



ITAÚSA

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Financial Statements  
March 31, 2004

## ITAÚSA INVESTIMENTOS ITAÚ S.A.

### MANAGEMENT REPORT – 1ST QUARTER OF 2004

#### To our Stockholders

We are pleased to present the Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the first quarter of 2004, which have been prepared in accordance with Corporate Legislation and the regulations of the Brazilian Securities Commission (CVM). They also have the favorable opinion of the Fiscal Council.

#### THE ECONOMY

In the first quarter of 2004, the economy maintained its recovery trend, although not at the same pace as in the fourth quarter of 2003. Recovery was possible thanks to the decrease in interest rates and the continuous expansion of foreign trade and the recovery, although limited, of workers' income.

The decrease in Brazil's base rate (SELIC) to 16.25 percent at the end of March 2004, from 26.5 percent in July 2003 was possible because of a drop in inflation to 5.9 percent in March 2004, from a peak of 17.2 percent for the twelve-month period ended March 2003, as measured by the Broad Consumer Price Index (IPCA) of the Brazilian Statistics Institute (IBGE). Both sales indicators and production indicators have increased when compared with the same period in 2003. Industrial production increased 2.7 percent and retail sales 5.6 percent in the first two-month period of 2004.

The external sector was, undoubtedly, the great highlight in the first three months of the year. Foreign sales amounted to US\$ 19.4 billion, an increase of almost 30 percent in relation to the same period last year. As a result, the trade balance posted a surplus of US\$ 6.2 billion in the quarter, 63 percent higher than in same quarter in 2003.

The good performance of foreign trade is a result of a stable foreign exchange rate – closing March at R\$/US\$ 2.907, which is very similar to the R\$/US\$ 2.889 rate in December 2003 – and the increase in the world GDP, which according to the IMF should achieve 4.6 percent in 2004, above the 4 percent estimated in December 2003.

Investment is also recovering, as evidenced by the increased production of capital goods and the sale of civil construction inputs. The consolidation of the economic recovery will certainly depend on the recovery of the investment levels in 2004.

The decrease in interest rates triggered a demand expansion process, with positive effects on industrial production. However, in civil construction these effects are still not apparent. The relatively competitive foreign exchange led to the expansion of the manufacturing and agribusiness industries focusing on foreign trade.

Overall, industrial production grew 2.7% in the first two-month period, as compared to the same period last year. The mining industry grew 2.4% in 2003, and dropped 0.2% in the first quarter. The electric products and electronics industry posted a significant increase, especially in the brown products line, 29.5%, and electronics and communication sets, 21.1%; finally, the white products line increased 3.9%. Furniture production shrunk 0.9% in the first two-month period, which had an adverse impact of wood panel domestic sales. The production of chemicals increased 5.8%, benefiting from the 8.1% increase in the fertilizer industry, fostered by the farming boom in the year.

Civil construction posted negative results, with a 3.9% decrease in the production of industry inputs in the first two-month period. The recovery of this industry depends on recovering income and employment. The expected improvement of these conditions and the deployment of loan policies to stimulate mortgage financing in the coming year allow us to foresee a reversal of this adverse scenario in the coming quarters.

## MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

R\$ thousand

	Parent company		Minority stockholders		Conglomerate	
	3/31/2004	3/31/2003	3/31/2004	3/31/2003	3/31/2004	3/31/2003
<b>Total net income</b>	<b>479.546</b>	<b>335.765</b>	<b>477.416</b>	<b>378.617</b>	<b>956.962</b>	<b>714.382</b>
Recurring net income	477.285	620.858	474.833	662.935	952.118	1.283.793
Extraordinary results	2.261	(285.093)	2.583	(284.318)	4.844	(569.411)
Stockholders' equity	<b>7.920.514</b>	<b>6.651.932</b>	<b>7.444.698</b>	<b>6.050.605</b>	<b>15.365.212</b>	<b>12.702.537</b>
<b>Annualized return (net income/stockholders' equity) (%)</b>	<b>26,51</b>	<b>21,77</b>	<b>28,23</b>	<b>27,48</b>	<b>27,34</b>	<b>24,47</b>
Dividends/Interest on own capital	<b>131.236</b>	<b>142.743</b>	<b>131.879</b>	<b>171.837</b>	<b>263.115</b>	<b>314.580</b>

## MAIN FINANCIAL INDICATORS

	3/31/2004	3/31/2003	Change %
<b>Net income per thousand shares – R\$</b>			
Net income	150,10	106,63	40,77
Book value	2.479,19	2.112,53	17,36
Price of Common Share (ON) (1)	3.777,50	2.006,32	88,28
Price of Registered Preferred Share (PN) (1)	3.383,48	3.273,33	3,37
Market capitalization (2) - R\$ thousand	11.276.285	7.782.265	44,90

(1) Based on the average quotation for March.

(2) Calculated based on the average quotation of shares in March.

## MAIN INDICATORS OF THE COMPANIES CONTROLLED BY ITAÚSA

R\$ thousand

	1st Quarter	FINANCIAL AND INSURANCE AREA		INDUSTRIAL AREA			CONSOLIDATED/ CONGLOMERATE (2)
		Banco Itaú Holding Consolidated	Seguros Previdência e Capitalização (1)	Duratex	Itautec Philco	Elekeiroz	
Total assets	<b>2004</b>	<b>126.979.342</b>	<b>11.939.918</b>	<b>1.783.199</b>	<b>966.265</b>	<b>456.170</b>	<b>130.695.817</b>
	2003	113.097.647	7.346.205	1.617.161	928.816	459.834	116.583.288
Operating revenue (3)	<b>2004</b>	<b>7.384.376</b>	<b>1.636.540</b>	<b>250.290</b>	<b>336.068</b>	<b>143.172</b>	<b>8.203.448</b>
	2003	6.170.182	1.179.239	248.716	312.480	153.852	6.933.361
Net income	<b>2004</b>	<b>876.152</b>	<b>200.027</b>	<b>11.307</b>	<b>5.952</b>	<b>10.723</b>	<b>956.962</b>
	2003	714.162	166.022	20.509	10.127	17.149	714.382
Stockholders' equity	<b>2004</b>	<b>12.478.374</b>	<b>2.912.362</b>	<b>927.500</b>	<b>317.387</b>	<b>246.156</b>	<b>15.365.212</b>
	2003	9.983.392	1.940.759	912.321	315.992	222.441	12.702.537
Annualized profitability (Net income/ Stockholders' equity) (%)	<b>2004</b>	<b>31,18%</b>	<b>30,43%</b>	<b>4,97%</b>	<b>7,71%</b>	<b>18,60%</b>	<b>27,34%</b>
	2003	31,83%	38,86%	9,30%	13,45%	34,59%	24,47%
Internal fund raising (4)	<b>2004</b>	<b>1.898.097</b>	<b>676.068</b>	<b>30.715</b>	<b>22.386</b>	<b>18.275</b>	<b>1.999.113</b>
	2003	2.127.511	400.035	36.240	26.861	26.204	2.163.738

(1) Data related to insurance, pension plan and capitalization companies, consolidated in Banco Itaú Holding Financeira 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 transactions.

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

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

(4) Covers resources arising from operations:

- plus expenses from allowance for loan losses;
- not taking into consideration changes in 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.

## FINANCIAL AND INSURANCE AREAS

### Banco Itaú Holding Financeira

Banco Itaú Holding Financeira S.A. (Itaú) is the organization responsible for controlling all activities of the Itaúsa conglomerate related to the financial services area. Its main subsidiaries are Banco Itaú S.A., operating in all main financial market segments, and Banco Itaú-BBA S.A., specialized in rendering services to large companies.

In the first quarter of 2004, Itaú has maintained its profitability of the last financial years, showing a capacity to adapt to different microeconomic scenarios.

Consolidated net income was R\$ 876 million, with an annualized profitability of 31.2%.

Consolidated stockholders' equity of R\$ 12,478 million increased 5.0% in the quarter. Itaú's market capitalization reached R\$ 31,227 million, the highest amongst Latin American banks, which represents an increase of 2.5% as compared to December 2003.

Itaú consolidated assets reached R\$ 126,979 million, increasing 12.3% as compared to the first quarter of 2003. The loan portfolio reached R\$ 44,756 million. The small business and middle market portfolio increased 11.7 percent as compared to the previous quarter.

Total funds increased by 7.8%, reaching R\$ 196,835 million.

In the quarter, we highlight new awards. Itaú was considered the Best bank of 2003, in Brazil, Argentina, and Mexico by the Emerging Markets Magazine and Best Bank in Brazil by the Global Finance Magazine. We highlight also the inclusion of Itaú amongst the ten highest impact brands in Latin America in 2003, according to the on-line Magazine Brandchannel.com and the Customer Service Excellence Award, in the Retail Bank and Credit Card categories, granted by the Consumidor Moderno Magazine.

At the Extraordinary and Ordinary General Meeting, held on April 28, 2004, the stockholders of Banco Itaú Holding Financeira approved a reverse split of capital shares, in the proportion of 1,000 shares to one (1) share of the respective type (common and preferred), and every 2 (two) ADR's or 1 (one) CEDEAR will correspond to 1 (one) preferred share.

In the same General Meeting established a single Audit Committee for the Itaú Financial Conglomerate, through the transformation of the current Committee of Internal Controls, increasing its objectives and purposes, following the rules in Resolution 3081 of the National Monetary Council and the Sarbanes-Oxley Act of the U.S. Congress. In order to form this committee, three independent members were assigned in relation to the executive body: the board member Carlos da Câmara Pestana, as Chairman of the Committee, and the board members Alcides Lopes Tápias and Tereza Cristina Grossi Togni, the latter as an expert of the Committee, due to her respected knowledge in the accounting and auditing areas.

### Insurance, Pension Plans and Capitalization

On December 30, 2003, the Private Insurance Superintendence (SUSEP) approved the acquisition of AGF Vida e Previdência – including its private pension fund portfolio – by Itaú Previdência e Seguros S.A. and the acquisition of the Life portfolio of AGF Brasil Seguros by Itaú Seguros S.A.

Itaú Previdência e Seguros S.A. experienced an increase of 14.4% in income from premiums issued for life insurance, as compared to the first quarter of 2003. Income reached R\$ 84 million.

Itaú Seguros obtained an increase of 5.1% in premiums earned, as compared to the first quarter of 2003. Furthermore, it continued as the leader in the residential insurance portfolio, with 15.6% market share. The combined ratio improved 2.9 percentage points in the first quarter of 2004 as compared to the same period in the previous year, mainly due to lower administrative costs.

At the end of the quarter, the Itauvida Mulher insurance was launched, with approximately 9,000 thousand policies sold in less than one month, which together with Viva Mulher Itaú, launched by Itaú Seguros in 2003, becomes another product directed to women.

The table below shows the performance of insurance companies, pension plans and capitalization companies.

*R\$ Million*

	Itauseg (1)		Itauprev (1)		Itaucap (1)		Consolidated (1)		Change (%)
	1st Q/04	1st Q/03	1st Q/04	1st Q/03	1st Q/04	1st Q/03	1st Q/04	1st Q/03	
Net income	43	59	52	43	41	41	136	143	(4,8)
Stockholders' equity	1.079	899	285	129	591	168	1.955	1196	63,6
Annualized return (%)	16,7	29,0	96,0	213,1	31,1	140,6	30,9	57,1	-
Premiums earned and revenues from pension plans and capitalization	381	306	93	80	52	50	526	436	20,8
Technical provisions	997	866	6.366	3.032	957	906	8.320	4.804	73,2

(1) Shareholdings in other businesses were eliminated.

(2) In Itauprev, it includes life insurance provisions.

## ITAÚSA PORTUGAL

The holding company Itaúsa Portugal, concentrates the conglomerate's financial activities in the European Union. At the end of the quarter, its consolidated assets totaled €2.3 billion, an increase of 8.6% as compared to the same period in 2003. Net income reached €8 million, with an annualized return of 10.7% on consolidated stockholders' equity of €305 million.

This quarter, Banco Itaú Europa posted consolidated net income of €8.2 million, 46 percent higher than in the same period of 2003. These results reflect the diversification and the solid financial margin obtained with trading activities, with a major contribution from the capital markets, treasury, and private international banking activities, in addition to the stake in BPI - Banco Português de Investimentos.

Itaú Europa continued to post a high capitalization index, with stockholders' equity of €315 million. Solvency and liquidity indices at the end of the period reached 24 percent and 60 percent, respectively, confirming a high financial soundness. The Bank's consolidated assets reached €2.3 billion, an 18 percent growth as compared to the same period in 2003. This increase is due to the important contribution of the different Bank portfolios, in particular foreign trade transactions, which totaled approximately US\$ 470 million. Most portfolios consist of structured financing to Brazilian exports and European companies with investments in Brazil.

Businesses in the capital market and private banking posted major growth contributing significantly to the increase and the diversification of banking products. In line with this progress, Itaú Europa has been successful in increasing its customer base and product offer.

The affiliate Banco BPI S.A., which is the holding company of one of the most important Portuguese banking groups, in which the Itaú conglomerate holds an interest of 16.1%, presented at the end of the quarter, consolidated assets of €23.9 billion and net income of €48.5 million.

## INDUSTRIAL AND REAL ESTATE AREA

### Duratex

Despite the economic turmoil, Duratex recorded R\$ 328.1 million in consolidated revenues, a 17% increase as compared to the same period in 2003. Exports increased 32%, totaling US\$ 13.0 million.

Operating results of Duratex posted a reduction of 11%, reaching R\$ 35.9 million and EBITDA of R\$ 53.7 million.

Net income reached R\$ 11.3 million, corresponding to an operating cash generation before financial result of R\$ 56.0 million.

This quarter, Duratex preferred shares decreased 7.2% as compared to the closing quotation in December 2003. The traded volume totaled 1.3 billion shares corresponding to R\$ 103.7 million, a 111% and 225% increase as compared to the same period in the previous year.

Duratex generated a value added of R\$ 143.6 million, which represents a 78% value added to costs of purchase of raw materials, services, depreciation, and amortization.

The Wood Division posted a sales volume 26% higher than in the same period in 2003. This increase was a result of the beginning of operation of a new production line of Botucatu of MDF/HDF/SDF of eucalyptus, which is still very concentrated in standard products.

Deca Division sales volume was identical to the volume sold in the first quarter of 2003. The recovery in average price offset the increase in costs of raw materials and inputs resulting in an improvement of the operation's margins.

As recognition of the innovation and the design that characterize its products, Deca received in March the IF Design Awards 2004, in Hannover (Germany) the world's most important award in this area. The product awarded was the sink with hidden drain.

The Resource Investment Plan totaled R\$ 37.9 million. The main investments made in fixed assets reached R\$ 32.4 million. We highlight in this amount the continuity of the infrastructure works intended to expand the Ceramics II plant, in Jundiá (SP), which will allow to add up a production capacity of 980,000 components a year; the completion of the assembly of the special particleboard production equipment, which will offer a better finishing to furniture manufacturers, optimizing paint consumption; and the completion of the assembly of the low pressure (LP) coating line, in Botucatu.

### **Itautec Philco**

This quarter, gross sales and services revenues of Itautec Philco reached R\$ 393.8 million, 17.2% higher than in the previous year. Gross profits were R\$ 14.6 million higher than the first quarter of 2003. However, this gain was absorbed by the increase in operating expenses derived from salary increases prescribed by collective bargaining agreements, and the increase in government-regulated prices. Net income reached R\$ 6.0 million, representing 1.8% of net revenues. Accumulated operating cash generation was R\$ 45.5 million and EBITDA R\$ 31.8 million.

This company's Resource Investment Plan (PAR) totaled R\$ 27.0 million in the quarter, of which we highlight the R\$ 13.4 million invested in technology development.

In March, Itautec participated in Cebit 2004 and was awarded, for the third year in a row, the If Design awarded, this time for the product Mini Cash, which will remain in exhibition at the Fair Center in Hanover. This award is the most significant international design recognition.

The Bank Automation Business Unit (BU) shipped 1,514 ATMs in the quarter, a volume 82% higher than in the same period in 2003.

The Commercial Automation BU conquered new customers: two of the largest department store chains and three supermarket chains. This BU shipped 3,041 pieces of equipment in the quarter, against 1,298 shipped in the same period in 2003.

Consolidated gross revenues of the Itec BU, which comprise the Brazilian and Argentine operations, was 39% higher than the gross revenues earned in the same period in 2003, totaling R\$ 10.6 million.

The main highlight of the e-Business Solutions BU was the development and deployment of wireless solutions for a major Brazilian supermarket chain. This solution permits controlling inventories and surveying prices using mobile devices (PDAs).

In the IT area, we highlight the launching of the InfoWay Multidesk, which allows up to five users to share a single CPU. This launch is part of the Digital Inclusion program of Itautec and its benefits include low cost by workstation. In the period, this company shipped 32,687 machines, a volume 44.9% higher than in the same period in 2003.

Gross revenues of the Services area reached R\$ 53.7 million, a 1.7% increase as compared to the first quarter of 2003. This small growth reflects the massive increase in taxation by the Government in the period.

At Philco, shipments totaled 206,000 products, a 32% increase as compared to the first quarter of 2003. In the high-end segment, Philco shipped 23.9 thousand products, which represents an increase of more than 400%.

The semiconductors area shipped 178,000 memory modules, a 24.4% increase against 2003. Itaucom is launching DDRII memory modules, which will replace the current technology in the next two years.

The company shipped 109,000 sq. m. of boards, and exports maintained a 34% share of the area's total gross revenues, which reached R\$ 20.4 million, 27% higher than in 2003.

### Elekeiroz

Total shipments of Elekeiroz were 13% lower than in the first quarter of 2003, reaching 104,000 tonnes. Organic product shipments dropped 10% to 59,000 tonnes, while inorganic product shipments dropped 16% to 45,000 tonnes and exports by 5% to 14,300 tonnes. The significant increase in government-regulated prices and raw material prices were not passed on to customers due to market frailty. This resulted in an 11% decrease in the contribution of products sold, impacting the company's final results. Results for the period were also highly affected by the 16% decrease in average exchange rates in the first quarters of 2003 (US\$ 1.00 = R\$ 3.44) and 2004 (US\$ 1.00 = R\$ 2.90).

The studies developed since the acquisition of former Ciquine led to the preparation of a first investments program totaling R\$ 170 million for the coming two years. This program is focused on the technologic modernization, equipment renewal, and operating security of the acquired plants. According to the transaction approved in March, the Brazilian Development Bank (BNDES) will finance these long-term investments by lending R\$ 98 million.

Because of the downstream merger of Elekeiroz S.A. by subsidiary Ciquine Cia. Petroquímica, in July 2003, and the subsequent change of the resulting company's corporate name to Elekeiroz S.A., these company statutory statements present the 2003 comparative data of the merging company (former Ciquine).

In order to permit a better analysis, a pro forma statement was prepared comparing the annual balance sheet data with last year's consolidated balance sheet of Elekeiroz S.A. (merged company), which provides a better picture of the joint operation of both companies in that period.

R\$ million

	2004	2003	Change %
Gross revenues	176,9	184,6	(4)
Net revenues	143,2	153,8	(7)
Export revenues	28,6	35,1	(19)
Operating results	15,7	25,4	(38)
Net income	10,7	17,1	(37)
EBITDA	22,3	35,5	(37)

## **Itaúsa Empreendimentos**

In this quarter, property sales performance was below the expected, however the market is awaiting resumption in sales still in this year.

The Condomínio Ville Belle Époque, developed in partnership with AK Realty, had 65% of its units sold, since its launch in October 2002.

With 76 units available and construction expected for the second quarter, 59% of the units of the condominium Jardins do Portal have already been sold.

The sales volume of the Raposo Shopping mall grew 7.9% as compared to the first quarter of 2003. With an improved management, rents grew 9.0%, if compared to the same period of 2003.

## **SOCIAL RESPONSIBILITY**

### **Social and Cultural Performance**

Within the social and cultural scope, the performance of Fundação Itaú Social and Instituto Itaú Cultural deserves special attention.

In the first quarter of 2004, Fundação Itaú Social continued developing and supporting projects mainly directed to elementary education.

Highlights for the quarter include the launch of the 2nd edition of the "Prêmio Escrevendo o Futuro" ("Writing the Future Award") on March 29, and the start-up of the "Programa Melhoria da Educação do Município" ("Improvement of Municipal Education Program") in 116 municipalities in the interior of São Paulo.

The Itaú Voluntário Program, the objective of which is to motivate the participation of employees in community actions, is being implemented in all areas of the Central Management of Banco Itaú.

In the first quarter, Itaú Cultural presented two expositions, which received 66,482 visitors, with a strong emphasis on education.

A literature seminar to honor the 450th anniversary of the founding of the city of São Paulo was broadcasted worldwide via the Internet.

The institution's website includes the Encyclopedia of Visual Arts, the most complete survey of Brazilian artists containing 3 thousand biographies and images.

The institution's research work included the publication of the 2004-2005 edition of the planning and financing of cultural projects to discover talents and productive chains. The program will be called "Rumos" and will cover music and literature.

Itaú Cultural signed three partnerships with the State of Minas Gerais, through the largest and most important institution of local arts, with the Minas Television Network (to broadcast the Institute's programs) and with the State Education Secretariat for the development of public courses.

Also in the first quarter, the institution sent 5,400 minutes of programming to nine educational and community television stations, representing ten hours of television content. Four of these television stations are broadcasted to 920 affiliates throughout Brazil.

The institution also sent 3,348 CDs to 279 educational and cultural radio stations throughout Brazil.

## INDEPENDENT AUDITORS – CVM INSTRUCTION 381

The policy of Itaúsa – Investimentos Itaú S.A., its subsidiary companies, parent company or companies belonging to the same group for the engagement of non-audit services from our current independent auditors is based on the principles internationally accepted to preserve the independence of the auditor. These principles consist of: (a) the auditor should not audit his own work, (b) the auditor should not perform managerial roles for his client, and (c) the auditor should not promote the interests of its client.

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

## Subsequent Events

At the Extraordinary and Ordinary General Meeting, held on April 26, 2004, the stockholders of Itaúsa – Investimentos Itaú S.A. approved, among other matters:

- Cancellation of 13,000 common book entry shares and 31,958,000 preferred treasury shares of own issue (approximately 0.99% of capital), with no decrease in the capital value.
- Increase current capital from R\$ 3,500,000 thousand to R\$ 3,800,000 thousand, being:
  - R\$ 141,500 thousand, with no issue of shares, through capitalization of Revenue Reserves.
  - R\$ 158,500 thousand, through private subscription, with the issue of 58,703,704 new book entry shares with no nominal value (21,768,453 common shares and 36,935,251 preferred shares), at R\$ 2.70 per share, which should be paid up until June 7, 2004 in cash or offsetting credits arising from interest on own capital recorded by Itaúsa – Investimentos Itaú S.A.

## ACKNOWLEDGEMENTS

We thank our stockholders for their invaluable trust and support, which are essential for the continuous development of Itaúsa. To our clients, our acknowledgement for their trust and loyalty, which we try to pay back with quality and innovative products and services that can meet their needs. To our employees and associates, we also wish to express our appreciation for their endeavor and skilled fulfillment of their activities, which resulted in significant results for our organization and continuous improvement of our products and services.

**(Approved at the Meeting of the Administrative Council of May 10, 2004)**

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

(In thousands of reais)

ASSETS	3/31/2004	3/31/2003
<b>Current and long-term receivables</b>	<b>125,996,330</b>	<b>111,741,485</b>
Cash and cash equivalents	2,119,046	1,818,378
Interbank deposits	25,096,681	15,130,841
Securities and Derivative Financial Instruments	29,622,102	26,643,877
Interbank accounts of affiliates	9,362,498	10,715,946
Loan and leasing operations	38,870,862	39,713,637
(-) Allowance for loan losses	(3,103,399)	(3,128,110)
Inventories		
Products	467,434	449,279
Real estate	12,572	12,969
Other credits	22,433,075	19,397,013
(-) Allowance for loan losses	(85,691)	(88,748)
Other assets	290,775	321,911
Prepaid expenses	910,375	754,492
<b>Permanent assets</b>	<b>4,699,487</b>	<b>4,841,803</b>
Investments		
Investments in Subsidiaries and Affiliates	828,845	781,271
Other investments	141,426	134,932
Fixed assets		
Property for own use	3,268,506	3,404,372
Leased properties	70,425	97,610
Forest reserves	89,100	85,355
Deferred charges	301,185	338,263
<b>TOTAL ASSETS</b>	<b>130,695,817</b>	<b>116,583,288</b>

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

(In thousands of reais)

LIABILITIES	3/31/2004	3/31/2003
<b>Current and long-term liabilities</b>	<b>115,158,989</b>	<b>103,738,230</b>
Funds raised by affiliates		
Foreign currency	11,484,804	13,447,973
Domestic currency	40,057,449	43,619,831
Open market	21,395,553	11,417,344
Subordinated debts	4,854,649	4,965,667
Financial instruments and derivatives	881,692	1,282,790
Borrowings		
Foreign currency	402,580	493,403
Domestic currency	413,467	366,652
Dividends payable	450,300	526,041
Taxes and social security contributions	3,476,981	2,918,679
Provisions and accounts payable	21,602,462	17,466,608
Interbank accounts of affiliates	1,818,701	2,428,890
Technical provisions for insurance, pension plan and capitalization	8,320,351	4,804,352
<b>Deferred income</b>	<b>171,616</b>	<b>142,521</b>
<b>Minority interest in subsidiaries</b>	<b>7,444,698</b>	<b>6,050,605</b>
<b>Stockholders' equity from parent company</b>	<b>7,920,514</b>	<b>6,651,932</b>
Capital	3,500,000	3,000,000
Capital reserves	26,948	25,073
Revaluation reserves	51,634	52,703
Retained earnings	4,168,705	3,447,628
Adjustment to market value - securities and derivatives	268,689	126,528
(-) Treasury shares	(95,462)	-
<b>Stockholders' equity of the Itaúsa Conglomerate</b>	<b>15,365,212</b>	<b>12,702,537</b>
<b>TOTAL LIABILITIES</b>	<b>130,695,817</b>	<b>116,583,288</b>

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

	1/01 to 3/31/2004	1/01 to 3/31/2003
<b>OPERATING REVENUE</b>	<b>8,203,448</b>	<b>6,933,361</b>
<b>OPERATING EXPENSES</b>	<b>(6,679,966)</b>	<b>(4,933,118)</b>
<b>OPERATING INCOME</b>	<b>1,523,482</b>	<b>2,000,243</b>
<b>NON-OPERATING RESULT</b>	<b>(28,559)</b>	<b>(45,967)</b>
<b>INCOME BEFORE TAXATION ON PROFIT AND PROFIT SHARING</b>	<b>1,494,923</b>	<b>1,954,276</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>(441,546)</b>	<b>(582,851)</b>
Due on operations for the period	(521,095)	(552,623)
Deferred related to temporary differences	79,549	(30,228)
<b>EXTRAORDINARY RESULTS</b>	<b>4,844</b>	<b>(569,411)</b>
Parent company	2,261	(285,093)
Relating to minority interest in subsidiaries	2,583	(284,318)
<b>PROFIT SHARING</b>	<b>(101,259)</b>	<b>(87,632)</b>
Employees - Law 10,101 of 12/19/2000	(74,830)	(60,263)
Directors - Statutory - Law 6,404 of 12/15/1976	(26,429)	(27,369)
<b>NET INCOME RELATING TO MINORITY INTEREST OF SUBSIDIARIES</b>	<b>(477,416)</b>	<b>(378,617)</b>
<b>NET INCOME OF PARENT COMPANY</b>	<b>479,546</b>	<b>335,765</b>
Net income relating to minority interest of subsidiaries	477,416	378,617
<b>NET INCOME OF ITAÚSA CONGLOMERATE</b>	<b>956,962</b>	<b>714,382</b>
NUMBER OF OUTSTANDING SHARES - in thousands	3,194,794	3,148,803
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES - R\$	150.10	106.63
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES - R\$	2,479.19	2,112.53

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIODS ENDED MARCH 31, 2004 AND 2003**

*(In thousands of Reais)*

**NOTE 1 – OPERATIONS**

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

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

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

The consolidated financial statements are presented without the segregation between current and long-term, consistent with prior quarterly presentations.

Leasing transactions are stated at present value in the Balance Sheet and income and expenses are grouped in a single account in the Statement of Income, representing the financial result of these transactions.

**NOTE 3 – CONSOLIDATED FINANCIAL STATEMENTS**

The significant balances of balance sheet accounts and results, as well as the amounts of transactions between consolidated companies, were eliminated. Similarly, eliminations were made of unrealized results arising from operations between these companies, and the related taxes were deferred. The effects of foreign exchange variation on foreign investments are recorded in the Statement of Income, according to the nature of the corresponding balance sheet accounts.

In ITAÚSA, the goodwill recorded by the subsidiary Banco Itaú S.A. (ITAÚ), arising mainly from the purchases of Itaú-BBA S.A. (BBA), and AGF Vida e Previdência, and by the subsidiary IPI-Itaúsa Portugal Investimentos SGPS Ltda. of part of BPI, S.A., (BPI) shares, as well as own and other subsidiaries goodwill, are amortized based on expected future profitability (ten years), or realization of investments, in order to:

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

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

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

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

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

		Holding (%)	
		3/31/2004	3/31/2003
<b>FINANCIAL AREA</b>			
Banco Itaú Holding Financeira S.A.	(1)	46.67	46.66
Banco Itaú S.A.		46.67	46.66
Banco Itaú-BBA S.A.		44.69	44.68
Banco Banerj S.A.		46.67	46.66
Banco Banestado S.A.		46.67	45.45
Banco Bemge S.A.		46.67	46.59
Banco BEG S.A.		46.67	46.12
Banco AGF S.A.	(2)	46.67	-
Banco Fiat S.A.		46.67	46.66
Banco Itaú Buen Ayre S.A.		46.67	46.66
Banco Itaú Europa Luxembourg S.A.		89.54	89.54
Banco Itaú Europa S.A.		89.58	89.58
Cia. Itauleasing de Arrendamento Mercantil		46.67	46.66
Itaú Bank Ltd.		46.67	46.66
Itaú Corretora de Valores S.A.		46.67	46.66
Itaucard Financeira S.A. – Crédito, Financiamento e Investimento		46.67	46.66
Credicard S.A. – Administradora de Cartões de Crédito e Controladas	(3)	15.56	15.55
Redecard S.A.	(3)	14.91	14.91
Fiat Administradora de Consórcios Ltda.		46.67	46.66
Itaú Administradora de Consórcios Ltda.		46.67	46.66
Akbar - Marketing e Serviços Ltda e Controladas		44.69	44.68
Afinco Américas Madeira, SGPS, Sociedade Unipessoal Limitada		46.67	46.66
Itaúsa Export S.A.		88.15	88.14
Serasa S.A.	(3)	14.80	14.80
<b>INSURANCE, PENSION PLAN AND CAPITALIZATION</b>			
Itaú Seguros S.A.		46.67	46.66
Itaú Previdência e Seguros S.A.		46.67	46.66
Cia. Itaú de Capitalização		46.67	46.66
AGF Vida e Previdência S.A.	(4)	46.67	-
<b>WOOD AND CONSTRUCTION MATERIALS</b>			
Duratex S.A.	(1)	48.26	48.47
<b>TECHNOLOGY AND ELECTRONICS</b>			
Itautec Philco S.A.	(1)	94.22	94.22
<b>CHEMICAL</b>			
Elekeiroz S.A.	(1)	96.41	97.93
<b>REAL ESTATE</b>			
Itaúsa Empreendimentos S.A.		100.00	100.00
PRT Investimentos S.A.		100.00	100.00

(1) Listed company.

(2) Investment purchased on 2/20/2004.

(3) Investment with control proportionally included in the consolidation.

(4) Investment purchased on 12/30/2003.

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

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

**b) Securities and derivative financial instruments**

1. In ITAÚSA and non-financial affiliates (Industrial Area) are recorded at cost of acquisition restated and adjusted to reflect the market value, when this is lower.

2. In financial affiliates, insurance, pension plan security and capitalization companies, and its affiliates (Financial and Insurance Area), in accordance with BACEN and SUSEP standards, as follows:

2.1. Securities must be classified in the following categories:

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

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

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

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

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

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

- c) Credit and lease operations and other credits (operations characterized as credit assignment)** – These are recorded at current value, calculated "pro rata die" based on the variation of the contracted index, being restated up to the 60th day of overdue in the case of financial companies, taking into consideration in the case of property financing the present value of the falling due contract installments.
- d) Allowance for loan losses** – The balance of the allowance for loan losses was recorded based on an analysis of the credit risk in the loan portfolio, in amounts considered sufficient to cover loan losses according to the rules determined by BACEN Resolution 2682 of December 21, 1999, for the financial affiliates, among which are:
- Provisions necessary are recorded from the date of the loan disbursements, based on periodic analysis of the quality of the client and the industry and not just in the event of default;
  - Based exclusively on delinquency, write-offs can be made 360 days after the due date of the credit or 540 days for operations that mature after a period of 36 months. Other factors related to analysis of the quality of the client/loan may generate write-offs before these periods.
- e) Other assets** – Mainly composed of assets not in use corresponding to own properties, for sale and received as payment in kind, being adjusted at market value through provisions set up based on current rules.
- f) Prepaid expenses** – These refer to the investments that will result in earnings in future years.
- g) Investments** – In subsidiary and affiliated companies, investments are accounted for under the equity method. The financial statements of foreign branches and affiliates, are adapted to comply with Brazilian accounting policies and converted into Reais. Other investments are recorded at cost, restated up to December 31, 1995, being adjusted to market value through provisions set up based on current rules.
- h) Fixed assets** – These are stated at cost of acquisition or construction, less accumulated depreciation, restated up to December 31, 1995. For insurance, private pension and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports. Depreciation is calculated using the straight-line method, based on monetarily corrected cost at the following annual rates:

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

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

**j) Technical provisions for insurance, pension plans and capitalization**

Technical provisions are set up according to the technical notes approved by SUSEP and criteria established by CNSP Resolution 89 of August 19, 2002.

**I - Insurance:**

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

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

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

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

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

**III - Capitalization:**

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

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

Income tax	15.00%
Additional income tax	10.00%
Social contribution	9.00%
PIS (1)	1.65%
COFINS (1) (2)	7.60%
ISS	up to 5.00%
CPMF	0.38%

(1) For Itaúsa and its non-financial subsidiaries that comply with non-cumulative calculation basis, PIS rate has been 1.65% since December 2002 and COFINS increased from 3% to 7.6% as from February 2004. For financial and similar companies the PIS rate is 0.65%.

(2) As from September 2003 included, the rate increased from 3% to 4% for financial and similar companies.

Amounts subject to litigation have been fully provided for.

**NOTE 5 - INTERBANK INVESTMENTS**

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

	<b>Book value</b>	
	<b>3/31/2004</b>	<b>3/31/2003</b>
Investment in the open market	16,393,564	9,581,427
Funded position	7,077,639	6,390,299
Financed position	4,279,135	3,191,128
Rights linked to free trade securities	5,036,790	-
Interbank deposits (*)	8,703,117	5,549,414
<b>TOTAL</b>	<b>25,096,681</b>	<b>15,130,841</b>

(\*) Includes allowance for losses.

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

See below the composition of Marketable Securities and Derivative Financial Instruments. In the Financial and Insurance Areas subsidiaries, classified in accordance with BACEN and SUSEP rules and regulations, stated at cost and market value, as well as the effects directly recorded in stockholders' equity and result of the subsidiaries and ITAÚSA.

**a) Summary**

Description	Cost	Market value	Provision for adjustment to market value reflected on	
			Result	Stockholders' equity
<b>Itaúsa and Industrial Area</b>				
Marketable securities and derivative financial instruments (assets)	820,643	820,643	-	-
<b>Subtotal</b>	<b>820,643</b>	<b>820,643</b>	-	-
<b>Financial Area</b>				
Trading securities (*)	12,191,745	12,217,055	25,310	712,421
Securities available for sale	11,430,462	12,142,883	-	-
Securities held to maturity	3,723,197	3,723,197	-	-
Derivative financial instruments (assets)	1,203,285	1,263,324	60,039	-
<b>Subtotal</b>	<b>28,548,689</b>	<b>29,346,459</b>	<b>85,349</b>	<b>712,421</b>
Deferred taxes				(282,356)
Itaú-BBA and FIAT before acquisition				27,437
Adjustment of securities reclassified to securities held to maturity				107,320
<b>Total adjustment to market value</b>				<b>564,822</b>
<b>Additional provision (exceeding minimum required)</b>		(545,000)		
<b>Total marketable securities and derivative financial instruments (assets)</b>	<b>29,369,332</b>	<b>29,622,102</b>		<b>564,822</b>
<b>DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)</b>				
Minority interest	864,034	881,692	(17,658)	(296,133)
<b>Amount highlighted in ITAÚSA Stockholders' Equity</b>				<b>268,689</b>

(\*) Includes the securities portfolio of the PGBL and VGBL social security plans, in the amount of R\$ 4,716,047, held by customers and recorded as marketable securities, according to the SUSEP plan of accounts, as a contra-entry, in liabilities, to Social security technical provisions.

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

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

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

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

The main risk factors of the derivatives assumed by ITAUSA at March 31, 2004 were related to the foreign exchange rate, interest rate, U.S. dollar and reference rate Libor and variable income. The management of these and other market risk factors is supported by the infrastructure of sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to maximize the relation risk and return, even under high volatility situations.

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

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

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

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

	MEMORANDUM ACCOUNT NOTIONAL VALUE		BALANCE SHEET ACCOUNT RECEIVABLES/ (RECEIVED) (PAYABLE)/PAID	ADJUSTMENT TO MARKET VALUE	MARKET VALUE	
	3/31/2004	3/31/2003	3/31/2004	3/31/2004	3/31/2004	3/31/2003
<b>Future contracts</b>	<b>43,571,429</b>	<b>30,976,186</b>	<b>18,681</b>	-	<b>18,681</b>	<b>(5,272)</b>
Purchase commitments	20,544,493	17,532,430	(17,684)	-	(17,684)	(1,129)
Commitments to sell	23,026,936	13,443,756	36,365	-	36,365	(4,143)
<b>Swaps contracts</b>			<b>244,743</b>	<b>12,200</b>	<b>256,943</b>	<b>718,749</b>
Asset position	32,372,858	28,265,617	711,480	109,964	821,444	1,802,148
Liability position	32,128,115	27,458,815	(466,737)	(97,764)	(564,501)	(1,083,399)
<b>Options contracts</b>	<b>25,439,695</b>	<b>8,943,314</b>	<b>(47,482)</b>	<b>27,691</b>	<b>(19,791)</b>	<b>(38,600)</b>
Purchase commitments - purchased	10,694,054	3,337,743	137,791	(41,454)	96,337	(159,913)
Commitments to sell - purchased position	2,466,694	2,428,251	17,961	(10,579)	7,382	(30,913)
Purchase position - sold position	9,963,744	1,338,145	(158,950)	52,355	(106,595)	95,103
Commitments to sell - sold position	2,315,203	1,839,175	(44,284)	27,369	(16,915)	57,123
<b>Term</b>						
<b>Sales receivable</b>			<b>84,964</b>	<b>167</b>	<b>85,131</b>	<b>126,255</b>
<b>Other derivative financial instruments</b>	<b>4,504,760</b>	<b>4,926,432</b>	<b>54,774</b>	<b>2,110</b>	<b>56,884</b>	<b>10,222</b>
Asset position	2,990,513	1,959,265	248,837	1,728	250,565	57,387
Liability position	1,514,247	2,967,167	(194,063)	382	(193,681)	(47,165)
		<b>ASSETS</b>	<b>1,201,033</b>	<b>59,826</b>	<b>1,260,859</b>	<b>2,176,616</b>
		<b>LIABILITIES</b>	<b>(864,034)</b>	<b>(17,658)</b>	<b>(881,692)</b>	<b>(1,282,790)</b>
		<b>TOTAL</b>	<b>336,999</b>	<b>42,168</b>	<b>379,167</b>	<b>893,826</b>
<b>Derivative contracts mature in days as follows:</b>						
<b>Clearing</b>	<b>0 - 30</b>	<b>31 - 180</b>	<b>181 - 365</b>	<b>Above 365</b>	<b>03/31/2004</b>	<b>03/31/2003</b>
<b>Futures</b>	8,058,811	16,991,017	8,463,733	10,057,868	43,571,429	30,976,186
<b>Swaps</b>	4,556,825	11,883,268	7,869,016	7,352,269	31,661,378	26,209,922
<b>Options</b>	4,826,489	12,137,781	8,077,776	397,649	25,439,695	8,943,314
<b>Others</b>	1,218,754	1,700,092	449,936	1,135,978	4,504,760	4,926,432

## NOTE 7 - LOAN, LEASE AND OTHER CREDITS - FINANCIAL AREA

### a) Summary

	3/31/2004	3/31/2003
Loan operations	32,697,738	33,640,190
Lease operations	1,570,863	941,639
Credit card operations	2,958,687	2,618,038
Advances on exchange contracts (1)	1,509,347	2,354,618
Other credits (2)	134,227	159,152
<b>Total</b>	<b>38,870,862</b>	<b>39,713,637</b>
Endorsements and sureties (3)	5,885,433	6,672,432
<b>Total with endorsements and sureties</b>	<b>44,756,295</b>	<b>46,386,069</b>

(1) Includes advances on exchange contracts and income receivable from advances. Recorded in Provisions and Accounts payable/Other credits - foreign exchange portfolio.

(2) Includes securities and credits receivable, debtors from purchase of other assets and honored endorsements and sureties, classified in Other credits.

(3) Recorded in memorandum accounts.

### b) Allowance for loan losses

	1/01 to 3/31/2004	1/01 to 3/31/2003
<b>Opening balance</b>	<b>(3,162,967)</b>	<b>(3,172,145)</b>
Balance from institutions acquired	(3,480)	(87,832)
Extraordinary result (1)	-	(101,252)
Net increase for the period	(362,996)	(448,550)
Write-Offs (2)	426,044	681,669
<b>Closing balance</b>	<b>(3,103,399)</b>	<b>(3,128,110)</b>
Minimum required allowance (3)	(2,103,399)	(2,285,038)
Additional allowance (4)	(1,000,000)	(843,072)

(1) At March 31, 2004, considers the additional provision of the Acquired Institutions.

(2) Includes additional write-offs on Allowance for loan losses for operations that management considers as having a low realization expectation in the short-term.

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

(4) Refers to provision in excess of the minimum required, recorded based on the conservative criteria adopted by management, in accordance with good banking practices, in order to cover any unexpected losses resulting from strong reversal of the economic cycle, quantified based on historical data considering loan portfolio in cases of economic crisis.

## NOTE 8 – FUNDING AND BORROWINGS AND ONLENDINGS - FINANCIAL AREA

	3/31/2004	3/31/2003
<b>Foreign currency</b>	<b>11,484,804</b>	<b>13,447,973</b>
Funds from acceptance and issuance of securities	2,618,141	4,503,463
Borrowings and onlendings	8,866,663	8,944,510
<b>Local currency</b>	<b>40,057,449</b>	<b>43,619,831</b>
Deposits	34,555,394	37,879,805
Funds from acceptance and issuance of securities	873,682	752,748
Borrowings and onlendings	4,628,373	4,987,278
<b>Funds obtained in the open market</b>	<b>21,395,553</b>	<b>11,417,344</b>
<b>Subordinated debts</b>	<b>4,854,649</b>	<b>4,965,667</b>
<b>Total</b>	<b>77,792,455</b>	<b>73,450,815</b>

**NOTE 9 - OTHER ACCOUNTS****a) Other credits**

	3/31/2004	3/31/2003
Exchange portfolio	10,787,655	8,007,101
Tax credits	3,928,586	3,983,768
Deposits in guarantee	2,284,818	2,271,754
Taxes and contributions to offset	1,142,262	956,126
Social contribution to be offset – Provisional Measure (MP) 2158 of August 24, 2001	1,336,496	1,369,757
Income receivable	528,623	523,937
Insurance premium receivable	499,619	476,318
Trade notes receivable	511,629	470,148
Negotiation and intermediation of securities	618,323	443,812
Sundry debtors		
Local	205,019	450,843
Foreign	282,699	129,941
Sundry	307,346	313,508
<b>Total</b>	<b>22,433,075</b>	<b>19,397,013</b>

**b) Other assets**

	3/31/2004	3/31/2003
Non-operating assets	422,325	460,588
(-) Provision for devaluation	(132,051)	(138,677)
Others	501	-
<b>Total</b>	<b>290,775</b>	<b>321,911</b>

**c) Provisions and accounts payable**

	3/31/2004	3/31/2003
Exchange portfolio	10,873,093	8,094,416
Operations with credit cards	2,161,199	1,664,837
Securitization of foreign payment orders	1,906,364	1,342,099
Provision for labor liabilities	1,147,207	987,495
Provision for contingent liabilities	728,554	436,191
Negotiation and Intermediation of securities	573,699	871,076
Personnel	371,480	260,033
Suppliers	232,613	116,936
Liabilities for official agreements and payment services rendered	72,832	489,055
Sundry creditors		
Local	867,521	953,627
Foreign	242,646	147,524
Liabilities for purchase of assets and rights	85,485	141,746
Liabilities related to insurance companies	141,907	117,631
Provisions and sundry credits	2,197,862	1,843,942
<b>Total</b>	<b>21,602,462</b>	<b>17,466,608</b>

## NOTE 10 - TAXES

## a) Composition of expenses with taxes and contributions

We show below the Income Tax and Social Contribution due on the operations for the period and on temporary differences arising from additions and exclusions:

Due on operations for the period	1/01 to 3/31/2004	1/01 to 3/31/2003
Income before Income Tax and Social Contribution	1,494,923	1,954,276
Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (*) respectively	(508,274)	(664,454)
<b>Increase/Decrease to Income Tax and Social Contribution charges arising from:</b>		
<b>Permanent (Inclusions) Exclusions</b>	<b>99,990</b>	<b>42,166</b>
Investments in affiliates	10,311	6,297
Interest on own capital	87,579	110,390
Non-deductible provisions and other	2,100	(74,521)
<b>Temporary (Inclusions) Exclusions</b>	<b>(109,250)</b>	<b>42,496</b>
Allowance for loan losses	5,643	(60,146)
Adjustment to market value of securities for negotiation and derivative financial instruments	(31,952)	148,973
Labor provisions, tax contingencies and other	(82,941)	(46,331)
<b>(Increase) Offset on tax losses/negative social contribution basis</b>	<b>(3,561)</b>	<b>27,169</b>
<b>Expense with Income Tax and Social Contribution</b>	<b>(521,095)</b>	<b>(552,623)</b>
<b>Related to temporary differences</b>		
Increase (Reversal) for the period	81,468	(37,390)
Increase (Reversal) of prior periods	(1,919)	7,162
<b>Total deferred taxes</b>	<b>79,549</b>	<b>(30,228)</b>

(\*) According to Note 4k.

## b) Tax Credits

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

	12/31/2003	Net movement (*)	3/31/2004	3/31/2003
<b>Related to tax losses and negative basis of social contribution</b>	<b>830,251</b>	<b>(20,878)</b>	<b>809,373</b>	<b>878,263</b>
<b>Temporary differences:</b>	<b>3,009,977</b>	<b>109,030</b>	<b>3,119,007</b>	<b>3,069,059</b>
Allowance for loan losses	1,427,797	47,151	1,474,948	1,347,385
Adjustment to market value of trading securities and derivative financial instruments (assets and liabilities)	231,634	20,309	251,943	290,480
Provision for interest on own capital	5,167	(365)	4,802	111,599
Provision for tax risks	274,053	20,789	294,842	227,128
Labor contingencies	307,463	1,905	309,368	279,544
Provision for civil contingencies	155,925	40,319	196,244	132,476
Provision for real estate	48,695	1,504	50,199	38,488
Other	559,243	(22,582)	536,661	641,959
<b>Tax credits - reflected in stockholders' equity</b>	<b>527</b>	<b>(321)</b>	<b>206</b>	<b>36,446</b>
Adjustment to market value of securities and derivative financial instruments	527	(321)	206	36,446
<b>Total tax credits</b>	<b>3,840,755</b>	<b>87,831</b>	<b>3,928,586</b>	<b>3,983,768</b>
<b>Social contribution to offset from option foreseen in article 8 of Provisional Measure 2158-35, of 08/24/2001.</b>	<b>1,341,278</b>	<b>(4,782)</b>	<b>1,336,496</b>	<b>1,369,757</b>

II) The estimate of realization and present value of tax credits and social contribution to offset, arising from Provisional Measure 2158-35 of 08/24/2001, existing at March 31, 2004, in accordance with the expectation to generate future taxable income, based on history of profitability and technical studies of feasibility are:

Realization year	Tax credits			Social contribution to offset
	Temporary differences	Tax loss and negative basis	TOTAL	
2004	1,374,866	114,087	1,488,953	60,093
2005	655,940	271,865	927,805	114,961
2006	347,953	330,375	678,328	126,120
2007	327,165	93,046	420,211	133,842
2008	87,028	-	87,028	148,253
after 2008	326,261	-	326,261	753,227
<b>Total</b>	<b>3,119,213</b>	<b>809,373</b>	<b>3,928,586</b>	<b>1,336,496</b>
Present value (*)	2,788,820	726,555	3,515,375	1,072,568

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

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

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

III) Unrecorded tax credits amount to R\$ 484,307 (R\$ 415,151 at 03/31/2003).

## c) Tax and Social Securities Liabilities

I) The balance of Tax and Social Security Liabilities is represented as follows:

	3/31/2004	3/31/2003
Taxes and contributions on net income payable	321,222	416,826
Taxes and contributions payable	347,803	344,565
Provision for deferred income tax and social contribution	657,865	483,486
Provision for tax contingencies	2,150,091	1,673,802
<b>Total</b>	<b>3,476,981</b>	<b>2,918,679</b>

II) Change in Deferred Income Tax and Social Contribution

	12/31/2003	Net movement (*)	3/31/2004	3/31/2003
Excess depreciation - Leasing	224,336	1,828	226,164	234,574
Taxation on overseas results - capital gains	67,614	(1,254)	66,360	67,908
Revaluation reserve	10,613	(309)	10,304	18,552
Adjustment to market value of securities available for sale	296,018	(6,296)	289,722	107,503
Adjustment to market value of securities and derivative financial instruments (assets and liabilities)	59,584	953	60,537	54,542
Other	3,767	1,011	4,778	407
<b>Total</b>	<b>661,932</b>	<b>(4,067)</b>	<b>657,865</b>	<b>483,486</b>

(\*) Also includes deferred taxes from companies acquired in the period.

## d) Taxes paid or provided and retained from customers

The table below shows the amount of taxes paid or provided for, basically levied on income, revenues and payroll, and the amount withheld from and paid for clients, directly levied on financial intermediation:

	3/31/2004	3/31/2003
Taxes paid or provided for	1,275,879	1,143,624
Taxes withheld and paid from clients	1,267,686	1,256,523
<b>Total</b>	<b>2,543,565</b>	<b>2,400,147</b>

## NOTE 11 - INVESTMENTS

## a) Composition of Investments

	3/31/2004	3/31/2003
<b>Share of equity in affiliates</b>	<b>828,845</b>	<b>781,271</b>
BPI S.A.	701,550	662,687
AGF Brasil Seguros S.A.	123,084	108,126
Other	4,211	10,458
<b>Other investments</b>	<b>141,426</b>	<b>134,932</b>
Investments by tax incentives	123,406	74,854
Equity securities	36,689	32,022
Shares and quotas	29,548	26,990
Other	73,177	66,273
Provision for losses	(121,394)	(65,207)
<b>TOTAL</b>	<b>970,271</b>	<b>916,203</b>

## b) Composition of Equity in Income of Affiliates

	1/01 to 03/31/2004	1/01 to 03/31/2003
Share of equity in affiliates	42,794	24,572
Foreign exchange variation on investments	(12,469)	(6,054)
<b>Equity in income of affiliates</b>	<b>30,325</b>	<b>18,518</b>

## NOTE 12 - INSURANCE, PENSION PLAN AND CAPITALIZATION OPERATIONS

## a) Composition of Technical Provisions

	3/31/2004	3/31/2003
<b>Insurance</b>	<b>996,894</b>	<b>866,420</b>
Unearned premiums	515,946	460,601
Claims to settle	326,834	318,371
IBNR	130,785	76,555
Other	23,329	10,893
<b>Life and Pension</b>	<b>6,365,974</b>	<b>3,031,635</b>
Unearned premiums	161,974	141,033
Claims to settle	31,682	36,059
IBNR	34,465	33,428
Mathematical of benefits to grant	5,860,556	2,676,183
Mathematical of benefits granted	48,253	26,431
Financial surplus	134,822	44,882
Financial variation	68,736	61,280
Other	25,486	12,339
<b>Capitalization</b>	<b>957,483</b>	<b>906,297</b>
Mathematical for redemptions	856,276	803,657
Contingencies	87,037	89,792
Raffles	14,170	12,848
<b>TOTAL</b>	<b>8,320,351</b>	<b>4,804,352</b>

## b) Funds that guarantee technical provisions

	INSURANCE		PENSION PLAN		CAPITALIZATION		TOTAL	
	3/31/2004	3/31/2003	3/31/2004	3/31/2003	3/31/2004	3/31/2003	3/31/2004	3/31/2003
Securities and derivatives	830,578	601,257	6,388,089	3,000,116	996,618	916,099	8,215,285	4,517,472
Credit rights	203,891	154,540	128,087	145,091	-	-	331,978	299,631
Real estate	43,359	46,215	-	-	-	-	43,359	46,215
<b>TOTAL</b>	<b>1,077,828</b>	<b>802,012</b>	<b>6,516,176</b>	<b>3,145,207</b>	<b>996,618</b>	<b>916,099</b>	<b>8,590,622</b>	<b>4,863,318</b>

**NOTE 13 – STOCKHOLDERS' EQUITY - ITAÚsa****a) Capital**

The capital of ITAÚSA is R\$ 3,500,000 and is represented by 3,226,602,782 entry shares with no par value, of which 1,184,643,391 are common shares and 2,041,959,391 are preferred shares, with no voting rights, but with the following advantages:

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

We show below the activity of the shares representative of capital and treasury shares in the period:

	NUMBER		
	Common	Preferred	Total
<b>Shares Representative of Capital at 12/31/2003 and 03/31/2004</b>	<b>1,184,643,391</b>	<b>2,041,959,391</b>	<b>3,226,602,782</b>
<b>Treasury shares</b>			
Number of shares at 12/31/2003	-	18,516,000	18,516,000
Purchase of shares (*)	13,000	13,280,000	13,293,000
<b>Treasury shares at 03/31/2004 (*)</b>	<b>13,000</b>	<b>31,796,000</b>	<b>31,809,000</b>
<b>Outstanding shares at 03/31/2004</b>	<b>1,184,630,391</b>	<b>2,010,163,391</b>	<b>3,194,793,782</b>

(\*) Based on authorization of the Board of Directors, in the period own shares were purchased to be held in treasury, later cancellation or replacement in the market. The cost of shares purchased in the period are shown below, as well as the average cost of treasury shares and their market value at 03/31/2004:

Cost/market value (R\$ 1/per thousand shares)	Common	Preferred
<b>Purchases in the period</b>		
Minimum	3.42	2.27
Weighted average	3.42	2.93
Maximum	3.42	3.62
<b>Balance of treasury shares</b>		
Average cost	3.42	3.00
Market value at 03/31/2004	3.40	3.35

**b) Dividends**

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

**NOTE 14 – RELATED PARTIES**

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

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

The unconsolidated related parties are the following:

- The controlling companies of ITAÚSA;
- Fundação Itaúbanco, Fundação Duratex, Fundação Itaúsa Industrial, FUNBEP – Multi-Sponsored Pension Fund and Employees' Social Security Savings of BEG (PREBEG), closed private pension entities that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 18a; and
- Fundação Itaú Social and Instituto Itaú Cultural - IIC, entities sponsored by the subsidiary Itaú to act in their respective areas of interest. During the period, the consolidated companies made donations to Fundação Itaú Social and IIC in the amounts of R\$ 823 and R\$ 2,250, respectively (R\$ 3,329 from 01/01 to 03/31/2003).

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

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

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

	3/31/2004	3/31/2003
Duratex	235,831	300,264
Elekeiroz	27,709	38,121
Itautec Philco	73,912	96,013
<b>Total</b>	<b>337,452</b>	<b>434,398</b>

**NOTE 15 - Financial Instruments - MARKET VALUE**

The financial statements are prepared in conformity with the accounting principles, which presupposes the normal continuity of the operations of ITAÚSA and its subsidiaries. The book value of each financial instrument, whether included or not in the balance sheet, when compared with the values that might be obtained in an active market, or in the absence of such markets, using the net present value of future cash flows, adjusted based on the current market interest rate, approximates its corresponding market value, or the market value is not available, except for those included in:

	Book value		Market value		Unrealized income (loss) (1) (2)		In stockholders' equity	
	3/31/2004	3/31/2003	3/31/2004	3/31/2003	3/31/2004	3/31/2003	3/31/2004	3/31/2003
Interbank deposits	25,096,681	15,130,841	25,105,575	15,136,532	8,894	5,691	8,894	5,691
Securities and derivatives	29,622,102	26,643,877	29,622,102	26,643,877	-	-	-	-
Securities unrealized result			1,512,518			755,996	692,777	494,784
Additional provision (exceeding the minimum required)			545,000			545,000	545,000	545,000
Adjustment of securities available for sale			712,421			261,212	-	-
Adjustment of securities held up to maturity			255,097			(50,216)	147,777	(50,216)
Reclassification of additional provision			-			-	-	-
Loan and leasing operations	35,767,463	36,585,527	36,166,448	36,526,988	398,985	(58,539)	398,985	(58,539)
Investment in BPI	701,550	662,687	1,398,084	932,951	696,534	270,264	696,534	270,264
Funds raised by subsidiary companies	72,937,806	68,485,148	72,867,294	68,444,565	70,512	40,583	70,512	40,583
Provisions and accounts payable	21,602,462	17,466,608	21,493,537	17,335,805	108,925	130,803	108,925	130,803
Subordinated debts	4,854,649	4,965,667	4,736,145	4,542,802	118,504	422,865	118,504	422,865
Treasury stock	501,983	395,077	692,694	523,499	-	-	190,711	128,422
<b>Total unrealized</b>			<b>2,914,873</b>		<b>2,914,873</b>	<b>1,567,663</b>	<b>2,285,842</b>	<b>1,434,873</b>

(1) Does not include the related tax effects.

(2) Includes unrealized gains from minority interest amounting to R\$ 1,401,952 (R\$ 776,963 at 03/31/2003) on income and R\$ 1,060,581 (R\$ 705,849 at 03/31/2003) on stockholders' equity.

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

- Interbank deposits, bank deposit certificates and mortgage notes, the last two included in Securities, were determined on the basis of their nominal values, monetarily restated to maturity dates and discounted to present value using futures market interest rates and swap market rates for fixed-rate securities and using rates published in the Gazeta Mercantil in April 1, 2004, for floating-rate securities.
- Government securities, in Securities, were determined based on their market value, approved by the comparison with information provided by the National Association of Open Market Institutions (ANDIMA). The financial institutions were determined based on their market value, according to the rules established by BACEN Letters 3068 of November 8, 2001 and 3082 of January 30, 2002 and SUSEP Letter 226, of February 7, 2003.
- Shares of listed companies, when included in Marketable Securities, by the average rate available in the last trading session of the month, or, if not, the most recent rate quotation in prior trading sessions, published in the Daily Report of each Stock Exchange.
- Loan operations with maturity over 90 days, when available, based on net present value of future cash flows discounted at the interest rate used by the market at the balance sheet date, also considering the effects of the hedge operations (swap contracts).
- Interest in overseas subsidiary (BPI), by the share value at the stock exchanges, by equity value of the share and auction quotation.
- Time and interbank deposits and funds from acceptances and issuance of securities, when available, were calculated based on their present value determined by means of future cash flows discounted using future market interest rates, swap market rates for fixed-rate securities, and market rates for floating-rate securities published in the Gazeta Mercantil on April 1, 2004. The effects of hedges (swap contracts) are also taken into account.
- Securitization of the Payment Orders Abroad, based on the net present value of the future cash flows estimated as from the interest curves of the indexation marketplaces, net of the interest rates practiced in the market on the balance sheet date, considering the credit risk of the issuer, calculated based on the market price of other securities issued by the same.
- Subordinated Debts, based on the net present value of future fixed or post-fixed cash flows in foreign currency, net of the interest rates practiced in the market on the balance sheet date and considering the credit risk of the issuer. The post-fixed cash flows are estimated as from the interest curves of the indexation marketplaces.
- Derivatives, related to swap operations contracted to hedge the remaining assets/liabilities, based on reference values of each of the contracts parameters (part and counterpart), restated up to the maturity dates and discounted at present value at the future market interest rates, in compliance with the characteristics of each contract.
- Treasury shares are valued according to the average quotation available on the last trading of the month or, if this is not available, according to the most recent quotation on prior trading days, published in the daily bulletin of each Stock Exchange.

**NOTE 16 – RECLASSIFICATION FOR COMPARISON PURPOSES**

In order to keep a comparison standard for the March 31, 2004 financial statements of ITAÚSA CONSOLIDATED, reclassifications were made in the March 31, 2003 balances, mainly to make the Finance Area's transactions clearer.

	Prior disclosure	Reclassifications	Reclassified balances
<b>ASSETS</b>			
<b>CURRENT ASSETS AND LONG-TERM RECEIVABLES</b>			
Loan and leasing operations	35,753,288	3,960,349	39,713,637
(-) Allowance for loan losses	(2,965,517)	(162,593)	(3,128,110)
Other credits	23,357,362	(3,960,349)	19,397,013
(-) Allowance for loan losses	(251,341)	162,593	(88,748)
<b>TOTAL ASSETS</b>	<b>116,583,288</b>	<b>-</b>	<b>116,583,288</b>
<b>LIABILITIES</b>			
<b>CURRENT AND LONG-TERM LIABILITIES</b>			
Funds raised by affiliates			
Domestic currency	43,589,924	29,907	43,619,831
Interbank accounts of affiliates	2,458,797	(29,907)	2,428,890
<b>TOTAL LIABILITIES</b>	<b>116,583,288</b>	<b>-</b>	<b>116,583,288</b>
<b>STATEMENT OF INCOME</b>			
OPERATING INCOME	6,999,181	(65,820)	6,933,361
OPERATING EXPENSES	(4,999,486)	66,368	(4,933,118)
<b>OPERATING INCOME</b>	<b>1,999,695</b>	<b>548</b>	<b>2,000,243</b>
<b>NON-OPERATING RESULT</b>	<b>(45,419)</b>	<b>(548)</b>	<b>(45,967)</b>
<b>NET INCOME</b>	<b>714,382</b>	<b>-</b>	<b>714,382</b>

## Note 17 - Benefits to Employees

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

### a) Supplementary retirement benefits:

ITAÚSA and its subsidiaries sponsor supplementary retirement plans managed by Fundação Itaú Banco, Fundação Itaúsa Industrial, FUNBEP – Multisponsored Pension Fund and Employees' Social Security Savings of BEG (PREBEG) and Fundação Duratex (closed and supplementary private pension funds), which are intended to grant benefits that, as a life annuity (in the case of FUNBEP, PREBEG and the plan of Fundação Bemge de Seguridade Social – FASBEMGE, also grants death benefits), will supplement the retirement paid by the Social Security.

All of these plans are closed to new participants.

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

During the period, the contributions paid totaled R\$ 6,854 (R\$ 6,785 from January 1 to March 31, 2003). The contribution rate increases based on the participant's income.

### b) Post-employment benefits:

ITAÚSA and/or its subsidiaries do not sponsor other post-employment benefits, except in those cases arising from maintenance obligations according to the acquisition agreements signed by controlling ITAÚ, under the terms and conditions established, in which health plans are totally or partially sponsored for retired workers and beneficiaries. During the period, the contributions made totaled R\$ 4,129 (R\$ 1,738 from January 1 to December 31, 2003). The contribution rate increases based on the beneficiary's age.

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

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

	3/31/2004	3/31/2003
Net assets of the plan	7.499.983	6.189.092
Actuarial liabilities	(6.086.678)	(5.297.942)
Surplus (1)	1.413.305	891.150

(1) According to paragraph 49.g of the attachment to the CVM Resolution 371/00, the net assets were not recognized.

In addition to the reserves kept by the plans, the sponsors have provisions in the amount of R\$ 27,406 (R\$ 27,674 at 3/31/2003) to cover insufficient actuarial reserves.

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

	1/01 to 3/31/2004			1/01 to 3/31/2003		
	Assets	Actuarial liabilities	Excess of assets over liabilities	Assets	Actuarial liabilities	Excess of assets over liabilities
Present value in the beginning of the period	7,272,962	(5,967,582)	1,305,380	5,808,450	(5,187,778)	620,672
Expected return from assets/cost of current service + interest	221,616	(196,548)	25,068	176,838	(173,060)	3,778
Benefits paid	(77,452)	77,452	-	(62,896)	62,896	-
Contributions employer/participants	17,142	-	17,142	15,449	-	15,449
Gains/(losses) in the period (1)	65,715	-	65,715	251,251	-	251,251
Present value in the end of period	7,499,983	(6,086,678)	1,413,305	6,189,092	(5,297,942)	891,150

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

**e) Main assumptions used in actuarial assessment**

	03/31/2004	03/31/2003
Discount rate (1)	10.24% p.y.	10.24% p.y.
Return rate expected for the assets	12.32% p.y.	12.32% p.y.
Table of mortality	(2)	(2)
Turnover (3)	Exp.Itaú 99/01	Exp.Itaú 99/01
Future salary growth	7.12% p.y.	7.12% p.y.
Growth of the pension fund and social security benefits	4.00% p.y.	4.00% p.y.
Inflation	4.00% p.y.	4.00% p.y.
Actuarial method	Projected Unit Credit (4)	Projected Unit Credit (4)

(1) Considering the plans managed by FUNBEP and PREBEG, sponsored by BANESTADO and BEG, as from December 31, 2002, the discount rates of 11.80% p.a. and 12.32% p.a., respectively, started being used, which consider the weighted average return rate expected for the assets of the mentioned plans, including fixed income securities with terms compatible with those of the actuarial liabilities.

(2) At March 31, 2003, the Supplementary Retirement Plan, the 002 Benefits Plan and the Supplementary Life Plan, managed by Fundação Itaúbanco and FUNBEP used the AT-49 table, while the Franprev Benefits Plan, also managed by Fundação Itaúbanco, PREBEG and the Health Plans used the GAM-71 table. As from 12/31/2003, these tables were replaced by the GAM-83 table. With regards to the plans managed by Fundação Itaúsa Industrial and Fundação Duratex, the UP-94 table was used at the two base dates.

(3) The turnover assumption is based on the effective participants of Banco Itaú S.A, resulting in an average of 2.0 % p.a. experienced in 99/01 and 3.7% p.a. experienced in 96/98.

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

**NOTE 18 - ADDITIONAL INFORMATION****a) Insured Assets**

Although ITAÚSA and its subsidiaries have reduced risk level due to the lack of physical concentration of their assets, they maintain a policy to insure assets at amounts considered sufficient to cover possible losses.

**b) Balances in Foreign Currency**

The balance sheet accounts in local currency that are indexed to foreign currency are as follows:

	3/31/2004	3/31/2003
<b>Foreign permanent investments</b>	<b>7,328,671</b>	<b>7,967,084</b>
Net balance of other assets and liabilities indexed to foreign currency, including derivatives	(11,233,084)	(5,183,071)
<b>Net foreign exchange position</b>	<b>(3,904,413)</b>	<b>2,784,013</b>

## NOTE 19 - STATEMENT OF CASH FLOW

We present below the statement of cash flow prepared by the indirect method

	1/01 to 3/31/2004	1/01 to 3/31/2003
<b>Adjusted net income</b>	<b>2,232,330</b>	<b>1,773,957</b>
Net income	479,546	335,765
Adjustment to net income:	1,752,784	1,438,192
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	122,351	(476,498)
Allowance for loan losses	363,343	448,820
Results from operations with subordinated debt	151,030	2,661
Change in technical provision for insurance, pension plan and capitalization	592,740	344,653
Deferred income tax assets	(79,549)	30,228
(Gain) loss on sale of assets	(3,566)	(6,307)
Amortization of goodwill	-	557,463
Equity in the results of subsidiary and affiliated companies	(30,325)	(18,518)
Foreign exchange variation of assets	(4,073)	(8,929)
Extraordinary result in subsidiaries	(4,844)	-
(Reversal) provision for losses	3,994	5,054
Depreciation and amortization	164,267	180,948
Minority interest results	477,416	378,617
<b>Changes in assets and liabilities</b>	<b>(4,493,991)</b>	<b>798,034</b>
(Increase) Decrease in short-term interbank investments	(4,316,563)	1,840,698
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	375,687	(1,062,581)
(Increase) Decrease in interbank accounts of subsidiaries	144,916	1,169,453
(Increase) Decrease in loan, leasing and other operations	(642,975)	(1,796,088)
(Increase) Decrease in inventories	(30,985)	11,884
(Increase) Decrease in other credits and other assets	(3,340,930)	(1,348,216)
(Increase) Decrease in prepaid expenses	(36,398)	(19,452)
(Decrease) Increases in technical provisions for insurance, pension plan and capitalization	38,494	56,833
(Decrease) Increase in provisions and accounts payable and other liabilities	3,303,063	1,915,527
(Decrease) Increase in deferred income	11,700	29,976
<b>OPERATING ACTIVITIES - Net cash provided by / (invested)</b>	<b>(2,261,661)</b>	<b>2,571,991</b>
Sale of investments	4,557	37,323
Sale of fixed assets in use	15,007	8,761
Decrease in deferred charges	7,719	224
Purchase of investments	(12,633)	(9,297)
Goodwill on purchase of investments	-	(523,094)
Purchase of fixed assets and forest reserves	(146,372)	(180,148)
Investment in deferred charges	(20,162)	(40,689)
Change in participation of minority interest	(24,242)	395,592
<b>INVESTMENT ACTIVITIES - Net cash provided by / (invested)</b>	<b>(176,126)</b>	<b>(311,328)</b>
Increase (decrease) in funds obtained by subsidiaries - foreign currency	351,918	(329,610)
Increase (decrease) in funds obtained by subsidiaries - local currency	(2,163,453)	(649,467)
Increase (decrease) in funds obtained by subsidiaries - open market	4,463,344	(458,407)
Increase (decrease) in borrowings - foreign currency	(15,968)	(17,967)
Increase (decrease) in borrowings - local currency	(3,371)	(32,894)
Increase (decrease) in liabilities by subordinated debt	(109,952)	(622,035)
Dividends paid to minority stockholders	(131,879)	(171,837)
Purchase of treasury shares	(45,119)	-
Interest on own capital paid and/or provisioned	(131,236)	(142,784)
<b>FINANCING ACTIVITIES - Net cash provided by / (invested)</b>	<b>2,214,284</b>	<b>(2,425,001)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET</b>	<b>(223,503)</b>	<b>(164,338)</b>
At the beginning of the period	2,342,549	1,982,716
At the end of the period	2,119,046	1,818,378
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET</b>	<b>(223,503)</b>	<b>(164,338)</b>

## Report of Independent Accountants on Limited Reviews

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

1. We have carried out limited reviews of the accounting information included in the Quarterly Information of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the quarters ended March 31, 2004 and 2003, consisting of the consolidated balance sheets and the corresponding consolidated statements of income. This information is the responsibility of the Company's management.
2. Our reviews were carried out in conformity with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the quarterly information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company and subsidiaries.
3. Based on our limited reviews, we are not aware of any material modifications that should be made to the quarterly information referred to above in order that such information be stated in conformity with accounting practices adopted in Brazil applicable to the preparation of quarterly information, consistent with the Brazilian Securities Commission (CVM) regulations.

São Paulo, May 7, 2004

PricewaterhouseCoopers  
Independent Auditors  
CRC 2SP000160/O-5

Ricardo Baldin  
Accountant CRC 1SP110374/O-0

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

# ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ - 61.532.644/0001-15

Register Inscription No.

35300022220

Listed Company

## OPINION OF THE FISCAL COUNCIL

The members of ITAÚSA - INVESTIMENTOS ITAÚ S.A's Fiscal Council, after examining the financial statements for the first quarter of 2004, have verified the correctness of all elements presented which fairly reflect the stockholders' equity, financial position and the activities in the period, recommending that they be approved by the Company's Administrative Council.

São Paulo-SP, May 10, 2004.

JOSÉ MARCOS KONDER COMPARATO  
*Chairman*

GERALDO DE CAMARGO VIDIGAL  
*Member*

MARCOS DE ANDRADE REIS VILLELA  
*Member*