



Complete Financial Statements
March 31, 2007

ITAÚSA

ITAÚSA INVESTIMENTOS ITAÚ S.A.

MANAGEMENT REPORT – 1st Quarter of 2007

To our Stockholders:

We present the Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the first quarter of 2007, in accordance with the regulations established by the Brazilian Corporate Law and the Brazilian Securities and Exchange Commission (CVM). These financial statements have been approved by the Fiscal Council.

SUSTAINABLE DEVELOPMENT

The Itaúsa conglomerate companies take social and environmental aspects into consideration in their activities in order to attain sustained growth of their operations and create value for their various stakeholders. The main initiatives at the social and environmental level were as follows:

The widespread use of PET bottles in the market for the packaging of beverages and soft drinks has created the need for their proper disposal because, as the material is not biodegradable, it can pollute the environment. Therefore, PET bottle recycling started to be taken seriously by companies and Eleikeiroz, sharing this concern, started to use these bottles as supplementary raw material in the manufacturing of polyester resin. In March 2007, a combined reactor system and its accessories (pumps, collectors, filters, condensers and distillation columns) were completed and started to operate, in addition to the big bag handling system and solid raw material feeding station, to allow for the use of recycled PET in its resins, as an effective contribution to material recycling and reduction of environmental pollution.

Since 2005, Itaútec, by way of the Consumo Consciente (Efficient Use) Program, has been developing and implementing environmental programs for employees, their families and communities. Consumption of paper, the focus of the program at the beginning of the year, is a continuous process and encourages the reduction of paper consumption and its replacement with recycled paper. In the quarter, the Global Warming issue was also addressed with the provision of tips on what to do to fight global warming.

Also, in the quarter, Banco Itaú started to implement the improvements pointed out in the review of social and environmental risk processes and criteria applied in the granting of credit to the middle market company segment.

Through the PIC Esperança and PIC Itaú Criança Capitalization Plans, approximately R\$ 1 million was passed onto the basic education programs developed by Unicef and Fundação Itaú Social. The *Fundo Itaú de Excelência Social* (Social Excellence Itaú Fund) supported 12 non-governmental organizations (NGOs) that develop projects related to education. R\$ 1.2 million, corresponding to 50% of the management fee, were passed onto these organizations.

Noteworthy is the partnership entered into by the Ministry of Education (MEC), Fundação Itaú Social and the Center of Studies and Research in Education, Culture and Community Action (Cenpec). With this initiative, the methodology developed by the “Escrevendo o Futuro” (Writing the Future) program will be used in the implementation of the Brazilian Students’ Contest in Portuguese Language across the entire public education system in Brazil. In the quarter, Fundação Itaú Social’s continued the “Melhoria da Educação no Município” (Improvement of Municipal Education) in 23 municipalities in the State of Minas Gerais. Also noteworthy is the 7th Itaú-Unicef awarding event to be launched on April 23.

The actions at the Instituto Itaú Cultural’s headquarters in São Paulo, reached over 50,000 people. Prospects of the “Rumos” (Directions) Program were published for Music, Literature, Cultural Journalism and Research: Cultural Management. Noteworthy also is the “Itaú Cultural 20 Anos” (Itaú Cultural 20 Years) retrospective exhibit, which marked the beginning of the celebrations for the two decades of operations of the institute.

HUMAN CAPITAL MANAGEMENT

In the quarter, Itaú invested R\$ 11 million in education, training and development programs. Personnel compensation, including charges and benefits, totaled R\$ 1,214 million. Welfare benefits granted to employees and their dependents totaled R\$ 169 million and comprise supplementary pension plan, food, health and dental care, social services, scholarships, entertainment, sports and cultural activities, loans at subsidized interest rates, insurance, transportation vouchers, donations and special grants, among others.

ECONOMIC PERFORMANCE

The main financial indicators of the results of Itaúsa and its subsidiaries for the quarters are as follows:

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

	<i>R\$ thousand</i>					
	Parent company		Minority interests		Conglomerate	
	03/31/2007	03/31/2006	03/31/2007	03/31/2006	03/31/2007	03/31/2006
Net income	1,062,771	799,576	1,108,054	783,213	2,170,825	1,582,789
Stockholders' equity	13,624,952	10,280,437	15,277,523	9,831,975	28,902,475	20,112,412
Return on average equity	32.12	31.93	29.87	33.25	30.93	32.57
Dividends/interest on capital	268,986	294,686	339,668	297,060	608,654	591,746

MAIN FINANCIAL INDICATORS

	03/31/2007	03/31/2006	Change %
Results per thousand shares - in R\$			
Net income	334.66	251.75	32.93
Book value	4,290.47	3,236.90	32.55
Price per common share (ON) (1)	13,167.37	9,831.76	33.93
Price per preferred share (PN) (1)	11,141.36	9,375.65	18.83
Market capitalization (2) – in thousands of R\$	37,832,412	30,326,714	24.75

(1) Based on the average quotation of March of each year.

(2) Calculated on the basis of the average quotation of shares during the month of March of each year.

MAIN INDICATORS OF THE COMPANIES CONTROLLED BY ITAÚSA

R\$ thousand

	1st quarter	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED/ CONGLOMERATE (1)
		Banco Itaú Holding Financeira S.A. Consolidated	Duratex S.A.	Itautec S.A.	Elekeiroz S.A.	
Total assets	2007	257,849,851	2,459,247	885,900	608,640	262,803,199
	2006	164,423,081	2,042,150	719,312	554,148	168,542,176
Operating revenue (2)	2007	12,183,773	356,520	354,889	212,814	13,178,066
	2006	9,892,946	331,623	275,764	158,884	10,777,245
Net income	2007	1,901,656	74,664	51,562	13,663	2,170,825
	2006	1,459,981	44,842	7,324	1,812	1,582,789
Stockholders' equity	2007	24,970,704	1,469,645	401,115	349,119	28,902,475
	2006	16,618,641	1,082,103	320,291	319,510	20,112,412
Annualized return (net income/stockholders' equity) % (3)	2007	31.34%	20.85%	54.95%	16.02%	30.93%
	2006	36.30%	16.82%	9.25%	2.28%	32.57%
Internal fund generation (4)	2007	3,623,904	103,611	71,467	23,587	3,944,950
	2006	3,258,408	65,515	19,240	7,769	3,407,408

(1) Data related to consolidated/conglomerate are net of consolidation eliminations and unrealized income from intercompany transactions.

(2) Operating Revenue by area of operation was obtained as follows:

- Banco Itaú Holding Financeira S.A.: totality of Income from financial operations, Income from services rendered, Income from Insurance, Pension Plan and Capitalization premiums and other Operating Income;
- Duratex S.A., Itautec S.A. and Elekeiroz S.A.: taking into consideration Net revenue from sales of products and/or services.

(3) Represents the ratio between net income for the quarter and average stockholders' equity ((Mar + Dec)/2), multiplied by 4.

(4) Covers resources arising from operations:

- plus expenses for allowance for loan losses;
- not taking into consideration changes in mathematical provisions for capitalization and pension plan and considering the changes in unsettled claims, credits and debits from insurance operations and deferred selling expenses from insurance, pension plan and capitalization.

FINANCIAL SERVICES AREA

Banco Itaú Holding Financeira

Along all of its history, Itaú Holding has obtained good results, proving the sustainability of its operations and consistency of its strategic decisions. In the period, the Bank's net income was the highest quarterly net income recorded by a Brazilian private bank.

The main events in the quarter were the following:

- The official launch of Itaú in Chile and Uruguay took place on March 5 and 26, respectively, determining the effective startup of Itaú Holding operations in both countries, as all BankBoston branches were converted to Banco Itaú. Itaú Holding and Itaúsa started the process for the acquisition of the operations of BankBoston in Chile and Uruguay from Bank of America Corporation in 2006.
- On March 1, Itaú Holding organized the Itaú Day, an event to celebrate the fifth anniversary of the first trade of Itaú's shares on the New York Stock Exchange (NYSE). Since they started being traded on the NYSE in February 2002, Itaú Holding ADRs appreciated more than 460% (in dollars), an annual average of 36%. This performance shows the Bank's ability to attract and manage capital and investments.

In April 2007, Moody's rating agency upgraded the BFSR rating of Banco Itaú and Banco Itaú BBA by two notches from C to B-, maintaining them at the highest level awarded to Brazilian banks.

The main results of the Bank in the quarter were as follows:

Consolidated net income for the quarter totaled R\$ 1,902 million, with annualized return of 31.3% on average equity.

Stockholders' equity totaled R\$ 24,971 million at the end of the quarter, a 50.3% increase as compared to March 2006. The referential equity used for the purposes of calculating operating limits reached R\$ 33,162 million.

Consolidated assets totaled R\$ 257,850 million, a 56.8% increase as compared to March 2006. The loan portfolio, including endorsements and sureties, grew 40.3% as compared to March 2006, totaling R\$ 101,071 million at the end of the quarter, with a special attention to credit to individuals portfolio, which increased 44.6%, and the very small, small and middle market company segment, which grew 77.6%.

Total free, raised and managed own assets increased 48.5% as compared to March 2006, totaling R\$ 409,740 million.

Consumer credit operations associated with the Itaí brand totaled R\$ 3,334 million in the loan portfolio and included 5.8 million customers at the end of the first quarter.

Banco Itaú maintained its leadership in the credit card market with over 13.5 million cards issued and billings totaling R\$ 9.2 billion at the end of the quarter.

Itaú Seguros and its subsidiaries reached R\$ 683 million in premiums earned for the quarter, representing a 5.6% increase as compared to the same period of 2006. Itaú Vida e Previdência's revenue reached R\$ 107 million related to premiums issued for life insurance, a 24.9% increase as compared to the same period of the prior year. Technical provisions of Insurance and Pension Plan totaled R\$ 19,016 million. Technical provisions of capitalization amounted to R\$ 1,115 million in the period. Funds raised from the sale of Pension Plan and VGBL products reached R\$ 802 million in the first quarter of 2007, representing an increase of 42.2% as compared to the same period of 2006.

In the investment banking segment, Banco Itaú BBA participated in debenture and promissory notes offerings totaling R\$ 1.0 billion. In the Anbid (National Association of Investment Banks) ranking, including offerings up to March 2007, Banco Itaú BBA continued to rank first in the origination of fixed income offerings. In variable income, Banco Itaú BBA was the coordinator and *bookrunner* of initial public offerings that totaled R\$ 1.5 billion and of subsequent public offerings that amounted to R\$ 1.7 billion. In the Anbid ranking (March 2007), Banco Itaú BBA ranked third in origination of variable income operations.

ITAÚSA EUROPA INVESTIMENTOS

Itaúsa Europa Investimentos, the *holding* company that concentrates Itaúsa's banking investments in Europe, recorded net income of € 13.8 million in the quarter, in line with the same period of 2006. Assets increased € 3.3 billion, a growth of 17.5% in relation to 2006.

Consolidated net income of Banco Itaú Europa totaled € 13.9 million whereas the banking product amounted to € 22,2 million, both in line with the first quarter of 2006, showing, in addition to the stable contribution by the financial margin, an outstanding performance in the capital markets, treasury and international private banking areas and the interest held in Banco BPI. Average return on equity reached 13.3% and the efficiency ratio, 31.6%.

The Bank's investment grade status (Baa1 by Moody's and BBB+ by Fitch Ratings) has significantly contributed to diversification of the sources of funds, with the Bank playing an active role on the primary and secondary markets in the quarter.

Itaú Europa's total assets amounted to € 3.3 billion, of which we highlight the performance of corporate loan transactions, which reached € 1.4 billion. These were mainly composed of structured loans, related mostly to the financing of Brazilian exports.

In the quarter, the activities of Banco Itaú Europa Luxembourg, a subsidiary that carries out international private banking services, significantly contributed to the global results of the holding company, including 22.4% in banking product and 9.9% in terms of net results. At the end of the quarter, managed assets exceeded US\$ 3.2 billion, with more than 1,800 active clients.

Banco BPI, S.A., an associated company in which the Itaú Conglomerate holds a 17.6% interest, 51% of which is held by Itaú Europa, recorded at the end of the quarter total consolidated assets of € 36.4 billion, stockholders' equity of € 1,528.5 million and net income of € 96.8 million.

Subsequent Event

. Acquisition of ABN AMRO private banking operations in Miami and Montevideo

On April 12, 2007, Itaúsa entered into an agreement with ABN AMRO Bank N.V., for the acquisition of the international private banking assets of Latin American customers in Miami and Montevideo. This acquisition includes assets totaling US\$ 3.3 billion registered in the United States, Switzerland and Luxembourg, which will be recorded in Banco Itaú Europa.

This operation, in line with the strategy for the international expansion and sustainable business growth, will allow Itaú Holding and Banco Itaú Europa to consolidate their positions as one of the private banking leaders in Latin America.

INDUSTRIAL AREA

Duratex

In order to consolidate its leadership in the segments in which it operates and in view of the exceptional moment that its main consumer markets – civil construction and furniture manufacturing – are experiencing, Duratex announced in March a new Investment Plan in the amount of R\$ 850 million, including the following:

- Wood Division: R\$ 630 million for the acquisition and implementation of the new MDF (Medium Density Fiberboard) line in the region of Agudos, State of São Paulo, with expected annual capacity of 500,000 cubic meters, adding 78% to the existing manufacturing capacity and expected to start up in the first half of 2009; the acquisition of a new Low Pressure (LP) coating line with an annual coating capacity of 8.5 million square meters of panels, adding 35% to the current capacity and expected to start up in the first half of 2008; and the acquisition over a 6-year period of 18.5 thousand hectares of land in order to supply the increase in the panel manufacturing capacity.

- Deca Division: R\$ 200 million – R\$ 120 million for the increase in the production of bathroom fittings by 400,000 items through 2009, increasing current capacity by 33%; and R\$ 80 million for the increase in the production of bathroom ceramics by 140,000 items per month, corresponding to a growth of 43% in its current capacity.
- Corporate Area: R\$ 20 million for the acquisition of an ERP (Enterprise Resource Planning) system, which is expected to be implemented over the next two years.

In the quarter, R\$ 31.6 million were invested in the acquisition of permanent assets, of which 71% was allocated to the forestry area. Investments were used in the acquisition of 2.1 thousand hectares of land and the planting of forests in order to meet the needs of the expansion plan.

Duratex's consolidated gross revenue grew 9% in relation to the first quarter of 2006, totaling R\$ 475.0 million, and net revenue totaled R\$ 356.5 million, an increase of 8%. Exports fell 29% in relation to 2006, totaling US\$ 9.4 million.

Operating cash generation measured by EBITDA improved substantially, growing 18% in relation to the same period of 2006, totaling R\$ 120.6 million, corresponding to an EBITDA margin of 34% compared to 31% in 2006. Net income totaled R\$ 74.7 million, 66% higher than in the first quarter of 2006, representing annualized return on equity of 23%.

The performance of the Wood Division reflects the good times experienced by the furniture industry. Net revenue grew 10% in relation to the same period of 2006, totaling R\$ 242.8 million. Gross profit grew 22%, increasing gross margin to 48% compared with 44% in the first quarter of 2006. EBITDA totaled R\$ 93.6 million, a growth of 29% in relation to 2006, corresponding to an EBITDA margin of 38%, higher than the 33% seen in 2006. Exports fell 30% in relation to 2006, and the fiberboard panel, the main export item, represented 88% of the US\$ 7.7 million exported.

The improvement in operations reflects the increase in sales to the domestic market, economies of scale arising from the increase in shipped volumes and diversification of the sales mix based on a higher volume of shipped coated products.

The recovery of the civil construction sector in Brazil starts to positively affect the Deca Division, whose products are necessary only at the final stage of the process. At the end of the quarter, it experienced a growth in the shipped volume of finishing products, resulting in a record performance in March. Net revenue totaled R\$ 113.7 million, 3% higher than in the same period of 2006, and gross profit totaled R\$ 44.7 million. EBITDA amounted to R\$ 27.0 million and the EBITDA margin, 24%. Exports totaled US\$ 1.6 million.

Itautec

For the fifth consecutive year, Itautec was present at Cebit, the largest trade show of the industry in Hannover, Germany, for the worldwide launch of the new "Adattis" line of ATM's, a piece of equipment whose main characteristics, in addition to a modern design, include total compliance with the NBR 15250 and ADA (Americans with Disabilities Act) standards and the ROHS directive, a standard in effect in the European Community that aims to reduce to minimum levels the use of substances that are hazardous to the environment.

In the quarter, Itautec gross revenue from sales and services totaled R\$ 393.5 million, an increase of 23.6% as compared to the same period of 2006. This increase is related to the acquisition of Tallard Technologies in April 2006, when it started to have its results consolidated in the Itautec Group.

Gross income totaled R\$ 68.2 million, resulting in a gross margin of 19.2%, 2.8 percentage points lower than in 2006.

Operating expenses reached R\$ 29.9 million, 43.0% higher than in 2006, representing 8.4% of net revenue, affected by the consolidation of Tallard's operations, which, in the period, totaled R\$ 5.8 million. General and administrative expenses totaled R\$ 11.1 million, representing 3.1% of net revenue as compared to 4.9% in the first quarter of 2006.

Operating income totaled R\$ 20.9 million, 75.4% higher than in 2006. Non-operating income amounted to R\$ 48.2 million, mainly due to the sale of 50% of the shares of Camargo Correa Desenvolvimento Imobiliário S.A. and to the result from the sale of a real estate property in the district of Tatuapé, in São Paulo.

Net income totaled R\$ 51.6 million and the return on invested capital was 13.8%. EBITDA totaled R\$ 29.9 million, 51.9% higher than in 2006, resulting in an EBITDA margin of 8.4% and accumulated operating cash generation of R\$ 76.0 million.

Cash and cash equivalents and investments totaled R\$ 131.2 million, R\$ 11.4 million higher than the short-term indebtedness, which totaled R\$ 119.8 million.

In the information technology area, gross revenue dropped 16.0% despite the growth of 3.4% in shipped volume in relation to the first quarter of 2006. This was due to the mix of products, with an increase share in the retail market resulting from lower interest rates and long financing terms.

Gross revenue from services totaled R\$ 82.3 million, 9,8% higher than in the same period of 2006, with a special note to the growth in revenue from technical assistance arising from the expansion of industrial facilities.

Segmentation of sales (R\$ thousand)	1st Quarter of 2007		1st Quarter of 2006		Change (%) 2007/2006
	R\$	%	R\$	%	
Solution and Automation	56,864	17.9	49,225	15.5	15.5
Information Technology	141,580	44.5	168,585	52.9	-16.0
Services	82,340	20.9	74,996	23.6	9.8
Itautec Brasil	280,784	71.4	292,806	92.0	-4.1
Itautec Overseas + Export	8,711	2.2	7,140	2.2	22.0
Itec + Tallard	104,007	26.4	18,485	5.8	462.7
TOTAL	393,502	100.0	318,431	100.0	23.6

Elekeiroz

Confirming the positive trend seen at the end of 2006, the boost in sales in the first quarter came from the foreign market, which accounted for 70% of the 18% increase in the total volume shipped by the company. Exports totaled US\$ 27.5 million as compared to US\$ 8.1 million in the same period of 2006.

The shipment volume of organic products (oxo alcohols, phthalic and maleic anhydride, 2- ethyl hexanoic acid, polyester resin, formaldehyde, formalin-urea concentrate and fumaric acid) increased 20% and of inorganic products (sulfuric acid and carbon bisulfate), 14%.

The recovery of the average unit contribution margin continued in the first quarter, improving Elekeiroz' return in relation to 2006 due to the increase in productivity and good technical increase seen in the alcohol plants.

In the quarter, the company also worked to increase productivity by way of technical adjustments in Camaçari, State of Bahia, and in Várzea Paulista, State of São Paulo with the replacement of equipment in the sulfuric acid and phthalic anhydride plants, which will result in increased internal energy production, thus reducing the demand from the external system.

Gross and net revenue in the first quarter totaled R\$ 260.5 million and R\$ 212.8 million, with an increase of 29% and 34%, respectively. Operating income after equity in subsidiaries and amortization of goodwill totaled R\$ 18.8 million (R\$ 2.4 million in 2006) and net income after the provisions for taxes and profit sharing was R\$ 13.7 million (R\$ 1.8 million in 2006). EBITDA of R\$ 28.8 million grew 154% with an EBITDA margin of 14% and annualized return on equity of 18%.

Itaúsa Empreendimentos

Itaúsa Empreendimentos has been changing its operating characteristics and redirecting its activities focused on operating and strategic planning and support to the industrial area.

Accordingly, the assets remaining from its activity as real estate developer are being normally sold and the final sales are expected to occur in 2007, seizing the favorable economic moment.

INDEPENDENT AUDITORS – CVM INSTRUCTION No. 381

Procedures adopted by the Company

The policy adopted by Itaúsa, its subsidiaries and parent company, to engage non-audit related services from our independent auditors is based on the applicable regulation and internationally accepted principles that preserve the auditor's independence. These principles include the following: (a) an auditor cannot audit his or her own work, (b) an auditor cannot function in the role of management in companies where he or she provides external audit services; and (c) an auditor cannot promote the interests of its client.

During the first quarter of 2007, the independent auditors and related parties did not provide non-audit related services in excess of 5% of total external audit fees.

According to CVM Instruction No. 381, we list the engaged service and related date: March 08, 2007 – Agreement for using an electronic library of international accounting standards – Itaú Holding – Brazil

Summary of the Independent Auditors' justification

The provision of the above described non-audit related professional service does not affect the independence or the objectivity of the external audit of Itaúsa, parent and its subsidiary/affiliated companies. The policy adopted for providing non-audit related services to Itaúsa is based on principles that preserve the independence of Independent Auditors, and all of them are observed in the provision of the referred service.

ACKNOWLEDGEMENTS

We thank our stockholders for their support and trust that we seek to repay by providing differentiated results. We thank the clients of our companies for their loyalty, and we reaffirm our commitment to provide quality products and services. We express our special thanks to our employees for their work and effort, which have provided the sustainable growth of our business.

(Approved at the Meeting of the Board of Directors held on May 14, 2007).

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

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(*) Elected by ASM of 04/25/2007 - pending BACEN's approval

(**) *Investor Relations Director*

(*** Elected by BDM of 05/07/2007 - pending BACEN's approval

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Board Members

JOÃO MANUEL RICARDO CATARINO
PRICEWATERHOUSECOOPERS & ASSOCIADOS, SOCIEDADE
DE REVISORES OFICIAIS DE CONTAS, LDA.

DURATEX S.A.**BOARD OF DIRECTORS****Chairman**

OLAVO EGYDIO SETUBAL

Vice Chairmen

LAERTE SETUBAL FILHO

MARIA DE LOURDES EGYDIO VILLELA

PAULO SETUBAL

Members

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JAIR RIBEIRO DA SILVA NETO

JAIRO CUPERTINO

JOSÉ CARLOS MORAES ABREU

OLAVO EGYDIO SETUBAL JÚNIOR

FISCAL COUNCIL**President**

PAULO RICARDO MORAES AMARAL

Members

IRAN SIQUEIRA LIMA

MÁRCIO LUCIANO MANCINI

EXECUTIVE BOARD**Chief Executive Officer**

PAULO SETUBAL

Executive Managing Vice Presidents

GUILHERME ARCHER DE CASTILHO

PLINIO DO AMARAL PINHEIRO (*)

RAUL PENTEADO

Executive Directors

CARLOS ALBERTO TENÓRIO NOBRE

ENRIQUE JUDAS MANUBENS

MÁRIO COLOMBELLI FILHO

Managing Directors

ALEXANDRE COELHO NETO DO NASCIMENTO

ANTONIO JOAQUIM DE OLIVEIRA

ANTONIO MASSINELLI

FLÁVIO DIAS SOARES

DISCLOSURE COMMITTEE**Members**

PAULO SETUBAL

PLINIO DO AMARAL PINHEIRO

RAUL PENTEADO

() Investor Relations Director***ITAUTEC S.A. - GRUPO ITAUTEC****BOARD OF DIRECTORS****Chairman**

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Vice Chairman

JOSÉ CARLOS MORAES ABREU

Members

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JAIRO CUPERTINO

PAULO SETUBAL

RENATO ROBERTO CUOCO

RICARDO EGYDIO SETUBAL

EXECUTIVE BOARD**Chief Executive Officer**

PAULO SETUBAL

Managing Director

GUILHERME ARCHER DE CASTILHO

Executive Managing Vice Presidents

CLÁUDIO VITA FILHO

RAUL PENTEADO

RICARDO EGYDIO SETUBAL (*)

Executive Director

WILTON RUAS DA SILVA

DISCLOSURE COMMITTEE**Members**

RICARDO EGYDIO SETUBAL

PAULO SETUBAL

GUILHERME ARCHER DE CASTILHO

RAUL PENTEADO

() Investor Relations Director***ELEKEIROZ S.A.****BOARD OF DIRECTORS****Chairman**

OLAVO EGYDIO SETUBAL

Vice Chairmen

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JOSÉ CARLOS MORAES ABREU

PAULO SETUBAL

Members

CESAR CALVO HUIDOBRO

RAUL PENTEADO

REINALDO RUBBI

EXECUTIVE BOARD**Chief Executive Officer**

PAULO SETUBAL

Managing Director

REINALDO RUBBI (*)

Directors

CARLOS CALVO SANZ

RICARDO JOSÉ BARALDI

DISCLOSURE COMMITTEE**Members**

REINALDO RUBBI

PAULO SETUBAL

() Investor Relations Director*

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**CONSOLIDATED BALANCE SHEET***(In thousands of Reais)*

ASSETS	03/31/2007	03/31/2006
Current assets	206,948,983	128,705,323
Cash and cash equivalents	4,854,692	2,428,247
Interbank investments (Notes 4a and 5)	40,227,327	21,106,263
Securities and derivative financial instruments (Notes 4b, 4c and 6)	53,616,096	27,960,737
Securities	32,611,087	11,617,686
Derivative financial instruments	2,900,236	2,721,548
Assets Guaranteeing Technical Provisions – PGBL/VGBL fund quotas (Note 11b)	15,362,898	11,047,183
Assets Guaranteeing Technical Provisions – Other securities (Note 11b)	2,741,875	2,574,320
Interbank accounts of subsidiaries	16,713,371	13,109,065
Loan, lease and other credit operations (Note 7)	55,299,023	40,343,135
Operations with Credit Granting Characteristics (Note 4d)	59,842,252	42,644,252
(-) Allowance for loan losses (Note 4e)	(4,543,229)	(2,301,117)
Inventories (Notes 4f and 8)	533,507	513,023
Products	523,849	495,430
Real estate	9,658	17,593
Other receivables	34,344,297	22,315,255
Foreign exchange portfolio (Note 9)	23,157,002	13,839,962
Deferred tax assets (Note 14b I)	2,946,645	2,747,803
Sundry (Note 13a)	8,343,967	5,817,744
(-) Allowance for loan losses	(103,317)	(90,254)
Other assets (Notes 4g and 13b)	322,913	282,151
Prepaid expenses (Notes 4h and 13c)	1,037,757	647,447
Non-current assets	55,854,216	39,836,853
Long-term receivables	50,520,353	35,360,043
Interbank investments (Notes 4a and 5)	1,679,020	1,336,940
Securities and derivative financial instruments (Notes 4b, 4c and 6)	10,086,241	8,512,088
Securities	8,235,356	6,884,578
Derivative financial instruments	1,027,124	684,221
Assets Guaranteeing Technical Provisions – Other securities (Note 11b)	823,761	943,289
Interbank accounts of subsidiaries	383,461	362,427
Loan, lease and other credit operations (Note 7)	28,267,151	18,957,576
Operations with Credit Granting Characteristics (Note 4d)	31,337,839	21,324,876
(-) Allowance for loan losses (Note 4e)	(3,070,688)	(2,367,300)
Other receivables	9,405,738	5,384,166
Deferred tax assets (Note 14b I)	3,923,263	1,589,007
Sundry (Note 13a)	5,482,475	3,795,159
Other assets (Notes 4g and 13b)	6,006	-
Prepaid expenses (Notes 4h and 13c)	692,736	806,846
Permanent assets	5,333,863	4,476,810
Investments (Notes 4i and 15a II)	1,168,695	841,935
Investments in affiliates	864,773	656,200
Other investments	303,922	185,735
Fixed assets (Notes 4j and 15b)	3,586,679	3,283,167
Fixed assets	8,446,581	7,842,191
Leased properties	106,422	119,564
Forest reserves	113,078	99,623
(Accumulated depreciation)	(5,079,402)	(4,778,211)
Intangible (Note 15b)	11,241	8,074
Deferred charges (Notes 4k and 15b)	567,248	343,634
Organization and expansion expenses	1,335,909	887,342
(Accumulated amortization)	(768,661)	(543,708)
TOTAL ASSETS	262,803,199	168,542,176

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CONSOLIDATED BALANCE SHEET

(In thousands of Reais)

LIABILITIES	03/31/2007	03/31/2006
Current liabilities	159,278,923	94,925,504
Funds raised by subsidiaries (Notes 4a and 10)	106,795,707	60,406,267
Foreign currency	5,931,528	3,529,400
Local currency	63,846,863	47,411,233
Money market	37,017,316	9,465,634
Subordinated debts (Note 10)	1,353,952	53,042
Derivative financial instruments (Notes 4c and 6b)	2,512,759	1,842,413
Borrowings (Note 4a)	306,401	299,741
Foreign currency	153,491	114,796
Local currency	152,910	184,945
Statutory and social contributions	1,331,564	979,967
Tax and social security contributions (Note 14c I)	1,700,804	1,046,227
Other liabilities	38,129,374	25,257,613
Foreign exchange portfolio (Note 9)	23,473,537	14,032,433
Credit card operations	6,022,236	4,330,075
Securitization of foreign payment orders (Note 10)	157,384	171,476
Sundry (Note 13d)	8,476,217	6,723,629
Interbank accounts of subsidiaries	4,268,029	2,271,106
Technical provisions for insurance, pension plan and capitalization (Notes 4I and 11a)	2,880,333	2,769,128
Non-current liabilities	74,500,143	53,385,764
Long-term liabilities	74,500,143	53,385,764
Funds raised by subsidiaries (Notes 4a and 10)	37,430,483	28,036,895
Foreign currency	4,938,588	3,958,637
Local currency	9,734,988	11,629,301
Money market	22,756,907	12,448,957
Subordinated debts (Note 10)	8,171,196	4,417,526
Derivative financial instruments (Notes 4c and 6b)	827,254	455,182
Borrowings (Note 4a)	320,401	332,075
Foreign currency	141,717	150,389
Local currency	178,684	181,686
Tax and social security contributions (Note 14c I)	6,662,516	4,684,615
Other liabilities	3,837,958	2,690,358
Securitization of foreign payment orders (Note 10)	1,198,894	997,494
Sundry (Note 13d)	2,639,064	1,692,864
Technical provisions for insurance, pension plan and capitalization (Notes 4I and 11a)	17,250,335	12,769,113
Deferred income (Note 4o)	121,658	118,496
Minority interest	15,277,523	9,831,975
Stockholders' equity of parent company (Note 16)	13,624,952	10,280,437
Capital	5,200,000	5,000,000
Capital reserves	26,824	28,423
Revaluation reserves	40,845	49,132
Revenue reserves	8,396,654	5,466,483
Adjustment to market value – securities and derivatives	111,072	170,590
(-) Treasury shares	(150,443)	(434,191)
Stockholders' equity of the Itaúsa Conglomerate	28,902,475	20,112,412
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	262,803,199	168,542,176

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED STATEMENT OF INCOME

(In thousands of Reais)

	01/01 to 03/31/2007	01/01 to 03/31/2006
OPERATING REVENUES	13,178,066	10,777,245
Sales of products and services	3,264,112	2,835,423
Insurance, pension plan and capitalization	2,087,859	1,742,568
Financial	5,325,803	3,766,484
Insurance, pension plan and capitalization (Note 11c)	537,815	540,609
Securities	1,727,650	1,719,274
Equity in earnings of affiliates	32,431	37,206
Other operating revenues (Note 13e)	202,396	135,681
OPERATING EXPENSES	(9,894,422)	(8,266,902)
Cost of products and services	(641,309)	(536,108)
Insurance, pension plan and capitalization	(1,775,219)	(1,517,404)
Equity	(1,447,777)	(1,437,024)
Administrative	(2,578,042)	(2,133,401)
Management fees	(41,150)	(77,548)
Financial	(1,906,460)	(1,104,475)
Financial expenses on technical provisions for pension plan and capitalization (Note 11c)	(434,087)	(437,021)
Other operating expenses (Note 13f)	(1,070,378)	(1,023,921)
OPERATING INCOME	3,283,644	2,510,343
NON-OPERATING INCOME (Note 13g)	106,779	19,524
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	3,390,423	2,529,867
INCOME TAX AND SOCIAL CONTRIBUTION (Notes 4n and 14a I)	(1,065,145)	(772,981)
Due on operations for the period	(1,155,239)	(916,516)
Related to temporary differences	90,094	143,535
PROFIT SHARING	(154,453)	(174,097)
Employees – Law 10,101 of 12/19/2000	(121,490)	(110,684)
Officers - Statutory - Law 6,404 of 12/15/1976	(32,963)	(63,413)
NET INCOME RELATING TO MINORITY INTEREST IN SUBSIDIARIES	(1,108,054)	(783,213)
NET INCOME OF PARENT COMPANY	1,062,771	799,576
Net income relating to minority interest in subsidiaries	1,108,054	783,213
NET INCOME OF THE ITAÚSA CONGLOMERATE	2,170,825	1,582,789
NUMBER OF OUTSTANDING SHARES – in thousands	3,175,632	3,176,014
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES – R\$	334.66	251.75
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES – R\$	4,290.47	3,236.90

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(In thousands of Reais)

	01/01 to 03/31/2007	01/01 to 03/31/2006
A – FINANCIAL RESOURCES WERE PROVIDED BY	10,935,746	5,969,924
NET INCOME FOR THE YEAR	1,062,771	799,576
Items not representing movement of net working capital		
Minority interest	1,108,054	783,213
Depreciation and amortization	196,182	162,230
Equity in the earnings of subsidiaries, net of received dividends	(32,431)	(37,206)
Other	(1,371)	3,257
ADJUSTED NET INCOME	2,333,205	1,711,070
THIRD PARTIES' RESOURCES	8,602,541	4,258,854
Increase in long-term liabilities	7,499,920	3,915,771
Cost of disposed permanent assets	35,813	5,272
Cost of investment disposals	501	439
Elimination of assets included in consolidation for the period	963,467	-
Change in deferred income	(3,281)	2,044
Changes in minority interests, net	106,121	335,328
B – FINANCIAL RESOURCES WERE USED FOR	13,911,859	1,642,788
Increase in long-term receivables	12,918,699	890,755
Adjustment to market value – securities and derivatives - subsidiary and affiliated companies	(3,128)	(755)
Purchased properties and other fixed assets	233,740	110,248
Investments in the period	61,419	17,600
Increase in deferred assets	66,977	33,194
Purchase of treasury shares	25,498	-
Dividends paid to minority stockholders	339,668	297,060
Dividends proposed	268,986	294,686
INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)	(2,976,113)	4,327,136
INCREASE (DECREASE) IN NET WORKING CAPITAL	(2,976,113)	4,327,136
At the beginning of the year	50,646,173	29,452,683
Current assets	170,708,888	117,440,972
Current liabilities	120,062,715	87,988,289
At the end of the year	47,670,060	33,779,819
Current assets	206,948,983	128,705,323
Current liabilities	159,278,923	94,925,504

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**BALANCE SHEET***(In thousands of Reais)*

ASSETS	03/31/2007	03/31/2006
Current assets	1,031,654	874,148
Cash and cash equivalents	23	6,311
Securities (Note 6a)	546,955	511,170
Deferred tax assets	76,711	6,577
Other sundry receivables (Note 13a)	407,965	350,090
Non-current assets	14,938,067	10,664,454
Long-term receivables	19,951	17,372
Securities (Note 6a)	33	32
Other assets (Note 13a)	19,918	17,340
Permanent assets	14,918,116	10,647,082
Investments		
Investments in subsidiaries (Note 15a I)	14,905,408	10,633,583
Other investments	4,190	4,116
Fixed assets (Note 15b)	8,518	9,383
TOTAL ASSETS	15,969,721	11,538,602
LIABILITIES		
Current liabilities	736,498	509,520
Dividends payable	668,921	429,340
Tax and social security contributions	64,240	77,372
Other liabilities (Note 13d)	3,337	2,808
Non-current liabilities	15,561	13,264
Long-term liabilities – Tax and social security contributions	15,561	13,264
Stockholders' equity (Note 16)	15,217,662	11,015,818
Capital (Note 16a)	5,200,000	5,000,000
Capital reserves	26,824	28,423
Revaluation reserves	40,845	49,132
Revenue reserves (Note 16c)	9,989,364	6,201,864
Adjustment to market value - securities (Notes 4b, 4c and 6a)	111,072	170,590
(-) Treasury shares	(150,443)	(434,191)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	15,969,721	11,538,602

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**STATEMENT OF INCOME***(In thousands of Reais)*

	01/01 to 03/31/2007	01/01 to 03/31/2006
OPERATING REVENUES	959,032	1,086,069
Securities	71,287	95,515
Equity in earnings of subsidiaries (Note 15a I)	886,347	989,716
Other operating revenues (Note 13e)	1,398	838
OPERATING EXPENSES	(14,803)	(35,107)
Equity	(219)	(220)
Administrative	(4,898)	(4,318)
Management fees	(1,397)	(1,329)
Other operating expenses (Note 13f)	(8,289)	(29,240)
OPERATING INCOME	944,229	1,050,962
NON-OPERATING INCOME (EXPENSE) (Note 13g)	5,625	20,526
INCOME BEFORE TAXES ON NET INCOME AND PROFIT SHARING	949,854	1,071,488
INCOME TAX AND SOCIAL CONTRIBUTION (Note 4n and 14a I)	43,463	(15,672)
Due on operations for the period	(59,633)	(94,427)
Related to temporary differences	103,096	78,755
PROFIT SHARING	(1,174)	(1,151)
Officers - Statutory - Law 6,404 of 12/15/1976	(1,174)	(1,151)
NET INCOME	992,143	1,054,665
NUMBER OF OUTSTANDING SHARES (in thousands) (Note 16a)	3,175,632	3,176,014
NET INCOME PER THOUSAND SHARES – R\$	312.42	332.07
BOOK VALUE PER THOUSAND SHARES – R\$	4,792.01	3,468.44

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (NOTE 16)

(In thousands of Reais)

	Capital	Capital reserves			Revaluation Reserves	Revenue Reserves			Adjustment to Market Value - Securites and Derivatives	Treasury shares	Retained earnings	Total
		Monetary correction Law 8,200	Premium on subscription of shares	Options for tax incentives		Legal	Unrealized profits	Statutory				
At December 31, 2005	5,000,000	25,013	1,781	1,629	49,392	588,815	-	4,852,810	148,887	(434,191)	-	10,234,136
Change of adjustment to market value - subsidiaries	-	-	-	-	-	-	-	-	21,703	-	-	21,703
Reversal/realization of reserves	-	-	-	-	(260)	-	-	-	-	-	260	-
Appropriations:												
Net income for the period	-	-	-	-	-	-	-	-	-	-	1,054,665	1,054,665
Legal reserve	-	-	-	-	-	52,733	-	-	-	-	(52,733)	-
Statutory reserve	-	-	-	-	-	-	-	707,506	-	-	(707,506)	-
Interest on capital	-	-	-	-	-	-	-	-	-	-	(294,686)	(294,686)
At March 31, 2006	5,000,000	25,013	1,781	1,629	49,132	641,548	-	5,560,316	170,590	(434,191)	-	11,015,818
At December 31, 2006	5,200,000	25,013	182	1,629	43,318	872,249	239,650	8,151,835	96,691	(124,945)	-	14,505,622
Change of adjustment to market value - subsidiaries	-	-	-	-	-	-	-	-	14,381	-	-	14,381
Reversal/realization of reserves	-	-	-	-	(2,473)	-	-	-	-	-	2,473	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(25,498)	-	(25,498)
Net income for the period	-	-	-	-	-	-	-	-	-	-	992,143	992,143
Appropriations:												
Legal reserve	-	-	-	-	-	49,607	-	-	-	-	(49,607)	-
Statutory reserve	-	-	-	-	-	-	-	676,023	-	-	(676,023)	-
Dividends	-	-	-	-	-	-	-	-	-	-	(46,639)	(46,639)
Interest on capital	-	-	-	-	-	-	-	-	-	-	(222,347)	(222,347)
At March 31, 2007	5,200,000	25,013	182	1,629	40,845	921,856	239,650	8,827,858	111,072	(150,443)	-	15,217,662

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
STATEMENT OF CHANGES IN FINANCIAL POSITION

(In thousands of Reais)

	01/01 to 03/31/2007	01/01 to 03/31/2006
A – FINANCIAL RESOURCES WERE PROVIDED BY	376,792	322,319
NET INCOME FOR THE PERIOD	992,143	1,054,665
Items not representing movement of net working capital		
Depreciation and amortization	219	220
Equity in the earnings of subsidiaries, net of received dividends	(624,886)	(738,408)
Allowance for losses	(66)	7
Amortization of goodwill	1,572	1,325
ADJUSTED NET INCOME	368,982	317,809
THIRD PARTIES' RESOURCES	7,810	4,510
Increase in long-term liabilities	-	4,510
Decrease in long-term receivables	7,810	-
B – FINANCIAL RESOURCES WERE USED FOR	298,879	301,138
Increase in long-term receivables	-	6,452
Purchased properties and other fixed assets	5	-
Purchase of treasury shares	25,498	-
Dividends and Interest on Capital	268,986	294,686
Decrease in long-term liabilities	4,390	-
INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)	77,913	21,181
INCREASE (DECREASE) IN NET WORKING CAPITAL	77,913	21,181
At the beginning of the period	217,243	343,447
Current assets	1,374,222	1,211,452
Current liabilities	1,156,979	868,005
At the end of the period	295,156	364,628
Current assets	1,031,654	874,148
Current liabilities	736,498	509,520

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
NOTES TO THE FINANCIAL STATEMENTS
FROM JANUARY 1 TO MARCH 31, 2007 AND 2006

(In thousands of Reais)

NOTE 1 - OPERATIONS

ITAÚSA - Investimentos Itaú S.A. (ITAÚSA) has as its main objective to supporting the companies in which capital it holds an equity interest, through studies, analyses and suggestions on their 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 that they issue, aiming to strengthen their position in the capital market and related or subsidiary activities or subsidiaries of interest of the mentioned companies, except for those restricted to financial institutions.

NOTE 2 – PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of ITAÚSA and of its subsidiaries (ITAÚSA CONSOLIDATED) have been prepared in accordance with accounting principles established by the Brazilian Corporate Law and instructions issued by the Brazilian Securities and Exchange Commission (CVM), the Central Bank of Brazil (BACEN), the National Monetary Council (CMN), the Superintendency of Private Insurance (SUSEP) and the National Council of Private Insurance (CNSP), which include the use of estimates necessary to calculate accounting provisions.

In the preparation of the financial statements, the Company made changes provided for by the CVM Resolution 488 of October 3, 2005.

On May 1 and August 8, 2006, Banco Itaú Holding Financeira (ITAÚ HOLDING) and Bank of America Corporation (BAC) entered into agreements for the acquisition, by ITAÚ HOLDING, of the operations of BankBoston (BKB) and subsidiary companies in Brazil, Chile and Uruguay. On August 22, 2006 the operation was approved by BACEN and, at the ESM held on August 25, 2006, its implementation was approved as from September 1, 2006, and its company name was changed to Banco ItauBank S.A. On February 1, 2007, February 7, 2007 and March 12, 2007, the Chile and Uruguay operations were approved by BACEN, the Superintendency of Banks and Financial Institutions of Chile (SBIF) and by the Uruguayan authorities, respectively, and therefore they started being included in the consolidation process on March 31, 2007.

Operations with Credit Cards, arising from purchases made by card holders, are included in receivables for loan, lease and other credit operations. The resources related to these amounts are included in Other Liabilities – Credit Card Operations. Lease Operations are presented, at present value, in the Balance Sheet, and the related income and expenses, which represent the financial result of these operations, are presented, grouped together, under loan, lease and other credit operations in the Statement of Income. Advances on exchange contracts are reclassified from Other Liabilities – Foreign Exchange Portfolio. The foreign exchange result is presented on an adjusted basis, with the reclassification of expenses and income, in order to represent exclusively the impact of variations and differences of rates on the balance sheet accounts denominated in foreign currencies.

NOTE 3 – CONSOLIDATED FINANCIAL STATEMENTS

Intercompany transactions and balances and results have been eliminated on consolidation. The investments held by consolidated companies in Exclusive Investment Funds are consolidated. The investments in these fund portfolios are classified by type of transaction and were distributed by type of security, in the same categories in which these securities had been originally allocated. Deferred taxes related to adjustments to market value of trading securities, derivative financial instruments (assets/liabilities) and available-for-sale securities, including the additional provision, are presented in the Balance Sheet at their related net amounts (Note 14b II). Up to March 31, 2006, Operations with Credit Granting Characteristics and Allowance for Loan Losses were presented in the Balance Sheet net of additional write-offs, related to fully provisioned operations, and the recovery of which is considered remote by Management. As from the second quarter of 2006, the credit assignment procedure started being adopted for part of the operations with these characteristics. The effects of the Foreign Exchange Variation on investments abroad are classified in the Statement of Income accounts, according to the nature of the corresponding balance sheet accounts.

The difference in Net Income and Stockholders' Equity between ITAÚSA and ITAÚSA CONSOLIDATED (Note 16d) results from the elimination of unrealized income (losses) arising from consolidated intercompany transactions, the related taxes on which have been deferred, and from the adoption of different criteria for the amortization of goodwill on purchase of investments and the recognition of deferred tax assets.

In ITAÚSA, goodwill recorded in subsidiaries, mainly originated from the acquisition of BKB operations in Brazil, Chile and Uruguay, from the partnerships to set up the Financeira Itaú CBD and Americanas Itaú and from the acquisition of part of the shares of BPI S.A., is being amortized based on the expected future profitability (10 years) or by the realization of the investments.

In ITAÚSA CONSOLIDATED, this goodwill was fully amortized in the years when these investments occurred in order to: a) permit better comparability with previous periods' consolidated financial statements; and b) permit measuring Net Income and Stockholders' Equity based on conservative criteria.

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

	Incorporation country	Interest (%)	
		03/31/2007	03/31/2006
FINANCIAL SERVICES AREA			
Afinco Américas Madeira, SGPS, Sociedade Unipessoal, LDA	Portugal	44.55	48.25
Banco Fiat S.A.	Brazil	44.55	48.25
Banco Itaú BBA S.A.	Brazil	42.65	46.20
Banco Itaú Buen Ayre S.A.	Argentina	44.55	48.25
Banco Itaú Cartões S.A.	Brazil	44.55	48.25
Banco Itaú Chile (Note 2)	Chile	44.55	-
Banco Itaú Europa Luxembourg S.A.	Luxembourg	89.12	89.84
Banco Itaú Europa, S.A.	Portugal	89.17	89.89
Banco Itaú Holding Financeira S.A.	(1) Brazil	44.55	48.25
Banco Itaú S.A.	Brazil	44.55	48.25
Banco Itaú Uruguay S.A. (Note 2)	Uruguay	44.55	-
Banco Itaubank S.A. (Note 2)	Brazil	44.55	-
Banco Itaucard S.A.	(2) Brazil	44.55	48.25
Banco Itaucard Financiamentos S.A.	Brazil	44.55	48.25
Cia. Itaú de Capitalização	Brazil	44.54	48.25
Cia. Itauleasing de Arrendamento Mercantil	Brazil	44.55	48.25
Credicard Banco S.A.	(3)(4) Brazil	-	24.12
FAI - Financeira Americanas Itaú S.A Crédito, Financiamento e Investimento	(4) Brazil	22.27	24.12
Fiat Administradora de Consórcios Ltda	Brazil	44.54	48.25
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento	(5) Brazil	22.27	24.12
Itaú Administradora de Consórcios Ltda	Brazil	44.55	48.25
Itaú Bank, Ltd	Cayman Islands	44.55	48.25
Itaú Corretora de Valores S.A.	Brazil	44.55	48.25
Itaú Seguros S.A.	Brazil	44.55	48.25
Itaú Vida e Previdência S.A.	Brazil	44.55	48.25
Itaú XL Seguros Corporativos S.A.	(5) Brazil	22.27	-
ItaúBank Leasing S.A. Arrendamento Mercantil (Note 2)	Brazil	44.55	-
Itaúsa Export S.A.	Brazil	87.67	88.50
Oca Casa Financeira S.A. (Note 2)	Uruguay	44.55	-
Orbitall Serviços e Processamento de Informações Comerciais S.A.	Brazil	44.55	48.25
Redecard S.A.	(4) Brazil	14.23	15.41
Serasa S.A.	(4) Brazil	14.50	15.62
INDUSTRIAL AREA			
Duratex S.A.	(1) Brazil	41.25	47.58
Elekeiroz S.A.	(1) Brazil	96.49	96.52
Itaúsa Empreendimentos S.A.	Brazil	99.95	100.00
Itautec S.A.	(1) Brazil	94.01	94.22

(1) Listed company.

(2) New company name of Itaucard Financeira S.A. Crédito, Financiamento e Investimento, approved by BACEN on April 25, 2006.

(3) Company proportionally incorporated by Banco Itaú Cartões S.A. on April 30, 2006.

(4) Companies with shared control included proportionally in consolidation.

(5) Company with shared control, fully included in consolidation, as authorized by CVM, in view of the business management by ITAÚ HOLDING.

NOTE 4 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES

a) Interbank investments, funds raised by subsidiaries, borrowings and onlendings and other receivables and payables - Transactions subject to monetary correction and foreign exchange variation and operations with fixed charges are recorded at present value, calculated "pro rata die" based on the variation of the contracted index and interest rate.

b) Securities

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

II- In financial subsidiaries, insurance, pension plan, security and capitalization companies, and its subsidiaries (Financial Services Area), recorded at acquisition cost restated by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Circular Letter 3,068, of November 8, 2001 and SUSEP Circular Letter 314, of December 27, 2005. They are classified in the following categories:

- Trading securities –acquired to be actively and frequently traded, are adjusted to market value, with a contra-entry to the results for the period;
- Available-for-sale securities – securities that can be negotiated but are not acquired to be actively and frequently traded. They are adjusted to their market value with a contra-entry to an account disclosed in stockholders' equity; and
- Held-to-maturity securities – securities, except for non-redeemable shares, for which the company has the financial condition and intends or is required to hold them in the portfolio up to their maturity, are recorded at cost of acquisition, or market value, whenever these are transferred from another category. The securities are adjusted up to maturity date, not being adjusted to market value.

Gains and losses on available-for-sale securities, when realized, are recognized at the trading date in the statement of income, with a contra-entry to a specific stockholders' equity account.

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

III- The effects of the procedures described in the item 2 above, in the subsidiaries of the Financial Services of ITAÚSA, recorded under stockholders' equity or the income statement, were equally recorded in stockholders' equity or in the equity of earnings of affiliates in proportion to the ownership percentage.

c) Derivative Financial Instruments - These are classified on the date of their acquisition, according to management's intention of using them either as a hedge or not, according to BACEN Circular Letter 3,082, of January 30, 2002. Transactions involving financial instruments, carried out upon the client's request, for their own account, or which do not comply with hedging criteria (mainly derivatives used to manage the overall risk exposure) are stated at market value, including realized and unrealized gains and losses, which are recorded directly in the statement of income.

The derivatives used for protection against risk exposure or to modify the characteristics of assets and liabilities, which have changes in market value that are highly associated with those of the items being protected at the beginning and throughout the duration of the contract and are found effective to reduce the risk-related exposure being protected, are classified as a hedge, in accordance with their nature:

- **Market Value Hedge** - Assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, which are recorded directly in the statement of income.
- **Cash Flows Hedge** - The effective amount of the hedge of assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, net of tax effects, when applicable, and recorded in a specific account in stockholders' equity. The ineffective portion of hedge is recorded directly in the statement of income.

- d) Loan, Lease and Other Credit Operations (Operations with Credit Granting Characteristics)** - These transactions are recorded at present value and calculated "pro rata die" based on the variation of the contracted index, and are recorded on the accrual basis until 60 days overdue in financial companies. After the 60th day, income is recognized upon the effective receipt of installments.
- e) Allowance for Loan Losses** - The balance of the allowance for loan losses was recorded based on the credit risk analysis, at an amount considered sufficient to cover loan losses according to the rules determined by CMN Resolution 2,682 of December 21, 1999, among which are:
- Provisions are recorded from the date loans are granted, based on the client's rating and on the periodic quality evaluation of clients and industries, and not only in the event of default;
 - Based exclusively on delinquency, write-offs of credit operations against loss may be carried out 360 days after the due date of the credit or 540 days for operations that mature after a period of 36 months.
- f) Inventories** - These are valued at the average acquisition or production cost, which is lower than replacement costs or realizable values and, when applicable, decreased by the provision for obsolescence. Imports in transit are stated at the accumulated cost of each import.
- g) Other assets** - These assets are mainly comprised by assets held for sale relating to real estates available for sale, own real estate not in use or received as payment in kind which are adjusted to market value by recognizing a provision, according to current regulations.
- h) Prepaid Expenses** – These refer to the disbursements the benefit of which will result in benefits in future periods.
- i) Investments** - In subsidiary and affiliated companies, investments are accounted for under the equity method. The consolidated financial statements of foreign branches and subsidiaries are adapted to comply with Brazilian accounting practices and converted into reais. Other investments are recorded at cost, restated up to December 31, 1995, and adjusted to market value by setting up a provision in accordance with current standards.
- j) Fixed assets** - These assets 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 based on appraisal reports.

In the Financial Area, with respect to operating lease, leased assets are stated at cost of acquisition less accumulated depreciation. The depreciation of leased assets is recognized under the straight-line method, based on their usual useful lives, taking into account that the useful life shall be decreased by 30% should it meet the conditions provided for by the Ordinance No. 113 of February 26, 1988 issued by the Ministry of Finance. Receivables are recorded in lease receivable at the contractual amount, with contra-entry to unearned income accounts. The recognition in income will occur on the due date of the installments.

Depreciation is calculated using the straight-line method, based on monetarily corrected cost, and for the Financial Area companies, assets/equipment with residual value up to R\$ 3 are fully depreciated. Depreciation is calculated at the following annual rates:

Real estates in use	4%	to	8%
Installations, furniture, equipment and security, transportation and communication systems	10%	to	25%
EDP systems	20%	to	50%

- k) Deferred charges** - Deferred organization and expansion expenses mainly represent leasehold improvements and acquisition of software, which are amortized on a straight-line basis over their respective contractual terms, limited to ten and five years, respectively.
- l) Technical Provisions of Insurance, Pension Plan and Capitalization** – provisions are recognized according to the technical notes approved by SUSEP and criteria established by CNSP Resolution 120 of December 24, 2004.

I - Insurance:

- Provision for unearned premiums – recognized to determine unearned premiums relating to the risk coverage period;
- Provision for premium deficiency – recognized 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 – recognized based on claims of loss in an amount sufficient to cover future commitments;
- Provision for claims incurred but not reported (IBNR) – recognized for the estimated amount of claims occurred for 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 - Pension Plan and Individual life insurance with living benefit:

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

- Provision for unsettled benefits and redemptions and/or Other unsettled amounts – refer to amounts still not settled up to the balance sheet date;
- Provision for events occurred but not reported (IBNR) – recognized for 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 for which benefits are not yet due, and to those receiving the benefits;
- Provision for insufficient contribution – recognized in case of insufficient mathematical provisions.

III - Capitalization:

- Mathematical provision for redemptions – represents capitalization certificates received to be redeemed;
- Provision for raffles – calculated according to definition in technical note;
- Provision for raffles payable – set up by raffles of certificates already held;
- Provision for contingencies – recognized for the application of contingency rate on the collected amount.

m) Contingent Assets and Liabilities and Legal Liabilities – Tax and Social Security: evaluated, recognized and disclosed according to the provisions set forth in CVM Resolution No. 489 of October 3, 2005.

I- Contingent Assets and Liabilities

Refer to potential rights and obligations arising from past events, the occurrence of which is dependent upon future events.

- Contingent Assets: not recognized, except upon evidence ensuring a high reliability level of realization, usually represented by claims awarded a final and unappealable judgment and confirmation of the recoverability of the claim through receipt of amounts or offset against another liability.
- Contingent Liabilities: basically arise from administrative proceedings and lawsuits, inherent in the normal course of business, filed by third parties, former employees and governmental bodies, in connection with civil, labor, tax and social security lawsuits and other risks. These contingencies are calculated based on conservative practices, being usually recorded based on the opinion of legal advisors and considering the probability that financial resources shall be required for settling the obligation, the amount of which may be estimated with sufficient certainty. Contingencies are classified either as probable, for which provisions are recognized; possible, which are disclosed but not recognized; or remote, for which recognition or disclosure are not required. Any contingent amounts are measured through the use of models and criteria which allow their adequate measurement, in spite of the uncertainty of their term and amounts.

Escrow deposits are restated in accordance with the current legislation.

Contingencies guaranteed by indemnity clauses in privatization processes and with liquidity are only recognized upon judicial notification with simultaneous recognition of receivables, not producing effect in results.

II- Legal Liabilities – Tax and Social Security

Represented by amounts payable related to tax liabilities, the legality or constitutionality of which are subject to administrative or judicial defense, recognized at the full amount under discussion.

Liabilities and related escrow deposits are adjusted in accordance with the current legislation.

- n) Taxes** - These provisions are calculated according to current legislation at the rates shown below, for effects of the related calculation bases.

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

() For financial and similar companies, the PIS and COFINS rates are 0.65% and 4%, respectively.*

- o) Deferred income** – These refer to unexpired interest received in advance that is recorded as income is earned, and the negative goodwill on acquisition of investments arising from expected future income, not absorbed in the consolidation process.

NOTE 5 - INTERBANK INVESTMENTS

We present below the composition of the interbank investments of the subsidiaries of the Financial Services Area:

	03/31/2007	03/31/2006
Money market	29,979,946	13,675,935
Funded position (*)	12,338,257	9,472,773
Financed position	17,641,689	4,203,162
With free movement	3,502,294	30,129
Without free movement	14,139,395	4,173,033
Money market – Assets Guaranteeing Technical Provisions - SUSEP	805,894	577,092
Interbank deposits	11,120,507	8,190,176
TOTAL	41,906,347	22,443,203

(*) Includes R\$ 5,297,429 (R\$ 6,609,940 at 03/31/2006) related to money market with free movement, in which securities are restricted to guarantee transactions at the Brazilian Mercantile and Futures Exchange (BM&F).

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

We present the composition of the accounts “Securities and Derivative Financial Instruments”, maintained in the subsidiaries of the Financial Services Area, which are in accordance with the standards of BACEN and SUSEP. They are recorded at cost and market values, and the effects of market value adjustment are directly recorded in stockholders' equity and results of subsidiaries and of ITAÚSA

a) Summary

Description	Cost	Provision for adjustment to market value with impact on		Market value	
		Result	Stockholders' equity	03/31/2007	03/31/2006
Itaúsa and Industrial Area					
Securities	1,235,821	-	-	1,030,422	880,972
Derivative financial instruments (assets)	12,638	-	-	12,638	-
Subtotal	1,248,459	-	-	1,043,060	880,972
Financial Services Area (1)					
Trading securities (2)	39,716,124	117,525	-	39,833,649	18,081,339
Available-for-sale securities	17,167,364	-	205,400	17,372,764	12,571,537
Held-to-maturity securities (3)	1,538,142	-	-	1,538,142	1,813,208
Derivative financial instruments (assets)	3,513,077	401,645	-	3,914,722	3,405,769
Subtotal	61,934,707	519,170	205,400	62,659,277	35,871,853
Deferred taxes			(78,140)		
Adjustment of securities reclassified in prior years to held-to-maturity category			26,125		
Adjustment of securities of unconsolidated affiliates			38,061		
Total adjustment to market value			191,446		
Additional provision (exceeding minimum required)				-	(280,000)
Total Securities and Derivative Financial Instruments (Assets)	63,183,166	519,170		63,702,337	36,472,825
Derivative Financial Instruments – Itaúsa and Industrial Area	(7,925)	181		(7,744)	(7,462)
Derivative Financial Instruments – Financial Area	(3,106,304)	(225,965)		(3,332,269)	(2,290,133)
Total Securities and Derivative Financial Instruments (Liabilities)	(3,114,229)	(225,784)		(3,340,013)	(2,297,595)
Minority interest			(80,374)	-	-
Amount separately disclosed in Stockholders' equity of ITAÚSA			111,072		

(1) No reclassification among categories was performed in the period.

(2) Includes portfolios of PGBL and VGBL plan securities, in the amount of R\$ 15,362,898 (R\$ 11,047,183 at 03/31/2006) whose ownership and embedded risks belong to the clients, and recorded as marketable securities in compliance with SUSEP requirements, with contra-entry to liabilities, in Technical Provision for Pension Plans.

(3) Securities classified under this category, if stated at market value, would present a positive adjustment of R\$ 194,802 (positive adjustment in the amount of R\$ 186,311 at 03/31/2006).

At ITAÚSA, the amount of R\$ 546,988 (R\$ 511,202 at 03/31/2006) is basically composed of Quotas of Investment Funds.

b) Derivative Financial Instruments

The globalization of the markets in recent years has resulted in a high level of sophistication in the financial products used. As a result of this process, there has been an increasing demand for derivative financial instruments to manage market risks, mainly arising from fluctuations in interest and exchange rates, assets prices and credit, aiming to hedge against default by counterparts. Accordingly, ITAÚSA and its subsidiaries are fully involved in the derivative markets for meeting the growing needs of their clients, as well as carrying out their own 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 negotiated are purchased for three basic purposes:

- Market Risk Hedge - to perform hedge of the structural portfolio, arising from commercial bank operations;
- Trading - to serve as instruments for the bank to assume proprietary and risk management positions of the derivatives traded with large clients; and
- Credit protection – to provide insurance against losses related to loan operations.

Most derivative contracts traded with clients in Brazil are swap and future contracts, which are registered at the Brazilian Mercantile & 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 lock the financing rates offered to customers with maturity or currency mismatches between their obligations and the resources used to fund them. Overseas out transactions are carried out mainly with futures, forwards, options, swaps and credits with registration mainly in the Chicago, New York and London Exchanges.

The main risk factors of the derivatives, assumed at March 31, 2007, were related to the foreign exchange rate, interest rate, U.S. dollar coupon Reference Rate coupon, 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 risk-return ratios, even under highly volatile situations.

The institution carries out operations involving credit derivatives for the following purposes: a) reducing or eliminating its exposure to specific risks from the assets of its balance sheet based on the concept of credit portfolio management; and b) assuming risk positions by way of hedging purchases or sales based on the trading concept.

The operations carried out for loan portfolio management reduce the specific risks of the counterpart in default, transferring these risks, totally or partially, to the institution that sells the hedge. Such risks are daily monitored in view of the credit limits established for each counterpart, thus ensuring that they are properly managed.

The operations carried out for trading purposes are daily controlled by way of sophisticated pricing and risk measurement models.

Under regular conditions, the 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 present value estimates and other valuation techniques. To obtain these market values, the following criteria were adopted:

- Futures and Forward Contracts: quotes on the exchanges;
- Swaps: the cash flow of each part is discounted to present value, according to the corresponding interest curves, obtained based on the BM&F prices and/or market prices of the government securities for Brazilian transactions, and on the international exchange prices for transactions carried out abroad.
- Options: pricing models that consider the volatility behavior of the asset object, the interest rates, the exercise price and the spot price of the goods, such as Black & Scholes model.
- Credit: Pricing model involving a payment flow in the case of no event, and in the case of event, the notional amount is paid in exchange for unsettled securities.

These financial instruments have their notional values recorded in memorandum accounts and adjustments/premiums are recorded in balance sheet accounts.

The tables below summarizes the notional 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 RECEIVABLE / (RECEIVED) (PAYABLE)/ PAID	ADJUSTMENT TO MARKET VALUE	MARKET VALUE		
	03/31/2007	03/31/2006	03/31/2007	03/31/2007	03/31/2007	03/31/2006	
Futures contracts	295,278,907	478,116,366	(56,906)	(600)	(57,506)	15,493	
Purchase commitments	143,871,196	277,819,138	27,981	1,759	29,740	(35,860)	
Commitments to sell	151,407,711	200,297,228	(84,887)	(2,359)	(87,246)	51,353	
Swap contracts			169,584	143,170	312,754	513,542	
Asset position	63,839,671	45,346,939	931,263	290,160	1,221,423	1,412,277	
Liability position	63,670,087	44,783,846	(761,679)	(146,990)	(908,669)	(898,735)	
Option contracts	142,597,139	96,510,473	100,316	38,876	139,192	164,875	
Purchase commitments – long position	66,764,028	11,506,566	152,228	(9,947)	142,281	167,178	
Commitments to sell – long position	18,406,564	36,293,561	289,072	89,543	378,615	292,863	
Purchase commitments – short position	39,088,550	29,842,052	(234,796)	33,609	(201,187)	(231,278)	
Commitments to sell – short position	18,337,997	18,868,294	(106,188)	(74,329)	(180,517)	(63,888)	
Forwards contracts			550,762	26	550,788	347,386	
Purchase receivable			50,041	(4)	50,037	-	
Purchase payable			(53,477)	(264)	(53,741)	-	
Sales receivable			632,034	29	632,063	347,386	
Sales deliverable			(77,836)	265	(77,571)	-	
Other derivative financial instruments	30,433,688	13,837,014	(352,270)	(5,611)	(357,881)	82,371	
Asset position	15,370,641	8,507,522	1,471,077	31,864	1,502,941	1,186,065	
Liability position	15,063,047	5,329,492	(1,823,347)	(37,475)	(1,860,822)	(1,103,694)	
		ASSETS	3,525,715	401,645	3,927,360	3,405,769	
		LIABILITIE	(3,114,229)	(225,784)	(3,340,013)	(2,297,595)	
		TOTAL	411,486	175,861	587,347	1,108,174	
Derivative contracts mature as follows (in days):							
	Clearing	0 - 30	31 - 180	181 -365	Over 365	03/31/2007	03/31/2006
	Futures	137,076,005	84,006,279	38,042,953	36,153,670	295,278,907	478,116,366
	Swaps	22,553,662	11,641,532	9,016,124	19,697,090	62,908,408	44,141,760
	Options	52,070,031	36,379,423	46,509,473	7,638,212	142,597,139	96,510,473
	Other	4,303,132	8,781,028	6,022,664	11,326,864	30,433,688	13,837,014

See below the composition of the Derivative Financial Instruments portfolio by type of paper, stated at its notional value, per trading location (organized or over-the-counter market) and counterpart:

	03/31/2007				03/31/2006
	Futures	Swaps	Options	Other	
BM&F/Bovespa	238,406,263	7,414,291	69,594,099	6,697,577	322,112,230
Over-the-counter market	56,872,644	55,494,117	73,003,040	23,736,111	209,105,912
Financial institutions	56,872,644	36,129,362	61,425,138	13,813,784	168,240,928
Companies	-	18,336,278	11,577,902	9,906,825	39,821,005
Individuals	-	1,028,477	-	15,502	1,043,979
Total	295,278,907	62,908,408	142,597,139	30,433,688	531,218,142
Total – 03/31/2006	478,116,366	44,141,760	96,510,473	13,837,014	632,605,613

Credit derivatives

	Credit risk amount		Effect on the calculation of the required net equity	
	03/31/2007	03/31/2006	03/31/2007	03/31/2006
Transferred	(1,701,282)	(146,134)	(187,141)	(16,075)
Credit swaps whose underlying assets are:				
Securities	(1,475,175)	(146,134)	(162,269)	(16,075)
Derivatives with companies	(59,880)	-	(6,587)	-
Credit swaps whose underlying assets are:				
Securities	(153,780)	-	(16,916)	-
Derivatives with companies	(12,447)	-	(1,369)	-
Received	4,409,260	826,017	147,660	21,281
Credit swaps whose underlying assets are:				
Securities	4,289,260	706,517	134,460	8,136
Derivatives with companies	120,000	119,500	13,200	13,145
Total	2,707,978	679,883	(39,481)	5,206

The market value of the credit derivative operations described above, recorded in assets, totals R\$ 47,607 (R\$ 23,150 at 03/31/2006), and in liabilities, R\$ 61,745 (R\$ 15,576 at 03/31/2006). During the year, there was no occurrence of a credit event as provided for in the agreements.

NOTE 7 - LOAN, LEASE AND OTHER CREDIT OPERATIONS – FINANCIAL SERVICES AREA

a) Summary

I- By type of operations

	03/31/2007	03/31/2006
Loan operations	62,923,332	46,035,702
Capital lease operations	18,012,132	9,621,403
Credit card operations	8,845,195	6,964,686
Advances on exchange contracts (1)	1,209,194	1,234,826
Other sundry receivables (2)	190,238	112,511
Total	91,180,091	63,969,128
Endorsements and sureties (3)	9,890,405	8,076,854
Total with endorsements and sureties	101,070,496	72,045,982

(1) Includes Advances on Exchange Contracts and Income Receivable from Advances Granted, reclassified from Other Liabilities/Credits - Foreign Exchange Portfolio (Note 9).

(2) Includes Securities and Credits Receivable, Debtors for Purchase of Assets and Endorsements and Sureties paid.

(3) Recorded in Memorandum Accounts.

II - By business sector

	03/31/2007	%	03/31/2006	%
Public sector	879,157	1.0	1,360,947	2.1
Private sector	90,300,934	99.0	62,608,181	97.9
Corporations	42,931,912	47.1	30,063,432	47.0
Individuals	47,369,022	52.0	32,544,749	50.9
Total	91,180,091	100.0	63,969,128	100.0

b) Allowance for loan losses

	01/01 to 03/31/2007	01/01 to 03/31/2006
Opening balance	(7,430,684)	(4,107,176)
Balance arising from the acquisition of BKB operations in Chile and Uruguay	(131,077)	-
Net increase for the period	(1,500,188)	(1,439,714)
Write-off	1,448,032	878,473
Closing balance	(7,613,917)	(4,668,417)
Specific allowance (1)	(3,497,889)	(1,700,891)
Generic allowance (2)	(2,365,791)	(1,467,526)
Additional allowance (3)	(1,750,237)	(1,500,000)

(1) Operations with overdue installments for more than 14 days or under responsibility of bankruptcy or in process of bankruptcy companies.

(2) For operations not covered by the previous item due to the classification of the client or operation.

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

Note: The specific and generic allowances reflect the effects of supplementary allowance totaling R\$ 262,124 (R\$ 256,442 at 03/31/2006) as it does not consider the option established by article 5 of CMN Resolution 2682, of 12/21/1999, amended by article 2 of CMN Resolution 2697, of 02/24/2000, that the loan transactions with clients whose total liability is below R\$ 50 could be determined based only on the overdue amounts.

At March 31, 2007, the balance of the allowance for loan losses in relation to the credit portfolio is equivalent to 8.4% (7.3% at 03/31/2006).

c) Recovery and renegotiation of credits

I – Composition of the result of allowance for loan losses

	01/01 to 03/31/2007	01/01 to 03/31/2006
Net increase for the period	(1,500,188)	(1,439,714)
Recoveries	238,140	158,572
Renegotiation	58,397	50,770
Receipt	179,743	107,802
Result of allowance for loan losses	(1,262,048)	(1,281,142)

II – Renegotiated credits

	03/31/2007	03/31/2006
Renegotiated credits	3,161,087	1,543,950
Allowance for loan losses	(1,771,669)	(614,653)
(%)	56.0	39.8

NOTE 8 - INVENTORIES

	03/31/2007	03/31/2006
Products	523,849	495,430
Raw material	223,572	217,108
Work in process	40,131	29,293
Finished products	201,472	187,317
Storeroom	58,674	61,712
Real estate	9,658	17,593
Total	533,507	513,023

NOTE 9 – FOREIGN EXCHANGE PORTFOLIO

	03/31/2007	03/31/2006
ASSETS – OTHER RECEIVABLES	23,157,002	13,839,962
Exchange purchase pending settlement – foreign currency	11,503,502	7,449,232
Bills of exchange and term documents – foreign currency	237	8,700
Exchange sale rights – local currency	11,896,750	6,528,088
(-) Advances received – local currency	(243,487)	(146,058)
LIABILITIES – OTHER LIABILITIES (Note 2)	23,473,537	14,032,433
Exchange sales pending settlement – foreign currency	10,601,191	6,345,851
Liabilities from purchase of foreign currency – local currency	12,870,068	7,684,458
Other	2,278	2,124
MEMORANDUM ACCOUNTS	360,478	94,816
Outstanding import credits – foreign currency	275,663	79,701
Confirmed export credits – foreign currency	84,815	15,115

**NOTE 10 – FUNDS RAISED BY SUBSIDIARIES AND BORROWINGS AND ONLENDINGS
– FINANCIAL SERVICES AREA**

	03/31/2007	03/31/2006
Foreign currency	10,870,116	7,488,037
Funds from acceptance and issuance of securities	3,913,370	3,522,391
Borrowings and onlendings (1)	6,956,746	3,965,646
Local currency	73,581,851	59,040,534
Deposits	64,401,067	51,613,437
Funds from acceptance and issuance of securities	3,917,578	3,192,038
Borrowings and onlendings	5,263,206	4,235,059
Securitization of foreign payment orders (2)	1,356,278	1,168,970
Deposits received under securities repurchase agreements	59,774,223	21,914,591
Own Portfolio	42,275,528	17,791,339
Third-party portfolio	14,098,158	4,123,252
Free portfolio	3,400,537	-
Subordinated debts	9,525,148	4,470,568
Bank deposit certificates	7,199,627	2,041,020
Debentures	603,862	604,787
Euronotes	915,410	970,576
Redeemable preferred shares	806,249	854,185
Total	155,107,616	94,082,700

(1) Foreign borrowings are basically represented by investments in foreign exchange transactions related to export pre-financing and import financing.

(2) Recorded in Other Liabilities.

NOTE 11 - INSURANCE, PENSION PLAN AND CAPITALIZATION OPERATIONS

a) Composition of the Technical Provisions

	03/31/2007	03/31/2006
Insurance	1,491,281	1,343,929
Unearned premiums	786,635	709,163
Unsettled claims	432,532	377,496
IBNR	191,122	190,769
Premium deficiency - Others	23,120	14,265
Premium deficiency – Health care (1)	47,024	41,841
Mathematical provision for benefits to be granted	6,393	7,407
Mathematical provision for benefits granted	422	-
Financial surplus	1,583	1,161
Unsettled benefits	558	923
Redemption and other unresolved amounts	1,334	904
Other administrative provisions - DPVAT	558	-
Life Insurance and Pension Plan	17,524,253	13,113,454
Unearned premiums	262,324	233,742
Unsettled claims	61,320	36,944
IBNR	25,796	49,241
Mathematical provision for benefits to be granted	16,554,424	12,268,209
Mathematical provision for benefits granted	110,319	92,152
Financial surplus	303,670	252,336
Financial variation	86,286	83,274
Risk variation	28,313	21,256
Insufficient contribution (2)	56,408	43,626
Redemption and other unresolved amounts	17,117	18,577
Premium deficiency	11,318	8,261
Unexpired risks	1,506	1,200
Unsettled benefits	1,771	1,297
Administrative	3,386	3,339
Other administrative provisions - DPVAT	295	-
Capitalization	1,115,134	1,080,858
Mathematical provision for redemptions	1,047,963	1,000,662
Contingencies	58,151	68,469
Raffles pending / payable	9,020	11,727
TOTAL	20,130,668	15,538,241

(1) The provision for Premium Deficiency is calculated in accordance with the criteria established by the regulatory body and the technical actuarial note which establishes a provision for risk coverage for the next 12 months.

In compliance with USGAAP standards, the provisions recorded in the financial statements filed with SEC (Securities and Exchange Commission) were conservatively estimated at R\$ 582,194 at 12/31/2006 (R\$ 614,109 at 12/31/2005), enough to cover deficits until the termination of the plans in 2099.

To maintain the economic and financial balance of health care plans, discussions are still being maintained with the ANS (National Health Agency – the Brazilian health market regulator) regarding the restructuring of the plan, as well as price adjustments. With the purpose of covering the existing imbalance, a capital increase considered sufficient to provide funds for the health insurance segment was carried out.

In relation to the coverage of estimated amounts, existing accounting differences between the local and USGAAP practices are substantially offset by the goodwill amortization criteria.

(2) Recorded based on actuarial valuation in a sufficient amount for the settlement of obligations.

b) Assets Guaranteeing Technical Provisions - SUSEP

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	03/31/2007	03/31/2006	03/31/2007	03/31/2006	03/31/2007	03/31/2006	03/31/2007	03/31/2006
Interbank investments – Money market	234,052	185,273	270,510	202,575	301,332	189,244	805,894	577,092
Securities and derivative financial instruments	1,003,182	915,469	17,092,164	12,740,537	833,188	908,786	18,928,534	14,564,792
PGBL/VGBL fund quotas (1)	-	-	15,362,898	11,047,183	-	-	15,362,898	11,047,183
Other securities	1,003,182	915,469	1,729,266	1,693,354	833,188	908,786	3,565,636	3,517,609
Government	370,556	236,974	757,996	694,424	147,633	119,276	1,276,185	1,050,674
Private	632,626	678,495	971,270	998,930	685,555	789,510	2,289,451	2,466,935
Credit rights (2)	247,974	237,465	200,370	189,113	-	-	448,344	426,578
TOTAL	1,485,208	1,338,207	17,563,044	13,132,225	1,134,520	1,098,030	20,182,772	15,568,462

(1) PGBL and VGBL plan securities portfolio, the ownership and embedded risks of which are the customers' responsibility, recorded as securities, as determined by SUSEP, with a contra-entry to liabilities in the Pension Plan Technical Provisions account.

(2) Recorded under Other receivables - Insurance premiums receivable.

c) Results of Operations

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	01/01 to 03/31/2007	01/01 to 03/31/2006	01/01 to 03/31/2007	01/01 to 03/31/2006	01/01 to 03/31/2007	01/01 to 03/31/2006	01/01 to 03/31/2007	01/01 to 03/31/2006
Income from financial operations	41,428	40,611	43,036	34,203	19,264	28,774	103,728	103,588
Financial income from insurance, pension plan and capitalization operations	41,489	40,719	456,617	453,851	39,709	46,039	537,815	540,609
Financial expenses from insurance, pension plan and capitalization operations	(61)	(108)	(413,581)	(419,648)	(20,445)	(17,265)	(434,087)	(437,021)
Results of operations from insurance, pension plan and capitalization	156,255	104,784	95,348	68,773	61,037	51,607	312,640	225,164
Premiums and contributions	547,512	533,397	1,313,380	996,150	197,037	177,133	2,057,929	1,706,680
Changes in technical provisions	(9,091)	(18,440)	(633,412)	(425,994)	(129,450)	(116,673)	(771,953)	(561,107)
Expenses for claims	(296,917)	(321,554)	(33,993)	(38,368)	-	-	(330,910)	(359,922)
Selling expenses	(84,343)	(102,053)	(6,372)	(6,654)	(545)	-	(91,260)	(108,707)
Expenses for benefits and redemptions	-	-	(542,033)	(453,850)	(5,070)	(7,440)	(547,103)	(461,290)
Other income and expenses	(906)	13,434	(2,222)	(2,511)	(935)	(1,413)	(4,063)	9,510
TOTAL	197,683	145,395	138,384	102,976	80,301	80,381	416,368	328,752

NOTE 12 - CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES - TAX AND SOCIAL SECURITY

ITAÚSA and its subsidiaries are involved in contingencies in the ordinary course of their businesses, as follows:

a) **Contingent Assets:** There are no contingent assets recorded.

b) **Contingent Liabilities:**

- **Calculation criteria:**

Civil lawsuits: quantified upon judicial notification, and adjusted monthly:

- Collective (lawsuits related to claims considered similar and usual and the amounts of which are not considered significant): according to the statistical references per group of lawsuits, type of legal body (Small Claims or regular court) and claimant; or
- Individual (lawsuits related to claims considered unusual and the amounts of which are considered significant): at the claimed indemnity amount, based on the evidence presented and on the evaluation of legal advisors – which considers case law, legal opinions raised, evidence produced in the records and the judicial decisions already issued – relating to the risk level of loss of lawsuits.

These are adjusted to the amounts deposited as guarantees for their execution or to the definitive execution amount (indisputable amount) when the claim is awarded a final and unappealable judgment.

Labor lawsuits: these are calculated upon judicial notification and adjusted monthly by the moving average of payment of lawsuits closed in the last 12 months plus the average cost of fees paid for lawsuits related to claims considered similar and usual and adjusted to the execution amount (indisputable amount) when it is in the stage of being a final and unappealable decision.

Tax and social security lawsuits: quantified upon judicial notification of administrative proceedings based on their monthly adjusted amounts.

Other risks: quantified mainly based on the assessment of credit risk on joint obligations.

- **Contingencies classified as probable:** are recognized in the accounting books and are represented by Civil Lawsuits demanding compensation for property damage and pain and suffering, such as protest of bills, return of checks, and inclusion of information in the credit protection registry, most of these actions being filed in the Small Claims Court and therefore limited to 40 minimum wages; Labor Claims seeking the recovery of alleged labor rights based on labor legislation specific to the related profession, such as overtime, salary equalization, reinstatement, transfer allowance, pension plan supplement and other; Tax and Social Security represented by lawsuits and administrative proceedings involving federal and municipal taxes; and Other Risks represented basically by the joint liability for securitized rural operations.

The table below shows the changes in the respective provisions for contingent liabilities and the respective escrow deposits balances:

Change in Provision for Contingent Liabilities	01/01 to 03/31/2007					01/01 to 03/31/2006
	Civil	Labor	Tax and social security	Other	Total	Total
Opening balance	(828,231)	(1,568,929)	(516,038)	(80,237)	(2,993,435)	(2,261,665)
(-) Contingencies guaranteed by indemnity clauses (Note 4m I)	20,289	550,896	7,048	-	578,233	-
Subtotal	(807,942)	(1,018,033)	(508,990)	(80,237)	(2,415,202)	(2,261,665)
Changes in the Period Reflected in Results	<u>(113,097)</u>	<u>(99,995)</u>	<u>(2,524)</u>	<u>2,485</u>	<u>(213,131)</u>	<u>(293,351)</u>
Restatements/Charges	-	-	(6,397)	-	(6,397)	(10,379)
Increase	(113,097)	(99,995)	(21,702)	-	(234,794)	(282,972)
Write-offs through reversal	-	-	25,575	2,485	28,060	-
Payments	95,354	45,491	1,112	-	141,957	109,301
Subtotal	(825,685)	(1,072,537)	(510,402)	(77,752)	(2,486,376)	(2,445,715)
(+) Contingencies guaranteed by indemnity clauses (Note 4m I)	(46,345)	(549,656)	(122,054)	-	(718,055)	-
Closing balance (Note 13d)	(872,030)	(1,622,193)	(632,456)	(77,752)	(3,204,431)	(2,445,715)
Escrow deposits at 03/31/2007 (Note 13a)	423,995	724,009	513,152	-	1,661,156	
Escrow deposits at 03/31/2006 (Note 13a)	284,205	579,733	122,136	-	986,074	

- **Contingencies classified as possible:** not recognized in the accounting books and are represented by Civil Lawsuits amounting to R\$ 127,871 and Tax and Social Security Lawsuits amounting to R\$ 1,809,771. The principal characteristics of these lawsuits are described below:
 - CPMF (Tax on Bank Account Outflows) in Customer Operations – R\$ 393,733: refers to tax assessment notices issued for collection of tax credit related to CPMF on operations carried out with customers. The decision from the Taxpayers' Council or the Superior Chamber of Tax Appeals of the Ministry of Finance is pending.
 - IR (Income Tax)/ CS (Social Contribution) on disposal of investments R\$ 347,975: Refers to tax assessment notice issued due to tax effects on disposal of investments. The lower court's decision is pending.
 - IR (Income Tax)/Allowance for Loan Losses – R\$ 150,827: calculated by adopting the Regulatory Instruction (IN) 76/87 and the CMN Resolution 1,748/90, thus rejecting the IN 80/93, which reduced the percentage from 1.5% to 0.5% for realization of the Allowance for Loan Losses in base year 1993. The bank is questioning the impossibility of applying the rule to events occurred in the fiscal year when it was enacted (principle of anteriority). A suspension was awarded for the bank's appeal, however, the judgment by the Federal Regional Court of the 3rd Region is pending.
 - Social Security Contribution on Profit Sharing and Results Exceeding the Collective Bargaining Agreement – R\$ 178,069: refers to the Debt Entry Tax Notice issued based on the levy of social security contribution on the payment of profit sharing and results. A decision from the appellate court is pending.
 - ISS – Banking Institutions – R\$ 126,579: refers to tax assessments notices issued by municipalities for collection of ISS on amounts recorded in several accounts, on the grounds of being service revenue. An administrative final decision or tax foreclosure is pending.
 - Apportionment of Net Assets by Book Value – R\$ 115,454: refers to the tax assessment notice issued due to the deduction of capital loss computed in the winding-up and liquidation of investments. A notice on the decision from the appellate court is pending.
 - Social Security Contribution on Sole Bonus – R\$ 78,766: refers to Debt Entry Tax Notices issued based on the levy of social security contribution on sole bonus paid to the employees. The lower court's decision is pending.

The amount of R\$ 1,019,779 (R\$ 202,426 at 03/31/2006) related to Securities, the amount of R\$ 551,699 (R\$ 592,533 at 03/31/2006) (Note 13a), as well as Permanent Assets represented basically by Property For Own Use in the amount of R\$ 1,034,290 (R\$ 583,029 at 03/31/2006), according to article 32 of Law 10,522/02, are pledged in guarantee of voluntary resources related to contingent liabilities lawsuits.

The Receivables balance arising from reimbursements of contingencies total R\$ 991,766 (R\$ 53,347 at 03/31/2006), basically represented by the guarantee in the Banerj privatization process occurred in 1997, in which the State of Rio de Janeiro created a fund to guarantee the equity recomposition of Civil, Labor and Tax Contingencies.

c) Legal Liabilities – Tax and Social Security: recognized at the full amount being questioned totaling:

Probability of loss	03/31/2007	03/31/2006
Probable	1,103,524	1,238,346
Possible	333,577	251,272
Remote	2,954,765	1,586,700
Total (*)	4,391,866	3,076,318

() Changes in these provisions and respective deposits are shown in Note 14c II.*

At March 31, 2006, income related to adjustment of deposits in guarantee and expenses on adjustment of corresponding liabilities started to be stated on the accrual basis of accounting, thus giving rise to an increase in result, net of taxes, of R\$ 47,811.

According to the opinion of the legal advisors, ITAÚSA and its subsidiary companies are not involved in any administrative proceedings or lawsuits that may significantly affect the results of their operations. The combined evaluation of all existing provisions for all contingent liabilities and legal obligations, which are recognized upon the adoption of statistical models for claims involving small amounts and separate analysis by internal and external legal advisors of other cases, showed that the amounts provided for are sufficient, according to the CVM Resolution 489 of October 3, 2005.

NOTE 13 – BREAKDOWN OF ACCOUNTS**a) Other Sundry Receivables**

	03/31/2007	03/31/2006
Escrow deposits for provisions to contingent liabilities (Note 12b)	<u>2,212,855</u>	<u>1,578,607</u>
Contingencies classified as probable	1,661,156	986,074
Contingencies classified as possible	551,699	592,533
Escrow deposits for legal liabilities – Tax and Social Security	2,538,139	1,795,397
Negotiation and intermediation of securities	2,008,388	1,393,373
Taxes and contributions for offset	1,300,251	985,566
Social contribution for offset – Provisional Measure 2,158 of August 24, 2001 (Note 14b I)	988,450	1,083,689
Receivables from reimbursement of contingent liabilities (Note 12b)	911,766	53,347
Income receivable	837,676	553,155
Insurance premium receivable	746,504	666,007
Trade notes receivable	666,320	623,318
Escrow deposits for foreign fund raising program	481,517	313,420
Receivables from the sale of Credicard brand (*)	266,452	-
Tax incentive options	136,658	93,812
Sundry debtors	<u>550,242</u>	<u>355,451</u>
Domestic	342,768	299,614
Abroad	207,474	55,837
Sundry	181,224	117,761
Total	13,826,442	9,612,903

(*) Refers to the exclusive right exercised by Citibank to use the Credicard brand as from January 1, 2009 (disclosed in Material Fact by ITAU HOLDING on 12/06/2006).

b) Other Assets

	03/31/2007	03/31/2006
Assets not for own use	394,100	363,670
(-) Valuation allowance	(65,484)	(82,196)
Other	303	677
Total	328,919	282,151

c) Prepaid expenses

	03/31/2007	03/31/2006
Technical cooperation agreement (1)	924,021	1,009,074
Commissions	536,147	185,311
Related to insurance and pension plan	163,232	142,831
Related to vehicle financing (2)	328,543	-
Other	44,372	42,480
Advertising	103,292	141,288
Other	167,033	118,620
TOTAL	1,730,493	1,454,293

(1) Basically refers to the amounts spent to acquire rights to credit payrolls and perform tax collections for Municipal and State Governments. As of March 31, 2007, the balance basically comprises the amount of R\$ 348,500 (R\$ 450,500 at March 31, 2006) related to the agreement entered into at 09/16/2005 with the Municipal Government of São Paulo and R\$ 261,890 (R\$ 320,541 at 03/31/2006) related to the agreements entered into with the State Governments of Rio de Janeiro, Minas Gerais and Goiás.

(2) Commissions paid to dealers upon the granting of vehicle financing or leasing that started to be allocated to income in 2007 based on the terms of the agreements.

d) Other Sundry Liabilities

	03/31/2007	03/31/2006
Provision for contingent liabilities (Note 12b)	3,204,431	2,445,715
Collection and payment of taxes	2,203,355	1,601,140
Negotiation and intermediation of securities	2,370,021	1,792,126
Provision for personnel	554,867	487,205
Suppliers	171,860	142,107
Sundry creditors	<u>1,578,304</u>	<u>1,097,685</u>
Domestic	1,410,156	1,038,641
Foreign	168,148	59,044
Liabilities related to insurance companies	189,488	172,504
Liabilities for official agreements and rendering of payment services	84,949	70,322
Provisions and sundry creditors	758,006	607,689
Total	<u>11,115,281</u>	<u>8,416,493</u>

At ITAÚSA, basically consists of Sundry Creditors - Domestic R\$ 455 (R\$ 252 at 03/31/2006), Provision for Payments R\$ 269 (R\$ 36 at 03/31/2006) and Provision for Contingent Liabilities R\$ 1,149 (R\$ 886 at 03/31/2006).

e) Other Operating Revenues

	01/01 to 03/31/2007	01/01 to 03/31/2006
Reversal of operating provisions	<u>27,523</u>	<u>25,201</u>
Legal liabilities - Tax and Social Security (Nota 14c II)	12,442	14,016
Other	15,081	11,185
Recovery of charges and expenses	20,533	24,720
Equity in subsidiaries, not derived from net income	32,214	26,532
Other	122,126	59,228
Total	202,396	135,681

f) Other Operating Expenses

	01/01 to 03/31/2007	01/01 to 03/31/2006
Tax expenses (Note 14a II)	(613,270)	(575,082)
Provisions for contingencies (Note 12b)	<u>(113,136)</u>	<u>(123,209)</u>
Civil lawsuits	(113,097)	(75,689)
Tax and social security	(2,524)	(47,520)
Other	2,485	-
Operating expenses from industrial companies	(68,662)	(64,949)
Selling - Credit cards	(101,185)	(66,066)
Claims	(39,054)	(53,890)
Other	(135,071)	(140,725)
Total	(1,070,378)	(1,023,921)

At ITAÚSA, basically composed of Tax Expenses in the amount of R\$ 6,065 (R\$ 27,858 at March 31, 2006).

g) Non-operating Income

	01/01 to 03/31/2007	01/01 to 03/31/2006
Income from sale of investments	94,481	(8,883)
(Provision)/reversal of non-operating provisions	(3,231)	6,350
Non-operating equity in earnings	6,694	20,063
Capital gains/(losses) and Other	8,835	1,994
Total	106,779	19,524

At ITAÚSA, basically composed of Non-Operating Equity Result - R\$ 5.606 (R\$ 20,512 at 03/31/2006).

NOTE 14 - TAXES

a) Composition of expenses for taxes and contributions

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

Due on Operations for the Period	01/01 to 03/31/2007	01/01 to 03/31/2006
Income before income tax and social contribution	3,390,423	2,529,867
Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (Note 4n), respectively	(1,152,744)	(860,155)
Increase/Decrease to Income Tax and Social Contribution charges arising from:		
Permanent (Additions) Exclusions	60,162	90,142
Investments in affiliates	11,027	12,650
Foreign exchange variation on investments abroad	(114,491)	(154,316)
Interest on capital	92,540	201,194
Dividends, interest on external debt bonds and tax incentives	43,163	15,968
Gains (Losses) on equity interests	3,041	8,565
Other	24,882	6,081
Temporary (Additions) Exclusions	42,215	(186,544)
Allowance for loan losses	(209,304)	(320,851)
Excess (insufficiency) of depreciation of leases	369,549	221,368
Adjustment to market value of trading securities and derivative financial instruments, and adjustments from operations in futures markets	(72,635)	169,024
Interest on capital	(7,801)	(190,677)
Legal liabilities – tax and social security, contingent liabilities and restatement of escrow deposits	(77,619)	(29,831)
Other non-deductible provisions	40,025	(35,577)
(Increase) Offset of tax losses/negative social contribution basis	(104,872)	40,041
Expenses for Income Tax and Social Contribution	(1,155,239)	(916,516)
Related to temporary differences		
Increase (reversal) for the period	70,375	146,868
Prior periods increase (reversal)	19,719	(3,333)
Income (expenses) from deferred taxes	90,094	143,535
Total income tax and social contribution	(1,065,145)	(772,981)

At ITAÚSA, income from income tax and social contribution related to temporary differences is basically represented by the provision for interest on capital.

II) Composition of tax expenses:

	01/01 to 03/31/2007			01/01 to 03/31/2006		
	On sales of Products and Services (*)	On Other Revenues (Note 13e)	Total	On sales of Products and Services (*)	On Other Revenues (Note 13e)	Total
PIS and COFINS	(70,639)	(426,983)	(497,622)	(58,142)	(415,333)	(473,475)
ISS	(3,673)	(74,344)	(78,017)	(3,320)	(76,930)	(80,250)
IPI	(38,686)	-	(38,686)	(36,825)	-	(36,825)
ICMS	(83,097)	-	(83,097)	(75,615)	-	(75,615)
CPMF	-	(76,122)	(76,122)	-	(60,593)	(60,593)
Other	(8,858)	(35,821)	(44,679)	(2,313)	(22,226)	(24,539)
Total (Note 4n)	(204,953)	(613,270)	(818,223)	(176,215)	(575,082)	(751,297)

(*) These taxes have been deducted within the Sales of Products and Services line.

At ITAÚSA, tax expenses basically comprise PIS in the amount of R\$ 568 (R\$ 4,066 from 01/01 to 03/31/2006) and COFINS in the amount of R\$ 2,616 (R\$ 18,728 from 01/01 to 03/31/2006).

III) Tax Effects on Foreign Exchange Management of Investments Abroad

In order to minimize the effects on income in connection with the foreign exchange variation on investments abroad, net of respective tax effects, ITAÚSA and Banco Itaú Holding Financeira S.A. carry out derivative transactions in foreign currency (hedge), as mentioned in Note 21b.

Results of these transactions are computed on calculation basis of income tax and social contribution, according to their nature, while the foreign exchange variation on investments abroad is not included in referred basis, pursuant to tax legislation in force.

b) Deferred tax assets

I- The deferred tax asset balance, segregated based on its origin (income tax and social contribution), is shown as follows:

	12/31/2006	Acquisition of BKB Chile/Uruguay	Realization / Reversal	Increase	03/31/2007	03/31/2006
Related to tax losses and negative social contribution basis	541,513	5,652	(56,920)	177,345	667,590	537,027
Temporary differences:	5,923,877	29,729	(694,171)	942,883	6,202,318	3,799,783
Allowance for loan losses	2,353,420	14,521	(96,290)	319,422	2,591,073	1,703,965
Provision for interest on capital	502,830	-	(130,801)	75,782	447,811	398,856
Legal liabilities – tax and social security	421,551	-	(47,408)	110,084	484,227	377,833
Provision for contingent liabilities	<u>659,321</u>	<u>-</u>	<u>(45,269)</u>	<u>79,333</u>	<u>693,385</u>	<u>975,108</u>
Civil	257,835	-	(25,254)	37,003	269,584	295,796
Labor	251,739	-	(19,070)	31,421	264,090	254,393
Tax and social security	149,747	-	(945)	10,909	159,711	424,919
Allowance for real estate	23,598	-	(1,438)	9,550	31,710	43,896
Goodwill on purchase of investments	1,315,046	-	(62,418)	-	1,252,628	-
Provision for corporate restructuring	36,187	-	(4,875)	-	31,312	-
Other	611,924	15,208	(305,672)	348,712	670,172	300,125
Total deferred tax assets	6,465,390	35,381	(751,091)	1,120,228	6,869,908	4,336,810
Social Contribution for Offset arising from Option foreseen in article 8 of Provisional Measure 2,158-35 of August 24, 2001.	1,020,648	-	(32,198)	-	988,450	1,083,689

At ITAÚSA, deferred tax assets amount to R\$ 77,248 (R\$ 10,374 at 03/31/2006) and are basically represented by interest on capital, the expectation of realization of which is up to 1 year.

II - Provision for Deferred Income Tax and Social Contribution balance and its changes are shown as follows:

	03/31/2006	Acquisition of BKB Chile/Uruguay	Realization / Reversal	Increase	03/31/2007	03/31/2006
Reflected in income and expense accounts	(2,513,359)	(3,496)	177,727	(473,849)	(2,812,977)	(1,641,002)
Depreciation in excess - lease	(1,888,678)	-	-	(369,480)	(2,258,158)	(1,193,299)
Taxation on results abroad – capital gains	(52,513)	-	1,538	-	(50,975)	(49,249)
Adjustment from operations in futures market	(284,374)	-	111,815	-	(172,559)	(291,050)
Adjustment to market value - securities and derivatives	-	-	-	(87,088)	(87,088)	-
Restatement of escrow deposits related to legal and contingent liabilities	(138,541)	-	-	(17,281)	(155,822)	(72,174)
Income on sale of permanent asset items and rights	(73,252)	-	2,986	-	(70,266)	-
Other	(76,001)	(3,496)	61,388	-	(18,109)	(35,230)
Reflected in stockholders' equity accounts - Adjustment to market value of available-for-sale securities (Note 3)	(66,360)	-	-	(13,203)	(79,563)	(109,516)
Total	(2,579,719)	(3,496)	177,727	(487,052)	(2,892,540)	(1,750,518)

At ITAÚSA, Provision for Deferred Tax and Social Contributions amount to R\$ 2,374 (R\$ 14,476 at 03/31/2006) and is represented basically by Taxes Levied on Restatement of Escrow Deposits.

III) The estimate of realization and present value of deferred tax assets and social contribution for offset, arising from Provisional Measure 2,158-35 of 08/24/2001, and from the Provision for Deferred Income Tax and Social Contribution existing at March 31, 2007, in accordance with the expected future taxable income, based on the history of profitability and technical studies of feasibility are:

Realization year	Deferred tax assets			Social Contribution for Offset	Provision for Deferred Income Tax and Social Contribution	Net Deferred Taxes
	Temporary Differences	Tax loss and Negative Basis	Total			
2007	2,278,558	487,016	2,765,574	88,902	(412,866)	2,441,610
2008	1,087,462	176,268	1,263,730	193,820	(701,787)	755,762
2009	957,906	1,435	959,341	227,839	(580,502)	606,678
2010	937,045	1,333	938,378	259,327	(529,711)	667,994
2011	452,710	1,538	454,248	218,562	(463,888)	208,922
After 2012	488,637	-	488,637	-	(203,786)	284,850
Total	6,202,318	667,590	6,869,908	988,450	(2,892,540)	4,965,817
Present value (*)	5,476,488	627,081	6,103,569	848,949	(2,473,668)	4,478,850

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

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

Net income in the financial statements is not directly related to taxable income for income tax and social contribution, due to differences existing between accounting criteria and tax legislation, besides corporate aspects. Accordingly, we recommend that the estimate of realization of deferred tax assets arising from temporary differences, tax losses and negative basis not be used as an indication of future net income.

IV - Unrecorded deferred tax assets amount to R\$ 479,917 (R\$ 501,792 at 03/31/2006).

On March 31, 2007 there were no unrecorded deferred tax assets at ITAÚSA.

c) Taxes and Social Security Contributions

I- The balance of Taxes and Social Security Contributions is composed as follows:

	03/31/2007	03/31/2006
Taxes and contributions on income payable	631,929	546,534
Taxes and contributions payable	446,985	357,472
Provision for deferred income tax and social contribution	2,892,540	1,750,518
Legal liabilities – tax and social security	4,391,866	3,076,318
Total	8,363,320	5,730,842

II- Legal Liabilities – Tax and Social Security and related Escrow Deposits

Change in Legal Liabilities	01/01 to 03/31/2007	01/01 to 03/31/2006
Opening balance (*)	4,054,382	2,769,180
Change in the period reflected in results	<u>339,279</u>	<u>307,138</u>
Charges on taxes	76,918	274,229
Net increase	274,803	46,925
Write-offs through reversal	(12,442)	(14,016)
Payments	(1,795)	-
Closing balance	4,391,866	3,076,318

(*) The amounts related to Tax and Social Security Contingencies were reclassified to comply with the requirements of CVM Resolution 489 of 10/03/2005 (Note 20).

Change in Escrow Deposits	01/01 to 03/31/2007	01/01 to 03/31/2006
Opening balance	2,407,101	1,470,348
Appropriation of income	47,949	300,212
Change in the period	<u>83,089</u>	<u>24,837</u>
Deposited	86,594	24,958
Withdrawals	(3,505)	(121)
Closing balance (Note 13a)	2,538,139	1,795,397

d) Taxes paid or provided for and withheld from clients

We show below the amount of taxes paid or provided for, basically levied on income, revenue and payroll and the amount withheld and collected from clients levied directly on financial operations:

	03/31/2007	03/31/2006
Taxes paid or provided for	2,244,464	1,864,970
Taxes withheld and collected from clients	1,699,179	1,495,643
Total	3,943,643	3,360,613

NOTE 15 – PERMANENT ASSETS**a) Investments****I – Interest in subsidiaries - ITAÚSA**

Companies	Balances at 12/31/2006 (a)	Receipt / Provision of dividends and Interest on capital (b)	Equity in earnings of subsidiaries	Adjustment to marketable securities of subsidiaries	Amortization of goodwill	Balances at 03/31/2007 (a)	Balances at 03/31/2006 (a)	Equity in earnings of subsidiaries 01/01 to 03/31/2006
Banco Itaú Holding Financeira S.A.	12,097,143	(259,236)	783,475 (c)	10,932	(1,175)	12,631,139	8,764,110	975,406 (c)
Itaucorp S.A.	644,974		31,968 (c)			676,942	535,088	12,660
Itaúsa Export S.A.	572,068	(87)	(740)	2,928	(150)	574,019	489,557	(110)
Duratex S.A.	419,741	(7,743)	24,358 (c)		(246)	436,110	346,115	13,725 (c)
Itautec S.A.	241,558		45,912		(1)	287,469	227,607	10,990
Elekpart Participações e Administração S.A.	134,330		6,525			140,855	126,438	2,429
Itaúsa Europa – Investimentos SGPS, LDA.	107,667		856 (d)	521		109,044	88,718	1,525 (d)
Ith Zux Cayman Company Ltd.	35,585		(1,330) (d)			34,255	34,565	(3,013) (d)
Elekeiroz S.A.	9,395		595			9,990	8,870	70
Other subsidiaries	5,251		334			5,585	12,515	(3,454)
GRAND TOTAL	14,267,712	(267,066)	891,953	14,381	(1,572)	14,905,408	10,633,583	1,010,228

(a) Includes total goodwill/negative goodwill, being: R\$ 55,033 at (R\$ 49,980 at 03/31/2006).

(b) Income receivable includes dividends and interest on capital received amounting to R\$ 249,339 (R\$ 250,399 at 03/31/2006);

(c) Includes non-operating revenue arising from change in interest, being: R\$ 5,606 at (R\$ 20,512 at 03/31/2006).

(d) Includes total foreign exchange expenses, being: R\$ 5,525 at and (R\$ 8,778 at 03/31/2006).

Companies	Capital	Stockholders' equity Net	Net income for the Period	Number of shares owned by ITAÚSA		Equity share in voting capital (%)	Equity in Capital (%)
				Common	Preferred		
Banco Itaú Holding Financeira S.A.	14,254,213	28,194,537	1,754,380	534,425,660	28,030	86.01	44.55
Itaucorp S.A.	283,036	691,278	31,955	12,241,340	3,935,980	99.94	99.95
Itaúsa Export S.A.	508,552	886,973	(951)	14,702,122,576	148,328,939	80.00	77.77
Duratex S.A.	943,626	1,469,645	74,664	32,005,853	6,098,671	59.76	29.38
Itautec S.A.	196,410	401,115	51,562	10,366,478	-	88.98	88.98
Elekpart Participações e Administração S.A.	220,453	419,603	19,547	252,930,540	-	33.38	33.38
Itaúsa Europa - Investimentos, SGPS, LDA.	670,399	1,073,229	36,442	29,708,318	-	12.14	12.14
Ith Zux Cayman Company Ltd.	71,764	45,321	582	35,000,000	-	100.00	100.00
Elekeiroz S.A.	200,000	349,119	13,663	11,183,657	12,628,787	3.85	3.78

II - Composition of investments

	03/31/2007	03/31/2006
Investments in affiliates	864,773	656,200
Banco BPI S.A.	736,377	548,331
AGF Brasil Seguros S.A.	120,219	103,468
Other	8,177	4,401
Other investments	303,922	185,735
Investments through tax incentives	110,010	109,425
Equity securities	90,970	50,585
Shares and quotas	25,704	24,784
Other	166,358	107,324
Allowance for losses	(89,120)	(106,383)
TOTAL	1,168,695	841,935

III – Composition of equity in earnings of affiliates

	01/01 to 03/31/2007	01/01 to 03/31/2006
Equity in earnings of affiliates	52,434	61,030
Foreign exchange variation on investments	(20,003)	(23,824)
TOTAL	32,431	37,206

b) Fixed Assets, Intangible and Deferred Charges

	03/31/2007			03/31/2006		
	Cost	Accumulated depreciation/ amortization/ depletion	Residual value	Cost	Accumulated depreciation/ amortization/ depletion	Residual value
Fixed assets	8,666,081	(5,079,402)	3,586,679	8,061,378	(4,778,211)	3,283,167
Own fixed assets	8,446,581	(5,075,278)	3,371,303	7,842,191	(4,727,415)	3,114,776
Real estate	3,249,428	(1,370,310)	1,879,118	2,843,848	(1,204,254)	1,639,594
Land	962,434	-	962,434	871,098	-	871,098
Buildings	2,286,994	(1,370,310)	916,684	1,972,750	(1,204,254)	768,496
Other	5,197,153	(3,704,968)	1,492,185	4,998,343	(3,523,161)	1,475,182
Installations	359,214	(238,518)	120,696	262,772	(195,183)	67,589
Furniture and equipment	1,925,423	(1,041,726)	883,697	1,801,007	(997,389)	803,618
EDP systems	2,594,862	(2,224,482)	370,380	2,596,326	(2,175,923)	420,403
Other (Communication, security and transportation)	317,654	(200,242)	117,412	338,238	(154,666)	183,572
Leased fixed assets	106,422	(4,124)	102,298	119,564	(50,796)	68,768
Real estate	87,869	-	87,869	101,011	(49,583)	51,428
Buildings	87,869	-	87,869	101,011	(49,583)	51,428
Furniture and equipment	18,553	(4,124)	14,429	18,553	(1,213)	17,340
Forest reserves	113,078	-	113,078	99,623	-	99,623
Intangible	12,992	(1,751)	11,241	10,213	(2,139)	8,074
Deferred charges	1,335,909	(768,661)	567,248	887,342	(543,708)	343,634
Leasehold improvements	441,302	(132,819)	308,483	301,482	(115,234)	186,248
Expenses on acquisition of software	487,492	(271,760)	215,732	216,059	(113,801)	102,258
Other deferred expenses	407,115	(364,082)	43,033	369,801	(314,673)	55,128

In ITAÚSA, Fixed Assets are basically composed of Buildings - R\$ 5,665 (R\$ 6,221 at 03/31/2006).

NOTE 16 - STOCKHOLDERS' EQUITY - ITAÚSA**a) Capital**

The capital of ITAÚSA amounts to R\$ 5,200,000 and comprises 3,189,902,995 book-entry shares with no par value, of which 1,210,037,200 are common shares and 1,979,865,795 are preferred shares with no voting rights, but with the following advantages:

- Priority in the receipt of the annual minimum dividend of R\$ 10,00 per thousand shares, non-cumulative;
- Tag-along rights, in the event of the public offer of common shares, at a price equal to 80% of the amount paid per share with voting rights in the control block, as well as a dividend at least equal to that of the common shares.

The table below shows the change in shares of capital stock and treasury shares during the period:

	NUMBER		
	Common	Preferred	Total
Shares of capital stock at 12/31/2006	1,210,037,200	1,979,865,795	3,189,902,995
Treasury shares at 12/31/2006	-	11,974,000	11,974,000
Purchase of shares until 03/31/2007 (*)	-	2,297,000	2,297,000
Treasury shares at 03/31/2007	-	14,271,000	14,271,000
Outstanding shares at 03/31/2007	1,210,037,200	1,965,594,795	3,175,631,995
Outstanding shares at 03/31/2006	1,204,768,679	1,971,245,427	3,176,014,106

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

We detail below the costs of shares repurchased in the period as well as the average cost of treasury shares and their market price at 03/31/2007 and 12/31/2006:

Cost/market value (R\$ 1 /per thousand shares)	Preferred		
	12/31/2006	03/31/2007	03/31/2006
Purchases in the period			
Minimum	10.07	10.07	4.90
Weighted average	10.45	10.58	5.61
Maximum	11.13	11.14	6.73
Total treasury shares			
Average cost	10.43	10.54	5.67
Market value	10.92	11.50	9.34

Subsequent Event

At the Annual and Extraordinary Shareholders' Meeting held on April 27, 2007 the following proposals of the Board of Directors were approved:

- Cancellation of 14,271,000 preferred book-entry shares issued held in treasury, without reduction capital value by way of the incorporation of R\$ 150,443 from the revenue reserve – Working Capital Increase;
- Capital increase through capitalization of Revenue Reserves in the amount of R\$ 2,000,000, with the issuance of 317,563,200 new book-entry shares, as bonus (10%), with no par value, 121,003,720 of which are common shares and 196,559,480 are preferred;
- Capital increase with subscription of shares in the amount of R\$ 300.000, with the issuance of 35,714,286 new book-entry shares, with no par value, 13,608,508 of which are common shares and 22.105.778 are preferred, and the subscribed shares may be paid by offsetting the already declared interest on capital, with settlement by June 8, 2007.

As a result of these increases, capital will be increased to R\$ 7,500,000 comprising 3,528,909,481 book-entry shares with no par value, 1,344,649,428 of which are common shares and 2,184,260,053 are preferred.

b) Dividends

Stockholders are entitled to an annual mandatory dividend of not less than 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 per share to be paid to preferred shares.

The quarterly advance of the mandatory minimum dividend, paid as Interest on Capital, upon resolution of the Board of Directors in a meeting held on March 6, 2006, was increased from R\$ 9.50 to R\$ 12.00 per thousand shares, starting from July 3, 2006.

I- Calculation

Net income	992,143	
Adjustments		
(-) Legal reserve	(49,607)	
Dividend calculation basis	942,536	
Dividends/interest on capital payable	235,634	25,00%

II- Provision of Interest on Capital and Dividends

	Gross	WTS	Net
Provided			
Interest on capital	222,347	33,352	188,995
Dividend	46,639	-	46,639
Total at 03/31/2007 - R\$ 0.0667 net per share	268,986	33,352	235,634
Total at 03/31/2006 - R\$ 0.0788 net per share	294,686	44,203	250,483

(*) Provision based on the shareholding position expected for June 2007 due to the share bonus and call for capital subscription resolved in the A/ESM of April 27, 2007.

c) Revenue reserves

	03/31/2007	03/31/2006
Revenue reserves	9,989,364	6,201,864
Legal	921,856	641,548
Unrealized profits	239,650	-
Statutory reserve	<u>8,827,858</u>	<u>5,560,316</u>
Dividends Equalization (1)	4,153,038	2,258,057
Working capital increase (2)	1,917,883	1,516,137
Increase in capital of investees (3)	<u>2,756,937</u>	<u>1,786,122</u>

(1) Reserve for Dividends Equalization - its purpose is to guarantee funds for the payment or advances of dividends, including interest on capital, to maintain the flow of the stockholders' compensation.

(2) Reserve for Working Capital - its purpose is to guarantee funds for the company's operations.

(3) Reserve for Increase in Capital of Investees - its purpose is to guarantee the preferred subscription right in the capital increases of investees.

d) Reconciliation of Net Income and Stockholders' Equity between ITAÚSA and ITAÚSA Consolidated

The difference between the Net Income and Stockholders' Equity of ITAÚSA and ITAÚSA CONSOLIDATED arises from the adoption of different criteria for the amortization of goodwill on purchase of investments, the recording of deferred tax assets and the write-off of unrealized income on intercompany operations, which related taxes were deferred.

	Net income		Stockholders' equity	
	01/01 to 03/31/2007	01/01 to 03/31/2006	03/31/2007	03/31/2006
ITAÚSA	992,143	1,054,665	15,217,662	11,015,818
Goodwill amortization	99,439	26,459	(2,145,422)	(812,581)
Deferred tax assets	(28,811)	(281,548)	552,712	77,320
Unrealized income (loss)	-	-	-	(120)
ITAÚSA CONSOLIDATED	1,062,771	799,576	13,624,952	10,280,437

NOTE 17 – RELATED PARTIES

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

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

The unconsolidated related parties are the following:

- The owners of ITAÚSA;
- Fundação Itaúbanco, Fundação Itaúsa Industrial, FUNBEP – Multisponsored Pension Fund and Employees' Social Security Savings of BÉG (PREBEG), closed-end private pension funds that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 19a; and
- Fundação Itaú Social, Instituto Itaú Cultural – IIC, entities sponsored by Banco Itaú Holding Financeira S.A. and subsidiaries to act in their respective areas of interest. During the period, the consolidated companies made donations to Fundação Itaú Social of R\$ 635 (R\$ 749 from 01/01 to 03/31/2006) and to IIC of R\$ 7,000 (R\$ 5,500 from 01/01 to 03/31/2006).

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

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

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

	03/31/2007	03/31/2006
Duratex S.A.	99,134	140,071
Elekeiroz S.A.	91,411	61,503
Itautec S.A.	36,108	52,303
Total	226,653	253,877

NOTE 18 – FINANCIAL INSTRUMENTS - MARKET VALUE

The financial statements are prepared in accordance with accounting principles which assume the normal continuity of the operations of ITAUSA and its subsidiaries.

The book value of each financial instrument, whether included or not in the balance sheet, when compared to the value that might be obtained in an active market, or in the absence of such market, using the net present value of future cash flows adjusted based on the current market interest, is approximately equal to the market value, or does not have a market quotation available, except for the instruments in the table below:

	Book value		Market		Unrealized income (loss) (1)			
					Result		Stockholders' equity	
	03/31/2007	03/31/2006	03/31/2007	03/31/2006	03/31/2007	03/31/2006	03/31/2007	03/31/2006
Interbank investments	41,906,347	22,443,203	41,937,078	22,476,766	30,731	33,563	30,731	33,563
Securities and derivative financial instruments	63,702,337	36,472,825	63,897,139	36,939,136	426,327	979,517	194,802	466,311
Additional provision (exceeding minimum required)					-	280,000	-	280,000
Adjustment of available-for-sale securities					205,400	496,423	-	-
Adjustment of held-to-maturity securities					220,927	203,094	194,802	186,311
Loan and lease operations	83,566,174	59,300,711	83,761,962	59,575,698	195,788	274,987	195,788	274,987
Investment in Banco BPI S.A.	736,377	548,331	2,381,327	1,929,236	1,644,950	1,380,905	1,644,950	1,380,905
Funds raised by subsidiaries	144,226,190	88,443,162	144,237,920	88,539,143	(11,730)	(95,981)	(11,730)	(95,981)
Securitization of foreign payment orders	1,356,278	1,168,970	1,380,570	1,166,347	(24,292)	2,623	(24,292)	2,623
Subordinated debts	9,525,148	4,470,568	9,629,758	4,511,433	(104,610)	(40,865)	(104,610)	(40,865)
(Treasury shares)	1,162,707	1,566,566	1,709,051	2,273,135	532,670	443,302	546,344	706,569
Total unrealized					2,689,834	2,978,051	2,471,983	2,728,112

(*) Does not include the related tax effects. Includes unrealized income of minority stockholders in the amount of R\$ 1,117,284 (R\$ 1,247,944 at 03/31/2006) in result and R\$ 1,284,281 (R\$ 1,211,766 at 03/31/2006) in stockholders' equity.

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

- Interbank deposits, bank deposits certificates and mortgage notes, the last two included in Securities, were determined based on their nominal values, monetarily restated to maturity dates and discounted to present value using future market interest rates and swap market rates for fixed-rate securities and using market interest rates for fixed-rate securities published in the Gazeta Mercantil newspaper on May 2, 2007 for floating-rate securities.
- Government securities, included in Securities, were determined based on rates obtained in the market and validated through the comparison with information provided by the National Association of Open Market Institutions (ANDIMA). For the companies of the Financial and Insurance Areas, they are recorded based on their market value, according to rules established by BACEN Circular Letters 3,068 and 3,082 of November 8, 2001 and January 30, 2002, respectively, and SUSEP Circular Letter 295, of June 14, 2005, except when classified as held to maturity.
- Shares of listed companies, when included in Securities, are valued according to the average quotation available on the last trading session of the month or, if this is not available, according to the most recent quotation on prior trading sessions, published in the daily bulletin of each Stock Exchange.
- Loans with maturity over 90 days, when available, were calculated based on their net present value of future cash flows discounted at market interest rates effective on the balance sheet date, taking into account the effects of hedges as well (swap contracts).
- Investments in foreign affiliated companies (Banco BPI S.A.) are determined based on stock market quotations, book value per share and auction quotations.
- Time and Interbank deposits and funds from acceptance and issuance of securities, when available, were calculated based on their present value determined by future cash flows discounted at future market interest rates, swap market rates for fixed-rate securities, and for floating-rate securities, market interest rates for fixed-rate securities published in the Gazeta Mercantil on May 2, 2007. The effects of hedges (swap contracts) are also taken into account.
- Securitization of foreign payment orders, 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 floating 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 floating cash flows are estimated as from the interest curves of the indexation marketplaces.
- Derivatives related to swaps contracted to hedge the remaining assets/liabilities, based on notional values of each of the contract parameters (part and counterpart), restated up to the maturity dates and discounted at present value using the futures 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 session of the month or, if this is not available, according to the most recent quotation on prior trading sessions, published in the daily bulletin of each Stock Exchange.

NOTE 19 – BENEFITS TO EMPLOYEES

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

a) Supplementary retirement benefits:

ITAÚSA and its subsidiary companies sponsor the following supplementary retirement plans:

Entity	Benefit plan
Fundação Itaúbanco	Supplementary Retirement Plan – PAC (1)
	Franprev Benefit Plan – PBF (1)
	002 Benefit Plan – PB002 (1)
	Supplementary Retirement Plan – Flexible Premium Annuity (ACMV)(1)
	Itaulam Basic Plan – PBI (1)
Fundação Itaúsa Industrial	Itaulam Supplementary Plan – PSI (2)
	Defined Benefit Plan – PAI – CD (3)
Funbep Fundo de Pensão Multipatrocinado	Defined Benefit Plan - BD (1) (4)
	Funbep I Benefit Plan (1)
Caixa de Previdência dos Funcionários do Banco Beg - Prebeg	Funbep II Benefit Plan (2)
Citiprevi - Entidade Fechada de Previdência Complementar (Orbitall/Credicard Itaú)	Prebeg Benefit Plan (1)
	Credicard Retirement Plan (1)
Itaubank Sociedade de Previdência Privada	Credicard Supplementary Retirement Plan (2)
	Itaubank Retirement Plan (3)

(1) *Defined benefit plan*

(2) *Variable contribution plan*

(3) *Defined contribution plan*

(4) *On February 5, 2007, the merger of the Benefit Plans BD-Itautec and BD-Itaúsa with the BD- DX plan, which is now called Defined Benefit Plan –BD, was approved by the Secretariat of Complementary Pension*

The basic purpose of the defined benefit and variable contribution plans is to grant a benefit that, as a life annuity benefit (in case of FUNBEP, PREBEG, PB002 and Credicard, also as survivorship annuities), will supplement the pension paid by social security. In case of the defined contribution plan, the benefit is calculated based on the contributions made and its payment is made for an established period, which does not require actuarial calculation.

All of these plans, except for the PAI-CD plan, are closed to new participants. As regards the new employees hired after the closing, they have the option to participate in a defined contribution plan managed by Itaú Vida e Previdência S.A. (PGBL), in case of the Financial Services and Insurance Area's companies, or by Fundação Itaúsa Industrial (PAI-CD), in case of the Industrial Area's companies.

During the period, the contributions paid totaled R\$ 10,894 (R\$ 7,461 from January 1 to March 31, 2006). The contribution rate increases based on the participant's salary.

b) Post-employment benefits:

ITAÚSA and/or its subsidiaries do not sponsor other post-employment benefits, except in those cases arising from maintenance of obligations according to the acquisition agreements signed by ITAÚ, under the terms and conditions established, in which health plans are totally or partially sponsored for former workers and beneficiaries. During the period, the contributions made totaled R\$ 1,834 (R\$ 2,596 from January 1 to March 31, 2006). The contribution rate increases based on the beneficiary's age.

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

The net assets and actuarial liabilities, which consider the actuarial obligations, calculated in conformity with the criteria established by CVM Resolution 371/2000 are summarized below.

	03/31/2007	03/31/2006
Net assets of the plans	11,174,701	9,883,877
Actuarial liabilities	(9,048,043)	(8,266,042)
Surplus (*)	2,126,658	1,617,835

(*) According to paragraph 49g of the attachment to the CVM Resolution 371/2000, the net surplus was not recognized.

In addition to the reserves recorded by the plans, the sponsors record provisions in the amount of R\$ 29,108 (R\$ 31,718 at March 31, 2005) to cover insufficient actuarial reserves.

d) Changes in net assets and actuarial liabilities, and surplus:

	01/01 to 03/31/2007			01/1 to 03/31/2006		
	Assets	Actuarial liabilities	Surplus	Assets	Actuarial liabilities	Surplus
Present value - beginning of the period	10,768,519	(8,672,398)	2,096,121	9,327,392	(8,128,430)	1,198,962
Adjustments in the period (1)	-	(196,995)	(196,995)	-	-	-
Expected return on assets/ Cost of current service + interest	327,298	(278,529)	48,769	285,334	(255,596)	29,738
Benefits paid	(99,879)	99,879	-	(98,021)	98,021	-
Contributions of sponsors/participants	14,319	-	14,319	16,568	-	16,568
Gains (losses) in the period (2)/(3)	164,444	-	164,444	352,604	19,963	372,567
Present value - end of the period	11,174,701	(9,048,043)	2,126,658	9,883,877	(8,266,042)	1,617,835

(1) Corresponds to the change in the mortality table from GAM-83 to AT-83.

(2) The gains in assets correspond to the earnings obtained above the expected return rate on assets assumption.

(3) Gains on actuarial liabilities refer to the revision of future contributions.

e) Main assumptions used in actuarial valuation

	Financial Services Area (1)	Industrial Area (2)
Discount rate	10.24% p.a.	9.73% p.a.
Expected return rate on assets	12.32% p.a.	12.20% p.a.
Mortality table	AT-83 (3)	AT-83 (4)
Turnover	Itaú Experience 2003/2004	Towers Experience
Future salary growth	7.12% p.a.	7.64% p.a.
Growth of the pension fund and social security benefits	4.00% p.a.	4.50% p.a.
Inflation	4.00% p.a.	4.50% p.a.
Actuarial method	Projected Unit Credit (5)	Projected Unit Credit (5)

(1) Corresponds to the assumptions adopted by the plans managed by Fundação Itaúbanco, Funbep, and Prebeg.

(2) Corresponds to assumptions adopted by the Defined Benefit Plan managed by Fundação Itaúsa Industrial.

(3) At March 31, 2006 the GAM-83 table was adopted.

(4) At December 31, 2006, the adopted mortality table changed to GAM 83, resulting in a difference of 1/3 in the life expectancy of this table as compared to the AT-83 table.

(5) Using the Projected Unit Credit method, the mathematical reserve is determined by the current projected benefit amounts multiplied by the ratio between the length of service in the company at the assessment date and the length 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 over the years that each participant is employed.

NOTE 20 – RECLASSIFICATION FOR COMPARISON PURPOSES

We reclassified some balances as of March 31, 2006, for comparison purposes, in view of the regrouping of the headings, in the Balance Sheet, of Foreign Exchange Portfolio – related to the reclassification in Other Liabilities of Advances on Exchange Contracts; of Intangible Assets from Fixed Assets and Deferred Charges so as to comply with CVM Resolution 488 of October 3, 2005; and of Tax Contingencies from Liabilities – Tax and Social Security to Other Sundry Liabilities, and the corresponding result, so as to comply with CVM Resolution 489 of October 3, 2005.

	Prior Balances	Reclassifications	Current balances
CURRENT ASSETS AND LONG-TERM RECEIVABLES	162,846,077	1,219,289	164,065,366
OTHER RECEIVABLES	26,480,132	1,219,289	27,699,421
Foreign exchange portfolio	12,620,673	1,219,289	13,839,962
FIXED ASSETS	3,287,666	(4,499)	3,283,167
Fixed assets	7,846,690	(4,499)	7,842,191
INTANGIBLE	-	8,074	8,074
DEFERRED CHARGES	347,209	(3,575)	343,634
Organization and expansion expenses	893,056	(5,714)	887,342
(Accumulated amortization)	(545,847)	2,139	(543,708)
TOTAL ASSETS	167,322,887	1,219,289	168,542,176
CURRENT AND LONG-TERM LIABILITIES	147,091,979	1,219,289	148,311,268
TAX AND SOCIAL SECURITY CONTRIBUTIONS	6,078,825	(347,983)	5,730,842
OTHER LIABILITIES	26,380,699	1,508,268	27,888,967
Foreign exchange portfolio	12,813,144	1,219,289	14,032,433
Sundry	8,068,510	347,983	8,416,493
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	167,322,887	1,219,289	168,542,176
STATEMENT OF INCOME FOR THE PERIOD			
OPERATING INCOME	10,744,000	33,245	10,777,245
Securities	1,686,029	33,245	1,719,274
OPERATING EXPENSES	(8,233,657)	(33,245)	(8,266,902)
Other operating expenses	(990,676)	(33,245)	(1,023,921)
OPERATING INCOME	2,510,343	(2,510,343)	-
NET INCOME OF THE ITAÚSA CONGLOMERATE	1,582,789	-	1,582,789

NOTE 21 – OTHER INFORMATION**a) Insured Assets:**

ITAÚSA and its subsidiaries, despite the low risk exposure due to a non-physical concentration of their assets, have the policy to guarantee their assets and properties amounts considered sufficient to cover possible claims.

b) Balances of foreign currency

The balances of reais linked to foreign currency were:

	03/31/2007	03/31/2006
Permanent foreign investments	10,119,620	6,497,256
Net amount of other assets and liabilities indexed to foreign currency, including derivatives	(16,358,952)	(10,286,381)
Net foreign exchange position	(6,239,332)	(3,789,125)

The net foreign exchange position, considering the tax effects on the net balance of the other assets and liabilities indexed to foreign currency, reflects the low exposure to exchange variations.

c) Statement of Cash Flows

I – ITAÚSA CONSOLIDATED

	01/01 to 03/31/2007	01/01 to 03/31/2006
Adjusted net income	4,411,326	3,738,252
Net income	1,062,771	799,576
Adjustment to net income:	3,348,555	2,938,676
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	(128,287)	55,986
Allowance for loan losses	1,500,188	1,439,714
Results from operations with subordinated debts	54,698	(6,388)
Results from securitization of foreign payment orders	(41,244)	(78,715)
Change in technical provision for insurance, pension plan and capitalization	771,953	561,107
Depreciation and amortization	196,182	162,230
Adjustment to legal liabilities – tax and social security	208,241	(17,737)
Adjustment to provision for contingent liabilities	(171,431)	138,558
Deferred taxes	(90,094)	(143,535)
Equity in earnings of affiliates	(32,431)	(37,206)
Income from held-to-maturity securities	(7,843)	74,438
Minority interest result	1,108,054	783,213
Other	(19,431)	7,011
Changes in assets and liabilities	(22,821,199)	(3,194,245)
(Increase) Decrease in interbank investments	(9,179,115)	472,557
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	(14,399,732)	(2,882,924)
(Increase) Decrease in interbank accounts of subsidiaries	573,737	1,463,643
(Increase) Decrease in loan, lease and other credit operations	(1,231,713)	(4,212,032)
(Increase) Decrease in inventories	(51,203)	(55,177)
(Increase) Decrease in other receivables and assets	(1,345,075)	(552,484)
(Increase) Decrease in foreign exchange operations	64,946	71,953
(Increase) Decrease in prepaid expenses	(348,349)	(2,538)
(Decrease) Increase in technical provisions for insurance, pension plan and capitalization	322,264	337,600
(Decrease) Increase in social contribution and tax and other liabilities	2,776,322	2,163,113
(Decrease) Increase in deferred income	(3,281)	2,044
OPERATING ACTIVITIES – Net cash provided by/ (invested)	(18,409,873)	544,007
Funds from interest received and redemption of held-to-maturity securities	75,162	45,641
Sale of investments	501	439
Disposal of fixed assets	35,813	5,272
Purchase of held-to-maturity securities	(42)	-
Purchase of investments	(32,127)	(17,600)
Purchase of fixed assets for use	(163,652)	(110,248)
Deferred charges	(36,427)	(33,194)
Changes in minority interest	102,442	328,936
INVESTMENT ACTIVITIES – Net cash provided by/ (invested)	(18,330)	219,246
Increase (Decrease) in funds obtained by subsidiaries – foreign currency	(6,252,424)	(941,153)
Increase (Decrease) in funds obtained by subsidiaries – local currency	3,871,953	2,904,760
Increase (Decrease) in funds obtained by subsidiaries – open market	19,639,464	(113,687)
Increase (Decrease) in borrowings and onlendings	(8,874)	(16,248)
Increase (Decrease) in borrowings – local currency	(26,684)	25,370
Increase (Decrease) in credit card operations	(855,474)	(973,936)
Increase (Decrease) in securitization of foreign payment orders	(134,194)	(37,650)
Increase (Decrease) in subordinated debts	4,904,060	(107,465)
Interest on capital paid to minority stockholders	(885,870)	(711,485)
Purchase of own shares	(25,498)	-
Interest on capital paid	(675,901)	(557,390)
FINANCING ACTIVITIES – Net cash provided by/ (invested)	19,550,558	(528,884)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET	1,122,355	234,369
At the beginning of the period	3,732,337	2,193,878
At the end of the period	4,854,692	2,428,247

II - ITAÚSA

	01/01 to 03/31/2007	01/01 to 03/31/2006
Adjusted net income	101,915	45,989
Net income	992,143	1,054,665
Adjustment to net income:	(890,228)	(1,008,676)
Amortization of goodwill	1,572	1,325
Equity in earnings of subsidiary and affiliated companies	(891,953)	(1,010,228)
(Reversal) Provision for losses	(66)	7
Depreciation and amortization	219	220
Changes in assets and liabilities	(149,999)	(120,000)
(Increase) Decrease in securities and derivative financial instruments	(63,979)	(126,553)
(Increase) Decrease in sundry receivables and other assets	(68,064)	150,736
(Decrease) Increase in provisions and accounts payable and other liabilities	(17,956)	(144,183)
OPERATING ACTIVITIES – Net cash provided by/ (invested)	(48,084)	(74,011)
Purchase of fixed assets for use	(5)	-
Interest on capital/Dividends received	749,484	637,584
INVESTMENT ACTIVITIES – Net cash provided by/ (invested)	749,479	637,584
Purchase of treasury shares	(25,498)	-
Interest on capital paid	(675,901)	(557,390)
FINANCING ACTIVITIES – Net cash provided by/ (invested)	(701,399)	(557,390)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(4)	6,183
At the beginning of the period	27	128
At the end of the period	23	6,311

d) Statement of added value

	01/01 to 03/31/2007	Share %	01/01 to 03/31/2006	Share %
Sale of products and services net of cost of materials, third-party services and others (a)	2,789,493	-	2,460,344	-
Income from financial operations (b)	3,992,296	-	3,202,359	-
Result from operations with insurance, pension plan and capitalization (c)	312,640	-	225,164	-
Other operating income (expenses) (d)	(1,590,359)	-	(1,399,441)	-
Added value (e = a + b + c + d)	5,504,070	-	4,488,426	-
Compensation of employees (f) (*)	1,432,606	26.0	1,340,226	29.9
Payment of taxes and contributions (g)	1,881,479	34.2	1,536,173	34.2
Payment of debts (h)	19,160	0.3	29,238	0.7
Amount distributed to stockholders (i)	608,654	11.1	591,746	13.2
Parent company	268,986	4.9	294,686	6.6
Minority interests	339,668	6.2	297,060	6.6
Reinvestment of profits (j)	1,562,171	28.4	991,043	22.1
Parent company	793,785	14.4	504,890	11.2
Minority interests	768,386	14.0	486,153	10.8
Distribution of added value (k = f + g + h + i + j)	5,504,070	100.0	4,488,426	100.0

(*) Does not include social security contributions.

ACCOUNTANT'S SPECIAL REVIEW REPORT

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

1. We have carried out a special accounting review of the Quarterly Information of Itaúsa – Investimentos Itaú S.A. (parent company and consolidated) for the quarter ended March 31, 2007, comprising the balance sheet and statement of income, all prepared under the responsibility of the Company's Management. Our responsibility is to issue a report, without expressing an opinion, on this quarterly information. The quarterly information of the subsidiary companies Banco Itaú Holding Financeira S.A., Itaúsa Export S.A., Itaúsa Europa – Investimentos, SGPS Ltda., Duratex S.A. and Itaotec S.A., for the quarter ended March 31, 2007, which values were the basis for the valuation under the equity method and consolidation (note 15a), was reviewed by other accountants. Our report on the special review, as regards the value of these investments, is exclusively based on the reports of these other accountants.
2. We conducted our review in accordance with specific standards established by IBRACON – Brazilian Institute of Independent Auditors in conjunction with CFC – Federal Accounting Council and mainly comprised: (a) inquiry of and discussion 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) review of relevant information and subsequent events which have, or could have, significant effects on the Company's financial position and operations.
3. Based on our special review and the reports of other accountants, we are not aware of any material modifications that should be made to the Quarterly Information referred to in paragraph 1, for it to be in conformity with the Brazilian accounting practices specifically applicable to the preparation of Quarterly Information (ITR) and consistent with the standards of the CVM - Brazilian Securities Commission.
4. The balance sheet as of March 31, 2006 and the respective statement of income for the quarter then ended, presented for comparative purposes, were reviewed by us, whose special review report thereon, dated May 5, 2006, was unqualified.

São Paulo, May 14, 2007

Orlando Octavio de Freitas Jr.
Engagement Partner
CRC 1SP178871/O-4
BDO Trevisan Auditores Independentes
CRC 2SP013439/O-5

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 (consolidated) for the quarters ended March 31, 2007 and 2006, consisting of the consolidated and individual balance sheets and the corresponding statements of income, of changes in financial position, and the statement of changes in stockholders' equity of the parent company. This financial information is the responsibility of the Company's management.
- 2 Our reviews were carried out in conformity with specific standards established by the IBRACON - Institute of Independent Auditors of Brazil, 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 Company and its 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 accordance with the accounting practices adopted in Brazil applicable to the preparation of Quarterly Information, consistent with the Brazilian Securities Commission (CVM) regulations.

São Paulo, May 14, 2007

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647-O/5

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ - 61.532.644/0001-15

Publicly-held company

INDUSTRIAL AREA 35300022220

OPINION OF THE FISCAL COUNCIL

The effective members of the Fiscal Council of ITAÚSA - INVESTIMENTOS ITAÚ S.A., having perused the management report and financial statements for the first quarter of 2007, have verified the accuracy of all items examined, understanding them to adequately reflect the company's capital structure, financial position and the activities conducted during the period, recommending that they be approved by the company's Board of Directors.

São Paulo, May 14, 2007.

JOSÉ MARCOS KONDER COMPARATO
President

ARTEMIO BERTHOLINI
Member

PAULO RICARDO MORAES AMARAL
Member