



# ITAÚSA

Investimentos Itaú S.A.

Financial Statements  
March 31, 2005



## ITAÚSA INVESTIMENTOS ITAÚ S.A.

### MANAGEMENT REPORT – FIRST QUARTER OF 2005

#### To our Stockholders

We present our Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the first quarter of 2005, in accordance with the regulations established by the Brazilian Corporate Law and the Brazilian Securities Commission (CVM). These financial statements have been approved by the Fiscal Council.

#### THE ECONOMY

Despite a more stringent monetary policy, economic growth was maintained in the first quarter, even if at a slower pace. The largest boost is still foreign trade, where the trade balance accumulated a surplus of US\$ 36 billion in the last twelve-month period. On the other hand, domestic demand, leveraged by credit in particular to consumers, showed a strong growth. Even though Brazil's average base rate (SELIC) in the first quarter of 2005 (18.4% p.a.) is higher than the average rate in the first quarter of 2004 (16.3% p.a.), credit growth shows no signs of slowing down.

In the first quarter of 2005, the banking sector's credit portfolio growth trend was strengthened. Credit to individuals posted a real actual growth of 23.8% in March as compared to the same period last year and 8.3% over December 2004. The types of credit with the best performance were personal credit, with a 38.6% growth in March as compared to the same period last year and consumer financing, which grew 18.6% in the same comparison. Within personal credit, the highlight was payroll advance loans with an 90.7% growth in the first bimester as compared to the same period of 2004.

The growth in credit to businesses was more modest in the first quarter of 2005, with a real growth of 14.4% in March as compared to the same period last year and 2.8% over December 2004. The type of credit with the largest growth was product financing, which grew 64.1% as compared to the first quarter of 2004.

Bank fund raising also had a positive performance. Demand deposits grew in real terms by 12.4% over the first quarter months of 2004. Fund raising grew 6.5%. The increase in funds raised, net of inflation, shows an increase of domestic savings, which promotes the funding of economic expansion.

Industrial activity showed adjustment signs this quarter. In the first two months, industrial production decreased 0.5% as compared to the last two months of 2004, net of seasonal effects. The monetary restraint started in September and the decrease in idle capacity contributed to this adjustments. However, accumulative industrial production in the last twelve months until February 2005 posts an expressive increase of 8.6%. The continuity of export expansion offers industrial production good prospects for 2005.

Contrary to the prior quarters, the capital goods segment showed a downturn early this quarter. In the two first months of the year the production of capital goods dropped 1.8% as compared to the last two months of 2004, net of seasonal effects. Semi-durable and non-durable consumer goods posted an expressive increase: 3.2% as compared to November-December 2004. The production of durables grew 2.1%. As regards the different business segments: the wood industry grew 4.4%; office machines and IT equipment grew 8.0%; electronics, appliances, and communication devices grew 19.2%; furniture grew 7,1%; and sundry chemicals products grew 9.6%, when comparing the first two months of 2005 with the first two months of 2004.

Despite a decrease in industrial growth pace in recent months, prospects for 2005 are good. The export growth cycle has not yet come to an end, which indicates strong foreign demand. The increase in real interest rates should decrease domestic demand, although without stalling production growth in 2005.

## MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

R\$ thousand

	Parent company		Minority stockholders		Conglomerate	
	1Q/05	1Q/04	1Q/05	1Q/04	1Q/05	1Q/04
<b>Total net income</b>	<b>679,064</b>	<b>479,546</b>	<b>630,902</b>	<b>477,416</b>	<b>1,309,966</b>	<b>956,962</b>
Recurring net income	718,024	477,285	706,514	474,833	1,424,538	952,118
Extraordinary results	(38,960)	2,261	(75,612)	2,583	(114,572)	4,844
Stockholders' equity	9,198,327	7,920,514	8,750,464	7,444,698	17,948,791	15,365,212
<b>Annualized return (net income/stockholders' equity) (%)</b>	<b>32.96</b>	<b>26.51</b>	<b>32.11</b>	<b>28.23</b>	<b>32.55</b>	<b>27.34</b>
Dividends/Interest on own capital	194,625	131,236	191,926	131,879	386,551	263,115

## MAIN FINANCIAL INDICATORS

	1st Q/05	1st Q/04	Change %
<b>Results per thousand shares - in R\$</b>			
Net income	210.59	150.10	40.30
Book value	2,852.58	2,479.19	15.06
Price per common share (ON) (1)	5,418.33	3,777.50	43.44
Price per preferred share (PN) (1)	5,245.00	3,383.48	55.02
Market capitalization (2) - in thousands of R\$	17,121,924	11,276,285	51.84

(1) Based on the average quote during the month of March of each year.

(2) Calculated on the basis of the average quote of the shares during the month of March of each year.

## MAIN INDICATORS OF THE COMPANIES CONTROLLED BY ITAÚSA

R\$ thousand

	1st QUARTER	FINANCIAL AND INSURANCE AREA		INDUSTRIAL AREA			CONSOLIDATED / CONGLOMERATE (2)
		Banco Itaú Holding Consolidated	Insurance, pension plan and capitalization (1)	Duratex	Itautec Philco	Elekeiroz	
Total assets	<b>2005</b>	<b>146,402,779</b>	<b>15,615,416</b>	<b>1,796,660</b>	<b>933,897</b>	<b>511,253</b>	<b>150,353,160</b>
	2004	126,979,342	11,939,918	1,783,199	966,265	456,170	130,695,817
Operating revenue (3)	<b>2005</b>	<b>8,362,670</b>	<b>1,754,642</b>	<b>306,326</b>	<b>368,683</b>	<b>165,668</b>	<b>9,309,320</b>
	2004	7,330,729	1,636,540	250,290	336,068	143,172	8,149,801
Net income	<b>2005</b>	<b>1,141,296</b>	<b>175,446</b>	<b>40,053</b>	<b>10,645</b>	<b>15,396</b>	<b>1,309,966</b>
	2004	876,152	200,027	11,307	5,952	10,723	956,962
Stockholders' equity	<b>2005</b>	<b>14,628,721</b>	<b>3,093,770</b>	<b>1,004,467</b>	<b>337,635</b>	<b>303,267</b>	<b>17,948,791</b>
	2004	12,478,374	2,912,362	927,500	317,387	246,156	15,365,212
Annualized return (Net income/ Stockholders' equity) (%)	<b>2005</b>	<b>35.05%</b>	<b>24.69%</b>	<b>16.93%</b>	<b>13.22%</b>	<b>21.91%</b>	<b>32.55%</b>
	2004	31.18%	30.43%	4.97%	7.71%	18.60%	27.34%
Internal fund generation (4)	<b>2005</b>	<b>2,268,009</b>	<b>282,321</b>	<b>59,213</b>	<b>26,159</b>	<b>20,792</b>	<b>2,432,347</b>
	2004	1,898,097	676,068	30,715	27,856	18,275	1,999,113

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

(2)

Data related to consolidated/conglomerate are net of consolidation eliminations and unrealized income from intercompany transactions.

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

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

(4) Covers resources arising from operations:

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

## FINANCIAL AREA

### Banco Itaú Holding Financeira

Banco Itaú Holding Financeira (Itaú) is the organization responsible for controlling all activities of the Itaúsa conglomerate related to the financial services area. The main subsidiaries are Banco Itaú S.A., which operates in the main financial market segments, and Banco Itaú BBA S.A., specialized in serving large corporations.

In the first quarter of 2005, Itaú maintained a differentiated performance, obtaining important results that reinforce the sustainability of its business.

Consolidated net income for the first quarter of 2005 was R\$ 1,141 million, with an annualized return of 35.1% on consolidated stockholders' equity. This result was obtained after the amortization of goodwill arising from the association with Lojas Americanas S.A. (LASA), in the amount of R\$ 200 million.

Consolidated stockholders' equity of R\$ 14,629 million grew 17.2% in the quarter and regulatory capital, used to calculate operating limits, reached R\$ 20,258 million.

The loan portfolio, including guarantees and sureties, grew 27.4% as compared to the same period in 2004, reaching R\$ 57,012 million. The credit to the individuals portfolio grew 62.7% as compared to the first quarter of 2004.

Total consolidated funds reached R\$ 226,665 million, a 7.3% increase as compared to December 2004. Note the 20.4% growth in time deposits.

Moody's and Fitch Ratings, major international rating agencies, raised Itaú's Financial Strength by Moody's and Individual and Support by Fitch ratings. This increase reflects the strong financial performance of the Bank, associated to improvements in operating efficiency and consistent profitability. These ratings render Itaú as the best bank in this type of ratings in Brazil.

In February, Itaú Holding and Citigroup entered into a New Agreement to manage the customer base and the 7.6 million credit cards issued with the Credicard brand. In the course of 2005, two different bases and the related cards will be created, one associated to the Itaú brand and the other to the Citigroup brand. Each partner will be able to offer financial products and services to its corresponding customer base.

Itaú Holding and LASA announced an association for creation of a new financial institution that will operate exclusively to design and sell financial products and services to LASA customers. Itaú Holding will be in charge of the operating management of the new institution, the start-up of which is scheduled for the 2<sup>nd</sup> half.

It is worth noting the awards received in the quarter. Itaú was considered Best Brazilian Bank by Global Finance Magazine, for the second consecutive year and received the Animec Public Company Seal – 2004 awarded by the National Association of Capital Market Investors. It should also be highlighted the TOP 5 award that selects the best Investors Relations Websites in Latin America and the RAO 1 award of Best On-Line Annual Report in Latin America, both granted by MZ Consult.

## ITAÚSA PORTUGAL

The holding company Itaúsa Portugal, which concentrates the conglomerate's financial activities in the European Union, presented at the end of the quarter net income of €11.6 million and consolidated assets €2.6 billion, a 49% and 10.3% increase, respectively, as compared to same period in 2004.

This quarter, Banco Itaú Europa recorded consolidated net income of €11.7 million, 47% higher than the net income for the same period in 2004, to a certain extent due to the positive effect of applying the IAS/IFRS. As for assets, these grew 10%.

Because of the business growth in the quarter, the annualized return on equity was 14.9%, maintaining an high efficiency level (operating costs over banking output) below 30%, and solvency ratio (BIS ratio) above 20%, confirming the Bank's high soundness.

Among the several credit portfolios of the Bank, we should highlight corporate financing transactions, which reached €1.26 billion. In this context, Itaú Europa has increased its client base in the corporate and middle market segments by offering foreign trade and capital market structured products and supporting investments of European companies in Brazil.

Banco Itaú Europa Luxembourg has had a very positive contribution to consolidated income for its policy aimed at increasing its private banking client base, extending and strengthening its offerings, fund family, investment options, and advisory services. At the end of the period managed assets exceeded US\$2 billion, with the increase in number of clients.

At the end of the quarter associated company Banco BPI, the holding company of one of the most important Portuguese banking groups, stated total assets of €26.4 billion a net income of €69.6 million, a 35.3% increase as compared to the same period in 2004.

## INDUSTRIAL AND REAL ESTATE AREA

### Duratex

On February 24<sup>th</sup>, a Material Event was disclosed informing that the Board of Directors of Duratex authorized that the necessary actions be taken to request from Bovespa the listing of the company's shares in Level 1 of the Differentiated Corporate Governance Practices of this Stock Market.

This quarter, consolidated gross revenues of Duratex reached R\$ 410.5 million and net revenues R\$ 306.3 million, an increase of 25% and 22%, respectively, as compared to the first quarter of 2004. Exports grew 23%, totaling US\$ 15.9 million.

Operating results before financial results doubled to R\$ 72.1 million, and operating cash generation, under the EBITDA concept, totaled R\$ 91.1 million, resulting in an EBITDA margin of 29.7%.

Net income was R\$ 40.1 million, a 254% growth as compared to the same period in 2004, resulting in an annualized return on equity of 17%. This performance was boosted by a higher production capacity, improvement in sales prices and several changes recently implemented at Deca, basically related to cost reductions, as well as increased shipment at the Wood Division.

The net debt of Duratex totaled R\$ 422.4 million at the end of the quarter. The annualized net debt/EBITDA ratio was 1.16, lower than the 1.32 multiple recorded at the end of 2004, showing an improvement in indebtedness levels.

Following the Resource Investment Plan, the Company invested R\$ 29.8 million in the quarter to purchase fixed assets intended for the modernization of equipment, cost cutting, and sales mix improvement. The highlights were: purchase of additional equipment for the Botucatu (SP) MDF/HDF/SDF line; improvements in the panel painting line, also in Botucatu; and purchase of forest management equipment.

### Wood Division

Boosted by domestic market demand for higher value added products and the growth in the exports, the Wood Division posted net revenues 25% higher than in the same period in 2004, totaling R\$ 204.6 million. This growth is due to the expansion of approximately 9% in the volume of laminated products shipped and the price adjustments made throughout 2004 and early 2005. This way, EBITDA of Wood Division totaled R\$ 64.4 million, 77% higher than in the first quarter of 2004 and corresponding to 71% of consolidated EBITDA. The net revenues/EBITDA ratio posts a significant improvement, increasing to 31% from 22%.

Exports in the period grew 21%, totaling US\$ 14.6 million. Fiberboard and MDF panels accounted for approximately 87% of this total.

The consolidation of the expansions made since 2003 allowed Duratex to increase the offer of higher value added products, meeting the increase in domestic demand.

### Deca Division

Net revenues of the Deca Division increased 17%, totaling R\$ 101.7 million. EBITDA grew 54%, totaling R\$ 26.7 million. The net revenues/EBITDA ratio increased to 26% from 20%.

Total volume shipped posted a 4% drop; however, the operating improvement reflects the results of actions focused on cost reductions and process streamlining.

Exports grew 45%, totaling US\$ 1.3 million. Noteworthy are foreign sales of sanitary porcelain fixtures, which totaled US\$ 1.1 million.

## Itautec Philco

The results of Itautec Philco this quarter, presented below, have been compared to the results obtained in the same period of 2004. This quarter, cumulative net income was R\$ 10.6 million, a 78.8% increase as compared to the first quarter of 2004, corresponding to an annualized return on investment capital (ROIC) of 12.5% and annualized return on equity of 11.5%.

The companies EBITDA was R\$ 32.5 million, resulting in an EBITDA margin of 8.8%.

The revenues of Itautec Philco and its companies abroad increased 101%, totaling R\$ 11.2 million.

### Performance Indicators

R\$ million	1st Q/05	1st Q/04	Change %
Gross revenue from sales and services	422.6	393.8	7.3
Net revenue from sales and services	368.7	336.1	9.7
Operating profit before financial results	20.8	16.1	29.2
EBITDA	32.5	31.8	2.2
Net income return	10.6	5.9	79.7

The company's net debt reached R\$ 110.6 million, equivalent to US\$ 41.5 million, corresponding to an 85% increase of EBITDA annualized.

The company's aggregate investments under the PAR - Resource Investment Plan were R\$ 30.6 million, including R\$ 13.5 million invested in technology development. This investment has given Itautec Philco the opportunity to launch higher value added, more functional, and better designed products, as is currently demanded by consumers.

The table below breaks down Itautec Philco's gross sales and services by business unit.

R\$ million

Business unit	1st Q/05	1st Q/04	Change (%)
Solution & Automation	65.1	85.4	(23.8)
Information Technology	96.3	109.2	(11.8)
Philco	130.9	101.3	29.2
Services	65.8	53.7	22.5
Components	64.5	44.2	45.9
<b>TOTAL</b>	<b>422.6</b>	<b>393.8</b>	<b>7.3</b>

The Banking Automation segment shipped 688 units. This quarter, this business unit sold the first units of TCR - Teller Cash Recycler, unique equipment aimed at supporting bank tellers in branches. With this new equipment, Itautec increased the range of solutions offered to its customers in the financial industry.

Operations of Itec S.A. - Grupo Itautec Philco grew 50% in Brazil and 202% abroad.

The PCs & Mobiles segment shipped 28,100 units, in particular notebooks and PDAs, which posted a 15% and 215% increase, respectively.

The Servers segment launched the blade line. The main feature of this line is its high capacity, performance, and easy upgrading.

The volume of Philco products shipped grew 35.6%, reaching 278,500. The sales volume of hi-tech TV sets and DVD players contributed to this performance, by growing 66% and 175%, respectively.

At the Components BU, we should highlight the shipment of 239,200 memory modules, a 34.3% growth. There was a significant increase in market share, in particular for the pioneering efforts of Itaucom in terms of DDR2 technology latest-generation memory cards.

## Elekeiroz

The Brazilian economy showed mixed signs in the first quarter of 2005. Some industries have felt growing difficulties to maintain their export levels due to lower competitiveness. In the domestic market, certain industries maintain a steady activity pace, while others face recession due to decrease in consumption or increase in competition from finished imported products. This is the case of Elekeiroz's plasticizers customers, who face direct imports of finished flexible PVC products, signaling problems that can reach unwelcome levels in this and other segments of the Brazilian economy.

This way, even though total volume shipped was equivalent to the same period in 2004, 102,900 over 104,000 tonnes, organic products that usually lead growth, dropped 17%, to 48,900 tonnes, while inorganic products grew 20% to 54,000 tonnes. Noteworthy is the export volume shipped, comprising only organic products, decreased 60%, a consequence of the steep drop in competitiveness of these products in view of the increase in domestic costs of petrochemical inputs and the strong local currency.

This quarter, the average contribution margin in Brazilian reais, considering the company's product mix, which was recovering throughout 2004, consolidated with a 22% increase as compared to the first quarter of 2004.

In the industrial area, the most significant events in the quarter are two large operating actions, in particular at the Camaçari unit: the shutdown for maintenance and the automation of the alcohol unit and the deployment of the 2-ethyl hexanoic acid production unit, the startup of which is scheduled for the coming quarter. This new product, currently totally imported, is used to produce driers for paints and varnishes and will enrich the current input line of Elekeiroz offered to this industry.

Together with Petrobras and Dow Brasil, the company started studies on the feasibility of creating a complex to produce acrylic acid, acrylates and super absorbing polymers. The project, aimed at the import substitution of these products, is extremely important for Brazil and will involve investments of US\$ 360 million, shared by the partners.

In the table below, we present the main performance indicators of Elekeiroz.

<i>R\$ million</i>	1st Q/05	1st Q/04	Change %
Gross revenue	211.9	176.9	19.8
Net revenue	165.7	143.2	15.7
Export revenue	18.5	28.6	(35.3)
Operating result	19.7	15.7	25.5
Net profit	15.4	10.7	43.9
Net equity	303.3	246.2	23.2
EBITDA	27.1	22.2	22.1
EBITDA/Net revenue	16.4%	15.5%	
Annualized return (%)	21.9%	18.6%	

## Itaúsa Empreendimentos

Sales in the São Paulo residential market grew approximately 25% in the first quarter of 2005 as compared to the first quarter in 2004. This good performance is related to some positive factors such as the decrease in unemployment and increase in the offer of mortgage loans.

In the office building market, the high vacancy rate of recent years is gradually reducing, even though it is still insufficient to recover real rental prices.

The store mix restructuring program of Raposo Shopping mall is posting positive results, aiming at a better market share in the region.



## HUMAN CAPITAL MANAGEMENT

Human capital management is a constant point of attention of the Group companies. In the period, investments in education, training and development programs totaled R\$ 8 millions, including subsidies for employees' technical and university education.

Personnel compensation, including charges and benefits, totaled R\$ 891 millions. The social benefits given to the employees and their dependents totaled R\$ 150 millions.

## SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

The Itaúsa Group companies uphold values that sustain their operations: respect for people, business ethics, focus on technology-based development of management and production, and continuous and sustainable creation of shareholder value.

As a reiteration of its commitment toward social responsibility, Banco Itaú Holding Financeira now adopts a methodology that includes environmental evaluation criteria to finance projects below US\$ 50 million. By doing so, the Bank tries to enhance the positive effects of acceding to the Ecuador Principles used for financing above US\$ 50 million to reach a broader number of clients and ensure that financed projects are developed in social responsible manner, reflecting environmental management best practices.

As regards social and cultural investments, we highlight the contribution of the Fundação Itaú Social and Instituto Itaú Cultural.

Fundação Itaú Social continued supporting the public basic education with the "Programa Melhoria da Educação do Município" (Improvement of Municipal Education Program), and the "Programa Educação e Participação" (Participation and Education Program). In 2005, the two big highlights will be the 6th edition of the Itaú-Unicef Award, and the launching of the Itaú Support to Entrepreneurs Award, focused on incentives to micro-credit.

This quarter, investments of the activities of Instituto Itaú Cultural totaled R\$ 5 million. The institute's headquarters in São Paulo received over 49,000 visitors. Among the Institute's activities, we highlight the launch of the Itaú Cultural "Rumos" (Directions) Program in the Visual Arts and Cultural and Art Education, and the launch of the exhibition "O Corpo na Arte Contemporânea Brasileira" (The Body in Brazilian Contemporary Art).

## INDEPENDENT AUDITORS – CVM INSTRUCTION 381

The policy of Itaúsa – Investimentos Itaú S.A., its subsidiary companies and group companies for the engagement of non-audit services from our current independent auditors is based on internationally accepted principles of preserving the independence of the auditor. These principles consist of an auditor cannot: (a) audit his or her own work, (b) perform management functions or (c) act as an advocate for the client.

During the period, PricewaterhouseCoopers Auditores Independentes was engaged by Banco Itaú Holding Financeira S.A. to provide audit related services to enable compliance with the rules set forth by the Sarbanes Oxley Act, Section 404, in the amount of R\$ 1,764,000, which represents 13.0% of total fees.

During this period, PricewaterhouseCoopers Auditores Independentes did not provide to Itaúsa - Investimentos Itaú S.A. or its subsidiary companies any non-audit services which had fees that exceeded 5% of total external audit costs.

## ACKNOWLEDGEMENTS

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

**(Approved at the Meeting of the Board of Directors on May 9, 2005)**

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**CONSOLIDATED BALANCE SHEET**

(In thousands of reais)

ASSETS	03/31/2005	03/31/2004
<b>Current assets and long-term receivables</b>	<b>145,814,778</b>	<b>125,996,330</b>
<b>Cash and cash equivalents</b>	<b>2,097,174</b>	<b>2,119,046</b>
<b>Interbank deposits</b>	<b>22,158,227</b>	<b>25,096,681</b>
<b>Securities and derivative financial instruments</b>	<b>30,466,230</b>	<b>29,622,102</b>
Securities	16,499,833	20,798,997
Derivative financial instruments	3,035,557	1,260,982
Guarantor Resources of Technical Provision - Funds quotas of PGBL/VGBL	7,436,286	4,716,047
Guarantor Resources of Technical Provision - Other securities	3,494,554	2,846,076
<b>Interbank accounts of subsidiaries</b>	<b>11,931,794</b>	<b>9,362,498</b>
<b>Loan, leasing operations and other credits</b>	<b>47,691,767</b>	<b>35,767,463</b>
Operations with Credit Assignment Characteristics	50,979,754	38,870,862
(-) Allowance for loan losses	(3,287,987)	(3,103,399)
<b>Inventories</b>	<b>523,485</b>	<b>480,006</b>
Products	503,813	467,434
Real estate	19,672	12,572
<b>Other credits</b>	<b>29,759,547</b>	<b>22,347,384</b>
Foreign exchange portfolio	13,417,021	10,787,655
Tax credits	3,789,833	3,928,586
Sundry	12,638,542	7,716,834
(-) Allowance for loan losses	(85,849)	(85,691)
<b>Other assets</b>	<b>267,835</b>	<b>290,775</b>
<b>Prepaid expenses</b>	<b>918,719</b>	<b>910,375</b>
<b>Permanent assets</b>	<b>4,538,382</b>	<b>4,699,487</b>
<b>Investments</b>	<b>851,810</b>	<b>970,271</b>
Investments in affiliates	688,622	828,845
Other investments	163,188	141,426
<b>Fixed assets</b>	<b>3,388,335</b>	<b>3,428,031</b>
Property for own use	7,609,509	6,942,995
Leased properties	138,523	139,034
Forest reserves	90,647	89,100
(Accumulated depreciation)	(4,450,344)	(3,743,098)
<b>Deferred charges</b>	<b>298,237</b>	<b>301,185</b>
Costs with organization and expansion	779,626	725,101
(Accumulated amortization)	(481,389)	(423,916)
<b>TOTAL ASSETS</b>	<b>150,353,160</b>	<b>130,695,817</b>

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**CONSOLIDATED BALANCE SHEET**

(In thousands of reais)

LIABILITIES	3/31/2005	3/31/2004
<b>Current and long-term liabilities</b>	<b>132,314,934</b>	<b>115,158,989</b>
<b>Funds raised by subsidiaries</b>	<b>75,289,974</b>	<b>72,937,806</b>
Foreign currency	9,750,576	11,515,261
Domestic currency	48,172,430	40,026,992
Open market	17,366,968	21,395,553
<b>Subordinated debts</b>	<b>4,769,877</b>	<b>4,854,649</b>
<b>Financial instruments and derivatives</b>	<b>2,265,601</b>	<b>881,692</b>
<b>Borrowings</b>	<b>668,417</b>	<b>816,047</b>
Foreign currency	365,831	402,580
Domestic currency	302,586	413,467
<b>Statutory and social contributions</b>	<b>683,902</b>	<b>579,918</b>
<b>Taxes and social security contributions</b>	<b>4,310,933</b>	<b>3,476,981</b>
<b>Other liabilities</b>	<b>30,687,658</b>	<b>21,472,844</b>
Foreign exchange portfolio	13,567,260	10,873,093
Credit card operations	3,237,180	2,145,675
Securitization of foreign payment orders	1,642,410	1,906,364
Sundry	12,240,808	6,547,712
<b>Interbank accounts of subsidiaries</b>	<b>2,084,694</b>	<b>1,818,701</b>
<b>Technical provisions for insurance, pension plan and capitalization</b>	<b>11,553,878</b>	<b>8,320,351</b>
<b>Deferred income</b>	<b>89,435</b>	<b>171,616</b>
<b>Minority interest</b>	<b>8,750,464</b>	<b>7,444,698</b>
<b>Stockholders' equity from parent company</b>	<b>9,198,327</b>	<b>7,920,514</b>
Capital	3,800,000	3,500,000
Capital reserves	27,560	26,948
Revaluation reserves	50,390	51,634
Revenue reserves	5,232,932	4,168,705
Adjustment to market value - securities and derivatives	180,532	268,689
(-) Treasury shares	(93,087)	(95,462)
<b>Stockholders' equity of the Itaúsa Conglomerate</b>	<b>17,948,791</b>	<b>15,365,212</b>
<b>TOTAL LIABILITIES</b>	<b>150,353,160</b>	<b>130,695,817</b>

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

(In thousands of reais)

	01/01 to 03/31/2005	01/01 to 03/31/2004
<b>OPERATING REVENUE</b>	<b>9,309,320</b>	<b>8,149,801</b>
Sales of products and services	2,595,704	2,095,294
Insurance, pension plan and capitalization	1,392,626	1,409,426
Financial	3,423,372	2,600,339
Financial revenues of insurance, pension plan and capitalization	399,884	265,368
Securities	1,319,302	1,672,168
Equity in the earnings of subsidiaries	67,225	30,325
Other operating revenues	111,207	76,881
<b>OPERATING EXPENSES</b>	<b>(7,204,118)</b>	<b>(6,643,805)</b>
Cost of products and services	(583,299)	(534,265)
Insurance, pension plan and capitalization	(1,186,861)	(1,213,333)
Equity	(729,132)	(330,555)
Administrative	(1,895,687)	(1,630,408)
Management fees	(52,873)	(32,331)
Financial	(1,679,100)	(1,918,014)
Financial expenses on technical provisions for pension plan and capitalization	(308,879)	(195,510)
Other operating expenses	(768,287)	(789,389)
<b>OPERATING INCOME</b>	<b>2,105,202</b>	<b>1,505,996</b>
<b>NON-OPERATING RESULT</b>	<b>12,344</b>	<b>(11,073)</b>
<b>INCOME BEFORE TAXATION ON PROFIT AND PROFIT SHARING</b>	<b>2,117,546</b>	<b>1,494,923</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>(592,869)</b>	<b>(441,546)</b>
Due on operations for the period	(794,888)	(521,095)
Deferred related to temporary differences	202,019	79,549
<b>EXTRAORDINARY RESULTS</b>	<b>(114,572)</b>	<b>4,844</b>
Parent company	(38,960)	2,261
Relating to minority interest in subsidiaries	(75,612)	2,583
<b>PROFIT SHARING</b>	<b>(100,139)</b>	<b>(101,259)</b>
Employees - Law 10,101 of 12/19/2000	(72,026)	(74,830)
Directors - Statutory - Law 6,404 of 12/15/1976	(28,113)	(26,429)
<b>NET INCOME RELATING TO MINORITY INTEREST OF SUBSIDIARIES</b>	<b>(630,902)</b>	<b>(477,416)</b>
<b>NET INCOME OF PARENT COMPANY</b>	<b>679,064</b>	<b>479,546</b>
Net income relating to minority interest of subsidiaries	630,902	477,416
<b>NET INCOME OF ITAÚSA CONGLOMERATE</b>	<b>1,309,966</b>	<b>956,962</b>
NUMBER OF OUTSTANDING SHARES - in thousands	3,224,559	3,194,794
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES - R\$	210.59	150.10
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES - R\$	2,852.58	2,479.19



**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**BALANCE SHEET**

(In thousands of reais)

Assets	03/31/2005	03/31/2004
<b>Current assets</b>	<b>806,472</b>	<b>613,284</b>
Cash and cash equivalents	3	38
Securities	628,544	423,510
Interest on own capital	150,029	101,944
Taxes to offset	25,260	86,756
Other assets	2,636	1,006
Prepaid expenses	-	30
<b>Long-term receivables</b>	<b>105,148</b>	<b>85,663</b>
Securities	32	31
Loans granted	96,018	76,096
Other assets	9,098	9,536
<b>Permanent assets</b>	<b>9,084,548</b>	<b>7,440,324</b>
Investments		
Investments in subsidiaries	9,070,101	7,424,924
Other investments	4,204	4,245
Fixed assets	10,243	11,155
<b>TOTAL ASSETS</b>	<b>9,996,168</b>	<b>8,139,271</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>353,750</b>	<b>332,224</b>
Dividends payable	331,557	314,198
Tax and social security	19,207	10,197
Other liabilities	2,986	7,829
<b>Long-term liabilities</b>	<b>11,301</b>	<b>7,312</b>
Tax liabilities	11,301	7,312
<b>Net equity parent company</b>	<b>9,631,117</b>	<b>7,799,735</b>
Capital	3,800,000	3,500,000
Capital reserves	27,560	26,948
Revaluation reserves	50,390	51,634
Revenue reserves	5,665,722	4,047,926
Adjustment to market value - derivatives	180,532	268,689
(-) Treasury shares	(93,087)	(95,462)
<b>TOTAL LIABILITIES</b>	<b>9,996,168</b>	<b>8,139,271</b>

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

	01/01 to 03/31/2005	01/01 to 03/31/2004
<b>OPERATING INCOME</b>	<b>755,853</b>	<b>493,051</b>
Financial	4,188	3,871
Securities	112,264	69,335
Investment in subsidiaries	638,886	418,841
Other operating income	515	1,004
<b>OPERATING EXPENSES</b>	<b>(28,652)</b>	<b>(19,535)</b>
Equity	(226)	(222)
Administrative	(4,515)	(3,895)
Management fees	(1,219)	(1,117)
Other operating expenses	(22,692)	(14,301)
<b>OPERATING RESULT</b>	<b>727,201</b>	<b>473,516</b>
<b>NON-OPERATING RESULT</b>	<b>7,586</b>	<b>(5,049)</b>
<b>INCOME BEFORE TAXATION ON PROFIT AND PROFIT SHARING</b>	<b>734,787</b>	<b>468,467</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>(37,169)</b>	<b>-</b>
Due on operations for the period	(37,169)	-
<b>EXTRAORDINARY RESULT</b>	<b>-</b>	<b>2,261</b>
<b>PROFIT SHARING</b>	<b>(1,067)</b>	<b>(1,041)</b>
Directors - Statutory - Law 6,404 of 12/15/1976	(1,067)	(1,041)
<b>NET INCOME</b>	<b>696,551</b>	<b>469,687</b>
NUMBER OF OUTSTANDING SHARES (In thousands)	3,224,559	3,194,794
NET INCOME PER THOUSAND SHARES (R\$)	216.01	147.02
BOOK VALUE PER THOUSAND SHARES (R\$)	2,986.80	2,441.39

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED MARCH 31, 2005 AND 2004**

*(In thousands of reais)*

**NOTE 1 – OPERATIONS**

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

**NOTE 2 – PRESENTATION OF THE FINANCIAL STATEMENTS**

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

The consolidated financial statements are being presented without segregation between current and long-term, in compliance with the former quarterly information.

In Loan, Leasing Operations and Other Credits are included the receivables, arising from purchases made by the credit card holders. The resources related to these amounts are included in Other liabilities. The Leasing Operations are presented at present value in the Balance Sheet, and related income and expenses, which represent the financial result of these operations, are grouped in Financial Revenue in the Statement of Income.

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

**NOTE 3 – CONSOLIDATED FINANCIAL STATEMENTS**

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

The difference in net income and stockholders' equity between ITAÚSA and ITAÚSA CONSOLIDATED results from the elimination of unrealized profits arising from the transactions between consolidated companies, the corresponding taxes of which were deferred, and from the adoption of different criteria on the amortization of goodwill on the acquisition of investments and constitution of tax credits.

In ITAÚSA, the goodwill recorded by the subsidiaries, arising mainly from the increase in the investments in Credicard and Orbitall due to the partnership for the creation of the Financeira Itaú CBD and the acquisition of part of BPI S.A. shares, are amortized based on expected future profitability (ten years), or realization of investments, in order to:

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

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

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

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



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

		Holding (%)	
		03/31/2005	03/31/2004
<b>FINANCIAL AREA</b>			
Banco Itaú Holding Financeira S.A.	(1)	46.84	46.67
Banco Itaú S.A.		46.84	46.67
Banco Itaú-BBA S.A.		44.85	44.69
Banco Banestado S.A.		46.84	46.67
Banco Itaured Financiamentos S.A.		46.84	46.67
Banco Fiat S.A.		46.84	46.67
Banco Itaú Buen Ayre S.A.		46.84	46.67
Banco Itaú Europa Luxembourg S.A.		89.57	89.54
Banco Itaú Europa S.A.		89.62	89.58
Itaú Bank, Ltd		46.84	46.67
Cia. Itauleasing de Arrendamento Mercantil		46.84	46.67
Itaú Corretora de Valores S.A.		46.84	46.67
Itaucard Financeira S.A. - Crédito, Financiamento e Investimento		46.84	46.67
Credicard Banco S.A.	(2)(3)	23.42	15.56
Orbitall Serviços e Processamento e Informatização Comercial Ltda. e controlada	(2)(3)	46.84	15.56
Redecard S.A.	(2)	14.96	14.91
Financeira Itaú CBD S.A. - Crédito, Financiamento e Investimento	(2)(4)	23.42	-
Fiat Administradora de Consórcios Ltda.		46.84	46.67
Itaú Administradora de Consórcios Ltda.		46.84	46.67
Akbar - Marketing e Serviços, LDA e Controladas		44.85	44.69
Afinco Américas Madeira, SGPS, Sociedade Unipessoal, Limitada		46.84	46.67
Itaúsa Export S.A.		88.19	88.15
Serasa S.A.	(2)	15.17	14.80
<b>INSURANCE, PENSION PLAN AND CAPITALIZATION</b>			
Itaú Seguros S.A. e Controladas		46.84	46.67
Itaú Vida e Previdência S.A.		46.84	46.67
Cia. Itaú de Capitalização		46.84	46.67
<b>WOOD AND CONSTRUCTION MATERIALS</b>			
Duratex S.A.	(1)	47.66	48.26
<b>TECHNOLOGY AND ELECTRONICS</b>			
Itautec Philco S.A.	(1)	94.22	94.22
<b>CHEMICAL</b>			
Elekeiroz S.A.	(1)	96.41	96.41
<b>REAL ESTATE</b>			
Itaúsa Empreendimentos S.A.		100.00	100.00

(1) Listed company.

(2) Investment with control proportionally included in the consolidation. Orbitall only on 03/31/2004.

(3) Increase in the holding per acquisition, considering in the Consolidated, Credicard as from 09/30/2004 and Orbitall as from 10/31/2004.

(4) Investment made on 11/09/2004 and approved to operate by BACEN on 04/05/2005.

**NOTE 4 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES**

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

**b) Securities**

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

2.1. Securities must be classified in the following categories:

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

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

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

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

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

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

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

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

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

**d) Credit and lease operations and other credits (operations characterized as credit assignment)** – These are recorded at current value, calculated "pro rata die" based on the variation of the contracted index, being restated with accrued income up to the 60th day of overdue in the case of financial companies, taking into consideration in the case of property financing the current value of the falling due contract installments.

**e) Allowance for loan losses** - The balance of the allowance for loan losses was recorded based on an analysis of the credit risk in the loan portfolio, in amounts considered sufficient to cover loan losses according to the rules determined by BACEN Resolution 2682 of December 21,1999, for the financial affiliates, among which are:

- Provisions necessary are recorded from the date of the loan disbursements, based on periodic analysis of the quality of the client and the industry and not just in the event of default;
- Based exclusively on delinquency, write-offs can be made 360 days after the due date of the credit or 540 days for transactions that mature after a period of 36 months. Other factors related to analysis of the quality of the client/loan may generate write-offs before these periods.

**f) Other assets** – Mainly composed of assets not in use corresponding to own properties available for sale and also received as payment in kind, being adjusted to market value through provisions set up based on current rules.

**g) Prepaid expenses** - These refer to the investments that will result in earnings in future periods.

**h) Investments** - In subsidiary and affiliated companies, investments are accounted for under the equity method. The financial statements of foreign branches and affiliates, are adapted to comply with Brazilian accounting policies and converted into Reais. Other investments are recorded at cost, restated up to December 31, 1995, being adjusted to market value through provisions set up based on current rules.

**i) Fixed assets** - These are stated at cost of acquisition or construction, less accumulated depreciation, restated up to December 31, 1995. For insurance, private pension and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports. Depreciation is calculated using the straight-line method, based on monetarily corrected cost at the following annual rates:

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

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

**k) Technical provisions for insurance, pension plans and capitalization** - Technical provisions are set up according to the technical notes approved by SUSEP and criteria established by CNSP Resolution 89 of August 19, 2002.

**I - Insurance:**

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

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

**II - Supplementary pension plan and individual life insurance:**

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

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

**III - Capitalization:**

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

**l) Provision and Contingent Liabilities** – Provisions and contingent liabilities, in connection with conservative practices adopted, normally are recorded based on the opinion of legal advisors and additionally, through the use of models and criteria which allow the most adequate measurement, in spite of the uncertainty of their term and amount.

**I- Labor contingencies:**

These are set up upon judicial notice and adjusted monthly by the moving average amount of payment of lawsuits ended in the last 12 months, for lawsuits based on claims considered similar and usual and adjusted to the execution deposit amount when required or the definitive execution amount (indisputable amount) when it is in the stage of being a final judgment and unappealable;

**II- Civil contingencies:**

These are set up upon judicial notice and adjusted monthly:

- at the moving average of payment of lawsuits ended in the last 12 months plus the average cost of fees paid for lawsuits related to claims considered similar and usual and whose amount is not considered relevant; or
- at the claimed indemnity amount, on the evidence presented based on the evaluation of legal advisors – which considers jurisprudence, legal opinions raised, evidence produced in the records and the judicial decisions to be issued – relating to the risk level of loss of lawsuits related to claims considered unusual or whose amount is considered significant;



Provisions for Civil Contingencies are adjusted up to the amounts deposited as guarantees for their execution or to the definitive execution amount when the claim is finally judged and has become unappealable.

### III- Tax and social security contingencies:

The provisions originated in tax and social security contingencies basically refer to liabilities related to tax liabilities, the legality or constitutionality of which are subject to administrative or judicial defense, and set up at the full amount under discussion. They are restated, net of the corresponding deposits in guarantee, in accordance with current legislation.

Interest or restatement of judicial escrow deposits is not recognised, except when a release order has been issued in respect of claims judged in favour of the companies, due to the lawsuits considered favorable.

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

Income tax	15.00%
Additions income tax	10.00%
Social Contribution	9.00%
PIS (*)	1.65%
COFINS (*)	7.60%
ISS	up to 5.00%
CPMF	0.38%

*(\*) For Itaúsa and its non-financial subsidiaries that comply with non-cumulative calculation basis, PIS rate has been 1.65% and COFINS increased from 3% to 7.6% as from February 2004. PIS/Cofins rate levied on the financial income of these companies (except for the financial income arised from interest on own capital and hedge transactions) was reduced to zero as from August 2004. For financial and similar companies the PIS rate is 0.65% and 4%, respectively.*

**NOTE 5 - INTERBANK INVESTMENTS**

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

	Book value	
	03/31/2005	03/31/2004
Investment in the open market	12,685,761	15,804,406
Funded position (*)	7,884,037	1,453,508
Financed position	4,801,724	9,314,108
With free movement	-	5,034,973
Without free movement	4,801,724	4,279,135
Rights linked to unrestricted trading securities	-	5,036,790
Investment in the open market - technical provision guarantees - SUSEP	255,668	589,158
Interbank deposits	9,216,798	8,703,117
<b>TOTAL</b>	<b>22,158,227</b>	<b>25,096,681</b>

(\*) Includes R\$ 2,993,267 relating to the investment in the open market in which securities are restricted to guarantee transactions at the Commodities Futures Exchange (BM&F).

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

We present the composition of the account Securities and Derivatives, maintained in the subsidiaries of the Financial and Insurance areas, which are in accordance with the standards of BACEN and SUSEP. They are recorded at cost and market values, and the effects of market value adjustment are directly recorded in stockholders' equity and results of subsidiaries and of ITAÚSA.

**a) Summary**

Description	Cost	Provision for adjustment to market value impacted on		Market value	
		Result	Stockholders' equity	3/31/2005	3/31/2004
<b>Itaúsa and Industrial Area</b>					
Marketable securities	661,837	-		661,837	822,985
Derivative financial instruments (assets)	54,138	-		54,138	32
<b>Subtotal</b>	<b>715,975</b>	<b>-</b>	<b>-</b>	<b>715,975</b>	<b>823,017</b>
<b>Financial Area</b>					
Securities for negotiation (1)	13,967,007	(8,823)		13,958,184	12,217,055
Securities available for sale (2)	9,112,911		540,086	9,652,997	12,142,883
Securities held to maturity	3,555,544	-		3,555,544	3,723,197
Derivative financial instruments (assets)	2,907,141	76,389		2,983,530	1,260,950
<b>Subtotal</b>	<b>29,542,603</b>	<b>67,566</b>	<b>540,086</b>	<b>30,150,255</b>	<b>29,344,085</b>
Deferred taxes			(181,342)		
Adjustment of securities reclassified to securities held to maturity			8,118		
<b>Total adjustment to market value</b>			<b>366,862</b>		
<b>Additional provision (exceeding minimum required)</b>				(400,000)	(545,000)
<b>Total marketable securities and derivative financial instruments (assets)</b>	<b>30,258,578</b>	<b>67,566</b>		<b>30,466,230</b>	<b>29,622,102</b>
Derivative financial instruments - Itaúsa and Industrial Area	22,274	-		22,274	23,771
Derivative financial instruments - Financial Area	2,234,938	8,389		2,243,327	857,921
<b>Total derivative financial instruments (Liabilities)</b>	<b>2,257,212</b>	<b>8,389</b>		<b>2,265,601</b>	<b>881,692</b>
<b>Minority interest</b>			(186,330)		
<b>Amount separately disclosed in Stockholders' equity of ITAÚSA</b>			<b>180,532</b>		

(1) Includes portfolios of PGBL and VGBL pension plans, in the amount of R\$ 7,436,286 (R\$ 4,716,047 on 03/31/2004), owned by customers responsible for the risks, and recorded as marketable securities in compliance with SUSEP requirements, in contra entry against liabilities, in Technical Provision for Pension Plans.

(2) Securities classified in this category, if evaluated to market value, would present a positive adjustment of R\$ 154,902 (positive adjustment in the amount of R\$ 147,777 at 03/31/2004)

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

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

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

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

The main risk factors of the derivatives assumed by ITAÚSA at March 31, 2005 were related to the foreign exchange rate, interest rate, U.S. dollar and reference rate Libor and variable income. The management of these and other market risk factors is supported by the infrastructure of sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to maximize the relation risk and return, even under high volatility situations.

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

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

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



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

	MEMORANDUM ACCOUNT NOTIONAL VALUE		BALANCE SHEET ACCOUNT RECEIVABLES/ (RECEIVED) (PAYABLE)/PAID	ADJUSTMENT TO MARKET VALUE	MARKET VALUE	
	03/31/2005	03/31/2004	03/31/2005	03/31/2005	03/31/2005	03/31/2004
<b>Futures contracts</b>	<b>71,968,984</b>	<b>43,571,429</b>	<b>4,178</b>	<b>-</b>	<b>4,178</b>	<b>18,681</b>
Purchase commitments	22,442,296	20,544,493	(28,170)	-	(28,170)	(17,684)
Commitments to sell	49,526,688	23,026,936	32,348	-	32,348	36,365
<b>Swaps contracts</b>			<b>413,820</b>	<b>51,234</b>	<b>465,054</b>	<b>256,850</b>
Asset position	29,528,212	32,372,858	900,326	107,436	1,007,762	821,351
Liability position	29,114,392	32,128,115	(486,506)	(56,202)	(542,708)	(564,501)
<b>Options contracts</b>	<b>43,766,269</b>	<b>25,439,695</b>	<b>(13,814)</b>	<b>19,348</b>	<b>5,534</b>	<b>(19,791)</b>
Purchase commitments - purchased position	10,176,574	10,694,054	151,323	(52,322)	99,001	96,337
Commitments to sell - purchased position	17,829,150	2,466,694	175,073	20,654	195,727	7,382
Purchase position - sold position	9,854,052	9,963,744	(177,196)	49,224	(127,972)	(106,595)
Commitments to sell - sold position	5,906,493	2,315,203	(163,014)	1,792	(161,222)	(16,915)
<b>Term</b>			<b>265,981</b>	<b>69</b>	<b>266,050</b>	<b>85,131</b>
Purchase receivable			1,959	-	1,959	-
Obligations for accounts payable			(1,387,126)	-	(1,387,126)	-
Sales receivable			1,651,148	69	1,651,217	85,131
<b>Other derivative financial instruments</b>	<b>5,158,410</b>	<b>4,504,760</b>	<b>35,969</b>	<b>(2,651)</b>	<b>33,318</b>	<b>57,100</b>
Asset position	2,955,163	2,990,513	79,339	552	79,891	250,781
Liability position	2,203,247	1,514,247	(43,370)	(3,203)	(46,573)	(193,681)
			<b>ASSETS</b>	<b>76,389</b>	<b>3,035,557</b>	<b>1,260,982</b>
			<b>LIABILITIES</b>	<b>(8,389)</b>	<b>(2,265,601)</b>	<b>(881,692)</b>
			<b>TOTAL</b>	<b>68,000</b>	<b>769,956</b>	<b>379,290</b>
<b>Derivative instruments fall due as follows:</b>						
<b>Clearing</b>	<b>0 - 30</b>	<b>31 - 180</b>	<b>181 - 365</b>	<b>Over 365</b>	<b>03/31/2005</b>	<b>03/31/2004</b>
<b>Futures</b>	8,149,790	31,322,532	18,599,315	13,897,347	71,968,984	43,571,429
<b>Swaps</b>	3,684,247	12,244,444	6,617,359	6,081,836	28,627,886	31,661,378
<b>Options</b>	20,102,841	12,028,366	8,885,708	2,749,354	43,766,269	25,439,695
<b>Others</b>	912,127	993,205	876,791	2,376,287	5,158,410	4,504,760

**NOTE 7 - LOAN, LEASING OPERATIONS AND OTHER CREDITS - FINANCIAL AREA****a) Summary**

	<b>03/31/2005</b>	<b>03/31/2004</b>
Loan operations	39,086,155	32,697,738
Leasing operations	4,977,007	1,570,863
Credit card operations	5,051,317	2,958,687
Advances on exchange contracts (1)	1,720,326	1,509,347
Other credits (2)	144,949	134,227
<b>Total</b>	<b>50,979,754</b>	<b>38,870,862</b>
Endorsements and sureties (3)	6,032,326	5,885,433
<b>Total with endorsements and sureties</b>	<b>57,012,080</b>	<b>44,756,295</b>

(1) Includes advances on exchange contracts and income receivable from advances. Recorded in Other Liabilities/Exchange Portfolio.

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

(3) Recorded in memorandum accounts.

**b) Allowance for Loan Losses**

	<b>01/01 to 03/31/2005</b>	<b>01/01 to 03/31/2004</b>
<b>Opening balance</b>	<b>(3,053,555)</b>	<b>(3,162,967)</b>
Balance from institutions acquired	-	(3,480)
Net increase for the period	(755,608)	(362,996)
Write-Offs (1)	521,176	426,044
<b>Closing balance</b>	<b>(3,287,987)</b>	<b>(3,103,399)</b>
Minimum required allowance (2)	(2,137,987)	(2,103,399)
Additional allowance (3)	(1,150,000)	(1,000,000)

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

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

(3) Refers to provision in excess of the minimum required, recorded based on the conservative criteria adopted by management, in accordance with good banking practices, in order to cover any unexpected losses resulting from strong reversal of the economic crisis.

**NOTE 8 - FOREIGN EXCHANGE PORTFOLIO**

	03/31/2005	03/31/2004
<b>ASSETS - OTHER CREDITS</b>	<b>13,417,021</b>	<b>10,787,655</b>
Exchange purchase pending settlement - foreign currency (*)	6,426,618	4,834,938
Foreign currency bills exchange and term document - foreign currency	1,097	1,962
Exchange sale rights - domestic currency	7,118,452	6,062,515
(-) Advances received - domestic currency	(129,146)	(111,760)
<b>LIABILITIES - OTHER LIABILITIES</b>	<b>13,567,260</b>	<b>10,873,093</b>
Exchange sales pending settlement - foreign currency	7,004,839	5,642,534
Exchange purchase liabilities - domestic currency (*)	6,560,449	5,224,372
Other	1,972	6,187
<b>MEMORANDUM ACCOUNTS</b>	<b>123,460</b>	<b>139,124</b>
Outstanding import credits - foreign currency	73,500	113,284
Confirmed export credits - foreign currency	49,960	25,840

(\*) Net value of advances on exchange contracts included in the Loan Portfolio.

**NOTE 9 – FUNDS RAISED BY SUBSIDIARIES AND BORROWINGS AND ONLENDINGS - FINANCIAL AREA**

	03/31/2005	03/31/2004
<b>Foreign currency</b>	<b>9,750,576</b>	<b>11,515,261</b>
Funds from acceptance and issuance of securities	3,749,837	2,618,141
Borrowings and onlendings	6,000,739	8,897,120
<b>Domestic currency</b>	<b>48,172,430</b>	<b>40,026,992</b>
Deposits	43,943,845	34,524,937
Funds from acceptance and issuance of securities	-	873,682
Borrowings and onlendings	4,228,585	4,628,373
<b>Securitization of foreign payment orders (*)</b>	<b>1,642,410</b>	<b>1,906,364</b>
<b>Funds obtained in the open market</b>	<b>17,366,968</b>	<b>21,395,553</b>
<b>Subordinated debts</b>	<b>4,769,877</b>	<b>4,854,649</b>
<b>Total</b>	<b>81,702,261</b>	<b>79,698,819</b>

(\*) Recorded in Other Liabilities.

**NOTE 10 - INSURANCE, PENSION AND CAPITALIZATION OPERATIONS****a) Composition of Technical Provisions**

	<b>03/31/2005</b>	<b>03/31/2004</b>
<b>Insurance</b>	<b>1,128,760</b>	<b>996,894</b>
Unearned premiums	609,236	515,946
Claims to settle	323,260	326,834
IBNR	159,731	130,785
Risks incurred	24,037	8,067
Insurance mathematics	11,665	15,262
Redemption and other unregularized amounts	831	-
<b>Life and Pension</b>	<b>9,391,936</b>	<b>6,365,974</b>
Unearned premiums	202,247	161,974
Claims to settle	33,411	31,682
IBNR	42,794	34,465
Mathematical of benefits to grant	8,694,920	5,860,556
Mathematical of benefits granted	80,567	48,253
Financial surplus	179,516	134,822
Financial variation	85,881	68,736
Risk variation	14,185	3,954
Insufficient contribution (*)	40,240	10,941
Redemptions and other amounts to regularize	10,041	8,622
Premium defficiency	6,439	-
Unexpired risks	1,239	1,161
Benefits to settle	456	808
<b>Capitalization</b>	<b>1,033,182</b>	<b>957,483</b>
Mathematics for redemptions	942,611	856,276
Contingencies	76,416	87,037
Raffle	14,155	14,170
<b>TOTAL</b>	<b>11,553,878</b>	<b>8,320,351</b>

(\*) Set up based on the actuarial evaluation to meet future liabilities of the plans.



**b) Guarantor Resources of Technical Provisions - SUSEP**

	INSURANCE		LIFE AND PENSION		CAPITALIZATION		TOTAL	
	03/31/2005	03/31/2004	03/31/2005	03/31/2004	03/31/2005	03/31/2004	03/31/2005	03/31/2004
Interbank deposits - money market	57,833	190,287	56,487	-	141,348	462,875	255,668	653,162
Securities and derivative financial instruments	827,620	640,291	9,192,433	6,388,089	910,787	533,743	10,930,840	7,562,123
Funds Quotas of PGBL/VGBL (1)	-	-	7,436,286	4,716,047	-	-	7,436,286	4,716,047
Other	827,620	640,291	1,756,147	1,672,042	910,787	533,743	3,494,554	2,846,076
Public	225,266	135,586	991,797	240,631	129,730	129,015	1,346,793	505,232
Private	602,354	504,705	764,350	1,431,411	781,057	404,728	2,147,761	2,340,844
Credit Rights (2)	226,151	203,891	161,330	128,087	-	-	387,481	331,978
Real estate	39,820	43,359	-	-	-	-	39,820	43,359
<b>TOTAL</b>	<b>1,151,424</b>	<b>1,077,828</b>	<b>9,410,250</b>	<b>6,516,176</b>	<b>1,052,135</b>	<b>996,618</b>	<b>11,613,809</b>	<b>8,590,622</b>

(1) Securities portfolio of the PGBL and VGBL pension plans owned by the clients and recorded as securities, in accordance with SUSEP chart of accounts, as a contra entry to liabilities in the Technical Provisions for Pension Plan account.

(2) Recorded in Other Credits - Insurance Premiums Receivable.

**c) Result of Operations**

	INSURANCE		LIFE AND PENSION		CAPITALIZATION		TOTAL	
	01/01 to 03/31/2005	01/01 to 03/31/2004	01/01 to 03/31/2005	01/01 to 03/31/2004	01/01 to 03/31/2005	01/01 to 03/31/2004	01/01 to 03/31/2005	01/01 to 03/31/2004
Premiums and contributions revenues	427,767	376,710	734,286	798,884	192,549	197,425	1,354,602	1,373,019
Changes in technical provisions	3,012	4,160	(241,482)	(451,607)	(144,025)	(145,293)	(382,495)	(592,740)
Expenses with claims	(264,772)	(249,691)	(29,934)	(24,470)	-	-	(294,706)	(274,161)
Selling expenses	(78,127)	(64,464)	(6,412)	(6,675)	-	-	(84,539)	(71,139)
Expenses with benefits and redemptions	-	-	(395,374)	(253,822)	-	-	(395,374)	(253,822)
Other income and expenses	14,507	15,711	(5,064)	(775)	(1,166)	-	8,277	14,936
<b>Result of Insurance, Life Insurance and Pension Plan and Capitalization Operation</b>	<b>102,387</b>	<b>82,426</b>	<b>56,020</b>	<b>61,535</b>	<b>47,358</b>	<b>52,132</b>	<b>205,765</b>	<b>196,093</b>

**NOTE 11 – PROVISIONS AND CONTINGENT LIABILITIES**

ITAÚSA and its subsidiaries are involved, in the ordinary course of business, in legal actions involving labor, civil, and tax and social security contingencies, filed to challenge escalation indices, labor claims, property damage and pain and suffering, and tax questioning actions. Labor contingencies result from labor claims filed by former employees and trade unions to claim alleged labor rights grounded on labor legislation specific to the related profession. Civil contingencies are basically derived from civil actions filed by third parties demanding compensation for property damage and pain and suffering based on a number of reasons, such as wrongful protest of notes, return of checks, and inclusion of information in credit protection registry, and most of these actions are filed in the Small Claims Court and are therefore limited to 40 minimum wages.

The table below shows the changes in and the related provisions for contingencies:

	01/01 to 03/31/2005			Total
	Labor	Civil	Other	
<b>Opening balance</b>	<b>1,068,382</b>	<b>732,685</b>	<b>263,412</b>	<b>2,064,479</b>
Foreign exchange differences	-	-	1,455	1,455
Net provision	72,556	53,368	(3,373)	122,551
Payments	(54,736)	(25,532)	(5,238)	(85,506)
<b>Closing balance (1)</b>	<b>1,086,202</b>	<b>760,521</b>	<b>256,256</b>	<b>2,102,979</b>
<b>Deposits in guarantee at 03/31/2005 (2)</b>	<b>543,551</b>	<b>167,247</b>	<b>-</b>	<b>710,798</b>

(1) Note 12c;

(2) Note 12a.

The Provisions for Tax and Social Security Contingencies and the related deposits in guarantee are shown in Note 14c III and IV.

ITAÚSA and its subsidiaries are not involved in any other administrative proceedings or lawsuits which might significantly affect their operations in case of an unfavorable sentence.

## NOTE 12 - DETAIL OF ACCOUNTS

## a) Other Credits - Sundry

	3/31/2005	3/31/2004
Deposits in guarantee		
Tax and social security	1,546,305	1,525,868
Labor	543,551	480,997
Civil	167,247	143,823
Deposits in guarantee for foreign fund raising program	484,440	319,150
Taxes and contributions to be offset	858,274	1,142,262
Social contribution to be offset – Provisional Measure 2,158, of August 24, 2001	1,270,690	1,336,496
Income receivable	523,637	528,705
Insurance premium receivable	632,224	499,619
Trade notes receivable	652,144	511,629
Negotiation and intermediation of securities (*)	4,968,247	623,722
Accounts receivable with guarantees	203,561	113,045
Sundry debtors		
Domestic	258,059	205,019
Foreign	81,277	282,699
Sundry	448,886	3,800
<b>Total</b>	<b>12,638,542</b>	<b>7,716,834</b>

(\*) Includes the transaction negotiated by Itaú Corretora de Valores S.A. for the clients, in the amount of R\$ 3,715,672 related to the Public Offer for the Acquisition of Shares held on the Bovespa floor on March 29, 2005 and settled on April 5, 2005.

## b) Other Assets

	3/31/2005	3/31/2004
Non-operating assets	370,194	422,325
(-) Provision for devaluations	(102,516)	(132,051)
Others	157	501
<b>Total</b>	<b>267,835</b>	<b>290,775</b>

## c) Other Liabilities - Sundry

	3/31/2005	3/31/2004
Provisions for Contingencies		
Labor	1,086,202	1,147,207
Civil	760,521	608,962
Other	256,256	233,590
Negotiation and intermediation of securities (1)	5,438,745	573,699
Personnel	423,102	371,480
Collection and payment of taxes	1,728,174	1,099,266
Agreement for rendering of services AOLA (2)	163,347	250,886
Accounts payable investments - LASA (3)	200,000	-
Suppliers	133,399	232,613
Sundry creditors		
Domestic	1,117,331	867,521
Foreign	122,494	394,060
Liabilities related to insurance companies	206,148	141,907
Provisions and sundry credits	605,089	626,521
<b>Total</b>	<b>12,240,808</b>	<b>6,547,712</b>

(1) Includes the operation negotiated by Itaú Corretora de Valores S.A. for the clients, in the amount of R\$ 3,715,672 related to the Public Offer for the Acquisition of Shares held on the Bovespa floor on March 29, 2005 and settled on April 5, 2005.

(2) Related to the strategic alliance signed with America Online Latin America Inc. (AOLA), joint venture established by America Online and Cisneros group companies to act in Latin America as a provider of interactive services.

(3) Related to the association with Lojas Americanas S.A. (LASA) to operate exclusively to design and sell financial products and services to LASA customer, the settlement of which was on April 27, 2005.

**d) Other Operating Revenues**

	3/31/2005	3/31/2004
Reversal of operating provisions	42,470	14,806
Recovery of charges and expenses	25,713	19,288
Commissions	12,427	9,848
Equity result in subsidiaries, not derived from net income	10,078	-
Rents	2,476	1,234
Net variation on assets and liabilities of overseas companies	-	15,834
Other	18,043	15,871
<b>Total</b>	<b>111,207</b>	<b>76,881</b>

**e) Other operating expenses**

	3/31/2005	3/31/2004
Tax expenses	449,279	361,362
Provision for contingencies		
Tax and social security	32,367	36,446
Civil	53,368	137,932
Operating expenses from industrial companies	67,079	68,457
Expense of credit card transactions	43,454	48,030
Claims	25,369	15,982
Net exchange variation on assets and liabilities of overseas companies	10,211	845
Equity result in subsidiaries, not derived from net income	-	7,251
Other	87,160	113,084
<b>Total</b>	<b>768,287</b>	<b>789,389</b>

**f) Non-operating Result**

	3/31/2005	3/31/2004
(Provision)/reversal of non-operating provisions	8,756	(1,431)
Non-operating equity result	5,733	(5,365)
Capital gains/ (losses) and Other	(2,145)	(4,277)
<b>Total</b>	<b>12,344</b>	<b>(11,073)</b>

**NOTE 13 – EXTRAORDINARY RESULT**

For a better analysis of the financial statements for the year, non-recurring income and expenses were segregated to the extraordinary result account, net of taxes, as follows:

	Parent company	Minority	Conglomerate
<b>Amortization of goodwill</b>			
Related to agreements and partnerships (*)	(93,685)	(106,315)	(200,000)
BPI - (SIC - Sociedade Independente de Comunicação S.A.)	46,294	21,134	67,428
Tax effects	8,431	9,569	18,000
<b>TOTAL</b>	<b>(38,960)</b>	<b>(75,612)</b>	<b>(114,572)</b>

(\*) Related to the association between the subsidiary Banco Itaú Holding Financeira S.A and Lojas Americanas S.A (LASA), aiming at establishing a partnership for the formation of a new financial company FAI - FINANCEIRA AMERICANA ITAÚ S.A. CRÉDITO, FINANCIAMENTO E INVESTIMENTO and the acquisition of the promoting company Facilita Serviços e Propaganda S.A. (FACILITA), which will act exclusively on the structuring and sale of financial products and services to LASA clients.

## NOTE 14 - TAXES

## a) Composition of expenses with taxes and contributions

Charges with Income Tax and Social Contribution on operations for the period, and to offset related to temporary additions and exclusions are as follows:

Due on Operations for the Period	01/01 to 03/31/2005	01/01 to 03/31/2004
<b>Income before income Tax and Social Contribution</b>	<b>2,117,546</b>	<b>1,494,923</b>
<b>Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (*) respectively</b>	<b>(719,966)</b>	<b>(508,274)</b>
<b>Increase/decrease in income Tax and Social Contribution charges arising from:</b>		
<b>Permanent (Inclusions) Exclusions</b>	<b>102,132</b>	<b>99,990</b>
Investments in affiliates	22,857	10,311
Foreign exchange variation of overseas investments	(14,701)	6,734
Interest on own capital	131,427	87,579
Non-deductible provisions and other	(37,451)	(4,634)
<b>Temporary (Inclusions) Exclusions</b>	<b>(112,766)</b>	<b>(109,250)</b>
Allowance for loan losses	(126,668)	5,643
Excess (Insufficiency) of Depreciation	116,726	16
Adjustment to market value of trading securities and derivative financial instruments	23,062	(31,952)
Labor provisions, civil and tax contingencies and other	(125,886)	(82,957)
<b>(Increase) Offset on tax losses/Negative social contribution basis</b>	<b>(64,288)</b>	<b>(3,561)</b>
<b>Expenses with Income Tax and Social Contribution</b>	<b>(794,888)</b>	<b>(521,095)</b>
<b>Related to Temporary Differences</b>		
Increase (reversal) for the period	192,210	81,468
Prior periods increase (reversal)	9,809	(1,919)
<b>Income (expenses) of deferred taxes</b>	<b>202,019</b>	<b>79,549</b>
<b>Total income tax and social contribution</b>	<b>(592,869)</b>	<b>(441,546)</b>

(\*) According to Note 4 m.

## b) Tax Credits

l) The tax credit balance segregated based on its origin (income tax and social contribution) is represented as follows:

	12/31/2004	Net changes	03/31/2005	03/31/2004
<b>Reflected in results</b>	<b>3,370,427</b>	<b>419,406</b>	<b>3,789,833</b>	<b>3,928,380</b>
<b>Related to tax losses and negative social contribution</b>	<b>645,507</b>	<b>138,979</b>	<b>784,486</b>	<b>809,373</b>
<b>Temporary differences:</b>	<b>2,724,920</b>	<b>280,427</b>	<b>3,005,347</b>	<b>3,119,007</b>
Allowance for loan losses	1,118,388	129,950	1,248,338	1,474,948
Adjustment to market value of trading securities and derivative financial instruments (assets and liabilities) (*)	-	-	-	251,943
Provision for interest on own capital	134,151	87,464	221,615	4,802
Provision for tax and social security contingencies	326,425	34,893	361,318	294,842
Labor contingencies	283,391	4,251	287,642	309,368
Civil Lawsuits	217,745	17,912	235,657	196,244
Allowance for real estate	41,150	(7,420)	33,730	50,199
Other	603,670	13,377	617,047	536,661
<b>Reflected in stockholders' equity - Adjustment to market value of available securities (*)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206</b>
<b>Total</b>	<b>3,370,427</b>	<b>419,406</b>	<b>3,789,833</b>	<b>3,928,586</b>
<b>Social Contribution to Offset arising from Option foreseen in article 8<sup>th</sup> of Provisional Measure 2,158-35, of August 24, 2001</b>	<b>1,277,434</b>	<b>(6,744)</b>	<b>1,270,690</b>	<b>1,336,496</b>

(\*) Note 3.



II) The estimate of realization and present value of tax credits and social contribution to offset, arising from Provisional Measure 2,158-35/01, existing at March 31, 2005, in accordance with the expectation to generate future taxable income, based on the history of profitability and technical studies of feasibility are:

Realization year	Tax credits			Social contribution to offset
	Temporary differences	Tax loss and negative basis	TOTAL	
2005	1,385,648	454,789	1,840,437	154,102
2006	570,044	329,697	899,741	210,506
2007	406,394	-	406,394	230,953
2008	243,837	-	243,837	258,352
2009	66,745	-	66,745	283,153
after 2009	332,679	-	332,679	133,624
<b>Total</b>	<b>3,005,347</b>	<b>784,486</b>	<b>3,789,833</b>	<b>1,270,690</b>
Present value (*)	2,638,369	720,744	3,359,113	1,054,775

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

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

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

III) There are unrecorded tax credits in the amount of R\$ 555,657 (R\$ 484,307 at 03/31/2004).

## c) Taxes and Social Security Contributions and Deposits for Interposition of Tax and Social Security Resources

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

	03/31/2005	03/31/2004
Taxes and contributions on income payable	494,097	321,222
Taxes and contributions payable	270,801	347,803
Provision for deferred income tax and social contribution	713,733	657,865
Provision for tax and social security contingencies	2,832,302	2,150,091
<b>Total</b>	<b>4,310,933</b>	<b>3,476,981</b>

II) Change in Deferred Income Tax and Social Contribution

	12/31/2004	Net changes	03/31/2005	03/31/2004
<b>Reflected in income and expense accounts</b>	<b>473,293</b>	<b>136,805</b>	<b>610,098</b>	<b>368,143</b>
Depreciation in excess - Leasing	350,336	116,693	467,029	226,164
Taxation on results abroad - Capital Gains	67,039	(2,948)	64,091	66,360
Revaluation reserve	9,869	(841)	9,028	10,304
Adjustment from operations in futures market	-	30,568	30,568	-
Adjustment to market value of trading securities and derivative financial instruments (assets and liabilities)	-	-	-	60,537
Other	46,049	(6,667)	39,382	4,778
<b>Reflected in stockholders' equity accounts - Adjustment to market value of securities available for sale (*)</b>	<b>146,980</b>	<b>(43,345)</b>	<b>103,635</b>	<b>289,722</b>
<b>Total</b>	<b>620,273</b>	<b>93,460</b>	<b>713,733</b>	<b>657,865</b>

(\*) Note 3.

III) Change in Tax and Social Security Contingencies

	03/31/2005	03/31/2004
<b>Opening balance</b>	<b>2,704,606</b>	<b>2,071,220</b>
Change in the period reflected in results	136,345	78,871
Charges on taxes	40,711	26,574
Net recognition	95,773	55,638
Write-offs through reversal	(139)	(3,341)
Write-offs through payment	(8,649)	-
<b>Closing balance</b>	<b>2,832,302</b>	<b>2,150,091</b>

## IV) Change in Deposits for Interposition of Tax and Social Security Resources

	03/31/2005
<b>Opening balance</b>	<b>1,450,465</b>
Appropriation of income	582
Change in the period	<u>95,258</u>
Deposited	107,512
Calculations	(10,106)
Conversion into income	(2,148)
<b>Closing balance</b>	<b>1,546,305</b>

## d) Taxes Paid or Provided for and Withheld from Clients

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

	03/31/2005	03/31/2004
Taxes paid or provided for	1,702,099	1,240,898
Taxes withheld and collected from clients	1,267,947	1,316,952
<b>Total</b>	<b>2,970,046</b>	<b>2,557,850</b>

**NOTE 15 - INVESTMENTS****a) Composition of investments**

	<b>03/31/2005</b>	<b>03/31/2004</b>
<b>Share of equity in affiliates</b>	<b>688,622</b>	<b>828,845</b>
Banco BPI S.A.	567,851	701,550
AGF Brasil Seguros S.A.	114,336	123,084
Other	6,435	4,211
<b>Other investments</b>	<b>163,188</b>	<b>141,426</b>
Investments by tax incentives	114,336	123,406
Equity securities	40,532	36,689
Shares and quotas	25,831	29,548
Other	83,274	73,177
Provision for losses	(100,785)	(121,394)
<b>TOTAL</b>	<b>851,810</b>	<b>970,271</b>

**b) Composition of equity in Income of Affiliates**

	<b>01/01 to 03/31/2005</b>	<b>01/01 to 03/31/2004</b>
Share of equity in affiliates	96,209	42,794
Foreign exchange variation on investments	(28,984)	(12,469)
<b>TOTAL</b>	<b>67,225</b>	<b>30,325</b>

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

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

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

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

	Number of shares at 12/31/2004 and 03/31/2005		
	Common	Preferred	Total
<b>Shares representative of share capital</b>	<b>1,206,398,844</b>	<b>2,046,936,642</b>	<b>3,253,335,486</b>
<b>Treasury (*)</b>	<b>-</b>	<b>28,776,000</b>	<b>28,776,000</b>
<b>Outstanding shares</b>	<b>1,206,398,844</b>	<b>2,018,160,642</b>	<b>3,224,559,486</b>

(\*) Based on authorization of the Board of Directors, in the period own shares were purchased to be held in treasury, later cancellation or replacement in the market. The cost of shares purchased in the period are shown below, as well as the average cost of treasury shares and their market value at 03/31/2005:

	Preferred
Cost/market value (R\$ 1/per thousand shares)	03/31/2005
<b>Purchases in the period</b>	
Minimum	2.85
Weighted average	3.31
Maximum	3.55
<b>Balance of treasury shares</b>	
Average cost	3.23
Market value at 03/31/2005	4.92

**b) Dividends**

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

**c) Prior years' adjustments**

As result of the adaptation to the International Financial Reporting Standards (IFRS) in the European Union countries, an adjustment to the December 31, 2004 financial statements was identified represented basically by the adjustment to the pension plans of BPI - SGPS S.A., reflecting in ITAÚSA a decrease in this investment in the amount of R\$ 105,946, wich net of tax effects resulted ina na R\$ 101,244 adjustament recorded as a debit from retained earnings.



**NOTE 17 - RELATED PARTIES**

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

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

The unconsolidated related parties are the following:

- The controlling companies of ITAÚSA;
- Fundação Itaúbanco, Fundação Itaúsa Industrial, FUNBEP – Multi-Sponsored Pension Fund and Employees' Social Security Savings of BEG (PREBEG), closed private pension entities that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 18a; and
- Fundação Itaú Social and Instituto Itaú Cultural - IIC, entities sponsored by Banco Itaú Holding Financeira S.A. and its subsidiaries to act in their respective areas of interest. During the period, the consolidated companies made donations to Fundação Itaú Social of R\$ 629 thousand (R\$ 823 from 01/01 to 03/31/2004) and to IIC of R\$ 5,150 ( R\$ 2,250 from 01/01 to 03/31/2004).

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

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

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

	03/31/2005	03/31/2004
Duratex	164,669	235,831
Elekeiroz	42,488	27,709
Itautec Philco	50,288	73,912
<b>Total</b>	<b>257,445</b>	<b>337,452</b>

**NOTE 18 - FINANCIAL INSTRUMENTS - MARKET VALUE**

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

The book value of each financial instrument, whether included or not in the balance sheet, when compared with the values that might be obtained in an active market, or in the absence of such markets, using the net present value of future cash flows adjust:

	Book value		Market value		Unrealized income (loss) <sup>(1) (2)</sup>			
					In result		Stockholders' equity	
	03/31/2005	03/31/2004	03/31/2005	03/31/2004	03/31/2005	03/31/2004	03/31/2005	03/31/2004
Interbank deposits	22,158,227	25,096,681	22,162,479	25,105,575	4,252	8,894	4,252	8,894
Securities and derivative financial instruments	30,466,230	29,622,102	30,466,230	29,622,102				
Securities unrealized result					1,103,106	1,512,518	554,902	692,777
Additional provision (exceeding the minimum required)					400,000	545,000	400,000	545,000
Adjustment of securities available for sale					540,086	712,421	-	-
Adjustment of securities held up to maturity					163,020	255,097	154,902	147,777
Loan and leasing operations	47,691,767	35,767,463	47,907,451	36,166,448	215,684	398,985	215,684	398,985
Investment in BPI	567,851	701,550	1,333,336	1,398,084	765,485	696,534	765,485	696,534
Funds raised by subsidiaries	75,289,974	72,937,806	75,280,763	72,867,294	9,211	70,512	9,211	70,512
Other liabilities	30,687,658	21,472,844	30,596,589	21,363,919	91,069	108,925	91,069	108,925
Subordinated debts	4,769,877	4,854,649	4,695,492	4,736,144	74,385	118,505	74,385	118,505
Treasury shares	492,513	501,983	973,081	692,693	-	-	480,568	190,710
<b>Total unrealized</b>					<b>2,263,192</b>	<b>2,914,873</b>	<b>2,195,556</b>	<b>2,285,842</b>

(1) Does not include the related tax effects.

(2) Includes unrealized gains from minority interest amounting to R\$ 1,034,957 (R\$ 1,401,852 at 03/31/2004) on income and R\$ 973,126 (R\$ 1,060,581 at 03/31/2004) on stockholders' equity.

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

- Interbank deposits, bank deposit certificates and mortgage notes, the last two included in Securities, were determined on the basis of their nominal values, monetarily restated to maturity dates and discounted to present value using futures market interest rates and swap market rates for fixed-rate securities and using rates published in the Gazeta Mercantil in April 1, 2005, for floating-rate securities.
- Government securities, in Securities, were determined based on their market value, approved by the comparison with information provided by the National Association of Open Market Institutions (ANDIMA). For the companies of the Financial and Insurance Areas, were determined based on their market value, according to the rules established by BACEN Letters 3068 of November 8, 2001 and 3082 of January 30, 2002 and SUSEP Letter 226, of February 7, 2003, except when classified as held to maturity.
- Shares of listed companies, when included in Securities, by the average rate available in the last trading session of the month, or, if not, the most recent rate quotation in prior trading sessions, published in the Daily Report of each Stock Exchange.
- Loan operations with maturity over 90 days, when available, based on net present value of future cash flows discounted at the interest rate used by the market at the balance sheet date, also considering the effects of the hedge operations (swap contracts).
- Interest in overseas subsidiary (BPI), by the share value at the stock exchanges, by equity value of the share and auction quotation.
- Time and interbank deposits and funds from acceptances and issuance of securities, when available, were calculated based on their present value determined by means of future cash flows discounted using future market interest rates, swap market rates for fixed-rate securities, and market rates for floating-rate securities published in the Gazeta Mercantil on April 1, 2005. The effects of hedges (swap contracts) are also taken into account.
- Securitization of the Payment Orders Abroad, based on the net present value of the future cash flows estimated as from the interest curves of the indexation marketplaces, net of the interest rates practiced in the market on the balance sheet date, considering the credit risk of the issuer, calculated based on the market price of other securities issued by the same.
- Subordinated Debts, based on the net present value of future fixed or post-fixed cash flows in foreign currency, net of the interest rates practiced in the market on the balance sheet date and considering the credit risk of the issuer. The post-fixed cash flows are estimated as from the interest curves of the indexation marketplaces.
- Derivatives, related to swap operations contracted to hedge the remaining assets/liabilities, based on reference values of each of the contracts parameters (part and counterpart), restated up to the maturity dates and discounted at present value at the future market interest rates, in compliance with the characteristics of each contract.
- Treasury shares are valued according to the average quotation available on the last trading of the month or, if this is not available, according to the most recent quotation on prior trading days, published in the daily bulletin of each Stock Exchange.

**NOTE 19 – RECLASSIFICATION FOR COMPARISON PURPOSES**

In order to keep a comparison standard for the March 31, 2005 financial statements of ITAÚSA CONSOLIDATED, reclassifications were made in the March 31, 2004 balances, mainly to make the Finance Area's transactions clearer.

	Prior disclosure	Reclassifications	Reclassified balances
<b>ASSETS</b>			
<b>CURRENT ASSETS AND LONG-TERM RECEIVABLES</b>	<b>125,996,330</b>	<b>-</b>	<b>125,996,330</b>
Other credits	22,433,075	(85,691)	22,347,384
(-) Allowance for doubtful accounts	(85,691)	85,691	-
<b>PERMANENT ASSETS</b>	<b>4,699,487</b>	<b>-</b>	<b>4,699,487</b>
Property, plant and equipment			
Property for own use	3,268,506	3,674,489	6,942,995
Leased properties	70,425	68,609	139,034
(Accumulated depreciation)	-	(3,743,098)	(3,743,098)
<b>TOTAL ASSETS</b>	<b>130,695,817</b>	<b>-</b>	<b>130,695,817</b>
<b>LIABILITIES</b>			
<b>CURRENT AND LONG-TERM LIABILITIES</b>	<b>115,158,989</b>	<b>-</b>	<b>115,158,989</b>
Funds raised by subsidiaries			
Foreign currency	11,484,804	30,457	11,515,261
Domestic currency	40,057,449	(30,457)	40,026,992
Statutory and social obligations	450,300	129,618	579,918
Other liabilities	21,602,462	(129,618)	21,472,844
<b>TOTAL LIABILITIES</b>	<b>130,695,817</b>	<b>-</b>	<b>130,695,817</b>
<b>STATEMENT OF INCOME</b>			
<b>OPERATING REVENUE</b>	<b>8,203,448</b>	<b>(53,647)</b>	<b>8,149,801</b>
<b>OPERATING EXPENSES</b>	<b>(6,679,966)</b>	<b>36,161</b>	<b>(6,643,805)</b>
<b>OPERATING INCOME</b>	<b>1,523,482</b>	<b>(17,486)</b>	<b>1,505,996</b>
<b>NON-OPERATING RESULT</b>	<b>(28,559)</b>	<b>17,486</b>	<b>(11,073)</b>
<b>NET INCOME OF CONGLOMERATE</b>	<b>956,962</b>	<b>-</b>	<b>956,962</b>

**NOTE 20 – BENEFITS TO EMPLOYEES**

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

**a) Supplementary retirement benefits:**

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

All of these plans provide defined benefits and are closed to new participants.

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

During the period, the contributions paid totaled R\$ 7,057 (R\$ 6,854 from January 1 to March 31, 2004). The contribution rate increases based on the participant's income.

**b) Post-employment benefits:**

ITAÚSA and/or its subsidiaries do not sponsor other post-employment benefits, except in those cases arising from maintenance obligations according to the acquisition agreements signed by controlling ITAÚ, under the terms and conditions established, in which health plans are totally or partially sponsored for retired workers and beneficiaries. During the period, the contributions made totaled R\$ 2,193 (R\$ 4,129 from January 1 to March 31, 2004). The contribution rate increases based on the beneficiary's age.

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

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

	03/31/2005	03/31/2004
Net assets of the plans	8,992,399	7,499,983
Actuarial liabilities	(7,373,738)	(6,086,678)
Surplus (*)	1,618,661	1,413,305

(\*) According to paragraph 49.g of the attachment to the CVM Resolution 371/00, the net surplus was not recognized.

In addition to the reserves kept by the plans, the sponsors have provisions in the amount of R\$ 27,046 (R\$ 27,406 at March 31, 2004) cover insufficient actuarial reserves.

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

	01/01 to 03/31/2005			01/01 to 03/31/2004		
	Assets	Actuarial liabilities	Excess of assets over liabilities	Assets	Actuarial liabilities	Excess of assets over liabilities
Present value – beginning of the period	8,685,202	(7,235,424)	1,449,778	7,272,962	(5,967,582)	1,305,380
Expected return from assets/Cost of current service + Interest	264,892	(226,923)	37,969	221,616	(196,548)	25,068
Benefits paid	(88,609)	88,609	-	(77,452)	77,452	-
Contributions employer/Participants	15,655	-	15,655	17,142	-	17,142
Gains/(Losses) in the period (*)	115,259	-	115,259	65,715	-	65,715
Present value - end of period	8,992,399	(7,373,738)	1,618,661	7,499,983	(6,086,678)	1,413,305

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

## e) Main assumptions used in actuarial evaluation

	03/31/2005		03/31/2004	
	Financial area (1)	Industrial area (2)	Financial area (1)	Industrial area (2)
Discount rate	10.24% <sup>aa</sup>	11.30% (3)	10.24% <sup>aa</sup>	10.25% (3)
Return rate expected for the assets	12.32% <sup>aa</sup>	13.40% <sup>aa</sup>	12.32% <sup>aa</sup>	13.40% <sup>aa</sup>
Mortality table	GAM-83	GAM-83	GAM-83	UP-94
Turnover	Exp.Itaú 99/01	Exp.Towers	(4)	(4)
Future Salary Growth	7.12% <sup>aa</sup>	9.20% (5)	7.12% <sup>aa</sup>	9.20% (5)
Growth of the pension fund and social security benefits	4.00% <sup>aa</sup>	5.00% <sup>aa</sup>	4.00% <sup>aa</sup>	5.00% <sup>aa</sup>
Inflation	4.00% <sup>aa</sup>	5.00% <sup>aa</sup>	4.00% <sup>aa</sup>	5.00% <sup>aa</sup>
Actuarial method	Cred.Unit.Projet. (6)	Cred.Unit.Projet. (6)	Cred.Unit.Projet. (6)	Cred.Unit.Projet. (6)

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

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

(3) The BD-Itautec plan uses a discount rate of 9.20% p.a.

(4) The turnover assumption is based on the effective participants of Banco Itaú S.A., resulting in an average of 2.0% p.a. based on experience 99/01. The BD-Duratex plan is based on the experience of Duratex and the BD-Itautec uses zero turnover rate.

(5) The BD-Itautec plan uses a future salary growth rate of 11.30% p.a.

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



**NOTE 21 - ADDITIONAL INFORMATION****a) Insurance policy**

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

**b) Foreign currencies**

The balances in reais linked to foreign currency were:

	03/31/2005	03/31/2004
<b>Permanent foreign investments</b>	<b>7,166,427</b>	<b>7,344,197</b>
Net amount of assets and liabilities indexed to foreign currency, including derivatives	(11,175,294)	(11,233,084)
<b>Net foreign exchange position</b>	<b>(4,008,867)</b>	<b>(3,888,887)</b>

Net foreign exchange position, if considered the tax effects on net balance of the other assets and liabilities linked to foreign currency, reflects the low exposure to exchange variations.

## NOTE 22 - STATEMENT OF CASH FLOWS

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

	01/01 to 03/31/2005	01/01 to 03/31/2004
<b>Adjusted net income</b>	<b>2,640,297</b>	<b>2,178,582</b>
Net income	679,064	479,546
Adjustment to net income:	1,961,233	1,699,036
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	1,894	122,351
Allowance for loan losses	755,897	363,343
Adjustment to provision and contingent liabilities	24,743	(77,937)
Results from operations with subordinated debt	110,852	151,030
Results from operations with foreign payment order securitization	24,341	24,189
Change in technical provision for insurance, pension plan and capitalization	382,495	592,740
Depreciation and amortization	169,342	164,267
Extraordinary result in subsidiaries	132,572	(4,844)
Deferred taxes	(202,019)	(79,549)
(Income) Loss on sales of assets	2,743	(3,566)
Equity in the results of subsidiaries and associated companies	(67,191)	(30,325)
Exchange variation of permanent assets	(837)	(4,073)
(Reversal) Provision for losses	(4,501)	3,994
Minority interest results	630,902	477,416
<b>Changes in assets and liabilities</b>	<b>(3,727,821)</b>	<b>(3,494,235)</b>
(Increase) Decrease in short-term interbank investments	(2,370,530)	(3,839,279)
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	409,599	(101,597)
(Increase) Decrease in interbank accounts of subsidiaries	(47,075)	144,916
(Increase) Decrease in loan and leasing operations	(4,095,098)	(642,975)
(Increase) Decrease in inventories	(16,382)	(30,985)
(Increase) Decrease in other credits and other assets	(4,143,508)	212,475
(Increase) Decrease in foreign exchange portfolio	(95,813)	(174,336)
(Increase) Decrease in prepaid expenses	2,122	(36,398)
(Decrease) Increase in technical provisions for insurance, pension plan and capitalization	148,310	38,494
(Decrease) Increase in provisions and accounts payable and other liabilities	6,482,498	923,750
(Decrease) Increase in deferred income	(1,944)	11,700
<b>OPERATING ACTIVITIES - Net cash provided by/(invested)</b>	<b>(1,087,524)</b>	<b>(1,315,653)</b>
Sale of investments	29	4,557
Sale of fixed assets in use	-	15,007
Decrease in deferred charges	-	7,719
Purchase of investments	(7,488)	(12,633)
Goodwill on purchase of investments	(200,000)	-
Purchase of fixed assets and forest reserves	(140,646)	(146,372)
Investment in deferred charges	(15,207)	(20,162)
Change in minority interest	38,252	(24,242)
<b>INVESTMENT ACTIVITIES - Net cash provided by/(invested)</b>	<b>(325,060)</b>	<b>(176,126)</b>
Increase (Decrease) in funds obtained by subsidiaries - foreign currency	486,015	352,916
Increase (Decrease) in funds obtained by subsidiaries - domestic currency	1,537,303	(2,164,451)
Increase (Decrease) in funds obtained by subsidiaries - open market	1,268,550	4,463,344
Increase (Decrease) in borrowings - foreign currency	23,912	(15,968)
Increase (Decrease) in borrowings - local currency	(45,230)	(3,371)
Increase (Decrease) in liabilities by subordinated debt	(438,149)	(377,937)
Increase (Decrease) in securitization of foreign payment orders	(284,958)	(92,765)
Increase (Decrease) in liabilities by subordinated debt	(106,315)	(109,952)
Dividends paid to minority stockholders	(540,722)	(432,911)
Purchase of treasury shares	-	(45,119)
Interest on own capital paid	(426,029)	(305,510)
<b>FINANCING ACTIVITIES - Net cash provided by/(invested)</b>	<b>1,474,377</b>	<b>1,268,276</b>
<b>INCREASE/(DECREASE) IN CASH AND EQUIVALENTS, NET</b>	<b>61,793</b>	<b>(223,503)</b>
At the beginning of the year	2,035,381	2,342,549
At the end of the year	2,097,174	2,119,046

## REPORT OF INDEPENDENT AUDITORS ON LIMITED REVIEW OF CONSOLIDATED

### Report of Independent Auditors on Limited Reviews

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

1. We have carried out limited reviews of the accounting information included in the Quarterly Information of Itaúsa - Investimentos Itaú S.A. and its subsidiaries (consolidated) for the quarters ended March 31, 2005 and 2004, consisting of the consolidated balance sheets and the corresponding consolidated statements of income. This financial information is the responsibility of the Company's management.
2. Our reviews were carried out in conformity with specific standards established by the IBRACON - Institute of Independent Auditors of Brazil, in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of Company and its subsidiaries.
3. Based on our limited reviews, we are not aware of any material modifications that should be made to the Quarterly Information referred to above in order that such information be stated in conformity with the accounting practices adopted in Brazil applicable to the preparation of Quarterly Information, consistent with the Brazilian Securities Commission (CVM) regulations.

São Paulo, May 9, 2005

PricewaterhouseCoopers  
Independent Auditors  
CRC 2SP000160/O-5

Ricardo Baldin  
Accountant CRC 1SP110374/O-0

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

# ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ. 61.532.644/0001-15

Publicly-listed Company

## OPINION OF THE FISCAL COUNCIL

The members of ITAÚSA - INVESTIMENTOS ITAÚ S.A.'s Fiscal Council, after examining the management report and the financial statements for the quarter ended March 31, 2005, have verified the correctness of all elements presented and understand that they fairly reflect the Company's accounts, financial position and the activities during the period, recommending that they be approved by the Company's Board of Directors.

São Paulo-SP, May 9, 2005.

JOSÉ MARCOS KONDER COMPARATO  
Chairman

GERALDO DE CAMARGO VIDIGAL  
Member

MARCOS DE ANDRADE REIS VILLELA  
Member

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**PERIODS ENDED MARCH 31, 2005 AND 2004**  
*(In thousands of reais)*

**NOTE 1 - TAXES****a) Composition of expenses with taxes and contributions**

Charges with income tax and Social contribution on operation for the period and to offset related temporary additions and exclusions are as follows:

Due on Operations for the Period	01/01 to 03/31/2005	01/01 to 03/31/2004
<b>Income before income tax and Social contribution</b>	<b>734,787</b>	<b>468,467</b>
<b>Charges (Income tax and Social contribution) at the rates of 25% and 9%, respectively</b>	<b>(249,828)</b>	<b>(159,279)</b>
<b>Increase/decrease in income tax and Social contribution charges arising from:</b>		
<b>Permanent (inclusions) exclusions</b>	<b>228,407</b>	<b>185,209</b>
Investments in affiliates and associated companies	217,221	142,406
Interest on own capital	60,017	39,869
Other provisions	(48,831)	2,934
<b>Temporary (inclusions) exclusions</b>	<b>(15,748)</b>	<b>(25,930)</b>
Other provisions	(15,748)	(25,930)
<b>Total income tax and social contribution</b>	<b>(37,169)</b>	<b>-</b>

**b) Tax credits**

The Company recorded tax credits on tax losses of R\$ 1,502.

There are unrecorded tax credits in the amount of R\$ 35,338 (R\$ 47,772 at 03/31/2004).

**c) Taxes and Social Security Contributions**

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

	03/31/2005	03/31/2004
<b>Short-term</b>	<b>19,207</b>	<b>10,197</b>
Taxes and contributions payable	19,207	10,197
<b>Long-term</b>	<b>11,301</b>	<b>7,312</b>
Provision for tax contingencies	11,301	7,312

**NOTE 2 - FOREIGN CURRENCIES**

The balances in reais linked to foreign currency were:

	03/31/2005	03/31/2004
Permanent foreign investments	179,847	186,481
Net amount of assets and liabilities indexed to foreign currency, including derivatives	(1,330,924)	(1,481,955)
<b>Net foreign exchange position</b>	<b>(1,151,077)</b>	<b>(1,295,474)</b>

### NOTE 3 – DERIVATIVE FINANCIAL INSTRUMENTS

**a) Derivative financial instruments** - at March 31, 2005 there were no outstanding derivative transactions.

**b) Market value** - The financial statements are prepared in conformity with the accounting principles, which presupposes the normal continuity of the operations of ITAÚSA.

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

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

- Government securities, in Securities, were determined based on their market value, approved by the comparison with information provided by the National Association of Open Market Institutions (ANDIMA).
- Investment Fund Quotas, in Securities, at the quota value on the balance sheet date.
- Shares of listed companies, when included in Securities, by the average rate available in the last trading session of the month, or, if not, the most recent rate quotation in prior trading sessions, published in the Daily Report of each Stock Exchange.

**NOTE 4 - DIVIDENDS**

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

**I. Calculation**

Net income	696,551	
Adjustments		
(-) Legal reserve	(34,828)	
Calculation basis of dividend	661,723	
Interest on own capital	165,431	25.00%

**II. Payment/provision for interest on own capital**

	Gross	WHT	Net
<b>Provisioned</b>			
Quarterly - 1 installment of R\$ 9.50 per thousand shares, paid in 07/01/2005	30,633	4,595	26,038
Supplementary to be declared	163,992	24,599	139,393
<b>Total 03/31/2005</b>	194,625	29,194	165,431
<b>Total 03/31/2004</b>	131,236	19,685	111,551



**NOTE 5 - REVENUE RESERVES**

	<b>03/31/2005</b>	<b>03/31/2004</b>
<b>Revenue reserves</b>	<b>5,665,722</b>	<b>4,047,926</b>
Legal	505,557	369,783
Statutory	5,160,165	3,678,143
Dividends equalization (1)	2,232,646	1,564,375
Working capital increase (2)	1,290,828	1,022,939
Increase in capital of investees (3)	1,636,691	1,090,829

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

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

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

## NOTE 6 - RECONCILIATION OF NET INCOME AND STOCKHOLDERS' EQUITY BETWEEN ITAÚSA AND ITAÚSA CONSOLIDATED

The difference in net income and stockholders' equity between ITAÚSA and ITAÚSA CONSOLIDATED arises from the effect of the adoption of distinct criteria for the amortization of goodwill, derived from the purchase of investments and for the establishment of tax credits as well as the elimination of unrealized profits, arising from transactions between consolidated companies, which corresponding taxes have been deferred.

	Net income		Stockholders' equity	
	01/01 to 03/31/2005	01/01 to 03/31/2004	03/31/2005	03/31/2004
<b>ITAÚSA</b>	<b>696,551</b>	<b>469,687</b>	<b>9,631,117</b>	<b>7,799,735</b>
Goodwill amortization	(12,173)	10,582	(796,717)	(254,463)
Tax credit	(5,314)	(723)	364,047	376,748
Unrealized results	-	-	(120)	(1,506)
<b>ITAÚSA CONSOLIDATED</b>	<b>679,064</b>	<b>479,546</b>	<b>9,198,327</b>	<b>7,920,514</b>

## NOTE 7 - INVESTMENTS

## a) Interest in subsidiaries - ITAÚSA

Companies	Balances at 12/31/2004 (a)	Dividends received and interest on own capital	Interest in subsidiaries	Adjustment to marketable securities of subsidiaries	Amortization of goodwill	Prior-year adjustments (d)	Other	Balances at 12/31/2005 (a)	Book value of investments at 03/31/04 (a)	Interest in subsidiaries from 01/01 to 03/31/04
Banco Itaú Holding Financeira S.A.	6,957,499	(162,150)	592,975 (b)	(59,734)		(40,727)		7,287,863	5,701,998	393,419 (f)
Itaúsa Export S.A.	603,423	-	887	(3,868)	(151)	(51,389)		548,902	630,556	1,606
Itaucorp S.A.	452,032		20,268					472,300	381,709	12,962
Duratex S.A.	316,598	(4,528)	9,434 (b)					321,504	299,140	3,015 (f)
Itautec Philco S.A.	193,681	-	17,649					211,330	160,910	(651)
Itaúsa Europa - Investimentos, SGPS, LDA.	115,516		3,569 (c)	(688)		(13,830)		104,567	117,874	1,902 (c)
Elektopart Participações e Administração S.A.	66,180		312					66,492	65,187	212
Ith Zux Cayman Company Ltd.	42,434		562 (c)					42,996	52,465	529 (c)
Elekeiroz S.A.	7,608		599					8,207	6,047	421
Other	5,915		30				(5) (e)	5,940	9,038	328
<b>TOTAL</b>	<b>8,760,886</b>	<b>(166,678)</b>	<b>646,285</b>	<b>(64,290)</b>	<b>(151)</b>	<b>(105,946)</b>	<b>(5)</b>	<b>9,070,101</b>	<b>7,424,924</b>	<b>413,743</b>

(a) Includes total goodwill/negative goodwill, being: R\$ 7,655 at 12/31/2004, R\$ 7,503 at 03/31/2005 and R\$ 7,951 at 03/31/2004;

(b) Includes non-operating income in the amount of R\$ 7,399;

(c) Includes foreign exchange expense in the amount of R\$ 5,605 in the first quarter of 2005 and R\$ 1,878 in the first quarter of 2004;

(d) Note 16c - consolidated;

(e) Sales in the first quarter of 2005;

(f) Includes non-operating variation expenses in the amount of R\$ 5,098.

Companies	Capital	Adjusted net equity	Adjusted net income for the period	Number of shares owned by ITAÚSA		Holding in voting capital (%)	Holding in capital (%)
				Common	Preferred		
Banco Itaú Holding Financeira S.A.	8,101,000	15,514,535	1,238,435	53,246,417	2,803	87.87	46.84
Itaúsa Export S.A.	437,550	908,861	(9,216)	13,496,788,170	136,168,384	80.00	77.77
Itaucorp S.A.	191,682	487,321	20,225	23,819,714	7,871,959	99.99	99.99
Duratex S.A.	325,000	1,004,467	40,053	2,836,632,366	982,311,585	64.36	32.47
Itautec Philco S.A.	226,468	337,635	10,645	155,411,287	-	89.17	89.17
Itaúsa Europa - Investimentos, SGPS, LDA.	846,977	1,132,439	59,685	29,708,318	-	12.14	12.14
Elektopart Participações e Administração S.A.	71,000	218,914	15,879	10,126,925	-	1.97	1.97
Ith Zux Cayman Company Ltd.	93,317	54,061	324	35,000,000	-	100.00	100.00
Elekeiroz S.A.	175,000	303,267	15,396	11,183,657	12,628,787	3.85	3.78

## NOTE 8 - STATEMENT OF CASH FLOWS

	01/01 to 03/31/2005	01/01 to 03/31/2004
<b>Adjusted net income</b>	<b>50,663</b>	<b>53,487</b>
Net income	696,551	469,687
Adjustment to net income:	(645,888)	(416,200)
Goodwill amortization	150	150
Equity in the results of affiliates and associated companies	(646,285)	(413,743)
Extraordinary result	-	(2,261)
(Reversal) provision for losses	21	(582)
Depreciation and amortization	226	236
<b>Changes in assets and liabilities</b>	<b>(103,292)</b>	<b>(84,555)</b>
(Increase) Decrease in securities and derivative financial instruments	(137,353)	(67,690)
(Increase) Decrease in other credits and other assets	31,056	(5,516)
(Increase) Decrease in prepaid expenses	-	(30)
(Decrease) Increase in provisions and accounts payable and other liabilities	3,005	(11,319)
<b>OPERATING ACTIVITIES - Net cash provided by/(invested)</b>	<b>(52,629)</b>	<b>(31,068)</b>
Sale of investments	6	-
Sale of fixed assets	6	-
Purchase of fixed assets	(5)	(68)
Interest on capital/dividends received	478,461	381,801
<b>INVESTMENT ACTIVITIES - Net cash provided by/(invested)</b>	<b>478,468</b>	<b>381,733</b>
Purchase of treasury shares	-	(45,119)
Interest on own capital paid	(426,029)	(305,510)
<b>FINANCING ACTIVITIES - Net cash provided by/(invested)</b>	<b>(426,029)</b>	<b>(350,629)</b>
<b>INCREASE/(DECREASE) IN CASH AND EQUIVALENTS, NET</b>	<b>(190)</b>	<b>36</b>
At the beginning of the period	193	2
At the end of the period	3	38
<b>INCREASE/(DECREASE) IN CASH AND EQUIVALENTS, NET</b>	<b>(190)</b>	<b>36</b>