



ITAÚSA

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Financial Statements

March 31, 2002

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Periods Ended March 31, 2002 and 2001

Information Published since 05-14-02

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Itaúsa - Investimentos Itaú S.A.

Financial Statements

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To our Stockholders:

We are pleased to present the Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the quarter ended March 31, 2002. This report and financial statements have the favorable opinion of the Audit Committee and were prepared in conformity with accounting principles determined by Brazilian corporate legislation and in accordance with the standards of the Brazilian Securities and Exchange Commission (CVM).

ECONOMIC SITUATION

Economic activity has been gradually recovering in the quarter, free from the restrictions imposed by the energy rationing in the second half of 2001, which curtailed GDP growth to 1.5% in the year 2001.

In spite of the world recession, Brazil's trade balance recorded a US\$ 1.0 billion surplus for the quarter. The favorable net inflow of investment capital (US\$ 4.1 billion) and loans has allowed Brazil to maintain its international reserves and fostered the stabilization of the Brazilian real.

The consolidated public sector primary surplus reached R\$ 11.6 billion for the quarter, which is in line with the target agreed with the IMF. This figure includes R\$ 2.8 billion in extraordinary revenues generated by the Income Tax on Pension Funds. If we subtract this effect it becomes clear that the attainment of this year's 3.5% GDP growth target would require an effort to contain spending.

Accumulated inflation for the year reached 1.5% (Expanded Consumer Price Index (IPCA)), which created the necessary conditions for the Central Bank to cut cautiously the SELIC benchmark interest rate in order to keep inflation in 2002 within the ceiling target for the year (5.5%). Real GDP growth is expected to be 2.4% in 2002, which is still a modest rate

when compared to historical standards.

In the 1st Quarter 2002, the manufacturing industry still endured the negative effects of growth restriction measures of 2001, although in a smaller scale. These included energy rationing, high interest rates and the drop in demand for Brazilian products in Argentina.

Production contracted 3.5% as compared to the same period last year, mainly as a result of the 8.5% reduction in durable consumer goods, which are more sensitive to these factors. Production in the car industry declined 16.6% in the quarter due to a 12.0% in domestic sales and of 5.7% in exports. The production of capital goods and intermediary products dropped approximately 2.0%. Semi-durable and non-durable consumer goods were less affected and production remained flat as compared to the first quarter of 2001.

The scenario for the coming months is more promising. The surveys regularly conducted by the National Industry Confederation (CNI) show an improvement of corporate expectations after two quarters of pessimistic forecasts. The search for new markets also started to produce some results. Recently signed agreements with Chile and Mexico for the export of vehicles should boost this industry. Accordingly, the expected growth is of 2.0% for the manufacturing industry as a whole in 2002.

ITAÚSA'S RESULTS FOR THE QUARTER

The holding company Itaúsa obtained a consolidated net income of R\$ 245 million for the quarter, representing an annualized 20.13% return on consolidated equity of R\$ 5,230 million. Recurring net income amounted to R\$ 279 million. Consolidated net income per thousand shares of Itaúsa was R\$ 79.90 while net asset value per share reached R\$ 1,703.24

Main indicators of the Holding and of the Itaúsa Conglomerate

R\$ thousand

	1 st Q	Parent company	Minorities	Conglomerate
Total net income	2002	245,332	269,723	515,055
	2001	465,217	344,384	809,601
Recurring net income	2002	279,420	269,723	549,143
	2001	308,183	357,266	665,449
Extraordinary net income	2002	(34,088)	-	(34,088)
	2001	157,034	(12,882)	144,152
Stockholders' equity	2002	5,229,803	4,725,612	9,955,415
	2001	4,520,744	4,326,822	8,847,566
Annualized profitability (NI/SE) (%)	2002	20.13	24.86	22.36
	2001	47.96	35.84	41.94
Dividends/Interest on own capital	2002	58,562	65,342	123,904
	2001	58,735	91,011	149,746

Main indicators of Itaúsa's subsidiary companies

R\$ thousand

	1st Quarter	Financial Segment		Industrial Segment			Consolidated / Conglomerate (2)
		Banco Itaú S.A. (Consolidated)	Insurance. Pension Funds & Capitalization (1)	Duratex	Itautec Philco	Elekeiroz	
Total assets	2002	79,756,986	5,267,546	1,397,809	786,794	218,420	82,853,107
	2001	74,563,226	5,440,154	1,480,542	784,257	207,578	77,494,091
Operating income (3)	2002	5,051,948	909,555	179,114	301,729	30,932	5,568,008
	2001	5,460,970	830,228	185,378	277,231	30,824	6,046,178
Net income	2002	503,692	68,969	12,083	8,011	2,694	515,055
	2001	625,213	63,791	19,135	6,418	1,746	809,601
Stockholders' Equity	2002	7,842,448	1,505,478	870,068	275,695	157,647	9,955,415
	2001	6,815,626	2,245,198	857,900	284,798	147,802	8,847,566
Annualized Profitability (NI/SE) %	2002	28.3%	19.6%	5.7%	12.1%	7.0%	22.4%
	2001	42.1%	11.9%	9.2%	9.3%	4.8%	41.9%
Internal generation of resources (4)	2002	1,063,179	61,725	53,408	21,624	4,947	1,090,383
	2001	986,205	38,634	31,342	17,282	3,781	1,158,671

(1) Data relating to insurance, pension fund and capitalization companies consolidated in Banco Itaú S.A. are also separately disclosed to highlight them.

(2) Consolidated/conglomerate data shows the amounts net from eliminations on consolidation and unearned income from intercompany transactions.

(3) Pursuant to a world trend, Operating income per segment was obtained as follows:

- Banco Itaú S.A.: sum of Financial Intermediation Income, Service fees, Insurance premium, Capitalization and Pension Funds income, and other Operating income.

- Insurance, pension fund and capitalization: comprises Insurance premium, Capitalization and Pension fund income, Financial income, and Capital gains.

- Duratex, Itautec Philco and Elekeiroz: comprises Net sales and service revenues.

(4) Includes resources provided by operations:

- plus the expense on Allowance for loan losses;

- less the changes in the mathematical capitalization and pension fund reserves, plus the changes in unsettled claims, insurance transactions' receivables and payables, and deferred insurance, capitalization and pension fund selling expenses.

TAG ALONG (subsequent event)

The April 29 Stockholders' Meeting of ITAÚSA approved the amendments to its by-laws that increase the rights of preferred shares. The approved amendment grants the holders of preferred shares the right to tag along with majority stockholder sales for 80% of the price paid for the shares of the majority stockholder. This major change, unique in the Brazilian market, draws the rights of preferred shares closer to the rights usually granted in international markets, thus increasing the interest of foreign investors in this stock. It is also a strong proof of the confidence of majority stockholders in Itaú's capacity to overcome the challenges created by the globalization of financial markets.

Capital increase

The Stockholders' Meeting also approved the capital increase of ITAÚSA amounting to R\$ 149 million with the issue of new shares to be subscribed in the period from April 30 to May 29, 2002. Payment of capital should take place by June 5, 2002, in cash or through offset of credits arising from interest on own capital, recorded by ITAÚSA.

FINANCIAL SEGMENT

UNPRECEDENTED RECOGNITION

Roberto Setubal, Chief Executive Officer and General Director of Banco Itaú, was invited to become member of the International Advisory Committee of the Federal Reserve Bank of New York. In this Committee he will work with members with vast experience in the international financial market, leaders of the most important and prestigious global financial institutions.

ADR Program

On February 21, 2002, Itaú started to trade its shares in the New York Stock Exchange (NYSE) and raised its ADR program to Level II. The average daily trading volume of Itaú shares at the São Paulo Stock Exchange (Bovespa) increased 69% after the ADR Level II program was launched (from R\$ 15 million to R\$ 25 million), while trading at the NYSE reached a daily average of R\$ 10 million, totaling R\$ 35 million per day. We may then conclude that the program caused a material increase in the liquidity of Itaú shares to overcome the US\$ 10 million benchmark and to become an investment alternative for several international institutional investors that consider this amount as their investments' liquidity threshold.

Recognition

Two CLSA Emerging Markets international reports (Jet Stream Index and CG Watch) highlighted Itaú as a good investment alternative. Itaú was the only bank amongst the twenty companies subject-matter of this report chosen to be part of the Jet Stream Index. This index takes into consideration the leadership criteria, use of technology, management quality, corporate governance, focus on stockholder value maximization, and history of return higher than alternative investments. The CG Watch report analyzes specifically corporate governance issues. Itaú was one of the three most outstanding Latin American companies in the analysis that comprised 475 companies in 20 countries.

In the quarter Itaú also received the following recognition:

- Best Bank in Brazil – Global Finance
- Top Brazilian and Latin American bank brand, and 3rd Latin American brand – Interbrand
- Best Internet Banking among domestic banks in Brazil in the categories Corporate and Individual customer Services – FGV-SP Banking Excellence Center, Ibope e-Ratings, and Business Standard magazine
- Top in Marketing, for the campaigns Super PIC Carnaval and Fund Raising
- Transparency Standout – Atlantic Rating (5th consecutive year)

PRINCIPAL FINANCIAL INDICATORS

	Q1 2001	Q1 2002	% Growth
Statements of Income - R\$ million			
- Consolidated net recurring income	651	504	(22.6)
- Consolidated net income	625	504	(19.4)
- Individual net income	585	427	(27.0)
Net income per thousand shares – R\$			
- Consolidated net income	5,51	4,52	(18.0)
- Book value	60,06	70,42	17.3
- Interest on own capital	1,44	1,07	(25.6)
- Price of Registered Preferred Share (PN) (1)	171,36	191,00	11.5
- Total interest on own capital – R\$ million	163	119	(27.0)
- Market capitalization (2) - R\$ million	19.447	21.272	9.4
Balance Sheet - R\$ million			
- Total assets	74,563	79,757	7.0
- Total loans	29,931	32,540	8.7
- Own free, third-party and managed funds	103,082	120,469	16.9
- Subordinated debt	-	1,409	-
- Individual stockholders' equity	7,278	8,776	20.6
- Consolidated stockholders' equity	6,816	7,842	15.1
Financial ratios (%)			
- Return on Equity (ROE) recurring (annualized)	44.0	28.3	
- Consolidated ROE (annualized)	42.1	28.3	
- Return on Assets (annualized)	3.4	2.6	
- Risk-based capital ratio (Basel Ratio) (3)	13.4	15.2	
- Efficiency ratio	54.7	54.5	
- Capitalization ratio (3)	47.7	36.1	

(1) Average price for the month of March.

(2) Calculated based on the average preferred shares quotation in March. With this amount Itaú became the Brazilian bank with the highest market value.

(3) Calculated based on the consolidated economic-financial balance sheet.

ASSETS AND LOANS

In the quarter, mainly as a result of the economy's seasonality, the loan portfolio and assets showed a slight decrease as compared to December 2001. Note the decrease of 54.0% in loans and 64.0% in assets posted by Banco Itaú Buen Ayre as a result of the devaluation of the Argentine peso.

(In R\$ million)	03/31/2001	12/31/2001	03/31/2002	% Growth	% Growth
	(A)	(B)	(C)	(C/B)	(C/A)
Total loans	29,931	34,282	32,540	(5.1)	8.7
Local Currency	21m687	25,878	25,194	(2.6)	16.2
Individuals	9,800	11,738	11,843	0.9	20.8
Small businesses and middle market	2,406	3,132	3,074	(1.8)	27.8
Large companies	9,481	11,008	10,277	(6.6)	8.4
Foreign Currency	8,244	8,404	7,347	(12.6)	(10.9)
<i>Trade Finance</i>	4,339	4,476	4,234	(5.4)	(2.4)
Banco Itaú Buen Ayre	759	732	337	(54.0)	(55.7)
Other	3,146	3,196	2,776	(13.1)	(11.8)
Interbank deposits	7,173	10,070	8,797	(12.6)	22.6
Securities	19,642	19,318	19,294	(0.1)	(1.8)

FUNDING AND FUND MANAGEMENT

(In R\$ million)	03/31/2001	12/31/2001	03/31/2002	Growth %	Growth %
	(A)	(B)	(C)	(C/B)	(C/A)
Total funds	103,082	123,970	120,469	(2.8)	16.9
Own free funds	4,170	4,843	5,178	6.9	24.2
Third-party funds	53,681	62,255	57,630	(7.4)	7.4
Third-party - Itaú Buen Ayre	1,205	1,076	387	(64.0)	(67.9)
Managed funds	44,026	55,796	57,274	2.6	30.1

ARGENTINA

The economic and political situation in Argentina continues to be extremely uncertain and difficult, with huge impacts on the local financial system, which was affected by government

measures that have unbalanced the system's financial and liquidity position.

Despite this scenario, Banco Itaú Buen Ayre obtained positive results in view of the high liquidity and quality of its assets. The bank maintained a liquid position as constant provider of funds to the financial market and also by granting new loans to clients.

The impact of the Argentine operations on net income for the quarter was neutral due to the provisions already recorded. The level of allowances for loan losses, considering those recorded in the local books and the allowance carried in Brazilian books, are still considered by management as sufficient to absorb expected losses. Management maintains, based on available information and considering the provisions set up and the quality of assets, that no material impacts from Argentina are expected on Itaú's net income for 2002.

INSURANCE, PRIVATE PENSION PLANS AND CAPITALIZATION

Itauseg and its subsidiaries posted net income for the quarter of R\$ 54 million, with an annualized return of 15.2% on equity of R\$ 1,484 million. Earnings from insurance premiums reached R\$ 442 million, an 18.1% increase over 2001, while technical reserves stood at R\$ 909 million. The claims ratio was 48.2%, against 59.6% in the same period in the prior year. Therefore, the combined ratio was 92.3%, an improvement of 2.7 percentage points.

Itaucap posted technical reserves at the end of the period of R\$ 846 million, 3.0% higher than in the first quarter of 2001.

Itauprev maintained a strong growth pace. In March 2002, technical reserves reached R\$ 1,448 million (7% share of the pension fund market), a 49.3% increase as compared to March 2001. Revenues from pension plans reached R\$ 134 million, a 17.5% increase as compared to the same period in 2001 (8% share of the pension fund market). The Flexprev Free Benefit Generating Plans (PGBL) posted a 162.5% increase in equity in the last twelve months, reaching R\$ 557 million. The company launched the Flexprev VGBL Line (Free Benefit Generating Life Insurance), focusing on customers wishing to invest in a Pension Fund and who do not use the income tax deferral.

SIGNIFICANT EVENTS

Banco Sudameris

In the sequence of the negotiations started in December 2001, Banco Itaú, Banque Sudameris and IntesaBci signed an agreement on May 3, 2002 for the acquisition of Banco Sudameris Brasil. The price will correspond to the sum of the book value at December 31, 2001 of the stake directly and indirectly held by Banque Sudameris (94.58%) adjusted through a due diligence process, and goodwill of US\$ 925 million. Half the price will be paid to Banque Sudameris in cash and the other half in subordinated debt issued abroad. Itaú does not foresee the need of a capital call to conclude this acquisition.

Corporate Governance

Banco Itaú's stockholders' meeting of April 30 approved the granting of tag along rights to preferred stockholders, just as Itaúsa had approved.

The same Stockholders' Meeting elected Alcides Lopes Tápias as member of the Board of Directors. His professional background includes his relevant experience in the financial market, important positions held at large Brazilian private companies, as well as his work as Minister for the Development, Industry and Foreign Trade. His presence in the Board reinforces the goal of increasingly forming an open, professional and high-quality management.

These two relevant facts confirm the Company's objective of permanently adding value to the stockholder.

ITAÚSA PORTUGAL

At the end of the quarter, the holding Itaúsa Portugal, SGPS, S.A., which concentrates the conglomerate's financial activities in the European Union, stated total consolidated assets of Euro 2.1 billion (US\$ 1.8 billion), a 10.6% increase in relation to equal period in 2001. Consolidated net income reached Euro 10.0 million (US\$ 8.7 million), with an annualized return of 14.0% on equity of Euro 290.6 million (US\$ 253.5 million).

Banco Itaú Europa (BIE) has focused its activities on the growing trade relations and investments between European countries and Brazil. In this context, its capital market and treasury products together with its traditional expertise in the structuring of funding to support the international activities of Brazilian companies, fostered a major diversification of BIE's fund sources.

In the quarter, Banco Itaú Europa maintained a good level of activity posting a 3.0% growth in assets to reach R\$ 3,815 million (Euro 1,883 million). Annualized profitability reached 12.7%.

In March 2002, through the Euro Medium Term Notes program established in 2001 for issues of up to US\$ 500 million, BIE realized the first issue in the amount of Euro 125 million, repayable in 2005 and bearing interest at the three-month Euribor plus a 55 basis-point spread, which allowed the bank to expand even further its funding base, a primary objective for the coming years.

Banco Itaú Europa Luxembourg, a bank exclusively engaged in the international private banking activities of the Itaú conglomerate, operates under the supervision of the Central Bank of Luxembourg, and under consolidated terms of the Central Bank of Portugal. At the end of the quarter, the bank manages client funds in excess of US\$ 1 billion.

Associated company BPI, SGPS, S.A., holding of one of the most important Portuguese banking groups, in which the ITAÚSA Conglomerate holds a 15% stake, reported in the first quarter of 2002 consolidated assets of Euro 25 billion (US\$ 21.8 billion), net income of

Euro 42.3 million (US\$ 36.9 million), and consolidated stockholders' equity of Euro 950.7 million (US\$ 829.4 million). The stake of ITAÚSA Conglomerate in BPI, SGPS is held by IPI – Itaúsa Portugal Investimentos, Lda., of which Itaúsa Portugal holds 51% share of capital and Banco Itaú the remaining 49%.

(in R\$ million)

Itaú Europa + Itaú Luxembourg	Q1 2001	Q1 2002	% Growth
Consolidated assets	3,450	4,132	19.8
Loan operations	1,139	1,178	3.4
Own free and third-party funds	3,234	3,962	22.5
Managed funds	547	668	22.0
Stockholders' equity	424	482	13.8
Net income	13	15	9.9
ROE % (annualized)	13.1	12.6	-
ROA % (annualized)	1.5	1.4	-
Solvency ratio %	27.1	26.9	-

INDUSTRIAL SEGMENT

DURATEX

Duratex's performance for the quarter was again impacted by the losses in its Argentine operations. The Company posted consolidated revenues of R\$ 228.5 million, a 2.9% reduction as compared to prior year. Exports amounted to US\$ 8.9 million. Operating profit totaled R\$ 31.6 million, representing an EBITDA of R\$ 45.6 million, 2.6% lower than in the first quarter of 2001. Net income of R\$ 12.1 million was 37.2% lower than net income in the prior year, and absorbed the R\$ 15.8 million impact of the Argentine operations. Operating cash flow totaled R\$ 43.4 million.

The sales volume of the Wood Division was 1.1% higher than in the same period in 2001. In the first quarter, this Division felt the impact of the increase in offer in the particle board and MDF markets, leading to a decline in average prices of these segments.

Deca Division's shipped volume was 3.2% lower than in the same period in 2001. This drop occurred in the ceramic sanitaryware segment in view of the increase in competition from cheaper lines and the decrease in exports to Argentina. As regards the metal sanitaryware segment, volume and price remained practically unchanged as compared to prior year.

Duratex invested R\$ 114.1 million relating to its Resource Investment Plan (PAR), of which we highlight the start of the assembly of equipment of the new HDF/MDF board line in Botucatu-SP. Start-up is scheduled for late 2002; construction of the new low pressure

lamination facilities in Itapetininga, SP, with production capacity of 600,000 m²/month; purchase of the last milling equipment to supplement the expansion of metal sanitaryware to 1.2 million parts/month; start-up of the mini fire clay part plant, which allows the development of special boldly designed and fault-free products.

ITAUTEC PHILCO

Gross sales and service revenues of Itautec Philco totaled R\$ 343.5 million, 9% higher than in the same period in prior year. Net income of R\$ 8.0 million was 25% higher than in the first quarter of 2001, with annualized ROE of 12.1%.

Operating cash flow generated amounted to R\$ 51.4 million basically due to the decrease in inventories and customers, while the prior year resulted in cash consumption of R\$ 16.0 million. Accumulated EBITDA in 2002 was R\$ 34.4 million, 44% higher than in the first quarter of 2001.

The company's Resource Investment Plan (PAR) amounted to R\$ 46.6 million in the period, of which R\$ 23.6 million relates to equipment leased to customers, R\$ 11.2 million to technology development, R\$ 5.8 million to industrial automation and plant modernization fixed assets, and R\$ 6.0 million to promotions and advertising.

Itautec's gross revenues totaled R\$ 176.2 million in the first quarter of 2002, a 12% growth as compared to the first quarter of 2001, chiefly due to the sale of higher added value products. As regards the sale of software, we highlight the licensing of the IHC (Internet Hosting Connection) system, recognized by Microsoft as the best Intranet solution, to a major Portuguese bank to permit the use of a web-based interface for its branch chain.

The Company started to sell the PAD (High Performance Infoserver). This hardware is used in several areas of scientific knowledge such as the Genoma project of Embrapa (Brazilian Farm and Cattle Raising Research Company), by the weather services of the Astronomy and Geophysics Institute of the University of São Paulo (USP), the University of São Carlos, and the National Space Research Institute, and also in the engineering area by prestigious institutions such as CENAPAD (National High Performance Research Center of Minas Gerais).

Gross revenues for the first quarter of Itautec.com Serviços amounted to R\$ 45.8 million, 11% higher than in the same period in 2001. The focus of the specialized technical services segment has been the telecommunications industry to offer the market a complete product portfolio. In terms of e-business we highlight the sale and tailoring of the Environment Simulation System for furniture products for a large store chain.

Gross revenues of Philco reached R\$ 93.7 million, a 14% increase as compared to the same period in prior year, due to the improvement of the product mix and the increase in the sales of wide-screen TV sets, DVD sets, and Real Flat TV sets, especially the Widescreen model (Philco was the first brand to sell wide-screen TV sets); of the 14-inch and 20-inch Duetto models, in high demand due to their portability and because they permit to record the World Cup games; and our DVD set, currently the set sold with the most features, including the karaoke function, for a competitive price, which differentiates our set

from others available in the market.

Gross revenues of Itaucom reached R\$ 27.8 million, 15% lower than in the same period in 2001. Sales in the semiconductors segment increased after the regulation of the Information Technology Law at the end of 2001, due to the recovery of the competitive and the price recovery in the world market. In the printed circuit board segment, and despite the material drop in the number of orders from telecom companies, there was a recovery in the number of orders, principally from foreign carmakers. Board exports accounted for 37% of total revenues in the period.

ELEKEIROZ

Elekeiroz shipped 71,000 tons in the quarter, 3% less than in the same period in 2001, due to the decrease in the sales volume of inorganic products, carbon bisulfate and sulfuric acid, the latter due to the scheduled biannual maintenance stoppage. Organic product sales increased 6% to 21,000 tons shipped. Maleic anhydride sales corresponded to 80% of the new installed capacity. This quarter was also important for the recovery of the weighted average unit margin, which increased to 28% as compared to the same period in prior year, practically regaining the real levels obtained in the first quarter of 2000.

Considering that the organic product production plants, including the recently expanded maleic anhydride plant, have consistently operated close to their installed capacity, technical and feasibility studies were reinstated to expand these plants and meet customer demand.

Accumulated gross and net revenues, slightly higher than in 2001, reached R\$ 38.9 and R\$ 30.9 million, respectively. Operating profit of R\$ 4.1 million, EBITDA of R\$ 6.1 million (20% of net revenues), and net income for the quarter of R\$ 2.7 million (ROE of 7%) increased 89%, 56% and 54%, respectively, as compared to the first quarter of 2001, which reflects the recovery of the different products' unit margin.

Subsequent Event:

At an auction held on May 8, 2002, Elekeiroz acquired 100% of the shares issued by Econômico S/A Empreendimentos Petroquímicos (ESAE), belonging to Banco Econômico S/A (Besa), which is undergoing an out-of-court liquidation process, for R\$ 20.7 million. The financial settlement of this transaction was made on May 10, 2002, with own resources. The transaction will be duly submitted to competent authorities.

With this acquisition, Elekeiroz became the indirect controller of Conepar Petroquímica S/A (CONEPAR), holding 63.82% of its voting capital and of Ciquine Companhia Petroquímica S/A, headquartered in Camaçari, Bahia, as CONEPAR holds 87.89% of the company's voting capital.

The operating integration process should take place in 2002 and 2003, aiming at adding as much value to the investment of stockholders as possible.

Elekeiroz and Ciquine, traditional manufacturers of chemical intermediary products, with some similar product lines, intend to become more competitive regarding international manufacturers, consequently bringing advantages to local consumers and to the country.

ITAÚSA EMPREENDIMENTOS

The main indicators of the real estate market show a better performance in 2002. In the residential area, the inventory absorption speed increased as compared to the same period in prior year. The demand in the business area (office buildings) is also increasing and is already reflecting in the Panamérica Park, a recently concluded block of nine office buildings.

The performance of the retail segment in general is practically equal to last years. The participation of Itaúsa Empreendimentos in this segment is represented by Raposo Shopping, which has been posting expressive results as consequence of the investments made in 2001.

HUMAN RESOURCES

Staff compensation plus charges and benefits totaled R\$ 843 million. Social benefits conceded to employees and their dependents include supplementary pensions, food vouchers, medical assistance and dental care, welfare services, scholarships, leisure, sporting and cultural activities, loans at subsidized rates, insurance, travel vouchers, contributions and special concessions among others. These benefits amount to R\$ 108 million, especially the Supplementary Pension Funds, which already benefit 11,936 former employees, totaling R\$ 53 million.

In the quarter, group companies invested R\$ 8 million in education, training and career development programs.

SOCIAL, CULTURAL E ENVIRONMENTAL INTERVENTION

Investments in environmental management and in the purchase of environmental control equipment totaled R\$ 2.4 million in the quarter.

The Fundação Itaú Social (Itaú Social Foundation), through the Itaú Social Program, has been focusing on the development of and support to community programs by prioritizing education (elementary education) and health. R\$ 2 million were invested throughout the quarter in social programs.

During the quarter, the Itaú Social Foundation launched the Escrevendo o Futuro (Writing the Future) Award in association with the Ministry of Education, the National Union of Municipal Officers (Undime), and Futura TV. The project is intended to provide awards for the compositions written by nationwide elementary public school students from the 4th and 5th grades, and to become a significant incentive to increase the awareness of the value of written Portuguese amongst these youngsters.

Itaú Cultural, which aims at fomenting, articulating and spreading knowledge, production and distribution of the arts with new technologies in order to extend the access and cooperate with the social participation process, has been greatly contributing to society.

Special acknowledgment should be given to the great work of its President Milu Villela, who has transformed Itaú Cultural into a place for socialization, debate, reflection and interchange, making the access to Brazilian art and culture more democratic to the entire population.

Last quarter, the headquarters of Instituto Itaú Cultural in São Paulo was remodeled to expand its socializing and exhibition areas and to offer more modern technological resources to an increasingly bigger public . The new facilities were inaugurated on May 11 with the presence of the President of the Republic, the São Paulo State Governor and of top authorities, and will offer a daily and permanent programming addressing several areas, such as visual arts, education, dance and drama, cinema and video, literature, interactive media and music.

During this period, the Institute entered into several agreements and partnerships that permitted it to promote cultural activities in several Brazilian institutions and in the two other units of Itaú Cultural in Belo Horizonte and Campinas. We highlight the formalization of the agreement and partnership with the Ministry of Education to act in high schools throughout Brazil, and our goal is to reach 700,000 students.

ACKNOWLEDGEMENTS

We wish to thank our stockholders for their support and trust. We are also especially grateful to our customers for their loyalty and their receptiveness to the innovations introduced in our products and services. To our employees and associates, we also wish to express our appreciation for their efforts and competence while performing their work.

(Approved at the Meeting of the Board of Directors on May 13, 2002)

Itaúsa - Investimentos Itaú S.A.

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Consolidated Balance Sheet *(In thousands of reais)*

ASSETS	3/31/2002	3/31/2001
Current assets and long-term receivables		
Cash and cash equivalents	1,989,374	1,619,886
Short-term interbank deposits	8,796,653	7,172,710
Credit operations	22,401,181	20,116,304
Rentals and leasing operations	1,208,318	1,018,695
Accounts and trade notes receivable	14,892,750	14,006,540
Securities	20,311,251	20,771,784
Inventories		
Products	325,307	354,645
Properties	45,691	41,377
Prepaid expenses	433,909	252,954
Interbank accounts of subsidiary companies	7,959,806	7,839,435
TOTAL	78,364,240	73,194,330
Permanent assets		
Investments	781,392	745,534
Property, plant and equipment		
Property for own use	3,271,336	3,222,447
Leased properties	62,967	21,423
Forest reserves	74,595	73,541
Deferred charges	298,577	236,816
TOTAL	4,488,867	4,299,761
TOTAL	82,853,107	77,494,091

LIABILITIES AND STOCKHOLDERS' EQUITY	3/31/2002	3/31/2001
Current and long-term liabilities		
Funds raised by subsidiary companies		
Foreign currencies	6,602,121	6,579,837
Local currency	32,147,170	32,835,934
Money market	11,586,202	10,278,877
Borrowings		
Foreign currencies	381,905	539,673
Local currency	455,169	407,543
Real estate commitments	1,253	2,432
Dividends payable	316,854	250,836
Taxes and social security contributions	1,321,536	1,326,380
Provisions and accounts payable	13,012,289	9,722,827
Interbank accounts of subsidiary companies	3,584,723	3,753,716
Technical provisions for insurance, pension plan and capitalization - restricted	492,993	444,531
TOTAL	69,902,215	66,142,586
Technical provisions for insurance, pension plan and capitalization in subsidiary companies - unrestricted	2,786,894	2,344,225
Deferred income	208,583	159,714
STOCKHOLDERS' EQUITY		
Stockholders' equity relating to minority interest in subsidiary companies	4,725,612	4,326,822
Stockholders' equity of parent company		
Capital	2,316,939	1,800,000
Capital reserves	25,392	55,273
Revaluation reserves	54,495	56,013
Revenue reserves	2,832,977	2,609,458
Total stockholders' equity of parent company	5,229,803	4,520,744
Stockholders' equity of the Itaúsa Conglomerate	9,955,415	8,847,566
TOTAL	82,853,107	77,494,091

Itaúsa - Investimentos Itaú S.A. and Subsidiary Companies

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Consolidated Statement of Income for the Period *(In Thousands of reais)*

	1º.01 to 03.31.2002	1º.01 to 03.31.2001
Operating revenues	5,568,008	6,046,178
Operating expenses	(4,849,538)	(5,225,625)
Operating income	718,470	820,553
Non-operating income	(7,916)	6,647
Income before taxation and profit sharing	710,554	827,200
Income tax and social contribution		
Due on operations for the period	(215,341)	(183,277)
Deferred related to temporary additions	88,044	87,141
Extraordinary result		
Parent company	(34,088)	157,034
Relating to minority interest in subsidiary companies	0	(12,882)
Profit sharing		
Employees	(27,066)	(54,676)
Directors - statutory	(7,048)	(10,939)
Net income relating to minority interest in subsidiary companies	(269,723)	(344,384)
Net income of parent company	245,332	465,217
Net income of parent company	245,332	465,217
Net income relating to minority interest in subsidiary companies	269,723	344,384
NET INCOME OF THE ITAÚSA CONGLOMERATE	515,055	809,601
Number of outstanding shares (in thousands)	3,070,505	2,972,961
Net income of parent company per thousand shares (R\$)	79.90	156.48
Book value of parent company per thousand shares (R\$)	1,703.24	1,520.62
RECURRING NET INCOME OF PARENT COMPANY	279,420	308,183
VARIATION OF RECURRING NET INCOME OF PARENT COMPANY	-9.3%	
EXTRAORDINARY RESULT	(34,088)	157,034
TOTAL PARENT COMPANY	245,332	465,217

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Note 1 - Presentation of the Financial Statements *(In thousands of reais)*

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

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Note 2 - Consolidated Statements *(In Thousands of reais)*

The consolidated financial statements comprise ITAÚSA and its subsidiary companies among which we highlight:

Banco Itaú S.A. (Itaú); Banco Itaú Europa, S.A. (BIE); Banco Banerj S.A. (Banerj); Banco Banestado S.A. (Banestado); Banco BEG S.A. (BEG) (a); Banco Bemge S.A. (Bemge); Banco Itaú Buen Ayre S.A. (Itaú Buen Ayre); Itaú Seguros S.A. (Itauseg); Itaú Capitalização S.A. (Itaucap); Duratex S.A. (Duratex); Elekeiroz S.A. (Elekeiroz); Itautec Philco S.A. (Itautec); Itaúsa Empreendimentos S.A. (Itaúsa Empreendimentos).

(a) New name of Banco do Estado de Goiás S.A, acquired by the parent company at December 4, 2001



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Note 3 – Summary of the Main Accounting Principles *(In Thousands of reais)*

- a) Consolidation** - The material balances of balance sheet accounts and the amounts of the transactions between the consolidated companies have been eliminated. The difference between ITAÚSA and ITAÚSA CONSOLIDATED in net income and stockholders' equity results from the effects of the differing policies for the amortization of goodwill on acquisitions of investments and in the establishment of deferred tax assets from the subsidiary ITAÚ, as well as own goodwill and goodwill from other subsidiaries, and the elimination of unrealized results on transactions among consolidated companies, which corresponding taxes have been deferred.
- b) Short-term interbank deposits, loans, discounted trade receivables and financings, funds raised by subsidiary companies, funds obtained in the open market and other receivables and payables** – Transactions subject to monetary correction or foreign exchange rates are recorded at present value, calculated "pro rata die" based on the variation of the contracted index. Real estate loans are adjusted to present value of future installments. Balances with fixed remuneration rates are recorded at their redemption value, adjusted for unearned income/expenses. Loans, discounted trade receivables and other type of loans from financial institutions are recorded on the accrual basis until they are 60 days overdue. Income from recovery of credits, which have been previously written-off, is recorded in Income from Loan Operations.
- c) Securities** - These are recorded at acquisition cost and adjusted by a provision to reflect market value, when this is lower.

BACEN Circular 3068/ 2001, established new accounting evaluation and classification criteria of the existing securities in the portfolio of financial institutions, which would be adopted as from March 31, 2002. According to this legislation, securities shall be classified in the following categories:

- trading securities – securities acquired to be actively and frequently traded which should be adjusted to market value through a contra-entry to the results of the period;
- securities available for sale – securities which are not classified for

trading, nor to be held to maturity, shall be adjusted to market value through a contra-entry to a separate stockholders' equity account; and

- securities held to maturity – securities, except unredeemable shares, which the financial institution intends to hold in its portfolio through the maturity date, will be valued at acquisition cost plus accrued earnings through a contra-entry to the results of the period.

Later, through Circular 3082, of January 30, 2002, BACEN changed the date of implementation to June 30, 2002, also establishing criteria to record and evaluate the derivative financial instruments. In case the implementation of the new criteria had occurred on 03.31.2002, the resulting adjustment would have increased stockholders' equity by R\$ 155,979, net of taxes.

d) Allowance for loan losses – The allowance for loan losses was based on an analysis of the credit risks, in amounts considered sufficient to cover loan losses. For the subsidiaries of the financial area, the allowance was based on legislation determined by BACEN Resolution 2682, of December 21, 1999, including the following rules:

- Allowances are determined as from the granting of credit, based on the risk classification of the customer, based on the periodical analysis of the quality of the customer and the customer's sector, and not only whether a default has occurred;
- Taking only default into consideration, write-offs may be made more than 360 days after the due date or more than 720 days, for balances falling due in over 36 months. Other factors related to the analysis of customer/credit quality may cause write-offs before these periods, but never 180 days before maturity date.

e) Investments - Investments in subsidiary and affiliated companies are recorded on the equity method. The financial statements of foreign subsidiaries are adapted to comply with current Brazilian accounting policies and converted into reais. Other investments are recorded at cost, restated up to December 31, 1995.

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

Buildings in use	4%
Installations, furnishings, equipment in use and security and communication systems	10% to 25%
Electronic data processing systems	20% to 50%

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

h) **Technical Provisions for Insurance, Pension Plan and Capitalization**

- **Restricted:** correspond in the insurance segment to provisions of claims to be settled based on the claims notices in an amount sufficient to face the future commitments and supplemented by the provision for But Not Reported (IBNR) claims. In the segments of Pension Plan and Capitalization they correspond to amounts of benefits and redemptions requested but not paid until the balance sheet date or liabilities known or calculable, plus related charges, when applicable.

- **Unrestricted:** in the insurance segment, they correspond to unearned premium provisions calculated in accordance with the criteria established by the National Council of Private Insurance (CNSP) Resolution 59/2001 and the mathematical provision for individual life insurance, calculated based on actuarial study, which purpose is guarantee future commitments. Technical provisions for Pension Plan and Capitalization segments are constituted in conformity with mathematical formulas calculated by an actuary which are supported by the actuarial technical notes approved by SUSEP.

i) Income Tax, Social Contribution, Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) – The provisions were calculated according to the current legislation at the rates shown below.

Income tax	15.00%
Additional income tax	10.00%
Social contribution	8.00%
Additional social contribution	1.00%
PIS	0.65%
COFINS	3.00%

Amounts subject to litigation have been fully provided.



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Note 4 – Income Tax and Social Contribution *(In thousands of reais)*

a) Income tax and social contribution due on operations for the year are shown below:

	1º.01 to 03.31.2002	1º.01 to 03.31.2001
Income before income tax and social contribution	710,554	827,200
Tax charges (Income tax and social contribution) at rates of 25% and 9% respectively	(241,588)	(281,248)
Increases/Decreases in income tax and social contribution charges as a result of:		
Permanent (Inclusions) Exclusions	(16,685)	133,761
Equity in affiliates and subsidiaries	1,125	3,014
Interest on own capital	(1,365)	48,119
Non-deductible expenses/provisions and others	(16,445)	82,628
Temporary (Inclusions) Exclusions	44,784	(28,484)
Allowance for loan losses	(39,747)	(16,256)
Labor provisions, tax contingencies and others	84,531	(12,228)
Other adjustments:	(1,852)	(7,306)
Income tax of foreign subsidiary companies	(1,852)	(7,306)
Income tax and social contribution due on operation for the year	(215,341)	(183,277)
Withholding tax on distribution of interest on own capital	(18,675)	(22,448)
Total income tax and social contribution due	(234,016)	(205,725)

b) The composition of accounting adjustments comprising temporary additions for income tax and social contribution is shown below:

	1º.01 to 03.31.2002	1º.01 to 03.31.2001
Deferred income tax and social contribution related to temporary additions	88,044	87,141
Deferred tax assets:		
Increase (Reversal) from temporary additions/exclusions	(44,784)	16,283
Increase (Reversal) from tax losses and negative social contribution basis	(3,860)	55,506
Increase (Reversal) in others	136,688	15,352

c) The balance of deferred tax assets and deferred tax liabilities (income tax and social contribution), is represented by:

	12.31.2001	Net movement	03.31.2002
Deferred tax assets			
Temporary differences represented by:			
Allowance for loan losses	822,992	52,833	875,825
Provision for devaluation of securities/interbank deposits	241,219	(51,985)	189,234
Provision for interest on own capital	88,755	36,133	124,888
Provision for tax contingencies	216,028	19,452	235,480
Provision for labor contingencies	181,497	15,015	196,512
Provision for civil contingencies	73,914	3,542	77,456
Real estate allowances	44,898	(850)	44,048
Tax losses and negative social contribution basis	796,668	(3,860)	792,808
Others	413,080	16,538	429,618
TOTAL	2,879,051	86,818	2,965,869
Deferred tax liabilities			

Temporary differences			
Excess of depreciation in leasing operations	185,107	18,529	203,636
Revaluation reserve	19,594	(118)	19,476
Taxation on branches and subsidiary companies abroad	8,280	1,852	10,132
Taxation on results abroad – Capital gain	38,221	(696)	37,525
Other provisions	292	(153)	139
TOTAL	251,494	19,414	270,908

The average term for realizing these temporary differences is 4 years



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Note 5 - Stockholders' Equity - ITAÚSA *(In thousands of reais)*

a) Shares

Capital comprises 3,070,505,414 book entry nominative shares, of which 1,127,332,427 are common shares and 1,943,172,987 are preferred shares.

As decided at the Ordinary Stockholders' Meeting (AGO) held on April 29, 2002, a capital increase from R\$ 2,316,939 to R\$ 2,851,235, was approved without issuing of shares through capitalization of reserves consigned in the balance sheet of 12.31.2001.

Still at the AGO on April 29, 2002, the capital increase of ITAÚSA, from R\$ 2,851,235 to R\$ 3,000,000, was approved by issuing 78,297,786 new shares, of which 28,746,786 are common shares and 49,550,582 preferred shares, to be paid-up at the price of R\$ 1.90 each, with a preferential subscription right from April 30, to May 29, 2002. The paid-up shares shall be subscribed until June 05, 2002 in cash or through the offset of credits from interest on own capital, declared by ITAÚSA.

b) Dividends

Stockholders are entitled to a minimum mandatory dividend of 25% of net income, adjusted according to rules set forth in the Brazilian Corporate Law. Both types of shares participate equally, after common shares have been assured payments equal to the minimum preferential dividends or preferred shares.

The Board of Directors decided to pay interest on own capital in lieu of dividends as from January 1999.



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Note 6 – Related Parties *(In thousands of reais)*

Transactions with related parties are carried out at the usual market amounts, terms and average rates in effect on respective dates under reciprocal conditions.

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

The unconsolidated related parties are the following:

- The controlling stockholders of ITAÚSA;
- Fundação Itaúbanco, Fundação Duratex, Fundação Itaúsa Industrial, FUNBEP – Multi-Sponsored Pension Fund and Social Security Savings of BEG Employees (PREBEG), closed private pension entities, which administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 9 a; and
- Fundação Itaú Social and Instituto Itaú Cultural - IIC, entities sponsored by the subsidiary Itaú to act in their respective areas of interest. During the period, consolidated companies made donations to IIC in the amount of R\$ 5,000.

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

- Banking transactions under normal operations, in unrestricted compliance with the limits imposed by BACEN, such as movement of current accounts, investments and redemption of securities, and of portfolio custody/management services.
- Property leases involving Fundação Itaúbanco, FUNBEP and PREBEG.



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Note 7 - Financial Instruments *(In Thousand of Reais)*

a) Derivatives

In relation to transactions involving derivatives, the subsidiaries of ITAÚSA have been meeting the principal needs of their corporate customers to manage market risks, arising mainly from fluctuations in interest and exchange rates. In order to monitor these risks on a timely basis, the group has invested in the development of internal control systems.

ITAÚSA and its subsidiaries' policy is to minimize market risks resulting from derivative operations. As such, the group avoids taking positions which are subject to fluctuations due to market factors and only utilizes instruments that permit risk control, which is the responsibility of an independent area.

Most derivative contracts negotiated with customers are swap and future transactions, which are all registered with the Commodities and Futures Exchange (BM&F) or Clearing House for the Custody and Financial Settlement of Securities (CETIP), and involve fixed rates, interbank deposits (DI), exchange variations or price indices. BM&F future contracts involving interbank rates and U.S. dollars are mainly used to lock in interest rates offered to customers with maturities or in currencies which are mismatched with the resources used to fund these loans.

The notional values for these financial instruments are recorded in memorandum accounts, and the adjustments/premiums are recorded in balance sheet accounts.

Amounts related to positions in future, swap and options are as follows:

	MEMORANDUM ACCOUNTS NOTIONAL VALUE		BALANCE SHEET ACCOUNT AMOUNTS RECEIVABLE/RECEIVED (PAYABLE/PAID)	
	03.31.2002	03.31.2001	03.31.2002	03.31.2001
Future contracts	33,612,200	26,890,330	(58,146)	(115,714)
Purchase commitments	15,832,935	12,778,562	(113,966)	(116,659)
Commitment to sell	17,779,265	14,111,768	55,820	945
Swap Contracts			(108,556)	(127,622)
Asset position	12,874,841	10,625,563	387,028	189,834
Liability position	12,983,397	10,753,185	(495,584)	(317,456)
Option contracts	4,031,299	4,227,568	(25,060)	(112,648)
Purchase commitments - purchased position	1,299,535	1,034,945	(52,313)	(44,215)
Commitments to sell - purchased position	1,602,027	907,162	(23,283)	(121,839)
Purchase commitments - sold position	464,924	1,443,685	6,809	10,657
Commitments to sell - sold position	664,813	841,776	43,727	42,749

Future contracts, swaps and options have the following maturity dates:

					TOTAL	
	0 - 30	31 - 180	181 - 365	Over 365	03.31.2002	03.31.2001
Futures	2,537,093	14,715,815	5,625,473	10,733,819	33,612,200	26,890,330
Swaps	958,803	5,000,416	2,282,488	4,246,106	12,487,813	10,435,729
Options	1,787,953	934,720	794,753	513,873	4,031,299	4,227,568

b) Market Value

The financial statements were prepared in conformity with accounting principles, which presuppose the normal continuity of the operations of ITAÚSA and its subsidiaries.

The book value of each financial instrument, whether included or not in the balance sheet, when compared with the value that might be obtained in an active market, or in the absence of such market, using the net present value of future cash flows adjusted based on the current market interest rate, approximates its corresponding market value, or the market value is not available, except for those included below (basically represented by ITAÚ and its direct and indirect subsidiaries):

	Book Value		Market Value		Unrealized income (loss) (1)	
	03.31.2002	03.31.2001	03.31.2002	03.31.2001	03.31.2002	03.31.2001
Shot-term interbank investment	8,796,653	7,172,710	8,831,743	7,174,336	35,090	1,626
Securities and derivatives	20,093,953	20,736,353	20,724,414	21,644,668	630,461	908,315
Loan operations	22,509,923	20,024,449	22,489,951	19,998,023	(19,972)	(26,426)
Investment in BPI	283,324	270,147	529,763	609,579	246,439	339,432
Other investments	405,558	383,719	403,899	379,951	(1,659)	(3,768)
Funds raised by subsidiary companies	50,335,493	49,694,982	50,297,237	49,573,654	38,256	121,328
Borrowings	837,074	947,216	823,408	934,340	13,666	12,876
Treasury shares	409,955	193,352	558,313	365,948	148,358	172,596
Total unrealized gains					1,090,639	1,525,979

(1) Includes unrealized gains from minority interests amounting to R\$ 510,228 (R\$ 725,289 at March 31, 2001).

Does not include potential gains from shares of publicly held subsidiary companies because of their permanent character.

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

- Interbank deposits, Bank Deposit Certificates and Mortgage Securities, the latter two included in Securities, were determined on the basis of their nominal values, monetarily corrected to maturity dates and discounted to present value at future market interest rates and swap market rates for fixed-rate securities and market interest rates for floating-rate securities published in the Gazeta Mercantil on April 1, 2002.
- Public Securities, included in Securities, were determined based on market rates validated through comparison with lists provided by the National Association of Open Market Institutions (ANDIMA).
- Investment fund quotas, included in Securities, were determined based on the net value per quota on the balance sheet date.
- Publicly traded shares, when included in Securities, were valued using the average price quote of the last trading day of the month, if available, or on the most recent quotations published in the daily bulletin of each stock exchange.
- Loans with maturity dates over 90 days, when available, were calculated based on their net present value of future cash flows discounted at market interest rates on the balance sheet date, also considering the effects of hedges (swap contracts).
- Other investments and equity shares in foreign subsidiary and affiliated companies are determined on the basis of stock market quotations, book value per share and auction quotation.

- Time and interbank deposits, and funds from acceptances and issuance of securities, when available, were calculated based on their present value of future cash flows discounted using futures market interest rates, swap market rates for fixed-rate securities, and market rates for floating-rate securities published in the Gazeta Mercantil on April 1, 2002; the effects of the hedges (swap contracts) are also taken into account.
- Derivatives, comprising swap contract to hedge other assets/liabilities, are determined based on reference values of each parameter set forth in the contracts (asset and liability positions), monetarily corrected through maturity and discounted to present value using future market interest rates, according to the characteristics of each contract.
- Treasury shares are valued according to the average quotation available on the last trading day of the month, or if this is not available, according to the most recent quotation on prior trading days, published in the daily bulletin of each stock exchange.



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Note 8 - Extraordinary Result *(In Thousand of reais)*

For a better analysis of the financial statements of the period, the effects of Itaú Buen Ayre, arising from the economic measures and impacts occurred in Argentina whose effects on the subsidiary Itaú were fully absorbed by the partial reversal of provision for devaluation of investments established previously, as well as non-operating loss of R\$ 49,221 from the variation of interest in subsidiary Itaú, with regard to the acquisition of treasury shares and non-operating gain of R\$ 15,133 with regard to capital increase, have been segregated in extraordinary results account.



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Note 9 - Benefits to Employees *(In Thousands of reais)*

In accordance with CVM Resolution 371, of December 13, 2000, the following are the policies used by Itaúsa and subsidiary companies relating to employee benefits, as well as the accounting procedures adopted:

a) Supplementary pension benefits:

ITAÚSA and its subsidiaries sponsor supplementary pension plans managed by Fundação Itaúbanco, Fundação Itaúsa Industrial (new name of Aricanduva Previdência), FUNBEP – Fundo de Pensão Multipatrocinado, Caixa de Previdência dos Funcionários do BEG and by Fundação Duratex (closed and supplementary private pension funds), for the purpose of granting lifetime income (in the case of FUNBEP and the plan arising from Fundação Bemge de Seguridade Social – FASBEMGE, also in the form of death benefit pensions), to complement the retirement pension paid by the Social Security system. During the period, the contributions amounted to R\$ 7,842 (R\$ 7,342 from January 1 to March 31, 2001). The contribution rate increases in accordance with the participant's salary.

b) Post-retirement benefits:

BANESTADO and BEG sponsor a health plan for their retired employees and beneficiaries according to maintenance commitments assumed in contracts signed by Itaú and established terms and conditions. During the period, contributions totaled R\$ 1,289 (R\$ 1,079 from January 1 to March 31, 2001). The contribution rate increases according to the beneficiary's age.

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

Following is the composition of the net actuarial assets and liabilities at March 31, 2002, which take into consideration the actuarial liabilities, calculated according to CVM Resolution 371/2000, as it relates to the revision of actuarial models as well as assumptions in relation to those established in the Technical Notes of the plans, which were not recognized by the sponsors:

	03.31.2002
Net assets of the plans	5,213,555
Actuarial liabilities	(4,912,997)
Excess	300,558

The main assumptions used in the actuarial evaluation are:

Discount rate	10.24% p.a.
Estimated rate of return of assets	12.32% p.a.
Future salary increase	8.16% p.a.
Increase in social security benefits and plans	4.00% p.a.
Inflation	4.00% p.a.
Actuarial method	Projected unit credit (1)

(1) In the Projected Unit Credit actuarial method, the mathematical reserve is defined by multiplying the projected current amount of estimated benefit by the ratio between the accumulated length of service on the valuation date and the length of service which will be reached on the date that the benefit is granted. Costing is determined by spreading the current amount of the projected benefit over the years of service of each participant.

In addition to reserves kept by the plans, sponsors have provisions in the amount of R\$ 59,583 to cover possible actuarial deficits.



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Note 10 – Additional Information *(In Thousands of reais)*

a) **ITAÚSA CONSOLIDATED** paid or recorded provision for taxes and contributions in the amount of R\$ 678,383 (R\$ 482,167 from January 1 to March 31, 2001), incurred on profits, revenues and payroll. In addition, the amount of R\$ 1,071,917 (R\$ 755,606 from January 1 to March 31, 2001), was retained from customers and paid on financial intermediation transactions.

b) Balance sheet accounts in R\$, linked to foreign currency were:

	03.31.2002	03.31.2001
Permanent foreign investments	4,711,311	4,188,347
Net amount of other assets and liabilities in foreign currency, including derivatives.	198,853	(1,738,167)
Net foreign exchange position	4,910,164	2,450.,80



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Note 11 - Consolidated Statement of Cash Flow *(In Thousands of reais)*

	1º.01 to 03.31.2002	1º.01 to 03.31.2001
Operating activities		
Net income	245,332	465,217
(Reversal) Allowance for devaluation of securities	(161,365)	4,482
Allowance for loan losses	431,738	234,475
Changes in technical provisions of insurance, private pension and capitalization	196,624	196,557
Deferred income tax receivable	148,819	16,062
Allowance for devaluation of assets	(2,446)	(1,406)
Amortization of goodwill	48	2,855
Equity in the losses of subsidiary and associated companies	(3,309)	(8,864)
Gain/loss on translation of currency	(5,116)	8,741
Allowance for losses with other investments	290	5,700
Depreciation and amortization	155,557	140,534
Minority interest	269,723	344,384
Changes in assets and liabilities		
(Increase) Decrease in short-term interbank investments	1,274,685	1,547,499
(Increase) Decrease in securities	199,174	17,523
(Increase) Decrease in interbank accounts and subsidiary companies	173,833	(260,066)
(Increase) Decrease in credit operations	1,155,151	(1,328,629)
(Increase) Decrease in rentals and leasings	36,027	(154,959)
(Increase) Decrease in inventories	4,652	(54,556)
(Increase) Decrease in accounts and trade accounts receivable	1,833,036	(2,001,720)
(Increase) Decrease in prepaid expenses	8,580	10,763
(Decrease) Increase in technical provisions of insurance, private pension and capitalization	(140,423)	(169,851)
(Decrease) Increase in accounts payable and other liabilities	(2,119,726)	809,206
(Decrease) Increase in deferred income	(2,364)	(22,318)

Net cash provided by (used for) operating activities	3,698,520	(198,371)
Investment activities		
Sale of investments	12,817	4,787
Sale of property and equipment in use	127,215	31,400
Decrease in deferred charges	3,852	1,228
Acquisition of investment	(6,233)	(22,890)
Goodwill on the acquisition of investments	(24,437)	(2,855)
Purchase of property and equipment and forest resources	(251,369)	(214,605)
Deferred charges	(17,869)	(18,072)
Changes in minority interest	(94,544)	(57,011)
Net cash provided by (used for) investment activities	(250,568)	(278,018)
Financing activities		
Increase (decrease) in funds borrowed by subsidiary companies - foreign currencies	(891,556)	1,503,039
Increase (decrease) in funds borrowed by subsidiary companies - local currency	(1,354,814)	12,314
Increase (decrease) in funds borrowed by subsidiary companies - open market	(937,728)	(893,680)
Increase (decrease) in loan payable - foreign currencies	(77,046)	(86,971)
Increase (decrease) in loan payable - local currency	(7,895)	45,058
Decrease in subordinate debt payable	(24,043)	-
Dividends paid to minority interest	(65,342)	(91,011)
Interest attributed to own capital paid and/or accrued	(58,562)	(58,735)
Net cash provided by (used for) financing activities	(3,416,986)	430,014
Increase in cash and cash equivalents, net	30,966	(46,375)
Cash and cash equivalents at the beginning of the period	1,958,408	1,666,261
Cash and cash equivalents at the end of the period	1,989,374	1,619,886
Increase in cash and cash equivalents, net	30,966	(46,375)



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Report of Independent Accountants on the Limited Review

May 10, 2002

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

1. We have carried out limited reviews of the accounting information included in the Quarterly Information of Itaúsa - Investimentos Itaú S.A. and subsidiary companies for the three month periods ended March 31, 2002 and 2001, including the consolidated balance sheets and the corresponding consolidated statements of operations, prepared in conformity with the accounting principles determined by Brazilian corporate legislation. This information is the responsibility of Company management.
2. Our reviews were performed in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council and mainly comprised: (a) enquiries of and discussions with management responsible for the accounting, financial and operating areas of Company and subsidiary companies with regard to the main policies adopted for the preparation of the quarterly information and (b) a review of the significant information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and subsidiary companies.
3. Based on our limited reviews, we are not aware of any significant adjustments which should be made to the aforementioned quarterly information for them to be stated in conformity with the accounting principles determined by the Brazilian corporate legislation applicable to the preparation of quarterly information and in compliance with the regulations of the Brazilian Securities Commission.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Ricardo Baldin
Partner
Contador CRC 1SP110374/O-0

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Opinion of the Fiscal Council

Upon examination of the financial statements for the first quarter of 2002, the members of the tax committee of Itaúsa - Investimentos Itaú S.A. confirmed the accuracy of all the constituent parts scrutinized. Furthermore, it is their understanding that the aforementioned financial statements adequately present the balance sheet, financial position, and business activities in the period. Accordingly, it is their recommendation that the aforementioned financial statements be approved by the Company's Board of Directors.

São Paulo-SP, May 13, 2002.

José Marcos Konder Comparato

Geraldo de Camargo Vidigal

Luiz Eduardo Franco de Abreu