



Annual Report 2003

CONTENTS

2	Itaúsa Performance and Investment Profile
4	Chairman's Message
8	Results and Performance Indicators
12	Corporate Governance
15	Intangible Assets
16	Human Resources
18	Social Responsibility
19	Social and Cultural Activities
23	Environmental Activities
25	Value-Added Statement
26	Social Indicators
28	Financial Services Area
28	Banco Itaú Holding Financeira
33	Itaúsa Portugal
34	Industrial and Property Development Area
34	Duratex
36	Itautec Philco
38	Elekeiroz
40	Itaúsa Empreendimentos
42	Senior Management and Directors
44	Corporate Information
	Financial Statements



One of the first publicly-traded, Brazilian-owned holding companies, Itaúsa (Investimentos Itaú S.A.) centralizes the financial and strategic decision-making of its subsidiaries to provide them with ideal conditions for growth.

Itaúsa is Brazil's second largest public company by revenues. Internationally, *Business Week* magazine ranks it the 111th largest company among emerging economies. The group is active in a variety of sectors, including financial services (financial and capital markets, insurance, pensions and annuities) and the industrial sector (IT and consumer electronics, wood panels, bathroom fixtures, chemicals, and property development). The Itaúsa Group ended 2003 with R\$122.3 billion in assets and R\$14.8 billion in shareholders' equity.

Group Values:

- Respect for people and for the valuing of human resources
- Business ethics: meet and exceed a strict adherence to laws and regulations
- Develop skills to grow based on administrative and production technology
- Creating ongoing, sustainable value for shareholders
- Strength
- Standardized accounting among subsidiaries
- Ongoing dissemination of Itaúsa's Organizational Culture

CHAIRMAN'S MESSAGE



Olavo Egydio Setubal

First, we wish to thank our shareholders for their continued trust and support, which are invaluable to Itaúsa's ongoing development. We also thank our loyal customers, who we seek to repay with quality, innovative products and services that exceed their expectations. And we particularly express our deep gratitude to our employees for their tireless dedication to the Organization, which has brought us outstanding results and constant improvements in our products and services.

The business environment and its effects on Itaúsa's activities

The year began with negative expectations surrounding Brazil's new government and its plans to stabilize the economy. The country risk stood at 2,400 basis points, raising the cost of capital and hampering the creation of value in investments.

Restored foreign investor confidence was reflected in more direct investments and an increase in the foreign loans renewal rate. As well, the country risk dropped to 475 by year-end, allowing risk rating agencies Fitch

Atlantic Ratings and Standard & Poor's to upgrade their ratings for Brazilian debt. The IMF agreement was extended for one more year, reaffirming the government's commitments to fiscal and monetary discipline.

Shrinking internal demand in the industrial sector affected production, except in those industrial and agribusiness sectors focused on exports. Accordingly, exporters found opportunities for growth during the year.

Industrial output grew just 0.3%, against a 2.5% rise in 2002.

Furniture production dropped 3.7%, reflected in lower domestic sales of wood panels. The electric and electronics products sector shrank 1.8% overall, although the manufacture of TVs, radios and stereos dropped 3.8%. Production of chemicals was up slightly to 0.9%, helped by a 12.1% increase for the year in fertilizers, thanks to significant growth in the farming industry.

There are already clear signs in 2004 that the country may begin enjoying the results of the government policies in place, with lower interest rates and increased economic activity now underway in the durable consumer goods, capital goods and intermediary goods sectors. The recovery of retail sales and non-durable goods production will depend on improvements in the employment rate and wages.

Civil construction posted a negative result for the third consecutive year, with materials production dropping 8.7%. Credit measures to stimulate home financing in the coming year should help reverse this trend.

Itaúsa Results

The Itaúsa holding company posted consolidated net earnings of R\$1.6 billion by year-end, delivering a 20.45% return on consolidated shareholders' equity of R\$7.6 billion, while recurring net earnings reached R\$1.8 billion.

Itaúsa preferred shares ended the period up 81.4%, while common shares finished 7.6% higher, generating earnings of R\$2.38 per share. As the market price of the shares did not adequately reflect their underlying value, on December 15, 2003 the Board of Directors authorized the repurchase of up to 47 million common shares and up to 152 million preferred shares, to be held as treasury stock, or cancelled or replaced in the market.

Interest on own capital reached R\$613 million, up 48% year-on-year, or R\$0.19 per share.

There were 48,000 trades in Itaúsa preferred shares in 2003, whose total value of R\$1.8 billion reflected increased liquidity in the stock.

The Itaúsa Group's net earnings reached R\$3.3 billion, with a 22.2% return on shareholders' equity of R\$14.8 billion, while recurring net earnings hit R\$3.8 billion. Our financial services companies comprised 94.7% of these figures, while our industrial companies and those in other sectors contributed 4.4% and 1.4%, respectively. R\$8.4 billion was generated internally, demonstrating the sustainability of our business operations.

Value-added reached R\$10.6 billion, of which R\$1.2 billion was distributed to shareholders. Payroll totaled R\$3.6 billion, while Itaúsa paid or provisioned R\$3.5 billion in taxes and contributions related to its activities in 2003.

Itaúsa received two important forms of international recognition in 2003. For the first time, it was included in the Dow Jones Sustainability World Index (DJSI World), which tracks 315 companies worldwide for their corporate sustainability, ability to create long-term value for shareholders, quality of management and social, cultural and environmental responsibility. In the global ranking of companies with the best Corporate Governance, *Euromoney* magazine selected Itaúsa as the world's third best company among emerging markets and sixth best overall. Banco Itaú Holding Financeira led the field within emerging markets.

Financial Services Area

Over the past few years, Banco Itaú has outperformed the economy thanks to its ability to adapt to changing macroeconomic conditions. An emphasis on technological growth and the development of its intellectual capital has resulted in accelerated performance.

The acquisition of other banks with unique market positioning and expertise in more sophisticated financial operations and segments, both in the domestic and international market, has allowed Itaú to diversify from its big retail bank basis and enlarge its operations portfolio, positioning itself as a leader in sectors such as large corporations, private banking and asset management.

This strategy was greatly reinforced in 2003 by a corporate restructuring which resulted in the creation of Banco Itaú Holding Financeira S.A., an institution which incorporated all Banco Itaú S.A. shares without changing the share ownership position of the current shareholders or administrators.

Banco Itaú Holding Financeira controls companies that operate exclusively in the financial services sector. Its principal subsidiaries are Banco Itaú S.A., which covers the main segments of the market, and Banco Itaú BBA S.A., which works with major corporate clients.

Highlights of 2003 included the creation of Banco Itaú BBA through the acquisition of Banco BBA Creditanstalt, the integration of Fináustria and Banco Fiat into the Group, and an agreement to acquire the life insurance, private pension plan and asset management operations of AGF Brasil Seguros.

With a market capitalization of R\$30,453 million at the end of 2003, Banco Itaú has established itself as Latin America's largest financial institution by market value. For the second year in a row, Interbrand, the world leader in brand evaluation, named Itaú the most valuable brand in the country, with a value of US\$1,093 million. Market and brand value form an important part of the intangible assets of a company. In addition to what is shown on the balance sheet, they reflect the real value of a corporation: its skills, structure, technology, processes, and above all, organizational knowledge.

Itaú now has the capability to compete on an international scale, combining the strength of its domestic market penetration with the abilities of its overseas units.

Industrial Area

Duratex increased its sales of MDF, thanks in part to the opening of the Wood Division's new Botucatu plant in São Paulo state, which helped the company remain the MDF sector leader. For the ninth consecutive year, the Deca Division won the Pini Award, as the public's preferred brand in metal and ceramic bathroom fixtures.

Research and development of its own technology has been a priority at Itautech-Philco. In 2003, it invested R\$50.6 million in technology development, and won two important awards from *InfoExame* magazine: "Best Hardware Company" and "Best Company of the Year".

Due to a weaker domestic consumer IT and electronics market, Itautech Philco set its sights abroad and strengthened its ties with Portugal, Argentina and Uruguay, began sales in Mexico, France, Holland and Switzerland, and entered the commercial automation market by purchasing Spain's Riva Informática.

Elekeiroz underwent a major restructuring after acquiring Ciquine in 2002. The new entity, Elekeiroz S.A., now owns three industrial plants: in Camaçari (Bahia), and in Várzea Paulista and Taubaté (both in São Paulo). If we include Ciquine, Itaú's operations in the chemical area have enjoyed an average growth of 50% since 2001.

Social and Cultural Activities

The Itaú Social Foundation and the Itaú Cultural Institute remained extremely active in 2003, investing R\$32 million in a variety of social and cultural areas. The Itaú Social Foundation's projects, geared to strategic social investment, focused on public education and health, including the Itaú-UNICEF Award.

With a commitment to cultural projects for a growing public, the Itaú Cultural Institute cemented various partnerships to produce a number of TV and radio programs to help spread Brazilian culture and discussions about citizenship.

Outlook

The strategies of our subsidiaries are based on Itaúsa's business methods and corporate culture, which form its pillars of sustainability, resulting in the continued growth seen in the market value of our companies.

On the other hand, an excessive tax burden on industry, insufficient investments in infrastructure and imprecise regulations have not provided the necessary sustainability for stable growth. Confronting these aspects is essential to increase the efficiency of the Brazilian economy.

Olavo Egydio Setubal

Chairman of the Board of Directors

ITAÚSA

In Memoriam

It is with great sorrow that we report the death, on December 10, 2003, of Dr. Luiz de Moraes Barros, founder of Banco Sul Americano and a member of our Board of Directors since 1971.

A brilliant business leader, he was President of Banco do Brasil from 1964 to 1966.

At the end of the year, the Board of Directors of Itaúsa and Banco Itaú Holding Financeira paid special tribute to his invaluable contribution to the history of the Itaú Group, and how he deeply espoused the principles of our Organization, by renaming the head offices of Duratex on Avenida Paulista in São Paulo as the Luiz de Moraes Barros Building.

We express our recognition of his immense contribution in the field of business, and regret the loss of a friend.

RESULTS AND PERFORMANCE INDICATORS

Consolidated Results and Performance Indicators

	(in R\$ thousands)					
	Parent Company		Subsidiaries		Group	
	12/31/2003	12/31/2002	12/31/2003	12/31/2002	12/31/2003	12/31/2002
Total Net Earnings	1,561,263	1,537,264	1,716,021	1,362,973	3,277,284	2,900,237
Recurring Net Earnings	1,823,275	1,955,940	2,014,894	1,730,460	3,838,169	3,686,400
Extraordinary Result	(262,012)	(418,676)	(298,873)	(367,487)	(560,885)	(786,163)
Shareholders' Equity	7,636,181	6,389,415	7,123,403	5,448,233	14,759,584	11,837,648
Return on Equity (%)	20.45	24.06	24.09	25.02	22.20	24.50
Dividends/Interest on Own Capital	613,242	414,561	614,689	446,457	1,227,931	861,018

Primary Financial Indicators

	12/31/2003	12/31/2002	Change (%)
Results per 1,000 shares (in R\$)			
Net Earnings	486.66	488.21	(0.32)
Book Value	2,380.29	2,029.16	17.30
Common Share (ON) Price (1)	3,303.85	3,304.55	(0.02)
Preferred Share (PN) Price (1)	3,214.50	1,815.26	77.08
Market Capitalization (2) (in R\$ thousands)	10,418,238	7,437,634	40.07

(1) Based on the average price for December in each year.

(2) Calculated based on the average price for December in each year.

Primary Indicators of Itaúsa Subsidiaries

(in R\$ thousands)

		Financial Services Area		Industrial Area			
		Banco Itaú Holding Consolidated	Insurance, Pensions and Annuities (1)	Duratex	Itautec Philco	Elekeiroz	Consolidated/ Group (2)
Total Assets	2003	118,737,862	11,228,307	1,668,115	982,973	440,961	122,330,235
	2002	111,141,435	6,753,322	1,686,979	945,012	414,255	114,648,726
Operating Income (3)	2003	24,928,226	5,883,143	989,602	1,275,581	554,860	27,938,214
	2002	33,185,313	4,621,948	866,884	1,334,044	355,307	36,295,657
Net Earnings	2003	3,151,820	664,553	64,017	10,403	37,187	3,277,284
	2002	2,376,723	332,573	71,658	53,342	37,033	2,900,237
Shareholders' Equity	2003	11,879,208	2,427,419	936,591	313,178	235,020	14,759,584
	2002	9,036,410	1,650,564	905,061	308,828	181,700	11,837,648
Return on Equity (%)	2003	26.53%	27.38%	6.84%	3.32%	15.82%	22.20%
	2002	26.30%	20.15%	7.92%	17.27%	20.38%	24.50%
Permanent Assets	2003	3,208,592	1,368,116	1,104,146	197,089	216,516	4,676,623
	2002	3,469,254	1,016,224	1,005,965	235,319	227,850	4,872,984
Investments in the Period	2003	1,261,935	455,085	172,850	29,183	10,448	1,447,529
	2002	2,373,866	54,246	303,461	73,679	73,052	2,791,885
Internally-generated Funds (4)	2003	8,192,124	2,529,777	138,884	78,531	56,201	8,370,910
	2002	7,393,523	901,834	171,121	115,782	58,707	8,000,015
Dividends Paid	2003	1,107,949	194,009	25,700	8,715	11,020	1,227,931
	2002	828,579	138,013	24,580	15,861	10,457	861,018
Payroll Expenses	2003	3,376,103	122,047	215,011	213,253	40,230	3,862,780
	2002	3,161,470	140,376	189,143	199,897	33,261	3,595,527
Discretionary Bonuses	2003	191,344	9,910	14,343	5,963	3,164	214,662
	2002	190,680	10,532	12,720	5,567	4,304	213,299
Number of Employees	2003	42,450	1,871	5,829	5,046	770	54,095
	2002	43,215	1,738	5,765	4,936	732	54,648
Taxes Paid and Provisioned	2003	2,606,985	244,131	223,237	155,752	35,949	3,070,980
	2002	1,396,694	182,226	187,894	157,412	36,135	1,829,932

(1) Figures related to insurance, pension plan and annuities companies, which are consolidated in Banco Itaú Holding Financeira S.A., are also presented separately.

(2) Figures related to consolidated/group are net of adjustments of consolidation and unrealized income from inter-company operations.

(3) Using international accounting standards, operating income by area of operation was obtained as follows:

- Banco Itaú Holding Financeira S.A.: total of income from financial operations, services rendered, insurance premiums, annuities and pension plans plus other operating income.
- Insurance, Pensions and Annuities: includes income from insurance premiums, annuities, pension plans, financial income and capital gains.
- Duratex, Itautec Philco and Elekeiroz: includes net income from sales of products and/or services.

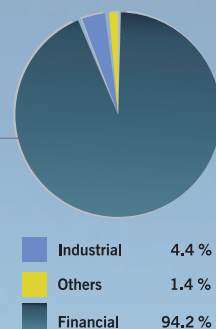
(4) Covers funds arising from operations:

- added to expenses of provisions for doubtful loan losses;
- not including changes in mathematical provisions for annuities and pension plans, but including changes in unsettled claims, credits and debits from insurance operations and deferred selling expenses from insurance, pension plans and annuities.

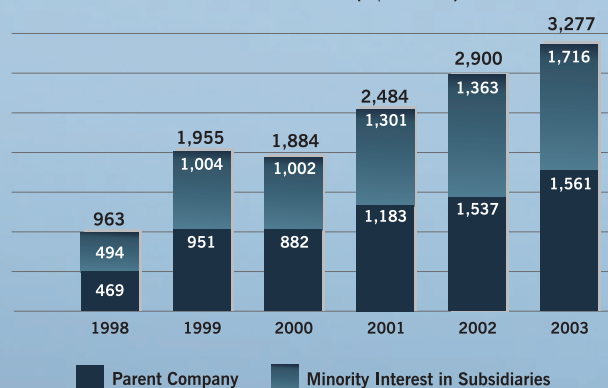
RESULTS AND PERFORMANCE INDICATORS

INCOME DISTRIBUTION BY SECTOR - PARENT COMPANY (in R\$ millions)

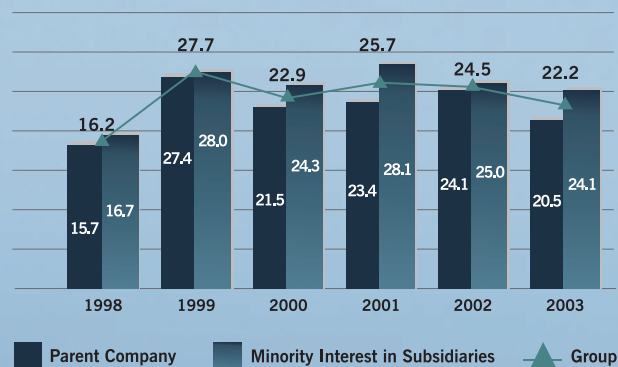
COMPANY	2002	2003	2003/Net Income
Equity Share in Income (ESI)			
Itaú Holding	1,466	1,708	109.4%
Duratex	35	29	1.8%
Itautec-Philco	31	16	1.0%
Elekeiroz	28	34	2.2%
Others	36	26	1.7%
Total ESI	1,596	1,813	116.1%
Exchange Rate Variation	351	(19)	-1.2%
Financial Result	105	98	6.3%
Administrative Expenses	(79)	(69)	-4.4%
Extraordinary Result	(419)	(262)	-16.8%
Income Tax and Social Contribution	(17)	0	
Net Income	1,537	1,561	



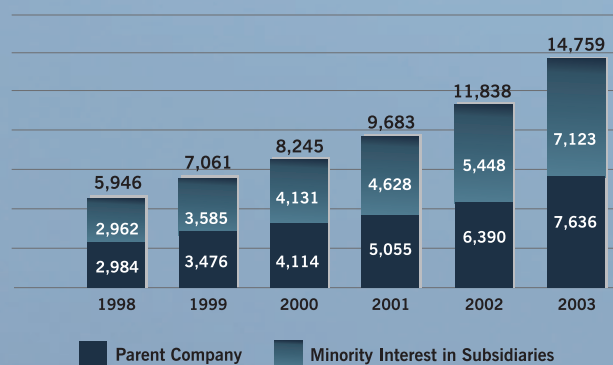
GROUP NET INCOME (R\$ millions)



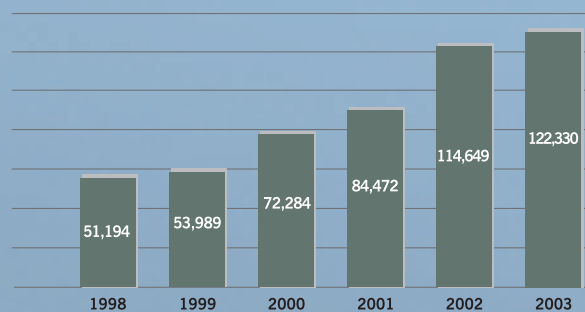
RETURN ON EQUITY (%)



GROUP SHAREHOLDERS' EQUITY (R\$ millions)

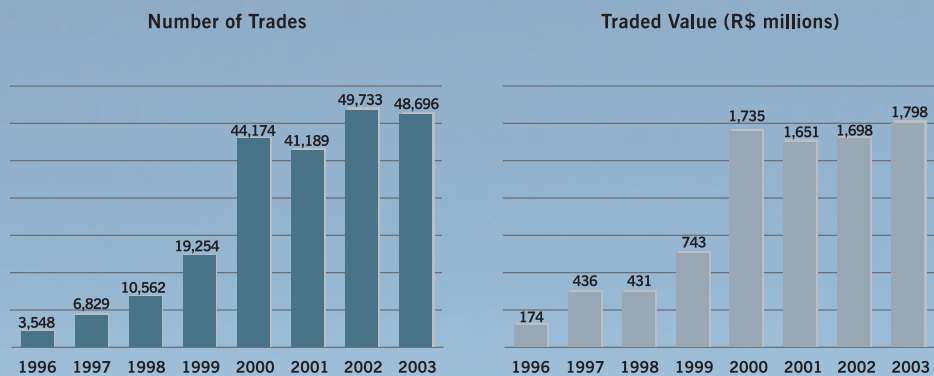


TOTAL ASSETS (R\$ millions)

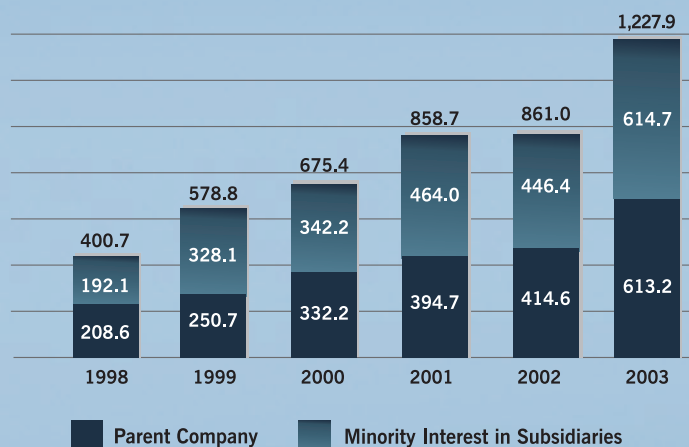


PERFORMANCE OF ITAÚSA SHARES

LIQUIDITY OF ITAÚSA PREFERRED SHARES (PN)

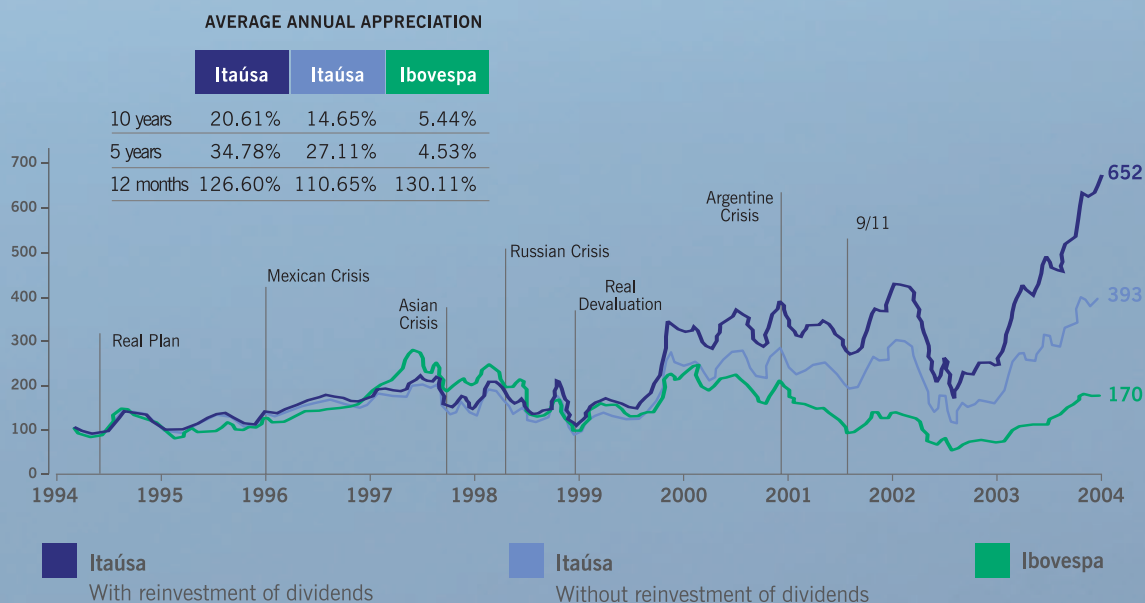


DIVIDENDS/INTEREST ON OWN CAPITAL - GROUP (R\$ millions)



PREFERRED SHARES APPRECIATION (in US\$)

Assuming US\$100 invested in March 1994 until March 2004





ITAÚSA

Itaúsa was chosen as part of the select group of 315 companies that make up the Dow Jones Sustainability World Index.

Itaúsa has continually reaffirmed its commitments to transparency, corporate governance and strengthening the capital markets. It was one of the first companies to join the São Paulo Stock Exchange's Level 1 Corporate Governance listing segment, thereby earning inclusion in the Exchange's Corporate Governance Index (IGC).

The statutory entities that comprise Itaúsa's management are: the Board of Directors, the Independent auditor and the Audit Board. The Supervisory Board sets the strategies, elects senior management, oversees and evaluates management's performance and chooses the Independent auditor. In 2002, Itaúsa granted Tag Along rights to all shareholders, thus bringing the rights of preferred shareholders in line with international standards. Under Brazilian Corporate Law, shareholders with voting rights have the right to receive 80% of the amount paid by the buyer to controlling shareholders in a public offer of shares, in the event of a change of control of the company. This right has now been extended to preferred shareholders as well. This measure, which greatly strengthens the position of minority shareholders, is also designed to attract and create value for new investors, particularly those from abroad.

Also in 2002, Itaúsa adopted a new Relevant Matter Disclosure Policy, which is mandatory for all Brazilian public companies. Itaúsa expanded the terms of Brazilian Securities and Exchange Commission (CVM) Instruction 358 and published a comprehensive document benefiting its shareholders, offering greater transparency and safety for their investment.

This same CVM Instruction also makes it optional for listed companies to adopt a policy for trading of securities issued by the company. Such a policy was immediately implemented by Itaúsa and agreed to by all its managers. The Disclosure and Trading Committees, which report directly to the Board of Directors, oversee the policies of best practices of its managers, shareholders, majority shareholders, related parties, employees and service providers and are responsible for the prevention of insider trading within the Organization.

Currently more than 2,500 people are subject to these policies, which include trading blackout periods. At the same time, every quarter the committees monitor and record the adherence to best practices as laid out in their policies, and actively ensure their strict compliance. The documents that comprise Itaúsa's Disclosure and Trading Policies have been publicly disseminated and can be viewed through the www.itausa.com.br website.

The practice of good Corporate Governance is a process that requires a considerable length of time to bear fruit. Itaúsa began accelerating the process in 1999 by disclosing the Code of Best Corporate Governance Practices, published by the Brazilian Institute of Corporate Governance (IBGC). The development of this process is illustrated in the following diagram:

Advances in publicizing our corporate culture				
2000	2001	2002		2003
Duratex <ul style="list-style-type: none"> • Increased free-float • IR Dept. Created Itaú <ul style="list-style-type: none"> • Joins Dow Jones Sustainability Index • IR Site • Code of Ethics 	Itaúsa and Itaútec <ul style="list-style-type: none"> • IR Site Itaúsa and Itaú <ul style="list-style-type: none"> • Level 1 Corporate Governance Itaú <ul style="list-style-type: none"> • Non-executive Directors • Dow Jones Sustainability Index Duratex <ul style="list-style-type: none"> • Platina Award Apimec São Paulo Itaúsa <ul style="list-style-type: none"> • 1st Apimec Meeting 	Itaúsa <ul style="list-style-type: none"> • 1st Teleconference with Analysts Itaútec <ul style="list-style-type: none"> • Creates IR Dept. Itaú <ul style="list-style-type: none"> • Dow Jones Sustainability Index • Animec Public Company Seal • Best Corporate Governance in L.A. (CSLA) • Hon. Mention in Latin American Corporate Governance (IR Magazine) 	Itaúsa, Itaú, Elekeiroz and Itaútec <ul style="list-style-type: none"> • Tag-Along Rights Itaúsa and Itaú <ul style="list-style-type: none"> • Trading Policy Itaúsa, Itaú, Duratex, Elekeiroz and Itaútec Philco <ul style="list-style-type: none"> • Disclosure Policy 	Itaúsa <ul style="list-style-type: none"> • Animec Public Company Seal Itaú <ul style="list-style-type: none"> • Best Professional in IR Itaúsa and Itaú <ul style="list-style-type: none"> • Dow Jones Sustainability Index • Best Corporate Governance in Emerging Markets

Itaúsa was chosen as part of a select group of 315 companies in the Dow Jones Sustainability World Index (DJSI World).

This index tracks companies that are recognized internationally for their corporate sustainability, ability to create long-term value for shareholders, quality of management, and social, cultural and environmental responsibility. Itaúsa is now accorded the same status that Banco Itaú has been receiving for the past four years. Since its inception in January 1999, the DJSI World Index has become a key benchmark for asset management companies.

In February 2003, the National Association of Capital Markets Investors (Animec) awarded Itaúsa its “2002 Animec Public Companies Seal”. This was in recognition of Itaúsa's respect for minority shareholders, its disclosure policy to shareholders, the quality of its disclosure, whether through meetings with analysts, annual reports or the investor relations site, and its speed and range of disclosing relevant matters, among others.

British magazine *Euromoney*, in its September 2003 issue, named Itaú the best company in Corporate Governance in Emerging Markets, while Itaúsa placed third. Among emerging and developed markets, Itaú and Itaúsa finished third and sixth, respectively.

As part of its transparency policy, Itaúsa has been disclosing quarterly information on its website, in Portuguese and English, since 1997, as well as through the media. In addition, it has been conducting annual earnings teleconferences in Portuguese and English since 2001.

Itaúsa conducts at least one major meeting per year with analysts. In 2003, a meeting with the Association of Capital Markets Analysts and Investment Professionals Analysts (APIMEC) was held on December 11.

The principles and procedures adopted by Itaúsa, including those covering corporate governance, transparency, respect for shareholders and investors, and sustainability, are also followed by all its subsidiaries.



Independent Audit – Brazilian Securities and Exchange Commission (CVM) Instruction 381

The operating policy of Investimentos Itaú S.A. (Itaúsa), its subsidiary companies, parent company and members of the same economic/financial group, regarding the engagement of services not related to any external audit from our independent auditors, is based on internationally accepted principles of preserving the independence of the auditor. These principles consist of: (a) auditors not auditing their own work, (b) auditors not performing managerial roles for their clients, and (c) auditors not promoting the interests of their clients.

Consistent with these principles, and under the terms of CVM Instruction 381, we report that PricewaterhouseCoopers Auditores Independentes was not engaged in, nor did they render services in 2003 not related to the external audit at levels above 5.0% of the total audit costs to Investimentos Itaú S.A. (Itaúsa).

ITAÚSA

INTANGIBLE ASSETS

Brands

Among its subsidiaries, Itaúsa possesses several highly prestigious sector brands, including Itaú, Duratex, Deca, Durafloor, Hydra, Itaotec, Philco and Personnalité, many of which are market leaders.

For the second year in a row, the Itaú brand was ranked as the most valuable in the country, based on a study undertaken by British consulting company Interbrand, a world leader in brand valuation. They evaluated the importance and strength of the brand in generating the company's future results, taking into account our its performance, relationships with the market, and capacity to operate in highly competitive conditions. The study showed a substantial increase in Itaú's brand value, from US\$970 million in 2001 to US\$1,093 million in 2003.

Brand management is an ongoing process at Itaúsa, and has been continually upgraded through improved structuring and constant evaluation.

Organizational Knowledge

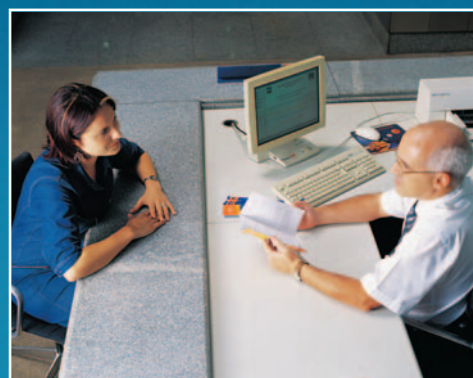
The intangible values of the Organization include the broad description of "Intellectual Capital", which starts with Human Capital, the main source of a company's competitive advantage.

One notable aspect of this is the ability of Itaúsa's subsidiaries to integrate and absorb the various competencies, technologies, skills and organizational cultures brought about through years of mergers and acquisitions. Itaúsa always seeks to fully preserve the best elements of culture and intellectual assets of these companies so they may benefit the Organization as a whole. Such a process can only succeed in an open, professional and flexible culture, which is geared to benefit our range of subsidiaries.

Another intangible asset is a widespread customer base. Banco Itaú pioneered managing clients' capital back in the 1970s by creating the Star System, which has been continually improved ever since. More recently, it has implemented relationship systems and techniques such as Customer Relationship Management (CRM) and Anti-Attrition, which are models geared to the purchase and use of banking products and services, and to the retention and loyalty of customers. These have helped unlock considerable value in Itaú's customer capital, allowing the Bank to deliver, over the long term, suitable options for its clients and to fully maximize this relationship.

A substantial portion of Itaú's current market value lies within its widely distributed and varied customer base, and in the Bank's ability to connect with its clients. Itaú also conducts ongoing monitoring and research of the degree of satisfaction among its customers.

HUMAN RESOURCES



Investments in education, training and development programs reached R\$45.6 million, including grants for advanced academic studies.

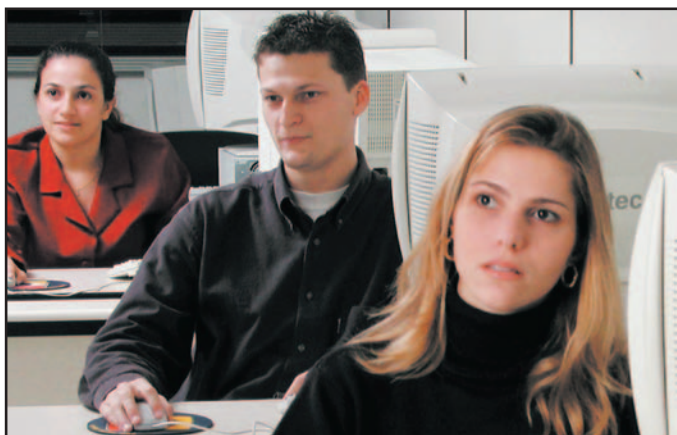
Itaúsa's subsidiaries ended the year with 54,095 employees. Payroll, including charges and benefits, totaled R\$3,005 million. Employees and their dependents received R\$522.9 million in social benefits, including supplementary retirement, meals, health and dental care, social assistance services, scholarships, leisure, sports and cultural activities, subsidized loans, insurance, transportation vouchers, donations and special grants, among others.

All of Itaúsa's subsidiary companies have been prioritizing their human resource management to assure a better working environment and to follow the Group's business strategies, values and policies.

Investments in education, training and development programs totaled R\$45.6 million, including grants for advanced academic studies.

The Profit Sharing Program, which recognizes the contribution of each staff member to the performance of the company, paid out R\$229.9 million in 2003.

ITAÚSA



Banco Itaú and its subsidiaries, which employ over 42,000 thousand people, have a Hiring Special Needs Individuals Program to encourage such people to find a place in the market. Through referral campaigns and publicizing its hiring targets, Banco Itaú hired 36% more special needs individuals in 2003, bringing its current total to 747 people.

The objective of the Young Citizen Program – a partnership created in 2003 in conjunction with the São Paulo state government and coordinated by the Department of Employment and Labor Relations – is to offer practical learning and study grants to public high school students aged 16 to 21 to supplement their studies and broaden perspectives for access to the business world.

Analysis of the working environment also includes the Speak Frankly corporate environment survey, conducted by Itaú. Its results help the Bank plan actions for ongoing improvements in human resource management. The survey's third and most recent edition revealed an overall satisfaction rate of 78%.

Itautec Philco was named by the São Paulo Association of Human Resources (APARH) as one of the “Best Companies to Work For, Campinas Region - Company of the Future 2003”, which ranked large companies that focus on their staff as a competitive advantage and invest in providing services and benefits to their employees.

At Itautec Philco, participation in extension, post-graduate, MBA, Masters and language training courses rose 54% from 2002, resulting in increased technological and executive skills among staff. In 2003, it conducted research on the needs of its executives, based on management skills, which has led to specific programs being created to improve staff management.

Elekeiroz's ongoing investments in operations safety and the training and awareness of its staff allowed its Várzea Paulista plant to post a record 1,200 accident-free days, beating the previous record of 588 days.

SOCIAL RESPONSIBILITY



The social transformation of Brazil is possible only through strategic alliances between the government, business, and community groups.

The best countries depend on their domestic companies to become stronger and better. This need extends beyond the government to society as a whole. Because through their actions, large companies establish and promote corporate values that help educate society on ethics and social responsibility.

Itaúsa's companies follow a fundamental set of principles and values:

- Respect for people and for the valuing of human resources
- Business ethics: meet and exceed a strict adherence to laws and regulations
- Develop skills to grow based on administrative and production technology
- Creating ongoing, sustainable value for shareholders
- Strength
- Standardized accounting among subsidiaries
- Ongoing dissemination of Itaúsa's Organizational Culture

These principles and values have been enshrined in the Codes of Ethics and in the rules of conduct for our companies. Duratex, Elekeiroz and Itaútec Philco had their rules of conduct formalized and publicized to staff in 1997. Itaú's Code of Ethics combined the principles it had been disseminating in its circulars and internal rules since its foundation. In 2000, it made a commitment to the public by internally and externally disseminating its Code of Ethics. Since then, it has created Committees of Corporate Ethics and Sector Ethics, to ensure the effectiveness of required behavior standards and of Communication Channels. These are geared to submit questions and information about violations of regulations and ethical standards, situations that conflict with the rules, and applying disciplinary measures and orientation to staff.

The social transformation of a country with the size and enormous needs of Brazil is only possible through strategic alliances between the government, business, and community groups. This is a long-term process – requiring ongoing actions – combining consistent social investments and programs or projects defined between each participant.

Aware of their social responsibility, leading companies like Itaúsa began this process by integrating the value of social responsibility with its strategic goals. It then became necessary to identify those relevant social causes where it could make a difference.

Itaúsa's industrial companies prioritize environmental preservation by developing products and programs that stress the rational use of resources, recycling of waste, and environmental education. In addition, they participate in social and cultural programs focused on digital inclusion projects for the needy and in encouraging volunteer work among staff.

The Itaú Social Foundation provides important financial support from Itaú specifically for the development and implementation of projects in the areas of education and public health.

The Itaú Cultural Institute seeks to preserve and publicize Brazilian culture, using all the technological skills and resources offered by the Group.



Social and Cultural Activities

The Itaú Social Foundation and the Itaú Cultural Institute invested R\$32 million in various social and cultural projects in 2003.

Begun in 1993, the Itaú Social Program was the first vehicle to consolidate Itaú's social responsibility policy, which was focused on projects geared to education and public health. The Itaú Social Foundation, created in 2000, maintains the Program's continued actions, based on the conviction that social transformation for a country with the size and enormous needs of Brazil is only possible through partnerships between the private and public sector, plus community involvement and investments in ongoing, sustainable social projects.

In the area of primary schooling, the objectives are to get children to go or return to public school, stay in school and successfully complete their studies. This work is not related to handouts: it seeks to attain a strong multiplying effect on society, putting the Organization's management skills into social service.

The Itaú Social Foundation's projects are developed through partnerships with government and community groups. The main partners in the area of education are UNICEF (the United Nations International Children's Fund), Cenpec (Center of Research and Studies in Education, Culture and Community Action), Undime (National Union of Municipal Education Officers), the Ministry of Education and the Ministry of Culture. In the field of health services, IDS (the Institute for Health Development) and the Public Health Department of the University of São Paulo are also key partners.

Funding comes from the surplus generated during the Itaú Social Foundation fund's previous year. In 2003, this was increased to R\$302 million, thanks to a R\$50 million injection by Itaú.

Its 2003 programs included the Education and Participation Program, which included the 5th edition of the Itaú-UNICEF Prize, with a regional selection process and a record number of 1,834 submissions; the Learning Officers Project; the Writing the Future Program; and the Improving Municipal Schooling Program.

It also supported the Solidary Literacy Program, the Futura Channel, the Catholic University of Santos Community Teacher Training Project, and the Catholic Women's League of São Paulo Reconnection Project.

Projects Undertaken and Results

Writing the Future Program

Goal: help improve the quality of teaching by providing teacher training and encouraging the development of writing skills in students. 14 two-stage Teacher Training Workshops were held in 14 municipalities in the North, Northeast and Mid-west regions, involving 503 teachers. The videoconferencing event involved educators from 8 Brazilian cities.

Itaú-UNICEF Prize

Goals: identify and promote public schooling programs developed by community groups that seek to allow children and young adults between the ages of 7 and 18 from low-income families to go or return to public school, stay in school and successfully complete their studies. In the process of regionalizing project selection, 150 professionals and technicians in the sector were trained to become project evaluators in six regions. 11 programs received prizes and 10 received an honorable mention.

Learning Officers Project

Goals: help professionals from NGOs and the public sector to plan and carry out schooling-related activities. Since its launch, the program has brought benefits to approximately 300 members of NGOs and municipal education departments in the cities of Goiânia, São Paulo and Curitiba, involving over 7,500 children and adolescents. In São Paulo, 18 SMAS technicians were trained to expand the program, which should include about 1,800 professionals in 2004.

Improving Municipal Schooling Program

Goals: advise municipal teams from government and non-governmental institutions on developing educational programs and strengthening municipalities to provide quality primary schooling. In 2003, teaching material for teachers and students was published specifically for the semi-arid region of Paraíba, while technicians were trained to help spread the program. In 2003, the beneficiaries were 652 educators from 246 municipalities (in eight states) and 590,000 students (reached indirectly). Since 1999, 876 municipalities (reached directly) and approximately 1.7 million students (indirectly) have benefited.

School Volunteer Award

In partnership with Rádio Bandeirantes, this program publicizes and rewards schools in São Paulo that carry out social projects that encourage volunteer work by students. In 2003, 210 schools took part.

Itaú Volunteer Program

As a pilot project, the Itaú Volunteer Program was launched in four Banco Itaú areas in 2003. The program is based on the belief that as social responsibility is part of Itaú's strategy, it must permeate every level of the Organization and its staff. The program receives technical coordination support from the São Paulo Center for Volunteer Work (CVSP), and began as a response to the availability of Banco Itaú staff to get involved in social projects and play a direct part in community activities. Recognizing the social work carried out by staff and supporting those interested in performing volunteer work will gradually be extended to all employees of Banco Itaú throughout 2004.

Instituto Itaú Cultural

Founded 15 years ago, the Itaú Cultural Institute has become a benchmark in the development of Brazilian culture. It plays a key role in building the country's identity and promoting citizenship awareness. In addition to offering free programming to the public, it undertakes research, produces content and provides cultural surveying, encouraging a widespread diffusion of art. By adopting policies parallel to those of the federal government, the Itaú Cultural Institute stresses the value of diversity to stimulate greater and more pervasive freedom of expression and artistic creation.

In 2003, the Institute's activities were based in five areas:

- Media Art, a center of research and development projects that convey art and technology, and through the www.itaucultural.org.br website, which disseminates ideas, products and programs;
- Itaú Cultural Directions, a program that develops, trains and publicizes Brazilian artists;
- Cultural Activities, with programming focusing on the role of entertainment in culture;
- Distance Programs, conducted via radio, TV and internet to increase community access to Brazilian culture; and
- Education, through activities that cover all the Institute's projects, featuring training courses, workshops, seminars and research.



2003 Results

- In 2003, Itaú Cultural's offices in the state of São Paulo received 427,243 individual visitors, and gave guided tours to 30,327 people in 1,653 groups.
- The new website had more than three million page views throughout the year.
- 167 events were held in São Paulo, plus 50 in other cities and nine abroad, in addition to 50 media broadcasts.
- In Brazil, programming was taken to 16 states and 22 cities: Aracaju, Bauru, Belo Horizonte, Boa Vista, Brasília, Camaragibe, Caxias do Sul, Cuiabá, Curitiba, Florianópolis, Fortaleza, Goiânia, João Pessoa, Mariana, Ouro Preto, Porto Alegre, Recife, Rio Branco, Rio de Janeiro, Salvador, Santos and São Paulo.
- Abroad, programming was held in nine cities in three countries: France (Chambourcy, Strasbourg, La Garde, Paris and Toulouse), Mexico (Mexico City) and Portugal (Caldas da Rainha, Faros and Lagos).

Recognition

- Itaú Cultural Directions received the Eco 2003 Award in the Culture category, in addition to being included in the *Exame* magazine Guide of Good Corporate Citizenship and an LIF 2003 finalist in the Culture category;
- The Itaú Cultural website received the 2002 Best Art and Culture Site Award and was one of three competing for the Ibest Award Grand Prix (best sites in every category); and
- In the Design category, Itaú Cultural was a finalist in the Fernando Pini Graphic Excellence Award, competing for best Media and Monthly Programming.



Social Activities – Industrial Companies

Duratex is involved with a number of social responsibility projects, including the Tide Setubal Carpentry School in the Agudos region of São Paulo state. A partnership between Senai and local government, the school trains carpenters and woodworkers for the region's furniture industry.

Duratex also encouraged volunteer work for a campaign that collected over 14,000 needed items for Casa Hope, an organization that helps children with cancer.

Itautec Philco supported the Embratel Institute Digital Multimedia Library, which takes historical collections of Brazil's most important books to more than 200 public libraries in 27 states, with the help of the internet and videoconferencing. One of the main goals is to provide the project's digitalized collection for the entire population and expand it to all participating state and civic public libraries. The collection includes the content of the No Borders Library of the National Library Foundation, whose users include the visually impaired. This work was recognized in the "Culture" category of *Exame* magazine's Good Corporate Governance Guide.

To facilitate the use of technology in the classroom, Itautec joined forces with Microsoft and MS Tech in the Interactive Learning Solution developed by Intel: the computerized classroom. The initial project includes 21 "Infoway Escola" workstations developed by Itautec. This new multidisciplinary idea is being tested in a pilot project in a new laboratory in the Professor Ruth Cabral Troncarelli State School, with 70 teachers and 2,700 primary and secondary school students in Itaquera in São Paulo city's western zone. It is also being tested in Bauru, in the interior of São Paulo state, and is planned to cover 5,900 schools throughout the state of São Paulo, reaching six million students and 240,000 teachers.

The mobilization and awareness on the positive impacts that volunteer work brings to the community is the goal of Itautec Philco's "I'm a Volunteer" program, which this year published stories from staff volunteers who worked in medical facilities, orphanages, and NGOs.

The Eye on the Computer course, originally designed for children of staff at the Itautec Philco Group, now includes modules for an Introduction to Computer Use, Windows, Word and Internet. The goal is to support digital inclusion and to encourage the participation of staff to act as volunteer teachers/monitors. In 2003, 99 children of Itautec Philco staff took part in the course, whose instructors were staff volunteers. The course was also opened to the community, involving 34 children aged 11 to 14 at the Cristo Rei Orphanage, which is located close to the company's offices.

During the year various campaigns donated food, clothing, medication and toys to organizations recommended by staff volunteers, in addition to a blood drive.

Itautec Philco made monthly contributions to Abrinq Foundation projects, and programs and to the Apae Solidary Company Project.

The policy of integrating with the community, a tradition at Elekeiroz's Várzea Paulista facility, was extended to the Camaçari and Taubaté plants as well, through activities in schools, residents' and charitable organizations, and government agencies. Participation in the Public Libraries Expansion Project has allowed the Várzea Paulista public library to become the second largest in the region. The company also donated resins for the manufacture of orthopedic prosthetics, in addition to providing food and disposable materials for a seniors' housing institution in Salvador.



Environmental Activities

Itaúsa's industrial companies invested a consolidated total of R\$11.1 million in environmental management in 2003.

Each year, Duratex invests in new systems to prevent and reduce pollution. In the forestry area, it began placing exhaust emission controls on its harvesting machinery. It also expanded its seedling distribution program in Itapetininga, reaching 1,000 hectares forests planted on non-company land. The company's forestry operations are self-sustaining, completely mechanized, and possess ISO 14001 certification and a Green Seal. Duratex seeks ongoing per-hectare yield growth to reduce the need for large-scale planted areas.

Duratex's Piatan Environmental Area focuses on environmental education activities that demonstrate the company's concern with the sustainability of its operations and its care for preserving nature. The facility received 5,600 visitors in 2003, including students and members of community groups. The mobile project "Planet Water, Atlantic Rainforest and Landscapes", sponsored by Duratex and geared to raising environmental awareness and to sensible water use, was seen by 25,000 children aged 8 to 12, in 18 municipalities in São Paulo state near the company's facilities.

Itautec Philco renovated Piqueri Park in São Paulo, in conjunction with the local governments of Mooca and Depave. This project was cited in the "Environmental" category of *Exame* magazine's Good Corporate Governance Guide.

Itautec Philco's Tatuapé and Manaus facilities began their ISO 14001 certification process with respect to their Environmental Management Systems. Instructors were trained to spread the program to all staff so that each employee could help comply with the required standards in their own areas. In November, an external audit was conducted by the Fundação Vanzolini, which certified the company as Environmental Management System ISO14001.

Itaútec Philco also participated in forums to discuss environmental issues such as sustainable development for companies, waste treatment and recycling of materials, among others. The Manaus unit took part in the Internal Environmental Management Commission (CIGA) put on by the Industries Center (CIEAM – AM), while the Jundiaí unit participated in the Abraci Environmental Committee.

In 2003, the Jundiaí plant switched from oil to natural gas to make steam, significantly reducing harmful emissions into the atmosphere and creating monthly savings of 25%. A new effluent treatment process, which changes the composition of the effluent, was also developed to allow the solid wastes created to be classified and segregated. This will allow the galvanic sludge to be treated in buckets and transported to suitable collection areas.

The Tatuapé unit installed automated, intelligent irrigators designed to reduce water consumption. To reduce electricity consumption, a new electronic reactor was installed, individual light and power switches were put in factories and offices and a campaign was launched to turn off computer monitors.

While Elekeiroz had previously installed a catalytic gas incinerator, substituted all combustible petrochemical oils for cleaner, more efficient natural gas, and recycled the water used for industrial purposes, in 2003 it began building its own 4km-long sewage line, connecting the Várzea Paulista plant with the Jundiaí Treatment Facility, where all of its liquid effluents, pre-treated at the plant, will be fully treated. Accordingly, the company will commence early compliance with the agreement signed with the Committee for Studies and Recovery of the Jundiaí River (CERJU), whose aim is to fully restore the waters of this important river to the surrounding communities. At the Taubaté plant, acquired from Ciquine in 2002, partial soil contamination was detected and Elekeiroz began a technical process for its restoration, after approval by the São Paulo State Environmental Sanitation Company (Cetesb).

Elekeiroz also participated in the replanting of the Japi Forest, in Jundiaí, in conjunction with the Mata Ciliar Association, as part of the Center of Conservation and Management's Etapa Viveiro-School Project.

ITAÚSA

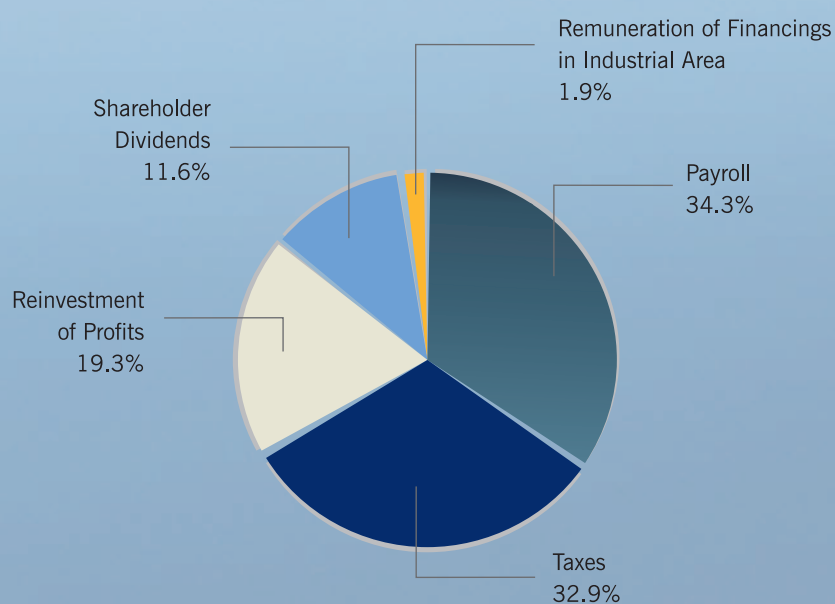
VALUE-ADDED STATEMENT

Following is the 2003 Value-Added Statement for the companies comprising the Itaúsa Group.

Value-Added Statement	(in R\$ thousands)			
	Value		Share (%)	
	2003	2002	2003	2002
Sales of Products and Services, Net of Cost of Materials, Third-Party Services and Others (A)	6,399,308	5,445,519	-	-
Earnings from Financial Operations (B)	9,435,872	7,355,647	-	-
Insurance Operations Income (C)	746,976	588,136	-	-
Other Income / Operating Expenses (D)	(5,954,502)	(4,617,352)	-	-
Value Added (E = A + B + C + D)	10,627,654	8,771,950	-	-
Payroll (F) (*)	3,649,636	3,345,056	34.3	38.1
Taxes (G)	3,498,786	2,293,702	32.9	26.1
Shareholder Dividends (H)	1,227,931	861,018	11.6	9.8
Parent Company	613,242	414,561	5.8	4.7
Subsidiaries	614,689	446,457	5.8	5.1
Remuneration of Financings in Industrial Area (I)	201,948	232,955	1.9	2.7
Reinvestment of Profits (J)	2,049,353	2,039,219	19.3	23.3
Parent Company	948,020	1,122,703	8.9	12.8
Subsidiaries	1,101,333	916,516	10.4	10.5
Distribution of Value Added (k = F + G + H + I+J)	10,627,654	8,771,950	100.0	100.0

(*) Social Security charges not included

DISTRIBUTION OF VALUE-ADDED – DVA (%)



PRIMARY INDICATORS

Social Indicators

(in R\$ thousands)

1. Calculation Base	2003	2002
Net Earnings (NE)	27,938,214	36,295,657
Operating Result (OR)	6,027,147	4,580,887
Gross Payroll (GP)	3,862,780	3,595,527

	2003			2002		
2. Internal Social Indicators	Value	% of GP	% of NE	Value	% of GP	% of NE
Meals	224,111	5.80%	0.80%	200,780	5.58%	0.55%
Mandatory Social Payments	770,886	19.96%	2.76%	742,218	20.64%	2.04%
Private Pension Plans	41,301	1.07%	0.15%	46,107	1.28%	0.13%
Health	113,628	2.94%	0.41%	94,560	2.63%	0.26%
Workers' Health	14,125	0.37%	0.05%	528	0.01%	0.00%
Education	3,984	0.10%	0.01%	20,409	0.57%	0.06%
Culture	354	0.01%	0.00%	9	0.00%	0.00%
Professional Development and Training	40,711	1.05%	0.15%	25,060	0.70%	0.07%
Daycare and Childcare Assistance	14,727	0.38%	0.05%	13,192	0.37%	0.04%
Profit- or Results Sharing	321,696	8.33%	1.15%	201,338	5.60%	0.55%
Other Benefits	49,141	1.27%	0.18%	52,085	1.45%	0.14%
Total – Internal Social Indicators	1,594,664	41.28%	5.71%	1,396,286	38.83%	3.84%

	2003			2002		
3. External Social Indicators	Value	% of OR	% of NE	Value	% of OR	% of NE
Education	19,465	0.32%	0.07%	11,140	0.24%	0.03%
Culture	32,140	0.53%	0.12%	26,381	0.58%	0.07%
Health and Sanitation	3,630	0.06%	0.01%	1,657	0.04%	0.01%
Sports	0	0.00%	0.00%	1	0.00%	0.00%
Recreation and Entertainment	138	0.00%	0.00%	137	0.00%	0.00%
Daycare	0	0.00%	0.00%	0	0.00%	0.00%
Meals	299	0.00%	0.00%	14	0.00%	0.00%
Others	12,472	0.21%	0.04%	26,602	0.58%	0.07%
Total Contributions to Society	68,144	1.12%	0.24%	65,932	1.44%	0.18%
Taxes (not including social charges)	3,070,980	50.95%	10.99%	1,829,932	39.95%	5.04%
Total – External Social Indicators	3,139,124	52.07%	11.23%	1,895,864	41.39%	5.22%

	2003			2002		
4. Environmental Indicators ⁽¹⁾	Value	% of OR	% of NE	Value	% of OR	% of NE
Related to company operations	8,579	0.14%	0.03%	9,150	0.20%	0.03%
In external programs / projects	2,490	0.04%	0.01%	813	0.02%	0.00%
Total Environmental Investments	11,069	0.18%	0.04%	9,963	0.22%	0.03%

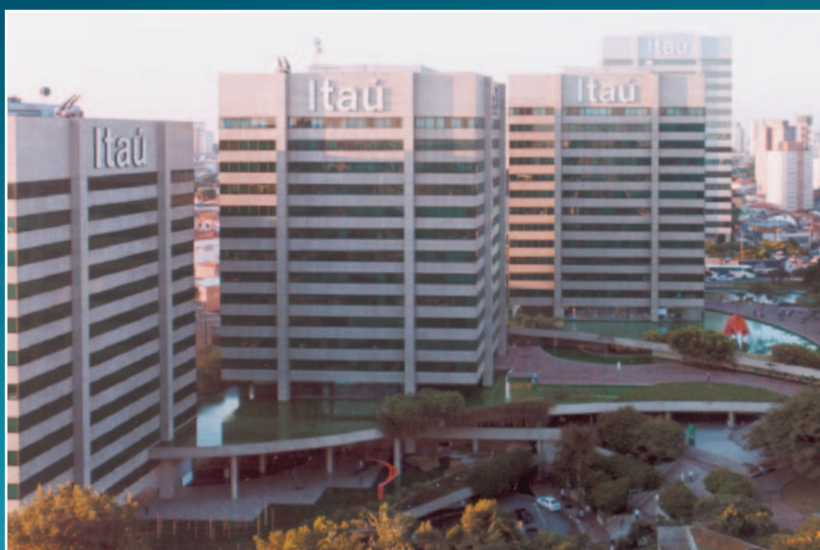
(1) Industrial companies

5. Staffing Indicators	2003	2002
Number of employees at end of period	54,095	53,484
Number of staff hired during the period	4,599	3,932
Number of outsourced staff	15,654	10,744
Number of trainees	609	578
Number of employees aged over 45	6,756	5,991
Number of female employees	24,119	23,882
% of managerial posts held by women	29.34%	27.40%
Number of black and colored employees	6,267	5,954
% of managerial posts held by blacks and coloreds	5.20%	4.50%
Number of handicapped or special needs employees	1,225	979

6. Relevant Information about Corporate Social Responsibility	2003	Goals for 2004
Total number of work-related accidents	765	(1)
Social and environmental projects were established by:	Board	Board
Standards of security and health in the workplace were established by:	Board and managers	Board and managers
For collective bargaining rights and union representation among workers, the company:	Follows ILO rules	Will follow ILO rules
Private pension plans for:	All staff	All staff
Profit- or results sharing for:	All staff	All staff
When choosing suppliers, the same standards of ethics and social responsibility used by the company:	Are required	Will be required
For employees to be involved in volunteer work, the company:	Supports	Will support

(1) Goals for 2004 of Itaúsa Companies: decrease of 10% to 20%.

Total Value-Added for Distribution (in R\$ thousands)	2003	2002
Distribution of Value-Added (DVA)	10,627,654	8,771,950
Staff	34.3%	38.1%
Government	32.9%	26.1%
Shareholder Dividends	11.6%	9.8%
Remuneration of Financings in		
Industrial Area	1.9%	2.7%
Reinvestment of Profits	19.3%	23.3%



Banco Itaú Holding Financeira S.A.

The corporate restructuring which created Banco Itaú Holding Financeira S.A. provides greater structural flexibility, and better conditions for growing and diversifying its operations.

Banco Itaú Holding Financeira (Itaú) is active in the national and international financial, capital and insurance markets through its subsidiaries Banco Itaú, Banco Itaú-BBA, Banco Itaú Europa, Banco Itaú Buen Ayre (Argentina), Itaú Seguros and Itaú Previdência e Seguros.

Itaú is Latin America's largest bank by market value and the second-largest publicly-owned Brazilian bank by assets. *The Banker* magazine ranked it as the world's 118th largest bank in 2003.

Itaú operates in the United States on an equal footing with other financial institutions in that country thanks to the "Financial Holding Company" status granted it by the Federal Reserve Board. This qualification puts the Bank under the rigorous scrutiny of American law.

The corporate restructuring which created Banco Itaú Holding Financeira S.A. in 2003 provides greater structural flexibility and establishes the conditions for our more important business units to function autonomously under Itaú's control. This structure should allow Itaú to expand its financial services business scope and diversification in the coming years.

The acquisition of BBA Creditanstalt – whose operations came under the control of Itaúcorp, Banco Itaú's arm for servicing large corporations – led to the creation of Brazil's largest wholesale bank, Banco Itaú BBA, which brings BBA's skills in providing specialized services and financial operations to Itaú.

This transaction was completed through a shareholder's agreement, unique to Brazil, which established shared management and control of the new institution, ensuring Itaú BBA the autonomy necessary to conduct its business. The integration process occurred in a positive environment whose synergy ensured the continuity and strengthening of both organizations.

Our asset management operations and performance at Itaú Corretora and at Itaú Private Bank were enhanced by the relocation of these areas from BBA to Banco Itaú.

The acquisition of Fináustria from the BBA group, and a strategic alliance with Fiat Automóveis which resulted in the acquisition of Banco Fiat, allowed Itaú to strengthen its position in the loans, leasing and auto *consórcio* market, thanks to the integration of these companies within Itaú's structure. As well, the agreement with AGF bolsters our life insurance, pension plans and asset management operations, allowing us to build on the considerable market position that we enjoy in these sectors.

In 2003, the credit portfolio for small and medium-sized companies (PMES) grew considerably, as did our business in life insurance and pensions. We also strengthened our cost controls and posted excellent results in risk management.

The PMES credit portfolio grew 24.5% to R\$4,406 million. Itaú expects to maintain solid growth in this segment, as over the past two years it has developed a structure to meet the demands of the market and to generate satisfactory results from the sub-prime sector.

Itauprev reported outstanding performance in the life insurance and pension plan markets in 2003. It placed second both in pension plans and VGBL technical reserves, with an amount of R\$5,476 million, if we include the R\$569 million reserves of AGF Vida e Previdência, a company acquired by Itaú in 2003. Among VGBL (combined life insurance and retirement annuity policies) products, Itauprev ranks second, with a 23.4% market share in technical reserves and 24.2% in funds under management.

The insurance, pension plans and annuities areas generated net profits of R\$747 million in 2003, or 23.7% of Itaú's total.

A variety of rationalization measures, combined with gains related to the successful consolidation of recent acquisitions, helped commit the entire organization to controlling costs. Administrative and personnel expenses rose 1.1% year-on-year, and 7.7% if we include the integration of Banco BBA and Banco Fiat. Reaching more competitive efficiency levels will continue to be an important commitment in 2004.

Itaú's financial performance reflects its efforts to monitor domestic and international conditions, its ability to adapt to hypothetical changes, and to implement decisions designed to create superior earnings for shareholders.

In 2004, expanding the customer base, increasing the credit portfolio – particularly in the small and middle market companies segment – continuing to build on 2003's growth in pension plans and maintaining strict cost controls will be indispensable to improving its positioning in the market.

Itaú's year-end reporting reflected a well-capitalized company with diverse revenue sources, rigorous cost controls and a conservative risk management policy.

Consolidated earnings of R\$3,152 million delivered a 26.5% return on shareholders' equity of R\$11,879 million, which rose 31.5% year-on-year. The capital base reached R\$17.185 million. Itaú paid or provisioned R\$2.891 million in taxes and contributions, while it paid, retained, and collected R\$100,971 million from clients.



Assets reached R\$118,738 million, a 6.8% increase from the previous year. Its credit portfolio stood at R\$44,581 at year-end. The auto finance portfolio rose 67.5%.

Its own, third-party, and managed funds grew 18.3% in 2003, totaling R\$182,622 million, while other assets under administration rose 35.4% to R\$80,097 million.

Banco Itaú Holding Financeira S.A. preferred shares ended the period up 67.3%, while common shares finished 61.9% higher. Interest dividends paid to preferred shareholders increased to R\$1,108 million, or R\$9.72 per thousand shares. Itaú's market value grew 71.6% to R\$30,453 million (US\$10,540 million), allowing it to remain as Latin America's largest financial institution by market value.



For the fourth consecutive year, Itaú Holding was included in the Dow Jones Sustainability World Index (DJSI World), and was the only Latin American bank in the 315 companies tracked by the index. The DJSI assesses financial performance and more importantly, the quality of a company's management and aspects such as transparency, corporate governance and social and environmental responsibility.

Banco Itaú was also named by *Euromoney* magazine as Brazil's Best Bank for the sixth consecutive year, while *Latin Finance* magazine named it Latin America's Best Domestic Bank for the 15th year in a row, and Latin America's Best Bank Overall for the second time. Banco Itaú and Itaú Seguros again led the *Carta Capital* magazine rankings in 2003 for the most admired companies in their operating sectors.



Primary Financial Indicators

	2003	2002 (1)	Growth %
Earnings (in R\$ millions)			
Gross Earnings from Financial Operations	9,361	7,250	29.1
Operating Income	5,819	4,255	36.7
Consolidated Net Recurring Income	3,717	3,080	20.7
Consolidated Net Earnings	3,152	2,377	32.6
Earnings per Thousand Shares – (in R\$)			
Consolidated Net Earnings	27.66	21.36	29.5
Book Value	104.25	81.23	28.3
Interest on Own Capital	9.72	7.45	30.6
Preferred Share Price (PN) (2)	267.26	159.49	67.6
Common Share Price (ON) (2)	236.92	149.39	58.6
Total Interest on Own Capital – (in R\$ millions)	1,108	829	33.7
Market Capitalization – (in R\$ millions) (3)	30,453	17,743	71.6
Balance Sheet – (in R\$ millions)			
Total Assets	118,738	111,141	6.8
Total Loans	44,581	45,414	(1.8)
Own, Third-party and Managed Funds	182,622	154,362	18.3
Subordinated Debt	4,814	5,707	(15.7)
Consolidated Shareholders' Equity	11,879	9,036	31.5
Capital Base (4)	17,185	16,573	3.7
Performance Ratios (%)			
Return on Equity – Recurring	31.3	34.1	-
Return on Equity	26.5	26.3	-
Return on Assets	2.7	2.1	-
Solvency Ratio (Basel ratio)	19.8	18.4	-
Efficiency Ratio	46.1	50.0	-
Fixed Assets Ratio	25.0	33.1	-

(1) The consolidation of Banco Itaú-BBA appears only on the Balance Sheet, and does not affect results.

(2) Based on the average price for December.

(3) Calculated based on the average price of preferred shares in December.

(4) The capital base has been calculated in compliance with Central Bank of Brazil Resolution 2837, dated May 30, 2001, based on consolidated economic-financial data.

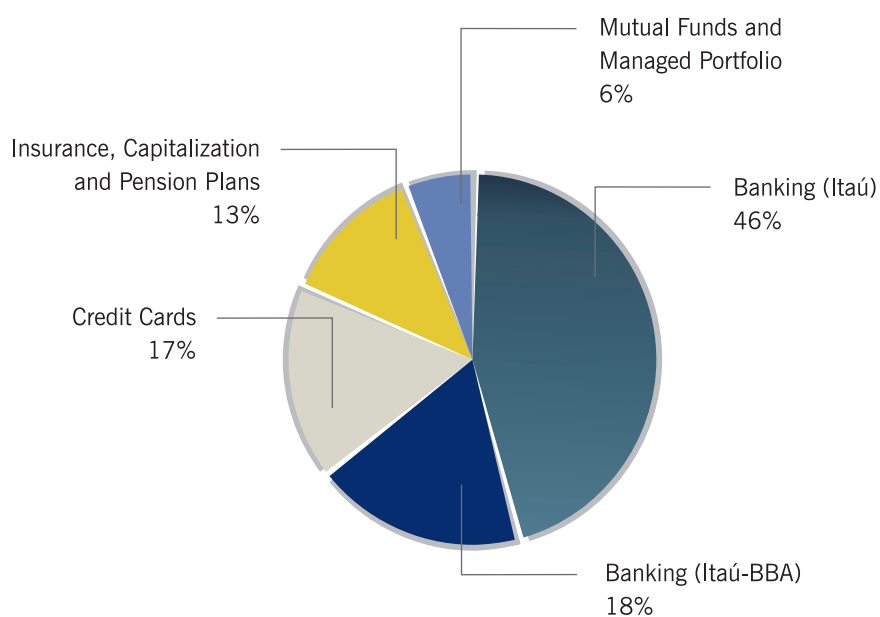
The table below shows the performance of our insurance, pensions and annuities companies in 2003. In December 2002, the migration of the Itaú Seguros (Itauseg) life insurance portfolio to Itaú Previdência e Seguros (Itauprev) was completed, with the exception of the group life portfolio, which explains the lower Itauseg premiums and technical provisions and the resulting higher figures for Itauprev.

(in R\$ millions)

	Itauseg (1)		Itauprev (1)		Itaucap (1)		Consolidated (1)		
	2003	2002	2003	2002	2003	2002	2003	2002	Change %
Net Profits	220	183	169	33	174	50	567	280	102.5
Net Assets	936	675	211	84	212	125	1,347	884	52.4
Annualized Profitability (%)	23.5	27.1	80.5	38.8	82.0	40.3	42.1	31.7	-
Paid-in Premiums and Earnings									
from Pension and Annuities Plans	1,327	1,347	338	83	199	183	1,864	1,613	15.5
Technical Provisions	984	816	5,728	2,664	977	923	7,689	4,403	74.6

(1) Excluding earnings from other businesses.

DIVERSIFICATION OF REVENUES



Itaúsa Portugal

The Itaú Group conducts its activities in the European Union through the holding company Itaúsa Portugal, SGPS, S.A. At the end of the period, its consolidated assets totaled €2.3 billion, up 1.6% from 2002. Consolidated net income reached €36.2 million, with a return of 12.2% on consolidated shareholders' equity of €307.3 million.

Banco Itaú Europa (BIE) posted net earnings of €23.7 million, a 15.9% year-on-year increase. In addition to a strong financial margin, this reflects the good performance of its capital markets, treasury and international private banking activities. In keeping with Banco Itaú Holding Financeira's new market segmentation strategies, it offers structured foreign-trade and capital-market products.

BIE consolidated assets totaled €2,295 million, up 18.8% for the year. Its various credit portfolios contributed to this growth, particularly foreign trade transactions involving financing for Brazilian exports, which reached US\$508 million. Assets under management totalled US\$1.4 billion, with over 1,000 active clients.

BIE's investment grade status, which at the beginning of 2004 was raised to BBB+/F2 from BBB+/F3 by Fitch Ratings and to Baa1/P-2 from Baa2/P-2 by Moody's, places the Bank in a competitive position to support its clients' business, and has allowed it to diversify its liabilities by issuing medium- and long-term Eurobonds in the international capital market.

In June, Itaú Europa's operations were strengthened by the opening of a branch in London, which has allowed it to expand its client base in the corporate and middle-market segments, and assist European companies investing in Brazil. This branch acts in an integrated and supplementary manner with our trading desks in São Paulo, Lisbon and New York (Itaú Securities). The Bank's global activities were also enhanced by the synergies resulting from the merger of Banco Itaú Europa Luxembourg in 2003.

At the end of the year, Itaú Europa increased its capital base by €137.9 million, which raised consolidated shareholders' equity to €316.7 million. In addition, it incorporated a 51% equity stake in the holding company Itaúsa Portugal Investimentos S/A (IPI), which in turn controls 16.1% of Banco BPI, one of Portugal's largest financial groups.

Banco BPI S.A., is the Banco BPI Group's holding company, and in which the Itaú Group has a 16.1% stake. Banco BPI S.A. posted consolidated assets of €26.2 billion at the end of 2003 (€25.7 billion in 2002). Its net earnings rose 17% to €163.8 million, generating a 14% return on consolidated shareholders' equity of €1,227.3 million. The Itaú Group's equity in Banco BPI is held by Itaúsa Portugal Investimentos, Ltda. (IPI), in which Itaúsa Portugal holds a 51% stake through Banco Itaú Europa, with Banco Itaú Holding Financeira having the remaining 49%.

INDUSTRIAL AREA



Earnings at Duratex rose 14.8% over 2002, while its preferred shares grew 56.6% in value.

Duratex manufactures products for the furniture and civil construction industries. It is the Brazilian leader in manufacturing fibreboard, chipboard, MDF, Durafloor laminated floors and Durawall ceiling and wall coverings. Under the Deca and Hydra brands, it is the domestic leader in metal bathroom fixtures and a leading name in ceramic fixtures. Duratex is a key exporter of Brazil's industrialized goods. In the area of reforestation, the company grows its own sources of raw materials, managing its properties to the highest environmental preservation and management standards.

Despite the economic downturn in 2003, Duratex recorded R\$1.3 billion in revenues, up 14.8% from 2002. Exports rose 12% year-on-year to US\$46.5 million.

Its consolidated operating results rose 8.5% to R\$165.9 million, while EBITDA rose 6.8% to R\$224.7 million.

The company recorded a financial loss of R\$51.6 million, R\$32.9 million more than in 2002. This was primarily due to higher interest rates on financing and less cash available due to investments made in the last three years.

Net income reached R\$64.0 million, or an operating cash generation, before financial results, of R\$115.7 million.

Through its internal investment program, the company invested R\$208.3 million in a variety of areas, including R\$172.8 million in the acquisition of the following permanent assets: completing the new MDF/HDF/SDF line at the Botucatu plant in São Paulo state (SP); expanding the Cerâmica Sanitária II facility in Jundiaí (SP); purchasing equipment to increase productivity and streamline operations in metal bathroom fixtures production; completing the installation and beginning of operations, in December, of the new “cut to size” saw in Jundiaí, allowing panels to be cut to each client’s specific measurements; and the acquisition of 6,400 hectares of land and forests in the Botucatu, Lençóis Paulista and Itapetininga regions to expand the Wood Division.

Duratex preferred shares increased their value by 59.6% in 2003. The shares were traded on all market days, with 4.3 billion shares (up 89.7% from 2002) changing hands for a total of R\$274 million, up 172.1% from 2002.

(in R\$ millions)*			
Financial Highlights	2002	2003	Change %
Sales			
Deca	303.2	333.4	10.0%
Wood	563.7	656.2	16.4%
EBITDA			
Deca	45.9	57.6	25.5%
Wood	164.5	167.1	1.6%
Total	210.4	224.7	6.8%
Exports (in US\$ millions)	41.5	46.5	12.0%
Investments	303.0	172.9	-42.9%

(*) Except where indicated

The Board of Directors elected to distribute R\$14.1 million in interest on own capital as the payment of dividends in the second half. This came to R\$1.20 per 1,000 shares, or a gross amount of R\$25.7 million for the year, representing 40% of net earnings for the period.

The furniture sector, chief consumer of the Wood Division’s products, shrank considerably in 2003. Despite this, divisional sales grew 2.8%, thanks to a greater market share in MDF after the new production unit in Botucatu (SP) started up in the second half. This new factory, in addition to manufacturing MDF and HDF, also employs a unique dry-process technology to produce Super Density Fibreboard (SDF), which has a greater density than fibre sheets. Furniture exports under the InterD+ brand reached US\$900,000 in 2003, with sales in Europe and Mexico.

At the end of November, an InterD+ furniture showroom was opened in the city of Jundiaí, exclusively for importer clients.

Durafloor won the *Folha de São Paulo* newspaper Top of Mind Award in the Floor Covering category.

In 2003, civil construction GDP had one of its biggest drops since the beginning of the 1990s, due in part to scarce financing and higher interest rates. In view of this, Deca Division sales fell 8.3%, helped by a decrease in budget-price line shipments, which are more susceptible to consumers’ reduced purchasing power. The division took steps to maintain its operating margins and strengthen product positioning, which resulted in an average price recovery.

The year also saw the introduction of a new monocomand and the Spin and Quadratta metal bathroom fixtures lines. In bathroom ceramics, the Izy line launched a washbasin with an enclosed drain. For the 9th consecutive year, Deca won the Pini Award, one of the most important in the civil construction sector, for being the public’s most preferred brand in the metal and ceramic fixtures categories. As well, in recognition of the innovation of its products’ rational water use, Deca won the “Brazilian House Design Museum” award for its Slim washbasin, and the 2003 Planet House 2003 award for the Dual Flux Tank Valve that controls the flow of water to three or six litres.

INDUSTRIAL AREA



In 2003, InfoExame magazine named Itautec Philco as Best Hardware Company and Best Company of the Year.

Itautec Philco S.A. is Brazil's leading information technology company and the third largest firm in the sector in Brazil. Substantial investments in Research and Development have given the company a key position among Brazilian firms that invest in technological and scientific R & D. Through its specialized Business Units (BUs), the company is active in computers (Supercomputers, Servers and Networks, PCs, Notebooks, PDAs, e-Business and Itec Solutions (an IBM retailer), Solutions and Automation (Banking Automation, Commercial and Self-Service Automation), as well as Services, Consumer Goods (Philco) and Components (Semiconductors and Printed Circuit Boards).

In 2003, Itautec Philco was awarded two important Info200 awards from *InfoExame* magazine: "Best Hardware Company" and "Best Company of the Year".

Itautec Philco's gross revenues from sales and services reached R\$1,448.8 million in 2003, 4.0% lower than in 2002. Gross profits were R\$277.0 million, down 11% from 2002 due to the economic downturn and the consequent decrease in consumer earnings. Net income for the year was R\$10.4 million. The division maintained its policy to hedge all foreign currency-denominated payables. Accumulated operating cash generation was R\$86.1 million while its EBITDA was R\$97.2 million.

Itautec focused on exports during the period, increasing its business with Portugal, Argentina, and Uruguay, and beginning sales in Mexico, France, the Netherlands and Switzerland. In addition, it entered the commercial automation market by purchasing Spanish company Riva Informática.

Itautec Philco invested R\$50.6 million in technology development, including two research centers in Recife and Brasília in conjunction with these two cities' universities.

The Bank Automation Business Unit launched a new foreign exchange transaction ATM line that allows users to exchange currencies. In addition to exporting this line to Germany, it continued its ATM exports to Uruguay and Argentina, and began offering hardware and software solutions to lending co-ops.

The Commercial Automation BU captured a 37% market share in Brazil thanks to sales of its new MiniPos and Thermal Receipt Printer.

(in R\$ millions)			
Financial Highlights	2002	2003	Change %
Sales			
Solutions and Automation	424.4	305.4	-28.0%
Services and Integration	249.8	261.3	4.6%
Consumer and Computer Products	696.7	743.9	6.8%
Components	146.2	138.2	-5.5%
Total	1,517.1	1,448.8	-4.5%
Investments			
R&D	50.0	50.6	1.2%
Promotion and Advertising	32.8	37.8	15.2%
Fixed Assets and Equipment Rental	73.7	29.2	-60.4%
Total	156.5	117.6	-24.9%
Inventory	228.1	198.3	-13.1%
EBITDA	156.5	97.2	-37.9%
Net Debt Index	136.8	133.8	-2.2%

The e-Business Solutions BU launched two new software products in 2003: Webway Legal controls expenses and billable hours for consulting services rendered by legal departments or law firms, while Webway SelfPay allows on-line payments to be made through ATMs.

In the fourth quarter of 2003, the Services BU began operating in Closed Circuit Television (CCTV), offering security systems, project, installation and maintenance activities and operation monitoring and control. Among the first customers were the State Government of São Paulo and one of the largest retail chains in Brazil.

In the Servers and Networks BU, the InfoCluster supercomputer was purchased by the State University of Rio de Janeiro (UERJ), to be used in an international project linking UERJ with the Conseil Européen pour la Recherche Nucléaire (CERN) in Switzerland, and the Fermi National Accelerator Laboratory (FermiLab) in the United States.

The Micros & Mobiles BU launched integrated solutions to separate Itautec products such as InfoWay Business ThinClient, the InfoWay 2U and the InfoWay Educação from pirated products.

In consumer goods, Philco continued selling high-end, higher value added products. In July it launched the DV-P3000 model DVD, with a modern slim design, advanced features such as MP3 and karaoke functions, and a competitive price.

INDUSTRIAL AREA



In 2003, shareholders approved the corporate restructuring which created the new Elekeiroz, completing the process which began with the Ciquine acquisition in 2002.

At Elekeiroz, the formal process of merging the administrative and operational elements of Ciquine Cia. Petroquímica, which it acquired in May 2002, finished on July 31, 2003, after an extraordinary meeting of shareholders from both companies. The shareholders approved a complete corporate restructuring, whose principal aspect was the merger itself, and changing the name of the new entity to Elekeiroz S.A. The process was completed with almost the full participation and support of the shareholders of the two companies.

The new Elekeiroz now has three industrial plants: Camaçari (in Bahia state), which produces oxoalcohols, phthalic anhydride, plasticizers and fumeric acid; Várzea Paulista (in São Paulo state), which also produces phthalic anhydride, plasticizers and fumeric acid, in addition to maleic acid, polyester resins, formaldehyde,

concentrated urea-formaldehyde, sulphuric acid and carbon bisulphate; and at Taubaté (São Paulo), which manufactures plasticizers. The new company is focused primarily on becoming totally modernized and competitive, to help strengthen Brazil's chemical and petrochemical industry both domestically and on the world stage. Various technical studies have recently been undertaken for a R\$170 million investment program, the financing for which is being sought from Brazil's National Development Bank (BNDES) and Banco do Nordeste do Brasil S.A.

During the period, production in the Brazilian chemical industry increased 4.4% thanks to a 20% increase in exports, as domestic market sales fell 2.0%.

The new structure of Elekeiroz has given Itaúsa's operations in the chemical area an average increase of 50% in since 2001.

(in R\$ millions)			
Financial Highlights	2002	2003	Change %
Gross Revenue	429.3	653.7	52.3%
Total Net Revenue	355.3	541.7	52.4%
Domestic Market	299.8	444.7	48.3%
Organic	266.0	383.5	44.2%
Inorganic	33.8	61.2	81.1%
Exports (organic only)	55.5	97.0	74.8%
Net Revenue (exports/organic)	17%	20%	–
Operating Income	44.7	52.4	17.2%
Final Net Income	37.0	37.2	0.5%
EBITDA	65.1	84.2	29.3%
EBITDA/Total Net Revenue	18%	16%	–

In 2003, total shipments from the three plants were up 3.0% from 2002, due to increased shipments of inorganic products (sulfuric acid and carbon bisulphate) and a 20% increase in exports, which included only organic products. Organic products shipped to domestic industrial segments for manufacturing end-consumer products was down 2.0%; combined, however, these shipments rose 1.0%, including exports.

Return on equity was 15.8%, based on incorporating Ciquine's figures for the period. This result was affected by lower margins in exports and by the combined post-merger equity of both companies.

The Board of Directors, subject to approval at the December 24 Annual General Meeting, elected to distribute R\$11.02 million in interest dividends, working out to R\$17.50 per 1,000 shares or net interest of R\$14.875, after withholding income tax.

PROPERTY DEVELOPMENT



Place Saint Germain

In the past few years, alliances between Itaúsa Empreendimentos and other companies have resulted in a variety of successful projects.

Itaúsa Empreendimentos has been operating since 1979 as the Itaúsa Group's property development arm. It is active in a number of areas, from developing residential and commercial projects, hotels, and the retail sector. In recent years, company policy has resulted in associations and partnerships that have resulted in high quality, successful projects.

According to Secovi, a local real estate board, 2003 had the worst property sales performance of the last ten years. Ahead of São Paulo's new "Plano Diretor" master zoning plan, there were numerous offers on the market, which together with slow demand led to a significant number of unsold units. The market is awaiting a resumption in sales as of the second half of 2004.



Ville Belle Époque

Itaúsa Empreendimentos launched Condomínio Ville Belle Époque in partnership with Construtora Líder, and has already sold 61% of the units. This is a high-end residential venture comprising three towers with 110 units, located in São Paulo's Alto de Pinheiros district.

Place Saint Germain, developed in partnership with AK Realty, is a gated community consisting of 15 high-end homes in the Alto da Boa Vista district, with sales already underway.

Jardins do Portal, a new 76-suite residential development in the Morumbi district, will be launched in the second half of 2004. This project is in association with Construtora Liderança, and 35% of its units have already been sold.

Panamérica Park, a commercial complex featuring nine towers, with 44,760 square meters of floor space, is now fully leased. Tenants include the Santander Banespa Group, which leased 76.7% of the property for its administrative and back offices.

Sales at the Raposo Shopping Mall grew 7.6% during the year, despite a general drop in the retail sector.

SENIOR MANAGEMENT AND DIRECTORS

BOARD OF DIRECTORS	EXECUTIVE BOARD	AUDIT BOARD
Chairman Olavo Egydio Setubal	Chairman and CEO Olavo Egydio Setubal	Chairman José Marcos Konder Comparato
Vice-Chair Maria de Lourdes Egydio Villela	Managing Director José Carlos Moraes Abreu	Directors Geraldo de Camargo Vidigal Marcos de Andrade Reis Villela
Directors Alfredo Egydio Arruda Villela Filho José Carlos Moraes Abreu Paulo Setubal	Executive Vice-Presidents Jairo Cupertino Roberto Egydio Setubal Executive Directors Henri Pechas Luiz de Campos Salles	
Trading Committee Henri Pechas Alfredo Egydio Arruda Villela Filho Paulo Setubal		Disclosure Committee Henri Pechas Alfredo Egydio Arruda Villela Filho Paulo Setubal

BOARD OF DIRECTORS

Chairman

Olavo Egydio Setubal

Chairman of the Board of Directors since April 2001. Member of the Supervisory Board 1966-1975, 1979-1985, and October 1986-2001. Mayor of the City of São Paulo 1975-1979, and Brazil's Foreign Minister 1985-1986. Member of the National Currency Board 1974-1975. Mr. Setubal graduated in Engineering from the Polytechnical School of the University of São Paulo (USP) in 1945.

Vice-Chair

Maria de Lourdes Egydio Villela

Vice-Chair of the Board of Directors since April 2001. President of the Modern Arts Museum of São Paulo (MAM) since December 1994, and of the Itaú Cultural Institute since May 2001. Founder and President of the Despertar Community Association since April 1994, the Be Part of It - Brazilian Volunteer Institute since October 2000, and the São Paulo Volunteer Center since May 1997. Ms. Villela graduated in Psychology from Pontifícia Universidade Católica in 1971.

Directors

Alfredo Egydio Arruda Villela Filho

Member of the Supervisory Board since August 1995, and member of the Disclosure and Trading Committees. Alfredo graduated in Mechanical Engineering from Escola de Engenharia Mauá do Instituto Mauá de Tecnologia in 1992, and has a post-graduate degree in Administration from Fundação Getúlio Vargas (FGV).

José Carlos Moraes Abreu

Member of the Supervisory Board since May 2001. Member of the National Currency Board 1975-1984. José graduated in Law from the University of São Paulo in 1944.

Paulo Setubal

Member of the Supervisory Board since April 1999. Executive Director 1987-1991 and Executive Vice-President 1991-1999. Member of the Disclosure and Trading Committees. Paulo graduated in Electrical Engineering from the Industrial Engineering Faculty in 1971, and earned a post-graduate degree in Finance from FGV in 1974.

EXECUTIVE BOARD

Olavo Egydio Setubal

Chairman and CEO since March 1986. Managing Director 1966-1970.
Chairman 1970-1975 and 1979-1985.

Managing Director

José Carlos Moraes Abreu

Director since April 1983. Vice-Chairman 1966-1976 and 1979-1983.
Chairman 1976-1979. Managing Director in 1966.

Executive Vice-Presidents

Jairo Cupertino

Executive Vice-President since August 1986. Director 1974-1975.

Managing Director 1975-1977. Member of the Supervisory Board 1974-1990. Director 1978-1986.

Jairo is an Engineering graduate from the USP Polytechnical School.

Roberto Egydio Setubal

Executive Vice-President since May 1994. President of the Brazilian Federation of Bank Associations (Febraban), April 1997-March 2001. Vice President of the Institute of International Finance, member of the International Monetary Conference Council, and member of the International Advisory Committee of the Federal Reserve Bank of New York. Roberto graduated in Production Engineering from the Polytechnical School of the University of São Paulo in 1977, and earned an M.Sc. in Engineering from Stanford in 1979.

Executive Directors

Henri Penchas

Executive Director since December 1984, Henri is responsible for Economic Control and is Director of Investor Relations. Member of the Disclosure and Trading Committees. He is a Mechanical Engineering graduate from Mackenzie University, and has a post-graduate degree in Finance from Fundação Getúlio Vargas.

Luiz de Campos Salles

Graduated in Electrical Engineering (Electronics) from the USP Polytechnical School in 1967, and studied Electronics at the University of Virginia 1968-1969 through the Fullbright Commission. He earned an M.Sc. in Systems and Information Sciences from Syracuse University in 1973.

AUDIT BOARD

Chairman

José Marcos Konder Comparato

Chairman of the Audit Board since May 1995. José graduated in Civil Engineering from the USP Polytechnical School in 1955.

Directors

Geraldo de Camargo Vidigal

Member of the Audit Board since 1995. Professor of Law at USP. Advisory/Supervisory role with Febraban and Assobesp 1967-1977. President of Serasa Bank Centralization Services 1968-1980. Founder of the Brazilian Banking Sciences Institute (IBCB); the National Center of Banking Automation (CNAB); and the National Center of Banking Collection Studies (Cenaban). Member of the Legal Advisory Board of the Federation of Commerce of the State of São Paulo; the Brazilian Law Institute; the Brazilian Academy of Legal Studies; and the International Academy of Law and Economics. A graduate in Law, in 1945, Geraldo has published a number of books on Law, as well as prose and poetry.

Marcos de Andrade Reis Villela

Member of the Audit Board since April 2003. Currently oversees Special Programs at FGV. Professor at Ebape/FGV. Formerly Director of Ibmecc Educational, Director and Member of SDE, a senior executive training company, and Professor/Coordinator of Projects and Research at Coppead/Federal University of Rio de Janeiro.

Marcos holds a Civil Engineering degree from UFJF, in 1968, an M.Sc. in Production Engineering from Coppead/UFRJ, in 1970, and Ph.D. in Business Administration (Managerial Controls) from Manchester Business School, in 1978.

CORPORATE INFORMATION

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