



ITAÚSA

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Financial Statements

December 31, 2001

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended December 31, 2001 AND 2000

Information Published since 03-22-01

▶ Complete Financial Statements

[Management Reports](#)

[Balance Sheet Consolidated](#)

[Statement Of Income](#)

[Statement Of Changes In Stockholders' Equity](#)

[Statement Of Changes In Financial Position](#)

▶ Notes to the Financial Statements

[Note 1 Operations](#)

[Note 2 Presentation Of The Financial Statements](#)

[Note 3 Consolidated Companies](#)

[Note 4 Summary Of The Main Accounting Principles](#)

[Note 5 Income Tax and Social Contribution](#)

[Note 6 Stockholder's Equity - Itaúsa](#)

[Note 7 Related Parties](#)

[Note 8 Significant Investments](#)

[Note 9 Financial Instruments](#)

[Note 10 Assets Revaluation - CVM Resolution 183](#)

[Note 11 Extraordinary Results](#)

[Note 12 Reclassification for Compatibility Purposes](#)

[Note 13 Benefits to Employees](#)

[Note 14 Additional Information](#)

[Note 15 Assets and Liabilities in Foreign Currency](#)

[Note 16 Statement of Cash Flow](#)

[Independent Auditor's Report](#)

[Opinion of the Fiscal Council](#)

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000

[Index](#)

Management Reports

THE CHALLENGE OF WORLDWIDE COMPETITION	VOLUNTARY COMPLIANCE WITH THE SÃO PAULO STOCK EXCHANGE'S(BOVESPA) LEVEL I FOR CORPORATE GOVERNANCE	EconOmic ENVIRONMENT	income of ITAÚSA in 2001	Finance and insurance area
INDUSTRIAL AREA	Human RESOURCES	ENVIRONMENTAL, SOCIAL AND CULTURAL ENDEAVORS	ACKNOWLEDGEMENTS	

The Stockholders:

We are pleased to present the Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the year ended December 31, 2001, which include a favorable opinion by the Statutory Audit Committee and comply with the regulations established by Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - CVM). The financial statements were prepared in accordance with corporate legislation.

THE CHALLENGE OF WORLDWIDE COMPETITION

Itaúsa and its controlled companies recognize the great challenge that worldwide competition represents and its impact on companies in emerging countries. This challenge has essentially two aspects: ceaseless technological development and the scale of operations. The former relates to achieving and maintaining differentiating advantages, especially those linked to innovation; the latter is linked to size, productivity, and cost efficiency.

The companies of the Itaúsa conglomerate implement strategies consistent with the following scenario:

- Accelerated expansion by means of acquisitions in the sectors in which they chose to operate, expansion into new markets, and above all through internal growth in their customer base.
- Concentration of resources in the development of technology through ongoing investments in research and development and intense organizational learning resulting from acquisition policies, strategic partnerships, and the attracting of human talent.
- Continuous development of the skills of their professionals. Investments in education, training and development programs reached R\$ 56.1 million (US\$ 24.2 million) in 2001.
- Consistent remuneration of stockholders through appreciation of their investments and the policy of distributing dividends and interest on own capital. The preferred shares of Itaúsa appreciated 12.4% in the year, while the São Paulo Stock Exchange Index fell 11% in the same period, reaching R\$ 2.17 (US\$ 0.94) as of December 31, 2001.

This corporate policy of Itaúsa is to assure the future of the companies of the conglomerate and to contribute decisively to the competitiveness of Brazil in the globalized economy.

VOLUNTARY COMPLIANCE WITH THE SÃO PAULO STOCK EXCHANGE'S (BOVESPA) LEVEL I FOR CORPORATE GOVERNANCE

Itaúsa was among the first companies to voluntarily comply with Level I of the Differentiated Corporate Governance Index (IGC) of the São Paulo Stock Exchange (Bovespa) introduced on June 26, 2001. This adherence evidences the organization's efforts to improve its relationship with investors and raises the appreciation potential of its shares.

With this act, Itaúsa assumes the following commitments:

- Retain a minimum market free float equivalent to 25% of its equity.
- Not permit the trading of founder shares in the market and expressly prohibit their issue.
- Lay down a minimum previous period of 15 days for calling a General Meeting.
- Make public offers of the placements of shares using mechanisms that favor the dispersion of capital.
- Adjust the standards of quarterly accounting information.
- Comply with the rules of disclosure in negotiations in relation to the negotiation of shares issued by the company to its controlling shareholders or management.
- Disclose management stock option programs.
- Publish programs of stock options for the administrators.
- Publish an annual calendar of corporate events.

ECONOMIC ENVIRONMENT

In 2001 the Brazilian economy underwent several adverse shocks which resulted in a slowdown in economic activity. Internationally, the downturn of the world economy and the effects of the crisis in Argentina resulted in a decrease in the flow of investment and in the devaluation of the Real. In Brazil, the energy crisis also limited the growth of power-intensive industries. Notwithstanding, GDP grew 1.5%.

The devaluation of the Real and the reduction in economic activities significantly reduced imports in the second half. Export levels remained flat, despite the world recession, which permitted a reversal of the trade balance deficit to a US\$ 2,6 billion surplus.

Inflation was pressured by the devaluation of the Real (18.7% in relation to the US dollar). The Expanded Consumer Price Index (IPCA) increased 7.7% in the year, well above the 6% of the inflation target ceiling. Accordingly, the Central Bank of Brazil (BACEN) increased the Special System for Settlement and Custody (Selic) interest rate from 15.25% to 19%, which kept inflation under control, although above the 2001 inflation target.

The consolidated public sector primary surplus reached R\$ 43.7 billion (US\$ 18.8 billion) (3.7% of GDP), allowing the ratio of public debt to GDP to remain within acceptable levels. The continuity of a high public sector primary surplus is considered necessary to permit the decrease in interest rates. The good fiscal performance is mainly due to the enactment of the Fiscal Accountability Law and its compliance not only by the Federal Government but also by State and Municipal Governments.

Finally, the fiscal adjustment, the recovery in the trade balance and the inflow of foreign resources at the end of the year, resulted in the appreciation of the Real and the reduction of Brazilian sovereign risk, which favors the decrease in interest rates and the resumption of economic growth in 2002.

INCOME OF ITAÚSA IN 2001

The holding company, Itaúsa, reported a net consolidated income of R\$ 1,182.8 million (US\$ 509.7 million) for the year, resulting in a 23.4 % return on consolidated stockholders' equity of R\$ 5,054.7 million (US\$ 2,178.4 million). Recurring net income of R\$ 1,132.1 million (US\$ 487.9 million) grew 12.9 % in relation to 2000. Consolidated net income per thousand shares of capital of Itaúsa amounted to R\$ 385.22 (US\$ 166.01), while book value reached R\$ 1,646.21 (US\$ 709.45).

Main Financial Indicators of Itaúsa *Holding and* Itaúsa Conglomerate – R\$ thousand

	Year	Parent Company	Minority stockholders	Conglomerate
Total net income	2001	1,182,829	1,301,028	2,483,857
	US\$	509,752	560,691	1,070,443
	2000	882,455	1,001,492	1,883,947
Recurring net income	2001	1,132,100	1,282,143	2,414,243
	US\$	487,890	552,552	1,040,442
	2000	1,002,517	1,033,696	2,036,213
Extraordinary net income	2001	50,729	18,885	69,614
	US\$	21,862	8,139	30,001
	2000	(120,062)	(32,204)	(152,266)
Stockholders' equity	2001	5,054,694	4,628,503	9,683,197
	US\$	2,178,372	1,994,700	4,173,072
	2000	4,114,261	4,130,460	8,244,721
Return on equity (Net income/Stockholders' equity) (%)	2001	23.40	28.11	25.65
	2000	21.45	24.25	22.85
Dividends/interest on own capital	2001	394,713	463,978	858,691
	US\$	170,106	199,956	370,062
	2000	333,164	342,173	675,337

PRINCIPAL INDICATORS OF THE COMPANIES CONTROLLED BY ITAÚSA

R\$ thousand								
			FINANCIAL AREA		INDUSTRIAL AREA			
	YEAR		BANCO ITAÚ S.A. (Consolited)	Insurance, Pension Plan and Capitalization (1)	DURATEX	ITAUTEC PHILCO	ELEKEIROZ	CONSOLIDATED / CONGLOMERATE (2)
Total assets	2001	R\$	81,806,964	5,944,750	1,441,148	812,464	218,515	84,862,823
		US\$	35,255,544	2,561,951	621,077	350,140	94,171	36,572,497
	2000	R\$	69,554,780	5,388,071	1,448,240	728,753	208,956	72,284,373
Operating Income (3)	2001	R\$	21,695,311	3,498,121	785,340	1,171,589	131,042	24,082,852
		US\$	9,349,815	1,507,551	338,450	504,908	56,474	10,378,750
	2000	R\$	15,859,976	3,028,072	744,596	1,168,999	115,283	17,953,663
Net Income	2001	R\$	2,389,468	363,815	52,054	4,198	13,077	2,483,857
		US\$	1,029,766	156,790	22,433	1,809	5,636	1,070,443
	2000	R\$	1,840,568	314,058	66,654	60,149	12,018	1,883,947
Stockholders' Equity	2001	R\$	7,578,222	2,235,758	864,074	269,775	154,953	9,683,197
		US\$	3,265,912	963,523	372,381	116,262	66,779	4,173,072
	2000	R\$	6,642,077	2,221,428	849,755	278,045	146,057	8,244,721
Profitability (Net income/ Stockholders' equity)	2001		31.5%	16.3%	6.0%	1.6%	8.4%	25.7%
	2000		27.7%	14.1%	7.8%	21.6%	8.2%	22.9%
Permanent assets	2001	R\$	3,344,975	1,640,296	801,290	219,719	120,534	4,504,702
		US\$	1,441,551	706,902	345,324	94,690	51,945	1,941,347
	2000	R\$	3,196,852	1,552,615	724,044	180,168	110,951	4,227,719
Investments in the period	2001	R\$	1,510,176	275,781	139,568	82,843	18,992	1,704,190
		US\$	650,826	118,851	60,148	35,702	8,185	734,438
	2000	R\$	2,362,056	80,680	138,901	59,395	31,435	2,571,495
Internal funds raising (4)	2001	R\$	5,060,415	302,551	114,469	50,592	21,490	5,176,453
		US\$	2,180,837	130,387	49,332	21,803	9,261	2,230,845
	2000	R\$	4,419,517	299,062	141,507	94,045	18,786	4,554,574
Dividends paid	2001	R\$	807,700	123,590	23,598	7,843	4,268	858,691
		US\$	348,087	53,262	10,170	3,380	1,839	370,062
	2000	R\$	628,764	115,349	21,498	17,273	3,359	675,337
Personnel expenses	2001	R\$	2,493,640	118,203	172,492	182,610	15,600	2,884,245
		US\$	1,074,660	50,941	74,337	78,698	6,723	1,242,995
	2000	R\$	2,239,249	94,036	163,013	152,224	14,555	2,588,611
Spontaneous benefits	2001	R\$	197,746	10,056	11,701	5,331	1,369	216,779
		US\$	85,221	4,334	5,043	2,297	590	93,423
	2000	R\$	183,479	11,996	10,442	4,051	1,320	200,491
Number of employees	2001		45,409	1,811	5,992	4,813	384	56,629
	2000		47,524	2,047	5,792	4,930	399	58,850
Taxes paid and provisioned	2001	R\$	1,121,969	119,236	184,402	123,202	23,661	1,496,872
		US\$	483,524	51,386	79,470	53,095	10,197	645,092
	2000	R\$	1,007,719	99,334	164,006	130,219	16,679	1,341,252

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

(2) Data related to consolidated/conglomerate present net amounts of eliminations of consolidation and unrealized income from intercompany operations.

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

- Banco Itaú S.A.: totality of Income from financial intermediation, Income from services rendered, Income from insurance premiums, Capitalization and Pension plans and other operating income.

- Insurance, pension plan and capitalization: take into consideration Income from insurance premiums, Capitalization, Pension plan, Financial income and Capital gains.

- Duratex, Itautec Philco and Elekeiroz: take into consideration Net income from sales of products and/or services.

(4) Covers resources arising from operations:

- plus expenses from allowance for possible loan losses;

- not taking into consideration changes in mathematics provisions for capitalization and pension plan and considering the changes in unsettled claims, credits and debts from operations with insurance and deferred trade expenses from insurance, pension plan and capitalization.

Statement of Value Added

The following table presents the value-added statement for 2001 comprising the companies of the Itaúsa Conglomerate.

R\$ thousand					
Consolidated Statement of Added Value	2001 Amount	US\$	2001 Share (%)	2000 Amount	2000 Share (%)
Product and service sales, net of material costs, third-party services and other (A)	5,158,564	2,223,136	-	4,384,755	-
Financial intermediation income (B)	5,309,037	2,287,984	-	4,555,688	-
Insurance operation income (C)	471,763	203,311	-	381,329	-
Other income/Operating expenses (D)	(3,665,582)	(1,579,720)	-	(3,206,007)	-
Added value (E = A + B + C + D)	7,273,782	3,134,711	-	6,115,765	-
Remuneration of work (F) (*)	2,663,790	1,147,987	36.6	2,440,643	39.9
Remuneration of Government (G)	1,934,106	833,523	26.6	1,689,711	27.6
Stockholders' dividends (H)	858,691	370,062	11.8	675,337	11.0
Parent company	394,713	170,106	5.4	333,164	5.4
Minority stockholders	463,978	199,956	6.4	342,173	5.6
Industrial financing remuneration (I)	192,029	82,757	2.6	101,464	1.7
Reinvestments of profits (J)	1,625,166	700,382	22.4	1,208,610	19.8
Parent company	788,116	339,647	10.9	549,291	9.0
Minority stockholders	837,050	360,735	11.5	659,319	10.8
Added value distribution (K = F + G + H + I+J)	7,273,782	3,134,711	100.0	6,115,765	100.0

(*) Social security charges not included.

FINANCING AND INSURANCE AREA

By facing the challenge to grow in scale and strengthen its competitiveness, Banco Itaú S.A. achieved an extraordinary performance in 2001, combining unprecedented income, significant growth in its businesses, and improvement of its capital base. The continuity of this level of performance will qualify Itaú to compete in what will most probably be a more closely interrelated global financial market. The following table demonstrates this performance:

	2000	2001	US\$	Evolution %
Statements of income – R\$ million				
Consolidated net recurring income	1,918	2,354	1,014	22.7
Consolidated net income	1,841	2,389	1,030	29.8
Net income per thousand shares – R\$				
Consolidated net income	15,99	21,41	9,23	33.9
Book value	57,70	67,89	29,26	17.7
Interest on own capital	5,46	7,24	3,12	32.5
Price of registered preferred share PN (1)	170,81	174,69	75,28	2.3
Total interest on own capital – R\$ million	629	808	348	28.5
Market capitalization (2) – R\$ million	19,664	19,499	8,403	-0.8
Balance sheet – R\$ million				
Total assets	69,555	81,807	35,255	17.6
Total loans	27,253	34,282	14,774	25.8
Own free, third-party, and managed funds	98,542	123,970	53,426	25.8
Subordinated debt	-	1,433	617	-
Individual stockholders' equity	7,145	8,564	3,691	19.9
Consolidated stockholders' equity	6,642	7,578	3,266	14.1
Financial ratios (%)				
Return on Equity (ROE) recurring	28.9	31.1		
Consolidated ROE	27.7	31.5		
Return on Assets (ROA)	2.6	2.9		
Risk-based capital ratio (Basle Ratio)	14.4	16.9		
Efficiency ratio	57.8	54.7		
Capitalization ratio	47.7	36.7		

(1) Average price for the month of December.

(2) Calculated based on the average preferred share trading quotation in December. With this amount Itaú became the Brazilian private company and the Latin American bank with highest market value.

ASSETS AND LOANS

In 2001, Itaú aiming the increase of its assets, focused on the growth of credit portfolio which increased by 25.8% uniformly spread for all segments. Interbank deposits and securities increased by 2.5%.

(In R\$ million)	2000	2001	US\$	Evolution - %
Total loans	27,253	34,282	14,774	25.8
Local currency	20,503	25,878	11,152	26.2
Individuals	9,354	11,738	5,058	25.5
Small businesses and middle market	2,535	3,132	1,350	23.6
Large companies	8,614	11,008	4,744	27.8
Foreign currency	6,750	8,404	3,622	24.5
Trade finance	3,732	4,541	1,957	21.7
Other	3,018	3,863	1,665	28.0
Interbank deposits	8,725	10,070	4,340	15.4
Securities	19,938	19,318	8,325	-3.1

Funding and Fund Management

The development of the various items demonstrates the balanced growth of managed assets at Itaú, evidencing its efficiency in the different areas where it does business. It is important to point out the growth of investment funds, which reached R\$ 49,711 million (US\$ 21,423 million), and increase of 36.0%.

(In R\$ million)	2000	2001	US\$	Evolution - % 2001/2000
Total funds	98,542	123,970	53,426	25.8
Own free funds	3,991	4,843	2,087	21.4
Third-party funds	52,887	63,331	27,293	19.7
Managed funds	41,664	55,796	24,046	33.9

Acquisitions

Banco Itaú made several acquisitions in 2001, which together strengthened its position in its main markets, particularly Brazilian retail, public sector related clients, fund management, private banking, institutional investors, corporate banking, and international.

Banco Sudameris

Continuing the negotiations initiated in December 2001, on March 8, 2002, Banco Itaú S.A. and IntesaBci signed a new agreement through which Itaú will acquire 94.57% of the shares of Banco Sudameris Brasil S.A. directly and indirectly held by Banque Sudameris S.A., headquartered in France. This new offer only includes Banco Sudameris Brasil S.A. and SATA – Sociedade de Assessoria Técnica Administrativa S.A. IntesaBci has granted Itaú exclusivity until April 30, 2002.

The acquisition price corresponds to the adjusted book value at December 31, 2001 of Banco Sudameris

Brasil S.A. plus goodwill of US\$ 925 million, half of the total amount will be paid in cash and the other half as subordinated debt issued abroad.

Banco do Estado de Goiás

Banco Itaú acquired 84.46% of the capital stock of Banco do Estado de Goiás S.A. (BEG) during the privatization auction, for R\$ 665 million (US\$ 286 million), 74.2% paid through the monetarization of several types of bonds and privatization certificates.

With this investment, Itaú became the leader in the State of Goiás, an important market in the Central Western Region of the country. Payroll of the 135 thousand stated civil servants will remain being paid through BEG for five years, which makes this acquisition a significant step for the consolidation of Itaú in the retail market.

Asset Management of Lloyds TSB in Brazil (LAM)

Itaú acquired the fund management and private banking operations of Lloyds TSB Asset Management, specialized in offering tailor-made managed portfolios and a wide range of fixed income, derivatives, and stock mutual investment funds.

With this acquisition Itaú strengthened its managed funds market position and reinforced its leadership among private managers of institutional investors, corporate, and private banking clients' assets.

RATINGS AND RECOGNITION

Banco Itaú was granted the status of Financial Holding Company by the Board of Governors of the Federal Reserve System. Only 27 of the 606 banks holding this rating are foreign. The rating is granted after a detailed review of several factors, such as Banco Itaú's level of capitalization and the quality of its management. The new status qualifies the Bank to operate in all financial business areas in the U.S.A., directly or through its subsidiaries.

Moody's increased the Bank's international rating to Ba2 – a rating two levels higher than the rating attributed to Brazil – in addition to maintaining the Aaa.br rating for Itaú, the highest domestic rating possible. Standard & Poor's granted Itaú an AA+ rating at domestic level, the top rating ever obtained by a Brazilian financial institution.

The Itaú trademark was considered the most valuable in Brazil, with an estimated value of US\$ 970 million, according to the British Consulting Service Interbrand, world leader in the appraisal of trademarks, which made its first evaluation in Brazil in 2001.

Important forms of recognition obtained in 2001:

- Best Domestic Bank in Brazil – Euromoney magazine (4th consecutive year)
- Bank of the Year in Brazil –The Banker magazine (2nd consecutive year)
- Best Bank in an Emerging Market - Brazil - Global Finance magazine
- Bank of the Year 2001 - *Hors Concours* – LatinFinance magazine
- Appointed to be part of the Dow Jones Sustainability Group Index (DJSGI) (2nd consecutive year)
- Best Brazilian Fund Manager– Exame magazine
- "Animec 2001" seal of approval, by the National Association of Capital Market Investors (Animec), a non-governmental organization engaged in representing the interests of minority investors
- Greatest Transparency Prize - Atlantic Rating (4th consecutive year)
- Best Listed Company, for its attendance to stockholders and to the capital market - Abamec – units of São Paulo, Minas Gerais and Northeastern region
- Best Internet Bank in Brazil - Global Finance magazine
- Itaú Bankline – Best Internet Bank in Brasil - Info Exame magazine

- Social Value Award - Valor Econômico newspaper

ADR Program

On February 21, 2002, Itaú started to trade its shares on the New York Stock Exchange (NYSE), and raised the ADR program (American Depositary Receipt) to level II, by substantially increasing the number of investors with access to these Bank's shares and assuming a better position to access international capital market, if necessary. Level I had been implemented in July 2001.

Argentina

Despite the economic and political difficulties in Argentina, Banco Itaú Buen Ayre (IBA) obtained positive results in 2001, as a result of the 15% reduction in operating costs and a policy which favors marketable assets. The Bank maintained its policy of not granting credit to the public sector. Currently, IBA's position is still good, with high liquidity. A new rationalization program is being implemented.

In view of the high liquidity, the hedge transactions, the new cost reduction program, the quality of the credit portfolio, the volume of existing provisions, and based on available information and understandings, management does not expect a material impact of the investment in Argentina on the 2002 results of Itaú.

Insurance, Private Pension Plans and Capitalization

Itauseg and its subsidiaries posted a net income for the year of R\$ 150 million, with a return of 19.9% on equity of R\$ 755 million. Earnings from insurance premiums reached R\$ 1,543 million while technical reserves stood at R\$ 867 million. The claims ratio was 58.7% against 61.1% posted 2000. Therefore, the combined ratio was 98.5% an improvement of 2.3 percentage points over 2000.

Itaucap and Itauprev posted technical reserves at the end of the year of R\$ 918 million and R\$ 1,355 million, 6% and 51% higher than in 2000, respectively. We highlight the 187% increase in the equity of the Free Benefit Generating Plans (PGBL) over 2000, posting a balance of R\$ 483 million, as a result of the prioritization given the private pension fund market. Itauprev registered the highest growth in reserves of the 10 largest companies in this sector.

Itaúsa Portugal, SGPS

The holding company, Itaúsa Portugal, SGPS, S.A., which concentrates the financial activities of the conglomerate in the European Union, registered net consolidated assets of EUR 2.1 billion (US\$ 1.8 billion) at the end of 2001 which represented 23.5% growth compared to 2000. Consolidated net profit rose to EUR 29.8 million (US\$ 26.2 million), corresponding to an 11.1% return on consolidated stockholders' equity which totaled EUR 279.5 million (US\$ 246.3 million) at year end.

Banco Itaú Europa (BIE) which is controlled by Itaúsa Portugal, incorporated under Portuguese legislation and supervised by Banco de Portugal, has focused its operations on the growing trading and investment relationships between European countries and Brazil. Currently, capital market and treasury products developed to serve its client base, together with its expertise in finance structuring to support Brazilian companies' activities abroad, allowed the Bank to significantly diversify its source of revenues, which totaled EUR 26 million in 2001, a 24% increase as compared to prior year. The increase in assets was supported by the expansion of its funding base at costs compatible with the European financial system, on account of the investment grade rating granted to BIE by Moody's and Fitch IBCA agencies.

Banco Itaú Europa Luxembourg (BIEL) which is also 100% controlled by Itaúsa Portugal, operates under the supervision of the Central Bank of Luxembourg. This Bank is exclusively engaged in private banking activities.

				R\$ Millions
ITAÚ EUROPA + ITAÚ LUXEMBOURG	2000	2001	2001 - US\$	EVOL. %
Consolidated Assets	3.036	4.071	1,754	34.1
Credit operations	1.073	1.350	582	25.8
Own free and third party funds	2.896	3.900	1,681	34.7
Managed funds	368	661	285	79.4
Stockholders' Equity	407	490	211	20.5
Net Income	33	44	19	32.9
ROE %	8,2	9,0		-
ROA %	1,1	1,1		-
Solvency ratio %	27,1	25,9		-

Associated company, BPI, SGPS, S.A., holding of one of the most important Portuguese banking groups, in which the Itaú Group holds a 15% stake reported, at year end, consolidated assets of EUR 25 billion and a net income of EUR 133 million. The stake of the Itaú Group in BPI, SGPS is held by IPI - Itaúsa Portugal Investimentos SGPS, Ltda., of which Itaúsa Portugal holds a 51% quota of capital and Banco Itaú the remaining 49%.

INDUSTRIAL AREA

Duratex S.A.

Duratex posted revenues of R\$ 1.0 billion (US\$ 431 million) in the year, a growth of 6% compared to the previous year. Exports totaled R\$ 88.9 million, equivalent to US\$ 37.6 million.

Consolidated operating income totaled R\$ 121.9 million (US\$ 52.5 million), corresponding to an EBITDA (earnings before interest and tax, plus depreciation and amortization) of R\$ 187.6 million (US\$ 80.8 million), representing a 6.0% decrease compared to 2000. Operating cash flow totaled R\$ 186.0 million (US\$ 80.2 million).

Net income totaled R\$ 52.1 million (US\$ 22.5 million), suffering the heavy impact of the R\$ 42.6 million (US\$ 18.4 million) loss on operations in Argentina. This amount comprises R\$ 19.2 million (US\$ 8.3 million) arising from an operating loss and R\$ 9.3 million (US\$ 4 million) arising from extraordinary adjustments attributable to the company's restructuring. Duratex's consolidated income also included losses from the devaluation of the peso against the dollar, totaling R\$ 5.7 million (US\$ 2.5 million), and the full amortization of the goodwill on the acquisition of Deca Piazza, totaling R\$ 8.4 million (US\$ 3.6 million).

The Wood Division (Divisão Madeira) operated at this units' full capacity, showing a slight recovery of the average price compared to 2000. This recovery was possible through the sale of coated products with greater added value, in conjunction with the higher exchange rate.

Although average prices decreased compared to the prior year, the Deca division presented sales volume growth of 6.5%. This decrease was concentrated in the metal bath fixtures segment, which was affected by increased competition from low-priced products and price adjustments for some top of the line products.

The Planned Investment Budget totaled R\$ 139.4 million (US\$ 60.1 million). Highlights in the Wood Division (Divisão Madeira) included the implementation of new paper impregnation equipment in Agudos/SP, the conclusion of the drier installation works in Itapetininga/SP, the acquisition of 10,417 hectares of land and 3,693 hectares of forests, the acquisition of forestry equipment, and the progress of work for the implementation of a new HDF/MDF plant in Botucatu/SP.

Highlights in the Deca Division included the conclusion of the expansion of the toilet fixtures plant in Jundiaí, SP and the conclusion of the installation of various equipment which fully automated the production of the Hydra valve and the shipping area.

Itautec Philco

In 2001, Itautec and Philco reported gross sales and services of R\$ 1,334.3 million (US\$ 575 million) and consolidated net income of R\$ 4.2 million (US\$ 1.8 million). The final net income already includes the negative impact of R\$ 1.4 million (US\$ 0.60 million) attributable to Argentine operations, which was calculated considering the average exchange rate of P\$ 1.83/US\$ 1.00 (Argentine pesos per U.S. dollar) used in financial operations carried out by the company in January 2002.

During the fourth quarter, income of R\$ 9.4 million (US\$ 4.05 million) was recorded, reversing the loss accumulated up to September. This reversal was possible due to the improvement in the company's operating model, including the adoption of several measures which resulted in a reduction in inventory levels and personnel. In order to improve the focus on strategic areas, changes were made in internal information technology systems.

Operating cash flow reached R\$ 89.8 million (US\$ 38.7 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled R\$ 79.8 million (US\$ 34.4 million).

The National Development Bank of Brazil (BNDES) disbursed R\$ 91.1 million (US\$ 39.3 million) relating to the financing of the company's Investment Plan (*PAR*), which represents 85% of the total loan approved in December 2000. Total *PAR* funding was R\$ 148.9 million (US\$ 64.2 million) for the year and comprised R\$ 44.6 million (US\$ 19.2 million) for technology development and new products, R\$ 44.4 million (US\$ 19.1 million) in fixed assets for industrial automation and modernization of plants, R\$ 38.2 million (US\$ 16.5 million) in equipment for rental to customers and R\$ 21.7 million (US\$ 9.4 million) for promotions and advertising.

Itautec's gross revenue increased 9.7% compared to 2000.

Information Technology Electronics

Itautec lost sales in the personal computer/workstation segment compared to the prior year, mainly because approximately 65% of the Brazilian market is dominated by the "Gray Market". This market is characterized by its informality, both in relation to the purchase of components via shell importers, as well as sales made without payment of the respective taxes. Additionally, these predatory competitors do not invest in Research and Development (R&D) (Information Systems Law 10176/01). On the other hand, by investing in R&D, Itautec, together with the University of São Paulo, developed the PAD – a supercomputer that uses parallel multi-processing technology and which is mainly used for complex calculations, such as for forecasting weather. Despite the difficulties in the retail area, it should be pointed out that Itautec was the leading supplier of microcomputers to the corporate segment in 2001, according to market research performed by IDC – International Data Corporation. Furthermore, Infoway received the "Best Desktop of 2001" award from the magazine "Info Exame". In its September issue, the magazine Global Finance (USA) named Itautec as "The Best Computer Hardware Company in Latin America".

Maintaining its leadership and pioneering efforts in the commercial automation segment, Itautec received an award in the category of "Best Supplier of Terminals for Wire Transfer of Funds" from EAN Brasil.

Revenues from software increased 20% compared to 2000.

The Webway Slim Terminal received the "Best Design" award in the "Self-Service" category during the IF-International Forum for Design in Hannover, which has taken place since 1954. This Itautec product, developed and projected using only domestic technology will be on display in Hannover throughout 2002.

In the areas of telecommunications and networks, Itautec.com Serviços installed 101 thousand ADSL modems for high speed internet and recorded sales in this Internet area corresponding to three times those obtained in 2000. The segment reached its breakeven point at the end of the year. In 2001, a significant efforts were implemented in the area of Internet Security, including investments in training and certification of professionals to supply the demand for security projects from Itautec customers, as well as the development of four new projects related to B2B portals and consolidation of the software Payment Server as an instrument to facilitate payments for on-line transactions.

Consumer Electronics

Philco's gross revenue decreased 6.7% compared to 2000. This performance reflects the retraction in the consumer electronics market which reached 12% in the color TV segment, in 2001.

Philco started an OEM (Original Equipment Manufacturer) TV export program to Latin America and the United States of America, using domestically developed technology, thus proving its technological capacity on a world level.

In addition to logistical problems, Philco also had to overcome the bureaucratic difficulties inherent to exports to implement this program.

Highlights in the period include the launch of the new line of Philco TV's which was totally projected and developed in Brazil. Furthermore, the line has also been approved by international entities, such as the EPA (Environmental Protection Agency) and certified by the Federal Communication Commission (FCC). In addition, the line is in the final phase of approval by Underwriters Laboratories (UL), which certifies the safety of the components used, the manufacturing process, and the final product.

Components

Itaucom's gross revenue dropped 34.8% compared to the prior year, mainly due to the decrease of 56% in international prices for "memory" and the retraction in the demand for printed circuits in the electronic goods and telecommunication markets.

Elekeiroz

In 2001, the Brazilian chemical industry presented a 4.5% drop in sales to the domestic market and 12.3% in exports, operating at 78% of its installed capacity. The specific trade balance suffered a deficit of US\$ 7.2 billion and an average price increase of only 2.5%, compared to a currency devaluation of 18.7% which traditionally regulates the costs and prices in the sector.

Notwithstanding the retraction in the sector, Elekeiroz did not interrupt investments it had already started, completing the duplication of production capacity for maleic anhydride, the expansion of formaldehyde production, the installation of an urea formaldehyde concentrate area, as well as a new blower in the phthalic anhydride production plant. The second "Information Technology Master Plan" which included e-commerce was also implemented, a "plan for rationalization of consumption and increase of internal generation of electricity" was also implemented, making it possible to increase the internal generation of energy to 72% of the consumption of the whole complex, and allowing the sale of the surplus to third parties.

During the year, Elekeiroz launched 40 new resin formulas, two new plasticizers, and the urea formaldehyde concentrate. It also obtained ISO 9001 certification for its maleic anhydride production.

Investments made increased overall production to 892 tons/employee, installed capacity to 384 thousand tons/year and deliverable volume to 342 thousand tons. The volume shipped was 2.3% higher than the prior year, which reflects positively when compared to the general change for the chemical industry, which suffered a reduction of 4.5%.

Of the total shipped, 81 thousand tons correspond to organic products (phthalic and maleic anhydride, plasticizers, unsaturated polyester resin, formaldehyde, urea formaldehyde concentrate, and fumeric acid), and 261 thousand tons correspond to inorganic products (sulfuric acid, carbon hydrosulphide and melted sulfur).

Maleic anhydride shipments increased 62% and the expanded plant operated at 67% of its new capacity less than one year after its start-up.

The average unit price and contribution margin for the products shipped improved, reaching, R\$ 481/t. (US\$ 207/t) and R\$ 138/t. (US\$ 59/t), respectively. Increases correspond to 12% and 19% compared to the prior year.

Itaúsa Empreendimentos

After investing more than R\$ 70 million (US\$ 30 million), Itaúsa Empreendimentos concluded the Panamérica Park in 2001; the project comprised of nine buildings and one support center located in the South region of the city of São Paulo. Of the nine buildings, four of them have already been rented and delivered to the tenants. Panamérica Park was built in conjunction with Emerging Market Fund, which is represented in domestically by Hines do Brasil.

The conclusion of this project marks the start of a new strategic planning cycle for the company, which expects to focus its business mainly in the "residential" and "retail" segments.

Signaling its return to the residential segment, Itaúsa Empreendimentos acquired an 11,000-m² tract of land located in the Alto de Pinheiros district, southwestern region of the city of São Paulo. The project being studied foresees the construction of 110 four-bedroom luxury apartments and is being developed together with Construtora Líder.

In the retail segment, investments made during the year to reform and modify the mix of stores at Raposo Shopping are already producing the effect expected. Sales increased 25% compared to the prior year. Itaúsa Empreendimentos and its partner, Fortaleza Empreendimentos Imobiliários (Unibanco Group), will proceed with the Improvement Program during 2002.

HUMAN RESOURCES

Group Itaúsa had 56,629 employees, at the end of 2001. Payroll plus labor charges and fringe benefits, amounted to R\$ 3,101 million (US\$ 1,336 million). The compensation and average charges per employee was R\$ 48.9 thousand per annum (US\$ 21.1), increasing 10.3% in relation to 2000. The variable portion (profit sharing, commissions, and bonuses), paid directly to employees, increased 30.3% for the year, reaching R\$ 263.1 million (US\$ 113.4 million).

Employee and dependent benefits amounted to R\$ 493 million (US\$ 212 million) and include supplementary retirement, meal, medical-dental assistance, social services, leisure activities, sports and culture, loans at subsidized interest rates, insurance, transportation transport vouchers, donations and

special grants, among others. Highlights include the Supplementary Retirement Plans, which amounted to R\$ 183 million (US\$ 79 million) at the end of the year and have already benefited 11,335 former employees.

The subsidiaries of Itaúsa have prioritized efforts to assure that their employees are adequately trained. In 2001, they invested R\$ 56.1 million (US\$ 24.2 million) in education training and development programs; this amount was 59.8% larger than the total spent in 2000.

ENVIRONMENTAL, SOCIAL AND CULTURAL ENDEAVORS

Environmental management

Investments in environmental management and acquisition of equipment for environmental control amounted to R\$ 10.8 million (US\$ 4.7 million). The beginning of the Genome Eucalyptus Project, sponsored by FAPESP (Foundation for Support to Research in the State of São Paulo) and three other large pulp processors deserves note. This project's objective is to genetically identify the eucalyptus, enabling the identification of factors that contribute to its growth, resistance to disease, drought, and other useful features for obtaining more productive forests.

At Philco, the new line of TV sets received the Energy Star stamp of approval awarded by the Environmental Protection Agency (EPA), which attests conscientious consumption of energy. This new line also obtained the approval of the Federal Communication Commission (FCC), which certifies the level of electromagnetic emissions and electrical circuit radiation. Additionally, the line is in the final phases of approval by Underwriters Laboratories (UL), which certifies the safety of the components used, the manufacturing process, and the final product.

Community Service

Since its creation in 1993, the Itaú Social Program has concentrated on the development and support of programs concerned mainly with the community, principally in the areas of education and health. The Itaú Social Foundation set up in the year 2000, will permit the permanent channeling of resources to the Itaú Social Program's projects, coming from the return of its stockholder's equity of R\$ 189 million (US\$ 81 million) at the end of the year. In 2001, R\$ 14 million (US\$ 6 million) was invested in 85 social programs.

The Itaú Social Programs based on a sound partnership concept, either with domestic or international specialized governmental or non-governmental entities, such as the Unicef, the Education, Culture and Community Action Study and Research Center (Cenpec), the Health Development Institute (IDS), and the Public Health Department of the University of São Paulo (USP).

We would like to highlight the launching of the fourth edition of the Itaú -Unicef Education & Participation Prize recognized as a benchmark in the area of Education whose objective is to identify, enhance, and publicize programs of organizations of the civil society in support of public education, in addition to the Partnership Program and the Program for the Improvement of Education in the Municipality. We also highlight partnership with the Futura Channel and the support to the Solidary Alphabetization and Solidary Training Programs.

Cultural Activity

During its 15 years of activity, the Itaú Cultural Institute has reaffirmed its capacity to patronize, organize and promote actions which have contributed to the disclosure, production and distribution of cultural products, more specifically artistic work in Brazil, with emphasis on the use of new technologies to broaden the circulation and access to these products, thus contributing to the social participation process.

This year, Itaú Cultural organized 24 exhibitions, 107 cinema and video festivals, 58 music and theater and

dance shows, 8 symposiums and seminars, and other events, with the participation of over 260,000 people. We also highlight the launching of the Enciclopedia Itaú Cultural de Artes Visuais (Itaú Cultural Visual Arts Encyclopedia), the most comprehensive database data bank specialized in Brazilian visual arts, in the form of a virtual and interactive encyclopedia available on the Website www.itaucultural.org.br. The website recorded 7 million pageviews and over 430,000 accesses. Its content is the equivalent of 15 volumes of a thousand pages each.

ACKNOWLEDGEMENTS

We wish to thank our stockholders for the support and trust with which they have honored us. We are also grateful to our clients for their loyalty and the receptiveness to the innovations introduced in our products and services. To our employees and associates, we also wish to express our appreciation for the dedication and competence with which they have performed their work.

(Approved at the Meeting of the Board of Directors at March 18, 2002)

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000

Index

Balance Sheet Consolidated *(In thousand of reais)*

ASSETS	ITAÚSA			ITAÚSA CONSOLIDATED		
	12.31.2001		12.31.2000	12.31.2001		12.31.2000
	R\$	US\$	R\$	R\$	US\$	R\$
CURRENT ASSETS						
Cash and cash equivalents	1	-	2	1,958,408	843,996	1,666,261
Short-term interbank deposits	-	-	-	9,778,330	4,214,071	8,694,752
Loan operations	-	-	-	15,949,495	6,873,597	12,374,967
Leasing operations	-	-	-	564,063	243,089	512,068
Accounts and trade notes receivable	434,042	187,055	300,492	12,958,510	5,584,602	8,176,030
Securities	273,012	117,657	19,220	11,541,361	4,973,867	14,296,244
Inventories						
- Products	-	-	-	330,759	142,544	309,968
- Properties	-	-	-	44,891	19,346	31,498
Prepaid expenses	85	37	313	243,739	105,042	255,274
Interbank accounts of subsidiary companies	-	-	-	4,860,243	2,094,571	4,108,281
TOTAL	707,140	304,749	320,027	58,229,799	25,094,725	50,425,343
LONG-TERM ASSETS						
Short-term interbank deposits	-	-	-	291,686	125,705	30,543
Loan operations	-	-	-	8,041,306	3,465,483	6,642,190
Leasing operations	-	-	-	687,810	296,419	351,307
Accounts receivable	9,631	4,151	48,476	3,905,836	1,683,260	3,850,206
Securities	33	14	103	8,806,575	3,795,283	6,491,053
Prepaid expenses	-	-	-	198,750	85,653	8,443
Interbank accounts of subsidiary companies	-	-	-	196,359	84,623	257,569
TOTAL	9,664	4,165	48,579	22,128,322	9,536,426	17,631,311
PERMANENT						
Investments	5,302,997	2,285,380	4,568,334	779,840	336,080	731,737

Property, plant and equipment						
- Property for own use	9,021	3,888	9,288	3,297,379	1,421,039	3,165,766
- Leased properties	-	-	-	44,952	19,372	19,680
Forest reserves	-	-	-	74,199	31,976	68,096
Deferred charges	-	-	-	308,332	132,879	242,440
TOTAL	5,312,018	2,289,268	4,577,622	4,504,702	1,941,346	4,227,719
TOTAL	6,028,822	2,598,182	4,946,228	84,862,823	36,572,497	72,284,373

LIABILITIES AND STOCKHOLDERS' EQUITY	ITAÚSA			ITAÚSA CONSOLIDADO		
	12.31.2001		12.31.2000	12.31.2001		12.31.2000
	R\$	US\$	R\$	R\$	US\$	R\$
CURRENT LIABILITIES						
Funds raised by subsidiary companies						
- Foreign currency	-	-	-	5,196,886	2,239,651	3,752,125
- Local currency	-	-	-	30,686,692	13,224,742	29,772,072
- Money market	-	-	-	11,601,680	4,999,862	10,132,569
Borrowings						
- Foreign currency	-	-	150,247	342,605	147,649	496,343
- Local currency	136,901	58,999	8,543	235,481	101,483	59,612
Real estate commitments	-	-	-	2,593	1,118	-
Dividends payable	320,048	137,928	265,854	750,873	323,596	667,366
Taxes and social security contributions	8,037	3,463	6,629	1,140,178	491,371	960,062
Provisions and accounts payable	4,286	1,847	4,447	12,229,587	5,270,465	7,171,554
Interbank accounts of subsidiary companies	-	-	-	507,685	218,792	540,197
Technical provisions for insurance, pension plan and capitalization - restricted	-	-	-	491,600	211,860	425,495
TOTAL	469,272	202,237	435,720	63,185,860	27,230,589	53,977,395
LONG-TERM LIABILITIES						
Funds raised by subsidiary companies						
- Foreign currency	-	-	-	2,296,791	989,826	1,324,673
- Local currency	-	-	-	2,815,292	1,213,279	3,051,548
- Money market	-	-	-	922,250	397,453	1,039,988
Borrowings						
- Foreign currency	-	-	-	116,346	50,141	130,301
- Local currency	17,335	7,471	141,172	227,583	98,079	302,873

Taxes contributions	45,721	19,704	33,118	458,898	197,767	379,765
Provisions and accounts payable	-	-	-	2,213,572	953,961	1,314,522
Interbank accounts of subsidiary companies	-	-	-	1	-	-
TOTAL	63,056	27,175	174,290	9,050,733	3,900,506	7,543,670
TECHNICAL PROVISIONS FOR INSURANCE, PENSION PLAN AND CAPITALIZATION IN SUBSIDIARIES - UNRESTRICTED						
	-	-	-	2,732,086	1,177,420	2,336,555
DEFERRED INCOME						
	-	-	-	210,947	90,910	182,032
STOCKHOLDERS' EQUITY						
Stockholders' equity relating to minority interest in subsidiary companies						
	-	-	-	4,628,503	1,994,700	4,130,460
Stockholders' equity of parent company						
- Capital	2,316,939	998,508	1,800,000	2,316,939	998,508	1,800,000
- Capital reserves	25,391	10,943	55,273	25,391	10,943	55,273
- Revaluation reserves	54,495	23,485	56,013	54,495	23,485	56,013
- Retained earnings	3,099,669	1,335,834	2,424,932	2,657,869	1,145,436	2,202,975
Total stockholders' equity of parent company	5,496,494	2,368,770	4,336,218	5,054,694	2,178,372	4,114,261
STOCKHOLDERS' EQUITY OF ITAÚSA CONGLOMERATE						
	-	-	-	9,683,197	4,173,072	8,244,721
TOTAL	6,028,822	2,598,182	4,946,228	84,862,823	36,572,497	72,284,373

[The accompanying notes are an integral part of these financial statements.](#)

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000

[Index](#)

Statement of Income *(In thousands of reais)*

	ITAÚSA			ITAÚSA CONSOLIDATED		
	1º.01 to 12.31.2001		1º.01 to 12.31.2000	1º.01 to 12.31.2001		1º.01 to 12.31.2000
	R\$	US\$	R\$	R\$	US\$	R\$
OPERATING REVENUES						
Sales of products and services	-	-	-	6,224,522	2,682,521	5,414,606
Insurance, pension plan and capitalization	-	-	-	2,576,012	1,110,159	2,176,706
Financial	17,399	7,499	6,799	7,388,574	3,184,181	4,873,987
Securities	22,450	9,675	16,082	6,148,268	2,649,659	4,288,594
Leasing	435	187	429	960,419	413,902	649,285
Equity in the earnings of subsidiaries	1,181,624	509,233	1,012,415	49,763	21,446	63,821
Other operating revenues	-	-	7,128	735,294	316,882	486,664
TOTAL	1,221,908	526,594	1,042,853	24,082,852	10,378,750	17,953,663
OPERATING EXPENSES						
Cost of products and services	-	-	-	(1,561,739)	(673,047)	(1,492,412)
Insurance, pension plan and capitalization	-	-	-	(2,104,249)	(906,848)	(1,795,377)
Equity	(619)	(267)	(594)	(1,948,105)	(839,556)	(1,212,713)
Administrative	(31,731)	(13,675)	(23,491)	(5,687,012)	(2,450,876)	(4,700,426)
Directors' fees	(6,179)	(2,663)	(6,171)	(54,003)	(23,273)	(51,779)
Equity in the earnings of subsidiaries	(17,537)	(7,558)	(549)	(39,568)	(17,052)	(1,914)
Financial	(42,141)	(18,161)	(46,133)	(7,806,515)	(3,364,297)	(4,559,589)
Other operating expenses	(4,632)	(1,996)	(685)	(1,813,316)	(781,467)	(1,458,765)
TOTAL	(102,839)	(44,320)	(77,623)	(21,014,507)	(9,056,416)	(15,272,975)
OPERATING INCOME	1,119,069	482,274	965,230	3,068,345	1,322,334	2,680,688
NON-OPERATING INCOME	(22,835)	(9,841)	(2,773)	69,335	29,881	(55,946)
INCOME BEFORE TAXATION AND PROFIT SHARING	1,096,234	472,433	962,457	3,137,680	1,352,215	2,624,742
INCOME TAX AND SOCIAL CONTRIBUTION						
Due on operations for the period	(5,982)	(2,578)	(211)	(560,483)	(241,546)	(404,951)
Deferred related to temporary additions	(3,212)	(1,384)	(283)	66,391	28,612	(48,982)
EXTRAORDINARY RESULT						
Parent company	319,618	137,743	(61,264)	50,729	21,862	(120,062)
Relating to minority interest in subsidiary companies	-	-	-	18,885	8,139	(32,204)

PROFIT SHARING						
Employees	-	-	-	(183,237)	(78,968)	(91,368)
Directors - Statutory	(3,986)	(1,718)	(3,986)	(46,108)	(19,871)	(43,228)
NET INCOME RELATING TO MINORITY INTEREST IN SUBSIDIARY COMPANIES	-	-	-	(1,301,028)	(560,691)	(1,001,492)
NET INCOME OF PARENT COMPANY	1,402,672	604,496	896,713	1,182,829	509,752	882,455
Net income of parent company	1,402,672	604,496	896,713	1,182,829	509,752	882,455
Net income relating to minority interest in subsidiary companies	-	-	-	1,301,028	560,691	1,001,492
NET INCOME OF THE ITAÚSA CONGLOMERATE	-	-	-	2,483,857	1,070,443	1,883,947
Number of outstanding shares (in thousands)	3,070,505		2,972,961	3,070,505		2,972,961
Net income of parent company per thousand shares (R\$)	456,82	196,87	301,62	385,22	166,01	296,83
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES (R\$)	1,790,09	771,46	1,458,55	1,646,21	709,45	1,383,89
RECURRING NET INCOME OF PARENT COMPANY	1,083,054	466,753	957,977	1,132,100	487,890	1,002,517
ANNUAL VARIATION OF RECURRING NET INCOME OF PARENT COMPANY - %	13.1%			12.9%		
EXTRAORDINARY RESULT	319,618	137,743	(61,264)	50,729	21,862	(120,062)
TOTAL PARENT COMPANY	1,402,672	604,496	896,713	1,182,829	509,752	882,455

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

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000

[Index](#)

Statement Of Changes In Stockholders' Equity *(In thousand of reais)*

DESCRIPTION	PAID-UP CAPITAL	CAPITAL RESERVES		
		MONETARY CORRECTION LAW 8.200	PREMIUM ON SUBSCRIPTION FOR SHARES	TAX INCENTIVES
At December 31, 1999	1,500,000	74,409	-	132
Capital Increase by subscription for shares - AGO/E on 04.24.2000	88,500	-	173	-
Capitalization of reserves - AGO/E on 04.24.2000	211,500	(19,309)	-	(132)
Reversal/realization of reserves	-	-	-	-
Net income for the year	-	-	-	-
Investments:				
Revenue reserves:				
Legal	-	-	-	-
Statutory	-	-	-	-
Proposed interest on capital				
Prepayments	-	-	-	-
Quarterly - two installments of R\$2.83 per thousand shares, paid on 07.03.2000 and 10.02.2000	-	-	-	-
Supplementary - installment of R\$ 17.30 per thousand shares, paid on 09.01.2000	-	-	-	-
Accrued				
Quarterly				
One installment of R\$ 2.83 per thousand shares, paid on 01.02.2001	-	-	-	-
One installment of R\$ 2.83 per thousand shares, paid on 04.02.2001	-	-	-	-
Supplementary - installment of R\$ 0.05371 per share, paid on 02.28.2001	-	-	-	-

Supplementary to be declared	-	-	-	-
At December 31, 2000	1,800,000	55,100	173	-
Capital increase by subscription for shares - AGO/E on 03.19.2001	135,000	-	378	-
Capitalization of reserves - AGO/E on 04.26.2001	365,000	(30,087)	(173)	-
Appropriation of shares from subsidiary company - AGE on 11.29.2001	16,939	-	-	-
Reversal/Realization of reserves	-	-	-	-
Net income for the year	-	-	-	-
Investments:				
Profits reserve:				
Legal	-	-	-	-
Statutory	-	-	-	-
Interest on proposed capital	-	-	-	-
Interest on anticipated capital				
Quarterly - two installments of R\$ 2.83 per thousand shares, paid on 07.02.2001 and 10.01.2001	-	-	-	-
Supplementary - R\$ 19.03 per thousand shares, paid on 09.03.2001	-	-	-	-
Interest on Accrued Capital				
One installment of R\$ 2.83 per thousand shares, paid on 01.02.2002	-	-	-	-
One installment of R\$ 2.83 per thousand shares, to be paid on 04.02.2002	-	-	-	-
Supplementary - R\$ 41.20 per thousand shares to be paid on 03.19.2002	-	-	-	-
Supplementary - to be declared R\$ 57.00 per thousand shares	-	-	-	-
At December 31, 2001	2,316,939	25,013	378	-
At December 31, 2001 in thousand of US\$	998,508	10,780	163	-

DESCRIPTION	REVALUATION RESERVES	REVENUE RESERVES			RETAINED EARNINGS	TOTAL
		LEGAL	UNREALIZED PROFIT	STATUTORY		
At December 31, 1999	61,453	104,623	269,234	1,674,145	-	3,683,996
Capital Increase by subscription for shares - AGO/E on 04.24.2000	-	-	-	-	-	88,673
Capitalization of reserves - AGO/E on 04.24.2000	-	-	-	(192,059)	-	-
Reversal/realization of reserves	(5,440)	-	(269,234)	269,234	5,440	
Net income for the year	-	-	-	-	896,713	896,713
Investments:						
Revenue reserves:						
Legal	-	44,836	-	-	(44,836)	-
Statutory	-	-	-	524,153	(524,153)	-
Proposed interest on capital						
Prepayments	-	-	-	-	(333,164)	(333,164)
Quarterly - two installments of R\$2.83 per thousand shares, paid on 07.03.2000 and 10.02.2000	-	-	-	-	(16,827)	(16,827)
Supplementary - installment of R\$ 17.30 per thousand shares, paid on 09.01.2000	-	-	-	-	(51,432)	(51,432)
Accrued						
Quarterly						
One installment of R\$ 2.83 per thousand shares, paid on 01.02.2001	-	-	-	-	(8,413)	(8,413)
One installment of R\$ 2.83 per thousand shares, paid on 04.02.2001	-	-	-	-	(8,413)	(8,413)
Supplementary - installment of R\$ 0.05371 per share, paid on 02.28.2001	-	-	-	-	(159,679)	(159,679)
Supplementary to be declared	-	-	-	-	(88,400)	(88,400)
At December 31, 2000	56,013	149,459	-	2,275,473	-	4,336,218
Capital increase by subscription for shares - AGO/E on 03.19.2001	-	-	-	-	-	135,378
Capitalization of reserves - AGO/E on 04.26.2001	-	-	-	(334,740)	-	-

Appropriation of shares from subsidiary company - AGE on 11.29.2001	-	-	-	-	-	16,939
Reversal/Realization of reserves	(1,518)	-	-	-	1,518	-
Net income for the year	-	-	-	-	1,402,672	1,402,672
Investments:						
Profits reserve:						
Legal	-	70,134	-	-	(70,134)	-
Statutory	-	-	-	939,343	(939,343)	-
Interest on proposed capital	-	-	-	-	(394,713)	(394,713)
Interest on anticipated capital						
Quarterly - two installments of R\$ 2.83 per thousand shares, paid on 07.02.2001 and 10.01.2001	-	-	-	-	(17,379)	(17,379)
Supplementary - R\$ 19.03 per thousand shares, paid on 09.03.2001	-	-	-	-	(58,432)	(58,432)
Interest on Accrued Capital						
One installment of R\$ 2.83 per thousand shares, paid on 01.02.2002	-	-	-	-	(8,689)	(8,689)
One installment of R\$ 2.83 per thousand shares, to be paid on 04.02.2002	-	-	-	-	(8,689)	(8,689)
Supplementary - R\$ 41.20 per thousand shares to be paid on 03.19.2002	-	-	-	-	(126,505)	(126,505)
Supplementary - to be declared R\$ 57.00 per thousand shares	-	-	-	-	(175,019)	(175,019)
At December 31, 2001	54,495	219,593	-	2,880,076	-	5,496,494
At December 31, 2001 in thousand of US\$	23,485	94,636	-	1,241,198	-	2,368,770

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

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000

[Index](#)

Statement Of Changes In Financial Position *(In thousands)*

	ITAÚSA			ITAÚSA CONSOLIDATED		
	2001		2000	2001		2000
	R\$	US\$	R\$	R\$	US\$	R\$
FUNDS WERE PROVIDED BY						
OPERATIONS						
Net income for the year	1,402,672	604,496	896,713	1,182,829	509,752	882,455
Items not representing movement of net working capital						
Minority interest	-	-	-	1,301,028	560,691	1,001,492
Depreciation and amortization	619	267	594	584,858	252,051	506,305
Increase/(decrease) in Insurance Technical Provisions, Pension Plan and Capitalization in subsidiary companies	-	-	-	395,531	170,458	391,136
Equity in the earnings of subsidiaries, net of received dividends	(427,507)	(184,238)	(684,152)	(10,195)	(4,393)	(52,464)
Extraordinary result in subsidiary companies	(319,618)	(137,743)	61,264	-	-	-
Gain on currency translation	-	-	-	(6,383)	(2,751)	10,577
Change in deferred income	-	-	-	28,915	12,461	12,673
Goodwill amortization	4,632	1,996	685	630,966	271,921	1,396,874
FUNDS ARISING FROM OPERATIONS	660,798	284,778	275,104	4,107,549	1,770,190	4,149,048
FUNDS FROM STOCKHOLDERS						
Capital increase	151,939	65,479	88,500	151,939	65,479	88,500
Premiums on share subscription	378	163	173	378	163	173

FUNDS FROM THIRD PARTIES						
Increase in long-term liability	-	-	115,089	1,507,063	649,484	3,535,973
Cost of disposed permanent assets	-	-	-	189,691	81,750	59,223
Cost of investment disposals	135,957	58,592	137,092	31,822	13,714	219,783
Write-offs and transfers of deferred assets	-	-	-	6,448	2,779	8,146
Decrease in long-term liability	38,915	16,771	-	-	-	-
TOTAL FUNDS FROM THIRD PARTIES	174,872	75,363	252,181	1,735,024	747,727	3,823,125
TOTAL FUNDS PROVIDED	987,987	425,783	615,958	5,994,890	2,583,559	8,060,846
INVESTMENTS						
Increase in long-term receivables	-	-	44,106	4,497,011	1,938,032	5,654,684
Purchased properties and other assets	352	152	255	861,940	371,462	740,362
Investments in the period	128,119	55,214	124,067	63,347	27,300	315,971
Increase in deferred assets	-	-	-	157,208	67,750	131,796
Goodwill on the acquisition of investments	8	3	55,573	621,695	267,926	1,383,366
Dividends paid to minority stockholders	-	-	-	463,978	199,956	342,173
Proposed dividends	394,713	170,106	333,164	394,713	170,106	333,164
Decrease in long-term liability	111,234	47,937	-	-	-	-
Change in minority stockholders, net	-	-	-	339,007	146,099	114,150
TOTAL INVESTMENTS	634,426	273,412	557,165	7,398,899	3,188,631	9,015,666
CHANGE IN NET WORKING CAPITAL	353,561	152,371	58,793	(1,404,009)	(605,072)	(954,820)

STATEMENTS OF CHANGES IN NET WORKING CAPITAL

Net working capital:						
. At the end of the year						
Current assets	320,027	137,919	382,744	50,425,343	21,731,315	38,207,840
Current liabilities	435,720	187,778	557,230	53,977,395	23,262,108	40,805,072
	(115,693)	(49,859)	(174,486)	(3,552,052)	(1,530,793)	(2,597,232)
. At the end of the year						
Current assets	707,140	304,749	320,027	58,229,799	25,094,725	50,425,343
Current liabilities	469,272	202,237	435,720	63,185,860	27,230,590	53,977,395
	237,868	102,512	(115,693)	(4,956,061)	(2,135,865)	(3,552,052)
CHANGE IN NET WORKING CAPITAL	353,561	152,371	58,793	(1,404,009)	(605,072)	(954,820)

[The accompanying notes are an integral part of these financial statements.](#)

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000

[Index](#)



Note 1 - Operations *(In thousands of reais)*

Itaúsa - Investimentos Itaú S.A. (ITAÚSA) and its subsidiary companies operate in several areas of activity in Brazil and abroad, as follows:

- Finance
- Insurance, Pension Plan and Capitalization
- Wood and Construction Materials
- Technology and Electronic
- Chemicals
- Housing
- Support

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 2 - Presentation Of The Financial Statements *(In thousands of reais)*

The financial statements of Itaúsa – Investimentos Itaú S.A. – (ITAÚSA) and the consolidated financial statements (ITAÚSA CONSOLIDATED) have been prepared in accordance with accounting policies derived from the Brazilian Corporate Law and 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.

As regards ITAÚSA, equity in the earnings of the subsidiary Banco Itaú S.A. (ITAÚ) takes into consideration the amortization carried out based on estimated future profitability (10 years), of the goodwill arising from the acquisitions of Banco do Estado de Goiás (BEG) and Lloyds TSB Asset Management S.A., during this year, and of the banks Banestado (BANESTADO), Bemge S.A. (BEMGE) and del Buen Ayre S.A., and part of the shares of Itaú Bankers Trust Banco de Investimento S.A. – IBT (IBT) and BPI-SGPS, S.A., (BPI), during prior years in order to: a) avoid an unnecessary decrease in its stockholders' equity to determine the operating limits, b) avoid an unnecessary capital increase, and c) obtain better compliance with the accounting principles of the market.

As regards ITAÚSA CONSOLIDATED, the same procedure adopted in the consolidated financial statements of ITAÚ was maintained, comprising full amortization of the goodwill during the years in which the purchases of investments were carried out in order to: a) allow better comparison with prior periods consolidated financial statements, and b) enable the evaluation of Net Income and Stockholders' Equity by using conservative criteria. As regards BANESTADO, this amortization was offset directly against the recognition of deferred tax assets recognized up to the limit of this goodwill, as described in the following paragraph:

Tax credits are determined in BANESTADO, reflected in ITAÚSA through equity in the earnings of the subsidiary ITAÚ, in amounts considered adequate in relation to future profitability estimates, taking into consideration the operating reorganization in course (Note 11). As regards ITAÚSA CONSOLIDATED, taking into consideration that it relates to a broader context with greater synergy, which facilitates the maximization of results, these deferred taxes were recognized up to the limit of goodwill calculated on the purchase carried out by the subsidiary ITAÚ.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 3 - Consolidated Companies *(In thousands of reais)*

The consolidated financial statements include ITAÚSA and its direct and indirect subsidiaries, including:

	HOLDING (%)	
	12.31.2001	12.31.2000
Financial area:		
Banco Itaú S.A. and subsidiaries (a)	47.71	48.13
Banco Banerj S.A. and subsidiaries	47.71	48.13
Banco Bemge S.A. and subsidiaries (a)	47.64	48.06
Banco Banestado and subsidiaries (a)	46.46	43.10
Banco do Estado de Goiás S.A. (under process of change to Banco BEG S.A.) and subsidiaries (a)(b)	40.29	-
Banco Francês e Brasileiro S.A.	47.71	48.13
Banco Itaú Buen Ayre S.A.	47.71	48.13
Banco Itaú Europa S.A. and subsidiaries	89.77	89.87
Banco Itaú Europa Luxembourg S.A. and subsidiaries	89.73	89.82
Cia. Itauleasing de Arrendamento Mercantil	47.71	48.13
Intrag Distribuidora de Títulos e Valores Mobiliários Ltda	47.71	48.13
Itaú Corretora de Valores S.A. and subsidiary	47.71	48.13
Insurance, Pension Plan and Capitalization:		
Itaú Seguros S.A and subsidiaries	45.70	46.20
Itaú Capitalização S.A. and subsidiaries	47.50	48.13
Itaú Previdência e Seguros S.A	47.50	48.13
Wood and Construction Materials:		
Duraflora S.A.	49.02	47.78
Duratex S.A. and subsidiaries (a)	46.93	45.74
Technology and Electronic:		
Itautec Philco S.A. and subsidiaries (a)	94.22	95.02
Chemical:		
Elekeiroz S.A. (a)	97.93	96.89
Housing:		
Itaúsa Empreendimentos S.A.	99.99	98.88
PRT Investimentos S.A.	99.99	98.88
Support:		

Itaúsa Export S.A. and subsidiaries	88.36	88.47
Itaú Turismo Ltda. (c)	-	99.92
Itaú Planejamento e Engenharia Ltda.	47.65	48.13

(a) Listed company.

(b) Investment acquired by the subsidiary Itaú on 12.04.2001.

(c) Investment sold to third parties on 08.01.2001.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 4 - 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. ([Note 6 d](#)).

- b) **Translation of the financial statements into U.S. dollars** - For the convenience of the reader, all amounts in the accompanying financial statements at and for the year ended December 31, 2001 in Reais have been translated into U.S. dollars at the official exchange rate of R\$ 2.3204 per US\$ 1 at December 31, 2001. This translation should not be construed as representing that the amounts in Reais actually represent or have been, or could be, converted into U.S. dollars. Furthermore, if the translation had been calculated in accordance with US GAAP (SFAS 52, "Foreign Currency Translation"), significantly different amounts would have been presented.

Foreign exchange transaction gains or losses, if any, are reflected directly in income for the year.

- c) Short-term interbank investments, credit operations, 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. Transactions with fixed remuneration rates are recorded at their redemption value, adjusted for any unearned income/expenses. Loans, discounted trade receivables and financings 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.
- d) Securities** - These are recorded at acquisition cost and adjusted by a provision to reflect market value, when this is lower.

The Circular 3068 of BACEN, of November 8, 2001, established new accounting evaluation and classification criteria of the existing securities in the portfolios of financial institutions as from 03.31.2002. According to this legislation, securities shall be classified in the following categories:

- trading securities – securities acquired with the purpose of being in and frequently negotiated, which shall be adjusted to market value through a contra-entry to the results of the period;
- available for sale securities– securities which are not classified for trading, nor to be held to maturity, which shall be adjusted to market value through a contra-entry to a separate stockholders' equity account; and
- held to maturity securities– securities, except unredeemable shares, which the financial institution intends, and has the financial capability, to hold in its portfolio through the maturity date, which will be valued at acquisition cost plus accrued earnings through a contra-entry to the results of the period.

Subsequently, 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 December 31, 2001, the resulting adjustment would have increased stockholders' equity by R\$ 157,687 - US\$ 67,957 , net of taxes.

e) **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 the Resolution 2682 of BACEN 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 the maturity date.

f) **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 translated into Reais. Other investments are recorded at cost, restated up to December 31, 1995.

g) **Fixed Assets** - 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, transport, equipment in use and security and communication systems	10 to 25
Electronic data processing systems	20 to 50

- h) 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 logistics, which are amortized on a straight-line basis over five years.
- i) Technical provisions for insurance, pension plan and capitalization** - Unearned premium provisions for insurance operations are calculated on the basis of the nominal value of retained premiums, in accordance with the criteria established by the National Council of Private Insurance (CNSP) Resolution 14/1988. The provision relating to the automotive segment is complemented based on the reference rates, in conformity with SUSEP Circulars 02/1994 and 05/1994 – Technical provisions for pension plan and capitalization operations are constituted in conformity with the actuarial Technical Standards approved by SUSEP.
- j) 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%

() Period from May 1, 1999 to January 31, 2000, the additional rate of social contribution was 4%. As from February 1, 2000 up to December 31, 2002, the rate was reduced to 1%.*

Amounts subject to litigation have been fully provided.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 5 - Income Tax And Social Contribution *(In thousands of reais)*

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

	ITAÚSA			ITAÚSA CONSOLIDATED		
	Year 2001		Year 2000	Year 2001		Year 2000
	R\$	US\$	R\$	R\$	US\$	R\$
Income before income tax and social contribution	1,096,233	472,433	962,457	3,137,680	1,352,215	2,624,742
Tax charges (Income tax and social contribution) at rates of 25% and 9% (*) respectively	(372,719)	(160,627)	(327,235)	(1,066,811)	(459,753)	(892,412)
Increases/decreases in income tax and social contribution charges as a result of:						
Permanent (Inclusions) Exclusions	<u>369,112</u>	<u>159,073</u>	<u>322,483</u>	<u>412,328</u>	<u>177,697</u>	<u>722,561</u>
Equity in affiliates and subsidiaries	395,790	170,570	344,034	3,466	1,494	21,048
Non-deductible expenses/provisions and other	(22,939)	(9,886)	(5,519)	139,435	60,091	418,188
Interest on own capital	(3,739)	(1,611)	(16,032)	269,427	116,112	283,325
Temporary (Inclusions) Exclusions	<u>(3,879)</u>	<u>(1,672)</u>	<u>4,752</u>	<u>64,720</u>	<u>27,892</u>	<u>(170,879)</u>
Allowance for loan losses	-	-	-	(115,045)	(49,580)	22,341

Labor provisions, tax contingencies and other	(3,879)	(1,672)	4,752	179,765	77,472	(193,220)
Other adjustments	1,504	648	(211)	29,280	12,618	(64,221)
Income tax of foreign subsidiary companies	1504	648	(211)	29,280	12,618	(64,221)
Income tax and social contribution due on operations for the year	(5,982)	(2,578)	(211)	(560,483)	(241,546)	(404,951)
Withholding tax on distribution of interest on own capital	(59,207)	(25,516)	(49,975)	(125,036)	(53,885)	(100,753)
Total income tax and social contribution due	(65,189)	(28,094)	(50,186)	(685,519)	(295,431)	(505,704)

(*) In accordance with Note 4 j.

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

	ITAÚSA			ITAÚSA CONSOLIDADO		
	Year 2001		Year 2000	Year 2001		Year 2000
	R\$	US\$	R\$	R\$	US\$	R\$
Deferred income tax and social contribution related to temporary additions	(3,212)	(1,384)	(283)	66,391	28,612	(48,982)
Deferred tax assets:						
Increase (reversal) over temporary additions/exclusions	-	-	-	(70,318)	(30.304)	159,222
Increase (reversal) over tax losses and negative social contribution	-	-	-	55,188	23,784	67,520
Increase (reversal) over others	(3,212)	(1,384)	(283)	81,521	35,132	(275,724)

- c) In Itaúsa, the balance of deferred tax assets and deferred tax liabilities (income tax and social contribution) was fully realized in the year. In Itaúsa consolidated, it is represented by:

	12.31.2000	Net movement	12.31.2001	
	R\$	R\$	R\$	US\$
Deferred tax assets				
Temporary differences:				
Allowance for loan losses	712,215	110,777	822,992	354,677
Provision for devaluation of securities/interbank deposits	268,381	(10,162)	258,219	111,282
Provision for interest on own capital	26,086	62,669	88,755	38,250
Provision for tax contingencies	188,199	27,829	216,028	93,099
Provision for labor contingencies	161,160	20,337	181,497	78,218
Provision for civil contingencies	62,937	10,977	73,914	31,854
Real estate allowances	51,542	(6,644)	44,898	19,349
Tax losses and negative social contribution	721,897	57,771	779,668	336,006
Other	500,591	(87,511)	413,080	178,021
TOTAL	2,693,008	186,043	2,879,051	1,240,756
Deferred tax liabilities				
Temporary differences:				
Excess of depreciation on leasing operations	146,719	38,388	185,107	79,774
Revaluation reserve	22,182	(2,588)	19,594	8,444
Taxation on branches and subsidiary companies abroad	37,559	(29,279)	8,280	3,568
Taxation on results abroad – Capital gain	34,112	4,109	38,221	16,472

Other provisions	6,022	(5,730)	292	126
TOTAL	246,594	4,900	251,494	108,384

The average term for realizing these temporary differences is 4 years.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 6 - 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 Extraordinary Stockholders' Meeting held on March 19, 2001, the capital increase of ITAÚSA from R\$ 1,800,000 to R\$ 1,935,000, was approved by issuing 33,002,336 common shares and 56,997,664 preferred shares, paid-up at the price of R\$ 1.50 each, with a preferential subscription right from March 20 to April 18, 2001. Shares were paid up in April 2001. This capital increase was ratified by the Extraordinary Stockholders' Meeting held on April 26, 2001.

At the Extraordinary Stockholders' Meeting on April 26, 2001, the stockholder proposed and approved the transformation of the subsidiary Itaucorp S.A. into a wholly-owned ITAÚSA subsidiary, through the merger of the entire capital stock of the former into ITAÚSA and the increase in ITAÚSA's capital by R\$ 16,939 – US\$ 7,300, which is equivalent to the appraised value of the interest in Itaucorp held by other stockholders. As a result, ITAÚSA issued 4,167,262 common shares and 3,377,241 preferred shares, which were assigned to the Itaucorp S.A. stockholders. In conformity with Article 252 § 1 of Law 6404/1976, the other stockholders did not have the preferential subscription right for these shares.

Also at the Extraordinary Stockholders' Meeting held on April 26, 2001, the stockholders approved the capital increase from R\$ 1,951,939 to R\$ 2,316,939, through absorption of reserves, without issuing new shares.

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 to preferred shares.

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

I - Calculation

	R\$	US\$
Net income for the year	1,402,672	604,496
Adjustments:		
Legal reserve	(70,134)	(30,225)
Calculation basis of dividend	1,332,538	574,271
Minimum mandatory dividend	333,135	143,568

II - Payment/Provision for Interest on Own Capital

	Gross	Withholding income tax	Net	
	R\$	R\$	R\$	US\$
Paid/Advanced	75,811	11,372	64,439	27,770
Quarterly – 2 installments of R\$ 2.83 per thousand shares paid in July and October 2001	17,379	2,607	14,772	6,366
Supplementary – 1 installment of R\$ 19.03 per thousand shares paid in September 2001	58,432	8,765	49,667	21,404
Credited	126,505	18,976	107,529	46,342

Supplementary – R\$ 41.20 per thousand shares to be paid in March 19, 2002	126,505	18,976	107,529	46,342
Provided	192,397	28,859	163,538	70,478
Quarterly				
1 installment of R\$ 2.83 per thousand shares paid in January 2002	8,689	1,303	7,386	3,183
1 installment of R\$ 2.83 per thousand shares to be paid in April 2002	8,689	1,303	7,386	3,183
Supplementary to be declared – R\$ 57.00 per thousand shares to be paid up until April 30, 2002	175,019	26,253	148,766	64,112
Total	394,713	59,207	335,506	144,590

c) Capital, revaluation and profits reserves

	12.31.2001		12.31.2000
	R\$	US\$	R\$
CAPITAL RESERVES	25,391	10,943	55,273
Special Reserve CVM Instruction 189/92	25,013	10,780	52,012
Options for tax incentives	378	163	3,261
REVALUATION RESERVES	54,495	23,485	56,013
Own and subsidiaries' assets	54,495	23,485	56,013
REVENUE RESERVES	3,099,669	1,335,833	2,424,932
Legal	219,593	94,635	149,459
Statutory (*)	2,880,076	1,241,198	2,275,473

- Dividend equalization	1,193,074	514,167	-
- Reinforcement of working capital	597,241	257,387	-
- Capital increase of investees	1,089,761	469,644	-
- Special Itaúsa	-	-	2,275,473

(*) The Annual Stockholders' Meeting held on April 26, 2001 approved the change of the Special Itaúsa reserve into three different statutory reserves:

I - Reserve for dividend equalization – to guarantee funds for the payment of dividends, including interest on own capital or advances, to

maintain the remuneration flow to stockholders.

II - Reserve for reinforcement of working capital – to guarantee financial means to operate the company.

III- Reserve for capital increase of investees – to guarantee preferential subscription rights for capital increases of investees.

d) Reconciliation of net income and stockholders' equity of ITAÚSA and ITAÚSA CONSOLIDATED

	Net income			Stockholders' equity		
	Year 2001		Year 2000	12.31.2001		12.31.2000
	R\$	US\$	R\$	R\$	US\$	R\$
ITAÚSA	1,402,672	604,496	896,713	5,496,494	2,368,770	4,336,218
Goodwill amortization (1)						
BANESTADO (2)	48,149	20,750	(591,526)	(543,377)	(234,174)	(591,526)
BEG	(197,320)	(85,037)	-	(197,320)	(85,037)	-
Lloyds TSB	(67,703)	(29,177)	-	(67,703)	(29,177)	-
Other	45,048	19,413	(13,185)	(175,271)	(75,535)	(220,319)
Deferred tax assets (2)	(48,149)	(20,750)	591,526	543,377	234,174	591,526
Unrealized Results	132	57	(1,073)	(1,506)	(649)	(1,638)
ITAÚSA CONSOLIDATED	1,182,829	509,752	882,455	5,054,694	2,178,372	4,114,261

- (1) Relating to the acquisitions, by the subsidiary ITAÚ, of investments in BEG and Lloyds TSB Asset Management S.A., during this year and in banks BANESTADO, BEMGE and del Buen Ayre S.A., and additional stakes in IBT and BPI, in prior years (Note 2), as well as own and subsidiaries' goodwill.
- (2) In accordance with Note 2.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 7 - 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 and under reciprocal conditions.

Transactions involving ITAÚSA and its subsidiary companies were eliminated from the consolidated financial statements 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 and FUNBEP – Multi-Sponsored Pension Fund and Social Security Savings of BEG Employees, closed private pension entities, which administer supplementary retirement plans sponsored by Itaúsa and/or its subsidiaries, as described in Note 13 c; 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\$ 20,470 - US\$ 8,822.

The transactions with these related parties are not significant in the overall context of ITAÚSA 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 the provision of portfolio custody/management services.
- Property leases involving Fundação Itaúbanco, FUNBEP and PREBEG.

In addition to these transactions, there are guarantees rendered in conformity with Note 14 b.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 8 - Significant Investments *(In thousands of reais)*

Companies		Capital	Adjusted Stockholders' equity		Investment Accounting Value		Number of shares / quotas owned by Itaúsa		
		R\$	R\$	US\$	R\$	US\$	Common	Preferred	Quotas
Adiboard S.A.	(1)	58,149	44,882	19,342	-	-	21	-	-
Amettyst Holding Ltd.	(1) (2)	-	-	-	-	-	99	-	-
Antílope Administração e Participações Ltda.	(1)	943	2,246	968	2,246	968	6,733,856	-	-
Banco Itaú S.A.	(1)	3,650,121	8,563,966	3,690,728	4,079,950	1,758,296	53,246,510,063	2,803,106	-
Banerj Seguros S.A.	(1) (3)	53,810	80,620	34,744	19	8	548	-	-
Bemge Seguradora S.A.	(1) (3)	74,090	40,374	17,400	20	9	1,580,613	-	-
Carnaubeiras Administração e Participações S.A.	(4)	-	-	-	-	-	-	-	-
Custode - Consultores, Serviços Ltda.	(1) (2)	505,110	513,269	221,199	62,297	26,848	29,708,318	-	-
Duraflora S.A.	(1)	99,212	203,033	87,499	3,994	1,721	696	2,587	-
Duratex Comercial Exportadora S.A.	(1)	261,708	464,183	200,044	108	47	-	1,752	-
Duratex Madeira Industrializada S.A.	(5)	-	-	-	-	-	-	-	-
Duratex S.A.	(1)	231,335	864,074	372,381	270,261	116,472	2,753,118,981	980,275,562	-
Elekeiroz S.A.	(1)	116,726	154,953	66,779	2,692	1,160	16,394,564	-	-
Elekpart Participações e Administração S.A.	(1)	62,383	88,408	38,100	2,545	1,097	10,126,925	-	-
Guarará Administração e Participações S.A.	(1)	37,245	37,219	16,040	73,111	31,508	3,539,981	-	-
Intrag Part Administração e Participações Ltda.	(1) (6)	558,863	1,575,151	678,827	-	-	-	-	5

Itaú Capitalização S.A.	(1)	558,363	1,452,431	625,940	-	-	22	-	-
Itaú Gestão de Ativos S.A.	(1)	163,500	211,024	90,943	3	1	-	6,123	-
Itaú Planejamento e Engenharia Ltda.	(7)	-	-	-	-	-	-	-	-
Itaú Turismo Ltda.	(8)	-	-	-	-	-	-	-	-
Itaucorp S.A.	(1)	113,143	279,191	120,320	263,535	113,573	21,745,830	7,186,579	-
Itaúsa Empreendimentos S.A.	(1)	29,000	49,864	21,489	102	44	2,604	-	-
Itaúsa Export S.A.	(1)	179,000	436,053	187,921	344,768	148,581	12,834,612,763	129,487,732	-
Itaúsa Portugal - Societ. Gestora de Part. Sociais, S.A.	(9)	-	-	-	-	-	-	-	-
Itautec América Inc.	(1)	3,272	6,393	2,755	-	-	139	-	-
Itautec Informática S.A.	(1)	85,750	105,373	45,412	-	-	2,956	289	-
Itautec Philco S.A.	(1)	222,360	269,377	116,091	140,866	60,708	155,411,287	-	-
Itautec.Com Serviços S.A.	(1)	25,765	45,807	19,741	8	3	441	-	-
Ith Zux Cayman Company Ltd.	(1) (10)	81,214	44,911	19,355	44,911	19,355	35,000,000	-	-
Jamaris Administração e Participações S.A.	(1)	50	37	16	37	16	5,000	-	-
Jurupis Administração e Participações Ltda.	(11)	-	-	-	-	-	-	-	-
Pintassilgo Administração e Participações Ltda.	(12)	-	-	-	-	-	-	-	-
PRT Investimentos S.A.	(1)	115,555	151,683	65,369	-	-	1,238	616	-
Rouxinol Administração e Participações S.A.	(1) (13)	136	7,910	3,409	2,033	876	3,495,319	-	-
Seg - Part S.A.	(1)	1,500	1,169	504	1,035	446	16,363,166	-	-
Trend Shop S.A.	(1)	12,931	9,976	4,299	-	-	52	-	-
TOTAL					5,294,541	2,281,737			

Companies		Number of Voting Shares (%)	Percentage of Ownership (%)	Adjusted net income (loss) for the period	
				R\$	US\$
Adiboard S.A.	(1)	0.01	0.01	(8,003)	(3,449)
Amettyst Holding Ltd.	(1) (2)	99.00	99.00	-	-
Antílope Administração e Participações Ltda.	(1)	99.99	99.99	398	172
Banco Itaú S.A.	(1)	85.06	47.71	2,403,255	1,035,707
Banerj Seguros S.A.	(1) (3)	0.02	0.02	(56)	(24)
Bemge Seguradora S.A.	(1) (3)	0.10	0.05	1,371	591
Carnaubeiras Administração e Participações S.A.	(4)	-	-	-	-
Custode - Consultores, Serviços Lda.	(1) (2)	12.14	12.14	6,170	2,659
Duraflora S.A.	(1)	0.73	2.67	1,681	724
Duratex Comercial Exportadora S.A.	(1)	-	0.04	15,332	6,607
Duratex Madeira Industrializada S.A.	(5)	-	-	-	-
Duratex S.A.	(1)	62.41	31.73	52,055	22,434
Elekeiroz S.A.	(1)	3.84	3.84	13,077	5,636
Elekpart Participações e Administração S.A.	(1)	1.97	1.97	5,751	2,478
Guarará Administração e Participações S.A.	(1)	99.99	99.99	1,177	507
Intrag Part Administração e Participações Ltda.	(1) (6)	0.01	0.01	94,703	40,813
Itaú Capitalização S.A.	(1)	0.01	0.01	217,412	93,696
Itaú Gestão de Ativos S.A.	(1)	-	0.01	578	294
Itaú Planejamento e Engenharia Ltda.	(7)	-	-	-	-
Itaú Turismo Ltda.	(8)	-	-	-	-
Itaucorp S.A.	(1)	100.00	100.00	447,699	192,940
Itaúsa Empreendimentos S.A.	(1)	0.35	0.35	478	206
Itaúsa Export S.A.	(1)	80.00	77.77	79,358	34,200
Itaúsa Portugal - Socied. Gestora de Part. Sociais, S.A.	(9)	-	-	-	-
Itautec América Inc.	(1)	0.01	0.01	240	103
Itautec Informática S.A.	(1)	0.01	0.01	6,712	2,893
Itautec Philco S.A.	(1)	89.17	89.17	4,198	1,809
Itautec.Com Serviços S.A.	(1)	0.01	0.01	3,449	1,486
Ith Zux Cayman Company Ltd.	(1) (10)	100.00	100.00	166	72
Jamaris Administração e Participações S.A.	(1)	100.00	100.00	(13)	(6)
Jurupis Administração e Participações Ltda.	(11)	-	-	-	-
Pintassilgo Administração e Participações Ltda.	(12)	-	-	-	-

Itaú Gestão de Ativos S.A.	(1)	-	-	-	-	-	-	-	-	-	-	-	-
Itaú Planejamento e Engenharia Ltda.	(7)	-	-	-	-	-	-	-	-	-	-	(366)	-
Itaú Turismo Ltda.	(8)	-	-	-	-	-	-	(766)	-	(330)	906	-	-
Itaucorp S.A.	(1)	-	-	-	-	-	-	246,483	-	106,224	261,685	-	-
Itaúsa Empreendimentos S.A.	(1)	-	-	-	-	-	-	4	-	2	(1)	-	-
Itaúsa Export S.A.	(1)	33,668	(14b)	14,510	4,027	(15c)	1,735	62,275	-	26,838	57,941	-	-
Itaúsa Portugal - Societ. Gestora de Part. Sociais, S.A.	(9)	-	-	-	-	-	-	11,362	(17)	4,897	10,734	(17)	-
Itautec América Inc.	(1)	-	-	-	-	-	-	-	-	-	-	-	-
Itautec Informática S.A.	(1)	-	-	-	-	-	-	-	-	-	-	-	-
Itautec Philco S.A.	(1)	398	(14c)	172	-	-	-	307	(16d)	132	55,490	-	-
Itautec.Com Serviços S.A.	(1)	-	-	-	-	-	-	-	-	-	2	-	-
Ith Zux Cayman Company Ltd.	(1) (10)	-	-	-	-	-	-	(16,742)	(17)	(7,125)	-	-	-
Jamaris Administração e Participações S.A.	(1)	-	-	-	-	-	-	(13)	-	(6)	-	-	-
Jurupis Administração e Participações Ltda.	(11)	-	-	-	-	-	-	(1)	-	-	-	-	-
Pintassilgo Administração e Participações Ltda.	(12)	-	-	-	-	-	-	-	-	-	2	-	-
PRT Investimentos S.A.	(1)	(1,710)	(14b)	(737)	(226)	(15b)	(97)	-	-	-	(15)	-	-
Rouxinol Administração e Participações S.A.	(1) (13)	-	-	-	(1,945)	(15b)	(838)	2,256	-	972	-	-	-
Seg - Part S.A.	(1)	-	-	-	-	-	-	(14)	-	(6)	(93)	-	-
Trend Shop S.A.	(1)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL								1,131,340		487,563	1,002,952		
TOTAL								1,131,340		487,563	1,002,952		
OPERATING INCOME								1,181,624		509,233	1,012,415		
OPERATING EXPENSES								(17,537)		(7,557)	(549)		

NON-OPERATING INCOME	(32,747)	(14,113)	(8,914)		
----------------------	----------	----------	---------	--	--

- (1) Information relating to 12.31.2001;
- (2) Company formed on 12.28.2001;
- (3) Investments purchased on 12.10.2001, after the merger with Jurupis Administração e Participações Ltda.;
- (4) Investment split off on 12.28.2000 to form Guarará Administração e Participação S.A.;
- (5) Company merged on 07.01.2000;
- (6) Relevant investment as from 06.01.2001, due to the split-off of Itaú Capitalização S.A.;
- (7) Investment sold to Banco Itaú S.A. on 05.05.2000;
- (8) Investment sold to Wagon Lits Turismo do Brasil Ltda. on 08.01.01;
- (9) Investment assigned through capital increase of Custode Consultores, Serviços Ltda.;
- (10) Investment purchased on 10.24.2001;
- (11) Company split off to Banerj Seguros and Bemge Seguradora on 12.10.2001;
- (12) Investment sold to Caixa Holding S.A. on 08.01.2000;
- (13) Investment purchased on 01.19.2001;
- (14) a) Sundry Creditors,
b) Loans with Companies of the Conglomerate,
c) Securities, Credits and Amounts Receivable;
- (15) a) Revenue from Properties Rented and other Administrative Expenses,
b) Financial Expenses,
c) Financial Income,
- (16) Includes non-operating adjustments arising from the interest variation, of which,
a) R\$ 33,745 (US\$ 14,543) relates to expense,
b) R\$ 2 (US\$ 0.86) relates to revenue,
c) R\$ 1,722 (US\$ 742) relates to revenue,
d) R\$ 588 (US\$ 253) relates to expense and,
e) R\$ 138 (US\$ 59) relates to expense,
- (17) Includes total exchange variation, of which R\$ 8,728 (US\$ 3,761) relates to expenses in 2001 and R\$ 2,413 of revenue in 2000,
- (18) a) R\$ 6,060 relates to expense,
b) R\$ 317 relates to revenue,
c) R\$ 4 relates to expense and,
d) R\$ 3,167 relates to expense,

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000

[Index](#)

Note 9 - Financial Instruments *(In thousands 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 operations, 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:

	<u>MEMORANDUM ACCOUNTS</u>			<u>BALANCE SHEET ACCOUNT</u>		
	<u>NOTIONAL VALUE</u>			<u>AMOUNTS RECEIVABLE/RECEIVED</u>		
				<u>(PAYABLE/PAID)</u>		
	<u>Consolidated ITAÚSA</u>			<u>Consolidated ITAÚSA</u>		
	12.31.2001		12.31.2000	12.31.2001		12.31.2000
	R\$	US\$	R\$	R\$	US\$	R\$
Future contracts	40,054,207	17,261,768	15,231,359	(9,990)	(4,305)	38,874
Purchase commitments	19,550,827	8,425,628	4,515,275	(129,956)	(56,006)	(8,911)
Commitment to sell	20,503,380	8,836,140	10,716,084	119,966	51,701	47,785
Swap contracts				(125,047)	(53,890)	4,019
Asset position	12,971,567	5,590,229	11,960,741	429,703	185,185	155,345
Liability position	13,096,614	5,644,119	11,956,722	(554,750)	(239,075)	(151,326)
Option contracts	5,040,474	2,172,243	2,344,693	(45,383)	(19,558)	(71,374)
Purchase – purchased position	1,498,870	645,953	817,826	(49,724)	(21,429)	(39,528)

Sales – purchased position	1,987,002	856,319	554,554	(56,862)	(24,505)	(78,629)
Purchase – sold position	272,583	117,472	248,648	3,445	1,485	8,659
Sales – sold position	1,282,019	552,499	723,665	57,758	24,891	38,124

Future contracts, swaps and options have the following maturity dates:							
						TOTAL	
CONSOLIDATED ITAÚSA		0 - 30	31 - 180	181 - 365	Over 365	12.31.2001	12.31.2000
Future	R\$	3,329,076	17,522,007	8,210,052	10,993,072	40,054,207	15,231,359
	US\$	1,434,699	7,551,287	3,538,206	4,737,576	17,261,768	
Swaps	R\$	1,170,719	4,473,430	3,463,936	3,433,779	12,541,864	11,805,396
	US\$	504,533	1,927,870	1,492,818	1,479,823	5,405,044	
Options	R\$	1,614,746	2,017,792	894,770	513,166	5,040,474	2,344,693
	US\$	695,891	869,588	385,610	221,154	2,172,243	

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

	Book Value			Market Value			Unrealized income (loss) (1)		
	12.31.2001		12.31.2000	12.31.2001		12.31.2000	12.31.2001		12.31.2000
	R\$	US\$	R\$	R\$	US\$	R\$	R\$	US\$	R\$
Short-term interbank investment	10,070,016	4,339,776	8,725,295	10,095,103	4,350,587	8,730,590	25,087	10,811	5,295
Securities and derivatives	20,132,938	8,676,495	20,805,814	20,902,725	9,008,242	21,787,276	769,787	331,747	981,462
Loan operations	24,080,752	10,377,845	19,002,569	24,004,561	10,345,010	19,009,738	(76,191)	(32,835)	7,169
Investment in BPI	280,778	121,004	258,171	451,660	194,647	595,723	170,882	73,643	337,552
Other investments	408,079	175,866	376,820	406,865	175,343	378,770	(1,214)	(523)	1,950
Funds raised by subsidiary companies	53,519,591	23,064,812	49,072,886	53,469,951	23,043,420	48,965,373	49,640	21,393	107,513
Borrowings	922,015	397,352	989,129	922,015	397,352	982,496	-		6,633
Treasury shares	265,690	114,502	320,461	440,675	189,913	527,951	174,985	75,412	207,490

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 10 - Assets Revaluation – CVM Resolution 183 *(in thousands of reais)*

The management of ITAÚSA and its subsidiary and affiliated companies chose to adopt the method of restated cost in the valuation of their assets. Revaluations carried out by subsidiary companies in prior years were recorded net of taxes and contributions, as mentioned in alternative "b" of item 68 of CVM Resolution 183/1995.

Realizations of such reserves have not generated significant accounting, corporate and tax effects.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000

[Index](#)

Note 11 - Extraordinary Results (In thousands of reais)

For a better analysis of the financial statements of the period, non-recurring income and expenses, net of related taxes (income taxes and social contribution), have been segregated in extraordinary results accounts, including the following:

	Individual		Parent company		Minoritary		Conglomerate	
	R\$	US\$	R\$	US\$	R\$	US\$	R\$	US\$
Non-operating gains ("la Caixa") pursuant to material event notice published on February 2, 2001 (1)	227,360	97,983	227,360	97,983	1,910	823	229,270	98,806
Non-operating loss arising from the acquisition of treasury shares by Itaú	(145,258)	(62,600)	(145,258)	(62,600)	(1,146)	(494)	(146,404)	(63,094)
Telefónica transaction (2)	<u>211,690</u>	<u>91,230</u>	<u>211,690</u>	<u>91,230</u>	<u>237,066</u>	102,166	<u>448,756</u>	<u>193,396</u>
Gain on variation of equity interest pursuant to material event notice published on June 12, 2001	215,943	93,063	215,943	93,063	241,830	104,219	457,773	197,282
Administrative expenses on transaction	(4,253)	(1,833)	(4,253)	(1,833)	(4,764)	(2,053)	(9,017)	(3,886)
Other adjustments recorded through equity in earnings (3)	25,826	11,130	25,826	11,130	77,771	33,516	103,537	44,620
Amortization of goodwill in subsidiary companies (4)	-	-	(268,889)	(115,880)	(296,656)	(127,846)	(565,545)	(243,728)
Extraordinary result	319,618	137,743	50,729	21,862	18,885	8,138	69,614	30,000

(1) Resulting from the transaction carried out with Caja de Ahorros Y Pensiones de Barcelona ("la Caixa") which according to the Material Event Notice published on 02.15.2001 by ITAÚSA, increased even further the relationship started in the past by increasing the former's stake in Itaú to 3% of capital, represented both by common and preferred shares.

(2) Resulting from an agreement signed on 06.12.2001 by the subsidiary Itaú and the Telefónica Group, aiming at the development of a partnership for the operation of the Itaú telecommunications corporate network, through investments by that group in Itaú Group companies which own the assets necessary to operate the network, which will allow ITAÚ to render quality services at competitive prices.

- (3) Resulting from non-recurring items at subsidiaries, including the following:
- (a) CVS securities issued by the National Treasury Secretariat and used for payment of the purchase of BEG;
 - (b) Recording of deferred tax asset not previously recorded by BEG;
 - (c) Provision for coverage of technical deficit of the Employees Pension Fund of BEG – PREBEG;
 - (d) Reversal of excess actuarial provision at Banestado;
 - (e) Reimbursement from Crédit Lyonnais, based on an agreement, in relation to labor-related contingencies recorded in results for the year; and
 - (f) Provisions for restructuring.
- (4) Resulting basically from the acquisition by subsidiary Itaú of Banco do Estado de Goiás S.A. and of Lloyds TSB Asset Management S.A.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 12 - Reclassification for Comparability Purposes *(In thousands of reais)*

The foreign exchange effects on foreign investments have been classified in various income and expense accounts, pursuant to the nature of the respective balance sheet accounts.

In order to make the December 31, 2001 financial statements comparable, the following balances of the period from January 1 to December 31, 2000 have been reclassified:

	12.31.2000		
	Previously disclosed	Reclassification	Reclassified balances
Operating Revenues	17,385,901	567,762	17,953,663
Operating Expenses	(14,661,360)	(611,615)	(15,272,975)
Operating income	2,724,541	(43,853)	2,680,688
Non-operating income	(55,493)	(453)	(55,946)
Income before taxation on profit and holdings	2,669,048	(44,306)	2,624,742
Income tax and social contribution due on operations for the period	(449,257)	44,306	(404,951)
Net income	1,883,947		1,883,947

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 13 - 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 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\$ 42 (R\$ 239 in 2000) in ITAÚSA and R\$ 30,627 (R\$ 76,071 in 2000) in ITAÚSA CONSOLIDATED. 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\$ 4,411 (R\$ 1,141 in 2000). 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 December 31, 2001, which take into consideration the actuarial liabilities, calculated according to CVM Resolution 371/2000, as it relates to the revision of actuarial models and assumptions in relation to those established in the Technical Notes of the plans, which were not recognized by the sponsors:

	12.31.2001	
	R\$	US\$
Net assets of the plans	5,079,857	2,189,216
Actuarial liabilities	(4,828,666)	(2,080,963)
Excess	251,191	108,253

The main assumptions used in the actuarial evaluation are:

Discount rate	10.24% a.a.
Estimated rate of return of assets	12.32% a.a.
Future salary increase	8.16% a.a.
Increase in social security benefits and limits	4.00% a.a.
Inflation	4.00% a.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\$ 60,070 to cover possible actuarial insufficiencies.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 14 - Additional Information *(In thousands of reais)*

a) Insured assets

Although they have a reduced risk level due to no physical concentration of their assets, ITAÚSA and its subsidiary companies have a policy to insure their assets at amounts considered sufficient to cover eventual claims (fire and robbery).

b) Guarantees given by ITAÚSA

Guarantees are represented by surety, collateral and other agreements, as follows:

	12.31.2001		12.31.2000
	R\$	US\$	R\$
Duratex	230,030	99,134	218,377
Elekeiroz	33,379	14,385	29,128
Itautec Philco	96,563	41,615	4,201
Elekpart	-	-	436
Itaú Turismo	-	-	<u>113</u>
TOTAL	359,972	155,134	252,255

c) Taxes and contributions

ITAÚSA CONSOLIDATED paid or recorded provision for taxes and contributions in the amount of R\$ 2,287,492 - US\$ 985,818 (R\$ 1,967,887 for the year 2000), incurred on profits, revenues and payroll. In addition, the amount of R\$ 3,763,097 - US\$ 1,621,745 (R\$ 3,112,382 for the year 2000) was retained from customers and paid on financial intermediation transactions.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)



Note 15 - Assets and Liabilities in Foreign Currency *(In thousands of reais)*

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

	12.31.2001		12.31.2000
	R\$	US\$	R\$
Permanent foreign investments	4,693,689	2,022,793	3,842,118
Net amount of other assets and liabilities in foreign currency, including derivatives (*)	(1,964,990)	(846,832)	(1,315,987)
Net foreign exchange position	2,728,699	1,175,961	2,526,131

(*) Includes a portion of the amount offered by the subsidiary Itaú for the holding of 99.975% in Banque Sudameris, equivalent to the stockholders' equity of Banco Sudameris Brasil plus goodwill.

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000



[Index](#)

Note 16 - Statement of Cash Flow (In thousands of reais)

We present below the Statement of Cash Flow prepared based on the Indirect Method

	ITAÚSA			ITAÚSA CONSOLIDATED		
	1º.01 to 12.31.2001	US\$	1º.01 to 12.31.2000	1º.01 to 12.31.2001	US\$	1º.01 to 12.31.2000
Operating activities						
Net income	1,402,672	604,496	896,713	1,182,829	509,752	882,455
Allowance for devaluation of securities	4,373	1,885	4,240	(17,754)	(7,651)	10,114
Allowance for loan losses	-	-	-	1,448,109	624,077	775,024
Changes in technical provisions of insurance, private pension and capitalization	-	-	-	865,044	372,800	683,377
Deferred income tax receivable	3,212	1,384	283	(252,707)	(108,907)	(1,995,418)
Allowance for devaluation of assets	-	-	-	(34,787)	(14,992)	(52,045)
Amortization of goodwill	4,632	1,996	685	630,966	271,921	1,396,874
Equity in the losses of subsidiary and associated companies	(716,482)	(308,775)	(710,242)	(10,195)	(4,394)	(61,907)

Gain/loss on translation of currency	-	-	-	(6,383)	(2,751)	10,577
Extraordinary income in subsidiary companies	(319,618)	(137,743)	61,264	-	-	-
Allowance for losses with other investments	-	-	-	208	90	1,106
Depreciation and amortization	619	267	594	584,858	252,051	506,305
Minority interest	-	-	-	1,301,028	560,691	1,001,492
Changes in assets and liabilities						
(Increase) decrease in short-term interbank investments	-	-	-	(1,346,265)	(580,187)	(1,485,159)
(Increase) decrease in securities	(258,095)	(111,229)	70,880	493,446	212,656	(6,268,953)
(Increase) decrease in interbank accounts of subsidiary companies	-	-	-	(723,263)	(311,698)	138,537
(Increase) decrease in credit operations	-	-	-	(6,410,593)	(2,762,710)	(5,644,735)
(Increase) decrease in rentals and leasings	-	-	-	(410,113)	(176,742)	(420,925)
(Increase) decrease in inventories	-	-	-	(34,184)	(14,732)	(100,205)
(Increase) decrease in accounts and trade notes receivable	(97,917)	(42,198)	(56,926)	(4,574,948)	(1,971,620)	(2,851,937)

(Increase) decrease in prepaid expenses	228	98	135	(178,772)	(77,044)	(25,827)
(Increase) decrease in technical provisions of insurance, private pension and capitalization	-	-	-	(403,408)	(173,853)	(191,278)
(Increase) decrease in accounts payable and other liabilities	68,044	29,324	63,224	4,869,601	2,098,604	4,082,125
(Increase) decrease in deferred income	-	-	-	28,915	12,461	12,673
Net cash provided by (used for) operating activities	91,668	39,505	330,850	(2,998,368)	(1,292,178)	(9,597,730)
Investment activities						
Interest attributed to own capital/dividends received	288,975	124,536	26,090	-	-	9,443
Sale of investments	135,957	58,592	137,092	31,614	13,624	218,676
Sale of property and equipment in use	-	-	-	189,691	81,749	59,223
Decrease in deferred charges	-	-	-	6,448	2,779	8,146
Acquisition of investments	(128,119)	(55,214)	(124,067)	(63,347)	(27,300)	(315,971)
Goodwill on the acquisition of investments	(8)	(3)	(55,573)	(621,695)	(267,926)	(1,383,366)

Purchase of property and equipment and forest resources	(352)	(152)	(255)	(861,940)	(371,462)	(740,362)
Deferred charges	-	-	-	(157,208)	(67,750)	(131,796)
Changes in minority interest	-	-	-	(339,007)	(146,099)	(114,150)
Net cash provided by (used for) investment activities	296,453	127,759	(16,713)	(1,815,444)	(782,385)	(2,390,157)
Financing activities						
Increase (decrease) in funds borrowed by subsidiary companies - foreign currencies	-	-	9,204	2,416,879	1,041,579	284,725
Increase (decrease) in funds borrowed by subsidiary companies - local currency	-	-	(78,849)	678,364	292,348	6,009,344
Increase (decrease) in funds borrowed by subsidiary companies - open market	-	-	-	1,351,373	582,388	6,109,408
Increase (decrease) in loans payable - foreign currencies	(150,247)	(64,750)	-	(167,693)	(72,269)	84,575
Increase (decrease) in loans payable - local currency	4,521	1,948	-	100,579	43,346	(8,698)

Increase (decrease) in subordinate debt payables	-	-	-	1,432,831	617,493	-
Dividends paid to minority interest	-	-	-	(463,978)	(199,956)	(342,173)
Capital increase	151,939	65,480	88,500	151,939	65,480	88,500
Shares subscription	378	163	173	378	163	173
Interest attributed to own capital paid and/or accrued	(394,713)	(170,106)	(333,164)	(394,713)	(170,106)	(333,163)
Net cash provided by (used for) financing activities	(388,122)	(167,265)	(314,136)	5,105,959	2,200,466	11,892,691
Increase (decrease) in cash and cash equivalents, net	(1)	-	1	292,147	125,903	(95,196)
Cash and cash equivalents at the beginning of the period	2	1	1	1,666,261	718,092	1,761,457
Cash and cash equivalents at the end of the period	1	0	2	1,958,408	843,995	1,666,261
Increase (decrease) in cash and cash equivalents, net	(1)	-	1	292,147	125,903	(95,196)

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000

[Index](#)

Report of Independent Accountants on the Limited Review

Report of Independent Accountants

March 15, 2002

To the Board of Directors and Stockholders

Itaúsa – Investimentos Itaú S.A.

1. We have audited the accompanying financial statements of Itaúsa - Investimentos Itaú S.A. and subsidiary companies as of December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
2. We conducted our audit in accordance with approved Brazilian audit standards which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audits taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the Company and subsidiary companies, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements and (c) assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

3. In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of Itaúsa - Investimentos Itaú S.A. (Company) and of the Company and subsidiary companies (consolidated) at December 31, 2001 and the results of operations, the changes in stockholders' equity and the changes in financial position of the Company for the year then ended, as well as the consolidated result of operations and the consolidated changes in stockholders' equity for the year then ended, in conformity with the accounting principles determined by Brazilian corporate legislation.

4. The accompanying accounting information at December 31, 2001 expressed in U.S. dollars has been translated from the accounting information expressed in Reais, on the basis described in Note 4(b). This translation should not be construed as representing that the amounts in Reais actually represent or have been, or could be, converted into U.S. dollars.

5. The audit of the financial statements as of and for the year ended December 31, 2000, presented for comparison purposes, was conducted by other independent accountants, who issued their unqualified report dated March 8, 2001.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Ricardo Baldin
Partner
Contador CRC 1SP110374/O-0

Itaúsa - Investimentos Itaú S.A.

Financial Statements

Years Ended on December 31, 2001 and 2000

[Index](#)

Opinion of the Fiscal Council

The elected members of the Fiscal Council of ITAÚSA – INVESTIMENTOS ITAÚ S.A., having examined the annual report and the financial statements for the fiscal year ended on December 31 2002, have verified the accuracy of all the elements thereof and are satisfied that they adequately reflect the assets and liabilities of the Company, its financial situation and the activities undertaken during this period, and recommend that the same be approved by the Company's Administrative Council.

São Paulo-SP, March 18 2002..

José Marcos Konder Comparato

Geraldo de Camargo Vidigal

Luiz Eduardo Franco de Abreu