ITAÚSA

Complete Financial Statements

March 31, 2019

CONTENTS

MANAGEMENT REPORT

We present the Management Report and the Financial Statements of Itaúsa – Investimentos Itaú S.A. (Itaúsa) for the first quarter of 2019 (1Q19), prepared in accordance with the standards established by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), as well as the International Financial Reporting Standards (IFRS).

Independent auditor's report

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

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

1. ECONOMIC ENVIRONMENT

Economic recovery expectations built up since early 2019 have not been fulfilled, at least not in these first months of the year. Activity data point out to a slow pace early 2019 and it is conveyed to market expectations. The Focus Market Readout of the end of April informed that the expected GDP growth median for 2019 was 1.70% (from 2.53% as disclosed by the same document early January). Itaú Unibanco's expectations are even more conservative. Its last review in April for expected GDP growth in 2019 and 2020 is now at 1.3% and 2.5%, from 2.0% and 2.7%, respectively, beforehand. This fall has led to the bank's projected unemployment rate worsening to 11.9% (from 11.8%) for late 2019. The evolution of the economic scenario below expectations has been adversely impacting the performance of Itaúsa's non-financial investees.

On the other hand, inflation and interest indicators point out towards even lower levels for the next quarters. Pressure on fuel prices should be temporary only and not affect inflation significantly, which remains at around 4.0% per year according to most projections for 2019 and 2020. Accordingly, there are no strong indications to push for a rise in the basic interest rates that may even fall, according to Itaú Unibanco, from current 6.50%, to 5.75% late 2019 and 5.50% in 2020, if the social security reform at the Brazilian Congress is successfully approved.

With the international economy signaling a favorable scenario for emerging countries, driven by the prospective trade agreement between superpowers, incentives in China and Fed's halt in interest rate rises, it becomes paramount to monitor the Brazilian agenda, in particular the arrangements for the social security system reform, in the short and medium terms.

2. ITAÚSA HIGHLIGHTS

<u>Integrated Report 2018</u>

In March 2019, Itaúsa published its first-ever Integrated Report, a document based on the guidelines of the International Integrated Reporting Council (IIRC), a global coalition of investors, companies, regulators, scholars and standard setters, the accounting profession and NGOs, which share the vision that communicating value creation is the main driver for corporate reporting preparation.

Itaúsa's Integrated Report is built up in such a way to address the Company's main Capitals (Financial, Human, Reputational and Intellectual Capital), prepared with the Senior Management's active involvement and aims at connecting Itaúsa's Business Model to value creation in a sustainable way. It unveils material topics identified in a structured process of interviews with stakeholders, such as strategy, leadership's vision, and governance, sustainability and performance aspects that allow readers to better understand the factors affecting the capacity to create value over time.

This groundbreaking publication among Latin American holding companies, and one of the first of its kind in Brazil, is available on the websites of Itaúsa, the CVM and B3 or can be accessed directly at http://www.itausa.com.br/en/financial-information /integrated-and-annual-report.

Merger of shares of Itautec S.A. – Itautec Group

In the Material Fact disclosed on February 25, 2019, Itaúsa - Investimentos Itaú S.A. and Itautec S.A. –Itautec Group announced the commencement of negotiations for the merger of the total shares issued by Itautec into Itaúsa, with the consequent preservation of the Itautec's legal personality and its conversion into a wholly-owned subsidiary of Itaúsa.

After negotiations were completed, the Companies disclosed another Material Fact on March 29, 2019 addressing the proposed merger of shares, with a ratio of exchange of one (1) common share issued by Itautec for one (1) preferred share issued by Itaúsa, which was approved by the Companies' stockholders at the General Stockholders' Meetings held on April 30, 2019. To determine the ratio of exchange of shares, the following aspects were taken into account, although not separately: (i) the liquidity and dispersion of the preferred shares issued by Itaúsa (listed in B3's index) that will be granted to Itautec's stockholders; and (ii) the reduction of costs and expenses that the merger of shares will provide to Itaúsa.

Holders of common shares of Itaúsa dissenting from this merger of shares will be entitled to exercise their right of dissent and appraisal up to May 31, 2019, and will be reimbursed at R$6.56 per common share held without interruption since March 29, 2019.

To find out more, please see to the Merger of Shares documents on Itaúsa's website:

Material Facts: http://www.itausa.com.br/en/announcements-and-minutes/material-facts

Minutes and Manual of the General Stockholders' Meetings: http://www.itausa.com.br/en/announcements-and-minutes/general-meetings

Return to stockholders

On March 7, 2019, Itaúsa paid out additional dividends in the amount of R$0.4532 per share and interest on capital for the year 2018, in the amount of R$0.3192 per share (R$0.27132 share, net of withholding income tax). Both proceeds were approved at the Board of Directors' Meeting held on February 18, 2019.

3. ITAÚSA'S ECONOMIC PERFORMANCE

As a holding company, Itaúsa's results are basically derived from its share of income, determined based on the results of its subsidiaries and revenues from investments in financial assets. We present below the Individual Income Statement of Itaúsa:

Individual results, in R$ million	1Q19		1Q18		Δ	Δ%
INVESTEES' RESULTS IN ITAÚSA	**2,687**	100.0%	**2,712**	100.0%	**(25)**	*-0.9%*
FINANCIAL SECTOR	**2,615**	97.3%	**2,610**	96.2%	**5**	***0.2%***
NON-FINANCIAL SECTOR	**76**	2.8%	**90**	3.3%	**(14)**	***-15.6%***
ALPARGATAS	9	*0.3%*	23	*0.9%*	(14)	*-60.9%*
DURATEX	9	*0.3%*	11	*0.4%*	(2)	*-18.2%*
NTS [1]	58	*2.2%*	56	*2.1%*	2	*3.6%*
OTHER COMPANIES [2]	(4)	-0.1%	12	0.4%	(16)	*-133.3%*
RESULTS OF ITAÚSA	**(289)**		**(330)**		**41**	*-12.4%*
FINANCIAL INCOME / EXPENSES	(15)		(30)		15	*-50.0%*
ADMINISTRATIVE EXPENSES [2]	(32)		(18)		(14)	*77.8%*
TAX EXPENSES	(244)		(284)		40	*-14.1%*
OTHER OPERATING REVENUES	2		2		-	*0.0%*
INCOME BEFORE INCOME TAX/SOCIAL CONTRIBUTION	**2,398**		**2,382**		**16**	*0.7%*
INCOME TAX / SOCIAL CONTRIBUTION	88		18		70	*388.9%*
NET INCOME	**2,486**		**2,400**		**86**	***3.6%***

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

(2) For better comparability, some administrative expenses of the 1Q18 on the administrative structure dedicated to the holding company's activities, recorded in Itaúsa Empreendimentos (a wholly-owned subsidiary of Itaúsa) in the amount of R$5 million, were reclassified to line "Administrative Expenses" of Itaúsa (Income Statement of the Parent Company).

General and administrative (G&A) expenses

In the first quarter of 2019, administrative expenses, in the Individual Income Statement of Itaúsa, totaled R$32 million. This increase, as compared on a year-on-year basis, was mainly driven by (i) a rise in the variable compensation of members of management and the executive board, placing it in line with market practices; (ii) the expansion of the structure dedicated to the holding company's activities; and (iii) sureties and guarantees taken out to secure lawsuits.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED AND MARKET

	R$ million			**R$ per share**		
	1Q19	1Q18	change	**3/31/2019**	3/31/2018	change
PROFITABILITY						
Net income	**2,486**	2,400	3.6%	**0.30**	0.29	1.2%
Recurring Return on Equity (annualized)	**18.8%**	19.1%	- 30 bps			
BALANCE SHEET						
Total assets	**54,323**	53,683	1.2%	**-**	-	-
Net indebtedness	**306**	632	-51.6%	**-**	-	-
Stockholders' equity	**50,402**	48,500	3.9%	**5.99**	5.90	1.6%
CAPITAL MARKETS						
Market Value [1]	**100,760**	**103,061**	-2.2%	**-**	-	-
Average daily traded financial volume - Itaúsa PN	**379**	**222**	70.9%	**-**	-	-

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

MAIN INDICATORS OF ITAÚSA CONGLOMERATE COMPANIES

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

R$ million

	January to March	Financial Sector	Non-Financial Sector	
		Itaú	ALPARGATAS	Duratex
Operating revenues (1)	**2018**	**46,717**	**940**	**1,073**
	2017	43,985	902	1,006
Net income (6)	**2018**	**6,747**	**53**	**24**
	2017	6,389	114	31
Total Assets	**2018**	**1,545,971**	**4,209**	**9,589**
	2017	1,441,407	3,784	9,196
Stockholders' equity (6)	**2018**	**124,754**	**2,423**	**4,670**
	2017	123,031	2,160	4,770
Annualized return on average equity (%) (2) (6)	**2018**	**22.2%**	**8.8%**	**2.1%**
	2017	21.3%	21.0%	2.6%
Internal fund generation (3)	**2018**	**14,720**	**131**	**250**
	2017	18,185	160	197
Interest of Itaúsa in companies (4) (5)	**2018**	**37.46%**	**27.55%**	**36.66%**
	2017	37.51%	27.55%	36.68%

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

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

(2) Represents the ratio of net income for the period and the average equity ((dec'18 + mar)/2).

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

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

(5) The Interest presented consider the outstanding shares.

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

3.1. Capital markets

Itaúsa's preferred shares (traded on B3 under ticker ITSA4) closed March 2019 at R$11.98, a 4.4% decrease in the previous 12 months, whereas Ibovespa, B3's main index, rose by 11.8% in the same period.

The daily average financial volume of preferred shares in the first quarter of 2019 was R$380 million, with an average of 34,000 daily trades.

On March 31, 2019, Itaúsa had 201,600 individual stockholders, compared to 77,400 year-on-year, a 160.5% increase.

Itaúsa discount

Discount is an indicator of the difference between the market price ascertained for Itaúsa's shares and the theoretical value obtained through the sum of the market values of the parts that compose the holding company's investments. On March 31, 2019, Itaúsa's shares were traded at a 23.3% discount.

Market capitalization on March 31, 2019, based on the price of the most liquid shares (ITSA4), was R$100,760 million, whereas the total market value of the sum of interests in subsidiaries at market value reached R$131,375 million.

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

3.2. Assessment of opportunities

Through its executive board and internal governance bodies, Itaúsa periodically assesses capital allocation alternatives, such as investments in new business, share buybacks, and dividend distribution, among others.

As part of this process, the Company has constantly assessed investment opportunities. Among them, the Company had stated its interest in acquiring a stake in TAG - Transportadora Associada de Gás S.A., Brazil's largest natural gas transportation company, by way of a pool of investors, which, however, has not been consummated as our offer, which had a given minimum return required by the Company as assumption, was outdone by the one offered by another pool of companies taking part in the competitive bid process.

Itaúsa keeps alert for potential opportunities that meet criteria such as the efficient capital allocation in solid, cash-generating companies with market renowned brands, always caring for the discipline in assessing opportunities and the management driven to stockholder value creation.

Find out more on the Capital Allocation process at the Company's Integrated Report, from page 40 on, in Chapter 5 – Financial Capital.

4. COMMENTS ON THE PERFORMANCE OF INVESTEES

Itaú Unibanco Holding S.A.

Highlights

Rede: zero cost on advances against single-installment credit card sales

Clients of Rede with annual revenue of up to R$30 million, in the economic group vision, that use the Rede equipment and receive their payments at Itaú Unibanco, will now receive the proceeds of their credit card sales in two days, free of charge for the advance as of May 2, 2019. This initiative applies to both current and new customers and aims to benefit small and middle-market companies, as well as the self-employed and micro entrepreneurs, and users of any model of the Rede device are eligible.

The merchant acquiring business comprises the process of capturing transactions through affiliation, management and relationship with merchants. In the first quarter of 2019, the volume of credit and debit card transactions increased 14.2% year-on-year.

Evolution in digital transformation

Itaú Unibanco has reached 11.5 million individual current account holders who use its digital channels via Internet or mobile apps in March 2019. It also reached 1.2 million corporate clients. Over 221,000 accounts were opened by the Abreconta app early this year in a fully digital way, up 144% year-on-year.

Results under IFRS

R$ million (except where indicated)	1Q19	1Q18	Δ%
Operating Revenues	28,296	27,409	3.2
Net Income	6,747	6,389	5.6
ROE	22.2%	21.3%	0.9 p.p.
Loan Portfolio	650,579	605,796	7.4

Net income attributable to controlling stockholders totaled R$6.7 billion in the first quarter of 2019, up 5.6% year-on-year, and annualized recurring return (ROE) of 22.2%.

Commissions and fees reached R$9.1 billion in the first quarter of 2019, up 2.7% year-on-year, mainly driven by credit and debit card services and investment funds. Revenues from insurance and pension plan operations, before claims and selling expenses, reached R$1.1 billion in the first quarter of 2019, up 4.3% year-on-year.

Operating revenues increased 3.2%, mainly driven by revenues from loans operations posting growth in the portfolio of loans to individuals and very small, small and middle-market companies.

General and administrative expenses rose 5.3% year-on-year, mainly driven by higher expenses on credit card selling, depreciation and amortization, and the impact of the collective bargaining labor agreement on personnel expenses.

At the end of March 2019, loan portfolio, including financial guarantees provided and corporate securities, reached R$650.6 billion, up 7.4% from the same period of 2018. Noteworthy were the portfolios for individuals, which increased 12.0%, and for very small, small and middle-market companies, up 17.0%.

Capital management

In the first quarter of 2019, Full Tier I capital ratio, which included the impact of the deduction schedule being brought forward, but did not include the additional installment of dividends and interest on capital, totaled 14.8%. Noteworthy is the generation of capital from income and the issuance of R$3.05 billion in Perpetual Subordinated Financial Notes, negotiated with professional investors, and approved by the Central Bank of Brazil as part of the additional capital, commencing February 2019.

Duratex

Highlights

Strategic management and investments

Consolidated investments totaled approximately R$80 million in 1Q19, of which R$37 million were invested in fixed assets and technology, and R$43 million in biological assets. Total investments projected for 2019 amount to R$525 million, of which R$80 million refer to the expansion of the ceramic tiles business and the remaining amount for the support of manufacturing and forest operations. Two expansion projects are currently in progress: increase in the capacity of ceramic tiles and set-up of a joint venture to produce dissolving wood pulp ('DWP'), which is proceeding as scheduled, with some investments already been made.

Results

R$ million (except where indicated)	1Q19	1Q18	Δ%
Net Revenue	1,072.5	1,006.0	6.6%
EBITDA	228.8	224.9	1.7%
Net Income	23.9	30.8	-22.5%
ROE	2.1%	2.6%	- 0.5 p.p.

In the quarter, net revenue totaled R$1,072.5 million, up 6.6% year-on-year, mainly driven by the rise in prices early in the year and a better mix of products. Net revenue arising from the foreign market was R$192.5 million in 1Q19, up 8.7% year-on-year, mainly driven by foreign exchange depreciation and increase in volume exported. Accordingly, revenues from foreign markets accounts for 18.0% of total.

Wood Division's net revenue totaled R$678.1 million in the first quarter of 2019. The 8.0% increase (or 12.9% when excluding the effect of fiberboard sales) was driven by the stability of shipped volumes together with price rises and the improved mix of products. Deca Division, in turn, posted a 4.3% increase in net revenue to R$348.0 million, also impacted by price rises and the mix of products, but recorded an 8.3% drop in the volume of parts shipped. The Division's gross margin was also impacted by some gain of productivity. Operating under the Ceusa brand, the Ceramic Tiles Division posted net revenue of R$46.4 million in 1Q19, up 4.6% from that reported in the previous year, in spite of the 1.5% drop in the volume shipped, impacted by the integration of Ceusa operation into the Company's

ERP system that, in addition to extraordinary disbursements, generated delays in billing that should be made up for in the coming months.

EBITDA reached R$228.8 million, with a 21.3% margin, up 1.7% from that reported in 1Q18. Recurring adjusted EBITDA for the period was R$179.3 million, excluding R$25.5 million determined with the sale of land and forests, among other factors. Net income was R$23.9 million, down 22.5% year-on-year, whereas recurring net income totaled R$19.3 million, down 37.5% year-on-year, mainly driven by lower variation of the fair value of biological assets, higher freight expenses and the expenses on the new DWP business unit incurred this year, according to planning.

Net debt was R$2,010 million at the end of March 2019, corresponding to 2.38 times the recurring adjusted EBITDA for 12 months, slightly higher than the one recorded last quarter, mainly driven by lower cash arising from the payment of dividends and interest on capital, which totaled R$286.1 million.

ALPARGATAS

Highlights

Changes in Management

Proceeding with Alpargatas' corporate governance evolution process, the first quarter of 2019 was marked by changes in Management brought about by the Company's new CEO, Roberto Funari. Accordingly, the Executive Digital Channels Office was set up and new executives were hired for the positions of Human Resources Officer and Osklen's CEO.

Results

Net revenue increased 4.2% on a year-on-year basis, mainly driven by the growth of all business in Brazil and by the 16.1% increase in Havaianas international operations, favored by gains from the appreciation of strong currencies against the Brazilian real, even with the negative impact of the exchange variation/ monetary adjustment in Argentina.

R$ million (except where indicated)	1Q19	1Q18	Δ%
Net Revenue	940.2	902.1	4.2%
EBITDA	134.4	169.1	-20.5%
Net Income	43.5	112.9	-61.5%
ROE	8.8%	21.0%	- 12.2 p.p.

Net revenue in Brazil, represented by Havaianas, Dupé, Mizuno and Osklen brands, reached R$611.0 million, up 6.7%, driven by a higher level of sales of sandals and sports apparel. Sandals International's net revenue totaled R$208.0 million, up 16.1% year-on-year, as a result of the higher volume of sales and boosted by the appreciation of the U.S. dollar and euro against the Brazilian real in the period. Net revenue in Argentina totaled R$121.2 million, down 19.2% year-on-year, impacted by the fall in the volume of footwear and textile sales.

Consolidated gross profit increased 4.3% in 1Q19, up 10 basis points in gross margin, driven by the management of costs, and the increased share of Sandals International in result, absorbing the higher cost of rubber on a year-on-year basis.

In 1Q19, EBITDA totaled R$ 134.4 million, down 20.6% year-on-year. However, in 1Q18 assets in Argentina were sold, bringing in a positive impact of R$45.6 million in that quarter. Recurring EBITDA for the period increased 5.8% to R$136.8 million, mainly driven by the positive effects arising from the revenues from sales of the Botas 7 Léguas business and the IFRS 16 adoption, and the negative effects arising from the inflation adjustment in Argentina and advisory services expenses.

Consolidated net income for the first quarter of 2019 totaled R$43.5 million, down 61.5%, with a 4.6% net margin, as a result of the aforementioned factors. Operating cash generation totaled R$237.2 million, and cash balance reached R$601.4 million on March 31, 2019.

Highlights

On April 18, 2019, NTS was authorized by the CVM to be registered as a securities issuer, category "B", as disclosed in the Material Fact published on April 24, 2019.

As of April 2019, Wong Loon has taken over as the Company's new CEO, also holding the position of Chief Operations Officer (COO) at the same time.

Results

R$ million (except where indicated)	1Q19	1Q18	Δ%
Net Revenue	1,083.8	990.4	9.4%
Net Income	537.9	455.1	18.2%

In the first quarter of 2019, net revenue totaled R$1,083.8 million, up 9.4% on a year-on-year basis, driven by the annual adjustment to gas ship-or-pay agreements. In 1Q19 net income totaled R$537.9 million, up 18.2% year-on-year, driven by lower debenture financial expenses due to the fall in interest rates and the debt restructuring with funds raised under more attractive conditions.

Dividends and Interest on Capital

In the period from January to March 2019, Itaúsa received dividends and interest on capital, gross, in the amount of R$39.7 million.

5. PEOPLE MANAGEMENT

Itaúsa Conglomerate had the support of approximately 129,000 employees on March 31, 2019, including 16,200 employees in foreign units. Its dedicated structure, intended to carry out the holding company's activities, had 73 people on that same date.

6. INDEPENDENT AUDITORS – CVM INSTRUCTION No. 381

Procedures adopted by the Company

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

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

Independent Auditors' Justification - PwC

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

7. ACKNOWLEDGMENTS

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

BOARD OF DIRECTORS

Chairman
Henri Penchas

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

Members
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Rodolfo Vilella Marino
Victório Carlos De Marchi

Alternative members
Edson Carlos De Marchi
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Flavio César Maia Luz
José Maria Rabelo
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Alternative members
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Felício Cintra do Prado Júnior
Guilherme Tadeu Pereira Júnior
Isaac Berensztejn
João Costa

EXECUTIVE BOARD

Chief Executive Officer
Alfredo Egydio Setubal (*)

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

(*) *Investor Relations Officer*

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

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

ASSETS	NOTE	03/31/2019	12/31/2018
Cash and cash equivalents	3	1,877	2,421
Financial assets - Fair value through profit or loss	4	1,053	1,030
Trade accounts receivable	5	1,121	1,215
Other financial assets	6a	965	758
Inventory	7	934	798
Investments in associates and joint ventures	8 IIa	48,418	52,831
Fixed assets, net	9	3,300	3,338
Intangible assets, net	10	419	423
Right-of-Use Assets	11	494	-
Biological assets	12	1,563	1,565
Tax assets		1,945	1,756
Income tax and social contribution - for offsetting		486	399
Income tax and social contribution - deferred	13b	1,389	1,294
Other		70	63
Other non-financial assets	6a	50	71
TOTAL ASSETS		**62,139**	**66,206**

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2019	12/31/2018
Liabilities			
Dividends and interest on capital		940	772
Debentures	14	1,227	1,208
Loans and financing	15	2,645	2,863
Provision	16	1,614	1,448
Tax liabilities		622	517
Income tax and social contribution - current		42	26
Income tax and social contribution - deferred	13b	463	462
Other		117	29
Other liabilities	6b	1,232	1,319
Lease Liabilities	11	498	-
Total Liabilities		**8,778**	**8,127**
Stockholders' Equity			
Capital	17a	43,515	43,515
Reserves	17d	8,549	13,339
Carrying value adjustments		(1,662)	(1,711)
Total Stockholders' Equity Attributable to Owners of the Parent Company		**50,402**	**55,143**
Non-controlling interests		2,959	2,936
Total Stockholders' Equity		**53,361**	**58,079**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**62,139**	**66,206**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A

Consolidated Statement of Income

(In millions of Reais, except per share information)

	NOTE	01/01 to 03/31/2019	01/01 to 03/31/2018
Net sales revenue of products and services	19	1,071	1,262
Cost of products and services	20	(791)	(947)
Gross profit		**280**	**315**
Sales expenses	20	(161)	(165)
General and administrative expenses	20	(85)	(79)
Other (losses)/gains, net	21	28	51
Tax expenses		(243)	(284)
Share of income in associates and joint ventures	8 IIa	2,624	2,633
Operating result		**2,443**	**2,471**
Financial income	22	94	56
Financial expenses	22	(112)	(115)
Financial result		**(18)**	**(59)**
Income before income tax and social contribution		**2,425**	**2,412**
Current income tax and social contribution	13a	(19)	(18)
Deferred income tax and social contribution	13a	95	26
Net income		**2,501**	**2,420**
Net income attributable to owners of the parent company		2,486	2,400
Net income attributable to non-controlling interests		15	20
Earnings per share - basic and diluted	23		
Common		0.30	0.32
Preferred		0.30	0.32
Weighted average number of shares outstanding – basic and diluted			
Common		2,889,839,643	2,823,483,724
Preferred		5,520,858,345	4,650,146,149

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Consolidated Statement of Comprehensive Income
(In millions of Reais)

	01/01 to 03/31/2019	01/01 to 03/31/2018
Net income	**2,501**	**2,420**
Other comprehensive income	**49**	**30**
Amounts that will subsequently be reclassified to results	**48**	**30**
Interest in associates and jointly controlled entities, net of tax	**44**	**19**
Adjustment to fair value of financial assets, hedges and foreign exchange variations on investments abroad	44	19
Interest in subsidiaries, net of tax	**4**	**11**
Foreign exchange variations on investments abroad	4	11
Amounts that will not subsequently be reclassified to results	**1**	-
Interest in associates and jointly controlled entities, net of tax	**1**	-
Remeasurement of post-employment benefit obligations	1	-
Total comprehensive income	**2,550**	**2,450**
Comprehensive income attributable to owners of the parent-company	2,535	2,430
Comprehensive income attributable to non-controlling interests	15	20

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

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

	Note	01/01 to 03/31/2019	01/01 to 03/31/2018
Cash flow from operating activities			
Adjusted net income		**172**	**119**
Net income		2,501	2,420
Adjustments to net income:		(2,329)	(2,301)
Share of income in associates and joint ventures	8 IIa	(2,624)	(2,633)
Deferred income tax and social contribution		(95)	(26)
Contingent liabilities	16b	167	156
Interest, foreign exchange and monetary variations, net		50	86
Depreciation, amortization and depletion		167	145
Change in fair value of biological assets	12c	(19)	(43)
Allowance for loan losses	5	4	7
Other		21	7
Changes in assets and liabilities		**(77)**	**(58)**
Decrease in financial assets		-	42
Decrease in trade accounts receivable		91	34
Increase in inventory		(132)	(33)
Increase in tax assets		(84)	(78)
Decrease in other assets		347	74
Increase (decrease) in tax liabilities		87	(13)
Decrease in other liabilities		(386)	(84)
Others		**(39)**	**(61)**
Payment of income tax and social contribution		(18)	(16)
Interest paid on loans and financing		(21)	(45)
Net cash from operating activities		**56**	-
Cash flow from investment activities			
Interest on debentures receivable		-	9
Acquisition of fixed assets, intangibles and biological assets		(86)	(89)
Sale of fixed assets, intangibles and biological assets		2	1
Interest on capital and dividends received		6,279	5,472
Redemption of debentures		-	1
Net cash from investment activities		**6,195**	**5,394**
Cash flow from financing activities			
Subscription of shares		-	17
Treasury shares		1	-
Interest on capital and dividends paid		(6,541)	(4,531)
Loans and financing receivable		-	45
Payment of borrowing and financing		(256)	(424)
Net cash used in financing activities		**(6,796)**	**(4,893)**
Net increase (decrease) in cash and cash equivalents		**(545)**	**501**
Cash and cash equivalents at the beginning of the period	3	2,421	1,218
Effects of changes in exchange rates on cash and cash equivalents		1	3
Cash and cash equivalents at the end of the period	3	1,877	1,722

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

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

	01/01 to 03/31/2019	01/01 to 03/31/2018
Income	**1,345**	**1,597**
Sales of products and services	1,343	1,585
Allowance for doubtful accounts	(4)	(7)
Other revenue	6	19
Inputs purchased from third parties	**(849)**	**(1,056)**
Cost of products and services	(684)	(890)
Materials, energy and third-party services	(165)	(166)
Gross value added	**496**	**541**
Depreciation, amortization and depletion	(167)	(145)
Net value added produced by the company	**329**	**396**
Value added received from transfer	**2,759**	**2,732**
Share of income in associates and joint ventures	2,624	2,633
Financial income	94	56
Other revenue	41	43
Total value added to be distributed	**3,088**	**3,128**
Distribution of value added	**3,088**	**3,128**
Personnel	204	210
Compensation	164	169
Benefits	29	30
FGTS – Government severance pay fund	10	11
Other	1	-
Taxes, fees and contributions	273	393
Federal	265	385
State	3	2
Municipal	5	6
Return on third parties' assets	110	105
Interest	110	104
Rental revenue	-	1
Return on own assets	2,501	2,420
Dividends and interest on capital paid/provided for	590	570
Retained earnings for the period	1,896	1,830
Non-controlling interests in retained earnings	15	20

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Individual Balance Sheet

(In millions of Reais)

ASSETS	NOTE	03/31/2019	12/31/2018
Cash and cash equivalents		921	936
Financial assets - Fair value through profit or loss	4	1,053	1,030
Other financial assets		408	307
Dividends and interest on capital		371	270
Escrow deposits as guarantees of contingencies		37	37
Investments in subsidiaries, associates and joint ventures	8 Ic	50,406	54,810
Fixed assets, net		104	99
Tax assets		1,403	1,215
Income tax and social contribution - current		384	293
Income tax and social contribution - deferred		1,017	920
Other		2	2
Other assets		28	23
TOTAL ASSETS		**54,323**	**58,420**

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2019	12/31/2018
Liabilities			
Dividends and interest on capital		774	408
Debentures	14	1,227	1,208
Provision		1,436	1,285
Tax liabilities		167	67
Income tax and social contribution - deferred		69	60
Other		98	7
Other liabilities		317	309
Total Liabilities		**3,921**	**3,277**
Stockholders' Equity			
Capital	17a	43,515	43,515
Reserves	17d	8,549	13,339
Carrying value adjustments		(1,662)	(1,711)
Total Stockholders' Equity		**50,402**	**55,143**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**54,323**	**58,420**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Individual Statement of Income

(In millions of Reais, except per share information)

	NOTE	01/01 to 03/31/2019	01/01 to 03/31/2018
Other (losses)/gains, net		40	43
General and administrative expenses		(31)	(13)
Tax expenses		(244)	(284)
Share of income in subsidiaries, associates and joint ventures	8 I c	2,629	2,651
Operating result		**2,394**	**2,397**
Financial income		63	21
Financial expenses		(59)	(36)
Financial result		**4**	**(15)**
Income before income tax and social contribution		**2,398**	**2,382**
Current income tax and social contribution		-	(1)
Deferred income tax and social contribution		88	19
Net income		**2,486**	**2,400**
Earnings per share - basic and diluted	23		
Common		0.30	0.32
Preferred		0.30	0.32
Weighted average number of shares outstanding – basic and diluted			
Common		2,889,839,643	2,823,483,724
Preferred		5,520,858,345	4,650,146,149

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Individual Statement of Comprehensive Income
(In millions of reais)

	01/01 to 03/31/2019	01/01 to 03/31/2018
Net income	2,486	2,400
Other comprehensive income	49	30
Amounts that will subsequently be reclassified to results	48	30
Interest in jointly controlled entities, net of tax	44	19
Adjustment to fair value of financial assets, hedges and foreign exchange variations on investments abroad	44	19
Interest in subsidiaries, net of tax	4	11
Foreign exchange variation on investments abroad	4	11
Amounts that will not be subsequently reclassified to results	1	-
Interests in associates and jointly controlled entities, net of tax	1	-
Remeasurement of post-employment benefit obligations	1	-
Total comprehensive income	2,535	2,430

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

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

	Attributable to owners of the parent company							Total stockholders' equity		
	Capital	Capital reserves	Appropriated revenue reserves	Unappropriated revenue reserves	Proposal for distribution of additional dividends	Retained earnings / (accumulated deficit)	Carrying value adjustments	Owners of the parent company	Non-controlling interests	Total
Balance at 01/01/2018	37,145	719	10,559	(205)	5,002	-	(1,294)	51,926	2,993	54,919
Transactions with owners	-	-	1	-	(5,002)	(570)	-	(5,571)	15	(5,556)
Change in non-controlling interests	-	-	-	-	-	-	-	-	15	15
Dividends and interest on capital not claimed	-	-	1	-	-	-	-	1	-	1
Dividends and interest on capital	-	-	-	-	-	(570)	-	(570)	-	(570)
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(5,002)	-	-	(5,002)	-	(5,002)
Transactions with subsidiaries and jointly controlled companies	-	(236)	(49)	-	-	-	-	(285)	-	(285)
Total comprehensive income	-	-	-	-	-	2,400	30	2,430	20	2,450
Net income	-	-	-	-	-	2,400	-	2,400	20	2,420
Other comprehensive income	-	-	-	-	-	-	30	30	-	30
Appropriations:										
Legal reserve	-	-	120	-	-	(120)	-	-	-	-
Unappropriated-reserves	-	-	-	1,710	-	(1,710)	-	-	-	-
Balance at 03/31/2018	37,145	483	10,631	1,505	-	-	(1,264)	48,500	3,028	51,528
Change in the period	-	(236)	72	1,710	(5,002)	-	30	(3,426)	35	(3,391)
Balance at 01/01/2019	43,515	633	6,155	122	6,429	-	(1,711)	55,143	2,936	58,079
Transactions with owners	-	-	1	-	(6,429)	(590)	-	(7,018)	8	(7,010)
Change in non-controlling interests	-	-	-	-	-	-	-	-	8	8
Dividends and interest on capital not claimed	-	-	1	-	-	-	-	1	-	1
Dividends and interest on capital	-	-	-	-	-	(590)	-	(590)	-	(590)
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(6,429)	-	-	(6,429)	-	(6,429)
Transactions with subsidiaries and jointly controlled companies	-	(265)	7	-	-	-	-	(258)	-	(258)
Paid-in reserves	-	-	122	(122)	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	2,486	49	2,535	15	2,550
Net income	-	-	-	-	-	2,486	-	2,486	15	2,501
Other comprehensive income	-	-	-	-	-	-	49	49	-	49
Appropriations:										
Legal reserve	-	-	124	-	-	(124)	-	-	-	-
Unappropriated-reserves	-	-	-	1,772	-	(1,772)	-	-	-	-
Balance at 03/31/2019	43,515	368	6,409	1,772	-	-	(1,662)	50,402	2,959	53,361
Change in the period	-	(265)	254	1,650	(6,429)	-	49	(4,741)	23	(4,718)

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

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

	01/01 to 03/31/2019	01/01 to 03/31/2018
Cash flow from operating activities		
Adjusted net income	**(75)**	**(85)**
Net income	2,486	2,400
Adjustments to net income:	(2,561)	(2,485)
Share of income in subsidiaries, associates and joint ventures	(2,629)	(2,651)
Deferred income tax and social contribution	(88)	(19)
Contingent liabilities	148	157
Interest and monetary variations, net	7	27
Depreciation and amortization	1	1
Changes in assets and liabilities	**42**	**83**
Decrease in financial assets	-	43
Increase in tax assets	(84)	(79)
Decrease in other assets	353	378
Increase in tax liabilities	90	105
Decrease in other liabilities	(317)	(364)
Other	-	**(3)**
Interest paid on loans and financing	-	(3)
Net cash used in operating activities	**(33)**	**(5)**
Cash flow from investment activities		
Purchases of fixed assets and intangible	(6)	(2)
Redemption of debentures	-	1
Interest on debentures receivable	-	9
Interest on capital and dividends received	6,368	5,495
Net cash from investment activities	**6,362**	**5,503**
Cash flow from financing activities		
Advance for future capital increase	-	17
Settlement - Loan operations	-	(520)
Loans and financing payable	-	20
Interest on capital and dividends paid	(6,344)	(4,489)
Net cash used in financing activities	**(6,344)**	**(4,972)**
Net increase (decrease) in cash and cash equivalents	**(15)**	**526**
Cash and cash equivalents at the beginning of the period	936	71
Cash and cash equivalents at the end of the period	921	597

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

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

	01/01 a 03/31/2019	01/01 a 03/31/2018
Inputs purchased from third parties	**(21)**	**(12)**
Third-party services	(16)	(9)
Other	(5)	(3)
Gross value added	**(21)**	**(12)**
Depreciation and amortization	(1)	(1)
Net added value produced by the company	**(22)**	**(13)**
Added value received through transfers	**2,732**	**2,722**
Share of income in subsidiaries, associates and joint ventures	2,629	2,651
Financial income	63	28
Other income	40	43
Total value added to be distributed	**2,710**	**2,709**
Distribution of value added	**2,710**	**2,709**
Personnel - compensation	10	2
Taxes, fees and contributions	158	267
Return on third parties' assets - interest	56	40
Return on own assets	2,486	2,400
Dividends and interest on capital	590	570
Retained earnings for the period	1,896	1,830

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

ITAÚSA – INVESTIMENTOS ITAÚ S.A
Notes to the Financial Statements
at March 31, 2019 and 2018
(In millions of Reais, except as otherwise disclosed)

NOTE 1 – OVERVIEW

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

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

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

ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family which holds 63.27% of the common shares and 18.63% of the preferred shares, making 33.97% of the total.

These individual and consolidated financial statements were approved by the ITAÚSA Board of Directors on May 13, 2019.

NOTE 2 – ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

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

Consolidated financial statements

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

Individual financial statements

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

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

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

2.2 NEW PRONOUNCEMENTS, CHANGES TO AND INTERPRETATIONS OF EXISTING PRONOUNCEMENTS

a) Accounting pronouncements applicable

CPC 48 / IFRS 9 – "Financial Instruments"

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

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

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

Regarding hedge accounting, Itaúsa will continue to apply the requirements set forth in CPC 38, as permitted by CPC 48."

CPC 06 (R2) / IFRS 16 – "Leases"

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

The greatest impact from adopting CPC 06 (R2) in the financial statements of ITAÚSA, as of the transition date, derives from the effects determined by subsidiary Duratex and is related to the lease of rural land at the present value of R$488.2 million. Other leases comprise administrative buildings, distribution centers and vehicles estimated at R$13.4 million. These amounts were recorded in Right-of-Use Asset in assets and Lease Liabilities.

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

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

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

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

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

b) Accounting pronouncements issued recently applicable to future periods

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

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

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

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

a) Deferred income tax and social contribution

As explained in Note 2.4m, deferred tax assets are recognized only in relation to temporary differences and losses carried-forward to the extent that it is probable that ITAÚSA and its subsidiaries will generate future taxable profits for their utilization. The expected realization of the deferred tax assets of ITAÚSA and its subsidiaries is based on the projection of future income and other technical studies, as disclosed in Note 13. The carrying amount of deferred tax assets was R$1,389 at March 31, 2019 (R$1,294 at December 31, 2018).

b) Fair value of financial instruments, including derivatives

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

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

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

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

c) Provisions, contingent assets and liabilities

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

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

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

The carrying amount of these contingencies at March 31, 2019 was R$ 1,890 (R$ 1,710 at December 31, 2018).

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

ITAÚSA and its subsidiaries use several estimates to value their forestry reserves, in accordance with the methodology established by CPC 29/IAS 41 – "Agriculture". These estimates are based on market references, and are subject to changes that could impact on the consolidated financial information. Specifically, a 5% reduction in standing wood prices would result in a reduction in the fair value of biological assets to R$ 50, net of tax effects. If the discount rate used were increased by 0.5%, this would result in a reduction in the fair value of biological assets of about R$ 9, net of tax effects.

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

e) Benefits of pension plans

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

f) Estimated impairment of goodwill

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

2.4 SUMMARY OF MAIN ACCOUNTING PRACTICES

a) CONSOLIDATION AND EQUITY METHOD

I. Subsidiaries

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

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

	Incorporation country	Activity	Interest in capital at 03/31/2019	Interest in capital at 12/31/2018
Joint ventures				
Itaú Unibanco Holding S.A.	Brazil	Holding company/Financial institution	37.46%	37.55%
IUPAR - Itaú Unibanco Participações S.A.	Brazil	Holding company	66.53%	66.53%
Alpargatas S.A.	Brazil	Footwear, apparel and sports items	27.55%	27.55%
Full consolidation				
Duratex S.A.	Brazil	Wood panels, bathroom porcelains, bathroom fixtures, electronic showers, and ceramic tiles	36.66%	36.67%
Itaúsa Empreendimentos S.A.	Brazil	Service	100.00%	100.00%
Itautec S.A.	Brazil	Information technology	99.18%	98.93%
ITH Zux Cayman Ltd.	Cayman Islands	Holding	100.00%	100.00%

II. Business combinations

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

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

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

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

III. Transactions with non-controlling interests

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

b) FOREIGN CURRENCY TRANSLATION

I. Functional and presentation currency

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

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

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

II. Foreign currency transactions

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

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

c) CASH AND CASH EQUIVALENTS

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

d) FINANCIAL ASSETS

I. Classification

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

(a) Financial assets measured at amortized cost

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

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

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

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

Financial assets measured at fair value through income are assets whose cash flows characteristic does not correspond only to the payment of principal and interest or that are generated by a business model to be sold in the short-term (trading). These assets are classified as current assets.

I. Recognition and measurement

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

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

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

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

II. Offsetting of financial instruments

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

III. Impairment of financial assets

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

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

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

e) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

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

f) TRADE ACCOUNTS RECEIVABLE

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

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

g) INVENTORY

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

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

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

h) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

I. Associates

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

II. Joint ventures

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

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

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

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

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

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

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

i) FIXED ASSETS

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

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

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

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

j) GOODWILL

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

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

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

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

k) INTANGIBLE ASSETS – OTHER INTANGIBLE ASSETS

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

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

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

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

l) BIOLOGICAL ASSETS

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

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

m) INCOME TAX AND SOCIAL CONTRIBUTION

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

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

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

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

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

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

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

n) EMPLOYEE BENEFITS

Pension plans – defined contribution

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

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

o) STOCK-BASED COMPENSATION

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

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

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

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

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

p) LOANS AND FINANCING

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

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

q) CAPITAL AND TREASURY SHARES

Capital

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

Treasury shares

Common and preferred shares that are repurchased are recorded in stockholders' equity under "Treasury shares" at their average purchase prices.

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

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

r) DIVIDENDS AND INTEREST ON CAPITAL

Pursuant to the Company's bylaws, the stockholders are entitled to a mandatory minimum dividend of 25% of the net income for the year, in the form of quarterly payments, adjusted in accordance with the legislation in force. Minimum dividend amounts established in the bylaws are recorded as liabilities at the end of each quarter. Any other amount above the mandatory minimum dividend is accounted for as a liability when it is approved by the stockholders at a Stockholder´s Meeting. Since January 1, 1996, Brazilian companies have been permitted to apply a tax-deductible nominal interest rate charge on net equity (called interest on capital).

For accounting purposes interest on capital is treated as a dividend and is presented as a reduction of stockholders' equity in the financial statements. The related tax benefit is recorded in the statement of income.

s) EARNINGS PER SHARE

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

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

t) REVENUE

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

I. Sale of Products

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

II. Financial Income

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

u) SEGMENT INFORMATION

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

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

Segmental information is presented in Note 25.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	03/31/2019	12/31/2018
Cash and deposits on demand	79	174
Investments in fixed income and investment funds	1,344	1,238
Bank deposit certificates	454	1,009
Total	**1,877**	**2,421**

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

	03/31/2019	12/31/2018
Investiment - NTS (*)	1,053	1,030
Total	**1,053**	**1,030**

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

NOTE 5 - TRADE ACCOUNTS RECEIVABLE

Trade Accounts Receivable	03/31/2019	12/31/2018
Domestic customers	1,007	1,070
Foreign customers	177	182
Related parties	15	39
Impairment	(78)	(76)
Total	**1,121**	**1,215**

The balances of accounts receivable by maturity are as follows:

Maturities	03/31/2019	12/31/2018
Not yet due	970	1,092
Past-due up to 30 days	71	66
From 31 to 60 days	39	31
From 61 to 90 days	20	13
From 91 to 180 days	23	16
More than 180 days	76	73
Total	**1,199**	**1,291**

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

	03/31/2019	12/31/2018
Opening balance	(75)	(109)
Constitution of provision	(4)	(15)
Write-offs	1	19
Write-off - Elekeiroz (Note 8 I c)	-	29
Closing Balance	**(78)**	**(76)**

NOTE 6 - OTHER ASSETS AND LIABILITIES

a) Other assets

	03/31/2019			12/31/2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Other financial assets						
Deposits as guarantees for contingent liabilities	-	96	96	-	96	96
Dividends and interest on stockholders' equity receivable	276	-	276	90	-	90
Amounts receivable from the sale of fixed assets (1)	288	76	364	284	13	297
Retirement plan assets (Note 24)	2	112	114	5	111	116
Acquisition escrow accounts	2	29	31	3	56	59
Forest incentives	-	10	10	-	10	10
Electricity sales	3	-	3	1	-	1
Sale of Elekeiroz shares (Note 8 I c)	-	-	-	-	13	13
Indemnifiable assets	-	26	26	-	-	-
Other amounts receivable	34	11	45	11	65	76
Total	**605**	**360**	**965**	**394**	**364**	**758**
Other non-financial assets						
Prepaid expenses	20	-	20	8	-	8
Investment property	-	24	24	-	24	24
Held-for-sale assets	-	6	6	-	35	35
Other	-	-	-	-	4	4
Total	**20**	**30**	**50**	**8**	**63**	**71**

(1) Refers mainly to sale of farms owned by Duratex Florestal

b) Other liabilities

	03/31/2019			12/31/2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Suppliers	396	-	396	438	-	438
Personnel provision	127	-	127	281	-	281
Accounts payable (from SCPs) to shareholders (*)	29	94	123	27	94	121
Advances from customers	11	6	17	21	6	27
Acquisitions of companies	33	32	65	34	32	66
Freight and insurance payable	19	-	19	17	-	17
Commission payable	10	-	10	9	-	9
Acquisitions of reforestation areas	5	-	5	6	-	6
Product warranty and technical support	23	4	27	-	4	4
Commercial leasing	-	9	9	-	9	9
Liabilities provided with joint operation partner	-	36	36	-	35	35
Liabilities payable - NTS	-	301	301	-	296	296
Other	47	50	97	10	-	10
Total	**700**	**532**	**1,232**	**843**	**476**	**1,319**

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

NOTE 7 – INVENTORY

	03/31/2019	12/31/2018
Raw materials, supplies and packaging	290	260
Finished products	414	324
Work in progress	136	124
Showrooms	117	116
Advances to suppliers	8	1
Allowance for inventory losses	(31)	(27)
Total	**934**	**798**

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

NOTE 8 – INVESTMENTS

I) ITAÚSA

a) Subsidiaries and joint ventures stockholder' equity

Stockholders' equity	Joint Ventures			Subsidiaries			
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Alpargatas S.A.	Duratex S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman Company Ltd.
Stockholders' equity at 12/31/2017							
Capital	97,148	13,500	648	1,962	56	262	42
Treasury shares	(2,743)	-	(64)	(28)	-	-	-
Carrying value adjustments	(3,486)	(1,134)	(149)	417	-	-	-
Reserves	38,529	21,165	1,751	2,364	-	43	-
Other	1,930	-	-	-	(23)	-	(40)
Balance at 12/31/2017	**131,378**	**33,531**	**2,186**	**4,715**	**33**	**305**	**2**
Changes from 01/01 to 03/31/2018	**(8,347)**	**(2,341)**	**(26)**	**55**	**(1)**	**(5)**	-
Net income	6,389	(1,654)	114	31	(1)	(5)	-
Treasury shares	1,069	-	-	-	-	-	-
Dividends and interest on capital	(15,092)	(501)	(135)	-	-	-	-
Other comprehensive income	52	14	(2)	31	-	-	-
Other	(765)	(200)	(3)	(7)	-	-	-
Stockholders' equity at 03/31/2018							
Capital	97,148	13,500	648	1,962	56	262	44
Treasury shares	(1,496)	-	(64)	(28)	-	-	-
Carrying value adjustments	(2,580)	(823)	(151)	448	-	-	-
Reserves	28,303	18,513	1,727	2,388	-	38	-
Other	1,656	-	-	-	(24)	-	(42)
Balance at 03/31/2018	**123,031**	**31,190**	**2,160**	**4,770**	**32**	**300**	**2**
Stockholders' equity at 12/31/2018							
Capital	97,148	16,000	648	1,962	56	262	44
Treasury shares	(1,820)	-	(64)	(26)	-	-	-
Carrying value adjustments	(3,812)	(1,220)	(76)	454	-	-	-
Reserves	43,146	20,063	1,873	2,245	-	45	-
Other	2,120	-	-	-	(30)	-	(42)
Balance at 12/31/2018	**136,782**	**34,843**	**2,381**	**4,635**	**26**	**307**	**2**
Changes from 01/01 to 03/31/2019	**(12,028)**	**(2,937)**	**42**	**35**	**(4)**	-	-
Net income	6,747	1,744	53	24	(4)	-	-
Treasury shares	831	-	-	1	-	-	-
Dividends and interest on capital	(19,044)	(4,533)	-	-	-	-	-
Other comprehensive income	130	34	(13)	10	-	-	-
Other [(1)]	(692)	(182)	2	-	-	-	-
Stockholders' equity at 03/31/2019							
Capital	97,148	16,000	1,500	1,962	56	262	45
Treasury shares	(1,334)	-	(64)	(25)	-	-	-
Carrying value adjustments	(3,682)	(1,186)	(89)	464	-	-	-
Reserves	30,867	17,092	1,076	2,269	-	45	-
Other	1,755	-	-	-	(34)	-	(43)
Balance at 03/31/2019	**124,754**	**31,906**	**2,423**	**4,670**	**22**	**307**	**2**

(1) Includes Argentina´s hyperinflation adjustment.

b) Interest in capital of subsidiaries and joint ventures

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

Interest in capital	Joint Ventures			Subsidiaries			
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Alpargatas S.A.	Duratex S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman Company Ltd.
Common shares in circulation at 12/31/2018	**4,958,290,359**	**710,454,184**	**241,608,525**	**689,467,756**	**11,072,186**	**2,186,700**	**12,200,000**
Shares of capital	4,958,290,359	710,454,184	241,608,551	691,784,501	11,072,186	2,186,700	12,200,000
Treasury shares	-	-	(26)	(2,316,745)	-	-	-
Preferred shares in circulation at 12/31/2018	**4,762,230,563**	**350,942,273**	**221,444,849**	-	-	-	-
Shares of capital	4,845,844,989	350,942,273	228,841,226	-	-	-	-
Treasury shares	(83,614,426)	-	(7,396,377)	-	-	-	-
Outstanding shares at 12/31/2018	**9,720,520,922**	**1,061,396,457**	**463,053,374**	**689,467,756**	**11,072,186**	**2,186,700**	**12,200,000**
Number of shares owned by ITAÚSA at 12/31/2018	**1,944,075,803**	**706,169,365**	**127,591,556**	**252,807,715**	**10,953,371**	**2,186,700**	**12,200,000**
Common shares	1,943,906,480	355,227,092	103,623,035	252,807,715	10,953,371	2,186,700	12,200,000
Preferred shares	169,323	350,942,273	23,968,521	-	-	-	-
Direct interest at 12/31/2018							
Interest in capital	20.00%	66.53%	27.55%	36.67%	98.93%	100.00%	100.00%
Interest in voting capital	39.21%	50.00%	42.89%	36.67%	98.93%	100.00%	100.00%
Common shares in circulation at 03/31/2019	**4,958,290,359**	**710,454,184**	**241,608,525**	**689,593,370**	**11,072,186**	**2,186,700**	**12,200,000**
Shares of capital	4,958,290,359	710,454,184	241,608,551	691,784,501	11,072,186	2,186,700	12,200,000
Treasury shares	-	-	(26)	(2,191,131)	-	-	-
Preferred shares in circulation at 03/31/2019	**4,784,540,312**	**350,942,273**	**221,444,849**	-	-	-	-
Shares of capital	4,845,844,989	350,942,273	228,841,226	-	-	-	-
Treasury shares	(61,304,677)	-	(7,396,377)	-	-	-	-
Outstanding shares at 03/31/2019	**9,742,830,671**	**1,061,396,457**	**463,053,374**	**689,593,370**	**11,072,186**	**2,186,700**	**12,200,000**
Number of shares owned by ITAÚSA at 03/31/2019	**1,944,075,803**	**706,169,365**	**127,591,556**	**252,807,715**	**10,981,768**	**2,186,700**	**12,200,000**
Common shares	1,943,906,480	355,227,092	103,623,035	252,807,715	10,981,768	2,186,700	12,200,000
Preferred shares	169,323	350,942,273	23,968,521	-	-	-	-
Direct interest at 03/31/2019							
Interest in capital	(1) 19.95%	66.53%	27.55%	36.66%	99.18%	100.00%	100.00%
Interest in voting capital	(2) 39.21%	50.00%	42.89%	36.66%	99.18%	100.00%	100.00%

(1) Itaúsa holds a direct interest in Itaú Unibanco Holding S.A. of 19.95% and an indirect interest of 17.51% through the investment in the jointly-controlled subsidiary Itaú Unibanco Participações S.A.(IUPAR), which holds a 26.32% direct interest in Itaú Unibanco Holding S.A., totaling 37.46% interest in the capital.

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

c) Change in investments

Investments	Joint Ventures			Subsidiaries					Total
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Alpargatas S.A	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman Company Ltd.	
Investment balance at 12/31/2017									
Interest in capital	26,339	22,308	602	1,723	146	32	304	2	51,456
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable net assets	68	-	548	-	-	-	-	-	616
Goodwill	460	-	599	-	-	-	-	-	1,059
Balance at 12/31/2017	**26,855**	**22,308**	**1,749**	**1,723**	**146**	**32**	**304**	**2**	**53,119**
Changes from 01/01 to 03/31/2018	**(1,764)**	**(1,556)**	**(15)**	**20**	**13**	**(1)**	**(5)**	**-**	**(3,308)**
Share of income	3,710	(1,100)	23	11	13	(1)	(5)	-	2,651
Dividends and interest on capital	(5,335)	(333)	(36)	-	-	-	-	-	(5,704)
Other comprehensive income	11	9	(1)	11	-	-	-	-	30
Other	(150)	(132)	(1)	(2)	-	-	-	-	(285)
Investment balance at 03/31/2018									
Interest in capital	24,579	20,752	594	1,743	159	31	299	2	48,159
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable net assets	64	-	541	-	-	-	-	-	605
Goodwill	460	-	599	-	-	-	-	-	1,059
Balance at 03/31/2018	**25,091**	**20,752**	**1,734**	**1,743**	**159**	**31**	**299**	**2**	**49,811**
Market value at 03/31/2018 (1)	**125,123**	**-**	**2,163**	**2,930**	**350**	**172**	**-**	**-**	**130,738**
Investment balance at 12/31/2018									
Interest in capital	27,356	23,182	656	1,694	-	25	306	2	53,221
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable net assets	57	-	485	-	-	-	-	-	542
Goodwill	460	-	599	-	-	-	-	-	1,059
Balance at 12/31/2018	**27,861**	**23,182**	**1,740**	**1,694**	**-**	**25**	**306**	**2**	**54,810**
Changes from 01/01 to 03/31/2019	**(2,465)**	**(1,954)**	**6**	**13**	**-**	**(4)**	**-**	**-**	**(4,404)**
Share of income	1,455	1,160	9	9	-	(4)	-	-	2,629
Dividends and interest on capital	(3,808)	(3,016)	-	-	-	-	-	-	(6,824)
Other comprehensive income	26	23	(4)	4	-	-	-	-	49
Other (2)	(138)	(121)	1	-	-	-	-	-	(258)
Investment balance at 03/31/2019									
Interest in capital	24,872	21,228	667	1,707	-	21	306	2	48,803
Unrealized income (loss)	(12)	-	-	-	-	-	-	-	(12)
Fair value - identifiable net assets	76	-	480	-	-	-	-	-	556
Goodwill	460	-	599	-	-	-	-	-	1,059
Balance at 03/31/2019	**25,396**	**21,228**	**1,746**	**1,707**	**-**	**21**	**306**	**2**	**50,406**
Market Value of the Stake at 03/31/2019 (1)	**125,670**	**-**	**2,453**	**2,773**	**-**	**165**	**-**	**-**	**131,061**

(1) Disclosed only for public companies.
(2) Includes Argentina´s hyperinflation adjustment.

Disposal of ownership interest of Elekeiroz

On June 4, 2018, Itaúsa completed the sale of all shares of Elekeiroz S.A it held, represented by 14,261,761 common and 16,117,360 preferred shares, to Kilimanjaro Brasil Partners I B - Fundo de Investimento em Participações Multiestratégia Investimento no Exterior.

On March 31, 2019, the balance receivable from price adjustments set forth in the contract totaled R$ 13.

d) Interest in Alpargatas S.A.

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

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

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

The acquisition of the company was accounted for based on studies for calculating the fair value of assets acquired and liabilities assumed and in conformity with CPC 09 (R2) – "Individual, Separate and Consolidated Financial Statements and Application of the Equity Method" and CPC 15 / IFRS 3 – "Business Combinations". Even though this transaction was carried out in 2017, the ultimate purchase price allocation was completed by ITAÚSA in the first half of 2018 only, as allowed by CPC 15.

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

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

II) ITAÚSA CONSOLIDATED

a) Composition of investments in associates and jointly controlled entities

Investments	Joint Ventures			Associates	Total
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Alpargatas S.A		
Share of income from 01/01 to 03/31/2018	3,710	(1,100)	23	-	2,633
Investiment balance at 12/31/2018	27,861	23,182	1,740	48	52,831
Share of income from 01/01 to 03/31/2019	1,455	1,160	9	-	2,624
Investiment balance at 03/31/2019	25,396	21,228	1,746	48	48,418

b) Other information

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

Assets and liabilities (*)	03/31/2019	12/31/2018
Assets	**1,546,177**	**1,552,802**
Cash and deposits on demand	30,550	37,159
Financial assets	871,961	888,785
Loan operations and lease operations portfolio	547,172	536,091
Tax assets	41,850	42,835
Other assets	54,644	47,932
Liabilities	**1,408,428**	**1,403,558**
Financial Liabilities	1,147,324	1,151,232
Reserves for insurance and private pensions	205,041	201,187
Civil, labor, tax and social security lawsuits	18,261	18,613
Other liabilities	37,802	32,526

(*) Basically represented by Itaú Unibanco Holding.

Other Financial Information - Itaú Unibanco Holding	01/01 to 03/31/2019	01/01 to 03/31/2018
Interest and similar income	34,334	32,380
Interest and similar expenses	(18,724)	(16,431)
Net income before income tax and social contribution	9,538	9,563
Income tax and social contribution (*)	(2,635)	(3,006)
Net income	6,903	6,557
Net income attributable to the owners of the parent company	6,747	6,389
Other comprehensive income	130	52
Total comprehensive income	6,877	6,441

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

c) Usufruct of part of shares held by IUPAR terminated

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

NOTE 9 – FIXED ASSETS

Fixed Assets	Land	Buildings and Improvements	Equipment and facilities	Furniture and fixtures	Vehicles	Assets under development or construction	Other assets	Total
Balance at 12/31/2017								
Cost	760	1,179	4,813	64	64	144	223	**7,247**
Accumulated depreciation	-	(479)	(2,688)	(43)	(53)	-	(139)	**(3,402)**
Impairment	-	(12)	(181)	(1)	-	(8)	26	**(176)**
Net book value	**760**	**688**	**1,944**	**20**	**11**	**136**	**110**	**3,669**
Changes from 01/01 to 03/31/2018	**(51)**	**2**	**(22)**	**(1)**	**(1)**	**(37)**	**4**	**(106)**
Acquisitions	-	2	10	-	-	29	1	**42**
Depreciation	-	(9)	(69)	(1)	(1)	-	-	**(80)**
Transfers	(55)	5	27	-	-	(66)	2	**(87)**
Other	4	4	10	-	-	-	1	**19**
Balance at 03/31/2018								
Cost	709	1,188	4,859	64	64	107	226	**7,217**
Accumulated depreciation	-	(489)	(2,804)	(44)	(54)	-	(144)	**(3,535)**
Impairment	-	(9)	(133)	(1)	-	(8)	32	**(119)**
Net book value	**709**	**690**	**1,922**	**19**	**10**	**99**	**114**	**3,563**
Annual depreciation rates (%)	-	*4%*	*5% to 20%*	*10%*	*10%*	-	*4% to 20%*	
Balance at 12/31/2018								
Cost	656	1,145	4,399	61	66	107	234	**6,668**
Accumulated depreciation	-	(473)	(2,606)	(43)	(53)	-	(155)	**(3,330)**
Net book value	**656**	**672**	**1,793**	**18**	**13**	**107**	**79**	**3,338**
Annual depreciation rates (%)	-	*4%*	*5% to 20%*	*10%*	*10%*	-	*4% to 20%*	
Changes from 01/01 to 03/31/2019	-	**(2)**	**(18)**	**1**	**1**	**(20)**	-	**(38)**
Acquisitions	-	2	12	-	-	22	-	**36**
Depreciation	-	(8)	(66)	(1)	(1)	-	-	**(76)**
Transfers	-	3	34	2	2	(42)	-	**(1)**
Other	-	1	2	-	-	-	-	**3**
Balance at 03/31/2019								
Cost	656	1,151	4,445	63	68	87	238	**6,708**
Accumulated depreciation	-	(481)	(2,670)	(44)	(54)	-	(159)	**(3,408)**
Net book value	**656**	**670**	**1,775**	**19**	**14**	**87**	**79**	**3,300**
Annual depreciation rates (%)	-	*4%*	*5% to 20%*	*10%*	*10%*	-	*4% to 20%*	

NOTE 10 – INTANGIBLE ASSETS

Intangible Assets	Software	Trademarks and patents	Goodwill for future profitability	Customer portfolio	Total
Balance at 12/31/2017					
Cost	108	64	359	412	**943**
Accumulated amortization	(68)	-	-	(215)	**(283)**
Impairment	(1)	-	-	-	**(1)**
Net value	**39**	**64**	**359**	**197**	**659**
Change from 01/01 to 03/31/2018	**1**	-	**9**	**(7)**	**3**
Acquisitions	4	-	9	-	**13**
Amortization expense	(3)	-	-	(7)	**(10)**
Write-offs	-	-	-	-	-
Impairment	-	-	-	-	-
Other	-	-	-	-	-
Balance at 03/31/2018					
Cost	111	64	368	413	**956**
Accumulated amortization	(70)	-	-	(223)	**(293)**
Impairment	(1)	-	-	-	**(1)**
Net value	**40**	**64**	**368**	**190**	**662**
Annual amortization rates	*20%*	-	-	*6.67%*	
Balance at 12/31/2018					
Cost	122	57	156	400	**735**
Accumulated amortization	(68)	(1)	-	(243)	**(312)**
Net value	**54**	**56**	**156**	**157**	**423**
Changes from 01/01 to 03/31/2019	**2**	-	-	**(6)**	**(4)**
Acquisitions	4	-	-	-	**4**
Write-offs	-	-	-	-	-
Amortization expense	(2)	-	-	(6)	**(8)**
Balance at 03/31/2019					
Cost	131	56	156	401	**744**
Accumulated amortization	(75)	-	-	(250)	**(325)**
Net value	**56**	**56**	**156**	**151**	**419**
Annual amortization rates	*20%*	-	-	*6.67%*	

(1) Refers to impairment of panel, bathroom porcelain and showers units of Duratex S.A.

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

	03/31/2019	12/31/2018
Acquisitions		
Thermosystem	20	20
Cerâmica Monte Carlo	20	20
Deca Nordeste	17	17
Ceusa e Massima	99	99
Net value	**156**	**156**

NOTE 11 – LEASES

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

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

a) Right-of-Use Assets:

	03/31/2019			
	Land	Buildings	Vehicles	Total
Initial adoption on 01.01.2019	488	10	3	501
Depreciation in the period (Income)	-	(1)	-	(1)
Depreciation in the period (*)	(6)	-	-	(6)
Total	**482**	**9**	**3**	**494**

(*) recorded in forest planting costs, item biological assets

b) Lease Liabilities

	03/31/2019			
	Land	Buildings	Vehicles	Total
Initial adoption on 01.01.2019	488	10	3	501
Interest accrued in the period (*)	13	-	-	13
Write-off due to payment	(15)	(1)	-	(16)
Total	**486**	**9**	**3**	**498**

(*) recorded in forest planting costs, item biological assets

NOTE 12 – BIOLOGICAL ASSETS (forest reserves)

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

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

As of March 31, 2019, these companies had approximately 153.2 thousand hectares in areas of effective planting (158.3 thousand hectares at December 31, 2018) in the states of São Paulo, Minas Gerais, Rio Grande do Sul, Alagoas and Colombia.

a) Fair value estimate

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

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

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

i. Discounted cash flow – forecast wood volume at the point of harvest, considering the current market prices, net of realizable planting costs and the capital costs of land used in planting (brought to present value) at the discount rate of 5.7% p.a. at March 31, 2019. The discount rate used in cash flow corresponds to the weighted average cost of Duratex S.A., which is reviewed annually by the Management.

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

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

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

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

b) Composition of balances

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

	03/31/2019	12/31/2018
Cost of formation of biological assets	1,039	1,030
Difference between cost and fair value	524	544
Transfer to other assets	-	(9)
Fair value of biological assets	**1,563**	**1,565**

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

c) Changes

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

	03/31/2019	12/31/2018
Opening balance	**1,565**	**1,699**
Variations in fair value		
Volume price	19	148
Depletion	(39)	(259)
Variations in historical value		
Formation	54	178
Depletion	(36)	(192)
Saldo subtotal	**1,563**	**1,574**
Transfer to other assets	-	(9)
Closing balance	**1,563**	**1,565**

	01/01 to 03/31/2019	01/01 to 03/31/2018
Effects of variations in the fair value of biological assets	**(20)**	**12**
Variations in fair value	19	43
Depletion of fair value	(39)	(31)

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

NOTE 13 - INCOME TAX AND SOCIAL CONTRIBUTION

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

a) Composition of income tax and social contribution expense

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

Current income tax and social contribution	01/01 to 03/31/2019	01/01 to 03/31/2018
Income before income tax and social contribution	**2,425**	**2,412**
Charges (income tax and social contribution) at the current rates	(825)	(820)
Increase/decrease in income tax and social contribution charges arising from:		
(Additions) / exclusions	**901**	**828**
Share of comprehensive income of associates and joint ventures	892	895
Dividends on investments stated at acquisition cost	12	12
Interest on capital	-	(85)
Other	(3)	6
Total income tax and social contribution	**76**	**8**

b) Deferred income tax and social contribution

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

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

(*) The amounts related to Elekeiroz, which totaled R$18, were written off and recorded in these headings, due to the sale of its ownership interest (Note 8 I c).

	12/31/2018	Realization/ reversal	Increase	03/31/2019
Deferred tax assets				
Tax losses and social contribution loss carried forward	559	(3)	43	599
Allowance for loan losses	10	-	-	10
Adjustments to market value - securities and derivative financial instruments	29	(29)	-	-
Provision for contingent liabilities	569	(5)	61	625
Income Tax on Profits Abroad	38	-	-	38
Other	89	(5)	33	117
Total deferred tax assets	**1,294**	**(42)**	**137**	**1,389**
Deferred tax liabilities				
Revaluation reserve	(41)	1	-	(40)
Present value of financing	(1)	-	(1)	(2)
Swap results	(12)	1	-	(11)
Depreciation	(17)	1	-	(16)
Pension plans	(38)	-	(1)	(39)
Sales of property	(6)	-	-	(6)
Biological Assets	(186)	6	-	(180)
Client Portfolio	(48)	2	-	(46)
Goodwill on assets	(18)	-	-	(18)
Adjustment to fair value on investments	(51)	-	(8)	(59)
Other liabilities	(44)	-	(2)	(46)
Total deferred tax liabilities	**(462)**	**11**	**(12)**	**(463)**
Deferred tax assets, net	**832**	**(31)**	**125**	**926**

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

Year	03/31/2019
2019	72
2020	385
2021	653
2022	54
2023	49
2024 onwards	176
Total	**1,389**

III – On March 31, 2019, deferred tax assets not recognized totaled R$ 164.

NOTE 14 – DEBENTURES

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

On March 31, 2019 the updated amount of these debentures was R$ 1,227 (R$ 1,208 at 12/31/2018).

NOTE 15 – LOANS AND FINANCING

Type [1]	Charges	Guarantees	03/31/2019 Current	03/31/2019 Non Current	12/31/2018 Current	12/31/2018 Non Current
Local currency						
BNDES with Swap	103.89 % CDI	Surety - 70% Itaúsa and 30% natural person	4	37	4	39
BNDES with Swap	117.51 % CDI	Surety - 70% Itaúsa and 30% natural person	-	-	-	1
FINAME	TJLP + 2.3% p.a./Fixed 6 % p.a.	Chattel Mortgage	14	26	15	29
FINAME	6 % p.a.	Chattel Mortgage	-	4	2	4
EXPORT CREDIT	104.8 % CDI	-	106	203	107	303
EXPORT CREDIT	107.5 % CDI	-	142	-	139	-
PROMISSORY NOTE	104.5% CDI	-	-	549	-	540
FUNDIEST	30 % IGP-M per month	Guarantee - Cia Ligna de Investimentos	31	18	26	25
FGPP - BANCO DO BRASIL with Swap	Fixed 6.6% to 7.9% p.a.	-	7	385	4	385
EXPORT CREDIT NOTE	104.9% CDI	Surety - Duratex S.A.	36	35	38	71
BNDES with Swap	103.89 % CDI	Surety - 70% Itaúsa and 30% natural person	6	50	6	51
BNDES with Swap	117.51 % CDI	Surety - 70% Itaúsa and 30% natural person	-	3	-	3
CRA	98.0% CDI	Surety - Duratex S.A.	11	694	1	694
FINAME	Fixed 5.6% p.a.	Chattel Mortgage and Surety Duratex S.A.	-	1	-	1
FINAME	Fixed 9% p.a.	Chattel Mortgage and Surety Duratex S.A.	1	1	1	1
FINAME	TJLP + 4.0% p.a.	Chattel Mortgage and Surety Duratex S.A.	2	4	2	4
FINAME	SELIC + 4.28% p.a.	Chattel Mortgage and Surety Duratex S.A.	-	-	-	1
FNE	Fixed 7.53% p.a.	Surety - Duratex Florestal S.A.	-	7	-	6
Total local currency			**360**	**2,017**	**345**	**2,158**
Foreign currency						
RESOLUTION 4131 with Swap	US$ + Libor + 1.5% p.a.	Promissory Note	178	-	178	-
RESOLUTION 4131 with Swap	US$ + 3.66% p.a.	Promissory Note	90	-	182	-
Total foreign currency			**268**	**-**	**360**	**-**
Grand Total			**628**	**2,017**	**705**	**2,158**

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

Maturities	03/31/2019	12/31/2018
2020	1,146	1,288
2021	88	88
2022	711	710
2023	13	13
2024	13	13
2025	11	11
2026	11	11
2027	-	11
2028	-	11
Other	24	2
Total	**2,017**	**2,158**

Reconciliation of net debt	03/31/2019	12/31/2018
Short-term loans	628	705
Long-term loans	2,017	2,158
Total debt	**2,645**	**2,863**
Cash and cash equivalents (note 3)	(1,877)	(2,421)
Net debt	**768**	**442**

NOTE 16 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

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

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

a) Contingent assets

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

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

	03/31/2019	12/31/2018
Tax lawsuits	**203**	**203**
IPI bonus credit from 1980 to 1985	121	121
Monetary adjustment of credits from Eletrobrás	10	10
INSS - Social Security Contributions	58	58
Integration program tax on revenue ("PIS") and social security funding tax on revenue ("COFINS")	2	2
Other	12	12
Civil lawsuits	**6**	**6**
Collection/execution of out-of-court instruments	6	6
Total	**209**	**209**

a) Provision

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

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

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

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

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

	Tax	Labor	Civil	Total
Balance at 12/31/2018	**1,608**	**88**	**14**	**1,710**
Restatement/ Fine	17	2	-	19
Increase	160	11	-	171
Reversal	-	(5)	-	(5)
Payments/ Conversion into Income	-	(5)	-	(5)
Balance at 03/31/2019	**1,785**	**91**	**14**	**1,890**
Escrow deposits	(255)	(21)	-	(276)
Balance at 03/31/2019 net of escrow deposits	**1,530**	**70**	**14**	**1,614**

The main discussions related to tax provision are as follows:

- PIS and COFINS – R$ 1,655 (R$ 1,433, net of escrow deposits): The right to calculate and pay PIS and COFINS based on the cumulative tax system is being discussed.

c) Contingent liabilities

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

At March 31, 2019, these lawsuits totaled R$ 1,165 for tax lawsuits, R$ 61 for labor claims and R$ 46 for civil lawsuits.

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

- Income tax withheld at source, income tax, social contribution, PIS and COFINS – request for offset denied – R$ 607: cases in which the liquidity and certainty of offsetting credits are being discussed;
- Taxation of revaluation reserve – R$ 292: discussion related to taxation of revaluation reserve in corporate spin-off operations carried out in the period from 2006–2009;
- PIS and COFINS – disallowance of credits – R$ 79: the restriction regarding the right to credits in connection with certain inputs related to these contributions is being disputed;
- Levying of tax on circulation of goods and services (ICMS) credits – R$ 67: discussion regarding the levying, recognition and use of ICMS credits;

- Differences in accessory obligations – R$ 18: there is a discussion regarding possible differences within the information included in the accessory obligations;
- IRPJ and CSLL – disallowance of credits - R$ 9: Deduction of tax paid overseas by the parent company is being disputed.

NOTE 17 – STOCKHOLDERS' EQUITY

a) Capital

On March 31, 2019, subscribed, paid-up capital is R$ 43,515, represented by 8,410,697,988 book-entry shares, with no par value, of which 2,889,839,643 are common and 5,520,858,345 are non-voting preferred shares, entitled to the following advantages:

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

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

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

	03/31/2019			
	Number			Amount
	Common	Preferred	Total	
Residents in Brazil at 12/31/2018	2,887,785,145	3,318,421,750	6,206,206,895	32,109
Residents abroad at 12/31/2018	2,054,498	2,202,436,595	2,204,491,093	11,406
Shares of capital stock at 12/31/2018	**2,889,839,643**	**5,520,858,345**	**8,410,697,988**	**43,515**
Residents in Brazil	2,887,798,333	3,393,777,551	6,281,575,884	32,499
Residents abroad	2,041,310	2,127,080,794	2,129,122,104	11,016
Shares of capital stock at 03/31/2019	**2,889,839,643**	**5,520,858,345**	**8,410,697,988**	**43,515**
Shares outstanding at 03/31/2019	**2,889,839,643**	**5,520,858,345**	**8,410,697,988**	-
Shares outstanding at 12/31/2018 (2)	**2,889,839,643**	**5,520,858,345**	**8,410,697,988**	-

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

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

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

b) Treasury Shares

In the period from January 1 to March 31, 2019, ITAÚSA did not trade its treasury shares, according to the table below:

	Number			Amount
	Common	Preferred	Total	
Treasury Shares at 12/31/2017	-	-	-	-
Shares purchased	-	(3,500,000)	(3,500,000)	(32)
Cancellation of treasury stock	-	3,500,000	3,500,000	32
Treasury Shares at 12/31/2018	-	-	-	-
Treasury Shares at 03/31/2019	-	-	-	-

c) Dividends

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

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

I. Calculation

Net income	2,486	
(-) Legal reserve	(124)	
Dividend calculation basis	2,362	
Mandatory minimum dividend	**590**	**25.00%**

II. Stockholders' compensation

	Date of Payment	Value per share		Gross	Net
		Gross	Net		
Provided for		**0.0702**	**0.0702**	**590**	**590**
Quarterly installment	07/01/2019	0.0200	0.0200	168	168
Interest on capital	To be declared	0.0502	0.0502	422	422
Total at 03/31/2019		**0.0702**	**0.0702**	**590**	**590**
Total at 03/31/2018 (1)		**0.0694**	**0.0763**	**570**	**570**

(1) For comparative purposes, we considered bonuses.

d) Appropriated reserves

• Legal reserve

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

• Statutory reserves

These reserves are recognized with the aim of:

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

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

	03/31/2019	12/31/2018
Revenue reserves	**8,181**	**12,706**
Legal	1,870	1,746
Statutory	6,311	10,960
Dividend equalization	2,855	1,961
Working capital increases	1,548	1,194
Increases in the capital of investees	1,908	1,376
Proposal for distribution of additional dividends (*)	-	6,429
Capital reserves	**368**	**633**
Total reserves at parent company	**8,549**	**13,339**

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

Details of reserves	Capital reserves	Revenue reserves		Total reserves
		Legal reserve	Statutory reserves	
Balance at 12/31/2018	**633**	**1,746**	**10,960**	**13,339**
Recognition of reserves	-	124	1,772	**1,896**
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	(6,429)	**(6,429)**
Dividends and interest on capital not claimed	-	-	1	**1**
Transactions with subsidiaries and jointly controlled companies	(1) (265)	-	(2) 7	**(258)**
Balance at 03/31/2019	**368**	**1,870**	**6,311**	**8,549**

Includes mainly:

(1) Recognition of stock-based payment plans.

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

e) Unappropriated reserves

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

NOTE 18 – SHARE-BASED PAYMENTS

Stock option plan of subsidiaries – Duratex S.A.

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

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

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

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

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

Assumptions	2007	2008	2009	2010	2011	2012	2013	2014	2016	2018
Total stock options granted	2,787,034	2,678,887	2,517,937	1,333,914	1,875,322	1,290,994	1,561,061	1,966,869	1,002,550	1,046,595
Exercise price at the grant date	11.82	15.34	9.86	16.33	13.02	10.21	14.45	11.44	5.74	9.02
Fair value at the grant date	8.88	7.26	3.98	7.04	5.11	5.69	6.54	4.48	4.00	5.19
Exercise deadline	10 years	10 years	8 years	8 years	8.5 years	8.8 years	8.9 years	8.1 years	8.9 years	8.8 years
Vesting period	1.5years	1.5years	3 years	3 years	3.5 years	3.8 years	3.9 years	3.1 years	3.9 years	3.8 years

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

	2007	2008	2009	2010	2011	2012	2013	2014	2016	2018
Volatility of share price	36.60%	36.60%	46.20%	38.50%	32.81%	37.91%	34.13%	28.41%	39.82%	38.09%
Dividend yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Risk-free return rate (1)	7.60%	7.20%	6.20%	7.10%	5.59%	4.38%	3.58%	6.39%	6.95%	4.67%
Effective exercise rate	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	94.90%	94.90%

(1) IGP-M coupon

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

Statement of the value and appropriation of the options granted:

Granting date	Granted number	Maturity date	Exercise deadline	Granting price	To be exercised 12/31/2018	To be exercised 03/31/2019	Option price	Total amount	Periods: Due	Periods: 2007 to 2015	Periods: 2016	Periods: 2017	Periods: 2018	2019	Other periods
02/08/2006	2,659,180	06/30/2007 to	12/31/2016	11.16	-	-	9.79	-	586	586	-	-	-	-	-
01/31/2007	2,787,034	06/30/2008 to	12/31/2017	11.82	-	-	8.88	-	24,758	24,758	-	-	-	-	-
02/13/2008	2,678,887	06/30/2009 to	12/31/2018	15.34	-	-	7.26	-	19,456	19,456	-	-	-	-	-
06/30/2009	2,517,937	06/30/2012 to	12/31/2017	9.86	-	-	3.98	-	9,194	9,194	-	-	-	-	-
04/14/2010	1,333,914	12/31/2013 to	12/31/2018	16.33	-	-	7.04	-	8,716	8,716	-	-	-	-	-
06/29/2011	1,875,322	12/31/2014 to	12/31/2019	13.02	1,080,061	1,080,061	5.11	9,208	-	9,208	-	-	-	-	-
04/09/2012	1,290,994	12/31/2015 to	12/31/2020	10.21	581,774	581,774	5.69	6,390	-	6,390	-	-	-	-	-
04/17/2013	1,561,061	12/31/2016 to	12/31/2021	14.45	897,255	897,255	6.54	8,443	-	6,689	1,754	-	-	-	-
02/11/2014	1,966,869	12/31/2017 to	12/31/2022	11.44	1,648,223	1,648,223	4.48	8,214	-	4,302	2,232	1,680	-	-	-
03/09/2016	1,002,550	12/31/2019 to	12/31/2024	5.74	784,800	779,600	4.00	5,420	-	-	1,251	1,515	1,458	367	829
04/26/2018	1,046,595	12/31/2021 to	12/31/2026	9.02	1,032,356	976,391	5.19	5,382	-	-	-	-	999	586	3,797
Sum	**20,720,343**				**6,024,469**	**5,963,304**		**43,057**	**62,710**	**89,299**	**5,237**	**3,195**	**2,457**	**953**	**4,626**
Exercise effectiveness								**94.90%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**	**94.90%**	**94.90%**	**94.90%**
Computed value								**41,471**	**60,598**	**86.289 (1)**	**5.061 (2)**	**3.088 (3)**	**2.337 (4)**	**904 (5)**	**4.390 (6)**

(1) Amount charged to income from 2007 to 2015.
(2) Amount charged to income in 2016.
(3) Amount charged to income in 2017.
(4) Amount charged to income in 2018.
(5) Amount charged to income in the three months of 2019.
(6) Value charged to income in other periods.

At March 31, 2019, Duratex S.A. had 2,191,131 treasury shares, which might be used in a possible option exercise.

NOTE 19 – NET SALES REVENUE OF PRODUCTS AND SERVICES

	01/01 to 03/31/2019	01/01 to 03/31/2018
Gross revenue from sales of products and services	**1,343**	**1,585**
Domestic market	1,131	1,353
Foreign market	212	232
Taxes and contributions on sales	(272)	(323)
Net revenue from sales of products and services	**1,071**	**1,262**

NOTE 20 – EXPENSES, BY NATURE

	01/01 to 03/31/2019	01/01 to 03/31/2018
Variation in fair value of biological assets	19	43
Variations in the inventories of finished products and work in process	150	77
Raw materials and consumption materials	(594)	(710)
Remuneration, charges and benefits to employees	(242)	(244)
Depreciation, amortization and depletion	(158)	(135)
Transport expenses	(86)	(79)
Advertising expenses	(23)	(21)
Other expenses	(103)	(122)
Total	**(1,037)**	**(1,191)**

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

	01/01 to 03/31/2019	01/01 to 03/31/2018
Cost of products and services	(791)	(947)
Sales expenses	(161)	(165)
General and administrative expenses	(85)	(79)
Total	**(1,037)**	**(1,191)**

NOTE 21 – OTHER (LOSSES)/GAINS, NET

	01/01 to 03/31/2019	01/01 to 03/31/2018
Write-off of surplus of pension plan	1	-
Amortization of intangible assets	(8)	(9)
Options granted and recognized	(3)	(3)
Gain (loss) on sales of fixed assets	-	13
Rental revenue	2	3
Dividends and interest on capital - NTS	38	41
Prodep-Reintegra credits	3	2
Other	(5)	4
Total	**28**	**51**

NOTE 22 – FINANCIAL RESULT

	01/01 to 03/31/2019	01/01 to 03/31/2018
Financial income		
Remuneration on financial investments	53	37
Foreign exchange variations	5	8
Indexation adjustment	15	9
Interest and discount obtained	4	1
Other	17	1
Total financial income	**94**	**56**
Financial expenses		
Charges on financing	(40)	(80)
Foreign exchange variations	(20)	(8)
Indexation adjustment	(17)	(15)
Derivatives	(4)	-
Bank charges	(3)	(4)
Tax on financial operations	-	(2)
Other	(28)	(6)
Total financial expenses	**(112)**	**(115)**
Total financial result	**(18)**	**(59)**

NOTE 23 – EARNING PER SHARE

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

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

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

Net income attributable to owners of the parent company	01/01 to 03/31/2019	01/01 to 03/31/2018
Net income	**2,486**	**2,400**
Minimum non-cumulative dividend on preferred shares in accordance with bylaws	(55)	(47)
Subtotal	**2,431**	**2,353**
Retained earnings to be distributed to common equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(29)	(28)
Subtotal	**2,402**	**2,325**
Retained earnings to be distributed to common and preferred equity owners on a pro-rata basis		
To common equity owners	825	878
To preferred equity owners	1,577	1,447
Total net income available to common equity owners	**854**	**906**
Total net income available to preferred equity owners	**1,632**	**1,494**
Weighted average number of shares outstanding		
Common shares	2,889,839,643	2,823,483,724
Preferred shares	5,520,858,345	4,650,146,149
Earnings per share – basic and diluted - R$		
Common shares	0.30	0.32
Preferred shares	0.30	0.32

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

NOTE 24 – POST-EMPLOYMENT BENEFITS

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

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

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

(a) Defined contribution plan – CD Plan

This plan is offered to all employees of sponsor companies and had 8,506 participants at March 31, 2019 (8,546 at December 31, 2018).

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

Pension Program Fund

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

The amount recorded in the balance sheet under "Other financial assets" (Note 6a) is R$ 112 (R$ 111 at December 31, 2018). The revenue of R$ 1 was recognized in the results.

(b) BD Plan

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

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

At March 31, 2019, Other Financial Assets (Note 6a) recorded in the balance sheet amounted to R$ 2 (R$ 5 at December 31, 2018), payable in three (3) monthly installments.

Main assumption used

	03/31/2019	03/31/2018
Discount rate	9,13% p.a.	9.75% p.a.
Mortality table (1)	AT-2000	AT-2000
Turnover	Null	Null
Future salary growth	6,36% p.a	6.62 % p.a.
Growth of the pension benefit /plans	4,00% p.a.	4.25 % p.a.
Inflation	4,00% p.a.	4.25 % p.a.

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

NOTE 25 – SEGMENT INFORMATION

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

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

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

(c) for which discrete financial information is available.

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

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

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

- **Financial Sector**

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

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

The complete financial statements of Itaú Unibanco Holding for the period from January to March, are available at the following website https://www.itau.com.br/relacoes-com-investidores/.

- **Non-financial Sector**

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

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

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

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

		Financial Sector	Non Financial Sector	
	January to March	Itaú	ALPARGATAS	Duratex
Total assets	2019	**1,545,971**	**4,209**	**9,589**
	2018	1,441,407	3,784	9,196
Operating revenues (1)	2019	**46,717**	**940**	**1,073**
	2018	43,985	902	1,006
Net income	2019	**6,747**	**53**	**24**
	2018	6,389	114	31
Stockholders' equity	2019	**124,754**	**2,423**	**4,670**
	2018	123,031	2,160	4,770
Annualized return on average equity (%) (2)	2019	**22.2%**	**8.8%**	**2.1%**
	2018	21.3%	21.0%	2.6%
Internal fund generation (3)	2019	**14,720**	**131**	**250**
	2018	18,185	160	197

(1) Operating revenue by area of operations was obtained as follows:
- *Itaú Unibanco Holding: interest and similar income, dividend income, adjustments to fair value of financial assets and liabilities, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.*
- *Alpargatas and Duratex: sales of products.*

(2) Represents the annualized ratio of net income for the period and the average equity (March + December 2018)/2.

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

NOTE 26 – RELATED PARTIES

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

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

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

a) Related parties

	Consolidated			
	Assets/(Liabilities)		Revenue/(Expenses)	
	03/31/2019	12/31/2018	01/01 to 03/31/2019	01/01 to 03/31/2018
Financial investments	**38**	**20**	-	-
Itaú Unibanco S.A.	38	20	-	-
Clients/Suppliers	**(10)**	**39**	**20**	**38**
Other Related Parties (*)	(10)	39	20	38
Banking service fees/Rental	**(8)**	**(8)**	**(1)**	**(1)**
Itaú Corretora S.A.	(1)	-	(2)	(1)
Itaú Unibanco S.A.	(7)	(8)	1	-
Total	**20**	**51**	**19**	**37**

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

On March 31, 2019, the recognition of a provision for expected loan losses involving related parties was not required.

b) Guarantees provided

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

	03/31/2019	12/31/2018
Duratex S.A.	72	73
Itautec S.A.	45	45
Total	**117**	**118**

c) Compensation of key personnel

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

	01/01 to 03/31/2019	01/01 to 03/31/2018
Compensation	15	8
Profit sharing	6	8
Stock options	1	-
Total	**22**	**16**

NOTE 27 – MANAGEMENT OF FINANCIAL RISKS

I – Financial risk factors

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

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

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

At the reporting date, ITAÚSA had cash and cash equivalents amounting to R$ 921 (R$ 936 at December 31, 2018), which are expected readily generate to cash inflows to manage the liquidity risk.

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

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

a) Market risk

(i) Foreign currency risk

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

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

(ii) Derivative operations

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

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

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

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

	Notional amount	Fair value	Accumulated effect	
	03/31/2019	03/31/2019	Amount receivable	Amount payable
Swap contracts	-	**35**	**35**	-
Asset position	**753**	**799**	**35**	-
Foreign currency (US$)	266	296	28	-
Fixed rate	385	398	5	-
IPCA +	102	105	2	-
Liability position	**(753)**	**(764)**	-	-
CDI	(753)	(764)	-	-
Futures contracts (NDF)	**172**	**171**	**2**	-
Agreement of Sale	**172**	**171**	**2**	-
NDF	172	171	2	-

	Notional amount	Fair value	Accumulated effect	
	03/31/2018	03/31/2018	Amount receivable	Amount payable
Swap contracts	-	**3**	**16**	-
Asset position	**625**	**646**	**16**	-
Foreign currency (US$)	625	646	16	-
Liability position	**(625)**	**(643)**	-	-
CDI	(625)	(643)	-	-
Futures contracts (NDF)	**118**	**119**	**2**	-
Agreement of Sale	**118**	**119**	**2**	-
NDF	118	119	2	-

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

Sensitivity analysis

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

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

Risk	Instrument/Operation	Description	Probable Scenario	Possible Scenario	Remote Scenario
Interest rate	Swap – Fixed/ CDI	Increase - CDI	4	(2)	(9)
	Hedged item: loans at fixed rates		(4)	2	9
	Swap - IPCA+ / CDI	Increase - CDI	(4)	(60)	(132)
	Hegde item: loans at IPCA+ rates		4	60	132
Foreign exchange	Swap - US$ / CDI (Res. 4131)	Drop - US$ (Increase US$)	-	(76)	(151)
	Hedged item: debt in foreign currency (US$)		-	76	151
	NDF (US$)	Drop - US$ (Increase US$)	-	42	85
	Hedged item: debt in foreign currency (US$)		-	(42)	(85)
Total			-	-	-

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

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

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

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

b) Credit risk

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

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

c) Liquidity risk

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

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

03/31/2019	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	656	1,234	1,959	23
Suppliers and other payables	398	-	-	-
Total	**1,054**	**1,234**	**1,959**	**23**

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

II - Estimated fair value

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

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

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

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

	Level	03/31/2019	12/31/2018
Assets		**4,981**	**5,424**
Cash and cash equivalents	1	79	174
Cash and cash equivalents	2	1,798	2,247
Financial assets - Fair value through profit or loss	3	1,053	1,030
Trade accounts receivable	2	1,121	1,215
Dividends and interest on capital	2	276	90
Deposits as guarantees for contingent liabilities	2	96	96
Other assets	2	558	572
Liabilities		**5,210**	**5,317**
Loans, financing and debentures	2	3,872	4,071
Suppliers / other expenses	2	398	474
Dividends and interest on capital	2	940	772

NOTE 28 – SUBSEQUENT EVENTS

Issue of debentures

On May 6, 2019, the Board of Directors of Duratex approved the Second Issue of Simple, Unsecured Debentures not convertible into shares in a single series, in the amount of R$1,200 million, which will be subject to public offering with restricted distribution efforts.

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

Merger of shares of Itautec S.A. – Itautec Group

In the Material Fact disclosed on February 25, 2019, Itaúsa - Investimentos Itaú S.A. and Itautec S.A. –Itautec Group announced the commencement of negotiations for the merger of the total shares issued by Itautec into Itaúsa, with the consequent preservation of the Itautec's legal personality and its conversion into a wholly-owned subsidiary of Itaúsa.

After negotiations were completed, the Companies disclosed another Material Fact on March 29, 2019 addressing the proposed merger of shares, with a ratio of exchange of one (1) common share issued by Itautec for one (1) preferred share issued by Itaúsa, which was approved by the Companies' stockholders at the General Stockholders' Meetings held on April 30, 2019. To determine the ratio of exchange of shares, the following aspects were taken into account, although not separately: (i) the liquidity and dispersion of the preferred shares issued by Itaúsa (listed in B3's index) that will be granted to Itautec's stockholders; and (ii) the reduction of costs and expenses that the merger of shares will provide to Itaúsa.

Holders of common shares of Itaúsa dissenting from this merger of shares will be entitled to exercise their right of dissent and appraisal up to May 31, 2019, and will be reimbursed at R$6.56 per common share held without interruption since March 29, 2019.

Report on Review

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

Introduction

We have reviewed the accompanying individual balance sheet of Itaúsa - Investimentos Itaú S.A. ("Parent Company") as at March 31, 2019 and the related individual statements of income, comprehensive income, changes in stockholders´equity and cash flows for the three month period then ended, and a summary of significant accounting policies and other explanatory notes.

We have also reviewed the accompanying consolidated balance sheet of Itaúsa - Investimentos Itaú S.A. and its subsidiaries ("Consolidated") as at March 31, 2019 and the related consolidated statements of income, comprehensive income, changes in stockholders´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 financial statements in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated financial statements in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting of the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

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

Conclusion on the Parent Company financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Parent Company financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. at March 31, 2019, and its financial performance and cash flows for the three -month period then ended, in accordance with CPC 21.

Conclusion on the Consolidated financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Consolidated financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its subsidiaries, at March 31, 2019, and their financial performance and the cash flows for the three-month period then ended, in accordance with CPC 21 and IAS 34.

Other matters

Statements of value added

We have also reviewed the Parent Company and consolidated statements of value added for the three -month period ended March 31, 2019. These statements are the responsibility of the Parent Company’s management, and are presented as supplementary information. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not properly prepared, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, May 13, 2019.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

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

OPINION OF THE FISCAL COUNCIL

The members of Fiscal Council of **ITAÚSA - INVESTIMENTOS ITAÚ S.A.** have proceeded to examine the individual and consolidated interim financial statements for the quarter ending March 31, 2019, which were reviewed by PricewaterhouseCoopers Auditors Independents ("PwC"), as Conglomerate's independent auditor.

The Fiscal Councilors have verified the exactness of the elements examined and considering the unqualified report issued by PwC, understand that these documents adequately reflect the equity situation, the financial position and the activities of Itaúsa in the period. São Paulo (SP), May 13, 2019. (signed) Tereza Cristina Grossi Togni – President; Eduardo Rogatto Luque, Flavio César Maia Luz, José Maria Rabelo and Paulo Ricardo Moraes Amaral – Councilors.

ALFREDO EGYDIO SETUBAL
Investor Relations Officer

ITAÚSA – INVESTIMENTOS ITAÚ S.A.

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

SUMMARIZED MINUTES OF THE MEETING OF THE BOARD OF EXECUTIVE OFFICERS HELD ON MAY 13, 2019

DATE, TIME AND PLACE: on May 13, 2019, at 10:00 a.m., at Paulista Avenue, 1938, 5th floor, in the city and state of São Paulo.

CHAIR: Alfredo Egydio Setubal, CEO.

QUORUM: the totality of the elected members.

RESOLUTIONS ADOPTED: following due examination of the interim individual and consolidated account statements for the first quarter of 2019, 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, 2019.

CONCLUSION: there being no further matters on the agenda these minutes were drafted, read, approved and signed by all. São Paulo (SP), May 13, 2019. (signed) Alfredo Egydio Setubal - CEO; Alfredo Egydio Arruda Villela Filho, Roberto Egydio Setubal and Rodolfo Villela Marino - Vice Presidents.

ALFREDO EGYDIO SETUBAL
Investor Relations Officer