ITAÚSA

Complete Financial Statements

March 31, 2018

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MANAGEMENT REPORT

We present the Management Report and the Financial Statements of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and its subsidiaries for the period from January to March 2018 (1Q18), prepared in accordance with the standards established by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), as well as the International Financial Reporting Standards (IFRS).

Independent Auditor's Report

The Financial Statements were audited by 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 CVM and to B3 S.A. – Brasil, Bolsa, Balcão (B3).

Adoption of CPC 47 and 48

For better comparability, the information on the first quarter of 2017 was adjusted to the effects arising from Itaú Unibanco's adoption of CPC 47 and 48.

1) ECONOMIC ENVIRONMENT

The global economy is expected to consolidate a sharper economic growth in 2018. Even though the U.S. economy growth slowed down in the first quarter (to 2.3% from 2.9%), it should resume its strong pace in the 2Q18 and close 2018 at 2.7%. Job creation has kept an intense pace, unemployment rate is at 4.1%, and inflation is coming down to around 2.0%.

The Euro zone witnessed an economic downturn in the 1Q18 (to 0.4% from 0.7% in the quarter), but it is expected to speed up in the coming quarters and close 2018 at 2.5%, the same level recorded for 2017. This scenario should allow the European Central Bank to close the assets purchase program in 2018.

After a 6.9% growth in 2017, China again recorded a strong result in the 1Q18 (6.8%), even though we expect the economic activity to slow down in 2018.

In the domestic scenario, GDP increased 1.0% in 2017. This figure evidences an improvement from the 2015-2016 period, years defined by economic shrinkage. A 2.5% GDP is expected for 2018.

Regarding the labor market, unemployment rate is 13.1% in the quarter ended March 2018, from 13.7% in the same period of the previous year, as measured by the Continuous Pnad (Continuous National Household Sample Survey). Although unemployment levels are stable, this is driven by the reduction in the economically active population, which made up for the decrease in employed population.

Industry has shown slight signs of recovery. The monthly increase, without seasonal adjustments, in the last six months is at 0.3% up to March. Prospectively, we project that industry will continue to recover, in line with falling interest rates and adjustments to companies' balance sheets.

In March 2018, the annual change in the financial system credit balance was negative 2.5% in actual terms, against a 6.8% decrease in March 2017. Loans in the 12-month period to March 2018 increased 2.5% in actual terms compared to a 12.7% decrease one year before. Default rate for loans to individuals decreased 40 bps in the last 12 months to reach 3.6% in March 2018. Default rate for loans to companies fell to 2.9% (3.7% in March 2017).

Inflation measured by IPCA was 2.7% in the last 12 months ended in March, from 4.6% recorded one year before. Analysis of broken-down figures shows that regulated prices raised 7.1% in the period, whereas free prices raised 1.3%.

Current inflation in a clearer downward trend and economic activity below expectations have allowed a more flexible monetary policy. The Central Bank of Brazil started a cycle of cuts in interest rates in October 2016 and since then the Selic rate has been reduced to current 6.5% per year (March 2018) from 14.25%.

Deficit in external accounts remains at a low level (0.4% of GDP in the 12 months ended in March). Our forecast for the coming years is a slight rise in the current account deficit, but without compromising external sustainability.

2) ITAÚSA HIGHLIGHTS

ITAÚSA

Sustainability

To keep a transparent relationship with its stakeholders, in April 2018, Itaúsa disclosed its Annual Report 2017, which included the Materiality Matrix.

The content was defined based on a new Materiality Matrix that has identified the most relevant topics for the key stakeholders consulted. These topics are linked, in this document, to the pillars of protection and appreciation of assets, ongoing improvement and shared culture.

This document brings about an innovative content, describing with transparency the Company's new momentum and reporting the rationale behind investments made, the expected return and the investees' creation of value.

Since 2009, Itaúsa's report has followed the Global Reporting Initiative (GRI) guidelines, which focus on how the most significant aspects of management are approached and managed, as well as those aspects of greater impact from the viewpoint of the Company and its main stakeholders. This document was reviewed by PwC, which issued an assurance report.

To access it, please visit Itaúsa's website:
http://www.itausa.com.br/en/financial-information/annual-and-sustainability-report

Offering Public Acquisition (OPA) for Shares of Alpargatas

On February 7, 2018, CVM granted the request for registration of the Public Acquisition Offering for shares of Alpargatas aimed at the acquisition of common shares from minority stockholders at 80% of the amount paid by current controlling shareholders (R$11.34/share). On March 23, 2018, Itaúsa informed that an action was held and no shareholder of Alpargatas had expressed interest in joining the OPA. Therefore, the equity interest held by Itaúsa in Alpargatas remains unchanged.

Change in the Share Buyback Program

On February 19, 2018, the Board of Directors changed the share buyback program currently in force by reducing the acquisition limits to up to 77 million book-entry shares of own issue (27 million common and 50 million preferred shares).

Related-Parties Policy Approved

Discussed and approved at the Board of Directors' Meeting of February 19, 2018, the Related-Parties Policy was designed to establish rules and consolidate procedures to be followed by the Company in the event of related-party transactions, thus ensuring transparent and arm's length transactions and providing stockholders, investors and other related parties with transactions carried out in compliance with the best Corporate Governance practices.

Corporate Events and Return on Investments

Quarterly Dividend Payments

On April 2, 2018, Itaúsa paid quarterly dividends for the fourth quarter of 2017, in the amount of R$0.015 per share, without withholding tax, based on the final shareholding position of February 28, 2018, in conformity with the quarterly payment system approved on November 10, 2008.

Capital Call

On February 19, 2018, the Board of Directors resolved on the increase of Itaúsa's capital stock, to R$38,515 million, from R$37,145 million, by issuing 175,641,026 new book-entry shares, with no par value, of which 66,355,919 are common and 109,285,107 are preferred shares, for private subscription within the limits of authorized capital. Upon the expiry of the preemptive period for subscription and after the first and second apportionments of the remaining unsubscribed shares, the balance of the remaining unsubscribed shares will be sold at an auction to be held at the Stock Exchange. The approval of capital increase, receipt of subscribed shares and release of these shares for trading are expected for the end of May 2018, with stockholders entitled to the quarterly dividend payable on July 2, 2018.

Dividend Reinvestment Program (DRP)

We should assert that Itaúsa's Stockholders who are also account holders of Itaú in Brazil and hold book-entry shares may automatically invest dividends to purchase shares by way of the Dividend Reinvestment Program (DRP). To join the DRP, please access Itaú Bankline (www.itau.com.br) or call us on (xx11) 3003-9285 if you are in capital cities or metropolitan regions or 0800-720-985 for other locations in Brazil.

Subsequent Event:

Strategic Development: Alienation in the Ownership Interest of Elekeiroz S.A.

In line with its investments portfolio review strategy, on March 8, 2018, Itaúsa announced that it granted H.I.G. Brasil Partners I B - Fundo de Investimento em Participações Multiestratégia Investimento no Exterior ("H.I.G.") the exclusive rights to negotiate a possible sale of the ownership interest of Elekeiroz to H.I.G.

On April 26, 2018, Itaúsa announced that it had executed a share purchase and sales agreement with Kilimanjaro Brasil Partners I B - Fundo de Investimento em Participações Multiestratégia Investimento no Exterior, whose funds arise from entities managed by H.I.G. Capital LLC, aimed at selling the total shares of Elekeiroz held by Itaúsa to the Fund, represented by 14,261,761 common and 16,117,360 preferred shares, equivalent to 98.2% and 95.0% of common and preferred shares, respectively, which jointly account for 96.5% of Elekeiroz' total capital stock.

The value assigned to Elekeiroz for this transaction, based on the Company's Total Value, was R$160 million, and the share sell price will be equivalent to the Company's Total Value" reduced from Elekeiroz' net indebtedness, multiplied by the ownership interest held by Itaúsa in

Elekeiroz at the closing date. At the date this deal is closed, Itaúsa will receive the share sell value, of R$0.95283 per share, which will be subject to adjustments according to the changes in working capital and net indebtedness of Elekeiroz to be calculated after the deal is closed.

The share sell value may be supplemented, conditioned on: (a) the performance or sale of certain Elekeiroz' assets, including non-operational property; (b) receiving certain surplus assets and having a successful outcome in certain lawsuits; and (c) the fund ultimately reaching a certain minimum return rate.

This deal will be closed subject to meeting certain conditions precedent customary in such transactions.

Members of the Board of Directors Reelected

At the General Stockholders' Meeting held on April 12, 2018, the six effective members of Itaúsa's Board of Directors and respective three alternates were reelected.

3) ITAÚSA ECONOMIC PERFORMANCE

MAIN INDICATORS OF ITAÚSA'S INDIVIDUAL RESULTS

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

Recurring Share of Individual Income by Area — R$ million

	01/01 a 03/31/2018	%	01/01 a 03/31/2017	%	Change	Change (%)
Financial Sector	**2,387**	98.6%	**2,246**	100.4%	**141**	**6.3%**
Non Financial Sector	**33**	1.4%	**(9)**	-0.4%	**42**	**466.7%**
Alpargatas	15	0.6%	-	0.0%	15	n.a.
Duratex	11	0.5%	(4)	-0.2%	15	375.0%
Elekeiroz	13	0.5%	(1)	0.0%	14	1400.0%
Itautec	(1)	0.0%	(5)	-0.2%	4	80.0%
Others	(5)	-0.2%	1	0.0%	(6)	-600.0%
Recurring share of individual income	**2,420**	100.0%	**2,237**	100.0%	**183**	**8.2%**
Results of Itaúsa - net of taxes	**(251)**		**(375)**		**124**	**33.1%**
Financial Income / Expenses	(15)		21		(36)	
Dividends / Interest on Capital	41		-		41	
General Administrative Expenses	(13)		(11)		(2)	
Tax Expenses	(284)		(220)		(64)	
Other Operating Revenues	2		3		(1)	
Income Tax / Social Contribution	18		(168)		186	
Recurring Net Income	**2,169**		**1,862**		**307**	**16.5%**
Non-Recurring results	**231**		**82**			
Arising from stockholding interest in Financial Sector	223		81			
Arising from stockholding interest in Non Financial Sector	8		1			
Alpargatas	8		-			
Duratex	-		1			
Net Income	**2,400**		**1,944**		**456**	**23.5%**

General and Administrative Expenses (G&A)

Taking into account the administrative structure dedicated to Itaúsa's activities, composed of 75 people, G&A totaled R$21 million in the first quarter of 2018, which accounted for 0.86% of net income for this quarter.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

R$ million

	Parent company		Non-controlling interests		Consolidated	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Net income	2,400	1,944	20	(5)	2,420	1,939
Recurring net income	2,169	1,862	(1)	(7)	2,168	1,855
Stockholders' equity	48,500	46,811	3,028	2,950	51,528	49,761
Annualized return on average equity (%)	19.1%	16.6%	2.7%	-0.7%	18.2%	15.6%
Annualized recurring return on average equity (%)	17.3%	15.9%	-0.1%	-0.9%	16.3%	14.9%

MAIN FINANCIAL INDICATORS

Results per share - in R$

	3/31/2018	3/31/2017	Change
Net income of parent company	0.32	0.26	22.9%
Recurring net income of parent company	0.29	0.25	16.0%
Book value of parent company	6.49	6.32	2.6%
Dividends/ interest on capital, net	0.08	0.06	23.9%
Price of preferred share (PN) (1)	13.80	9.59	43.9%
Market capitalization (2) - R$ million	103,136	70,998	45.3%

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

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

MAIN INDICATORS OF ITAÚSA CONGLOMERATE COMPANIES

We present below the main indicators of Itaúsa Conglomerate companies, based on the Consolidated Financial Statements. Net Income, Stockholders' equity and ROE correspond to results attributable to controlling stockholders.

January to March		Financial Sector	Non Financial Sector				R$ million
		Itaú	ALPARGATAS	Duratex	nts	Elekeiroz	ITAÚSA
Total assets	**2018**	**1,441,407**	**3,784**	**9,196**	**10,004**	**460**	**61,471**
	2017	1,323,260	3,734	9,142	n.d.	429	57,260
Operating revenues (1)	**2018**	**43,985**	**902**	**1,006**	**990**	**257**	**3,895**
	2017	53,957	807	952	n.d.	225	3,505
Net income	**2018**	**6,389**	**114**	**31**	**455**	**14**	**2,400**
	2017	6,063	186	(8)	n.d.	(1)	1,944
Stockholders' equity	**2018**	**123,031**	**2,160**	**4,770**	**3,881**	**165**	**48,500**
	2017	119,500	2,126	4,567	n.d.	110	46,811
Annualized return on average equity (%) (2)	**2018**	**21.3%**	**21.0%**	**2.6%**	**46.5%**	**35.3%**	**19.1%**
	2017	20.8%	36.2%	-0.7%	n.d.	-4.1%	16.6%
Internal fund generation (3)	**2018**	**14,980**	**149**	**197**	**907**	**16**	**119**
	2017	17,831	98	198	n.d.	10	(26)
Interest of Itaúsa in companies (4) (5)	**2018**	**37.51%**	**27.55%**	**36.68%**	**7.65%**	**96.60%**	
	2017	37.29%	n.d.	35.52%	n.d.	96.60%	

(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, Duratex, Elekeiroz and NTS: Sales of products and services.

(2) Represents the ratio of net income for the period and the average equity ((mar + dec'17) /2).
(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.

4) CAPITAL MARKETS

Traded on B3, Itaúsa's preferred shares (ticker ITSA4) closed the first quarter of 2018 at R$13.79, a 46.6% increase from the closing price in the first quarter of 2017, whereas Ibovespa, B3's main index, increased 31.4%.

At March 31, 2018, Itaúsa had 77,382 individual stockholders, up 37.6% from March 2017.

The daily average financial volume of preferred shares traded in the first quarter of 2018 was R$221.5 million, as compared to R$139.8 million in the same period of the previous year, with a total 1,478 thousand transactions (1,609 thousand in 2017).

Itaúsa Discount

Discount is an indicator of the difference between the market price ascertained for Itaúsa and the theoretical value obtained through the sum of the market values of the parts that compose the Holding Company's investments. The Investor Relations area discloses information on a monthly basis about the discount on the Company's website. To receive it, please register on www.itausa.com.br.

On March 29, 2018, Itaúsa's shares were traded at a 20.5% discount, compared to 26.4% in the same period of 2017.

At the end of the period, market capitalization, based on the price of the most liquid shares (ITSA4), was R$103,136 million, a 45.3% increase from the same period of the previous year, whereas the total market value of the sum of interests in subsidiaries reached R$129.851 million.

5) ITAÚSA PORTFOLIO

Itaú Unibanco

On January 1, 2018, the new standard IFRS 9 on financial instruments came into force. This standard introduces significant changes in classification and measurement, impairment and hedge accounting. One of the key points refers to the recognition of incurred losses, which will be recorded as expected rather than actual losses incurred, as before.

Corporate Governance

Change in the Board of Directors

On April 25, 2018, Itaú Unibanco held its Annual and Extraordinary General Stockholders' Meeting. At this annual meeting, stockholders elected 12 members for the Board of Directors, as follows: 11 members were reelected and Ms. Ana Lúcia de Mattos Barretto Villela was elected. The Board of Directors of Itaú Unibanco is composed of 100% non-executive members, of whom 42% are independent members.

Noteworthy is the fact that stockholders were able to take part in the Meeting either in person, by proxy or remote voting form, and 15% of the votes are cast by using the latter.

Strategic Frontlines

Seeking excellence and the creation of differentiated value for its stockholders and other audiences, Itaú Unibanco has defined six strategic priorities with medium and long-term perspectives, which have guided its management, as follows: client centricity, digital transformation, people management, risk management, sustainable profitability, and internationalization. Permeating all those challenges are corporate governance and sustainability.

In this quarter, some significant initiatives in connection with this strategic agenda are highlighted:

Digital Transformation

Apple Pay

A simple, safe and private way to make payments and shop at stores, by apps and on the Internet

Now in April 2018, Itaú Unibanco's clients count on Apple Pay, a new payment way that enable shopping with iPhone, Apple Watch, iPad or Macbook, in a simple, safe and private way, without having to use a plastic card. The bank is the first Brazilian financial institution to offer Apple Pay to its clients. To do so, clients only need to register their Itaucard or Credicard credit cards or Itaú multiple cards that count on 'credit' function enabled in the "Wallet" app of their Apple devices.

Using Blockchain

Pioneering tech use

As part of its digital transformation, in February 2018 Itaú Unibanco adopted the blockchain technology to provide more agility and traceability to the margin call trading process, as these are guarantees that banks receive to mitigate the credit risk associated with unfavorable variations in over-the-counter derivatives markets. These derivatives are financial products traded outside a stock exchange and whose value derives from another asset. As an example, we have a dollar derivative whose value will be based on foreign exchange variation.

Using this technology strengthens the bank's pioneering the search for groundbreaking solutions for the sector. It is worth mentioning that Itaú Unibanco is part of international group R3, which comprises institutions from throughout the world for blockchain practical application analysis.

➲ Internationalization

LatAm Strategic Council
Designed to spearhead the internationalization process

In April 2018, Itaú Unibanco disclosed the creation of the LatAm Strategic Council, an advisory body aimed at intensifying the bank's process of understanding different markets and business to better serve regional clients, identifying opportunities for expanding operations, integrating units and creating value for its stockholders.

Other Highlights

XP Investimentos (XP)

CADE approved the acquisition of a minority interest, reaffirming management independence

In March 2018, the Administrative Council for Economic Defense (local acronym CADE) approved the acquisition of 49.9% of XP announced last year by Itaú Unibanco. This approval is conditioned, among others, on Itaú Unibanco's commitment not to intervene in XP's business management, as well as to avoid possible barriers to the entry and development in the segment of open platforms.

These commitments are in line with the agreement executed with XP's shareholders in May 2017, which provides for that Itaú Unibanco will act as a minority partner and will not influence commercial and operating policies of any company belonging to the XP Group. XP will continue to operate as an open and independent platform, competing freely with other brokers and capital market distributors, including with those controlled by the Itaú Unibanco conglomerate.

This acquisition strengthens Itaú Unibanco's business model, increasing its commissions and fees through minority interest. XP operation, aimed at client experience, its open platform, high growth potential and pioneering, will make the bank's results more robust accordingly.

This acquisition of minority interest is currently under analysis by the Central Bank of Brazil, and is conditioned on its approval.

Selected Financial Information

From January to March 2018, Itaú Unibanco's recurring net income was R$6.4 billion, up 5.5% from the same period of the previous year.

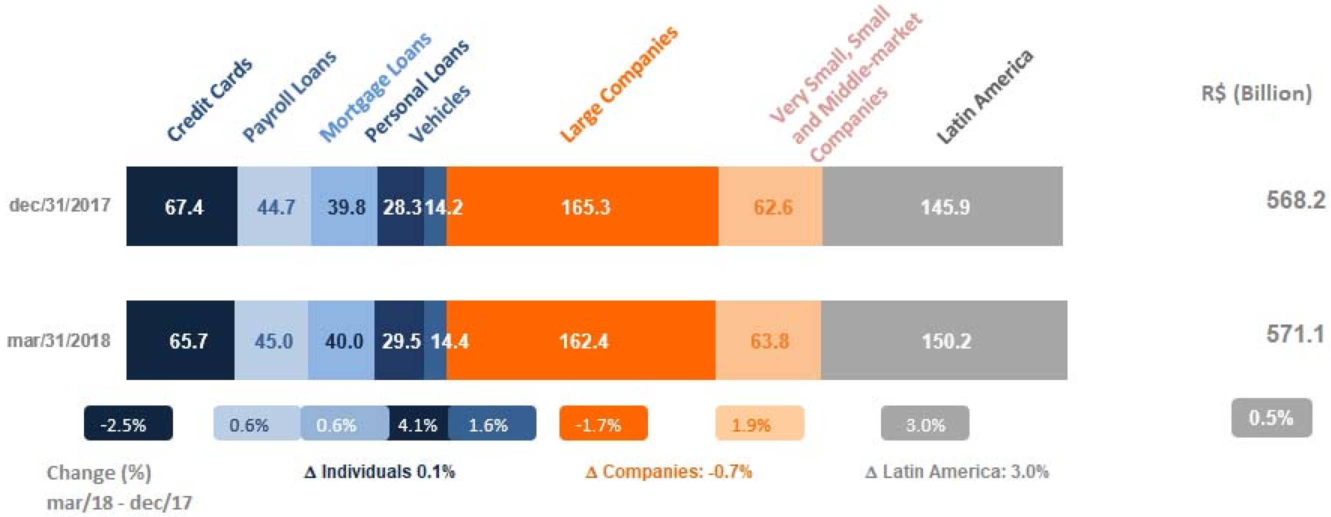
General and administrative expenses increased 2.4% between the first three months of 2017 and of 2018, mainly driven by increases in compensation and benefits, and the bank's risk-adjusted efficiency ratio was 60.8%, down 370 basis points from the same period of 2017.

In this quarter, another highlight was the 7.6% increase in commissions and fees from the first quarter of 2017, mainly those related to current account, fund management, and credit card services.

Loan portfolio reached R$571.1 billion at the end of March 2018, up 0.5% from December 2017. In the first quarter of 2018, as well as in the previous quarter, the bank recorded increases in the portfolios of loans to individuals and to very small, small and middle-market companies.

Itaú Unibanco is present in 19 countries with a team totaling, at March 31, 2018, 99.6 thousand employees who work focused on customer satisfaction. Employees' fixed compensation plus charges and benefits totaled R$4.1 billion in the first three months of 2018.

We highlight below Itaú Unibanco's loan portfolio with financial guarantees provided at the end of March 2018:



Capital Management and Distribution of Profits

Aimed at ensuring soundness and capital availability to support Itaú Unibanco's business growth, regulatory capital levels were kept above those required by the Central Bank of Brazil, as evidenced by the Common Equity Tier I, Tier I, and BIS ratios. Itaú Unibanco intends to keep the minimum level, established by the Board of Directors, at 13.5% for Tier 1 Capital, which must be composed of at least 12% of Common Equity Tier I. For further information, see to "Risk and Capital Management Report – Pillar 3" report on website www.itau.com.br/investor-relations > Corporate Governance.

The minimum capital requirement, either regulatory or the one established by the Board of Directors, is directly associated with the percentage of dividends and interest on capital to be distributed to stockholders, and this amount is determined based on the profitability for the year, the prospective use of capital based on the expected business growth, share buyback programs, mergers and acquisitions, and regulatory changes that may change capital requirement, as well as changes in tax legislation. Therefore, the percentage to be distributed may vary every year according to the Company's profitability and capital demands, and always takes into account the minimum distribution set forth in the Bylaws.

At the end of March 2018, the BIS ratio reached 16.6%, of which: (i) 14.5% related to Tier I Capital, which is composed of the sum of Core Capital and Additional Capital; and (ii) 2.1% related to Tier II Capital. These indicators provide evidence of the bank's effective capacity of absorbing unexpected losses. The amount of subordinated debt, which is part of Tier II regulatory capital, reached R$15.8 billion at March 31, 2018.

ALPARGATAS

In the first quarter of 2018, Alpargatas' consolidated investments to support operations (CAPEX) totaled R$9.8 million. CAPEX forecast for fiscal year 2018 is R$157.3 million.

Results

At the end of the first quarter of 2018, Alpargatas' net revenue totaled R$902.1 million, up 11.7% from the same period of the previous year.

Consolidated gross profit was R$408.8 million, up 16.7% from the 1Q17, and gross margin was 45.3%, higher than the 1Q17 by 190 basis points.

Consolidated EBITDA totaled R$169.1 million, down 31.8% from the first quarter of 2017, and the EBITDA margin was 18.7%. Excluding the impact of non-recurring items in both quarters, consolidated recurring EBITDA for the 1Q18 rose 40.3% and margin was up 290 basis points from the same period of the previous year.

In the first quarter of 2018, the highlight in Alpargatas' result was the good performance in **Brazil**, whose net revenue increased 22.9% driven by a growth in revenue in all business, particularly in the Flip-flop business. The volume of sales of Havaianas and Dupé flip-flops was up 33.1% from the 1Q17. As the Flip-flop business increased its share in the Company's revenue and improved profitability, the gross margin in Brazil was 450 basis points higher than the 1Q17. Recurring EBITDA in Brazil increased 175.0% (excluding non-recurring effects, such as the exclusion of ICMS from the COFINS calculation basis in the 1Q17).

The **International Flip-Flops** division recorded a drop in revenues in foreign currencies in most regions, except for LATAM, due to falling volumes. Gross margin was up 130 basis points, even though it was not enough to make up for the lower productivity of operating expenses, which led to a lower EBITDA margin.

In **Argentina**, the 19.0% increase in revenue in Pesos was below local inflation. Gross margin fell 510 basis points due to the impact of poorer manufacturing efficiency on production costs. Excluding the effects of non-recurring items, the EBITDA margin in Argentina was down 420 basis points.

Consolidated net income for the quarter totaled R$112.8 million, down 37.2% from the 1Q17, with net margin of 12.5%, impacted by non-recurring items in Brazil and in Argentina.

Operating cash generation totaled R$427.6 million in the 12 months ended March 31, 2018. At March 31, 2018, Alpargatas' net financial position was R$111.3 million, as a result of a cash balance of R$709.9 million and indebtedness of R$598.6 million.

Duratex

Consolidated investments to support operations totaled R$80.7 million in the first three months of 2018, of which R$43.1 million were invested in biological assets and R$37.6 million in industrial maintenance and projects. CAPEX forecast for 2018 is R$465.0 million with focus still restricted to business sustainability and productivity growth projects.

In April 2018, CADE approved the sale of land and forests to Suzano, as disclosed in a Material Fact. The first tranche of this business involves the disposal of 9,500 hectares of land and forests to Suzano Papel e Celulose, for the total amount of R$308.1 million. The result of this transaction will be accounted for in the second quarter of 2018, and the full inflow of cash related to this transaction will be carried out by the end of this year.

Results

Consolidated net revenue for the quarter increased 5.7% from the same period of 2017, totaling R$1,006.0 million, mainly driven by the greater volume of sales at the **Wood Division**, the successful implementation of rises in prices early in the year, and the integration of Ceusa's results. Of this amount, R$177.1 million come from the foreign market, via exports and the sale of our operations in Duratex Colombia. Therefore, foreign revenue accounts for 17.6 % of total revenue.

The first quarter of 2018 was positive for the **Wood Division**, boosted by a greater volume of sales in both local and foreign markets. The rise in the price of wood panels, successfully implemented early in the year, and an efficient cost structure have helped this result. Accordingly, gross margin was 27.0%, higher than that recorded in the same quarter of the previous year, as a result of higher operating efficiency. The Wood Division's revenue totaled R$628.1 million.

The result of **Deca Division** was slightly below the first quarter of 2017, due to the slow recovery of the civil construction sector, the fierce competition, a mix of products concentrated on lower added value products, and high costs. The Company recorded a fall in the volume of sales of approximately 7.9%, mainly driven by a decrease in the sales of bathroom porcelain and electronic showers. Deca Division's revenue was R$333.5 million, with gross margin of 26.1%. This result was impacted by a second-best mix of products sold in the quarter and the low activity of production lines, which impaired the dilution of fixed costs.

The **Ceramic Tiles** operations, through the Ceusa brand, supplement Duratex's strategy to provide clients with a wider range of solutions. Net revenue for the quarter was R$44.3 million, as a result of the shipment of 1.3 million square meters of tiles. These operations account for a gross margin of 40.1% in the period. Recurring EBITDA of these operations totaled R$10.1 million, representing a 22.9% margin.

Consolidated net income for the 1Q18 was R$30.8 million, which led to a 2.6% ROE. The increase in Duratex's net income was mainly driven by the operational improvement recorded in the period, together with a more favorable financial performance influenced by a drop in interest rates.

The Company's net debt closed the quarter at R$2,216.1 million, which represents a leverage ratio of 2.79 times (net debt to EBITDA), slightly below that recorded in the same period of the previous year. In spite of the improvement in operations and the business cash generation capacity, this quarter witnessed a series of significant cash outflows, such as the investments made in Viva Decora and Ceusa, in addition to the distribution of dividends and interest on capital.

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

Results

In the first quarter of 2018, net revenue totaled R$990 million, with recurring EBITDA of R$890 million. NTS recorded recurring net income of R$455 million in the period.

Dividends and Interest on Capital

In the period from January to March 2018, dividends/interest on capital, gross, received by Itaúsa totaled R$41.2 million, and income from interest on debentures held by Itaúsa totaled R$11.4 million.

The amount of R$5.9 million was invested in the first quarter of 2018 aimed at supporting the Company's operations.

Results

In the first quarter of 2018, Elekeiroz recorded net income of R$14.0 million, compared to the loss of R$1.1 million in the same period of 2017.

Net revenue was up 14% from the first quarter of 2017, totaling R$257 million, driven by the increase in exports. Domestic sales remained stable, with a slight rise of 1% in the period, and the decrease in volume was made up for by a different mix of products.

Gross profit for the 1Q18 reached R$41.4 million, up 67% from the 1Q17.

Products shipped in the first quarter of 2018 were down 8% from the same period of the previous year, with this drop mainly driven by a reduction in the shipment of inorganic products (-11%), due to the scheduled maintenance shutdown of the sulfuric acid plant. The volume of organic products sold fell 4%, partially made up for the 258% increase in exports.

EBITDA for the first quarter of 2018 followed the increase recorded in gross profit and was up 98% from the same period of 2017, totaling R$21.2 million.

Results

The Oki Brasil's Annual Stockholders' Meeting held on March 19, 2018 approved its increase in capital through the issue of 1,374,120 new shares. Itautec has decided to refrain from taking part in this capital increase, and remains as the holder of 1,717,650 shares, now accounting for 10.31% of Oki Brasil's capital stock. This remaining interest will be sold in January 2020 through a put option to be exercised against Oki.

In March 2018, Itautec settled the payment of the financing obtained from the Studies and Projects Financing Agency (local acronym FINEP), and therefore has no debt with financial institutions at the end of the period.

6) PEOPLE MANAGEMENT

Itaúsa Conglomerate had the support of approximately 131,000 employees at the end of March 2018, including approximately 18,000 employees in foreign units and 75 people dedicated to Itaúsa's specific activities.

7) INDEPENDENT AUDITORS – CVM INSTRUCTION No. 381

Procedures adopted by the Company

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

In the period from January to March 2018, the independent auditors and related parties did not provide non-audit related services in excess of 5% of total external audit fees.

According to CVM Instruction No. 381, we list below the non-audit services provided and related dates:

- January 11 - review of compliance with transfer pricing policies;
- February 1 - review of tax-accounting bookkeeping; and
- February 15 - acquisition of technical material.

Independent Auditors' justification – PwC

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

8) ACKNOWLEDGMENTS

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

BOARD OF DIRECTORS

Chairman
Henri Penchas

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

Members
Paulo Setubal
Rodolfo Vilella Marino
Victório Carlos De Marchi

Alternative members
Ricardo Egydio Setubal
Ricardo Villela Marino
Silvio José Morais

EXECUTIVE BOARD

Chief Executive Officer
Alfredo Egydio Setubal (*)

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

(*) *Investor Relations Officer*

FISCAL COUNCIL

President
Tereza Cristina Grossi Togni

Members
Flavio César Maia Luz
Guilherme Tadeu Pereira Júnior
José Maria Rabelo
Paulo Ricardo Moraes Amaral

Alternative members
Carlos Eduardo de Mori Luporini
Felício Cintra do Prado Júnior
Pedro Soares Melo
Isaac Berensztejn
João Costa

Accountant
Ricardo Jorge Porto de Sousa
CRC 1SP 185.916/O-8

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

ASSETS	NOTE	03/31/2018	12/31/2017
Cash and cash equivalents	3	1,722	1,218
Financial assets - Fair value through profit or loss	4	950	995
Financial assets - Amortised cost	5	443	444
Trade accounts receivable	6	1,054	1,091
Other financial assets	7a	895	1,056
Inventory	8	884	839
Investments in associates and joint ventures	9 IIa	47,598	50,934
Fixed assets, net	10	3,563	3,669
Intangible assets, net	11	662	659
Biological assets	12	1,693	1,699
Tax assets		1,788	1,603
Income tax and social contribution - current		442	354
Income tax and social contribution - deferred	13b	1,260	1,158
Other		86	91
Other non-financial assets	7a	219	68
TOTAL ASSETS		**61,471**	**64,275**

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2018	12/31/2017
Liabilities			
Dividends and interest on capital		2,074	1,377
Debentures	14	1,229	1,208
Loans and financing	15	3,185	3,548
Provision	16	1,558	1,416
Tax liabilities		764	664
Income tax and social contribution - current		31	28
Income tax and social contribution - deferred	13b	580	496
Other		153	140
Other liabilities	7b	1,116	1,143
Advance for future capital increase		17	-
Total Liabilities		**9,943**	**9,356**
Stockholders' Equity			
Capital	17a	37,145	37,145
Reserves	17d	12,619	16,075
Carrying value adjustments		(1,264)	(1,294)
Total Stockholders' Equity Attributable to Owners of the Parent Company		**48,500**	**51,926**
Non-controlling interests		3,028	2,993
Total Stockholders' Equity		**51,528**	**54,919**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**61,471**	**64,275**

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	01/01 to 03/31/2018	01/01 to 03/31/2017
Net sales revenue of products and services	19	1,262	1,178
Cost of products and services	20	(947)	(921)
Gross profit		**315**	**257**
Sales expenses	20	(165)	(157)
General and administrative expenses	20	(79)	(73)
Other (losses)/gains, net	21	51	6
Tax expenses		(284)	(222)
Share of income in associates and joint ventures	9 IIa	2,633	2,327
Operating result		**2,471**	**2,138**
Financial income	22	56	107
Financial expenses	22	(115)	(141)
Financial result		**(59)**	**(34)**
Income before income tax and social contribution		**2,412**	**2,104**
Current income tax and social contribution	13a	(18)	(162)
Deferred income tax and social contribution	13b	26	(3)
Net income		**2,420**	**1,939**
Net income attributable to owners of the parent company		2,400	1,944
Net income attributable to non-controlling interests		20	(5)
Earnings per share - basic and diluted	23		
Common		0.32	0.26
Preferred		0.32	0.26
Weighted average number of shares outstanding – basic and diluted			
Common		2,823,483,724	2,828,112,054
Preferred		4,650,146,149	4,575,176,570

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A

Consolidated Statement of Comprehensive Income

(In millions of reais)

	01/01 to 03/31/2018	01/01 to 03/31/2017
Net income	**2,420**	**1,939**
Other comprehensive income	**30**	**95**
Amounts that will subsequently be reclassified to results	**30**	**119**
Interest in associates and jointly controlled entities, net of tax	**19**	**118**
Adjustment to fair value of financial assets, hedges and foreign exchange variations on investments abroad	19	118
Interest in subsidiaries, net of tax	**11**	**1**
Foreign exchange variations on investments abroad	11	1
Amounts that will not subsequently be reclassified to results	-	**(24)**
Interest in associates and jointly controlled entities, net of tax	-	**(24)**
Remeasurement of post-employment benefit obligations	-	(24)
Total comprehensive income	**2,450**	**2,034**
Comprehensive income attributable to owners of the parent-company	2,430	2,039
Comprehensive income attributable to non-controlling interests	20	(5)

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

ITAÚSA- INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Cash Flow
(In millions of reais)

	Note	01/01 to 03/31/2018	01/01 to 03/31/2017
Cash flow from operating activities			
Adjusted net income		**119**	**(26)**
Net income		2,420	1,939
Adjustments to net income:		(2,301)	(1,965)
Share of income in associates and joint ventures	9 IIa	(2,633)	(2,327)
Deferred income tax and social contribution		(26)	3
Contingent liabilities	16b	156	111
Interest, foreign exchange and monetary variations, net		86	113
Depreciation, amortization and depletion		145	151
Change in fair value of biological assets	12c	(43)	(43)
Allowance for loan losses	6	7	5
Other		7	22
Changes in assets and liabilities		**(58)**	**113**
(Increase) decrease in financial assets		42	(127)
(Increase) decrease in trade accounts receivable		34	(56)
(Increase) decrease in inventory		(33)	32
(Increase) decrease in tax assets		(78)	291
Decrease in other assets		74	546
Decrease in tax liabilities		(13)	(146)
Decrease in other liabilities		(84)	(427)
Others		**(61)**	**(91)**
Payment of income tax and social contribution		(16)	(7)
Interest paid on loans and financing		(45)	(84)
Net cash used in operating activities		-	**(4)**
Cash flow from investment activities			
Sale of investments		-	2
Interest on debentures receivable		9	-
Acquisition of fixed assets, intangibles and biological assets		(89)	(104)
Sale of fixed assets, intangibles and biological assets		1	53
Interest on capital and dividends received		5,472	2,676
Redemption of debentures		1	-
Net cash from investment activities		**5,394**	**2,627**
Cash flow from financing activities			
Advance for future capital increase		17	15
Interest on capital and dividends paid		(4,531)	(2,233)
Loans and financing receivable		45	15
Payment of borrowing and financing		(424)	(247)
Net cash used in financing activities		**(4,893)**	**(2,450)**
Net increase in cash and cash equivalents		**501**	**173**
Cash and cash equivalents at the beginning of the period	3	1,218	2,434
Effects of changes in exchange rates on cash and cash equivalents		3	-
Cash and cash equivalents at the end of the period	3	1,722	2,607

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)

	01/01 to 03/31/2018	%	01/01 to 03/31/2017	%
Income	**1,597**		**1,491**	
Sales of products and services	1,585		1,481	
Allowance for doubtful accounts	(7)		(5)	
Other revenue	19		15	
Inputs purchased from third parties	**(1,056)**		**(1,009)**	
Cost of products and services	(890)		(848)	
Materials, energy and third-party services	(166)		(161)	
Gross value added	**541**		**482**	
Depreciation, amortization and depletion	(145)		(151)	
Net value added produced by the company	**396**		**331**	
Value added received from transfer	**2,732**		**2,436**	
Share of income in associates and joint ventures	2,633		2,327	
Financial income	56		107	
Other revenue	43		2	
Total value added to be distributed	**3,128**		**2,767**	
Distribution of value added	**3,128**	**100.00%**	**2,767**	**100.00%**
Personnel	210	6.71%	198	7.16%
Compensation	169		159	
Benefits	30		29	
FGTS – Government severance pay fund	11		10	
Taxes, fees and contributions	393	12.56%	498	18.00%
Federal	385		487	
State	2		5	
Municipal	6		6	
Return on third parties' assets	105	3.36%	132	4.77%
Interest	104		131	
Rental revenue	1		1	
Return on own assets	2,420	77.37%	1,939	70.07%
Dividends and interest on capital paid/provided for	570		517	
Retained earnings for the period	1,830		1,427	
Non-controlling interests in retained earnings	20		(5)	

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	03/31/2018	12/31/2017
Cash and cash equivalents		597	71
Financial assets - Fair value through profit or loss	4	950	995
Financial assets - Amortised cost	5	443	444
Other financial assets		522	692
Dividends and interest on capital		486	656
Escrow deposits as guarantees of contingencies		36	36
Investments in subsidiaries, associates and joint ventures	9 Ic	49,811	53,119
Fixed assets, net		90	88
Tax assets		1,262	1,078
Income tax and social contribution - current		338	254
Income tax and social contribution - deferred		922	822
Other		2	2
Other assets		8	7
TOTAL ASSETS		**53,683**	**56,494**

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2018	12/31/2017
Liabilities			
Dividends and interest on capital		2,074	1,334
Debentures	14	1,229	1,208
Loans and financing		-	501
Provision		1,392	1,244
Tax liabilities		217	30
Income tax and social contribution - deferred		90	8
Other		127	22
Other liabilities		254	251
Advance for future capital increase		17	-
Total Liabilities		**5,183**	**4,568**
Stockholders' Equity			
Capital	17a	37,145	37,145
Reserves	17d	12,619	16,075
Carrying value adjustments		(1,264)	(1,294)
Total Stockholders' Equity		**48,500**	**51,926**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**53,683**	**56,494**

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	01/01 to 03/31/2018	01/01 to 03/31/2017
Other (losses)/gains, net		43	3
General and administrative expenses		(13)	(11)
Tax expenses		(284)	(220)
Share of income in subsidiaries, associates and joint ventures	9 I c	2,651	2,319
Operating result		**2,397**	**2,091**
Financial income		21	41
Financial expenses		(36)	(20)
Financial result		**(15)**	**21**
Income before income tax and social contribution		**2,382**	**2,112**
Current income tax and social contribution		(1)	(142)
Deferred income tax and social contribution		19	(26)
Net income		**2,400**	**1,944**
Earnings per share - basic and diluted	23		
Common		0.32	0.26
Preferred		0.32	0.26
Weighted average number of shares outstanding – basic and diluted			
Common		2,823,483,724	2,828,112,054
Preferred		4,650,146,149	4,575,176,570

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A

Individual Statement of Comprehensive Income

(In millions of reais)

	01/01 to 03/31/2018	01/01 to 03/31/2017
Net income	**2,400**	**1,944**
Other comprehensive income	**30**	**95**
Amounts that will subsequently be reclassified to results	**30**	**119**
Interest in associates and jointly controlled entities, net of tax	**19**	**118**
Adjustment to fair value of financial assets, hedges and foreign exchange variations on investments abroad	19	118
Interest in subsidiaries, net of tax	**11**	**1**
Foreign exchange variation on investments abroad	11	1
Amounts that will not be subsequently reclassified to results	-	**(24)**
Interests in associates and jointly controlled entities, net of tax	-	**(24)**
Remeasurement of post-employment benefit obligations	-	(24)
Total comprehensive income	**2,430**	**2,039**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
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 01/01/2017	**36,405**	**(204)**	**707**	**8,773**	**1,620**	**1,242**	-	**(1,743)**	**46,800**	**2,950**	**49,750**
Transactions with owners	-	204	-	(204)	-	(1,242)	(517)	-	**(1,759)**	5	**(1,754)**
Cancellation of treasury stock	-	204	-	(204)	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	5	**5**
Dividends and interest on capital	-	-	-	-	-	-	(517)	-	**(517)**	-	**(517)**
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	-	(1,242)	-	-	**(1,242)**	-	**(1,242)**
Transactions with subsidiaries and jointly controlled companies	-	-	(182)	(89)	-	-	-	-	**(271)**	-	**(271)**
Total comprehensive income	-	-	-	-	-	-	1,944	95	**2,039**	(5)	**2,034**
Net income	-	-	-	-	-	-	1,944	-	**1,944**	(5)	**1,939**
Other comprehensive income	-	-	-	-	-	-	-	95	**95**	-	**95**
Appropriations:											
Legal reserve	-	-	-	97	-	-	(97)	-	-	-	-
Unappropriated-reserves	-	-	-	-	1,330	-	(1,330)	-	-	-	-
Balance at 03/31/2017	**36,405**	-	**525**	**8,577**	**2,950**	-	-	**(1,648)**	**46,809**	**2,950**	**49,759**
Change in the period	-	**204**	**(182)**	**(196)**	**1,330**	**(1,242)**	-	**95**	**9**	-	**9**
Balance at 01/01/2018	**37,145**	-	**719**	**10,559**	**(205)**	**5,002**	-	**(1,294)**	**51,926**	**2,993**	**54,919**
Transactions with owners	-	-	-	1	-	(5,002)	(570)	-	**(5,571)**	15	**(5,556)**
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	15	**15**
Dividends and interest on capital not claimed	-	-	-	1	-	-	-	-	**1**	-	**1**
Dividends and interest on capital	-	-	-	-	-	-	(570)	-	**(570)**	-	**(570)**
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	-	-	(236)	(49)	-	-	-	-	**(285)**	-	**(285)**
Total comprehensive income	-	-	-	-	-	-	2,400	30	**2,430**	20	**2,450**
Net income	-	-	-	-	-	-	2,400	-	**2,400**	20	**2,420**
Other comprehensive income	-	-	-	-	-	-	-	30	**30**	-	**30**
Appropriations:											
Legal reserve	-	-	-	120	-	-	(120)	-	-	-	-
Unappropriated-reserves	-	-	-	-	1,710	-	(1,710)	-	-	-	-
Balance at 03/31/2018	**37,145**	-	**483**	**10,631**	**1,505**	-	-	**(1,264)**	**48,500**	**3,028**	**51,528**
Change in the period	-	-	**(236)**	**72**	**1,710**	**(5,002)**	-	**30**	**(3,426)**	**35**	**(3,391)**

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)

	01/01 to 03/31/2018	01/01 to 03/31/2017
Cash flow from operating activities		
Adjusted net income	**(85)**	**(231)**
Net income	2,400	1,944
Adjustments to net income:	(2,485)	(2,175)
Share of income in subsidiaries, associates and joint ventures	(2,651)	(2,319)
Deferred income tax and social contribution	(19)	26
Contingent liabilities	157	107
Interest and monetary variations, net	27	10
Depreciation and amortization	1	1
Changes in assets and liabilities	**83**	**125**
(Increase) decrease in financial assets	43	(127)
(Increase) decrease in tax assets	(79)	248
Decrease in other assets	378	290
Increase (decrease) in tax liabilities	105	(135)
Decrease in provision and other liabilities	(364)	(151)
Other	**(3)**	-
Interest paid on loans and financing	(3)	-
Net cash used operating activities	**(5)**	**(106)**
Cash flow from investment activities		
Sale of investments	-	2
Purchases of fixed assets and intangible	(2)	-
Redemption of debentures	1	-
Interest on debentures receivable	9	-
Interest on capital and dividends received	5,495	2,678
Net cash from investing activities	**5,503**	**2,680**
Cash flow from financing activities		
Advance for future capital increase	17	15
Settlement - Loan operations	(520)	-
Loans and financing payable	20	-
Interest on capital and dividends paid	(4,489)	(2,229)
Net cash used in financing activities	**(4,972)**	**(2,214)**
Net increase in cash and cash equivalents	**526**	**360**
Cash and cash equivalents at the beginning of the period	71	666
Cash and cash equivalents at the end of the period	597	1,026

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)

	01/01 to 03/31/2018	%	01/01 to 03/31/2017	%
Inputs purchased from third parties	**(12)**		**(8)**	
Third-party services	(9)		(6)	
Other	(3)		(2)	
Gross value added	**(12)**		**(8)**	
Depreciation and amortization	(1)		(1)	
Net added value produced by the company	**(13)**		**(9)**	
Added value received through transfers	**2,722**		**2,363**	
Share of income in subsidiaries, associates and joint ventures	2,651		2,319	
Financial income	28		41	
Other income	43		3	
Total value added to be distributed	**2,709**		**2,354**	
Distribution of value added	**2,709**	**100.00%**	**2,354**	**100.00%**
Personnel - compensation	2	0.07%	2	0.08%
Taxes, fees and contributions	267	9.86%	388	16.48%
Return on third parties' assets - interest	40	1.48%	20	0.85%
Return on own assets	2,400	88.59%	1,944	82.59%
Dividends and interest on capital	570		517	
Retained earnings for the period	1,830		1,427	

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

ITAÚSA – INVESTIMENTOS ITAÚ S.A
Notes to the Financial Statements
at March 31, 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 Praça Alfredo Egydio de Souza Aranha, No. 100, Jabaquara, Torre Olavo Setubal, 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), gas transportation (Nova Transporte do Sudeste – NTS) and chemical products (Elekeiroz) – as shown in Note 25 "Segment Information".

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

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

These interim individual and consolidated financial statements were approved by the ITAÚSA Board of Directors on May 14, 2018.

NOTE 2 – ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

Consolidated financial statements

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

Individual financial statements

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

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

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

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

2.2 NEW PRONOUNCEMENTS, CHANGES TO AND INTERPRETATIONS OF EXISTING PRONOUNCEMENTS

a) Amendments to accounting pronouncements applicable to period ended March 31, 2018

CPC 48 / IFRS 9 – "Financial Instruments"

CPC 48 establishes new criteria for the classification, measurement, and recognition of financial assets and liabilities and the measurement of expected credit losses for financial and contract assets, as well as new hedge accounting requirements. This standard replaces CPC 38/IAS 39 - Financial Instruments: Recognition and Measurement, and requires the classification of financial assets into three categories: measured at fair value through profit or loss (FVTPL), measured at fair value through other comprehensive income (FVTOCI), and measured at amortized cost, based on the combination of two factors: the business model the entity uses for managing financial assets and the asset's contractual cash flow characteristics. As ITAÚSA has adopted CPC 48 as from January 1, 2017, the balances of prior periods are being restated.

Regarding financial liabilities, this standard keeps most of the requirements established by CPC 38. The key change is the recognition of the effects of changes in fair value attributable to an entity's credit risk in other comprehensive income, rather than in the statement of income, for financial liabilities using the fair value option. ITAÚSA has not been impacted by the adoption of CPC 48 for purposes of classification and measurement of its financial liabilities.

CPC 48 also replaces the CPC 38's incurred credit losses model for a prospective "expected credit losses" model, which covers all financial assets measured at amortized cost and at FVTOCI. For measurement of this loss, the specific credit status of the counterparty is assessed, as well as the possible impacts of changes in the economic or scenario factors on credit losses.

Regarding hedge accounting, CPC 48 has not changed the general principles on how to address and recognize hedges deemed effective according to CPC 38. Therefore, there was no impact on ITAÚSA's financial statements arising from the application of CPC 48 in this regard.

The greatest impact of the adoption of CPC 48 on ITAÚSA's financial statements is derived from the effects determined by its shared-controlled entity ITAÚ UNIBANCO HOLDING S.A. The table below shows the main effects of the adoption of CPC 48 on ITAÚ UNIBANCO's financial statements at the date of initial application (01/01/2017) and at the balance sheet date of 03/31/2017:

	03/31/2017		01/01/2017
	Stockholders' Equity	Net income	Stockholders' Equity
Beginning balance according to CPC 38 (IAS 39) – attributable to controlling stockholders	**122,163**	**6,001**	**122,582**
Change in accounting policy – write-offs of assets (a)	2,539	77	2,462
Expected loss – loan and lease operations (b)	(7,058)	325	(7,385)
Expected loss – other financial assets (b)	(1,143)	(612)	(468)
Modification of financial assets (c)	35	(1)	36
Adjustment to fair value of financial assets (d)	(881)	275	(787)
Deferred taxes on adjustments	3,966	63	3,712
Non-controlling interests	(121)	(65)	(57)
Total adjustments	**(2,663)**	**62**	**(2,487)**
Balance according to CPC 48 (IFRS 9) – attributable to controlling stockholders	**119,500**	**6,063**	**120,095**

(a) Change in accounting policy – partial write-off of financial assets, according to CPC 23, which has led to the proportional recording of assets, aligning the recovery of financial assets to their economic realization.

(b) Replacing the calculation model based on incurred loss (CPC 38) to expected loss model, taking into account prospective information.

(c)Adjusting the gross book value of financial assets that had their cash flows modified (with no write-off), which balance was recalculated according to CPC 48 requirements.

(d) Changing the measurement model for financial assets due to the new categories introduced by CPC 48.

CPC 47 / IFRS 15 – "Revenue from Contracts with Clients"

CPC 47 it is based on a five-stage approach, which seeks to identify contracts with clients, its obligations to perform and the prices of both the contract as a whole and each obligation to perform, taking into account market conditions or other alternate methodologies, if required. The entity should ultimately define whether the revenue is to be recognized over time or at a certain moment in time, taking into account how and when the assets or services will be transferred to clients.

This pronouncement replaces CPC 30 / IAS 18 – "Revenue" and CPC 17 / IAS11- "Construction Contracts", as well as related interpretations.

The effect of the application of CPC 47 was not deemed significant in the financial statements of ITAÚSA.

We present below the impact of ITAÚSA's adopting CPC 47 and CPC 48:

	03/31/2017		01/01/2017
	Stockholders' equity	Net income	Stockholders' equity
Amounts disclosed	**47,804**	**1,921**	**47,729**
Adjustments – adoption of new CPCs (*)	**(993)**	23	(929)
Amounts according to CPC 47 and CPC 48	**46,811**	**1,944**	**46,800**

(*) The corresponding entry of these adjustments were recorded in Investments in subsidiaries, associates and joint ventures.

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:

- CPC 06 (R2) / IFRS 16 – "Leases" – This standard addresses the elimination of the accounting for operating lease agreements for the lessee, presenting one lease model only, which consists of (a) recognizing leases which terms exceeds 12 months and have substantial amounts; (b) initially recognizing lease in assets and liabilities at present value; and (c) recognizing depreciation and interest from lease separately in income. For the lessor, accounting will continue to be segregated between operating and financial lease. IFRS 16 (whose related standard in Brazil is CPC 06 (R2)) replaces any existing standards on lease, including IAS 17 – Leases (whose related standard is CPC 06 (R1)) and IFRIC 4, SIC 15 and SIC 27 – Supplementary Aspects of Leases. This standard is effective for annual periods beginning on or after January 1, 2019. Possible impacts arising from the adoption of this standard for the financial statements of ITAÚSA and its subsidiaries are being assessed and will be completed by the date this standard becomes effective.

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

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

a) Deferred income tax and social contribution

As explained in Note 2.4m, deferred tax assets are recognized only in relation to temporary differences and losses carried-forward to the extent that it is probable that ITAÚSA and its subsidiaries will generate future taxable profits for their utilization. The expected realization of the deferred tax assets of ITAÚSA and its subsidiaries is based on the projection of future income and other technical studies, as disclosed in Note 13. The carrying amount of deferred tax assets was R$ 1,260 at March 31, 2018 (R$ 1,158 at December 31, 2017).

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 at March 31, 2018 was R$ 1,632 (R$ 1,471 at December 31, 2017).

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$ 58, 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$ 10, 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 03/31/2018	Interest in capital at 12/31/2017
Joint ventures				
Itaú Unibanco Holding S.A.	Brazil	Holding company/Financial institution	37.51%	37.64%
IUPAR - Itaú Unibanco Participações S.A.	Brazil	Holding company	66.53%	66.53%
Alpargatas S.A.	Brazil	Footwear, apparel and sports items	27.55%	27.55%
Full consolidation				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	36.68%	36.68%
Elekeiroz S.A.	Brazil	Chemical products	96.60%	96.60%
Itaúsa Empreendimentos S.A.	Brazil	Service	100.00%	100.00%
Itautec S.A.	Brazil	Information technology	98.93%	98.93%
ITH Zux Cayman Ltd.	Cayman Islands	Holding	100.00%	100.00%

II. Business combinations

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

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

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

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

III. Transactions with non-controlling interests

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

b) FOREIGN CURRENCY TRANSLATION

I. Functional and presentation currency

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

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

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

II. Foreign currency transactions

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

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

c) CASH AND CASH EQUIVALENTS

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

d) FINANCIAL ASSETS

I. Classification

ITAÚSA and its subsidiaries 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

Financial assets measured at fair value through other comprehensive income are assets whose cash flows characteristic 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

Financial assets measured at fair value through income are assets whose cash flows characteristic does 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). These assets are classified as current assets.

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 income 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 FUTOCI 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 provision for doubtful receivables (allowance for doubtful accounts or impairment) is constituted based on the analysis of risks regarding the realization of the credits receivable, in amounts considered sufficient by management to cover potential losses on the realization of these assets.

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

g) INVENTORY

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

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

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

h) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

I. Associates

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

II. Joint ventures

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

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

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

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

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

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

i) FIXED ASSETS

In accordance with CPC 27 / IAS 16 – “Property, Plant and Equipment”, fixed assets are recognized at cost of acquisition less accumulated depreciation, which is calculated using the straight-line method and rates based on the estimated useful lives of these assets. These rates are presented in Note 10.

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, less costs to sell, are recognized in the statement of income. The depletion appropriated in the statement of income is formed by the portion of the formation cost and the portion related to the difference of the fair value.

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

m) INCOME TAX AND SOCIAL CONTRIBUTION

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

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

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

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

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

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

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

n) EMPLOYEE BENEFITS

Pension plans – defined contribution

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

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

o) STOCK-BASED COMPENSATION

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

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

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

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

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

Sales revenue of products and services

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

u) SEGMENT INFORMATION

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

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

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):

	03/31/2018	12/31/2017
Cash and deposits on demand	82	84
Investments in fixed income and investment funds	920	71
Bank deposit certificates	720	992
Repurchase agreements	-	71
Total	**1,722**	**1,218**

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

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

	03/31/2018	12/31/2017
Investiment - NTS (*)	950	943
Financial treasury bills	-	52
Total	**950**	**995**

(*) 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 – FINANCIAL ASSETS - AMORTISED COST

On April 4, 2017, ITAÚSA acquired stock convertible debentures issued by Nova Transportadora do Sudeste S.A. - NTS, maturing in ten years, in the total amount of R$ 444, with interest at 100% of CDI plus interest of 4% per year. This interest is paid on a quarterly basis, in March, June, September and December of each year.

The amount of R$ 11, related to interest income from these debentures, was recorded in income for the period, in line Financial Result.

NOTE 6 - TRADE ACCOUNTS RECEIVABLE

Trade Accounts Receivable	03/31/2018	12/31/2017
Domestic customers	988	1,027
Foreign customers	148	138
Related parties	31	35
Impairment	(113)	(109)
Total	**1,054**	**1,091**

The balances of accounts receivable by maturity are as follows:

Maturities	03/31/2018	12/31/2017
Not yet due	961	1,025
Past-due up to 30 days	54	45
From 31 to 60 days	19	16
From 61 to 90 days	7	8
From 91 to 180 days	11	8
More than 180 days	115	98
Total	**1,167**	**1,200**

Below are the changes in the allowance for doubtful accounts:

	03/31/2018	12/31/2017
Opening balance	(109)	(100)
Constitution of provision	(7)	(13)
Write-offs	3	4
Closing Balance	**(113)**	**(109)**

NOTE 7 - OTHER ASSETS AND LIABILITIES

a) Other assets

	03/31/2018			12/31/2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Other financial assets						
Deposits as guarantees for contingent liabilities	-	100	100	-	99	99
Dividends and interest on stockholders' equity receivable	483	-	483	630	-	630
Amounts receivable from the sale of fixed assets	48	31	79	59	32	91
Retirement plan assets (Note 24)	6	125	131	4	128	132
Government debt certificates	-	2	2	-	2	2
Acquisition escrow accounts	3	28	31	3	27	30
Forest incentives	-	12	12	-	13	13
Electricity sales	3	-	3	4	-	4
Other amounts receivable	8	46	54	25	30	55
Total	**551**	**344**	**895**	**725**	**331**	**1,056**
Other non-financial assets						
Prepaid expenses	22	-	22	15	-	15
Investment property	-	26	26	-	26	26
Held-for-sale assets (*)	-	153	153	-	20	20
Other	7	11	18	7	-	7
Total	**29**	**190**	**219**	**22**	**46**	**68**

(*) Includes assets related to the negotiation for the future sale of facilities and equipment to Eucatex Group, and the sale of land and farms to Suzano Papel e Celulose, in the amount of R$128, on the part of Duratex S/A.

b) Other liabilities

	03/31/2018			12/31/2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Suppliers	349	-	349	350	-	350
Personnel provision	134	-	134	146	-	146
Accounts payable (from SCPs) to shareholders (*)	29	94	123	44	94	138
Advances from customers	21	5	26	19	5	24
Acquisitions of companies	31	32	63	37	32	69
Freight and insurance payable	17	-	17	14	-	14
Commission payable	9	-	9	8	-	8
Acquisitions of reforestation areas	8	-	8	5	-	5
Product warranty and technical support	17	4	21	13	4	17
Commercial leasing	-	9	9	-	9	9
Liabilities provided with joint operation partner	-	30	30	-	25	25
Liabilities payable - NTS	-	248	248	-	245	245
Other	65	14	79	51	42	93
Total	**680**	**436**	**1,116**	**687**	**456**	**1,143**

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

NOTE 8 – INVENTORY

	03/31/2018	12/31/2017
Raw materials, supplies and packaging	267	254
Finished products	412	385
Work in progress	107	104
Showrooms	119	124
Advances to suppliers	2	3
Allowance for inventory losses	(23)	(31)
Total	**884**	**839**

The cost of inventory recognized in results and included in “Cost of products and services” totaled R$ 947 (R$ 921 at March 31, 2017).

At March 31, 2018 and December 31, 2017, the subsidiaries of ITAÚSA did not have any inventory pledged as collateral.

NOTE 9 – 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.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman company Ltd.
Stockholders' equity at 12/31/2016								
Capital	97,148	12,430	648	1,962	322	272	262	45
Treasury shares	(1,882)	-	(64)	(28)	-	-	-	-
Carrying value adjustments	(3,792)	(1,214)	(146)	398	-	-	-	-
Reserves	26,836	19,069	1,538	2,238	8	-	48	-
Other	1,785	-	-	-	(219)	(216)	-	(43)
Balance at 12/31/2016	**120,095**	**30,285**	**1,976**	**4,570**	**111**	**56**	**310**	**2**
Changes from 01/01 to 03/31/2017	**(595)**	**(220)**	**150**	**(3)**	**(1)**	**(5)**	**1**	-
Net income	6,063	112	186	(8)	(1)	(5)	1	-
Treasury shares	180	-	-	-	-	-	-	-
Dividends and interest on capital	(6,612)	(209)	(38)	-	-	-	-	-
Other comprehensive income	253	67	2	4	-	-	-	-
Other	(479)	(190)	-	1	-	-	-	-
Stockholders' equity at 03/31/2017								
Capital	97,148	12,430	648	1,962	322	272	262	39
Treasury shares	(1,617)	-	(64)	(28)	-	-	-	-
Carrying value adjustments	(3,539)	(1,147)	(144)	402	-	-	-	-
Reserves	26,047	18,782	1,686	2,231	8	-	49	-
Other	1,461	-	-	-	(220)	(221)	-	(37)
Balance at 03/31/2017	**119,500**	**30,065**	**2,126**	**4,567**	**110**	**51**	**311**	**2**
Stockholders' equity at 12/31/2017								
Capital	97,148	13,500	648	1,962	103	56	266	45
Treasury shares	(2,743)	-	(64)	(28)	-	-	-	-
Carrying value adjustments	(2,632)	(908)	(149)	417	-	-	-	-
Reserves	37,675	20,939	1,751	2,364	48	-	39	-
Other	1,930	-	-	-	-	(23)	-	(43)
Balance at 12/31/2017	**131,378**	**33,531**	**2,186**	**4,715**	**151**	**33**	**305**	**2**
Changes from 01/01 to 03/31/2018	**(8,347)**	**(2,341)**	**(26)**	**55**	**14**	**(1)**	**(5)**	-
Net income	6,389	(1,654)	114	31	14	(1)	(5)	-
Treasury shares	1,069	-	-	-	-	-	-	-
Dividends and interest on capital	(15,092)	(501)	(135)	-	-	-	-	-
Other comprehensive income	52	14	(2)	31	-	-	-	-
Other	(765)	(200)	(3)	(7)	-	-	-	-
Stockholders' equity at 03/31/2018								
Capital	97,148	13,500	648	1,962	103	56	266	42
Treasury shares	(1,496)	-	(64)	(28)	-	-	-	-
Carrying value adjustments	(2,580)	(823)	(151)	448	-	-	-	-
Reserves	28,303	18,513	1,727	2,388	62	-	34	-
Other	1,656	-	-	-	-	(24)	-	(40)
Balance at 03/31/2018	**123,031**	**31,190**	**2,160**	**4,770**	**165**	**32**	**300**	**2**

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.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman Company Ltd.
Outstanding Common shares at 03/31/2017	**3,351,741,143**	**710,454,184**	**232,466,402**	**689,298,742**	**14,518,150**	**11,072,186**	**2,186,700**	**12,200,000**
Shares of capital	3,351,744,217	710,454,184	241,608,551	691,784,501	14,518,150	11,199,367	2,186,700	12,200,000
Treasury shares	(3,074)	-	(9,142,149)	(2,485,759)	-	(127,181)	-	-
Outstanding Preferred shares at 03/31/2017	**3,172,862,993**	**350,942,273**	**72,175,354**	-	**16,967,020**	-	-	-
Shares of capital	3,230,563,326	350,942,273	228,841,226	-	16,967,020	-	-	-
Treasury shares	(57,700,333)	-	(156,665,872)	-	-	-	-	-
Outstanding shares 03/31/2017	**6,524,604,136**	**1,061,396,457**	**304,641,756**	**689,298,742**	**31,485,170**	**11,072,186**	**2,186,700**	**12,200,000**
Number of shares owned by ITAÚSA at 03/31/2017	**1,296,050,600**	**706,169,365**	-	**244,868,698**	**30,379,121**	**10,953,371**	**2,186,700**	**12,200,000**
Common shares	1,295,937,718	355,227,092	-	244,868,698	14,261,761	10,953,371	2,186,700	12,200,000
Preferred shares	112,882	350,942,273	-	-	16,117,360	-	-	-
Direct interest at 03/31/2017								
Interest in capital	19.86%	66.53%	0.00%	35.52%	96.49%	98.93%	100.00%	100.00%
Interest in voting capital	38.66%	50.00%	0.00%	35.52%	98.23%	98.93%	100.00%	100.00%
Common shares in circulation at 03/31/2018	**3,305,526,906**	**710,454,184**	**241,608,525**	**689,305,842**	**14,518,150**	**11,072,186**	**2,186,700**	**12,200,000**
Shares of capital	3,305,526,906	710,454,184	241,608,551	691,784,501	14,518,150	11,072,186	2,186,700	12,200,000
Treasury shares	-	-	(26)	(2,478,659)	-	-	-	-
Preferred shares in circulation at 03/31/2018	**3,182,150,691**	**350,942,273**	**221,444,849**	-	**16,967,020**	-	-	-
Shares of capital	3,230,563,326	350,942,273	228,841,226	-	16,967,020	-	-	-
Treasury shares	(48,412,635)	-	(7,396,377)	-	-	-	-	-
Outstanding shares at 03/31/2018	**6,487,677,597**	**1,061,396,457**	**463,053,374**	**689,305,842**	**31,485,170**	**11,072,186**	**2,186,700**	**12,200,000**
Number of shares owned by ITAÚSA at 03/31/2018	**1,296,050,600**	**706,169,365**	**127,591,556**	**252,807,715**	**30,379,121**	**10,953,371**	**2,186,700**	**12,200,000**
Common shares	1,295,937,718	355,227,092	103,623,035	252,807,715	14,261,761	10,953,371	2,186,700	12,200,000
Preferred shares	112,882	350,942,273	23,968,521	-	16,117,360	-	-	-
Direct interest at 03/31/2018								
Interest in capital	(1) 19.98%	66.53%	27.55%	36.68%	(3) 96.49%	98.93%	100.00%	100.00%
Interest in voting capital	(2) 39.21%	50.00%	42.89%	36.68%	98.23%	98.93%	100.00%	100.00%

(1) Itaúsa holds a direct interest in Itaú Unibanco Holding S.A. of 19.98% and an indirect interest of 17.53% through the investment in the jointly-controlled subsidiary Itaú Unibanco Participações S.A.(IUPAR), which holds a 26.35% direct interest in Itaú Unibanco Holding S.A., totaling 37.51% 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 65.07% of the voting capital.

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

c) Change in investments

Investments	Joint Ventures			Subsidiaries					Total
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Alpargatas S.A	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman Company Ltd.	
Investment balance at 12/31/2016									
Interest in capital	23,899	20,149	-	1,619	108	55	310	2	46,142
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable net assets	79	-	-	-	-	-	-	-	79
Goodwill	460	-	-	-	-	-	-	-	460
Balance at 12/31/2016	**24,426**	**20,149**	**-**	**1,619**	**108**	**55**	**310**	**2**	**46,669**
Changes from 01/01 to 03/31/2017	**(166)**	**(146)**	-	**(4)**	**(1)**	**(5)**	**1**	-	**(321)**
Share of income	2,251	76	-	(3)	(1)	(5)	1	-	2,319
Dividends and interest on capital	(2,323)	(139)	-	-	-	-	-	-	(2,462)
Sale of investments	-	-	-	(2)	-	-	-	-	(2)
Other comprehensive income	50	44	-	1	-	-	-	-	95
Other	(144)	(127)	-	-	-	-	-	-	(271)
Investment balance at 03/31/2017									
Interest in capital	23,736	20,003	-	1,615	107	50	311	2	45,824
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable net assets	76	-	-	-	-	-	-	-	76
Goodwill	460	-	-	-	-	-	-	-	460
Balance at 03/31/2017	**24,260**	**20,003**	**-**	**1,615**	**107**	**50**	**311**	**2**	**46,348**
Market value at 03/31/2017 (*)	**93,100**	**-**	**-**	**2,246**	**186**	**171**	**-**	**-**	**95,703**
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 03/31/2018	**(1,764)**	**(1,556)**	**(15)**	**20**	**13**	**(1)**	**(5)**	-	**(3,308)**
Share of income	3,710	(1,100)	23	11	13	(1)	(5)	-	2,651
Dividends and interest on capital	(5,335)	(333)	(36)	-	-	-	-	-	(5,704)
Other comprehensive income	11	9	(1)	11	-	-	-	-	30
Other	(150)	(132)	(1)	(2)	-	-	-	-	(285)
Investment balance at 03/31/2018									
Interest in capital	24,579	20,752	594	1,743	159	31	299	2	48,159
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable net assets	64	-	541	-	-	-	-	-	605
Goodwill	460	-	599	-	-	-	-	-	1,059
Balance at 03/31/2018	**25,091**	**20,752**	**1,734**	**1,743**	**159**	**31**	**299**	**2**	**49,811**
Market Value of the Stake at 03/31/2018 (*)	**125,123**	**-**	**2,163**	**2,930**	**350**	**172**	**-**	**-**	**130,737**

(*) Disclosed only for public companies.

d) Interest in Alpargatas S.A.

On July 12, 2017, ITAÚSA, together with Brasil Warrant Administração de Bens e Empresas S.A. (“BW”) and Cambuhy Investimentos Ltda. (“Cambuhy”), signed a purchase agreement for 54.24% of the capital stock of Alpargatas S.A., and after the completion of this transaction, ITAÚSA hold 27.12% (27.55%, including the number of outstanding shares only) of Alpargatas’ total capital stock. This stake is represented by 103,623,035 common shares (42.889% of total common shares) and 23,968,521 preferred shares (10.474% of preferred shares).

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

In conformity with CPC 18 (R2) / IAS 28, “Investments in Associates and Joint Ventures”, ITAÚSA’s interest in Alpargatas was recognized as an Investment in Joint Ventures and is accounted for under the equity method, from the date of acquisition.

The acquisition of the company was accounted for based on studies to determine the fair value of the acquired assets and liabilities assumed and, in conformity with CPC 15 / IFRS 3 – “Business Combinations”, ITAÚSA will monitor the variables used in these studies, as well as the facts and circumstances related to these companies for a period of up to 12 months, aimed at carrying out any required adjustments (which are not expected to be significant).

The fair value of Alpargatas’ assets and liabilities identifiable at the acquisition date is as follows:

	08/31/2017
Assets measured at fair value upon acquisition	**4,970**
Cash, banks and financial investments	227
Trade accounts receivable	508
Other accounts receivable	120
Inventories	598
Investments in subsidiaries	1,074
Intangible assets	1,536
Fixed assets	767
Deferred income tax and social contribution	58
Other assets	82
Liabilities measured at fair value upon acquisition	**(828)**
Loans and financing	(359)
Trade accounts payable	(229)
Civil, labor and tax provisions	(37)
Taxes and contributions	(12)
Personnel expenses	(112)
Other liabilities	(79)
Net assets measured at fair value upon acquisition	**4,142**
% of interest acquired by Itaúsa	27.55%
Interest acquired by Itaúsa (at fair value) (a)	1,141
Acquisition price – Consideration transferred (b)	1,740
Goodwill (b - a)	**599**

The table below shows the main information from the financial statements of Alpargatas at 03/31/2018:

Information	03/31/2018
Total assets	3,784
Total liabilities	1,548
Stockholders' Equity	2,236
Net income	114

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	Nexoleum	Viva Decora	
Share of income from 01/01 to 03/31/2017	2,251	76	-	-	-	2,327
Investiment balance at 03/31/2017	26,855	22,308	1,749	16	6	50,934
Share of income from 01/01 to 03/31/2018	3,710	(1,100)	23	-	-	2,633
Investiment balance at 03/31/2018	25,091	20,752	1,734	15	6	47,598

b) Other information

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

Assets and liabilities (*)	03/31/2018	12/31/2017
Assets	**1,441,415**	**1,436,244**
Cash and deposits on demand	25,444	18,749
Financial assets	831,723	832,532
Loan operations and lease operations portfolio	500,224	497,719
Tax assets	40,752	44,249
Other assets	43,272	42,995
Liabilities	**1,306,240**	**1,293,081**
Financial Liabilities	1,062,470	1,056,717
Reserves for insurance and private pensions	186,292	181,232
Civil, labor, tax and social security lawsuits	19,524	19,736
Other liabilities	37,954	35,396

(*) Basically represented by Itaú Unibanco Holding.

Other Financial Information - Itaú Unibanco Holding	01/01 to 03/31/2018	01/01 to 03/31/2017
Interest and similar income	32,225	40,276
Interest and similar expenses	(16,431)	(24,178)
Net income before income tax and social contribution	9,563	9,509
Income tax and social contribution (*)	(3,006)	(3,503)
Net income	6,557	6,006
Net income attributable to the owners of the parent company	6,389	6,063
Other comprehensive income	52	253
Total comprehensive income	6,441	6,316

(*) Considering the temporary effects of Law 13,169/15, which increases the social contribution tax rate to 20%, tax credits were accounted for based on their expected realization. There were no unrecorded deferred tax assets at 03/31/2018 e 12/31/2017.

NOTE 10 – 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 12/31/2016								
Cost	755	1,119	4,675	61	60	125	200	**6,995**
Accumulated depreciation	-	(445)	(2,444)	(40)	(51)	-	(122)	**(3,102)**
Impairment	-	(9)	(133)	(1)	-	(8)	-	**(151)**
Net book value	**755**	**665**	**2,098**	**20**	**9**	**117**	**78**	**3,742**
Changes from 01/01 to 03/31/2017	-	**(3)**	**(28)**	**(1)**	**(1)**	**(3)**	**5**	**(31)**
Acquisitions	-	1	7	-	-	38	2	**48**
Write-offs	-	-	(1)	-	-	-	-	**(1)**
Depreciation	-	(9)	(72)	(1)	(1)	-	(4)	**(87)**
Transfers	-	4	29	-	-	(40)	7	-
Impairment	-	-	7	-	-	-	-	**7**
Other	-	1	2	-	-	(1)	-	**2**
Balance at 03/31/2017								
Cost	755	1,125	4,712	61	60	122	209	**7,044**
Accumulated depreciation	-	(454)	(2,516)	(41)	(52)	-	(126)	**(3,189)**
Impairment	-	(9)	(126)	(1)	-	(8)	-	**(144)**
Net book value	**755**	**662**	**2,070**	**19**	**8**	**114**	**83**	**3,711**
Annual depreciation rates (%)	-	*4%*	*5% to 20%*	*10%*	*10%*	-	*4% to 20%*	
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 03/31/2018	**(51)**	**2**	**(22)**	**(1)**	**(1)**	**(37)**	**4**	**(106)**
Acquisitions	-	2	10	-	-	29	1	**42**
Depreciation	-	(9)	(69)	(1)	(1)	-	-	**(80)**
Transfers (*)	(55)	5	27	-	-	(66)	2	**(87)**
Other	4	4	10	-	-	-	1	**19**
Balance at 03/31/2018								
Cost	709	1,188	4,859	64	64	107	226	**7,217**
Accumulated depreciation	-	(489)	(2,804)	(44)	(54)	-	(144)	**(3,535)**
Impairment	-	(9)	(133)	(1)	-	(8)	32	**(119)**
Net book value	**709**	**690**	**1,922**	**19**	**10**	**99**	**114**	**3,563**
Annual depreciation rates (%)	-	*4%*	*5% to 20%*	*10%*	*10%*	-	*4% to 20%*	

(*) It refers to transfer to Available-for-Sale Assets, according to Note 7a

NOTE 11 – INTANGIBLE ASSETS

Intangible Assets	Software	Trademarks and patents	Goodwill for future profitability	Customer portfolio	Total
Balance at 12/31/2016					
Cost	98	23	259	412	**792**
Accumulated amortization	(59)	(3)	-	(189)	**(251)**
Impairment	(1)	(3)	-	-	**(4)**
Net value	**38**	**17**	**259**	**223**	**537**
Change from 01/01 to 03/31/2017	-	-	-	**(6)**	**(6)**
Acquisitions	2	-	-	-	**2**
Amortization expense	(2)	-	-	(6)	**(8)**
Balance at 03/31/2017					
Cost	100	23	259	412	**794**
Accumulated amortization	(61)	(3)	-	(195)	**(259)**
Impairment	(1)	(3)	-	-	**(4)**
Net value	**38**	**17**	**259**	**217**	**531**
Annual amortization rates	*20%*	-	-	*6.67%*	
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**
Changes from 01/01 to 03/31/2018	**1**	-	**9**	**(7)**	**3**
Acquisitions	4	-	9	-	**13**
Amortization expense	(3)	-	-	(7)	**(10)**
Balance at 03/31/2018					
Cost	111	64	368	413	**956**
Accumulated amortization	(70)	-	-	(223)	**(293)**
Impairment	(1)	-	-	-	**(1)**
Net value	**40**	**64**	**368**	**190**	**662**
Annual amortization rates	*20%*	-	-	*6.67%*	

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

	03/31/2018	12/31/2017
Acquisitions		
Satipel	188	188
Thermosystem	26	26
Cerâmica Monte Carlo	22	22
Deca Nordeste	17	17
Duchacorona	5	5
Metalúrgica Jacareí	2	2
Ceusa e Massima	99	99
Other acquisitions	9	-
Net value	**368**	**359**

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 March 31, 2018, these companies had approximately 178.9 thousand hectares in areas of effective planting (179.6 thousand hectares at December 31, 2017) 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 March 31, 2018. The discount rate used in cash flow corresponds to the weighted average cost of Duratex S.A., which is reviewed annually by the Management.

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

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

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

	03/31/2018	12/31/2017
Cost of formation of biological assets	1,054	1,045
Difference between cost and fair value	639	654
Fair value of biological assets	**1,693**	**1,699**

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:

	03/31/2018	12/31/2017
Opening balance	**1,699**	**1,529**
Variations in fair value		
Volume price	43	215
Depletion	(31)	(123)
Transfer to Other Assets (*)	(14)	-
Variations in historical value		
Formation	45	176
Depletion	(22)	(98)
Transfer to Other Assets (*)	(27)	-
Closing balance	**1,693**	**1,699**

(*) It refers to transfer to Available-for-Sale Assets, according to Note 7a

	01/01 to 03/31/2018	01/01 to 03/31/2017
Effects of variations in the fair value of biological assets	**12**	**9**
Variations in fair value	43	43
Depletion of fair value	(31)	(34)

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	01/01 to 03/31/2018	01/01 to 03/31/2017
Income before income tax and social contribution	**2,412**	**2,104**
Charges (income tax and social contribution) at the current rates	(820)	(715)
Increase/decrease in income tax and social contribution charges arising from:		
(Additions) / exclusions	**828**	**550**
Share of comprehensive income of associates and joint ventures	895	790
Dividends on investments stated at acquisition cost	12	-
Interest on capital	(85)	(238)
Other	6	(2)
Total income tax and social contribution	**8**	**(165)**

b) Deferred income tax and social contribution

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

	12/31/2016	Realization/ reversal	Increase	12/31/2017
Deferred tax assets				
Tax losses and social contribution loss carried forward	578	(13)	20	585
Allowance for loan losses	11	(1)	-	10
Adjustments to market value - securities and derivative financial instruments	2	-	16	18
Provision for contingent liabilities	323	(9)	162	476
Income Tax on Profits Abroad	-	-	11	11
Other	47	(4)	15	58
Total deferred tax assets	**961**	**(27)**	**224**	**1,158**
Deferred tax liabilities				
Revaluation reserve	(48)	3	-	(45)
Present value of financing	(6)	3	(1)	(4)
Swap results	(32)	28	-	(4)
Depreciation	(13)	-	(2)	(15)
Pension plans	(37)	-	(2)	(39)
Sales of property	(18)	-	(1)	(19)
Biological Assets	(192)	-	(31)	(223)
Client Portfolio	(76)	5	-	(71)
Other liabilities	(74)	1	(3)	(76)
Total deferred tax liabilities	**(496)**	**40**	**(40)**	**(496)**
Deferred tax assets, net	**465**	**13**	**184**	**662**

	12/31/2017	Realization/ reversal	Increase	03/31/2018
Deferred tax assets				
Tax losses and social contribution loss carried forward	585	-	52	637
Allowance for loan losses	10	-	-	10
Adjustments to market value - securities and derivative financial instruments	18	-	-	18
Provision for contingent liabilities	476	(8)	59	527
Income Tax on Profits Abroad	11	-	-	11
Other	58	(8)	7	57
Total deferred tax assets	**1,158**	**(16)**	**118**	**1,260**
Deferred tax liabilities				
Revaluation reserve	(45)	-	-	(45)
Present value of financing	(4)	1	-	(3)
Swap results	(4)	-	(2)	(6)
Depreciation	(15)	-	-	(15)
Pension plans	(39)	-	-	(39)
Sales of property	(19)	4	-	(15)
Biological Assets	(223)	-	(4)	(227)
Client Portfolio	(71)	2	-	(69)
Provision for interest on capital	-	-	(79)	(79)
Other liabilities	(76)	-	(6)	(82)
Total deferred tax liabilities	**(496)**	**7**	**(91)**	**(580)**
Deferred tax assets, net	**662**	**(9)**	**27**	**680**

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

Year	03/31/2018
2018	77
2019	373
2020	515
2021	41
2022	51
2023 onwards	203
Total	**1,260**

III – On March 31, 2018, deferred tax assets not recognized totaled R$ 235.

NOTE 14 – DEBENTURES

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

On March 31, 2018 the updated amount of these debentures was R$ 1,229 (R$ 1,208 at December 31, 2017).

NOTE 15 – LOANS AND FINANCING

Type [1]	Charges	Guarantees	03/31/2018		12/31/2017	
			Current	Non Current	Current	Non Current
local currency						
BNB	9,5% p.a.	Surety - Itaúsa Investimentos S.A.	9	17	9	19
BNDES	IPCA + 1.96% to 2.26% p.a.	Surety - Itaúsa Investimentos S.A.	3	7	2	7
BNDES	Fixed 2.5% to 7.0% p.a.	Surety - 70% Itaúsa and 30% natural person	2	2	2	2
BNDES	Fixed 2.5% to 7.0% p.a.	Surety - Itaúsa Investimentos S.A.	1	1	1	1
BNDES	Selic + 2.16% p.a.	Surety - 70% Itaúsa and 30% natural person	1	-	1	-
BNDES	TJLP + 1.72% to 4.32% p.a.	Surety - 70% Itaúsa and 30% natural person	49	90	43	101
BNDES	TJLP + 1.72% to 4.32% p.a.	Surety - Itaúsa Investimentos S.A.	11	18	12	20
CCB - Safra	108.0% CDI	-	-	-	200	-
CRA	98.0% CDI	Surety - Duratex S.A.	12	693	1	692
EXPORT CREDIT	104.8% to 107.5% CDI	-	201	436	203	535
EXPORT CREDIT with swap	5.6% to 9.0% p.a.	-	-	-	20	-
DISCOUNT NPR	1.65% per month	-	-	-	4	-
EXIM SELIC	Selic + 3.6% p.a.	Promissory Note	57	-	56	-
EXIM TJLP	TJLP + 3.3% p.a.	Promissory Note	118	-	117	-
FINAME	5.60% to 9.0% p.a.	Chattel Mortgage and Surety Duratex S.A.	1	2	1	3
FINAME	5.60% to 9.0% p.a.	Chattel Mortgage and Guarantee	1	4	1	5
FINAME	SELIC + 4.28% p.a.	Chattel Mortgage and Surety Duratex S.A.	-	1	-	1
FINAME	TJLP + 2.3% p.a./Fixed 6 % p.a.	Chattel Mortgage and Promissory Notes	13	40	11	44
FINAME	TJLP + 4.0% to 4.5% p.a.	Chattel Mortgage and Surety Duratex S.A.	1	6	1	6
FINEP	3.5% to 4.0% p.a.	Surety - Itaúsa Investimentos S.A.	2	4	6	5
FNE	7.53% p.a.	Surety - Duratex Florestal S.A.	-	5	-	-
FUNDIEST	30 % IGP-M per month	Guarantee - Cia Ligna de Investimentos	29	44	29	50
NCE – SAFRA	127.0% to 129.25% CDI	-	29	9	27	25
EXPORT CREDIT NOTE	104.9% CDI	Surety - Duratex S.A.	35	71	41	105
PROMISSORY NOTE	104.5% CDI	-	-	514	-	507
Total local currency			**575**	**1,964**	**788**	**2,128**
foreign currency						
4131 – SAFRA	131.7% CDI	Surety - Itaúsa Investimentos S.A.	17	-	17	-
ACC – BRASIL	3.4% to 9.0% p.a.	-	10	-	-	-
ACC – SAFRA	3.4% to 9.0% p.a.	-	11	-	-	-
BNDES	Exchange variation + 2.12% to 2.16% p.a.	Surety - Itaúsa Investimentos S.A.	3	3	3	4
CII	Libor + 3.95% p.a.	Pledge and Mortgage of Equipment	1	-	1	-
LEASING	DTF + 2.0%	Promissory Note	-	1	-	1
NCE – ABC	127.0% to 129.25% CDI	-	7	7	7	7
RESOLUTION 4131 with Swap	US$ + 2.11% to 3.66% p.a.	Promissory Note	312	96	233	180
RESOLUTION 4131 with Swap	US$ + Libor + 1.5% p.a.	Promissory Note	1	177	1	178
Total foreign currency			**362**	**284**	**262**	**370**
Total Itaúsa Consolidated			**937**	**2,248**	**1,050**	**2,498**

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

Maturities	03/31/2018	12/31/2017
2019	521	785
2020	932	925
2021	86	86
2022	699	697
2023	3	2
2024	2	3
2025	2	-
2026	3	-
Total	**2,248**	**2,498**

Reconciliation of net debt	03/31/2018	12/31/2017
Short-term loans	937	1,050
Long-term loans	2,248	2,498
Total debt	**3,185**	**3,548**
Cash and cash equivalents (note 3)	(1,722)	(1,218)
Net debt	**1,463**	**2,330**

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.

	03/31/2018	12/31/2017
Tax lawsuits	**212**	**210**
IPI bonus credit from 1980 to 1985	120	119
Monetary adjustment of credits from Eletrobrás	13	13
INSS - Social Security Contributions	38	37
Integration program tax on revenue ("PIS") and social security funding tax on revenue ("COFINS")	21	21
Other	20	20
Civil lawsuits	**18**	**18**
Collection/execution of out-of-court instruments	15	15
Other	3	3
Total	**230**	**228**

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 12/31/2016	**919**	**100**	**22**	**1,041**
Restatement/ Fine	242	10	2	254
Increase	199	47	4	250
Reversal	(20)	(19)	(6)	(45)
Payments/ Conversion into Income	(14)	(35)	(10)	(59)
Business Acquisition/ Combination - Ceusa and Massima	9	6	20	35
Transfer to Other Liabilities (*)	(5)	-	-	(5)
Balance at 12/31/2017	**1,330**	**109**	**32**	**1,471**
Escrow deposits	(33)	(22)	-	(55)
Balance at 12/31/2017 after the offset of escrow deposits	**1,297**	**87**	**32**	**1,416**

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

	Tax	Labor	Civil	Total
Balance at 12/31/2017	**1330**	**109**	**32**	**1,471**
Restatement/ Fine	13	2	1	16
Increase	158	6	2	166
Reversal	-	(8)	(2)	(10)
Payments/ Conversion into Income	(4)	(7)	-	(11)
Balance at 03/31/2018	**1,497**	**102**	**33**	**1,632**
Escrow deposits	(55)	(19)	-	(74)
Balance at 03/31/2018 after the offset of escrow deposits	**1,442**	**83**	**33**	**1,558**

The main discussions related to tax provision are as follows:

- PIS and COFINS – R$ 1,415: The right to calculate and pay PIS and COFINS based on the cumulative tax system is being discussed.

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 March 31, 2018, these lawsuits totaled R$ 1,115 for tax lawsuits, R$ 140 for labor claims and R$ 29 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$ 558: cases in which the liquidity and certainty of offsetting credits are being discussed;
- Taxation of revaluation reserve – R$ 281: discussion related to taxation of revaluation reserve in corporate spin-off operations carried out in the period from 2006–2009;
- PIS and COFINS – disallowance of credits – R$ 55: 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$ 51: discussion regarding the levying, recognition and use of ICMS credits;
- Differences in accessory obligations – R$ 17: there is a discussion regarding possible differences within the information included in the accessory obligations;
- Income tax and social contribution – profit made available abroad – R$ 15: discussion of the calculation basis for the levying of these taxes on profits earned abroad;
- IRPJ and CSLL – disallowance of credits - R$ 13: Deduction of tax paid overseas by the parent company is being disputed.

NOTE 17 – STOCKHOLDERS' EQUITY

a) Capital

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

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

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

The table below shows the breakdown of and changes in shares of paid-in capital and the reconciliation of the balances at December 31, 2017 and March 31, 2018:

	Number			Amount
	Common	Preferred	Total	
Shares outstanding at 12/31/2016	**2,828,112,054**	**4,575,176,570**	**7,403,288,624**	**36,405**
Changes in shares of paid-in capital from 01/01 to 12/31/2017	**(31,447,330)**	**74,969,579**	**43,522,249**	**740**
Cancellation of treasury stock	(77,789,229)	-	(77,789,229)	-
Subscription of shares	46,341,899	74,969,579	121,311,478	740
Shares of capital stock at 12/31/2017	**2,823,483,724**	**4,650,146,149**	**7,473,629,873**	**37,145**
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
Treasury shares at 12/31/2017	-	-	-	-
Treasury shares at 12/31/2016	(26,819,000)	-	(26,819,000)	-
Shares purchased	(50,970,229)	-	(50,970,229)	-
Cancellation of treasury stock	77,789,229	-	77,789,229	-
Shares outstanding at 12/31/2017	**2,823,483,724**	**4,650,146,149**	**7,473,629,873**	**37,145**
Shares of capital stock at 03/31/2018	**2,823,483,724**	**4,650,146,149**	**7,473,629,873**	**37,145**
Residents in Brazil	2,821,669,430	2,629,857,810	5,451,527,240	27,095
Residents abroad	1,814,294	2,020,288,339	2,022,102,633	10,050
Shares outstanding at 03/31/2018	**2,823,483,724**	**4,650,146,149**	**7,473,629,873**	**37,145**

b) Treasury Shares

In the period from January 1 to March 31, 2018, ITAÚSA did not trade any of its own shares for treasury stock.

	Number			Amount
	Common	Preferred	Total	
Treasury Shares at 12/31/2016	**(26,819,000)**	**-**	**(26,819,000)**	**(204)**
Cancellation of treasury stock	(50,970,229)	-	(50,970,229)	(449)
Shares purchased	77,789,229	-	77,789,229	653
Treasury Shares at 12/31/2017	**-**	**-**	**-**	**-**
Treasury Shares at 03/31/2018	**-**	**-**	**-**	**-**

c) Dividends

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

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

I. Calculation

Net income	2,400	
(-) Legal reserve	(120)	
Dividend calculation basis	2,280	
Mandatory minimum dividend	**570**	**25.00%**

II. Provision for interest on capital and dividends

	Gross	WTS	Net
Provided for	**570**	-	**570**
Dividends	**570**	-	**570**
One quarterly installment of R$ 0.015 per share to be paid on 07/02/2018	112	-	112
One installment of R$ 0.0613 per share to be declared	458	-	458
Total at 03/31/2018 - R$ 0.0763 net per share	**570**	-	**570**
Total at 03/31/2017 - R$ 0.0616 net per share	**517**	**(61)**	**456**

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.

	03/31/2018	12/31/2017
Revenue reserves	**12,136**	**15,356**
Legal	1,494	1,374
Statutory	10,642	13,982
Dividend equalization	3,998	3,191
Working capital increases	2,467	2,125
Increases in the capital of investees	4,177	3,664
Proposal for distribution of additional dividends (*)	-	5,002
Capital reserves	**483**	**719**
Total reserves at parent company	**12,619**	**16,075**

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

Details of reserves	Capital reserves	Revenue reserves		Total reserves
		Legal reserve	Statutory reserves	
Balance at 12/31/2017	**719**	**1,374**	**13,982**	**16,075**
Recognition of reserves	-	120	1,710	**1,830**
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	(5,002)	**(5,002)**
Dividends and interest on capital not claimed	-	-	1	**1**
Transactions with subsidiaries and jointly controlled companies	(236)	-	(49)	**(285)**
Balance at 03/31/2018	**483**	**1,494**	**10,642**	**12,619**

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	2007	2008	2009	2010	2011	2012	2013	2014	2016
Total stock options granted	2,787,034	2,678,887	2,517,937	1,333,914	1,875,322	1,290,994	1,561,061	1,966,869	1,002,550
Exercise price at the grant date	11.82	15.34	9.86	16.33	13.02	10.21	14.45	11.44	5.74
Fair value at the grant date	8.88	7.26	3.98	7.04	5.11	5.69	6.54	4.48	4.00
Exercise deadline	10 years	10 years	8 years	8 years	8.5 years	8.8 years	8.9 years	8.1 years	8.9 years
Vesting period	1.5 years	1.5 years	3 years	3 years	3.5 years	3.8 years	3.9 years	3.1 years	3.9 years

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

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

(1) IGP-M coupon

The Company carries out the settlement of this benefit by delivering its own shares held in treasury up to the date of effective exercise of the options by the executives. In 2015 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
					12/31/2017	03/31/2018			Due	2007 to 2015	2016	2017	
02/08/2006	2,659,180	06/30/2007 to	12/31/2016	11.16	-	-	9.79	-	1	1	-	-	-
01/31/2007	2,787,034	06/30/2008 to	12/31/2017	11.82	-	-	8.88	-	25	25	-	-	-
02/13/2008	2,678,887	06/30/2009 to	12/31/2018	15.34	1,132,434	1,132,434	7.26	19	-	19	-	-	-
06/30/2009	2,517,937	06/30/2012 to	12/31/2017	9.86	-	-	3.98	-	9	9	-	-	-
04/14/2010	1,333,914	12/31/2013 to	12/31/2018	16.33	685,019	685,019	7.04	9	-	9	-	-	-
06/29/2011	1,875,322	12/31/2014 to	12/31/2019	13.02	1,227,778	1,227,778	5.11	9	-	9	-	-	-
04/09/2012	1,290,994	12/31/2015 to	12/31/2020	10.21	658,552	658,552	5.69	6	-	7	-	-	-
04/17/2013	1,561,061	12/31/2016 to	12/31/2021	14.45	1,025,843	1,025,843	6.54	8	-	7	2	-	-
02/11/2014	1,966,869	12/31/2017 to	12/31/2022	11.44	1,872,257	1,872,257	4.48	9	-	4	2	2	-
03/09/2016	1,002,550	12/31/2019 to	12/31/2024	5.74	990,050	990,050	4.00	6	-	-	1	1	3
Sum	**19,673,748**				**7,591,933**	**7,591,933**		**66**	**35**	**90**	**5**	**3**	**3**
Exercise effectiveness								**96.63%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**	**94.90%**
Computed value								**64**	**34**	**86** (1)	**5** (2)	**3** (3)	**3** (4)

(1) Amount charged to income from 2007 to 2015.
(2) Amount charged to income in 2016.
(3) Amount charged to income in 2017.
(4) Value charged to income in other periods.

At March 31, 2018, Duratex S.A. had 2,478,659 treasury shares, which might be used in a possible option exercise.

NOTE 19 – NET SALES REVENUE OF PRODUCTS AND SERVICES

	01/01 to 03/31/2018	01/01 to 03/31/2017
Gross revenue from sales of products and services	**1,585**	**1,481**
Domestic market	1,353	1,308
Foreign market	232	173
Taxes and contributions on sales	(323)	(303)
Net revenue from sales of products and services	**1,262**	**1,178**

NOTE 20 – EXPENSES, BY NATURE

	01/01 to 03/31/2018	01/01 to 03/31/2017
Variation in fair value of biological assets	43	43
Variations in the inventories of finished products and work in process	77	54
Raw materials and consumption materials	(710)	(667)
Remuneration, charges and benefits to employees	(244)	(245)
Depreciation, amortization and depletion	(135)	(144)
Transport expenses	(79)	(79)
Advertising expenses	(21)	(26)
Other expenses	(122)	(87)
Total	**(1,191)**	**(1,151)**

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

	01/01 to 03/31/2018	01/01 to 03/31/2017
Cost of products and services	(947)	(921)
Sales expenses	(165)	(157)
General and administrative expenses	(79)	(73)
Total	**(1,191)**	**(1,151)**

NOTE 21 – OTHER (LOSSES)/GAINS, NET

	01/01 to 03/31/2018	01/01 to 03/31/2017
Write-off of surplus of pension plan	-	(2)
Amortization of intangible assets	(9)	(8)
Options granted and recognized	(3)	(2)
Losses on sales of other investments and fixed assets	13	11
PIS and COFINS credits on acquisitions of raw materials	4	4
Rental revenue	3	2
Dividends and interest on capital - NTS	41	-
Prodep-Reintegra credits	2	-
Other	-	1
Total	**51**	**6**

NOTE 22 – FINANCIAL RESULT

	01/01 to 03/31/2018	01/01 to 03/31/2017
Financial income		
Remuneration on financial investments	37	81
Foreign exchange variations	8	8
Indexation adjustment	9	12
Interest and discount obtained	1	4
Other	1	2
Total financial income	**56**	**107**
Financial expenses		
Charges on financing	(80)	(52)
Foreign exchange variations	(8)	(5)
Indexation adjustment	(15)	(23)
Derivatives	-	(50)
Bank charges	(4)	(3)
Tax on financial operations	(2)	-
Other	(6)	(8)
Total financial expenses	**(115)**	**(141)**
Total financial result	**(59)**	**(34)**

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	01/01 to 03/31/2018	01/01 to 03/31/2017
Net income	**2,400**	**1,944**
Minimum non-cumulative dividend on preferred shares in accordance with bylaws	(47)	(46)
Subtotal	**2,353**	**1,898**
Retained earnings to be distributed to common equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(28)	(28)
Subtotal	**2,325**	**1,870**
Retained earnings to be distributed to common and preferred equity owners on a pro-rata basis		
To common equity owners	878	714
To preferred equity owners	1,447	1,156
Total net income available to common equity owners	**906**	**742**
Total net income available to preferred equity owners	**1,494**	**1,202**
Weighted average number of shares outstanding		
Common shares	2,823,483,724	2,828,112,054
Preferred shares	4,650,146,149	4,575,176,570
Earnings per share – basic and diluted - R$		
Common shares	0.32	0.26
Preferred shares	0.32	0.26

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 8,767 participants at March 31, 2018 (8,736 at December 31, 2017).

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 7a) is R$ 123 (R$ 123 at December 31, 2017). There was no result recognized in the period. (The expense of R$ 2 was recorded in result at March 31, 2017).

(b) BD Plan

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

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

At March 31, 2018, Other Financial Assets (Note 7a) recorded in the balance sheet amounted to R$ 8 (R$ 9 at December 31, 2017), payable in fifteen (15) monthly installments.

Main assumption used

	03/31/2018	03/31/2017
Discount rate	9.75% p.a.	11.14% p.a.
Mortality table (1)	AT-2000	AT-2000
Turnover	Null	Null
Future salary growth	6.62 % p.a.	7.23 % p.a.
Growth of the pension benefit /plans	4.25 % p.a.	4.85 % p.a.
Inflation	4.25 % p.a.	4.85 % 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, Elekeiroz, Alpargatas, and Nova Transportadora do Sudeste - NTS, 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 for the period from January 1, 2018, to March 31, 2018, 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 and Hydra brands, which are distinguished by their wide range of products, bold design, and superior quality. Duratex also produces wood panels from pine and eucalyptus, largely used in the manufacture of furniture, mainly fiberboard, chipboard and medium, high and super-density fiberboards, better known as MDF, HDF and SDF, from which laminated flooring (Durafloor) and ceiling and wall coatings are manufactured.

III) Nova Transportadora do Sudeste - NTS: it is engaged in the transportation of gas, through gas pipelines, to distribution companies and thermal power plants in the states of São Paulo, Rio de Janeiro and Minas Gerais, a region accounting for a large part of Brazil's GDP. ITAÚSA invests in NTS together with other shareholders, and this investment is accounted for as a Financial Asset - fair value through profit or loss, in conformity with CPC 48.

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

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.

	January to March	Financial Sector: Itaú	Non Financial Sector: Alpargatas	Duratex	nts	Elekeiroz	ITAÚSA
Total assets	2018	**1,441,407**	**3,784**	**9,196**	**10,004**	**460**	**61,471**
	2017	1,323,260	3,734	9,142	n.d.	429	57,260
Operating revenues [1]	2018	**43,985**	**902**	**1,006**	**990**	**257**	**3,895**
	2017	53,957	807	952	n.d.	225	3,505
Net income	2018	**6,389**	**114**	**31**	**455**	**14**	**2,400**
	2017	6,063	186	(8)	n.d.	(1)	1,944
Stockholders' equity	2018	**123,031**	**2,160**	**4,770**	**3,881**	**165**	**48,500**
	2017	119,500	2,126	4,567	n.d.	110	46,811
Annualized return on average equity (%) [2]	2018	**21.3%**	**21.0%**	**2.6%**	**46.5%**	**35.3%**	**19.1%**
	2017	20.8%	36.2%	-0.7%	n.d.	-4.1%	16.6%
Internal fund generation [3]	2018	**14,980**	**149**	**197**	**907**	**16**	**119**
	2017	17,831	98	198	n.d.	10	(26)

(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, Duratex, NTS and Elekeiroz: sales of products.*

(2) Represents the ratio of net income for the period and the average equity (Dec17 + Mar) / 2.

(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)	
	03/31/2018	12/31/2017	01/01 to 03/31/2018	01/01 to 03/31/2017
Financial investments	**24**	**37**	**-**	**1**
Itaú Unibanco S.A.	24	37	-	1
Customers	**31**	**35**	**38**	**33**
Other Related Parties (*)	31	35	38	33
Banking service fees/Rental	**(10)**	**-**	**(1)**	**(2)**
Itaú Corretora S.A.	-	-	(1)	(1)
Itaú Unibanco S.A.	(10)	-	-	(1)
Total	**45**	**72**	**37**	**32**

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

In addition to the aforementioned operations, ITAÚSA and non-consolidated related parties, as an integral part of agreement for the apportionment of common costs, recorded in "General and administrative expenses", the amount of R$ 1 (R$ 1 from January 1 to March 31, 2017) due to the use of a common shared-structure.

As at March 31, 2018 and 2017, it was not necessary to make an allowance for doubtful accounts.

b) Guarantees provided

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

	03/31/2018	12/31/2017
Duratex S.A.	100	104
Elekeiroz S.A.	95	102
Itautec S.A.	44	4
Total	**239**	**210**

c) Compensation of key personnel

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

	01/01 to 03/31/2018	01/01 to 03/31/2017
Compensation	8	9
Profit sharing	8	5
Stock options	-	1
Total	**16**	**15**

NOTE 27 – MANAGEMENT OF FINANCIAL RISKS

I – Financial risk factors

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

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

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

At the reporting date, ITAÚSA had cash and cash equivalents amounting to R$ 597 (R$ 71 at December 31, 2017), which are expected readily generate to cash inflows to manage the liquidity risk.

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

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

a) Market risk

(i) Foreign currency risk

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

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

(ii) Derivative operations

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

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

- Swap contracts - US$ x CDI: this type of operation aims at changing debts expressed in US dollars into debts indexed to the CDI;

- Swap contracts – fixed rate x CDI: this type of operation aims to change debts at fixed interest rates into debts indexed to the CDI;

- NDF (Non-Deliverable Forward) Contract: this operation is aimed at eliminating a company's foreign exchange exposure. Accordingly, the contract is settled on its respective maturity date, taking into account the difference between the forward exchange rate (NDF) and the foreign exchange rate at the end of the period (Ptax);

- The fair value of financial instruments was valued based on the estimated present value, both for the long and short positions, and the resulting difference between these positions gives rise to the swap market value.

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

	Notional amount	Fair value	Accumulated effect	
	03/31/2018	03/31/2018	Amount receivable	Amount payable
Swap contracts	-	**17**	**16**	-
Asset position	**625**	**646**	**16**	-
Foreign currency (US$)	625	646	16	-
Liability position	**(625)**	**(629)**	-	-
CDI	(625)	(629)	-	-
Futures contracts (NDF)	**118**	**119**	**2**	-
Agreement of Sale	**118**	**119**	**2**	-
NDF	118	119	2	-

	Notional amount	Fair value	Accumulated effect	
	12/31/2017	12/31/2017	Amount receivable	Amount payable
Swap contracts	-	**16**	**17**	-
Asset position	**634**	**659**	**17**	-
Foreign currency (US$)	614	639	17	-
Fixed rate	20	20	-	-
Liability position	**(634)**	**(643)**	-	-
CDI	(634)	(643)	-	-
Futures contracts (NDF)	**102**	**102**	-	-
Agreement of Sale	**102**	**102**	-	-
NDF	102	102	-	-

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

Sensitivity analysis

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

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

Risk	Instrument/Operation	Description	Probable Scenario	Possible Scenario	Remote Scenario
Foreign exchange	Swap - US$ / CDI (Res. 4131)	Drop - US$	(6)	(165)	(323)
	Hedged item: debt in foreign currency (US$)	(Increase US$)	6	165	323
	NDF (US$)	Drop - US$	-	29	59
	Hedged item: debt in foreign currency (US$)	(Increase US$)	-	(29)	(59)
	Exports receivable	(Drop - US$)	-	(9)	(17)
		Increase - US$	-	9	17
	BNDES – revolving credit	Drop - US$	(1)	(2)	(3)
		(Increase US$)	-	2	3
	Foreign suppliers (-) Hedge	Drop - US$	-	(4)	(7)
		(Increase US$)	-	4	7
Total			**(1)**	-	-

(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:

03/31/2018	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	938	1,453	1,190	833
Suppliers and other payables	369	15	245	32
Total	**1,307**	**1,468**	**1,435**	**865**

12/31/2017	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	1,050	1,710	1,188	808
Suppliers and other payables	365	-	245	32
Total	**1,415**	**1,710**	**1,433**	**840**

II - Estimated fair value

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

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

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

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

	Level	03/31/2018	12/31/2017
Assets		**5,064**	**4,858**
Cash and cash equivalents	1	82	84
Cash and cash equivalents	2	1,640	1,134
Financial assets - Fair value through profit or loss	3	950	995
Financial assets - Amortised cost	2	443	444
Trade accounts receivable	2	1,054	1,091
Dividends and interest on capital	2	483	630
Deposits as guarantees for contingent liabilities	2	100	99
Other assets	2	312	381
Liabilities		**7,149**	**6,775**
Loans, financing and debentures	2	4,414	4,756
Suppliers / other expenses	2	661	642
Dividends and interest on capital	2	2,074	1,377

NOTE 28 – SUBSEQUENT EVENTS

Sale of total shares of Elekeiroz S.A.

In line with its investments portfolio review strategy, on April 26, 2018, ITAÚSA announced that it had entered into a share purchase and sales agreement with Kilimanjaro Brasil Partners I B - Fundo de Investimento em Participações Multiestratégia Investimento no Exterior, whose funds arise from entities managed by H.I.G. Capital LLC, aimed at selling the total shares of Elekeiroz held by ITAÚSA.

The value assigned to Elekeiroz for this transaction was R$160, and the share sell price will be reduced from the company's net indebtedness, multiplied by the ownership interest held by ITAÚSA in Elekeiroz at the closing date.

This deal will be closed subject to meeting certain conditions precedent customary in such transactions.

This transaction is not expected to have significant effects on ITAÚSA’s result in this fiscal year.

Funding

On April 25, 2018, Duratex S.A. completed a financing transaction with Banco do Brasil, in the amount of R$300 and fixed interest rate of 6.60% p.y., with semi-annual amortization, and maturing on April 12, 2020.

Report on Review

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

Introduction

We have reviewed the accompanying interim balance sheet of Itaúsa - Investimentos Itaú S.A. ("Parent Company") as at March 31, 2018 and the related statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

We have also reviewed the accompanying consolidated interim balance sheet of Itaúsa - Investimentos Itaú S.A. and its subsidiaries ("Consolidated") as at March 31, 2018 and the Consolidated statements of income, comprehensive income, changes in equity and cash flows for the three -month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the Parent Company interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Parent Company interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. at March 31, 2018, and its financial performance and cash flows for the three -month period ended March 31, 2018, in accordance with CPC 21 - Interim Financial Reporting.

Conclusion on the Consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its subsidiaries, at March 31, 2018, and their financial performance and the cash flows for the three-month period ended March 31, 2018, in accordance with CPC 21 - Interim Financial Reporting and the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB)

Other matters

We have also reviewed the Parent Company and Consolidated interim statements of value added for the three -month period ended March 31, 2018. These statements are the responsibility of the company's management, and are presented as supplementary information. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not properly prepared, in all material respects, in relation to the interim financial statements taken as a whole.

São Paulo, May 14, 2018.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

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

OPINION OF THE FISCAL COUNCIL

The members of Fiscal Council of **ITAÚSA - INVESTIMENTOS ITAÚ S.A.** have proceeded to examine the individual and consolidated interim financial statements for the quarter ending March 31, 2018, 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 in view of the unqualified review 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), May 14, 2018. (signed) Tereza Cristina Grossi Togni – President; Flávio César Maia Luz, Guilherme Tadeu Pereira Júnior, 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 BOARD OF EXECUTIVE OFFICERS HELD ON MAY 14, 2018

DATE, TIME AND PLACE: on May 14, 2018, at 11:30 a.m., at Avenida Paulista, 1938, 5th floor, in the city and state of São Paulo.

CHAIR: Alfredo Egydio Setubal, CEO.

QUORUM: the totality of the elected members.

RESOLUTIONS ADOPTED: following due examination of the interim individual and consolidated account statements for the first quarter of 2018, which were favorably recommended by the Finance Commission, the Board unanimously resolved and pursuant to the provisions in sub-section V and VI of Article 25 of CVM Instruction 480/09, amended, declare that:

(i) it has reviewed, discussed and agrees with the opinions expressed in the review report issued by PricewaterhouseCoopers Auditores Independentes, as independent auditors; and
(ii) it has reviewed, discussed and agrees with the interim individual and consolidated account statements for the quarter ended on March 31, 2018.

CONCLUSION: there being no further matters on the agenda and no members wishing to raise any further matters, the meeting was declared closed and these minutes were drafted, read, approved and signed by all. São Paulo (SP), May 14, 2018. (signed) Alfredo Egydio Setubal – CEO; Alfredo Egydio Arruda Villela Filho, Roberto Egydio Setubal and Rodolfo Villela Marino –Vice Presidents.

ALFREDO EGYDIO SETUBAL
Investor Relations Officer