGYDIO SETUBAL
Investor Relations Officer