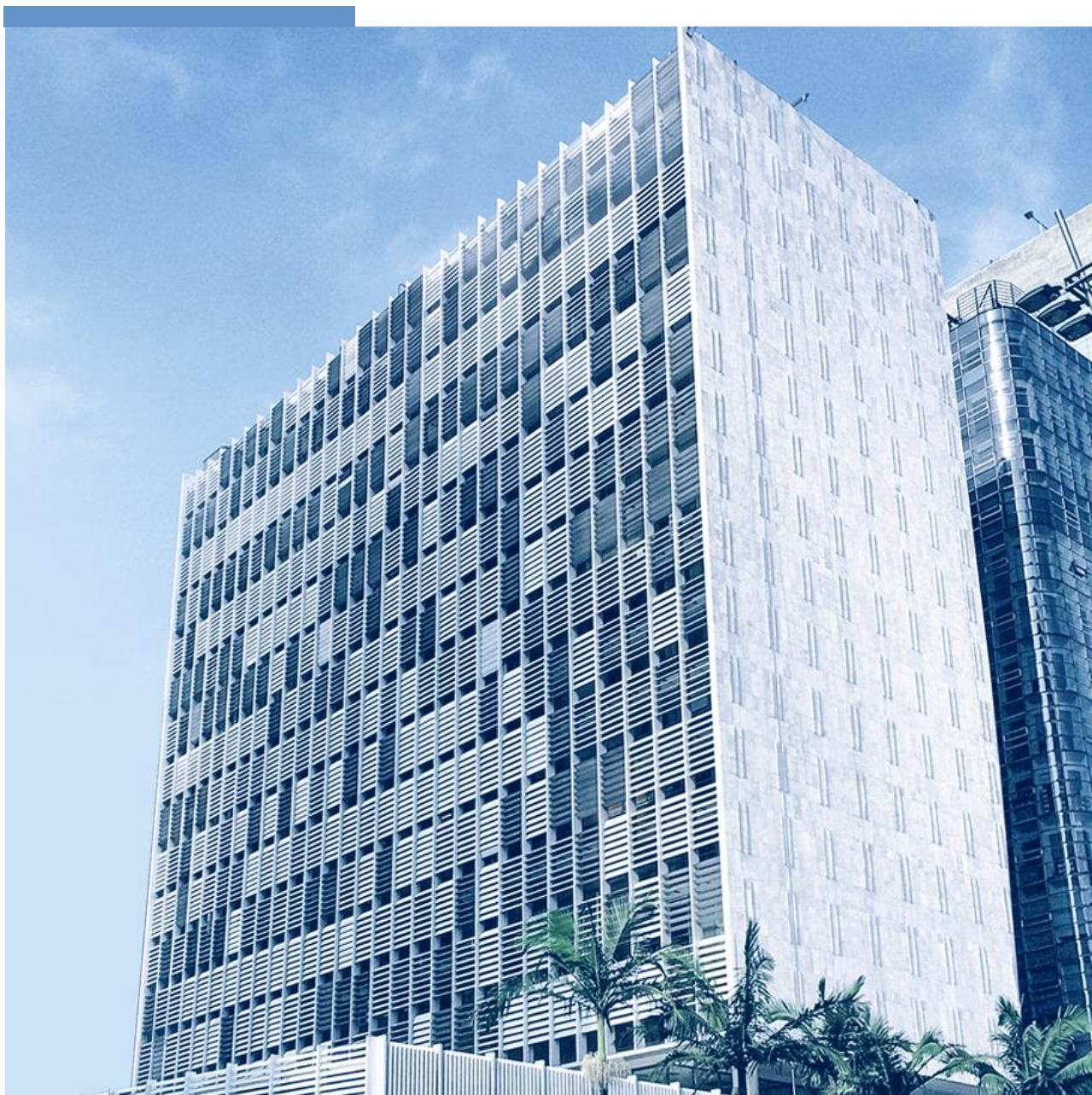


ITAÚSA



Itaúsa Headquarters | Paulista Avenue - São Paulo/Brazil

Interim Financial Statements

March 31, 2020

Contents

MANAGEMENT REPORT.....	18
EXECUTIVE BOARD	17
FINANCIAL STATEMENTS	18
NOTES TO THE INTERIM FINANCIAL STATEMENTS.....	23
1. OPERATIONS.....	23
2. BASIS OF PREPARATION AND PRESENTATION	23
3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT.....	27
4. CASH AND CASH EQUIVALENTS	33
5. MARKETABLE SECURITIES.....	33
6. TRADE ACCOUNTS RECEIVABLE	34
7. INVENTORIES.....	35
8. DIVIDENDS AND INTEREST ON CAPITAL RECEIVABLE	35
9. OTHER ASSETS AND LIABILITIES.....	36
10. BIOLOGICAL ASSETS.....	37
11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION.....	38
12. RIGHT-OF-USE AND LEASES	40
13. INVESTMENTS.....	42
14. PROPERTY, PLANT AND EQUIPMENT (PPE)	48
15. INTANGIBLE ASSETS.....	49
16. DEBTS	51
17. DEBENTURES	53
18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES	54
19. EQUITY	56
20. NET REVENUE.....	58
21. RESULT BY NATURE	59
22. OTHER INCOME AND EXPENSES	59
23. FINANCE RESULT	60
24. INCOME TAX AND SOCIAL CONTRIBUTION	60
25. EARNINGS PER SHARE.....	61
26. SEGMENT INFORMATION	61
27. RELATED PARTIES	63
28. NON-CASH TRANSACTIONS	65
29. ADDITIONAL INFORMATION.....	65
30. SUBSEQUENT EVENTS	66
REPORT ON REVIEW OF PARENT COMPANY AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	67
OPINION OF THE FISCAL COUNCIL.....	69
SUMMARIZED MINUTES OF THE MEETING OF THE BOARD OF OFFICERS.....	70

Management Report

We present the Management Report and the Financial Statements of Itaúsa – Investimentos Itaú S.A. (Itaúsa) for the first quarter of 2020 (1Q20), prepared in accordance with the standards established by the Accounting Pronouncement Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), as well as the International Financial Reporting Standards (IFRS).

Independent auditor's report

The Financial Statements were audited by PricewaterhouseCoopers Auditores Independentes (PwC) and have received an unqualified opinion from the external auditor. The Financial Statements were approved by the Fiscal Council. The Financial Statements were made available to the market on the websites of Itaúsa, B3 S.A. – Brasil, Bolsa, Balcão (B3), and the CVM.

1. Message from Management

The Brazilian social and economic environment experienced a major change in course in the first months of 2020, with the COVID-19 confirmed as a pandemic. Uncertainties as to how great will be the impacts on the global economy have affected economic growth expectations, with a sharp fall in commodities prices and increased volatility in financial asset prices. The main equities index of the Brazilian stock exchange (B3), Ibovespa fell by 37% in the first quarter of 2020, the third worst performance among the world's major stock exchange indexes. Against this backdrop, despite the monetary and fiscal stimulus measures adopted by the world's top economies, a challenging scenario is expected for emerging countries, including Brazil, in the medium term.

Market expectations in the short term have substantially worsened, with GDP falling by 4.1% in 2020, as measured by market consensus for economic activity as outlined in the Focus Market Readout disclosed by the Central Bank of Brazil on May 11, 2020. Unemployment rate in Brazil, measured by Pnad Contínua, reached 12.2% in 1Q20 (from 11% in 4Q19), partially driven by restrictions on economic activities and increased uncertainties caused by the pandemic.

Therefore, the Central Bank of Brazil (BACEN) has been cautious in the monetary policy guidance, suggesting that the basic interest rate be kept below the structural level (currently at 3.0% per year), since it has not yet been able to measure the magnitude of the pandemic effects on inflation, which has been under the target (12-month IPCA to March 2020 totaled 3.3%).

The portfolio's investees are monitoring the pandemic's economic effects on Brazil and the other countries where they operate, which may adversely impact their results. Nevertheless, progress in the optimization of processes and assets, elimination of complexities and technology and process automation investments made over the past few years should minimize part of these adverse impacts, as these measures help business to become more prepared and resilient to challenging environments.

Itaúsa strengthens its belief that a culture based on capital-allocation discipline tends to bring about higher returns in the long term, and remains cautious and diligent in the short term, particularly with the management of its own and investees' cash, as well as with their employees' health and wellbeing. It also remains attentive to opportunities and challenges arising from potential changes in economy and society in the aftermath of the pandemic.

2. Itaúsa Highlights

COVID-19 impacts and relief efforts

Under the scope of its strategy to operate by way of shared culture and influence and jointly with its investees, Itaúsa has undertaken efforts to minimize the impacts arising from the current pandemic on its operations and on society.

Itaúsa and investees have set up Crisis Management Committees and adopted operating protocols to ensure the health, wellbeing and safety of employees, management members and third parties, particularly those who are in a high-risk group according to the Brazilian Ministry of Health. Solutions have been implemented and home-office work equipment and devices have been made available at Itaúsa and at the administrative operations in the whole group, influenza vaccination campaigns have been brought forward, and a number of social distancing practices have been adopted, such as cancelling in-person meetings, events, field visits, and travel. Itaúsa has also come together with some investees by joining the *#NãoDemita* (don't sack anyone) initiative, strengthening the commitment to retain staff and avoid dismissals without cause during the pandemic.

Aware of the social and economic impacts on the communities where they are present, investees have also carried out many initiatives to battle COVID-19 by donating funds to buy ventilators and carrying out other public health projects, from bathroom fixtures and fittings to be used in field hospitals, protective equipment to health professionals, to basic product and hygiene kits, among other initiatives.

From the economic and financial impact viewpoint, our non-financial investees have undertaken efforts to strengthen their liquidity by raising new and renegotiating current financing lines, bracing themselves for any long-lasting stress scenarios. Moreover, negotiations with suppliers and clients have been conducted to preserve the financial health of not only the companies but also of the whole chain required for sustaining activities in the long term.

Measures such as the partial suspension of manufacturing activities and the temporary closure of stores and bank branches in some cities, as well as the economic downturn, have been closely monitored for a prompt response to scenario changes.

In banking operations, Itaú Unibanco has focused on solutions to preserve the financial health of its customers, with approximately 850 thousand credit operations with individuals and companies having already been renegotiated. In addition, exemptions from fees were granted, such as current account fees and credit cards, grace periods of up to 180 days for companies and up to 120 days for individuals, extension of payment periods of up to 5 years for companies and up to 6 for individuals and expansion of services provided digitally, such as paying INSS pensioners via the 24-hour network, depositing a check and recovering a card password using the Itaú app. In addition, Itaú Unibanco suspended the termination of its employees and placed 95% of the workforce at headquarters, call centers and digital branches in the home office.

Despite the arrangements made to mitigate the pandemic impacts on the investees' operations, the results of these companies and thus of Itaúsa itself will be adversely impacted and their performance will be worse than expected originally for this year and on a year-on-year basis, as can already be noted with the publication of the results for the first quarter of 2020. However, it is not possible to measure these impacts as a whole, since at the moment this report is disclosed, the situation has not returned to normal.

For further information on the performance of each investee, please see Section 5 (Comments on the Performance of Investees).

Enhanced presentation of the financial statements

Proceeding with its financial reporting enhancement process, aimed to make the review and interpretation of results more objective, Itaúsa reinforces that, as from this quarter (1Q20) on, its explanatory notes are being prepared in a reduced format in conformity with CPC 21 (R1) and international standard IAS 34, consistent with the standards issued by CVM applicable to the preparation of Financial Statements.

Management is pleased to invite readers of this report to track the progress of this document, available on the websites of Itaúsa (<http://www.itausa.com.br/en/financial-information/financial-statements>) and of CVM, and to share your insights and suggestions for improvement via email investor-relations@itausa.com.br.

Subsequent Events

Increased interest in Alpargatas' capital stock

Between March 19, 2020 and April 16, 2020, Itaúsa acquired 1.8 million Alpargatas preferred shares, at the average price of R\$22.72 per share, thus increasing its interest in the Company's total capital¹ by 0.3% to 29.2%. This move reinforces Itaúsa's trust in the long-term value creation of this investment.

Annual and Extraordinary General Meeting: Recall and Proposal to change the name of Itaúsa

In conformity with the provisions of Provisional Measure No. 931/20 and CVM Resolution No. 849/20, which have amended procedures on how general meeting are held, on April 8, 2020 Itaúsa announced that its Board of Directors had decided to cancel its Annual and Extraordinary General Stockholders' Meeting scheduled to be held on April 24, 2020 with in-person attendance.

On May 11, 2020, the Board of Directors decided to call this Meeting again for June 17, 2020, with online attendance only, in accordance with CVM Instruction No. 622/20, in view of the current restrictions on movement and meeting of people due to the COVID-19 pandemic.

It should also be noted that one of the Management's proposals at the AEGM will be to change the company's corporate name, which, if approved, will be renamed Itaúsa S.A.

The Call Notice and the General Stockholders' Meeting Manual will be disclosed to the market on a timely basis.

¹ The interest presented consider the outstanding shares.

3. Itaúsa's performance

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

As a result of the merger of wholly-owned subsidiary Itaúsa Empreendimentos into Itaúsa, carried out on August 30, 2019, the Individual Statement of Income of Itaúsa, presented in the pro-forma table below, had the 1Q19 figures adjusted in the lines for better comparability of the data submitted, without, however, resulting in any change in profit.

Main Indicators of Results and Capital Markets

	R\$ million			R\$ per share		
	1Q20	1Q19	Change	3/31/2020	31/03/2019	Change
PROFITABILITY						
Net income	1,012	2,486	-59.3%	0.12	0.30	-59.3%
Recurring net income	1,062	2,280	-53.4%	0.13	0.27	-53.4%
Return on Equity (annualized)	7.6%	18.8%	- 11.3 p.p.			
Recurring Return on Equity (annualized)	7.9%	17.3%	- 9.4 p.p.			
BALANCE SHEET ⁽¹⁾						
Total assets	55,598	54,323	2.3%			
Stockholders' equity	51,962	50,402	3.1%	6.18	5.99	3.1%
CAPITAL MARKET						
Market Value ⁽²⁾	73,763	100,760	-26.8%			
Average Daily Traded Volume (ADTV) on B3 ⁽³⁾	341	380	-10.4%			

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

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

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

Pro-Forma Individual Result of Itaúsa ⁽¹⁾

R\$ million	1Q20		1Q19		Δ%
INVESTEES' RESULTS IN ITAÚSA	1,264	100%	2,481	100%	-49.1%
FINANCIAL SECTOR	1,331	105%	2,406	97%	-44.7%
NON-FINANCIAL SECTOR	(66)	-5%	79	3%	-183.5%
ALPARGATAS	10		14		-28.6%
DURATEX	19		7		171.4%
NTS ⁽²⁾	(95)		58		-263.8%
OTHER COMPANIES	(1)	0%	(4)	0%	-75.0%
RESULTS OF ITAÚSA	(219)		(289)		-24.2%
FINANCIAL INCOME / EXPENSES	(11)		(13)		-15.4%
ADMINISTRATIVE EXPENSES	(38)		(34)		11.8%
TAX EXPENSES	(171)		(244)		-29.9%
OTHER OPERATING REVENUES	1		2		-
INCOME BEFORE INCOME TAX/SOCIAL CONTRIBUTION	1,045		2,192		-52.3%
INCOME TAX / SOCIAL CONTRIBUTION ⁽³⁾	17		88		-80.7%
RECURRING INDIVIDUAL NET INCOME	1,062		2,280		-53.4%
NON-RECURRING RESULTS	(50)		206		-124.3%
FINANCIAL SECTOR	8		209		-96.2%
NON FINANCIAL SECTOR	(58)		(3)		-
NET INCOME	1,012		2,486		-59.3%

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

(2) Includes dividends/interest on capital received, adjustment to fair value of shares, interest on debentures convertible into shares (redeemed in May 2018), and expenses on time installment of the amount invested and respective foreign exchange variation.

(3) In 2019, the Company no longer recognizes deferred tax assets on tax losses carried forward and temporary differences.

Results of Investees, as Recorded by Itaúsa

Recurring equity in the earnings of investees in 1Q20 totaled R\$1,264 million, down 49% on a year-on-year basis, and was mainly driven by the performance below par of **Itaú Unibanco's** results caused by higher expected loan losses in connection with the change in the macroeconomic scenario from the second fortnight of March on. This effect was partially offset by the 9.6% increase in Commissions and Fees, in addition to the 4.3% decrease in General and Administrative Expenses. Furthermore, it is noteworthy mentioning the more challenging scenario experienced by **Alpargatas** with the closure of stores since early in the quarter due to the COVID-19 outbreak spreading around the world, which has led a contraction of the Brazil and International business activities (-8.8% in net revenue), partially offset by control over expenses. Despite the adverse impact on sales from the second fortnight of March on caused by the pandemic, **Duratex** took advantage of the full consolidation of Cecrisa's results and the better performance of the Wood division, mainly driven by the higher fair value of the biological asset, better management of costs and expenses. At last, the gains recorded at Itaúsa arising from the investment in **NTS** were adversely impacted by the effects of the periodic asset fair value adjustment, due to the rise in the discount rate used, and also by the foreign exchange variation on the time installment of the invested amount denominated in US dollars.

Further information on the performance of investees is described in section “5. Comments on the Performance of Investees” below.

Itaúsa’s Results

Administrative Expenses totaled R\$38 million in 1Q20, up 11.8% on a year-on-year basis, mainly driven by the engagement of consulting firms to support M&A projects.

Tax expenses totaled R\$171 million, down 29.9% on a year-on-year basis, mainly driven by lower PIS/COFINS expenses caused by lower income from interest on capital in 1Q20.

Finance Result totaled R\$11 million in expenses in 1Q20, up 15.4% on a year-on-year basis, mainly driven by the adverse effect of mark to market of private credit assets to which Itaúsa’s exclusive investment fund had exposure, as a result of the high volatility in the period.




Profit totaled R\$1,012 million in the quarter, down 59.3% on a year-on-year basis, mainly driven by the more challenging scenario of the results delivered by all investees – particularly Itaú Unibanco – and the non-recurring effects shown below. Recurring net income totaled R\$1,062 million, up 53.4% from 1Q19.

Reconciliation of Recurring Net Income

	1Q20	1Q19
Recurring Net income	1,062	2,280
Addition/(Exclusion) of Non-Recurring Effects C = (A + B)	(50)	206
Arising from Ownership Interest in the Financial Sector (A)	8	209
Change of treasury shares	129	209
Mark to Market of Collateralized Securities	(115)	-
Others	(6)	-
Arising from Ownership Interest in the Non-Financial Sector (B)	(58)	(3)
Alpargatas	(58)	(5)
Duratex	-	2
Net Income	1,012	2,486

Main Indicators of Itaúsa Conglomerate Companies

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

R\$ million	January to March			
Operating revenues ⁽¹⁾	2020	37,665	747	1,162
	2019	46,717	819	1,073
Net income ⁽²⁾	2020	3,459	26	52
	2019	6,747	53	24
Recurring Net Income ⁽⁴⁾	2020	3,784	48	51
	2019	6,747	66	19
Stockholders' equity ⁽²⁾	2020	129,808	2,783	4,776
	2019	124,754	2,423	4,670
Annualized return on average equity (%) ^{(2) (3)}	2020	10.8%	3.8%	4.3%
	2019	22.2%	8.8%	2.1%
Annualized recurring return on average equity (%) ^{(3) (4)}	2020	11.8%	7.1%	4.2%
	2019	22.2%	11.0%	1.6%
Internal fund generation ⁽⁵⁾	2020	22,163	89	239
	2019	14,740	131	250
Interest of Itaúsa in companies ^{(6) (7)}	2020	37.4%	29.1%	36.6%
	2019	37.5%	27.6%	36.7%

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

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

- Alpargatas and Duratex: Sales of products and services.

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

(3) Represents the ratio of net income for the period and the average equity ((Mar'2020 + Dec'2019)/2).

(4) Correspond to the amounts attributable to controlling stockholders (proforma).

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

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

(7) The Interest presented consider the outstanding shares.

4. Capital Markets

Share performance

Itaúsa's preferred shares (traded on B3 under ticker ITSA4) closed the first quarter of 2019 at R\$8.77, down 35.5% in the period, when adjusted by earnings, whereas Ibovespa, B3's main index, dropped by 36.9% in the same period. In the last 12 months, Itaúsa's shares adjusted by earnings and Ibovespa index have dropped by 21.7% and 23.5%, respectively.

The daily average financial volume of Itaúsa's preferred shares traded in the first quarter of 2020 was R\$341 million, with an average of 43,000 daily trades, down 10.4% and up 26.2%, respectively, on a year-on-year basis.

Return to stockholders

On March 6, 2020, Itaúsa paid out additional dividends of R\$0.2260 per share and interest on capital for fiscal year 2019 in the amount of R\$0.2234 per share (R\$0.1898/share, net of withholding income tax).

Investors who remained as stockholders for the last 12-month period ended March 31, 2020 were entitled to receive R\$0.8698 per share as earnings paid/declared (gross) which, divided by the share quoted on March 31, 2020, resulted in an 9.9% dividend yield.

The complete history of earnings paid and payable can be accessed at:

<http://www.itausa.com.br/en/itausa-in-the-stock-market/dividends>

A broader stockholder base

On March 31, 2020, Itaúsa had 596,900 stockholders, up 191.8% on a year-on-year basis.

Holding discount

Discount is an indicator resulting from the difference between the market price ascertained for Itaúsa's shares and the theoretical value obtained through the sum of the market values of the parts that compose the holding company's investments ("sum of the parts"). On March 31, 2020, Itaúsa's shares were traded at a 18.6% discount, down 480 bps on a year-on-year basis.

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

Market capitalization on March 31, 2020, based on the price of the most liquid shares (ITSA4), was R\$73.8 billion, whereas the sum of interests in investees at market value totaled R\$90.6 billion.

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



5. Comments on the Performance of Investees



Itaú Unibanco Holding S.A.

Highlights

COVID-19 relief efforts, based on three approaches:

1. Searching for the best solutions in order to serve customers in the best way possible: Accordingly, we are extending payment terms, fee exemptions, and expanding services digitally provided.
2. Keeping operating normally under abnormal conditions: Technology and infrastructure investments have allowed that around 95% of employees work from home, without a significant impact on operations.
3. Ensuring the wellbeing of our employees: Protecting employees who self-declared to be in a high-risk group, paying in advance Christmas bonus, and suspending dismissals during the crisis period.

Itaú Unibanco is monitoring the pandemic's economic effects on Brazil and the other countries where it operates, which may adversely affect its results. In view of the beginning of the COVID-19 outbreak in Brazil, the Institutional Crisis Management Committee was set up to daily monitor the effects of the pandemic spread and its impacts on its operations, in addition to the government actions to mitigate the pandemic's effects.

The Brazilian Government, by means of the National Monetary Council (CMN) and the Central Bank of Brazil, has been adopting measures to mitigate the impacts caused by COVID-19, particularly on loan transactions, funding operations, reduction of reserve requirements and capital-related issues. One of these measures was to limit, until September 30, 2020, the distribution of dividends and interest on equity to the mandatory minimum established by the bylaws of financial institutions. Itaú Unibanco established this percentage at 25% of its net profit.

Todos pela saúde (All for Health) Campaign

Itaú Unibanco announced the donation of R\$ 1 billion for the "Todos pela Saúde" campaign. A team of seven recognized specialists was assigned to define the actions to be financed by these funds. This amount complements the R\$ 250 million that had already been announced in donations to fight COVID-19 and its effects on the Brazilian society, of which R\$ 150 million was through the Fundação Itaú para Educação e Cultura and Instituto Unibanco for support projects for the acquisition of respirators, masks, tests for the detection of COVID-19, construction and expansion of hospitals. Together, donations from Itaú Unibanco and foundations totaled approximately R\$ 1.25 billion.

Results

Net Income² totaled R\$3.5 billion in 1Q20, down 48.7% on a year-on-year basis, driven by nonrecurring effects on the amount of R\$324.5 million. If we excluded these effects, net income would decrease by 46.5%, mainly driven by higher expected loan losses basically caused by estimated higher losses as a result of the change

R\$ million (except where indicated)	1Q20	1Q19	Δ%
Operating Revenues ³	28,400.0	28,406.0	-0.02%
Net Income ²	3,459.0	6,747.0	-48.7%
ROE	10.8%	22.2%	- 11.4 p.p.
Recurring ROE	9.8%	22.2%	- 12.4 p.p.
Loan Portfolio	771,581	650,579	18.6%

in the macroeconomic scenario and its impacts on the financial prospects of customers from the second fortnight of March 2020 on in Brazil and abroad.

In the first quarter of 2020, Itaú Unibanco reported no major change in Operating Revenues³ on a year-on-year basis. Main factors leading to this result are as follows:

- I. A 3.6% decrease in **Interest Income²** mainly driven by the impact of foreign exchange variation on finance expenses, mostly offset by the loan portfolio growth in all segments; and
- II. **A 9.6% increase in Commissions and Fees and Result of Insurance Operations**, driven by a 45.0% increase in fund management fees, a 123.4% increase in revenues from economic-financial advisory and brokerage services, and a 4.2% increase in income from current account services.

Expected Loss on Financial Assets and Claims increased by R\$6.4 billion on a year-on-year basis, mainly driven by higher expected losses due to the change in the macroeconomic scenario and its impacts on the financial prospects of customers from the second fortnight of March 2020 on.

General and Administrative Expenses were down 4.3% in the first quarter of 2020, mainly driven by the closure of physical branches, which resulted in reduced fixed costs and personnel expenses, which also decreased as a

² Attributable to controlling stockholder.

³ Adjusted to tax effects on hedge instruments for foreign investments.

result of the voluntary termination program held in the third quarter of 2019. Furthermore, expenses on profit sharing and data processing and telecommunication also fell.

Capital management and liquidity

Capital management is vital, since it is a key element through which the bank seeks to optimize the application of funds and ensure the business soundness. At the end of March 2020, Tier I capital ratio was at 12.0%, above the minimum required by the Central Bank of Brazil.

i For further information on Itaú Unibanco's results, please access www.itaubank.com.br/relacoes-com-investidores



Highlights

COVID-19

Alpargatas has worked to ensure the continuity of operations and its employees' health and safety amid the COVID-19 pandemic effects. It has also joined home-office practices, respecting limitations, as well as the #NãoDemita (don't sack anyone) initiative. It has closed own stores in Brazil and around the world, significantly reduced factory operations by keeping only essential items, and has complied with strict safety and social distancing rules, so as to abide by the time limits and rules set out in the regions where it operates. It has also adjusted production lines to produce items for health professionals, such as lab coats, footwear and others. Alpargatas has strongly worked to properly manage its liquidity, costs and expenses. At the end of March 2020, it had R\$1.4 billion in cash, amount sufficient to keep the company operating for over seven months in a hypothetical scenario of extreme stress in revenues. To support society, among its major initiatives noteworthy are the production of 1.3 million face masks to be donated to the public health service of the states of Paraíba, Pernambuco, Minas Gerais, and Rio de Janeiro; the donation of goggles, face masks and coveralls for hospital teams in Paraíba; 250,000 pairs of footwear for people living in vulnerable communities and additional 18,000 pairs of footwear suitable for use in health service environments by hospital professionals in São Paulo; and approximately 30,000 meters of fabric to make medical clothing for health professionals of the Health Departments of Paraíba and Maranhão states.

Investment in Alpargatas Argentina Written Off

In the first quarter of 2020, Alpargatas carried out the definitive write-off of the investment it held in Alpargatas Argentina, as it has transferred shares to the Buyer in the period, upon the exercise in advance of his call option, which was announced to the market on December 27, 2019. Therefore, the Company has completed the process to discontinue operations in Argentina.

Results

Consolidated net revenue was down by 8.8% in 1Q20, as a result of the challenging scenario in all operations, caused by the COVID-19 spread around the world, which hit Brazil harder as from March on. In 1Q20, net revenue of the **Brazil** operations, represented by brands Havaianas, Mizuno and Osklen, totaled R\$550 million, down 10% on a year-

on-year basis, mainly driven by a lower volume caused by the COVID-19 effects, partially offset by the rise in prices and a better mix of products, a result of the Revenue Growth Management program. **Sandals International** recorded a net revenue of R\$197 million, down 5% on a year-on-year basis, mainly driven by a drop in EMEIA (Europe, Middle East, India & Africa), a region that mostly impacted operations in the quarter, as a result of the pandemic impacts. Gross profit dropped by 12% in the same period, mainly driven by a worse performance of Sandals International, strongly impacted by the pandemic over the quarter.

Recurring EBITDA of the 1Q20 was down by 43.2%, totaling R\$72.2 million, basically due to the effects of the pressure of COVID-19 spreading globally in the period, partially offset by the Revenue Growth Management program in Brazil and the better cost and expenses management by the Company as a result of the VIP 100% (Value Improvement Program) and ZBB (Zero-Base Budgeting) projects. Main non-recurring items impacting the 1Q20 are related to expenses arising from lower investments in Alpargatas Argentina, restructuring moves and the IFRS 16 adoption impacts.

In 1Q20, recurring net income was R\$48.0 million, down 27.3% on a year-on-year basis, as a result of the factors mentioned above.

Operating cash generation in the last 12 months was R\$348 million, and net cash position at the end of March 2020 was R\$329.5 million.

i For further information on Alpargatas' results, please access <https://ri.alpargatas.com.br>

R\$ million (except where indicated)	1Q20	1Q19	Δ%
Net Revenue	747.0	819.0	-8.8%
EBITDA	(8.9)	137.3	-106.5%
Net Income ⁴	26.4	53.1	-50.3%
Recurring Net Income ⁵	48.0	66.0	-27.3%
ROE ⁴	3.8%	8.8%	- 5.0 p.p.
Recurring ROE ⁵	7.1%	11.0%	- 3.9 p.p.

⁴ Attributable to controlling stockholder.

Highlights

COVID-19

Duratex has taken measures to prioritize its employees' health and safety, among them adopting home office practices. It has increased hygiene and cleanliness levels at its head office and units. It has revisiting the operating and production model to mitigate any risks of supply from suppliers and has worked to ensure supply to all its customers, by respecting government restrictions. Duratex has temporarily suspended operations in the Wood Division units, the electrical shower unit and the bathroom fixtures unit in Queimados (Rio de Janeiro state), in addition to reducing the production capacity of the remaining units of Deca and Ceramic Tiles Divisions. Aimed at ensuring proper liquidity levels, it has operated via liability management by raising R\$635 million in March 2020 and rolling over short-term debts, in addition to keeping focused on optimizing the asset operation by reducing operating costs and expenses. In the social frontline, through its Deca and Hydra brands, it has donated to the São Paulo Municipality all bathroom fixtures and fittings used in the construction of the Pacaembu and Anhembi field hospitals. Furthermore, it has joined other partners to help the M'boi Mirim Hospital in the city of São Paulo.

New product lines launched at Expo Revestir 2020 trade fair

With the strategy of offering Solutions for Better Living, Duratex attended the Expo Revestir 2020 trade fair on March, 2020 through its Deca and Ceramic Tiles Units, which had the opportunity to introduce new product lines, and worth mentioning was the big size ceramic tiles line, boosting the ramp-up of the new production line.

Results

Consolidated net revenue in 1Q20 totaled R\$1,162 million, up 8.3% on a year-on-year basis, mainly driven by the inclusion of Cecrisa's results, partially offset by the lower volume in all business lines, as a result of the COVID-19 impacts.

R\$ million (except where indicated)	1Q20	1Q19	Δ%
Net Revenue	1,161.6	1,072.5	8.3%
EBITDA	266.3	228.8	16.4%
Net Income	52.0	23.9	117.6%
Recurring Net Income	50.6	19.3	162.5%
ROE	4.3%	2.1%	2.2 p.p.
Recurring ROE	4.2%	1.7%	2.5 p.p.

The **Wood Division's** net revenue totaled R\$648.0 million in 1Q20, down 4.4% on a year-on-year basis,

due to lower volume shipped, mainly for the domestic market, as a result of the slow demand recovery early in the year and of the COVID-19 impacts as from March 2020 on.

The **Deca Division's** net revenue totaled R\$333.1 million, down 4.4% on a year-on-year basis, as a result of the 8.81% fall in volume shipped, mainly impacted by the heavy rainfalls in the City of São Paulo, which affected the production of one of the units located in that region, in addition to the pandemic effects.

The **Ceramic Tiles Division** posted net revenue of R\$180.5 million, up 289.0% on a year-on-year basis, mainly driven by the full consolidation of Cecrisa's results and a greater sales volume, in line with the market growth, partially offset by the COVID-19 effects.

Consolidated EBITDA in 1Q20 totaled R\$266.3 million, up 16.4% on a year-on-year basis, mostly caused by a higher variation in the fair value of the biological asset. Excluding these effects, consolidated recurring EBITDA would have increased by 11.6%, mainly driven by the better cost and expense management by Duratex and the

full consolidation of Cecrisa's results, partially offset by the COVID-19 impacts. Net income totaled R\$52 million, up 117.6%, as a result of the aforementioned factors.

Net debt was R\$2.059 million at the end of March 2020 and represented 2.21 times the adjusted recurring EBITDA for 12 months, thus indicating a decrease in the company's leverage level on a year-on-year basis, as a result of greater operating cash generation and the successful liability management strategy.

i For further information on Duratex's results, please access www.duratex.com.br/ri



COVID-19

NTS has undertaken efforts to mitigate the pandemic impacts on its operations, employees and surrounding communities. Therefore, it has set up the Crisis Committee, which meets weekly to monitor sensitive and critical issues, adopted home-office practices in the Business Continuity Plan for all administrative functions, and has set up an action protocol to control coronavirus spread in the Company, with guidelines and recommendations to all employees, monitoring those employees who are in the risk group. It has also donated hospital beds and equipment to hospitals in the cities of Nova Iguaçu and Japeri, Rio de Janeiro State, where NTS pipelines are located.

Results

In 1Q20, net revenue totaled R\$1,148 million, up 5.9% on a year-on-year basis, mainly driven by the annual inflation adjustment of gas ship-or-pay agreements. Net income in 1Q20 totaled R\$602 million, up 11.9% on a year-on-year basis, caused by a more favorable net finance result, mainly driven by lower financial expenses as a result of debt restructuring.

R\$ million	1Q20	1Q19	Δ%
Net Revenue	1,148	1,084	5.9%
Net Income	602	538	11.9%

Dividends and interest on capital

In the January-March 2020 period, Itaúsa received dividends and interest on capital, gross, in the amount of \$48.6 million.

i For further information on NTS's results, please access <https://ri.ntsbrasil.com>

6. People management

Itaúsa Conglomerate had the support of approximately 124,000 employees on March 31, 2020, including 14,000 employees in foreign units. Its dedicated structure, intended to carry out the holding company's activities, had 88 professionals on that same date.

7. Independent Auditors – CVM Instruction No. 381

Procedures adopted by the Company

The policy adopted by Itaúsa, its subsidiaries and parent company, to engage non-audit services from our independent auditors is based on the applicable regulations and internationally accepted principles that preserve

the auditors' independence. These principles include the following: (a) an auditor cannot audit his or her work; (b) an auditor cannot hold managerial positions at their client's; and (c) an auditor cannot promote the interests of its client.

In the January-March 2020 period, the independent auditors and related parties did not provide non-audit services in excess of 5% of total external audit fees.

Independent Auditors' Justification - PwC

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

8. Acknowledgements

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**BOARD OF DIRECTORS****Chairman**

Henri Penchas

Vice-Chairman

Alfredo Egydio Setubal

Ana Lúcia de Mattos Barretto Villela

Members

Paulo Setubal Neto

Rodolfo Villela Marino

Victório Carlos De Marchi

Alternative members

Edson Carlos De Marchi

Ricardo Egydio Setubal

Ricardo Villela Marino

FISCAL COUNCIL**President**

Tereza Cristina Grossi Togni

Members

Eduardo Rogatto Luque

Flavio César Maia Luz

José Maria Rabelo

Paulo Ricardo Moraes Amaral

Alternative members

Carlos Eduardo de Mori Luporini

Guilherme Tadeu Pereira Júnior

Felício Cintra do Prado Júnior

Isaac Berensztein

João Costa

EXECUTIVE BOARD**Chief Executive Officer**

Alfredo Egydio Setubal (*)

Executive Vice-Presidents

Alfredo Egydio Arruda Villela Filho

Roberto Egydio Setubal

Rodolfo Villela Marino

Managing Officers

Frederico de Souza Queiroz Pascowitch

Maria Fernanda Ribas Caramuru

Priscila Grecco Toledo

(*) *Investor Relations Officer*

Accountant

Sandra Oliveira Ramos Medeiros

CRC 1SP 220.957/O-9

ITAUSA - INVESTIMENTOS ITAÚ S.A.

Balance Sheet

(In millions of Reais)

	Note	Parent company		Consolidated	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
ASSETS					
Current assets					
Cash and cash equivalents	4	1,057	1,091	2,424	2,369
Marketable securities	5	1,166	1,213	1,166	1,213
Trade accounts receivable	6	-	-	1,078	1,135
Inventories	7	-	-	984	853
Dividends and interest on capital	8	34	171	31	141
Income tax and social contribution for offset		387	336	490	434
Other taxes for offset		2	2	93	91
Other assets	9	28	23	147	145
Total current assets		2,674	2,836	6,413	6,381
Non-current assets					
Long-term receivables		877	862	2,931	3,663
Biological assets	10	-	-	1,111	1,544
Judicial deposits		35	38	104	104
Employee benefits		10	11	118	121
Deferred income tax and social contribution	11	794	777	1,059	1,108
Other taxes for offset		-	-	15	17
Right-of-use assets	12	11	12	321	567
Other assets	9	27	24	203	202
Investments	13	51,940	54,766	50,635	53,040
Property, plant and equipment	14	104	103	3,646	3,669
Intangible assets	15	3	4	718	723
Total non-current assets		52,924	55,735	57,930	61,095
TOTAL ASSETS		55,598	58,571	64,343	67,476
LIABILITIES AND EQUITY					
Current liabilities					
Trade accounts payable		2	6	636	631
Personnel expenses		21	26	164	174
Debts	16	-	-	857	806
Debentures	17	19	6	39	72
Income tax and social contribution payable		-	-	16	58
Other taxes payable		67	8	117	89
Dividends and interest on capital	19.4.2	426	397	428	485
Leases	12	2	2	20	23
Other liabilities	9	25	7	208	238
Total current liabilities		562	452	2,485	2,576
Non-current liabilities					
Debts	16	-	-	1,313	879
Debentures	17	1,200	1,200	2,398	2,398
Leases	12	9	10	315	561
Provisions for contingencies	18	1,436	1,338	1,816	1,673
Deferred income tax and social contribution	11	-	-	159	213
Other taxes payable		-	-	122	127
Employee benefits		-	-	73	72
Other liabilities	9	429	339	672	620
Total non-current liabilities		3,074	2,887	6,868	6,543
TOTAL LIABILITIES		3,636	3,339	9,353	9,119
EQUITY					
Capital	19.1	43,515	43,515	43,515	43,515
Capital reserves		338	529	338	529
Revenue reserves	19.2	10,032	12,950	10,032	12,950
Carrying value adjustments	19.3	(1,923)	(1,762)	(1,923)	(1,762)
Total equity attributable to controlling stockholders		51,962	55,232	51,962	55,232
Non-controlling interests		-	-	3,028	3,125
Total equity		51,962	55,232	54,990	58,357
TOTAL LIABILITIES AND EQUITY		55,598	58,571	64,343	67,476

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Statements of Income

(In millions of Reais, unless otherwise indicated)

	Note	Parent company		Consolidated	
		01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
			Restated		Restated
Net revenue	20	-	-	1,162	1,071
Cost of products and services	21	-	-	(773)	(791)
Gross profit		-	-	389	280
Operating income and expenses					
Selling expenses	21	-	-	(182)	(162)
General and administrative expenses	21	(38)	(34)	(101)	(89)
Equity in the earnings of investees	13	1,309	2,629	1,274	2,624
Other income and expenses	22	48	40	45	32
Total Operating income and expenses		1,319	2,635	1,036	2,405
Profit before finance result and income tax and social contribution		1,319	2,635	1,425	2,685
Finance result					
Finance income	23	15	63	82	95
Finance costs	23	(339)	(300)	(448)	(355)
Total Financial Result		(324)	(237)	(366)	(260)
Profit before income tax and social contribution		995	2,398	1,059	2,425
Income tax and social contribution					
Current income tax and social contribution	24	-	-	(19)	(19)
Deferred income tax and social contribution	24	17	88	5	95
Total Income tax and social contribution		17	88	(14)	76
Profit for the period		1,012	2,486	1,045	2,501
Profit attributable to controlling stockholders		1,012	2,486	1,012	2,486
Profit attributable to non-controlling interests		-	-	33	15
Basic and diluted earnings per share (in Brazilian reais)					
Common	25	0.12	0.30	0.12	0.30
Preferred	25	0.12	0.30	0.12	0.30

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Statements of Comprehensive Income

(In millions of Reais)

	Parent company		Consolidated	
	01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Profit for the period	1,012	2,486	1,045	2,501
Other comprehensive income				
Items that will be reclassified to profit or loss (net of taxes)				
Equity in other comprehensive income	(165)	48	-	-
Adjustment to the fair value of financial assets	-	-	(515)	78
Hedge	-	-	(955)	(44)
Foreign exchange variation on foreign investments	-	-	1,305	14
Items that will not be reclassified to profit or loss (net of taxes)				
Equity in other comprehensive income	4	1	-	-
Remeasurement of post-employment benefits	-	-	4	1
Total Other comprehensive income	(161)	49	(161)	49
Total comprehensive income	851	2,535	884	2,550
Attributable to controlling stockholders	851	2,535	851	2,535
Attributable to non-controlling interests	-	-	33	15

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Statements of Changes in Equity

(In millions of Reals)

	Attributable to controlling stockholders					Total Parent Company	Non-controlling interests	Total Consolidated
	Capital	Capital reserves	Revenue reserves	Carrying value adjustments	Retained earnings			
Balance on December 31, 2018	43,515	633	12,706	(1,711)	-	55,143	2,936	58,079
Transactions with stockholders								
Change in non-controlling interests	-	-	-	-	-	-	8	8
Reversal of expired dividends	-	-	1	-	-	1	-	1
Dividends and interest on capital from previous year	-	-	(6,429)	-	-	(6,429)	-	(6,429)
Transactions with subsidiaries and jointly-controlled companies	-	(265)	7	-	-	(258)	-	(258)
Other comprehensive income								
Equity in other comprehensive income	-	-	-	49	-	49	-	49
Profit for the period	-	-	-	-	2,486	2,486	15	2,501
Appropriation								
Legal reserve	-	-	124	-	(124)	-	-	-
Dividends and interest on capital for the year	-	-	-	-	(590)	(590)	-	(590)
Statutory reserves	-	-	1,772	-	(1,772)	-	-	-
Balance on March 31, 2019	43,515	368	8,181	(1,662)	-	50,402	2,959	53,361
Balance on December 31, 2019	43,515	529	12,950	(1,762)	-	55,232	3,125	58,357
Transactions with stockholders								
Change in non-controlling interests	-	-	-	-	-	-	(130)	(130)
Reversal of expired dividends	-	-	2	-	-	2	-	2
Dividends and interest on capital from previous year	-	-	(3,729)	-	-	(3,729)	-	(3,729)
Transactions with subsidiaries and jointly-controlled companies	-	(191)	37	-	-	(154)	-	(154)
Other comprehensive income								
Equity in other comprehensive income	-	-	-	(161)	-	(161)	-	(161)
Profit for the period	-	-	-	-	1,012	1,012	33	1,045
Appropriation								
Legal reserve	-	-	51	-	(51)	-	-	-
Dividends and interest on capital for the year	-	-	-	-	(240)	(240)	-	(240)
Statutory reserves	-	-	721	-	(721)	-	-	-
Balance on March 31, 2020	43,515	338	10,032	(1,923)	-	51,962	3,028	54,990

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Statements of Cash Flows

(In millions of Reais)

Note	Parent company		Consolidated	
	01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Cash flows from operating activities				
Adjustments for reconciliation of profit				
Profit before income tax and social contribution	995	2,398	1,059	2,425
Equity in the earnings of investees	(1,309)	(2,629)	(1,274)	(2,624)
Provisions for contingencies	103	148	119	167
Interest and foreign exchange and monetary variations, net	163	7	224	50
Depreciation, amortization and depletion	2	1	142	167
Changes in the fair value of biological assets	-	-	(69)	(19)
Allowance for estimated losses on doubtful accounts	-	-	3	4
Other	-	-	(13)	21
	(46)	(75)	191	191
Changes in assets and liabilities				
(Increase) decrease in trade accounts receivable	-	-	59	91
(Increase) decrease in inventories	-	-	(107)	(132)
(Increase) decrease in other taxes for offset	(47)	(84)	(53)	(84)
(Increase) decrease in other assets	226	353	223	347
Increase (decrease) in other taxes payable	58	90	36	68
Increase (decrease) in trade accounts payable	(4)	4	12	(42)
Increase (decrease) in personnel expenses	(5)	(1)	(9)	(107)
Increase (decrease) in other liabilities	(224)	(320)	(284)	(237)
	4	42	(123)	(96)
Cash from operations	(42)	(33)	68	95
Payment of income tax and social contribution	-	-	(63)	(18)
Interest paid on debts and debentures	-	-	(13)	(21)
Net cash (used in) provided by operating activities	(42)	(33)	(8)	56
Cash flows from investing activities				
Acquisition of investments	(31)	-	(31)	-
Acquisition of property, plant and equipment and intangible and biological assets	(3)	(6)	(98)	(86)
Disposal of property, plant and equipment and intangible and biological assets	-	-	2	2
Interest on capital and dividends received	3,761	6,368	3,680	6,279
Net cash provided by investing activities	3,727	6,362	3,553	6,195
Cash flows from financing activities				
(Acquisition) disposal of treasury shares	-	-	5	1
Interest on capital and dividends paid	19.4.2 (3,718)	(6,344)	(3,894)	(6,541)
Proceeds from debts and debentures	16.2 e 17.2 -	-	637	-
Amortization of debts and debentures	16.2 e 17.2 -	-	(226)	(256)
Amortization of lease liabilities	12.2 (1)	-	(16)	-
Net cash used in financing activities	(3,719)	(6,344)	(3,494)	(6,796)
Foreign exchange variation on cash and cash equivalents	-	-	4	1
Net increase (decrease) in cash and cash equivalents	(34)	(15)	55	(544)
Cash and cash equivalents at the beginning of the period	1,091	936	2,369	2,421
Cash and cash equivalents at the end of the period	1,057	921	2,424	1,877
	(34)	(15)	55	(544)

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Statements of Value Added

(In millions of Reals)

	Parent company		Consolidated	
	01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Revenue	-	-	1,452	1,345
Sales of products and services	-	-	1,448	1,343
Allowance for estimated losses on doubtful accounts	-	-	(3)	(4)
Other revenue	-	-	7	6
Inputs acquired from third parties	(20)	(21)	(877)	(849)
Cost of products and services	-	-	(698)	(684)
Materials, electric energy, outsourced services and other	(20)	(21)	(179)	(165)
Gross value added	(20)	(21)	575	496
Depreciation, amortization and depletion	(2)	(1)	(142)	(167)
Value added generated, net	(22)	(22)	433	329
Value added received through transfer	1,374	2,732	1,405	2,759
Equity in the earnings of investees	1,309	2,629	1,274	2,624
Finance income	15	63	82	95
Other revenue	50	40	49	40
Total undistributed value added	1,352	2,710	1,838	3,088
Distribution of value added	1,352	2,710	1,838	3,088
Personnel	16	10	223	204
Direct compensation	15	10	181	164
Benefits	1	-	30	29
Government Severance Pay Fund (FGTS)	-	-	11	10
Other	-	-	1	1
Taxes, fees and contributions	155	158	293	273
Federal	155	158	276	265
State	-	-	11	3
Municipal	-	-	6	5
Return on third parties' capital	169	56	277	110
Interest	169	56	277	110
Return on capital	1,012	2,486	1,045	2,501
Dividends and interest on capital	240	590	240	590
Retained earnings	772	1,896	772	1,896
Non-controlling interests in retained earnings	-	-	33	15

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

ITAÚSA – INVESTIMENTOS ITAÚ S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

at March 31, 2020

(In millions of reais, unless otherwise stated)

1. OPERATIONS

Itaúsa – Investimentos Itaú S.A. (“ITAÚSA”) is a publicly-held company, organized and existing under the laws of Brazil, and it is located at Av. Paulista, 1.938, 5º andar, Bela Vista, in the city of São Paulo, State of São Paulo (SP), Brazil.

The shares of ITAÚSA are recorded at the Level 1 of Corporate Governance of B3 S.A. – Brasil, Bolsa, Balcão, under the ticker symbols “ITSA3” for the common shares and “ITSA4” for the preferred shares. In addition to the Bovespa Index, Ibovespa, ITAÚSA shares are part of some segment portfolios at B3, including the Corporate Governance Index (IGC) and the Corporate Sustainability Index (ISE).

The corporate purpose of ITAÚSA is to hold equity interests in other companies, in Brazil or abroad, for investment in any sectors of the economy, including through investment funds, disseminating among its investees its principles of appreciation of human capital, governance, and ethics in business, and creation of value for its stockholders on a sustainable basis. ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family, which holds 63.27% of the common shares and 18.17% of the preferred shares, making up 33.67% of total capital.

Through its controlled and jointly-controlled companies and other investments, ITAÚSA participates in the markets of financial services (“Itaú Unibanco Holding”), wood panels, bathroom fixtures and fittings, ceramic tiles and electric showers (“Duratex”), footwear, apparel and sports products (“Alpargatas”) and transportation of natural gas through pipelines (“NTS”). For further information, please see note 26 “Segment Information”.

The investment portfolio of ITAÚSA is composed of the following entities:

	Country of incorporation	Activity	Holding % (Direct and Indirect)	
			03/31/2020	12/31/2019
Joint ventures				
Itaú Unibanco Holding S.A. (“Itaú Unibanco”)	Brazil	Holding company/Financial institution	37.39%	37.45%
IUPAR - Itaú Unibanco Participações S.A. (“IUPAR”)	Brazil	Holding company	66.53%	66.53%
Alpargatas S.A. (“Alpargatas”)	Brazil	Footwear, apparel and sports products	29.12%	28.88%
Controlled companies				
Duratex S.A. (“Duratex”)	Brazil	Wood panels and bathroom fixtures and fittings	36.63%	36.65%
Itautec S.A. (“Itautec”)	Brazil	Holding company	100.00%	100.00%
ITH Zux Cayman Ltd. (“ITH Zux Cayman”)	Cayman Islands	Holding company	100.00%	100.00%
Financial assets				
Nova Transportadora do Sudeste S.A. – NTS (“NTS”)	Brazil	Transportation of natural gas	7.65%	7.65%

These parent company and consolidated financial statements were approved by the Board of Directors on May 11, 2020.

2. BASIS OF PREPARATION AND PRESENTATION

2.1. Statement of compliance

The Individual and Consolidated Financial Statements of ITAÚSA have been prepared in accordance with the accounting pronouncement CPC 21 (R1) – Interim Financial Statements and the international accounting standard IAS 34 - *Interim Financial Reporting*, issued by the *International Accounting Standards Board* – IASB and presented in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information Report (ITR).

The presentation of the parent company and consolidated statements of value added is required by Brazilian Corporate Law and by the accounting practices adopted in Brazil that are applicable to publicly-held companies. The Statement of Value Added was prepared in accordance with the criteria defined in the Accounting Pronouncement CPC 09 – Statement of Value Added, however, the International Financial Reporting Standards - IFRS do not require the presentation of this statement. As a consequence, according to the IFRS, this statement is presented as additional information, without prejudice to the Financial Statements as a whole.

Management has assessed ITAÚSA's and its investees' capacity to keep on operating as a going concern and is convinced that, despite the impacts and uncertainties of the length of time and scope of the COVID-19 pandemic, these companies are able to remain in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainty that might give rise to significant questions on its capacity to continue operating. Accordingly, these Interim Financial Statements have been prepared based on the business continuity assumption.

All the relevant information to these Financial Statements, and only this information, is evidenced and is consistent with the information used by ITAÚSA in its activities.

These Interim Financial Statements have been prepared based on principles, methods and criteria consistent with those adopted in the previous fiscal year ended December 31, 2019, except for the new accounting standards adopted from January 1, 2020 on, as described in Note 2.6.1.

In order to avoid repeating information already disclosed in the Complete Financial Statements as of December 31, 2019, certain notes are not being presented or are presented in less detail. As a result, these Interim Financial Statements should be read jointly with the Complete Financial Statements approved by Management and disclosed to CVM on February 17, 2020. Please see below the list of notes to these financial statements as of December 31, 2019 under this scope:

Note	Description	Situation
3	Summary of significant accounting policies	(a)
4.3	Capital management	(b)
10	Other taxes for offset and payable	(b)
15.4	Impairment test (investment)	(a)
16.5	Revision of the useful life of assets	(a)
17.4	Impairment test (intangible assets)	(c)
18	Trade accounts payable	(b)
21.3	Contingent assets	(b)
22.2.1	Capital reserves	(b)
22.2.2	Revenue reserves	(c)
22.3	Treasury shares	(b)
29	Share-based payment	(b)
30	Employee benefits	(b)

(a) Note to the financial statements not disclosed, since it is identical to that presented in the Financial Statements as of December 31, 2019.

(b) Note to the financial statements not disclosed, since the change in the period was deemed immaterial by ITAÚSA's Management.

(c) Note to the financial statements presented with reduced contents when compared to the Financial Statements as of December 31, 2019.

2.2. Measurement basis

The parent company and consolidated financial statements have been prepared under the historical cost convention, except for: (i) certain financial assets and liabilities that were measured at fair value, as stated in note 3.1.1; (ii) liabilities of the defined benefit that are recognized at fair value limited to the recognized assets; and (iii) biological assets measured at fair value through profit or loss, as stated in note 10.

2.3. Functional currency and translation of balances and transactions in foreign currency

The parent company and consolidated financial statements have been prepared and are being presented in Brazilian reais (R\$), which is functional and presentation currency, and all balances are rounded to millions of reais, unless otherwise stated.

The definition of the functional currency reflects the main economic environment where ITAÚSA and its controlled companies operate.

The assets and liabilities of subsidiaries with a functional currency that is different from the Brazilian real, when applicable, are translated as follows:

- Assets and liabilities are translated at the foreign exchange rate of the balance sheet date;
- Income and expenses are translated at the monthly average foreign exchange rate;
- Foreign currency translation gains and losses are recorded in the "Other comprehensive income" account.

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end/period foreign exchange rates are recognized in Finance result.

2.4. Use of estimates and judgments

In the preparation of the financial statements, the management of ITAÚSA and its controlled companies are required to use judgments, estimates and assumptions that affect the balances of assets, liabilities, income and expenses in the periods presented and in subsequent periods.

The judgments, estimates and assumptions are based on information available on the date of the preparation of the financial statements, in addition to the experience from past and/or current events, and also taking into consideration assumptions related to future events. Additionally, when necessary, the judgments and estimates are supported by opinions prepared by experts. These estimates are periodically reviewed and their results may differ from the originally estimated amounts.

The estimates and assumptions that have a significant risk that is likely to cause a material adjustment to the amounts in the financial statements within the coming years are as follows:

- Recognition of deferred taxes (Notes 11 and 24);
- Determination of the fair value of financial instruments, including derivatives (Note 3.1.2);
- Provisions, Contingent assets and liabilities (Note 18);
- Determination of the fair value of biological assets (Note 10);
- Recognition of assets and liabilities related to pension plans; and
- Analysis of impairment of assets.

2.5. Consolidation of the financial statements

The consolidated financial statements have been prepared in accordance with the standards established by CPC 36 (R3)/ IFRS 10 – Consolidated Financial Statements.

ITAÚSA consolidates its controlled companies from the moment it obtains the control over them. The financial statements of the controlled companies are prepared on the same base date as those of ITAÚSA using consistent accounting policies and practices. When necessary, adjustments are made to the financial statements of the controlled companies to adapt their accounting practices and policies to ITAÚSA's accounting policies.

Minority interests amounts, arising from subsidiaries whose ownership interest held by ITAÚSA does not correspond to total capital stock, are stated separately in the Balance Sheet under "Minority Interests" and in the Statement of Income under "Net income attributable to non-controlling stockholders".

Intercompany transactions, balances and unrealized gains and losses on transactions between consolidated companies were eliminated.

2.6. Adoption of the new and revised accounting standards

Continuing the permanent process of revision of the accounting Standards, IASB and, consequently, the Accounting Pronouncements Committee (CPC) issued new standards and revisions of the existing standards.

2.6.1. Revised standards and interpretations that have already been issued by CPC and that have been adopted by ITAÚSA and its controlled companies since January 1, 2020

CPC 00 (R2) / Conceptual Framework – Conceptual Framework for Financial Reporting

CPC 00 (R2) was approved in November 1, 2019 to amend CPC 00 (R1) – Conceptual Framework, issued in 2011. Main amendments were as follows: (i) it sets out the objective of general purpose financial reporting; (ii) the qualitative characteristics of useful financial information; (iii) improving definitions of an asset, a liability, income and expenses; (iv) criteria for including financial assets and liabilities in the financial statements and guidance on when to remove them; (v) measurement bases and guidance on when to use them; and (vi) concepts and guidance on presentation and disclosure.

Upon adoption of the standard, ITAÚSA and investees did not record material impacts on its financial statements accordingly.

Revision of Technical Pronouncements of CPC 14

This revision sets out amendments in a number of pronouncements, interpretations and guidance as a result of: (i) amendments in a number of CPCs driven by the issue of CPC 00 (R2) / Conceptual Framework; (ii) the amended definition of business combinations in CPC 15 / IFRS 3; and (iii) the amended denomination of CPC 06 (R2) / IFRS 16 to Leases.

Upon adoption of the standard, ITAÚSA and investees did not record material impacts on its financial statements accordingly.

2.7. Restatement of the financial statements

Based on the guidance contained in OCPC 07 - Evidence in the Disclosure of General Purpose Accounting and Financial Reports, ITAÚSA is restating the Statement of Income for March 31, 2019 for the purpose of better presenting its accounting information, always based on the faithful representation, materiality and relevance of the information.

Please find below the items in the Statement of Income restated for better presentation of balances:

	Parent company			Consolidated		
	Published	Reclassification	Restated	Published	Reclassification	Restated
Operating income and expenses						
Selling expenses	-	-	-	(161)	(1)	(162)
General and administrative expenses	(31)	(3)	(34)	(85)	(4)	(89)
Tax expenses	(244)	244	-	(243)	243	-
Other income and expenses	40	-	40	28	4	32
	<u>2,394</u>	<u>241</u>	<u>2,635</u>	<u>2,163</u>	<u>242</u>	<u>2,405</u>
Profit before finance result and income tax and social contribution	2,394	241	2,635	2,443	242	2,685
Finance result						
Finance income	63	-	63	94	1	95
Finance costs	(59)	(241)	(300)	(112)	(243)	(355)
	<u>4</u>	<u>(241)</u>	<u>(237)</u>	<u>(18)</u>	<u>(242)</u>	<u>(260)</u>
Profit before income tax and social contribution	2,398	-	2,398	2,425	-	2,425
Profit for the period	2,486	-	2,486	2,501	-	2,501

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

3.1. Financial instruments

ITAÚSA and its controlled companies maintain operations with financial instruments. These instruments are managed by means of operational and internal control strategies aimed at ensuring credit, liquidity, security and profitability.

3.1.1. Classification of financial instruments

We present below the classification and measurement of financial assets and liabilities:

	Note	Levels	Parent company				Consolidated			
			03/31/2020		12/31/2019		03/31/2020		12/31/2019	
			Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets										
Fair value through profit or loss										
Upon initial or subsequent recognition										
Cash and cash equivalents	4									
Financial investments	2		1,057	1,057	1,091	1,091	2,217	2,217	2,156	2,156
Marketable securities	5	3	1,166	1,166	1,213	1,213	1,166	1,166	1,213	1,213
			<u>2,223</u>	<u>2,223</u>	<u>2,304</u>	<u>2,304</u>	<u>3,383</u>	<u>3,383</u>	<u>3,369</u>	<u>3,369</u>
Amortized cost										
Cash and cash equivalents	4									
Cash in kind and bank deposits	2		-	-	-	-	207	207	213	213
Customers	6	2	-	-	-	-	1,078	1,078	1,135	1,135
Dividends and interest on capital	8	2	34	34	171	171	31	31	141	141
Judicial deposits	2		35	35	38	38	104	104	104	104
Other assets	9	2	55	55	47	47	350	350	347	347
			<u>124</u>	<u>124</u>	<u>256</u>	<u>256</u>	<u>1,770</u>	<u>1,770</u>	<u>1,940</u>	<u>1,940</u>
Total of Financial assets			2,347	2,347	2,560	2,560	5,153	5,153	5,309	5,309

	Note	Levels	Parent company				Consolidated			
			03/31/2020		12/31/2019		03/31/2020		12/31/2019	
			Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Financial liabilities										
Fair value through profit or loss										
Upon initial or subsequent recognition										
Debts	16	2	-	-	-	-	482	482	486	486
			-	-	-	-	482	482	486	486
Amortized cost										
Trade accounts payable		2	2	2	6	6	636	636	631	631
Personnel expenses		2	21	21	26	26	164	164	174	174
Debts	16	2	-	-	-	-	1,688	1,688	1,199	1,199
Debentures	17	2	1,230	1,219	1,221	1,206	2,448	2,437	2,485	2,470
Leases	12.2	2	11	11	12	12	335	335	584	584
Dividends and interest on capital	19.4.2	2	426	426	397	397	428	428	485	485
Other debts	9	2	471	454	326	346	897	880	838	858
			2,161	2,133	1,988	1,993	6,596	6,568	6,396	6,401
Total of Financial liabilities			2,161	2,133	1,988	1,993	7,078	7,050	6,882	6,887

3.1.2. Fair value of financial instruments

For determining fair value, ITAÚSA and its controlled companies project the discounted cash flows of the financial instruments until the termination of the operations according to contractual rules, also taking into consideration their own credit risk in accordance with CPC 46 / IFRS 13 – Fair Value Measurement. This procedure may result in a carrying amount that is different from its fair value mainly because the period for the settlement of the instruments is long and their costs are different with respect to the interest rates that are currently adopted for similar contracts, as well as the daily change in interest rates of futures traded in on B3.

The operations with financial instruments that present a carrying amount that is equivalent to the fair value arise from the fact that these financial instruments have characteristics that are substantially similar to those that would be obtained if they were traded in the market.

Management decided to record certain loans and financing as liabilities at fair value through profit or loss. The adoption of fair value is justified by the need for preventing the accounting mismatch between the debt instrument and the hedging instrument contracted, which is also measured at fair value through profit or loss.

The additional information on the assumptions used in the determination of the fair value of relevant financial instruments, which differ from the carrying amount or that are subsequently measured at fair value, are disclosed below taking into consideration the terms and the relevance of each financial instrument:

- Derivatives: (i) the fair value of the interest rate swap is calculated at the present value of the estimated future cash flows based on the yield curves adopted by the market; and (ii) the fair value of the swap and Non-Deliverable Forward (NDF) related to future foreign exchange contracts are determined based on the foreign exchange rates discounted at present value.
- Debts and debentures: they are measured by means of a pricing model that is individually applied to each transaction, taking into consideration the future flows of payment, based on contractual conditions, discounted to present value at rates obtained by means of market interest rate curves. Accordingly, the market value of a security corresponds to its payment amount (redemption amount) carried to present value by the discount factor.
- Other debts (NTS acquisition): they are measured by means of a pricing model, taking into consideration the future flows of payment, based on contractual conditions, discounted to present value at rates obtained by means of future market interest rate curves.

Additionally, the 7.65% interest in NTS (Note 5) is recorded in the "Marketable securities" account, measured at fair value through profit or loss and whose hierarchy level is three. The fair value of the investment is calculated based on the cash flows related to ITAÚSA discounted to present value at a rate that corresponds to the cost of equity that, on March 31, 2020, is 14.3% (13.6% on December 31, 2019). The assumptions considered for the calculation of the cost of equity take into consideration: (i) country risk; (ii) US treasury bill risk-free rate (maturing in 10 years); (iii) market risk premium; (iv) leverage beta including companies with similar business models; and (v) inflation differences between foreign (US) and domestic markets.

3.1.3. Derivatives

In operations with derivatives, there are no checks, monthly settlements or margin calls, and all contracts are settled upon their maturities and measured at fair value through profit or loss, taking into consideration market conditions regarding terms and interest rates. On March 31, 2020 and December 31, 2019 only Duratex recorded derivative operations.

We present below the types of the contracts in effect:

- Fixed swap x CDI: contracts whose purpose is to turn fixed interest rate debts into debts indexed to the CDI rate;
- Broad Consumer Price Index (IPCA) swap + Fixed rate x CDI rate: contracts whose purpose is to turn debts indexed to the IPCA + fixed interest rates into debts indexed to the CDI rate; and
- NDF (Non Deliverable Forward): contract whose purpose is to Mitigate the foreign exchange exposure. In this operation, the contract is settled upon its respective maturity date, taking into consideration the difference between the forward foreign exchange rate (NDF) and the foreign exchange rate at the end of the period (Ptax).

We present below a table containing the main information regarding the derivatives:

Derivatives	Position	Consolidated					
		Notional (R\$)		Fair value		Profit or loss	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Swaps							
US\$	Asset	-	3	-	3	-	28
Fixed rate	Asset	385	385	396	395	5	5
IPCA + Fixed rate	Asset	92	94	96	103	5	2
CDI	Liability	(477)	(482)	(483)	(487)	-	-
NDF							
R\$ x US\$	-	188	107	188	106	(2)	2

3.2. Risk Management

Because the results of ITAÚSA are directly related to the operations, the activities and the results of its investees, ITAÚSA is exposed mainly to the risks of the companies in its portfolio.

Through its senior management, ITAÚSA participate on board of directors and supporting committees of the investees, in addition to the presence of independent members with experience in the respective markets in which they work, good risk management and compliance practices are stimulated, including integrity. Examples of this work are the participation of ITAÚSA's management members: (i) on the Risk and Capital Management Committee of Itaú Unibanco; (ii) on the Audit and Risk Management Committee of Duratex; and (iii) on the Statutory Audit Committee of Alparbatas.

ITAÚSA follows the guidelines contained in the Risk Management Policy approved by the Board of Directors where the following is defined: (i) the main management and risk control guidelines, in line with the risk appetite established by the Board of Directors; (ii) the methodology of the risk management process; (iii) the guidelines and guidance to the Compliance and Corporate Risks Department in the implementation of the integrity program; and (iv) the reviews of ITAÚSA's rules, forwarding them, when necessary, for the analysis and approval of the Board of Directors. Additionally, the controlled companies that do not have their own policy must follow the terms of the Risk Management Policy in accordance with their respective management structure.

ITAÚSA has a Sustainability and Risks Committee aimed at assessing instruments to hedge/mitigate identified risks, such as possible insurance policies taken out.

3.2.1. Market risks

Market risks involve mainly the possibility of variations in interest and foreign exchange rates. These risks may result in the reduction of the value of assets and in the increase of their liabilities due to the rates negotiated in the market.

With respect to foreign exchange rate risks, the controlled company Duratex has an Indebtedness Policy that establishes the maximum foreign currency-denominated amount that may be exposed to variations in the foreign exchange rate. Due to the risk management procedures, management carries out periodical assessments of foreign exchange exposures for the purpose of mitigating them, in addition to maintaining economic hedge mechanisms aimed at protecting most of its foreign exchange exposure.

With respect to interest rate risks, they are those that can cause ITAÚSA and controlled companies to undergo economic losses due to adverse changes in these rates. This risk is continuously monitored by management for the purpose of assessing any need to contract derivative operations to protect ITAÚSA against the volatility in interest rates. With respect to financial investments, the earnings are indexed to the variation in the CDI rate and redemption assured by issuing banks, based on contractually agreed rates agreed for investments in CDBs, or on the value of the quota on the redemption date for investment funds.

3.2.1.1. Sensitivity analysis

The purpose of the sensitivity analysis is to measure the impact of the changes in market variables on each representative financial instrument. However, the settlement of the transactions involving these estimates may result in amounts that differ from those estimated due to the subjectivity inherent to the process used in the preparation of these analyzes.

The information presented in the table contextually measures the impact on the results of ITAÚSA and its controlled companies due to the changes in each risk described until maturity date these operations. The probable scenario (base scenario) and two other scenarios are presented under the terms determined by CVM Instruction No. 475/08, representing the deterioration of the risk variable by 25% (possible) and 50% (remote). The probable scenario was defined by means of assumptions available in the market (B3 and Bloomberg).

	Parent company					
	Index/ Currency	Risk	Projected rates	Probable scenario	Possible scenario (+25%)	Remote scenario (+50%)
Liabilities						
Other debts (Acquisition of NTS)	US\$	Increase of the U.S. dollar	R\$4.50	(47)	45	137
Total				(47)	45	137
	Consolidated					
	Index/ Currency	Risk	Projected rates	Probable scenario	Possible scenario (+25%)	Remote scenario (+50%)
Liabilities						
Other debts (Acquisition of NTS)	US\$	Increase of the U.S. dollar	R\$4.50	(47)	45	137
Loans at Fixed rates Swap - Fixed x CDI	CDI	Increase of CDI	4.27% p.y.	(1) 1	(1) 1	(1) 1
Loans IPCA + Fixed Swap - IPCA + Fixed x CDI	CDI	Increase of CDI	4.27% p.y.	(11) 11	20 (20)	58 (58)
Loans US\$	US\$	Increase of the U.S. dollar	R\$5.20	-	(48)	(95)
NDF - US\$ x BRL	US\$	Reduction of the U.S. dollar	R\$5.20	-	48	95
Total				(47)	45	137

3.2.2. Credit risk

Credit risk is the possibility of ITAÚSA and its controlled companies not exercising their rights. This description is related mainly to the accounts below and the maximum exposure to credit risk is reflected by their accounting balances:

(a) Customers

The controlled company Duratex has a formalized credit granting policy for the purpose of establishing the procedures to be followed upon the granting of credit in commercial operations of sale of products and service in both domestic and foreign markets. For the granting of credit, customers are classified taking into consideration the length of time of registration and their payment histories and, among other matters, their Financial Statements are assessed for the purpose of identifying their payment ability associated with a default probability.

The credit limit may be defined based on a percentage of net revenue, equity or a combination of both, also taking into consideration the average volume of the monthly purchases, but always supported by the assessment of the economic and financial, documental, restrictive and behavioral situation of the customer. In accordance with the credit limit, financial guarantees are established and the credit limits are periodically assessed in order to maintain the diversification of its portfolio and reduce its risk exposure. There is no significant risk of concentration of customer credit.

(b) Cash and cash equivalents

ITAÚSA and its controlled companies have formalized policies for the management of funds with financial institutions that are aimed at ensuring liquidity, security and profitability for the funds. Internal policies determine that the financial investments must be made with first-class financial institutions and with no concentration of funds in specific investments, in order to maintain a balanced proportion that is less subject to losses. Management understands that the financial investment operations contracted do not expose ITAÚSA and its controlled companies to significant credit risks that may generate material losses in the future.

3.2.3. Liquidity risk

This is the risk that ITAÚSA and its controlled companies will not have sufficient liquid funds to honor their financial commitments due to the mismatch of terms or volumes of expected receipts and payments.

The controlled company Duratex has an indebtedness policy whose purpose is to define the limits and parameters of indebtedness and the minimum available funds, which is the highest of the following two amounts: (i) sum equivalent to 60 days of consolidated net revenue for the past quarter; or (ii) debt service plus dividends and/or interest on capital expected for the following six months.

Additionally, management monitors the continuous expectations of liquidity requirements to ensure that it has sufficient cash to meet the operational needs, particularly the payment of dividends, interest on capital and other obligations assumed.

ITAÚSA and its controlled companies invest the cash surplus by choosing instruments with appropriate maturities or adequate liquidity to provide sufficient margin with respect to the expectations of the outflow of funds.

For the purpose of maintaining the investments at acceptable risk levels, new investments or increases in interests are discussed in joint meetings of the Executive Board and the Board of Directors of ITAÚSA.

The table below shows the maturities of financial liabilities in accordance with the undiscounted cash flows:

	Parent company				Total
	Less than one year	Between one and two years	Between three and five years	Over five years	
Debentures	19	400	800	-	1,219
Trade accounts payable	2	-	-	-	2
Personnel expenses	21	-	-	-	21
Leases	2	4	4	1	11
Dividends and interest on capital	426	-	-	-	426
Other debts	25	429	-	-	454
	495	833	804	1	2,133

	Consolidated				Total
	Less than one year	Between one and two years	Between three and five years	Over five years	
Debts	857	734	531	48	2,170
Debentures	39	400	1,399	599	2,437
Trade accounts payable	636	-	-	-	636
Personnel expenses	164	-	-	-	164
Leases	20	22	25	268	335
Dividends and interest on capital	428	-	-	-	428
Other debts	208	672	-	-	880
	2,352	1,828	1,955	915	7,050

The forecast budget, which was approved by management, shows the ability and cash generation for meeting obligations.

3.2.3.1. Covenants

The controlled company Duratex has some Debt and debenture contracts that are subject to some covenants in accordance with the usual market practices and which, when they are not complied with, may result in an immediate disbursement or early maturity of an obligation with defined flow and frequency. We present below a description of the financial covenants of the controlled company:

(a) Debts (contracts with BNDES)

- EBITDA (*) / Net finance cost: equal to or higher than 3.00;
- EBITDA (*) / Net operating income: equal to or higher than 0.20;
- Equity / Total assets: equal to or higher than 0.45.

(b) Debentures

- Net debt / EBITDA (*) lower than or equal to 4.0

(*) EBITDA (Earning Before Interest, Taxes, Depreciation and Amortization).

The maintenance of the covenants is based on the financial statements of the controlled company Duratex and, should the above mentioned contractual obligations be not complied with, Duratex must offers additional guarantees.

On March 31, 2020 and December 31, 2019 all aforementioned contractual obligations were fully met.

4. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cash and banks	-	-	207	213
Financial investments	1,057	1,091	2,217	2,156
Fixed income	-	-	85	75
Bank Deposit Certificate - CDB	-	-	1,040	958
Investment funds	1,057	1,091	1,092	1,123
Total	1,057	1,091	2,424	2,369

5. MARKETABLE SECURITIES

	Parent company and Consolidated
Balance on 12/31/2018	1,030
Valor justo	231
Redução de capital	(48)
Balance on 12/31/2019	1,213
Valor justo	(47)
Balance on 03/31/2020	1,166

This refers to the 7.65% interest of ITAÚSA in the capital of NTS acquired on April 4, 2017. Since ITAÚSA does not have a significant influence over the decisions on the financial and operational policies of NTS, the investment is classified as a financial asset in accordance with CPC 48 / IFRS 9 – Financial instruments, and measured at fair value through profit or loss in Finance result. For further information on the assumptions used in fair value calculation, please see Note 3.1.2.

In 2020, ITAÚSA recorded dividends and interest on capital from NTS, in contra-entry to income under "Other income and expenses" in the amount of R\$48 (R\$38 in 2019) (Note 22).

Management periodically monitors any risks of impairment of Marketable securities. Taking into consideration the nature of these assets and the history of loss, ITAÚSA did not recognize any impairment losses on the above mentioned assets.

6. TRADE ACCOUNTS RECEIVABLE

Consolidated								
03/31/2020								
Overdue							(-) Allowance for estimated losses on doubtful accounts	Net balance
To fall due	Within 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	Over 180 days			
Local customers	794	35	10	7	13	69	(82)	846
Foreign customers	144	43	11	4	5	10	(3)	214
Related parties	18	-	-	-	-	-	-	18
Total	956	78	21	11	18	79	(85)	1,078

12/31/2019								
Overdue							(-) Allowance for estimated losses on doubtful accounts	Net balance
To fall due	Within 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	Over 180 days			
Local customers	904	27	4	3	11	67	(81)	935
Foreign customers	115	25	9	7	6	8	(2)	168
Related parties	32	-	-	-	-	-	-	32
Total	1,051	52	13	10	17	75	(83)	1,135

There are no real encumbrances, guarantees offered and/or restrictions to the trade accounts receivable amounts. No customer individually represents more than 10% of trade accounts receivable or revenue.

The exposure of ITAÚSA and its controlled companies to credit risks related to trade accounts receivable are disclosed in Note 3.2.2.

6.1. Allowance for estimated losses on doubtful accounts

As required by CPC 48 / IFRS 9 – Financial instruments, a detailed analysis of the balance of trade accounts receivable must be made and, in accordance with the simplified approach, an allowance for estimated losses on doubtful accounts is recognized to cover any losses on the realization of these assets.

We present below the changes in the allowance for estimated losses on doubtful accounts:

	Consolidated	
	03/31/2020	12/31/2019
Opening balance	(83)	(87)
Acquisition of companies	-	(11)
Recognitions	(4)	(11)
Write-offs	2	26
Closing balance	(85)	(83)

7. INVENTORIES

	Consolidated	
	03/31/2020	12/31/2019
Finished products	522	427
Raw materials	285	267
Work in progress	138	139
General storeroom	124	125
Advance to suppliers	8	2
(-) Estimated loss on the realization of inventories	(93)	(107)
Total	984	853

On March 31, 2020 and December 31, 2019, the controlled companies had no inventories offered in guarantee.

The changes in the allowance for estimated losses on doubtful accounts on the realization of inventories are presented below:

	Consolidated	
	03/31/2020	12/31/2019
Opening balance	(107)	(27)
Acquisition of companies	-	(37)
Recognitions	(10)	(99)
Reversals	4	23
Write-offs	20	33
Closing balance	(93)	(107)

8. DIVIDENDS AND INTEREST ON CAPITAL RECEIVABLE

	Parent company						Total
	Investments					Marketable securities	
	Subsidiaries		Jointly-controlled entities				
	Duratex	Itautec	Itaú Unibanco	IUPAR	Alpargatas	NTS	
Balance on 12/31/2018	185	-	47	38	-	-	270
Dividends	-	-	3,922	3,403	-	152	7,477
Interest on capital	28	1	1,300	1,035	-	11	2,375
Receipts	(184)	-	(5,178)	(4,426)	-	(163)	(9,951)
Balance on 12/31/2019	29	1	91	50	-	-	171
Dividends	-	2	1,028	933	9	46	2,018
Interest on capital	52	-	865	688	-	1	1,606
Receipts	(81)	-	(1,953)	(1,671)	(9)	(47)	(3,761)
Balance on 03/31/2020	-	3	31	-	-	-	34

	Consolidated				
	Investments			Marketable securities	
	Jointly-controlled entities				
	Itaú Unibanco	IUPAR	Alpargatas	NTS	Total
Balance on 12/31/2018	47	38	-	-	85
Dividends	3,922	3,403	-	152	7,477
Interest on capital	1,300	1,035	-	11	2,346
Receipts	(5,178)	(4,426)	-	(163)	(9,767)
Balance on 12/31/2019	91	50	-	-	141
Dividends	1,028	933	9	46	2,016
Interest on capital	865	688	-	1	1,554
Receipts	(1,953)	(1,671)	(9)	(47)	(3,680)
Balance on 03/31/2020	31	-	-	-	31

9. OTHER ASSETS AND LIABILITIES

Note	Parent company				Consolidated			
	Current		Non-current		Current		Non-current	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Other assets								
Prepaid expenses	10	9	16	18	23	15	16	18
Pension plan assets (DB Plan)	1	1	1	1	6	6	11	12
Disposal of PPE	9.1	-	-	-	11	13	73	73
Disposal of investments	-	-	-	-	-	-	18	18
Disposal of investment property	-	-	-	-	16	22	-	-
Development of forest operations	-	-	-	-	-	-	10	10
Advance to employees	7	1	-	-	17	11	-	-
Indemnifiable assets	-	-	-	-	-	-	17	17
Amounts withheld in acquisitions of companies	-	-	-	-	2	2	31	31
Sale of electricity	-	-	-	-	4	8	-	-
Held-for-sale assets	-	-	-	-	48	48	-	-
Other assets	10	12	10	5	20	20	27	23
Total	28	23	27	24	147	145	203	202
Other liabilities								
Advances from customers	-	-	-	-	29	28	6	6
Profits to be distributed to stockholders in special partnerships	-	-	-	-	-	12	-	-
Acquisition of reforestation areas	-	-	-	-	3	3	-	-
Trade accounts payable to stockholders in special partnerships	-	-	-	-	2	31	89	89
Acquisitions of companies	-	-	-	-	28	28	89	125
Freight and insurance payable	-	-	-	-	25	28	-	-
Commissions payable	-	-	-	-	15	20	-	-
Warranties, technical assistance and maintenance	-	-	-	-	37	25	5	5
Joint operation liabilities	-	-	-	-	-	-	44	43
Provision for restructuring costs	-	-	-	-	3	4	-	-
Payroll loans	-	-	-	-	2	2	-	-
Sales for future delivery	-	-	-	-	15	16	-	-
Statutory profit sharing	-	-	-	-	4	17	-	-
Acquisition - NTS	9.2	-	415	319	-	-	415	319
Other liabilities	25	7	14	20	45	24	24	33
Total	25	7	429	339	208	238	672	620

9.1. Sale of property, plant and equipment

This refers mainly to the amounts receivable arising from the sale of rural land of the indirectly-controlled company Duratex Florestal.

9.2. Acquisition of NTS

Refers to payment obligation due to "Nova Infraestrutura Fundo de Investimento em Participações e Multiestratégia", arising from the acquisition of a 7.65% interest in the capital of NTS, originally amounting to US\$72 million, adjusted based on a fixed interest rate of 3.35% a year, capitalized on an annual basis in the principal amount, to be paid in a single installment in April 2022.

10. BIOLOGICAL ASSETS

The indirectly-controlled companies Duratex S.A. (Colombia), Duratex Florestal Ltda. and Caetex Florestal S.A. have eucalyptus and pine tree forest reserves that are used, primarily, as raw material in the production of wood panels, floorings and, secondarily, for sale to third parties.

The forest reserves serve as a guarantee of supply to the factories, as well as a protection against risks regarding future increases in the price of wood. This is a sustainable operation that is integrated with its industrial complexes, which, together with a supply network, provides a high level of self-sufficiency in the supply of wood.

On March 31, 2020, the companies had approximately 100.9 thousands hectares in effectively planted areas (139.2 thousands hectares on December 31, 2019) that are cultivated in the states of São Paulo, Minas Gerais, Rio Grande do Sul, Alagoas and in Colombia. The reduction in the effective planting areas was mainly driven by the capital contribution in indirect investee LD Celulose S.A..

The forests are free of any encumbrances or guarantees to third parties, including financial institutions. Additionally, there are no forests for which the ownership is restricted.

The balance of the biological assets is composed of the cost of formation of the forests and the fair value difference over the cost of formation, as presented below:

	Consolidated	
	03/31/2020	12/31/2019
Cost of formation of biological assets	1,051	1,045
Difference between cost of formation and fair value	546	499
Capital increase - indirect investee LD Celulose	(486)	-
Total	1,111	1,544

The changes in the period are as follows:

	Note	Consolidated	
		03/31/2020	12/31/2019
Opening balance		1,544	1,565
Changes in fair value			
Price/Volume	21	69	126
Depletion		(22)	(171)
Changes in the cost of formation			
Planting costs		31	194
Depletion		(25)	(170)
Capital increase - indirect investee LD Celulose	13.1.5	(486)	-
Closing balance		1,111	1,544

10.1. Fair value

Fair value is determined based on the estimate of volume of wood that is ready to be harvested, at the current prices of standing wood, except for the eucalyptus forests that are up to one year old and the pine forests that are up to four year old, which are maintained at cost, due to the belief that these amounts approximate their fair value.

Fair value was determined by the valuation of the expected volumes that are ready to be harvested at current market prices based on estimates of volumes. The main assumptions used were:

- Discounted cash flows expected wood volume that is ready to be harvested, taking into consideration current market prices, net of the unrealized planting costs and the costs of capital of the land used in the plantation, measured at present value at the discount rate of March 31, 2020 of 5.3% a year, which corresponds to the average weighted cost of capital of the controlled company Duratex, which is reviewed on an annual basis by its management.
- Wood prices: they are obtained in R\$/cubic meter by means of surveys on market prices disclosed by specialized companies for regions and products that are similar to those of the controlled company Duratex, in addition to the prices adopted in transactions with third parties, also in active markets.
- Difference: the volumes of harvests that were separated and valued according to the species: pine and eucalyptus, (ii) region; and (iii) destination (sawmill and process).
- Volumes: estimate of the volumes to be harvested (6th year for eucalyptus and 12th year for pine) based on the projected average productivity for each region and species. The average productivity may vary according to age, rotation, climate conditions, quality of seedlings, fire and other natural risks. For the forests that have already been formed, the current volumes of wood are used. The volume estimates are supported by cycle counts made by specialized technicians as from the second year of the forests and their effects are incorporated into the financial statements.

11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

The balance of and changes in deferred income tax and social contribution are presented below:

	Parent company					
	12/31/2018	Recognition	Realization/ Reversal	12/31/2019	Realization/ Reversal	03/31/2020
Assets						
Recognized in profit or loss						
Income tax and social contribution loss carryforwards	382	-	-	382	-	382
Temporary differences	538	-	(4)	534	-	534
Contingencies	508	-	(3)	505	-	505
Other	30	-	(1)	29	-	29
Total ^(*)	920	-	(4)	916	-	916
Liabilities						
Recognized in profit or loss						
Temporary differences	(60)	(80)	1	(139)	17	(122)
Fair value of financial instruments	(52)	(78)	-	(130)	16	(114)
Other	(8)	(2)	1	(9)	1	(8)
Total ^(*)	(60)	(80)	1	(139)	17	(122)

^(*) Deferred income tax and social contribution assets and liabilities are recorded in the Balance Sheet, as offset by the taxable entity, totaling in the deferred assets on March 31, 2020 the amount of R\$794 (R\$777 on December 31, 2019).

	Consolidated						
	12/31/2018	Recognition	Realization/ Reversal	12/31/2019	Recognition	Realization/ Reversal	03/31/2019
Assets							
Recognized in profit or loss							
Income tax and social contribution loss carryforwards	559	10	-	569	1	-	570
Temporary differences	731	143	(3)	871	7	(13)	865
Provision for impairment of trade accounts receivable	10	-	-	10	-	(2)	8
Fair value of financial instruments and derivatives	29	2	-	31	-	-	31
Contingencies	569	44	-	613	4	(7)	610
Inventory losses	6	26	-	32	-	-	32
Profit abroad	38	11	-	49	-	-	49
Impairment of property, plant and equipment	29	42	-	71	-	(2)	69
Post-employment benefit	6	5	-	11	-	-	11
Other	44	13	(3)	54	3	(2)	55
Reconhecidos no Patrimônio líquido							
Post-employment benefit	4	9	-	13	-	-	13
Total ⁽²⁾	2,025	305	(6)	1,453	8	(13)	1,448
Liabilities							
Recognized in profit or loss							
Temporary differences	(458)	(120)	25	(553)	(11)	22	(542)
Revaluation reserve	(41)	(25)	-	(66)	-	-	(66)
Fair value of financial instruments and derivatives	(51)	(76)	1	(126)	-	11	(115)
Depreciation	(17)	(11)	-	(28)	-	2	(26)
Sale of property, plant and equipment	(6)	-	5	(1)	-	-	(1)
Biological assets	(186)	(4)	-	(190)	-	2	(188)
Client Portfolio	(48)	-	8	(40)	-	3	(37)
Pension plans	(38)	-	-	(38)	(2)	-	(40)
Other	(71)	(4)	11	(64)	(9)	4	(69)
Recognized in equity							
Exchange variation on translation of balance sheet from foreign company	(4)	(1)	-	(5)	(1)	-	(6)
Total ⁽²⁾	(920)	(241)	50	(558)	(12)	22	(548)

⁽²⁾ Deferred income tax and social contribution assets and liabilities are recorded in the Balance Sheet, as offset by the taxable entities, totaling in the deferred assets the amount of R\$1,059 on March 31, 2020 (R\$1,108 on December 31, 2019) and in the deferred liabilities the amount of R\$159 on March 31, 2020 (R\$213 on December 31, 2019).

11.1. Deferred assets

11.1.1. Expectation of realization

Deferred tax assets are recognized taking into consideration the probable realization of these credits, based on projections of future results, prepared based on internal assumptions and economic scenarios approved by management that may change. We present below the expectation of realization of deferred assets:

	Parent company	Consolidated
2020	1	437
2021	285	572
2022	615	102
2023	-	68
2024	-	76
2025 - 2027	15	193
Total	916	1,448

11.1.2. Unrecognized tax credits

ITAÚSA and its controlled companies have tax credits related to income tax and social contribution loss carryforwards and temporary differences that are not recognized in the financial statements due to uncertainties of their realization.

On March 31, 2020, the unrecognized credits of ITAÚSA correspond to R\$188 (R\$79 on December 31, 2019) and in the consolidated financial statements, they correspond to R\$346 (R\$243 on December 31, 2019). The above mentioned credits may be recognized in the future in accordance with the annual review of the projection of taxable profit generation and the term for their use is indefinite.

12. RIGHT-OF-USE AND LEASES

Lease liabilities are measured at the present value of the remaining payments, discounted at the nominal incremental rate on their debts. Right-of-use assets are measured at the same amount as the lease liability upon initial recognition, net of accumulated depreciation to be realized using the straight-line method over the lease term.

For the lease contract of ITAÚSA, management considered a renewal of the contract (72 months in total) because it believes that the renewal conditions are reasonable. Meanwhile, the controlled company Duratex, due to the long-term characteristics of the contracts, substantially, did not consider a renewal of the land lease contracts. For the other contracts, when applicable, a renewal was considered.

With respect to payments, these basically refer to fixed amounts agreed in agreements annually adjusted based on an inflation-linked index.

12.1. Right-of-use assets

	Parent company		Consolidated				Total
	IT equipment	Land	Buildings	Vehicles	IT equipment	Other	
Balance on 12/31/2018	-	-	-	-	-	-	-
Initial adoption – 01/01/2019	-	488	10	3	-	-	501
New contracts / adjustments	13	34	1	-	13	5	53
Depreciation for the year (profit or loss)	(1)	(2)	(5)	(2)	(1)	(2)	(12)
Depreciation for the year (*)	-	(24)	-	-	-	-	(24)
Acquisition of companies	-	-	3	-	-	5	8
Remeasurement adjustment	-	40	1	-	-	-	41
Balance on 12/31/2019	12	536	10	1	12	8	567
New contracts / adjustments	-	3	-	-	-	-	3
Depreciation for the period (profit or loss)	(1)	-	(1)	-	(1)	(1)	(3)
Depreciation for the period (*)	-	(7)	-	-	-	-	(7)
Write-off of contracts	-	(239)	-	-	-	-	(239)
Balance on 03/31/2020	11	293	9	1	11	7	321

(*) Stated at cost of formation of forest reserves in "Biological Asset" line.

12.2. Lease liabilities

	Parent company		Consolidated				Total
	IT equipment	Total	Land	Buildings	Vehicles	IT equipment	
Balance on 12/31/2018	-	-	-	-	-	-	-
Initial adoption - 01/01/2019	-	-	488	10	3	-	-
New contracts / adjustments	13	13	34	1	-	13	5
Interest allocated in the year (profit or loss)	-	-	1	1	-	-	-
Interest allocated in the year (*)	-	-	51	-	-	-	-
Payments	(1)	(1)	(63)	(5)	(2)	(1)	(3)
Acquisition of companies	-	-	-	4	-	-	6
Remeasurement adjustment	-	-	40	1	-	-	-
Balance on 12/31/2019	12	12	551	12	1	12	8
New contracts / adjustments	-	-	3	-	-	-	-
Interest allocated in the year (profit or loss)	-	-	1	-	-	-	-
Interest allocated in the year (*)	-	-	9	-	-	-	-
Payments	(1)	(1)	(12)	(2)	-	(1)	(1)
Write-off of contracts	-	-	(246)	(1)	-	-	-
Foreign exchange variation	-	-	-	-	-	-	1
Balance on 03/31/2020	11	11	306	9	1	11	8
Circulante		2					20
Não circulante		9					315

(*) Stated at cost of formation of forest reserves in "Biological Asset" line.

Discount rates are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
Contractual terms		
Up to 5 years	-	8.71% p.a.
From 6 to 10 years	6.89% p.a.	From 6.89% to 10.40% p.a.
Longer than 10 years	-	10.93% p.a.

The maturities of the lease liabilities take into consideration the following future flow of payments:

	<u>Parent company</u>	<u>Consolidated</u>
	<u>03/31/2020</u>	<u>03/31/2020</u>
Current		
2020	1	15
2021	1	5
Total	<u>2</u>	<u>20</u>
Non-current		
2021	2	8
2022	2	14
2023	2	13
2024	2	12
2025	1	10
2026 - 2030	-	41
2031 - 2035	-	27
2036 - 2045	-	68
2046 onwards	-	122
Total	<u>9</u>	<u>315</u>

12.3. Inflation effects

Please find below the inflation effects on balances, compared to the balances in the financial statements:

	Parent company			
	03/31/2020		12/31/2019	
	Accounting scenario	Inflation scenario	Accounting scenario	Inflation scenario
Right-of-use assets	13	14	13	14
Depreciation	(2)	(2)	(1)	(1)
Total	11	12	12	13
Leases	14	14	15	15
Interest to be appropriated	(3)	(1)	(3)	(1)
Total	11	13	12	14

	Consolidated			
	03/31/2020		12/31/2019	
	Accounting scenario	Inflation scenario	Accounting scenario	Inflation scenario
Right-of-use assets	362	487	603	824
Depreciation	(41)	(48)	(36)	(46)
Total	321	439	567	778
Leases	953	1,813	1,845	3,451
Interest to be appropriated	(618)	(1,339)	(1,261)	(2,626)
Total	335	474	584	825

13. INVESTMENTS

13.1. Changes in investments

	Parent company							Total
	Jointly-controlled companies			Controlled companies				
	Itaú Unibanco	IUPAR	Alpargatas (Note 13.1.2)	Duratex (Note 13.1.4)	Itautec (Note 13.1.3)	Itaúsa Empreendimentos (Note 13.1.1)	ITH Zux Cayman	
Balance on 12/31/2018	27,861	23,182	1,740	1,694	25	306	2	54,810
Equity in the earnings of investees	5,519	4,725	29	148	14	1	-	10,436
Dividends and interest on capital	(5,452)	(4,620)	-	(42)	(2)	-	-	(10,116)
Acquisition of shares	-	-	154	-	-	-	-	154
Other comprehensive income	(28)	(24)	(3)	4	-	-	-	(51)
Other	(88)	(78)	1	3	2	(307)	-	(467)
Balance on 12/31/2019	27,812	23,185	1,921	1,807	39	-	2	54,766
Equity in the earnings of investees	757	582	(48)	19	(2)	-	1	1,309
Dividends and interest on capital	(2,046)	(1,742)	(9)	(52)	(2)	-	-	(3,851)
Acquisition of shares	-	-	31	-	-	-	-	31
Other comprehensive income	(93)	(83)	41	(26)	-	-	-	(161)
Other	(82)	(72)	(1)	1	-	-	-	(154)
Balance on 03/31/2020	26,348	21,870	1,935	1,749	35	-	3	51,940
Market value on 12/31/2019 (*)	135,427	-	5,550	4,228	-	-	-	
Market value on 03/31/2020 (*)	84,279	-	3,904	2,364	-	-	-	

Consolidated

	Jointly-controlled companies			Indirect associates		Indirect Jointly- controlled company	Total
	Itaú Unibanco	IUPAR	Alpargatas (Note 13.1.2)	Viva Decora	LD Celulose (Note 13.1.5)	LD Florestal	
	Balance on 12/31/2018	27,861	23,182	1,740	9	-	
Equity in the earnings of investees	5,519	4,725	29	(2)	-	1	10,272
Dividends and interest on capital	(5,452)	(4,620)	-	-	-	-	(10,072)
Acquisition of shares	-	-	154	5	-	-	159
Capital increase (decrease)	-	-	-	-	-	68	68
Other comprehensive income	(28)	(24)	(3)	-	-	-	(55)
Other	(88)	(78)	1	2	-	-	(163)
Balance on 12/31/2019	27,812	23,185	1,921	14	-	108	53,040
Equity in the earnings of investees	757	582	(48)	-	(17)	-	1,274
Dividends and interest on capital	(2,046)	(1,742)	(9)	-	-	-	(3,797)
Acquisition of shares	-	-	31	-	-	-	31
Capital increase (decrease)	-	-	-	-	496	-	496
Other comprehensive income	(93)	(83)	41	-	(119)	-	(254)
Other	(82)	(72)	(1)	-	-	-	(155)
Balance on 03/31/2020	26,348	21,870	1,935	14	360	108	50,635
Market value on 12/31/2019 (*)	135,427	-	5,550	-	-	-	
Market value on 03/31/2020 (*)	84,279	-	3,904	-	-	-	

(*) Market value is presented for investees with shares traded in on B3 stock exchange only.

13.1.1. Merger of the wholly-owned subsidiary Itaúsa Empreendimentos

On August 30, 2019, the Extraordinary General Stockholder's Meeting resolved upon the merger of the shares of Itaúsa Empreendimentos into ITAÚSA. Itaúsa Empreendimentos had an administrative structure composed of approximately 80 professionals who worked exclusively to provide operational support to ITAÚSA and the companies of the conglomerate's industrial segment.

The purpose of this corporate restructuring was to seek greater operational synergy and efficiency, with the consequent optimization and rationalization of administrative costs and accessory obligations arising from the maintenance of Itaúsa Empreendimentos.

Taking into consideration the corporate structure of Itaúsa Empreendimentos, the merger was implemented without diluting ITAÚSA's capital, since there was no capital increase, issue of new shares, share exchange ratio or right to withdraw for any stockholders.

13.1.2. Acquisition of additional equity interest in Alpargatas

In May and August 2019, ITAÚSA acquired at B3 (over-the-counter market) 7,693,152 preferred shares of Alpargatas for the amount of R\$154. The shares acquired represent 1.33% of Alpargatas total shares and ITAÚSA became the holder of a 28.88% interest (excluding treasury shares).

In March 2020, ITAÚSA once again purchased on B3 over 1,372,500 preferred shares from Alpargatas for a total amount of R\$31. These purchased shares account for 0.24% of the total shares of Alpargatas, with ITAÚSA now holding a total 29.12% stake (excluding treasury shares).

ITAÚSA started the process for the allocation of the purchase price, taking into consideration the interest in the net assets and liabilities measured at fair value, the consideration paid by ITAÚSA and the goodwill from the expectation of future profitability.

13.1.3. Completion of the merger of Itaotec shares

On June 14, 2019, the merger of Itaotec shares into ITAÚSA was completed. The transaction was approved by the stockholders of both companies at their respective general meetings held on April 30, 2019. Itaotec's stockholders became the holders of the same number of preferred shares issued by ITAÚSA (ITSA4). To this end, 118,815 preferred shares (ITSA4) were issued by ITAÚSA, culminating in the dilution of 0.001% for ITAÚSA's stockholders. These shares entitled their holders to all earnings declared as of that date. The exercise of the right to dissent by ITAÚSA's stockholders culminated in the acquisition of 1,873 common shares for treasury, which were then cancelled by means of a resolution of the Board of Directors on August 12, 2019.

Furthermore, on August 15, 2019, Itaotec had its request for cancellation of registration as a category "A" publicly-held company granted by CVM.

13.1.4. Acquisition of Cecrisa Revestimentos Cerâmicos S.A. ("Cecrisa") by the controlled company Duratex

On July 31, 2019, the controlled company Duratex, by means of its controlled company Cerâmica Urussanga S.A. ("Ceusa"), acquired the totality of the shares of the capital of Cecrisa and its controlled companies, which are specialized in the manufacturing of ceramic tiles, for the amount of R\$378.

13.1.5. Corporate operations in investee Duratex

In January 2020, investee Duratex completed the partial spin-off of its wholly-owned subsidiary Duratex Florestal Ltda., thus incorporating the following amounts:

Description	Amount
Inventories	2
PPE	6
Biological asset	486
Personnel liabilities	(1)
Deferred taxes	(65)
Total	428

After the takeover, between January and February 2020, investee Duratex contributed capital in its affiliate LD Celulose S.A., in the following amounts:

Description	Note	Amount
Inventories		2
PPE	14.2	9
Biological asset	10	486
Personnel liabilities		(1)
Total		496

13.2. Reconciliation of investments

	Parent company					
	03/31/2020					
	Jointly-controlled companies			Controlled companies		
	Itaú			ITH Zux Cayman		
	Unibanco	IUPAR	Alpargatas	Duratex	Itautec	Cayman
Equity of the investee	129,808	32,871	2,783	4,776	35	3
Holding %	19.91%	66.53%	29.12%	36.63%	100.00%	100.00%
Interest in the investment	25,851	21,870	810	1,749	35	3
Unrealized profit or loss	(12)	-	-	-	-	-
Adjustments arising from business combinations						
Surplus value	49	-	388	-	-	-
Goodwill	460	-	737	-	-	-
Accounting balance of the investment in the parent company	26,348	21,870	1,935	1,749	35	3

	Parent company					
	12/31/2019					
	Jointly-controlled companies			Controlled companies		
	Itaú			ITH Zux Cayman		
	Unibanco	IUPAR	Alpargatas	Duratex	Itautec	Cayman
Equity of the investee	136,925	34,847	2,643	4,931	39	2
Holding %	19.95%	66.53%	28.88%	36.65%	100.00%	100.00%
Interest in the investment	27,314	23,185	765	1,807	39	2
Unrealized profit or loss	(12)	-	-	-	-	-
Adjustments arising from business combinations						
Surplus value	50	-	443	-	-	-
Goodwill	460	-	713	-	-	-
Accounting balance of the investment in the parent company	27,812	23,185	1,921	1,807	39	2

13.3. Summarized consolidated information of the relevant investees

	Jointly-controlled companies			
	Itaú Unibanco		IUPAR	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Non-financial segment				
Number of outstanding shares of investees	9,762,259,056	9,745,601,763	1,061,396,457	1,061,396,457
Common	4,958,290,359	4,958,290,359	710,454,184	710,454,184
Preferred	4,803,968,697	4,787,311,404	350,942,273	350,942,273
Number of shares owned by ITAÚSA	1,944,075,803	1,944,075,803	706,169,365	706,169,365
Common	1,943,906,480	1,943,906,480	355,227,092	355,227,092
Preferred	169,323	169,323	350,942,273	350,942,273
Holding % ⁽¹⁾	19.91%	19.95%	66.53%	66.53%
Holding % in voting capital ⁽²⁾	39.21%	39.21%	50.00%	50.00%
Information on the balance sheet	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cash and cash equivalents	38,275	30,367	57	-
Financial assets	1,681,710	1,501,481	41	120
Non-financial assets	128,117	105,633	34,127	36,039
Financial liabilities	1,428,561	1,211,999	-	73
Non-financial liabilities	276,024	276,017	1,353	1,239
Equity attributable to controlling stockholders	129,808	136,925	32,871	34,847
Information on the statement of income	01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Profit from banking products	13,972	28,296	-	-
Income tax and social contribution	12,965	(2,635)	-	-
Profit attributable to controlling stockholders	3,459	6,747	875	1,744
Other comprehensive income	(473)	130	(124)	34
Information on the statement of cash flows	01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Increase (decrease) in cash and cash equivalents	23,163	(8,442)	57	174

⁽¹⁾ ITAÚSA has a direct interest in Itaú Unibanco of 19.91% and an indirect interest of 17.47%, by means of the investment in IUPAR, which holds a 26.27% direct interest in Itaú Unibanco, totaling a 37.39% interest in total capital.

⁽²⁾ The direct interest in the common shares of Itaú Unibanco is 39.21% and the indirect interest is 25.86%, by means of the investment in IUPAR, which holds a 51.71% direct interest in the common shares of Itaú Unibanco, totaling a 65.06% interest in total capital.

	Controlled company		Jointly-controlled company	
	Duratex		Alpargatas	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Non-financial segment				
Number of outstanding shares of investees	690,142,164	689,732,785	578,816,719	578,816,719
Common	690,142,164	689,732,785	302,010,657	302,010,657
Preferred	-	-	276,806,062	276,806,062
Number of shares owned by ITAÚSA	252,807,715	252,807,715	168,555,096	167,182,596
Common	252,807,715	252,807,715	129,528,793	129,528,793
Preferred	-	-	39,026,303	37,653,803
Holding %	36.63%	36.65%	29.12%	28.88%
Holding % in voting capital	36.63%	36.65%	42.89%	42.89%
Information on the balance sheet	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Current assets	3,682	3,514	3,075	2,610
Non-current assets	6,785	7,201	2,179	1,912
Current liabilities	1,920	2,150	1,722	1,256
Non-current liabilities	3,770	3,633	668	531
Equity attributable to controlling stockholders	4,776	4,931	2,783	2,643
Cash and cash equivalents	1,329	1,243	1,415	566
Debts and debentures	3,388	2,949	1,103	279
Information on the statement of income	01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Net revenue	1,162	1,073	747	819
Finance income	64	25	71	18
Finance costs	(107)	(54)	(53)	(30)
Income tax and social contribution	(30)	(11)	39	(22)
Profit attributable to controlling stockholders	52	24	26	53
Other comprehensive income	(70)	10	134	(16)
Information on the statement of cash flows	01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Increase (decrease) in cash and cash equivalents	86	(527)	849	(53)

14. PROPERTY, PLANT AND EQUIPMENT (PPE)

14.1. Breakdown

	Parent company							
	03/31/2020				12/31/2019			
	Depreciation rates (% p.a.)	Cost	Accumulated depreciation	Net balance	Depreciation rates (% p.a.)	Cost	Accumulated depreciation	Net balance
Property, plant and equipment in use								
Land	-	18	-	18	-	18	-	18
Buildings and improvements	2.5%	89	(19)	70	2.5%	88	(19)	69
Machinery, installations and equipment	10.0% at 20.0%	18	(5)	13	10.0% at 20.0%	18	(5)	13
Furniture and fixtures	10.0%	4	(1)	3	10.0%	4	(1)	3
Total		129	(25)	104		128	(25)	103
	Consolidated							
	03/31/2020				12/31/2019			
	Depreciation rates (% p.a.)	Cost	Accumulated depreciation	Net balance	Depreciation rates (% p.a.)	Cost	Accumulated depreciation	Net balance
Property, plant and equipment in use								
Land	-	710	-	710	-	704	-	704
Buildings and improvements	2.5% at 4.0%	1,383	(556)	827	2.5% at 4.0%	1,379	(547)	832
Machinery, installations and equipment	6.5% at 20.0%	5,058	(3,178)	1,880	6.5% at 20.0%	4,940	(3,112)	1,828
Furniture and fixtures	10.0%	73	(51)	22	10.0%	71	(50)	21
Vehicles	20.0% at 25.0%	72	(59)	13	20.0% at 25.0%	72	(59)	13
Other	10.0% at 20.0%	285	(211)	74	10.0% at 20.0%	285	(206)	79
Subtotal		7,581	(4,055)	3,526		7,451	(3,974)	3,477
Construction in progress		120	-	120		192	-	192
Total		7,701	(4,055)	3,646		7,643	(3,974)	3,669

14.2. Changes

	Parent company							
	Land	Buildings and improvements	Machinery, installations and equipment	Furniture and fixtures	Vehicles	Others	Construction in progress	Total
Balance on 12/31/2018	19	70	7	3	-	-	-	99
Acquisitions	-	10	7	-	-	-	-	17
Write-offs	(1)	(7)	(1)	-	-	-	-	(9)
Depreciation	-	(3)	(1)	-	-	-	-	(4)
Transfers	-	(1)	1	-	-	-	-	-
Balance on 12/31/2019	18	69	13	3	-	-	-	103
Acquisitions	-	3	-	-	-	-	-	3
Depreciation	-	(2)	-	-	-	-	-	(2)
Balance on 03/31/2020	18	70	13	3	-	-	-	104
	Consolidated							
	Land	Buildings and improvements	Machinery, installations and equipment	Furniture and fixtures	Vehicles	Others	Construction in progress	Total
Balance on 12/31/2018	656	672	1,794	18	13	78	107	3,338
Acquisitions	43	11	47	2	2	9	195	309
Write-offs	(46)	(24)	(75)	(1)	-	(2)	(7)	(155)
Depreciation	-	(35)	(270)	(3)	(4)	(19)	-	(331)
Transfers	(6)	13	92	4	2	9	(114)	-
Acquisition of companies	59	231	240	1	-	4	11	546
Transfer to held-for-sale assets	(4)	(37)	-	-	-	-	-	(41)
Others	2	1	-	-	-	-	-	3
Balance on 12/31/2019	704	832	1,828	21	13	79	192	3,669
Acquisitions	5	1	7	-	-	1	51	65
Write-offs	-	(1)	-	-	-	(1)	(10)	(12)
Depreciation	-	(9)	(66)	(1)	(1)	(5)	-	(82)
Transfers	-	2	106	2	2	1	(113)	-
Capital increase - indirect investee LD Celulose	(3)	(2)	(2)	-	(1)	(1)	-	(9)
Others	4	4	7	-	-	-	-	15
Balance on 03/31/2020	710	827	1,880	22	13	74	120	3,646

14.3. Property, plant and equipment in guarantee

On March 31, 2020, the property, plant and equipment of the controlled company Duratex included land, farms and vehicles offered in guarantee in lawsuits totaling R\$2 (R\$2 on December 31, 2019).

14.4. Assessment of the recoverable amount

For the period ended March 31, 2020, there was no indication, whether by means of external sources or internal sources of information that any asset had been impaired. Accordingly, management believes that the carrying amount of assets recorded is recoverable and, therefore, the recognition of a provision for impairment losses was not necessary.

15. INTANGIBLE ASSETS

15.1. Breakdown

	Parent company							
	03/31/2020				12/31/2019			
	Amortization rates (% p.a.)	Cost	Accumulated amortization	Net balance	Amortization rates (% p.a.)	Cost	Accumulated amortization	Net balance
Software	20.0%	5	(2)	3	20.0%	5	(1)	4
Total		5	(2)	3		5	(1)	4

	Consolidated							
	03/31/2020				12/31/2019			
	Amortization rates (% p.a.)	Cost	Accumulated amortization	Net balance	Amortization rates (% p.a.)	Cost	Accumulated amortization	Net balance
Software	20.0%	163	(96)	67	20.0%	157	(93)	64
Trademarks and patents	-	209	-	209	-	209	-	209
Goodwill from the expectation of future profitability	-	317	-	317	-	319	-	319
Customer portfolio	6.7%	401	(276)	125	6.7%	400	(269)	131
Total		1,090	(372)	718		1,085	(362)	723

15.2. Changes

Note	Parent company				
	Software	Trademarks and patents	Goodwill from the expectation of future profitability	Customer portfolio	Total
Balance on 12/31/2018	1	-	-	-	1
Acquisitions	3	-	-	-	3
Balance on 12/31/2019	4	-	-	-	4
Amortization	(1)	-	-	-	(1)
Balance on 03/31/2020	3	-	-	-	3

Note	Consolidated				
	Software	Trademarks and patents	Goodwill from the expectation of future profitability	Customer portfolio	Total
Balance on 12/31/2018	53	56	156	158	423
Acquisitions	29	-	-	-	29
Write-offs	(12)	-	-	-	(12)
Amortization	(8)	-	-	(27)	(35)
Impairment	-	(9)	-	-	(9)
Acquisition of companies	2	162	163	-	327
Balance on 12/31/2019	64	209	319	131	723
Acquisitions	6	-	-	-	6
Amortization	(3)	-	-	(6)	(9)
Acquisition of companies	-	-	(2)	-	(2)
Balance on 03/31/2020	67	209	317	125	718

15.3. Goodwill from the expectation of future profitability

The controlled company Duratex recognized goodwill from the expectation of future profitability in the process of acquisition of the following investments:

	Note	Consolidated	
		03/31/2020	12/31/2019
Satipel		46	46
Metalúrgica Jacareí		2	2
Caetex Florestal		9	9
Ceusa e Massima		99	99
Cecrisa	13.1.4	161	163
Total		317	319

15.4. Impairment test

As a result of the COVID-19 pandemic, on March 31, 2020, investee Duratex updated the projections used to assess the impairment of its intangible assets with indefinite useful life, based on the information available so far, and found that the amount of cash flows of the Cash-generating units was higher than the accounting amounts. Therefore, there was no need to record impairment losses.

16. DEBTS

16.1. Breakdown

Type	Charges	Form of amortization	Guarantees	Consolidated			
				03/31/2020		12/31/2019	
				Current	Non-current	Current	Non-current
Local currency							
BNDES (with swap)	103.89% of CDI	Monthly	Endorsement (70% Itaúsa / 30% Individuals)	10	77	10	80
BNDES (with swap)	117.51% of CDI	Monthly	Endorsement (70% Itaúsa / 30% Individuals)	-	4	-	4
Agribusiness receivables certificates (CRA)	98.0% of CDI	Semi-annually	Surety Duratex S.A	7	696	-	696
Export credit	104.8% of CDI	Until January 2021	--	205	-	280	28
Producer price guarantee financing (FGPP) – Banco do Brasil (with swap)	Fixed 6.6% to 7.9% p.y.	Until June 2020	--	391	-	389	-
FINAME	6% p.y.	Monthly	Secured fiduciary sale	1	3	1	3
FINAME	Fixed 5.60% p.y.	Monthly	Secured fiduciary sale and endorsement Duratex S.A	-	1	-	1
FINAME	Fixed 5.88% p.y.	Monthly	Secured fiduciary sale - Machinery and equipment	2	6	2	6
FINAME	Fixed 9,0% p.y.	Semi-annually	Secured fiduciary sale and endorsement Duratex S.A.	1	-	1	-
FINAME	Long-term interest rate +2.3% p.y./ fixed 6.0%p.y.	Monthly	Secured fiduciary sale	12	14	12	17
FINAME	Long-term interest rate + 3.7% p.y. to +4% p.y.	Monthly	Secured fiduciary sale and endorsement Duratex S.A.	2	2	2	2
FINEP	Long-term interest rate + 0.5% p.y.	Monthly	20% Trade notes + Surety Banco Safra	10	-	12	-
Constitutional Fund for the Northeastern Region Financing (FNE)	7.53% p.y.	Annually	Surety Duratex Florestal Ltda	-	9	-	7
Strategic Industries Development Fund (FUNDIEST)	30% IGP-M p.m.	Monthly	Surety - Cia. Ligna de Investimentos	18	-	29	-
Export credit note	104.9% of CDI	Until January 2021	Endorsement Duratex S.A.	36	-	37	35
Export credit (a)	CDI + 1,45%	March 2023	--	-	501	-	-
Export financing - FINEX - Law n. 4.131 (a)	CDI + 0,39%	March 2021	--	135	-	-	-
Total in local currency				830	1,313	775	879
Foreign currency							
Advance on foreign exchange contract - Banco do Brasil	US\$ + 5.00% p.y.	Until February 2020	40% Trade notes	-	-	2	-
Advance on foreign exchange contract - Bocom BBM (with swap)	US\$ + 10.19% p.y.	Until April 2020	Promissory Note	-	-	3	-
Advance on foreign exchange contract - Banco Santander	US\$ + 6.38% p.y.	Until May 2020	Promissory note - Endorsement Portinari	11	-	9	-
Advance on foreign exchange contract - Banco Safra	US\$ + 5.46% p.y.	Until May 2020	15.70% Trade notes	8	-	8	-
Advance on foreign exchange contract - Banco Bradesco	US\$ + 5.80% p.y.	Until June 2020	Clean	8	-	6	-
Advance on foreign exchange delivered contract - Banco do Brasil	US\$ + 4.27% p.y.	Until March 2020	40% Trade notes	-	-	3	-
Total in foreign currency				27	-	31	-
Total debts				857	1,313	806	879

(a) Funding raised aimed at debt rescheduling and working capital increase.

Debts identified in the table above as “with swap” are measured at fair value through profit or loss so as to avoid the accounting mismatch between the debt instrument and the contracted hedging instrument.

The covenants related to Debt contracts are presented in Note 3.2.3.1.

16.2. Changes

	<u>Consolidated</u>
Balance on 12/31/2018	<u>2,863</u>
Inflows	10
Interest and monetary adjustment	235
Repayment - Principal amount	160
Amortization - Interest and monetary adjustment	(1,348)
Transfers	(235)
Balance on 12/31/2019	<u>1,685</u>
Inflows	637
Interest and monetary adjustment	26
Repayment - Principal amount	(166)
Amortization - Interest and monetary adjustment	(12)
Balance on 03/31/2020	<u>2,170</u>
Current	857
Non-current	1,313

16.3. Maturity

	<u>Consolidated</u>		
	<u>03/31/2020</u>		
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
	<u>currency</u>	<u>currency</u>	
Current			
2020 to March 2021	830	27	857
Total	<u>830</u>	<u>27</u>	<u>857</u>
Non-current			
2021	20	-	20
2022	714	-	714
2023	516	-	516
2024	15	-	15
2025	12	-	12
2026 - 2029	35	-	35
2030 onwards	1	-	1
Total	<u>1,313</u>	<u>-</u>	<u>1,313</u>

17. DEBENTURES

17.1. Breakdown

									Parent company			
									03/31/2020		12/31/2019	
Issuance	Issuer	Type of issuance	Effectiveness	Number of debentures	Unit value (R\$)	Issuance amount (R\$ milhões)	Charges	Form of amortization	Current	Non-current	Current	Non-current
2nd	ITAÚSA	Single series ICVM No. 476/08	05/2017 to 05/2024	12,000	100,000	1,200	106.9% of CDI	Semiannual interest and principal amount in three annual and successive installments (05/2022, 05/2023 and 05/2024)	19	1,200	6	1,200
Total									19	1,200	6	1,200
									Consolidated			
									03/31/2020		12/31/2019	
Issuance	Issuer	Type of issuance	Effectiveness	Number of debentures	Unit value (R\$)	Issuance amount (R\$ milhões)	Charges	Form of amortization	Current	Non-current	Current	Non-current
2nd	ITAÚSA	Single series ICVM No. 476/08	05/2017 to 05/2024	12,000	100,000	1,200	106.9% of CDI	Semiannual interest and principal amount in three annual and successive installments (05/2022, 05/2023 and 05/2024)	19	1,200	6	1,200
6th	Cecrisa	Single series ICVM No. 476/08	12/2016 to 12/2021	100,000,000	1	100	CDI + 4.50% p.y.	Quarterly interest with no grace period and quarterly principal amounts as of the 12th month	-	-	59	-
2nd	Duratex	Single series ICVM No. 476/08	05/2019 to 05/2026	120,000	10,000	1,200	108.0% of CDI	Semiannual interest and principal amount in two annual installments (05/2024 and 05/2026)	20	1,198	7	1,198
Total									39	2,398	72	2,398

Debentures do not have guarantees and are not convertible into shares.

The covenants related to the Debentures are presented in Note 3.2.3.1.

17.2. Changes

	Parent company	Consolidated
Balance on 12/31/2018	1,208	1,208
Inflows	-	1,198
Acquisition of companies	-	70
Interest and monetary adjustment	76	124
Repayment - Principal amount	-	(10)
Amortization – Interest and monetary adjustment	(77)	(119)
Balance on 12/31/2019	1,206	2,470
Interest and monetary adjustment	13	28
Repayment - Principal amount	-	(60)
Amortization – Interest and monetary adjustment	-	(1)
Balance on 03/31/2020	1,219	2,437
Current	19	39
Non-current	1,200	2,398

17.3. Maturity

	Parent company	Consolidated
Current		
2020 to March 2021	19	39
Total	19	39
Non-current		
2022	400	400
2023	400	400
2024	400	999
2025	-	599
Total	1,200	2,398

18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

ITAÚSA and its controlled companies are parties to lawsuits and administrative proceedings involving labor, civil, tax and social security claims arising from the ordinary course of their business.

Based on the opinion of its legal advisors, management believes that the provisions are sufficient to cover any losses arising from the lawsuits and administrative proceedings.

18.1. Provisions

We present below the changes in provisions for the periods:

	Parent company	Consolidated			
	Tax	Tax	Labor	Civil	Total
Balance on 12/31/2018	1,515	1,608	88	14	1,710
Contingencies					
Recognition	163	313	48	15	376
Monetary adjustment	68	73	22	2	97
Reversal	-	(121)	(17)	(17)	(155)
Payments	-	(12)	(25)	(10)	(47)
Acquisition of companies	-	4	12	73	89
Disposal of companies	-	61	5	33	99
Subtotal	1,746	1,926	133	110	2,169
(-) Judicial deposits ^(*)	(408)	(418)	(27)	(51)	(496)
Balance on 12/31/2019 after the offset of judicial deposits	1,338	1,508	106	59	1,673

	Parent company	Consolidated			
	Tax	Tax	Labor	Civil	Total
Balance on 12/31/2019	1,746	1,926	133	110	2,169
Contingencies					
Recognition	103	122	8	1	131
Monetary adjustment	13	14	4	1	19
Reversal	-	(9)	(5)	(4)	(18)
Payments	-	-	(6)	(1)	(7)
Business combinations	-	34	-	-	34
Subtotal	1,862	2,087	134	107	2,328
(-) Judicial deposits ^(*)	(426)	(436)	(27)	(49)	(512)
Balance on 03/31/2020 after the offset of judicial deposits	1,436	1,651	107	58	1,816

^(*) These correspond to the deposits linked to the above mentioned provisions. The deposits related to the proceedings that are not recognized in a provision, assessed as possible or remote, are presented in the balance sheet in the "Judicial deposits" amount.

18.1.1. Tax

The provisions are equivalent to the principal amount of the taxes involved in administrative or judicial disputes that are the subject matter of self-assessment or official assessment, plus interest and, when applicable, fines and charges. In the case of an administrative proceeding that involves a legal obligation, the amount involved is recorded in a provision regardless of the probability of loss since the success in the proceeding depends on the recognition of the unconstitutionality of the Law in force. In other cases, the provision is recognized whenever loss is considered probable.

Parent Company and Consolidated

Noteworthy mentioning is the lawsuit filed by ITAÚSA challenging the right to be subject to the PIS/COFINS cumulative tax system, in view of the illegality and unconstitutionality of including "pure" holding companies in the non-cumulative tax system. In view of the tax foreclosure action, the defendant, regarding the April 2011 to October 2017 period, is guaranteed by insurance. As of November 2017, ITAÚSA has been made judicial deposits. ITAÚSA is currently waiting for its appeals to be tried by the higher courts. This contingency is being provided for as it is an issue involving a legal obligation, even though the likelihood of loss is possible.

On March 31, 2020, adjusted amount is R\$1,838 (R\$1,723 on December 31, 2019). Judicial deposits total on March 31, 2020 is R\$405 (R\$388 on December 31, 2019).

18.1.2. Labor

These refer to lawsuits that claim, substantially, alleged labor rights related to overtime, occupational disease, equal pay and joint liability.

18.1.3. Civil

These refer mainly to lawsuits for property damage and pain and suffering.

18.2. Contingent liabilities

ITAÚSA and its controlled companies are parties to labor, civil and tax claims that are in dispute and the losses arising from which were considered possible, not requiring the recognition of a provision, and they are presented below:

	Parent company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Tax	500	490	1,185	1,171
Labor	-	-	62	64
Civil	19	18	99	94
Total	519	508	1,346	1,329

18.2.1. Tax

Among the main disputes in tax proceedings for which the probability of loss is considered possible are the following proceedings:

- Income Tax Withheld at Source, Corporate Income Tax, Social Contribution on Profit, PIS and COFINS (rejection of the request to offset): Cases in which liquidity and the certainty of offsetting credit are considered whose adjusted balance on March 31, 2020 amounts to R\$323 (R\$314 on December 31, 2019) in ITAÚSA and its controlled companies.
- Taxation on the revaluation reserve of the controlled company Duratex: Dispute related to the taxation of the Revaluation reserve in corporate spin-off operations carried out in 2006 and 2009 whose adjusted balance on March 31, 2020 amounts to R\$298 (R\$298 on December 31, 2019) in the controlled company Duratex.

- Loss of lawsuit fees (PIS and COFINS tax foreclosure): This refers to the portion of the legal fees related to the tax foreclosure described in note 18.1.1 whose adjusted balance on March 31, 2020 amounts to R\$266 (R\$264 on December 31, 2019) in ITAÚSA.
- PIS and COFINS (Disallowance of credits): Dispute over the restriction of the right to credit from certain inputs related to these taxes whose adjusted balance on March 31, 2020 amounts to R\$64 (R\$62 on December 31, 2019) in the controlled company Itaotec.

19. EQUITY

19.1. Capital

On March 31, 2020 and December 31, 2019, fully subscribed and paid-up capital amounts to R\$43,515 and it comprises book-entry shares with no par value, as presented below:

	03/31/2020					
	Common	%	Preferred	%	Total	%
Controlling group (Egydio de Souza Aranha family)	1,828,486,350	63.27	1,004,433,547	18.19	2,832,919,897	33.68
Other shareholders	1,061,351,420	36.73	4,516,543,613	81.81	5,577,895,033	66.32
Total - Outstanding shares	2,889,837,770	100.00	5,520,977,160	100.00	8,410,814,930	100.00
Residents in Brazil	2,886,688,674	99.89	3,576,364,468	64.78	6,463,053,142	76.84
Residents abroad	3,149,096	0.11	1,944,612,692	35.22	1,947,761,788	23.16
	12/31/2019					
	Common	%	Preferred	%	Total	%
Controlling group (Egydio de Souza Aranha family)	1,828,486,350	63.27	1,024,860,576	18.56	2,853,346,926	33.92
Other shareholders	1,061,351,420	36.73	4,496,116,584	81.44	5,557,468,004	66.08
Total - Outstanding shares	2,889,837,770	100.00	5,520,977,160	100.00	8,410,814,930	100.00
Residents in Brazil	2,886,629,869	99.89	3,363,778,766	60.93	6,250,408,635	74.31
Residents abroad	3,207,901	0.11	2,157,198,394	39.07	2,160,406,295	25.69

Preferred shares do not entitle their holders to vote, however, they provide the following advantages to their holders:

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

Capital may be increased by up to 12,000,000,000 shares, of which up to 4,000,000,000 are common shares and up to 8,000,000,000 are preferred shares.

19.2. Reserves

19.2.1. Revenue reserves

	Parent company					
	Legal reserve	Statutory reserves			Additional proposed dividends	Amount
		Dividend equalization	Increase in working capital	Increase in the capital of investees		
Balance on 12/31/2018	1,746	1,961	1,194	1,376	6,429	12,706
Recognition	516	1,241	496	744	-	2,997
Dividends and interest on capital	-	-	-	-	(6,429)	(6,429)
Proposed dividends and interest on capital	-	-	-	-	3,729	3,729
Expired dividends	-	1	-	-	-	1
Equity in the earnings of investees	-	(54)	-	-	-	(54)
Balance on 12/31/2019	2,262	3,149	1,690	2,120	3,729	12,950
Recognition	51	361	144	216	-	772
Dividends and interest on capital	-	-	-	-	(3,729)	(3,729)
Expired dividends	-	2	-	-	-	2
Equity in the earnings of investees	-	37	-	-	-	37
Balance on 03/31/2020	2,313	3,549	1,834	2,336	-	10,032

19.3. Carrying value adjustment

	Parent company	
	03/31/2020	12/31/2019
Post-employment benefit	(501)	(505)
Fair value of financial assets	(190)	325
Translation/hyperinflation adjustment	1,849	544
Hedge accounting	(3,081)	(2,126)
Total	(1,923)	(1,762)

The balances refer, in its totality, to the equity method on the carrying value adjustments of associates and jointly-controlled companies.

19.4. Distribution of profit, Dividends and Interest on capital

19.4.1. Distribution of profit

	Parent company	
	01/01 to 03/31/2020	01/01 to 03/31/2019
Profit	1,012	2,486
(-) Legal reserve	(51)	(124)
Calculation basis of dividends/interest on capital	961	2,362
Mandatory minimum dividend (25%)	240	591
Appropriation:		
Distribution to stockholders		
Dividends	240	590
	240	590
Revenue reserves	721	1,772
	961	2,362
Gross % belonging to stockholders	25.0%	25.0%

Shares of both types are included in profits distributed in equal conditions, after common shares are assured dividends equal to the annual minimum mandatory of R\$0.01 per share to be paid to preferred shares.

The amount per share of dividends and interest on income in 2020 is as follows:

	Date of payment (made and expected)	Amount per share		Amount distributed	
		Gross	Net	Gross	Net
		Recognized in a provision			
Quarterly dividend payments	07/01/2020	0.02000	0.02000	168	168
Additional dividend payments		0.00856	0.00856	72	72
Total		0.02856	0.02856	240	240

19.4.2. Dividends and interest on income payable

Changes in dividends and interest on income is as follows:

	Parent company			Consolidated		
	Dividends	Interest on capital	Total	Dividends	Interest on capital	Total
Balance on 12/31/2018	342	66	408	507	263	770
Dividends from previous years	3,812	2,310	6,122	3,812	2,310	6,122
Dividends for the year	3,536	-	3,536	3,536	-	3,536
Interest on capital	-	43	43	-	129	129
Expired dividends	-	(1)	(1)	-	(1)	(1)
Payments	(7,343)	(2,368)	(9,711)	(7,507)	(2,564)	(10,071)
Balance on 12/31/2019	347	50	397	348	137	485
Dividends from previous years	1,901	1,608	3,509	1,901	1,698	3,599
Dividends for the year	240	-	240	240	-	240
Expired dividends	(1)	(1)	(2)	(1)	(1)	(2)
Payments	(2,067)	(1,651)	(3,718)	(2,066)	(1,828)	(3,894)
Balance on 03/31/2020	420	6	426	422	6	428

20. NET REVENUE

	Consolidated	
	01/01 to 03/31/2020	01/01 to 03/31/2019
Service and sales revenue		
Domestic market	1,208	1,131
Foreign market	240	212
	1,448	1,343
Deductions from revenue		
Taxes and contributions on sales	(286)	(272)
	(286)	(272)
Total	1,162	1,071

21. RESULT BY NATURE

	Note	Parent company		Consolidated	
		01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Personnel compensation and charges		(18)	(12)	(268)	(246)
Raw and consumption materials		-	-	(558)	(594)
Changes in inventories of finished products and work in process		-	-	107	150
Change in the fair value of biological assets	10	-	-	69	19
Depreciation and amortization		(2)	(1)	(133)	(158)
Estimated losses on allowance for doubtful accounts		-	-	(3)	(4)
Transportation expenses		-	-	(84)	(86)
Advertising expenses		-	-	(25)	(23)
Insurance		(2)	(2)	(3)	(3)
Other expenses	21.1	(16)	(19)	(158)	(97)
Total		(38)	(34)	(1,056)	(1,042)
Reconciliation with Statement of Income					
Cost of products and services		-	-	(773)	(791)
Selling expenses		-	-	(182)	(162)
General and administrative expenses		(38)	(34)	(101)	(89)
Total		(38)	(34)	(1,056)	(1,042)

21.1. Other expenses (Parent Company)

Of the amount of R\$16 in 2020 (R\$19 in 2019), R\$12 (R\$16 in 2019) refers to third-party services, such as consulting services and legal fees.

22. OTHER INCOME AND EXPENSES

	Note	Parent company		Consolidated	
		01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Dividends and Interest on capital	5	48	38	48	38
Amortization of customer portfolio		-	-	(6)	(6)
Income from sale of farms		-	-	1	1
Employee benefits		-	-	(3)	1
Rental revenue		1	2	1	2
Others		(1)	-	4	(4)
		48	40	45	32

23. FINANCE RESULT

Note	Parent company		Consolidated	
	01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Finance income				
Interest income from financial investments	7	13	15	29
Fair value of marketable securities	5	24	-	24
Foreign exchange variation – assets	23.2	17	48	20
Interest and discounts obtained	-	-	4	4
Adjustment to judicial deposits	4	4	5	5
Other monetary adjustments	-	-	6	6
Other finance income	4	5	4	7
	15	63	82	95
Finance costs				
Debt charges	(16)	(22)	(60)	(62)
Fair value of marketable securities	5	(47)	(47)	-
PIS/COFINS on financial income	23.1	(244)	(171)	(245)
Interest on lease liability	-	-	(1)	-
Foreign exchange variation – liabilities	23.2	(19)	(115)	(20)
Other monetary adjustments	(1)	-	(3)	(2)
Transactions with derivatives	-	-	(31)	(4)
Other finance costs	(12)	(15)	(20)	(22)
	(339)	(300)	(448)	(355)
Finance result	(324)	(237)	(366)	(260)

23.1. PIS/COFINS on financial income

This refers mainly to PIS/COFINS levied on the interest on capital received.

23.2. Foreign exchange variation – assets and liabilities (Parent company)

All lines relate to the amount payable to “Nova Infraestrutura Fundo de Investimento em Participações e Multiestratégia”, a multi-strategy equity investment fund, driven by the acquisition of 7.65% of NTS (Note 9.2).

24. INCOME TAX AND SOCIAL CONTRIBUTION

The amounts recorded as income tax and social contribution expenses in the financial statements are reconciled with the nominal rates provided for in legislation, as stated below:

	Parent company		Consolidated	
	01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Income before income taxes	995	2,398	1,059	2,425
Income tax and social contribution calculated at nominal rates (34%)	(338)	(815)	(360)	(825)
(Addition)/Reduction for calculation of effective income tax and social contribution				
Equity in the earnings of subsidiaries	445	894	433	892
Dividends on investments classified as financial assets	16	12	16	12
Deferred tax assets not recognized	(104)	-	(104)	-
Difference in taxation of controlled company	-	-	3	4
Non-deductible expenses	(2)	(3)	(2)	(3)
Other adjustments	-	-	-	(4)
Income tax and social contribution calculated	17	88	(14)	76
Current	-	-	(19)	(19)
Deferred	17	88	5	95
Effective rate	-1.7%	-3.7%	1.3%	-3.1%

25. EARNINGS PER SHARE

	<u>Parent company and Consolidated</u>	
	<u>01/01 to 03/31/2020</u>	<u>01/01 to 03/31/2019</u>
Numerator		
Profit attributable to controlling stockholders		
Preferred	664	1,632
Common	348	854
	<u>1,012</u>	<u>2,486</u>
Denominator		
Weighted average number of outstanding shares		
Preferred	5,520,977,160	5,520,858,345
Common	2,889,837,770	2,889,839,643
	<u>8,410,814,930</u>	<u>8,410,697,988</u>
Basic and diluted earnings per share (in Brazilian Reais)		
Preferred	0.12	0.30
Common	0.12	0.30

26. SEGMENT INFORMATION

The disclosed operating segments reflect, in a consistent manner, the management of decision-making processes and the monitoring of results by the Executive Committee, the main operational decision-maker at ITAÚSA.

Companies in which ITAÚSA invests are independent to define different and specific standards in management and segmentation of their respective business.

The accounting policies for each segment are in compliance with used by ITAÚSA. Segments have a diversified customer portfolio, with no concentration on revenue.

ITAÚSA's operating segments were defined in accordance with the reports presented to the Executive Committee. Segments included in the consolidated financial statements of ITAÚSA are as follows:

- **Duratex:** It has 3 business segments: (i) Deca – manufactures and sells bathroom porcelains and metals, showers and electric taps, sold under Deca and Hydra brands, distinguished for a wide line of products, bold design and high quality; (ii) Ceramic tiles – manufactures and sells floor and wall coatings under Ceusa, Cecrisa, and Portinari brands, distinguished in the domestic market for its innovation, quality and cutting-edge technology; and (iii) Wood – manufactures and sells wood panels from pine and eucalyptus from certified reforestation forests, largely used in the manufacture of furniture, mainly fiberboard, chipboard and medium, high and super-density fiberboards, better known as MDF, HDF and SDF, from which laminate and vinyl flooring, under Durafloor brand, and ceiling and wall coatings are manufactured.
- **Other:** These refer to the information on Itautec and ITH Zux Cayman. In 2019, Itaúsa Empreendimentos (merged into ITAÚSA on August 2019) is also included.







	03/31/2020					12/31/2019				
	Duratex	ITAÚSA	Other	(-) Elimination	Consolidated	Duratex	ITAÚSA	Other	(-) Elimination	Consolidated
Balance sheet										
Total assets	10,467	55,598	67	(1,789)	64,343	10,715	58,571	69	(1,879)	67,476
Total liabilities	5,690	3,636	30	(3)	9,353	5,783	3,339	28	(31)	9,119
Total stockholders' equity	4,776	51,962	37	(4,813)	51,962	4,931	55,232	40	(4,971)	55,232
Statement of income										
Net revenue	1,162	-	-	-	1,162	1,073	-	8	(10)	1,071
Domestic market	941	-	-	-	941	880	-	8	(10)	878
Foreign market	220	-	-	-	220	193	-	-	-	193
Equity in the earnings of subsidiaries	(17)	1,309	-	(18)	1,274	-	2,629	-	(5)	2,624
Finance result	(43)	(324)	1	-	(366)	(29)	(237)	6	-	(260)
Depreciation and amortization	(131)	(2)	-	-	(133)	(156)	(1)	(1)	-	(158)
Income tax and social contribution	(30)	17	(1)	-	(14)	(11)	88	(1)	-	76
Profit	52	1,012	(2)	(17)	1,045	24	2,486	(4)	(5)	2,501
Performance analysis										
ROE ⁽¹⁾	4.3%	7.6%	-	-	-	2.1%	18.8%	-	-	-
Internal generation of resources ⁽²⁾	239	42	-	-	-	250	33	-	-	-

⁽¹⁾ Represents the ratio of net income to average stockholders' equity, both attributable to controlling stockholders.

⁽²⁾ Refers to line "Net cash from operating activities" in Statement of cash flows.

Even though Itaú Unibanco, Alpargatas and NTS are not controlled companies and, therefore, are not included in the consolidated financial statements, Management reviews their information and consider them as a segment, as they are part of ITAÚSA's investment portfolio. Their activities are detailed as follows:

- **Itaú Unibanco:** it is a banking institution that offers, directly or by means of its subsidiaries, a broad range of credit products and other financial services to a diversified individual and corporate client base in Brazil and abroad.
- **Alpargatas:** its activities include the manufacturing and sale of footwear and its respective components, apparel, textile items and respective components, leather, resin and natural or artificial articles, and sports articles.
- **NTS:** a natural gas transporter, by means of gas pipelines, that operates in the states of Rio de Janeiro, Minas Gerais and São Paulo, which correspond to approximately 50% of the consumption of gas in Brazil. This system has connections with the Brazil-Bolivia gas pipeline, with liquefied natural gas (LNG) terminals and with gas processing units.

	 ⁽¹⁾			 ⁽¹⁾		
	03/31/2020			12/31/2019		
Balance Sheet						
Total assets	1,848,102	5,254	9,902	1,637,481	4,522	10,050
Total liabilities	1,704,585	2,390	7,283	1,488,016	1,787	6,806
Total stockholders' equity	129,808	2,783	2,618	136,925	2,643	3,244
Statement of Income						
	01/01 to 03/31/2020			01/01 to 03/31/2019		
Net revenue ⁽²⁾	43,509	747	1,148	46,456	819	1,084
Domestic market	32,904	549	1,148	39,131	611	1,084
Foreign market	10,605	198	-	7,325	208	-
Equity in the earnings of subsidiarie	290	-	-	229	-	-
Finance result ⁽³⁾	-	18	(49)	-	(12)	(79)
Depreciation and amortization	(1,211)	(42)	(86)	(1,133)	(42)	(96)
Income tax and social contribution	12,965	39	(298)	(2,635)	(22)	(266)
Net income	3,459	26	602	6,747	53	538
Performance analysis						
ROE	10.8%	3.8%	-	22.2%	8.8%	-
Internal generation of resources	22,163	89	-	14,740	131	-

⁽¹⁾ This corresponds to the direct and indirect interest by means of IUPAR (please see Note 13.3)

⁽²⁾ For Itaú Unibanco, this corresponds to: (i) Income from interest, yield and dividends; (ii) Adjustment to fair value of financial assets and liabilities; (iii) Income from foreign exchange operations and foreign exchange variations on transactions abroad; (iv) Service revenue; and (v) Income from insurance and pension plan operations.

⁽³⁾ Since Itaú Unibanco is part of the "Financial segment", finance income and costs are included in "Net revenue".

27. RELATED PARTIES

Transactions between related parties arise from the ordinary course of business and are carried out based at amounts and usual market rates prevailing on the respective dates, as well as under reciprocal conditions.

ITAÚSA has a "Policy for Transactions with Related Parties" approved by the Board of Directors that is aimed at establishing rules and procedures to assure that the decisions involving transactions with related parties and other situations with potential conflicts of interest are made so as to ensure reciprocity and transparency, thus guaranteeing to stockholders, investors and other stakeholders that the transactions were based on the best corporate governance practices.

In addition to the amounts of dividends receivable (Note 8), the other balances and transactions between related parties are presented below:

	Nature	Relationship	Parent company		Consolidated	
			03/31/2020	12/31/2019	03/31/2020	12/31/2019
Assets						
Cash and cash equivalents						
Itaú Unibanco	Financial investments	Jointly-controlled company	-	-	145	43
			-	-	145	43
Customers						
Leo Madeiras Máquinas & Ferramentas Ltda.	Sales of goods	Non-controlling stockholder of controlled company Duratex	-	-	19	32
			-	-	19	32
Total			-	-	164	75
Liabilities						
Debts						
Itaú Unibanco	Debts	Jointly-controlled company	-	-	(501)	-
			-	-	(501)	-
Leases						
Ligna Florestal Ltda.	Lease liabilities	Non-controlling stockholder of controlled company Duratex	-	-	(29)	(289)
			-	-	(29)	(29)
LD Florestal	Lease liabilities	Indirect jointly-controlled company	-	-	-	(260)
			-	-	-	(260)
Other liabilities						
Itaú Unibanco	Provision of services	Jointly-controlled company	(4)	(1)	(9)	(4)
Itaú BBA	Debenture issue costs	Jointly-controlled company	-	-	(5)	(5)
Itaú Corretora	Provision of services	Jointly-controlled company	(4)	(1)	(4)	(1)
			(4)	(1)	(4)	(1)
Total			(4)	(1)	(539)	(293)
Profit or loss						
	Nature	Relationship	Parent company		Consolidated	
			01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Net revenue						
Leo Madeiras Máquinas & Ferramentas Ltda.	Sales of goods	Non-controlling stockholder of controlled company Duratex	-	-	21	21
			-	-	21	21
Cost of products and services						
Ligna Florestal Ltda.	Agricultural lease contracts	Non-controlling stockholder of controlled company Duratex	-	-	(3)	(7)
			-	-	(3)	(7)
LD Florestal	Agricultural lease contracts	Indirect jointly-controlled company	-	-	(1)	(1)
			-	-	(1)	(1)
General and administrative expenses						
Itaú Corretora	Provision of services	Jointly-controlled company	(2)	(13)	(2)	(2)
Itaúsa Empreendimentos	Provision of services	Controlled company	(2)	(2)	(2)	(2)
			-	(11)	-	-
Other income and expenses						
Itaú Unibanco	Revenue from rental	Jointly-controlled company	1	2	-	1
Duratex	Revenue from rental	Controlled company	-	1	-	1
			1	1	-	-
Finance result						
Itaú Unibanco	Financial investments	Jointly-controlled company	-	-	-	-
Itaú Unibanco	Finance costs	Jointly-controlled company	-	-	1	-
			-	-	(1)	-
Total			(1)	(11)	16	13

27.1. Guarantees offered

ITAÚSA is a guarantor of the following transactions:

Related party	Relationship	Type	Subject matter	Parent company	
				03/31/2020	12/31/2019
Duratex	Controlled company	Surety	Loan	27	28
Duratex Florestal Ltda.	Indirectly-controlled company	Surety	Loan	37	38
Itautec	Controlled company	Surety	Surety - Collateral in lawsuits	35	26
Total				99	92

27.2. Management compensation

	Parent company		Consolidated	
	01/01 a 31/03/2020	01/01 a 31/03/2019	01/01 a 31/03/2020	01/01 a 31/03/2019
	Compensation	10	9	18
Payroll charges	1	1	2	2
Share-based compensation plan	-	-	1	1
Total	11	10	21	22

28. NON-CASH TRANSACTIONS

In conformity with CPC 03 (R2) / IAS 7 – Statement of Cash Flows, any investment and financing transactions not involving the use of cash or cash equivalents should not be included in the statement of cash flows.

All investment and financing activities not involving changes in cash and therefore are not recorded in any account in the Statement of Cash Flows, are shown as follows:

	Parent company		Consolidated	
	01/01 to 03/31/2020	01/01 to 03/31/2019	01/01 to 03/31/2020	01/01 to 03/31/2019
Dividends/Interest on capital (Gross) resolved upon and not received	33	276	31	276
Dividends/Interest on capital (Gross) resolved upon and not paid	366	703	366	703
Total	399	979	397	979

29. ADDITIONAL INFORMATION

COVID-19 impacts

In March 2020, the World Health Organization (WHO) declared the COVID-19 (a novel coronavirus) outbreak as a pandemic, which has spread worldwide and has been significantly impacting the global economy and the financial markets.

Together with its investees, ITAÚSA has undertaken efforts to minimize the impacts from this pandemic on its operations and on society, in addition to adopting a number of measures to protect the employees' health, wellbeing and safety.

ITAÚSA's Management is monitoring the economic and financial impacts of this pandemic that may adversely impact its results and those of its investees.

Although it is not yet possible to estimate how long the pandemic impacts will last or their severity, we highlight below some effects on the Interim Financial Statements as of March 31, 2020 provided by our main investees that, as a result, impact ITAÚSA's results:

- **Itaú Unibanco:** (i) increase in expected loan losses, mainly driven by changes to the macroeconomic scenario since the second fortnight of March 2020, which has impacted the expected loan loss provision model; (ii) impact on gains and losses from derivative instruments and adjustment to fair value of financial assets (particularly corporate securities), mainly driven by variations in rates and other market variables from the impacts of the COVID-19 pandemic on the macroeconomic scenario in the period.
- **Alpargatas:** (i) strengthening the cash position by bank credit lines raised to protect liquidity; (ii) increase in expected loan loss from clients; (iii) increase in provision for inventory losses; (iv) idle plant costs; and (v) fall in the volume of sales in all segments.
- **Duratex:** (i) increased indebtedness due to loans raised for proper liquidity management; (ii) extending customer receivable terms, partially mitigated by extending suppliers terms; and (iii) fall in the volume of sales in all segments.

In ITAÚSA's results, recorded in the Interim Financial Statements as of March 31, 2020, the main impact of the pandemic arises from the foreign exchange variation on the time installment payable in connection with the acquisition of ownership interest in NTS's capital stock.

Furthermore, up to this disclosure date, jointly-controlled Itaú Unibanco has identified: (i) increase in the number of requests for renegotiating and extending loan operation payment terms; (ii) increase in loan and financing operations, particularly for companies; (iii) impacts on allowance of loan losses and impairment of financial assets; (iv) impacts on financial instruments pricing driven by high market volatility; and (v) increase in loans raised.

It is noteworthy mentioning that ITAÚSA and investees keep on monitoring and assessing the impacts of the pandemic on their results, as well as the effects on estimates and critical judgments involving their Financial Statements.

30. SUBSEQUENT EVENTS

30.1. COVID-19 effects – Duratex and Alpargatas

We highlight below some important subsequent events in investees Duratex and Alpargatas after the closing of the Interim Financial Statements as of March 31, 2020:

- **Alpargatas:** (i) new loans raised in the amount of R\$1,349 for working capital increase; and (ii) fall in the volume of sales in all segments, partially mitigated by initiatives to strengthen online (ecommerce) and other sales channels.
- **Duratex:** (i) new loans raised for working capital increase in the amount of R\$760 with one-year maturity term; (ii) temporarily suspending operations in some industrial units in the Wood and Deca divisions, and reducing operations in some industrial units in the Wood and Ceramic Tiles divisions; and (iii) bringing forward the annual maintenance schedule.

30.2. A R\$1 billion donation for COVID-19 relief efforts in Brazil - Itaú Unibanco

In April 2020, Itaú Unibanco set up the "Todos pela Saúde" (All for Health) initiative with the donation of R\$1 billion to fight COVID-19 and its effects on Brazilian society. Todos pela Saúde will operate by way of four action axes: Informing, Protecting, Caring, and Resuming. This initiative joins others, such as the donation of approximately R\$250 by Fundação Itaú para Educação e Cultura and Instituto Unibanco, which has been allocated to different projects to improve Brazil's hospital infrastructure, in addition to the production and purchase of test kits, protective face masks, health equipment, hygiene kits, and food.

* * *

(A free translation of the original in Portuguese)

Report on review of parent company and consolidated interim financial statements

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

Introduction

We have reviewed the accompanying balance sheet of Itaúsa - Investimentos Itaú S.A. ("Company") as at March 31, 2020 and the related statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as the accompanying consolidated balance sheet of Itaúsa - Investimentos S.A. and its subsidiaries ("Consolidated") as at March 31, 2020 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements referred to above are not prepared, in all material respects, in accordance with CPC 21 and IAS 34.

Other matters**Statements of value added**

The interim financial statements referred to above include the parent company and consolidated statements of value added for the three-month period ended March 31, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information. These statements have been subjected to review procedures performed together with the review of the interim financial statements for the purpose of concluding whether they are reconciled with the interim financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim financial statements taken as a whole.

São Paulo, May 11, 2020

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ 61.532.644/0001-15

A Publicly Listed Company

NIRE 35300022220

OPINION OF THE FISCAL COUNCIL

The members of Fiscal Council of **ITAÚSA - INVESTIMENTOS ITAÚ S.A.** (“Itaúsa”) have proceeded to examine the individual and consolidated interim financial statements for the quarter ending March 31, 2020, which were reviewed by PricewaterhouseCoopers Auditors Independents (“PwC”), as Conglomerate’s independent auditor.

The Fiscal Councilors have verified the exactness of the elements examined and considering the unqualified report issued by PwC, understand that these documents adequately reflect the equity situation, the financial position and the activities of Itaúsa in the period. São Paulo (SP), May 11, 2020. (signed) Tereza Cristina Grossi Togni – President; Eduardo Rogatto Luque, Flavio César Maia Luz, José Maria Rabelo and Paulo Ricardo Moraes Amaral – Councilors.

ALFREDO EGYDIO SETUBAL
Investor Relations Officer

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ 61.532.644/0001-15

Companhia Aberta

NIRE 35300022220

SUMMARIZED MINUTES OF THE MEETING OF THE BOARD OF OFFICERS HELD ON MAY 11, 2020

DATE, TIME, FORM AND PLACE: on May 11, 2020 at 1:00 p.m., exclusively digitally via Microsoft Teams platform, pursuant to sub-item 7.7.1 of the Bylaws, reason why the meeting will be considered as held at the registered office, located at Paulista Avenue, 1938, 5th floor, in the city and state of São Paulo.

CHAIR: Alfredo Egydio Setubal, CEO.

QUORUM: all members of the Executive Committee, with the presence of Managing Officers invited to participate in the meeting.

RESOLUTIONS ADOPTED: following due examination of the interim individual and consolidated account statements for the first quarter of 2020, which were favorably recommended by the Finance Commission, the Board unanimously resolved and pursuant to the provisions in sub-section V and VI of Article 25 of CVM Instruction 480/09, amended, declare that:

- (i) it has reviewed, discussed and agrees with the opinions expressed in the review report issued by PricewaterhouseCoopers Auditores Independentes, as independent auditors; and
- (ii) it has reviewed, discussed and agrees with the interim individual and consolidated account statements for the quarter ended on March 31, 2020.

CONCLUSION: there being no further matters to discuss, these minutes were drafted, read and approved by the Officers by e-mail. São Paulo (SP), May 11, 2020. (signed) Alfredo Egydio Setubal - CEO; Alfredo Egydio Arruda Villela Filho, Roberto Egydio Setubal and Rodolfo Villela Marino - Vice Presidents; Frederico de Souza Queiroz Pascowitch, Maria Fernanda Ribas Caramuru and Priscila Grecco Toledo – Managing Officers.

ALFREDO EGYDIO SETUBAL
Investor Relations Officer