



Complete Financial Statements  
March 31, 2006

## **ITAÚSA INVESTIMENTOS ITAÚ S.A.**

### **MANAGEMENT REPORT – 1<sup>ST</sup> QUARTER OF 2006**

#### **To our Stockholders**

We present our Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the first quarter of 2006, in accordance with the regulations established by the Brazilian Corporate Law and the Brazilian Securities Commission (CVM). These financial statements have been approved by the Fiscal Council.

#### **THE ECONOMY**

The economic activity showed recovery signs during the first quarter of 2006. Until February, the industrial production showed a growth of 2.7% in the quarter. The growth of 5% of consumer goods reflects the increase of real salaries, the relative stability of the unemployment rate, which is below 10%, and credit availability. The increase in exports continues to be important for the performance of the industrial activity, but the domestic demand has also been a relevant factor for the economic growth. In the twelve-month period ended in February, industrial production grew 3.0%.

The production of intermediary goods grew 1.3%, the production of consumer durable goods increased 16.6%, and the production of semi- and non-durable consumer goods showed an increase of 4.2%. The increase of credit operations has been a major stimulus to the consumption of durable goods. When comparing the period from December 2005 to February 2006 with the period from December 2004 to February 2005, the wood sector dropped 5.4%; the office machinery and IT equipment sector grew 51.2%; the electronics material, communication devices and equipment sector grew 16.2%; the furniture sector rose 7.2%, and the sundry chemicals sector fell 5.9%.

The favorable inflation outlook, detected by the Monetary Policy Committee in 2005, has been confirmed. The basic interest rate was reduced to 16.5% p.a. in the beginning of March.

In the financial sector, credit continued to post growth. Credit to individuals increased 6.2%, from R\$ 157 billion at the end of 2005 to R\$ 167 billion in March 2006, at prices of March 2006. Payroll advance loans, which had been the great driver of credit to individuals, seemed to have stabilized at approximately 15% of the loan portfolio. Credit to businesses increased 2.7%, from R\$ 186 billion to R\$ 191 billion, at prices of March 2006, in the first three months of the year.

Regarding fund raising, demand deposits increased 3.2% in real terms as compared to March 2005. Time deposits increased 5.8% while the net equity of Investment Fund's (FIFs) grew 18.7%.

## MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

R\$ thousand

	Parent company		Minority stockholders		Conglomerate	
	03/31/2006	03/31/2005	03/31/2006	03/31/2005	03/31/2006	03/31/2005
<b>Total net income</b>	<b>799,576</b>	<b>679,064</b>	<b>783,213</b>	<b>630,902</b>	<b>1,582,789</b>	<b>1,309,966</b>
Recurring net income	799,576	718,024	783,213	706,514	1,582,789	1,424,538
Extraordinary results	-	(38,960)	-	(75,612)	-	(114,572)
Stockholders' equity	10,280,437	9,198,327	9,831,975	8,750,464	20,112,412	17,948,791
<b>Return on average equity (*)</b>	<b>31.93</b>	<b>30.05</b>	<b>33.25</b>	<b>29.57</b>	<b>32.57</b>	<b>29.82</b>
Dividends/Interest on own capital	294,686	194,625	297,060	191,926	591,746	386,551

(\*) The annualized return is represented by the relation between the quarterly net income and the average stockholder's equity (December plus March divided by two), multiplied by four.

## MAIN FINANCIAL INDICATORS

	03/31/2006	03/31/2005	Change %
<b>Results per thousand shares - in R\$</b>			
Net income	251.75	210.59	19.55
Book value	3,236.90	2,852.58	13.47
Price per common share (ON) (1)	9,831.76	5,418.33	81.45
Price per preferred share (PN) (1)	9,375.65	5,245.00	78.75
Market capitalization (2) - in thousands of R\$	30,326,714	17,121,924	77.12

(1) Based on the average quote during the month of March of each year.

(2) Calculated on the basis of the average quote of the 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	<b>2006</b>	<b>163,203,792</b>	<b>2,018,633</b>	<b>719,312</b>	<b>554,148</b>	<b>167,322,887</b>
	2005	146,402,779	1,796,660	933,897	511,253	150,353,160
Operating revenue (2)	<b>2006</b>	<b>9,859,701</b>	<b>330,381</b>	<b>275,764</b>	<b>158,884</b>	<b>10,744,000</b>
	2005	8,362,670	306,326	368,683	165,668	9,309,320
Net income	<b>2006</b>	<b>1,459,981</b>	<b>44,842</b>	<b>7,324</b>	<b>1,812</b>	<b>1,582,789</b>
	2005	1,141,296	40,053	10,645	15,396	1,309,966
Stockholders' equity	<b>2006</b>	<b>16,618,641</b>	<b>1,082,103</b>	<b>320,291</b>	<b>319,510</b>	<b>20,112,412</b>
	2005	14,628,721	1,004,467	337,635	303,267	17,948,791
Annualized return (Net income/ Stockholders' equity) (%) (3)	<b>2006</b>	<b>36.30%</b>	<b>16.82%</b>	<b>9.25%</b>	<b>2.28%</b>	<b>32.57%</b>
	2005	31.92%	16.06%	12.81%	20.85%	29.82%
Internal fund generation (4)	<b>2006</b>	<b>3,258,408</b>	<b>65,515</b>	<b>18,223</b>	<b>7,769</b>	<b>3,409,452</b>
	2005	2,068,009	59,213	24,760	20,792	2,230,948

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

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

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

(3) The annualized return is represented by the relation between the quarterly net income and the average stockholder's equity (December plus March divided by

(4) Covers resources arising from operations:

- plus expenses from 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 debts from insurance operations and deferred selling expenses from insurance, pension plan and capitalization.

## FINANCIAL SERVICES AREA

### Banco Itaú Holding Financeira

Consolidated net income for the first quarter was R\$ 1,460 million, with an annualized return of 36.3% on average equity. The consolidated stockholders' equity of R\$ 16,619 million increased 6.8% in the quarter. Itaú paid and provided for taxes and contributions for the period in the amount of R\$ 1,620 million.

Consolidated assets totaled R\$ 163,204 million, a growth of 11.5 as compared to the March 2005.

Itaú Holding's loan portfolio, including guarantees and sureties, increased 26.4% as compared to March 2005, reaching R\$ 72,046 million at the end of the quarter. Noteworthy was the growth of 48.4% in the credit to individuals segment.

#### Credit Portfolio Development

R\$ millions

	1st quarter/2006	1st quarter/2005	Change %
<b>Individuals</b>	<b>30,813</b>	<b>20,770</b>	<b>48.4</b>
Credit card	6,905	5,033	37.2
Personal loans	11,457	8,467	35.3
Vehicles	12,451	7,270	71.3
<b>Businesses</b>	<b>36,703</b>	<b>31,904</b>	<b>15.0</b>
Corporations	22,962	21,408	7.3
Very small/small and medium-sized companies	13,741	10,496	30.9
<b>Mandatory loans</b>	<b>4,530</b>	<b>4,338</b>	<b>4.4</b>
<b>Total</b>	<b>72,046</b>	<b>57,012</b>	<b>26.4</b>

The personal loan portfolio increased 35.3% as compared to the first quarter of 2005. The Bank continued expanding the business of the consumer credit area associated with the Taíí brand. At the end of the quarter, this financial institution had 4.5 million clients, posting a 19% growth as compared to December 2005. Taíí opened 24 own stores, having a total of 154 stores in São Paulo, Rio de Janeiro and Minas Gerais. With the additional expansion of Financeira Itaú CBD (FIC), Financeira Itaú (FIT) and Financeira Americanas Itaú (FAI), the stores linked to the Taíí brand totaled 693 units at the end of the quarter.

The vehicle financing and leasing portfolio increased 71.3% as compared to the same period in 2005, reaching R\$12,451 million. In this quarter, the product for heavy vehicles segment, launched in 2005, started to be offered nationally. Currently, more than 1,000 trucks are financed per month.

In the mortgage loans segment, Banco Itaú launched a new credit facility with fixed installments. This facility is for the financing of residential real estates over R\$ 60,000, and includes the possibility of using the Fundo de Garantia do Tempo de Serviço - FGTS (Government Severance Indemnity Fund for Employees) as down payment. At present, this facility is available in the State of São Paulo.

The credit to businesses portfolio, disregarding the mandatory loans, increased 15.0% as compared to the same period of 2005, totaling R\$ 36,703 million in the quarter. Noteworthy is the growth of 30.9% in the segment of micro, small and middle-sized companies, whereas the large companies segment increased 7.3%.

In relation to investment banking, which received considerable personnel investments, Itaú BBA was considered by ANBID as the top distributor of fixed income and credit rights investment funds (FIDC), accounting for 26.5% and 58.2% of these respective market shares. In the quarter, Itaú BBA coordinated debenture and FIDC operations amounting to R\$ 1.7 billion.

In equity markets, Itaú BBA was the coordinator and bookrunner for the offering of a service company as well as for the three of the five initial public offerings (IPOs) performed in the quarter that totaled R\$ 2.6 billion and put Itaú BBA in the top of the ANBID ranking of origination and distribution for the period.

Total own free, raised and managed funds reached R\$ 274,732 million, a 10.7% increase as compared to December 2005. The increase of 14.9% in time deposits should be highlighted.

In the international area, we highlight the development and streamlining of the following: systems aimed at improving customer service thus increasing the number of transactions related to currency exchange, foreign trade and international cash management; the structuring of long-term operations for syndicate; the activities in markets that are increasingly important to our clients, such as Asia, Eastern Europe and Argentina, by engaging operations and supporting the seizing of business opportunities.

In the quarter, Itaú Holding's preferred shares increased 18.5% and common shares, 19.1%, whereas the Bovespa index appreciated 14.0%. The market value of Itaú Holding reached R\$ 74,902 million at the end of the quarter.

In January, Itaú Holding and XL Capital Ltd. (XL) signed a Memorandum of Understanding aiming to create a new insurance company in Brazil, which will operate in the commercial and industrial insurance markets of high risk. The synergy between both companies will bring advantages to insurance brokers and clients.

It is also worth noting the acknowledgments received in the quarter. The Euromoney magazine considered Banco Itaú's Private Bank the Best Private Bank in Brazil for Entrepreneurs and the Best Private Bank for clients with investments between 1 and 10 million US dollars.

## **Itaúsa Europa Investimentos**

Itaúsa Europa Investimentos, the holding company that concentrates the conglomerate's banking investments in Europe, posted a net income of € 13.8. million and assets of € 2.7 billion, increases of 18.1% and 6.5%, respectively, in relation to the same period in 2005.

Its consolidated net income reached € 13.9 million, a growth of 17.6% as compared to the € 11.8 million posted in the first quarter of 2005. The banking product amounted to € 23.6 million – 41.2% higher than that posted in the previous year. This result confirms, in addition to the stable contribution from the financial margin, the outstanding performance in the capital market, treasury and international private banking areas and the interest held in Banco BPI. In consolidated terms, the return on average equity reached 15.2% and the efficiency ratio, 28.9%.

The Bank's investment grade status (Baa1 by Moody's and BBB + by Fitch Ratings) has provided significant support for the diversification of funding, considering that the Bank carried out operations in the primary and secondary markets in the first quarter of 2006.

Itaú Europa's consolidated assets totaled € 2.7 billion, of which we highlight the performance of corporate loan transactions, which reached € 1.2 billion and were mainly composed of structured products, mostly associated with the financing of Brazilian exports.

Banco Itaú Europa Luxembourg, the Conglomerate's subsidiary that carries out international private banking services, posted a substantial contribution, equivalent to 25.1% and 19.0% of the overall banking output and net results, respectively, of Itaú Europa. At the end of the quarter, managed assets exceeded US\$ 2.5 billion, with over 1,500 active clients.

Banco BPI, S.A., an associated company in which the Itaú Conglomerate holds 16.4% of interest, 51% of which is held by Itaú Europa, recorded in the end of the quarter consolidated assets of € 31.5 billion, stockholders' equity of € 1,566.4 million and net income of € 74.2 million.



## INDUSTRIAL AND REAL ESTATE AREA

### Duratex

The consolidated gross revenues of Duratex increased 7% as compared to the first quarter of 2005, totaling R\$ 437.7 million, and net revenues reached R\$ 330.4 million, an increase of 8% as compared to the same period in 2005. Exports dropped 16% as compared to 2005, totaling US\$ 13.3 million, reflecting the loss of competitiveness of lower added value products abroad, as a result of the appreciation of real in relation to dollar.

The operating cash generation, under the EBITDA concept, increased 9%, totaling R\$ 101.9 million, corresponding to an EBITDA margin of 31%. Net income totaled R\$ 44.8 million with an annualized return of 16.8% on stockholders' equity. This performance reflects the improvement noted in the areas in which Duratex operates, by means of an increase of volumes shipped.

At the end of the quarter, Duratex had a low indebtedness level, with gross debts of R\$ 640.1 million and net debts of R\$ 355.4 million, equivalent to 0.87 of the annual EBITDA for the period.

Duratex has adopted several measures for reducing cost and operating expenses, among which we highlight the new freight outsourcing system in the Wood Division, and the tooling reengineering in the sanitary metal fixtures area for optimizing the use of raw materials and thus increase the company's margins throughout the year.

The net revenues of the Wood Division totaled R\$ 220.1 million, an increase of 8% as compared to the same period in 2005. EBITDA for the Division reached R\$ 72.7 million, representing an EBITDA/net revenue ratio of 33%, higher to the 32% in 2005. Exports for the period dropped 25%, as a result of the appreciation of real in relation to dollar and the reduction in the exported volumes of MDF, which totaled US\$ 11.0 million, with fiberboard panels accounting for approximately 81% of this total.

For the quarter, Deca's shipments had a significant improvement and accounted for a net revenue of R\$ 110.3 million, an increase of 8% as compared to the same period in 2005. EBITDA totaled R\$ 29.2 million and the EBITDA/net revenue ratio totaled 26%. Exports reached US\$ 2.4 million, with over 70% of this amount represented by sales of sanitary porcelain fixtures. This performance reflects the efforts to increase exports to the luxury and super-luxury segments. Based on this strategy, Deca has participated in major events, such as the Kitchen & Bath in Chicago, the United States, which is the top fair of the industry, in which Deca has taken part for the third running year, displaying its broad line of sanitary metal and porcelain fixtures.

### Itautec

Gross revenue from sales and services of Itautec reached R\$ 318.4 million for the quarter. In 2005, after a corporate restructuring, Itautec discontinued or disposed of certain businesses, aiming at giving continuity to the Group's reorganization. The gross revenue arising from the remaining operations increased 19.9% as compared to the first quarter of 2005, as follows:

R\$ thousand	03/31/2006		03/31/2005		Change
	R\$	%	R\$	%	
Solution and Automation	49,120	15	36,878	14	33.2%
Information Technology	175,934	55	144,621	54	21.7%
Services	74,996	24	64,190	24	16.8%
Revenue from overseas operations	18,381	6	19,972	8	(8.0%)
<b>Total</b>	<b>318,431</b>	<b>100</b>	<b>265,661</b>	<b>100</b>	<b>19.86%</b>

The Company's gross profit totalled R\$ 60.7 million, resulting in a gross margin of 22%. Operating expenses totalled R\$ 48.9 million, 29.5% lower as compared to the first quarter of 2005. This result arises from the capital restructuring started in 2005. The net income amounted to R\$ 7.3 million, representing an annualized return on stockholders' equity of 9.3%. The return on investment capital (ROIC) for the quarter was 8.7%.



The EBITDA totaled R\$ 18.6 million, resulting in an EBITDA margin of 6.7%. The accumulated operating cash generation amounted to R\$ 17 million.

At the end of the period, Itaotec's available funds and financial investments totaled R\$ 108.9 million. Short- and long-term financing totaled R\$ 101.1 million.

In the quarter, R\$ 22.4 million was invested, with special attention to R\$ 9.3 million related to the rental of equipment to clients, a growth of 148.3% as compared to the same period of the previous year.

In the quarter, the growth of 144% in the volume of shipped banking automation equipment merits attention.

In the Self-Service segment, an increase of 171% in shipped volume was recorded. It is worth noting the SIGA (Integrated System of Service Management), which proved to be an effective solution for the adjustment to the new rules that regulate client service at the branches all over Brazil.

In the information technology area, the shipments of PCs, notebooks and servers grew 140%, 109% and 178%, respectively.

In March, Itaotec participated for the fourth time in Cebit, the largest technology fair in the world, in Hannover, Germany. In addition to the banking ATMs, the Company introduced the ATM CX3, a piece of equipment that can already be found in casinos, which, in addition to performing foreign exchange operations, can dispense coins and accept virtual money.

### **Elekeiroz**

Oil, nafta and natural gas prices continued to be volatile and increase, making an adverse impact on petrochemical operations, and they are not expected to become stable in short term.

The continuing appreciation of Real in relation the US\$ in this quarter, which reached 7.2% since December 31, 2005, has adversely affected the competitiveness in an increasing number of economic segments, such as the chemical intermediates one in which Elekeiroz operates. It is noted in the direct import of finished goods that compete with those manufactured in the country by the Company's industrial clients, as well as the increasing direct import of products produced by Elekeiroz.

We also highlight the adverse effect from the still insatisfactory performance of the catalyst for hydrogenization of the octanol production unit, which was replaced due to depletion in 2005. This catalyst will be replaced again in the beginning of May to solve this problem.

Accumulated shipments in the first quarter, amounting to 98 thousand tons, were 5% below that posted in the same period of 2005.

The volume of inorganic products shipped – 44 thousand tons – decreased as compared to 2005 - 54 thousand tons – due to the biannual shutdown, which is regular and scheduled, for maintenance of the sulphuric acid production unit. Meanwhile organic products grew 10%, reaching 54 thousand tons.

The export of organic products in the quarter totalled 7 thousand tons, 23% higher than in 2005, however, the export revenue did not increase as well, being unchanged in 2005 and 2006. Exports are still 50% lower than that posted in the first quarter of 2004.

Although the total average unit gross price in Reais of all products shipped by the company is still stable as compared to the first quarter of 2005, the increase in the cost of ancillary raw materials and other items comprising the variable cost of production, such as industrial gases, power, catalyst and freights, in this same currency, has substantially depressed the total average unit contribution, which decreased 29%, thus reducing the company's results.

Based on the 2-ethyl hexanoic acid production unit, built with own technology and already operating, the company initiated other studies aimed at introducing new lines to diversify aldehydes byproducts and aggregate value to the alcohol plants of Camaçari. In Várzea Paulista, the company concluded the installation of a post reactor in the phtalic anhydride production unit that will extend the useful life of catalysts in up to 30%, improve the conversion of raw materials into products, enhance the product quality and reduce the generation of gas effluents in this unit.

Gross and net revenues in this quarter reached R\$ 202.2 million and R\$ 158.9 million, respectively, posting reductions of 4.5% and 4.1% in relation to 2005. The operating profit after equity in earnings and amortization of goodwill amounted to R\$ 2.4 million (R\$ 19.7 million in 2005), and the final net profit totaled R\$ 1.8 million (R\$

15.4 million in 2005). EBITDA amounted to R\$ 11.3 million (R\$ 27.0 million in 2005). These results were mainly caused by the substantial increase in the cost of products sold, which grew from 77% to 87% of net revenue in 2006, mainly because of the addition to the unit price of other variable cost items such as nitrogen, oxogas, electric power, natural gas and rhodium of our catalysts.

### **Itaúsa Empreendimentos**

In the quarter, sales of real estate properties for the residential market in the City of São Paulo grew 25%. The launching of new units fell 40%, which contributed to the reduction of inventories. The largest sales volume in terms of value was generated from real estates with four bedrooms with areas of approximately 150 m<sup>2</sup>.

The rental charges of office spaces are considered low if compared to those of North America and Europe; however, they are the highest ones in Latin America. It shows the strengtening of the Brazilian economy and the confidence of investors in this sector.

Itaúsa Empreendimentos holding interest in Raposo Shopping was sold to a group of local investors, who were attracted by the increasingly good performance in the latest years.

## HUMAN CAPITAL MANAGEMENT

Human capital management is a constant point of attention of the Group's companies. In the quarter, investments in education, training and development programs totaled R\$ 10 million, including scholarships for technical courses and education.

Personnel compensation, including charges and benefits, totaled R\$ 1,004 million. The social benefits given to the employees and their dependants totaled R\$ 188 million.

## SUSTAINABILITY AND SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

In the quarter, certain initiatives of the Group's companies reflected Itaúsa's commitment to sustainability and social and environmental responsibility.

In the segment of middle market companies, Itaú gave continuity to the implementation of practices connected with sustainable development. The loan portfolio was analyzed based on the macro- and microeconomic trends for several economy sectors, which had a specific rating for social and environmental risks assigned. Itaú also provided continuity to the assessment of social and environmental risks in the analysis of companies, the adoption of this variable in credit decisions and the social and environmental education process for trade partners by means of news releases focused on the middle market segment.

In relation to social and cultural investments, we highlight the activities of Fundação Itaú Social and Instituto Itaú Cultural. Fundação Itaú Social investments totaled R\$ 5 million for the quarter. Noteworthy are the third edition of "Escrevendo o Futuro" (Writing the Future) Awards, the implementation of the "Melhoria da Educação no Município" (Improvement of Municipal Education) Program in the State of Minas Gerais, and the second edition of the "Jovens Urbanos" (Urban Youth) Program in São Paulo. Instituto Itaú Cultural's programs totaled R\$ 4 million for the quarter. Its headquarters in São Paulo received over 57 thousand visitors. The Rumos (Directions) Program opened the "Rumos Artes Visuais 2005-2006 – Paradoxos Brasil" Exhibition (2005-2006 Directions Visual Arts – Brazil Paradoxes) featuring the works of 78 artists.

## SUBSEQUENT EVENT

### Acquisition of BankBoston in Latin America

On May 1, 2006, Itaú Holding and Bank of America Corporation entered into an agreement for the acquisition of BankBoston's operations in Brazil and obtaining the exclusive right to acquire BankBoston's operations in Chile and Uruguay, in addition to the management of the financial assets of Latin American clients.

The agreement related to the Brazilian operations provides for the payment through the issuance of Itaú Holding's preferred shares, corresponding to an interest of approximately 5.8% (68.5 million of Itaú Holding's equity securities), estimated at approximately R\$ 4.5 billion (based on the average market quote on April 28, 2006). Accordingly, Bank of America Corporation will become a stockholder of Itaú Holding and then entitled to appoint a member to its Board of Directors.

The goodwill arising from this investment is expected to amount to R\$ 2.2 billion, net of tax effects. The dividend/interest on own capital distributed to Itaú Holding's stockholders, considering the new ownership structure, will not be affected by this amortization and shall be higher than that paid in 2005.

In view of the capital increase from the additional contribution, the ownership interest change and the goodwill amortization, the net positive effect to Itaúsa's income will amount to R\$ 600 million.

This transaction, the largest stock swap ever to be completed in the Brazilian financial market, provides leadership to Itaú among private institutions in the asset management, custody business and in the high net worth individual and large corporation segments, in addition to opportunity for expanding its operations to new Latin American markets.

The completion of this transaction is subject to the approval of BACEN and other applicable authorities.

## Public Offering of Duratex Shares

In order to enhance its image among capital market players and increase the liquidity of its shares, Duratex announced, by means of the Material Fact on February 22, 2006, the Primary and Secondary Public Offerings of 4.5 million common and 9.5 million preferred shares, respectively, the selling shareholders being Itaúsa, Itaucorp, Fundação Itaúsa Industrial and Previ.

This transaction was fully and successfully implemented in April, once the demand for these shares exceeded about six times the number supplied. The unit price of the placed shares was set, by means of the book building process, at R\$ 43.50, and the total amount of such shares was distributed among approximately 4,800 investors, of which we highlight that 70% of the offered shares was purchased by foreign investors, according to the Announcement of Completion published on April 28, 2006.

The primary offering had the purpose of raising capital to the company for future expansions, while the secondary offering permitted to substantially increase its liquidity, measured by the daily trading value, which grew from R\$ 4.8 million, during the pre-offering period, to over R\$ 27 million after its completion. It also resulted in an increase in the number of investors, from 2,000 to 5,000 stockholders.

The market value of Duratex grew from R\$ 1.7 billion in December 2005 to R\$ 2.8 billion, based on the share placement price, and the free float of preferred shares reached 83%, equivalent to R\$ 1.3 billion.

In Itaúsa, the effects, net of the related taxes, will be recognized in the second quarter as an addition to the net income amounting to approximately R\$ 36.1 million, which corresponds to a capital gain of R\$ 96.2 million on the sale of preferred shares in connection with the secondary public offering and an amortization expense of goodwill amounting to R\$ 60.1 million arising from the subscription of common shares in connection with the primary public offering.

## **INDEPENDENT AUDITORS – CVM INSTRUCTION 381**

During this period, the Independent Auditors did not provide to ITAÚSA and subsidiary companies any non-audit related services which had fees that exceeded 5% of total external audit costs.

## **ACKNOWLEDGEMENTS**

We thank our stockholders for their support and trust, which we seek to repay by obtaining differentiated results. We also thank our clients for their loyalty by providing them high-quality products and services. We express our special thanks to our employees for their work and effort, which have provided us with the sustainable growth of our business.

**(Approved at the Meeting of the Board of Directors on May 8, 2006)**

## ITAÚSA - INVESTIMENTOS ITAÚ S.A.

### **BOARD OF DIRECTORS**

#### **Chairman**

OLAVO EGYDIO SETUBAL

#### **Vice-Chairman**

MARIA DE LOURDES EGYDIO VILLELA

#### **Members**

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JOSÉ CARLOS MORAES ABREU

PAULO SETUBAL

### **FISCAL BOARD**

#### **President**

JOSÉ MARCOS KONDER COMPARATO

#### **Members**

PAULO RICARDO MORAES AMARAL

ARTEMIO BERTHOLINI

#### **Accountant**

REGINALDO JOSÉ CAMILO

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### **EXECUTIVE BOARD**

#### **President and Chief Executive Officer**

OLAVO EGYDIO SETUBAL

#### **Managing Vice-Presidents - Executive**

JAIRO CUPERTINO

ROBERTO EGYDIO SETUBAL

#### **Executive Directors**

HENRI PENCHAS \*

RENATO ROBERTO CUOCO

*\* Investor Relations Director*

### **INFORMATION DISCLOSURE COMMITTEE**

ALFREDO EGYDIO ARRUDA VILLELA FILHO

HENRI PENCHAS

PAULO SETUBAL

**BANCO ITAÚ HOLDING FINANCEIRA S.A.****BOARD OF DIRECTORS****Chairman**

OLAVO EGYDIO SETUBAL

**Vice-Chairmen**

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JOSÉ CARLOS MORAES ABREU

ROBERTO EGYDIO SETUBAL

**Members**

ALCIDES LOPES TÁPIAS

CARLOS DA CAMARA PESTANA

FERNÃO CARLOS BOTELHO BRACHER

HENRI PENCHAS

JOSÉ VILARASAU SALAT

MARIA DE LOURDES EGYDIO VILLELA

PERSIO ARIDA

ROBERTO TEIXEIRA DA COSTA

SERGIO SILVA DE FREITAS

TEREZA CRISTINA GROSSI TOGNI

**EXECUTIVE BOARD****Chief Executive Officer**

ROBERTO EGYDIO SETUBAL

**Senior Vice-President**

HENRI PENCHAS

**Executive Vice-Presidents**

ALFREDO EGYDIO SETUBAL \*

CANDIDO BOTELHO BRACHER

*\* Investor Relations Officer***Legal Counsel**

LUCIANO DA SILVA AMARO

**Executive Directors**

RODOLFO HENRIQUE FISCHER

SÍLVIO APARECIDO DE CARVALHO

**Managing Directors**

JACKSON RICARDO GOMES

MARCO ANTONIO ANTUNES

VILSON GOMES DE BRITO

**Deputy Managing Director**

WAGNER ROBERTO PUGLIESI

**INTERNATIONAL ADVISORY BOARD****President**

ROBERTO EGYDIO SETUBAL

**Members**

ARTUR EDUARDO BROCHADO DOS SANTOS SILVA

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FERNÃO CARLOS BOTELHO BRACHER

HENRI PENCHAS

JOSÉ CARLOS MORAES ABREU

JULIO LAGE GONZALEZ

MARIA DE LOURDES EGYDIO VILLELA

ROBERTO TEIXEIRA DA COSTA

RUBENS ANTONIO BARBOSA

SERGIO SILVA DE FREITAS

**ADVISORY BOARD**

FERNANDO DE ALMEIDA NOBRE NETO

LÍCIO MEIRELLES FERREIRA

LUIZ EDUARDO CAMPELLO

**COMPENSATION COMMITTEE****President**

OLAVO EGYDIO SETUBAL

**Members**

CARLOS DA CAMARA PESTANA

FERNÃO CARLOS BOTELHO BRACHER

JOSÉ CARLOS MORAES ABREU

ROBERTO EGYDIO SETUBAL

ROBERTO TEIXEIRA DA COSTA

**AUDIT COMMITTEE****President**

CARLOS DA CAMARA PESTANA

**Members**

ALCIDES LOPES TÁPIAS

TEREZA CRISTINA GROSSI TOGNI

**SECURITIES TRADING COMMITTEE**

ALCIDES LOPES TÁPIAS

ALFREDO EGYDIO ARRUDA VILLELA FILHO

ALFREDO EGYDIO SETUBAL

ANTONIO CARLOS BARBOSA DE OLIVEIRA

HENRI PENCHAS

MARIA ELIZABETE VILAÇA LOPES AMARO

ROBERTO TEIXEIRA DA COSTA

SÍLVIO APARECIDO DE CARVALHO

**INFORMATION DISCLOSURE COMMITTEE**

ALCIDES LOPES TÁPIAS

ALFREDO EGYDIO ARRUDA VILLELA FILHO

ALFREDO EGYDIO SETUBAL

ANTONIO CARLOS BARBOSA DE OLIVEIRA

ANTÔNIO JACINTO MATIAS

HENRI PENCHAS

MARIA ELIZABETE VILAÇA LOPES AMARO

ROBERTO TEIXEIRA DA COSTA

SÍLVIO APARECIDO DE CARVALHO

TEREZA CRISTINA GROSSI TOGNI

**FISCAL BOARD****President**

GUSTAVO JORGE LABOISSIERE LOYOLA

**Members**

FERNANDO ALVES DE ALMEIDA

IRAN SIQUEIRA LIMA



## 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  
JAIRO CUPERTINO  
JOSÉ CARLOS MORAES ABREU  
OLAVO EGYDIO SETUBAL JÚNIOR

### **FISCAL BOARD**

#### **President**

PAULO RICARDO MORAES AMARAL

#### **Members**

IRAN SIQUEIRA LIMA  
WILTON DE MEDEIROS DAHER

### **BOARD OF DIRECTORS**

#### **President**

PAULO SETUBAL

#### **Executive Managing Vice-Presidents**

GUILHERME ARCHER DE CASTILHO  
PLINIO DO AMARAL PINHEIRO \*  
RAUL PENTEADO

*\* Investor Relations Officer*

#### **Executive Directors**

CARLOS ALBERTO TENÓRIO NOBRE  
ENRIQUE JUDAS MANUBENS  
JOSÉ ROBERTO REFINETTI GUIDI  
MÁRIO COLOMBELLI FILHO

#### **Directors**

ALEXANDRE COELHO NETO DO NASCIMENTO  
ANTONIO JOAQUIM DE OLIVEIRA  
ANTONIO MASSINELLI  
FLÁVIO DIAS SOARES

## ITAUTEC S.A. - GRUPO ITAUTEC

### **BOARD OF DIRECTORS**

#### **Chairman**

OLAVO EGYDIO SETUBAL

#### **Vice-Chairman**

JOSÉ CARLOS MORAES ABREU

#### **Members**

ALFREDO EGYDIO ARRUDA VILLELA FILHO  
JAIRO CUPERTINO  
PAULO SETUBAL  
RENATO ROBERTO CUOCO  
RICARDO EGYDIO SETUBAL

### **EXECUTIVE BOARD**

#### **Chief Executive Officer**

PAULO SETUBAL

#### **Manager Director**

GUILHERME ARCHER DE CASTILHO

#### **Executive Managing Vice-Presidents**

CLÁUDIO VITA FILHO  
RAUL PENTEADO DE OLIVEIRA NETO  
RICARDO EGYDIO SETUBAL \*

*\* Investor Relations Officer*

#### **Executive Director**

WILTON RUAS DA SILVA

## 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  
EDGARDO DE AZEVEDO SOARES NETO  
RAUL PENTEADO DE OLIVEIRA NETO  
REINALDO RUBBI

### **EXECUTIVE BOARD**

#### **Chief Executive Officer**

PAULO SETUBAL

#### **Managing Director**

REINALDO RUBBI \*

*\* Investor Relations Officer*

#### **Directors**

CARLOS CALVO SANZ  
JULIÃO DE SOUZA ESCUDERO  
RICARDO JOSÉ BARALDI

## **ITAÚSA EUROPA - INVESTIMENTOS SGPS LDA.**

### **MANAGING BOARD**

ALMIR VIGNOTO (Delegate Manager)  
CARLOS DA CAMARA PESTANA  
HENRI PENCHAS  
JOSÉ CARLOS MORAES ABREU  
JOSÉ FRANCISCO CLARO  
MARIA DE LOURDES EGYDIO VILLELA  
OLAVO EGYDIO SETUBAL  
PAULO SETUBAL  
ROBERTO EGYDIO SETUBAL

## **BANCO ITAÚ EUROPA, S.A.**

### **BOARD OF DIRECTORS**

#### **Chairman**

ROBERTO EGYDIO SETUBAL

#### **Vice-Chairman**

CARLOS DA CAMARA PESTANA

#### **Board Members**

ALFREDO EGYDIO SETUBAL  
ALMIR VIGNOTO  
CANDIDO BOTELHO BRACHER  
HENRI PENCHAS  
JEAN MARTIN SIGRIST JÚNIOR  
JORGE ALBERTO O. V. JARDIM GONÇALVES  
JOSÉ FRANCISCO CLARO  
RENATO ROBERTO CUOCO  
ROBERTO MASSARU NISHIKAWA

### **EXECUTIVE COMMISSION OF THE BOARD OF DIRECTORS**

#### **President**

ALMIR VIGNOTO

#### **Board Members**

JOSÉ FRANCISCO CLARO  
JORGE ALBERTO O. V. JARDIM GONÇALVES  
JEAN MARTIN SIGRIST JÚNIOR  
ROBERTO MASSARU NISHIKAWA

### **FISCAL BOARD**

#### **President**

JOSÉ MATA SOUSA MENDES

#### **Board Members**

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

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

(In thousands of reais)

ASSETS	03/31/2006	03/31/2005
<b>Current assets</b>	<b>127,486,034</b>	<b>116,697,903</b>
<b>Cash and cash equivalents</b>	<b>2,428,247</b>	<b>2,097,174</b>
<b>Interbank investments (Notes 4a and 5)</b>	<b>21,106,263</b>	<b>21,590,658</b>
<b>Securities and derivative financial instruments (Notes 4b, 4c and 6)</b>	<b>27,960,737</b>	<b>21,964,519</b>
Securities	11,617,686	9,358,184
Derivative financial instruments	2,721,548	2,674,684
Guarantor Resources of Technical Provision - Funds quotas of PGBL/VGBL (Note 11b)	11,047,183	7,436,286
Guarantor Resources of Technical Provision - Other securities (Note 11b)	2,574,320	2,495,365
<b>Interbank accounts of subsidiaries</b>	<b>13,109,065</b>	<b>11,663,100</b>
<b>Loan, leasing operations and other credits (Notes 4d, 4e and 7)</b>	<b>40,343,135</b>	<b>33,426,980</b>
Operations with Credit Assignment Characteristics	42,644,252	34,998,298
(-) Allowance for loan losses	(2,301,117)	(1,571,318)
<b>Inventories (Notes 4f and 8)</b>	<b>513,023</b>	<b>523,485</b>
Products	495,430	503,813
Real estate	17,593	19,672
<b>Other credits</b>	<b>21,095,966</b>	<b>24,728,078</b>
Foreign exchange portfolio (Note 9)	12,620,673	13,417,021
Tax credits (Note 14b)	2,747,803	1,916,140
Sundry (Note 13a)	5,817,744	9,480,766
(-) Allowance for loan losses	(90,254)	(85,849)
<b>Other assets (Notes 4g and 13b)</b>	<b>282,151</b>	<b>267,499</b>
<b>Prepaid expenses (Notes 4h and 13c)</b>	<b>647,447</b>	<b>436,410</b>
<b>Long-term receivables</b>	<b>35,360,043</b>	<b>29,116,875</b>
<b>Interbank investments (Notes 4a and 5)</b>	<b>1,336,940</b>	<b>567,569</b>
<b>Securities and derivative financial instruments (Notes 4b, 4c and 6)</b>	<b>8,512,088</b>	<b>8,501,711</b>
Securities	6,884,578	7,141,649
Derivative financial instruments	684,221	360,873
Guarantor Resources of Technical Provision - Other securities (Note 11b)	943,289	999,189
<b>Interbank accounts of subsidiaries</b>	<b>362,427</b>	<b>268,694</b>
<b>Loan, leasing operations and other credits (Notes 4d, 4e and 7)</b>	<b>18,957,576</b>	<b>14,264,787</b>
Operations with Credit Assignment Characteristics	21,324,876	15,981,456
(-) Allowance for loan losses	(2,367,300)	(1,716,669)
<b>Other credits</b>	<b>5,384,166</b>	<b>5,031,469</b>
Tax credits (Note 14b)	1,589,007	1,873,693
Sundry (Note 13a)	3,795,159	3,157,776
<b>Other assets (Notes 4g and 13b)</b>	<b>-</b>	<b>336</b>
<b>Prepaid expenses (Notes 4h and 13c)</b>	<b>806,846</b>	<b>482,309</b>
<b>Permanent assets (Note 15)</b>	<b>4,476,810</b>	<b>4,538,382</b>
<b>Investments (Notes 4i and 15all)</b>	<b>841,935</b>	<b>851,810</b>
Investment in affiliates	656,200	688,622
Other investments	185,735	163,188
<b>Fixed assets (Notes 4j and 15b)</b>	<b>3,287,666</b>	<b>3,388,335</b>
Property for own use	7,846,690	7,609,509
Leased properties	119,564	138,523
Forest reserves	99,623	90,647
(Accumulated depreciation)	(4,778,211)	(4,450,344)
<b>Deferred assets (Notes 4k and 15b)</b>	<b>347,209</b>	<b>298,237</b>
Costs with organization and expansion	893,056	779,626
(Accumulated amortization)	(545,847)	(481,389)
<b>TOTAL ASSETS</b>	<b>167,322,887</b>	<b>150,353,160</b>

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

(In thousands of reais)

LIABILITIES	03/31/2006	03/31/2005
<b>Current liabilities</b>	<b>93,706,215</b>	<b>97,614,877</b>
<b>Funds raised by subsidiaries (Notes 4a and 10)</b>	<b>60,406,267</b>	<b>60,752,294</b>
Foreign currency	3,529,400	6,410,220
Domestic currency	47,411,233	43,768,961
Open market	9,465,634	10,573,113
<b>Subordinated debts (Notes 4a and 10)</b>	<b>53,042</b>	<b>57,095</b>
<b>Financial instruments and derivatives (Notes 4c and 6)</b>	<b>1,842,413</b>	<b>2,084,750</b>
<b>Borrowings (Note 4a)</b>	<b>299,741</b>	<b>449,468</b>
Foreign currency	114,796	327,317
Domestic currency	184,945	122,151
<b>Statutory and social contributions</b>	<b>979,967</b>	<b>683,902</b>
<b>Taxes and social security contributions (Note 14d)</b>	<b>1,335,206</b>	<b>1,290,712</b>
<b>Other liabilities</b>	<b>23,749,345</b>	<b>27,753,393</b>
Foreign exchange portfolio (Note 9)	12,813,144	13,567,260
Credit card operations	4,330,075	3,237,180
Securitization of foreign payment orders (Notes 4a and 10)	171,476	517,532
Sundry (Note 13d)	6,434,650	10,431,421
<b>Interbank accounts of subsidiaries</b>	<b>2,271,106</b>	<b>2,084,694</b>
<b>Technical provisions for insurance, pension plan and capitalization (Notes 4l and 11a)</b>	<b>2,769,128</b>	<b>2,458,569</b>
<b>Long-term liabilities</b>	<b>53,385,764</b>	<b>34,700,057</b>
<b>Funds raised by subsidiaries (Notes 4a and 10)</b>	<b>28,036,895</b>	<b>14,537,680</b>
Foreign currency	3,958,637	3,340,356
Domestic currency	11,629,301	4,403,469
Open market	12,448,957	6,793,855
<b>Subordinated debts (Notes 4a and 10)</b>	<b>4,417,526</b>	<b>4,712,782</b>
<b>Financial instruments and derivatives (Notes 4c and 6)</b>	<b>455,182</b>	<b>180,851</b>
<b>Borrowings (Note 4a)</b>	<b>332,075</b>	<b>218,949</b>
Foreign currency	150,389	38,514
Domestic currency	181,686	180,435
<b>Taxes and social security contributions (Note 14d)</b>	<b>4,743,619</b>	<b>3,020,221</b>
<b>Other liabilities</b>	<b>2,631,354</b>	<b>2,934,265</b>
Securitization of foreign payment orders (Notes 4a and 10)	997,494	1,124,878
Sundry (Note 13d)	1,633,860	1,809,387
<b>Technical provisions for insurance, pension plan and capitalization (Notes 4l and 11a)</b>	<b>12,769,113</b>	<b>9,095,309</b>
<b>Deferred income (Note 4o)</b>	<b>118,496</b>	<b>89,435</b>
<b>Minority interest</b>	<b>9,831,975</b>	<b>8,750,464</b>
<b>Stockholders' equity from parent company (Note 16)</b>	<b>10,280,437</b>	<b>9,198,327</b>
Capital (Note 16a)	5,000,000	3,800,000
Capital reserves	28,423	27,560
Revaluation reserves	49,132	50,390
Revenue reserves	5,466,483	5,232,932
Adjustment to market value - securities and derivatives (Notes 4b, 4c and 6a)	170,590	180,532
(-) Treasury shares	(434,191)	(93,087)
<b>Stockholders' equity of the Itaúsa conglomerate</b>	<b>20,112,412</b>	<b>17,948,791</b>
<b>TOTAL LIABILITIES</b>	<b>167,322,887</b>	<b>150,353,160</b>

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

	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>OPERATING REVENUE</b>	<b>10,744,000</b>	<b>9,309,320</b>
Sales of products and services	2,835,423	2,595,704
Insurance, pension plan and capitalization (Note 11c)	1,742,568	1,392,626
Financial	3,766,484	3,423,372
Financial revenues of insurance, pension plan and capitalization (Note 11c)	540,609	399,884
Securities	1,686,029	1,319,302
Equity in the earnings of subsidiaries (Note 15aIII)	37,206	67,225
Other operating revenues (Note 13e)	135,681	111,207
<b>OPERATING EXPENSES</b>	<b>(8,233,657)</b>	<b>(7,204,118)</b>
Cost of products and services	(536,108)	(583,299)
Insurance, pension plan and capitalization (Note 11c)	(1,517,404)	(1,186,861)
Equity	(1,437,024)	(729,132)
Administrative	(2,133,401)	(1,895,687)
Management fees	(77,548)	(52,873)
Financial	(1,104,475)	(1,679,100)
Financial expenses on technical provisions for pension plan and capitalization (Note 11c)	(437,021)	(308,879)
Other operating expenses (Note 13f)	(990,676)	(768,287)
<b>OPERATING INCOME</b>	<b>2,510,343</b>	<b>2,105,202</b>
<b>NON-OPERATING RESULT (Note 13g)</b>	<b>19,524</b>	<b>12,344</b>
<b>INCOME BEFORE TAXATION ON PROFIT AND PROFIT SHARING</b>	<b>2,529,867</b>	<b>2,117,546</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION (Notes 4n and 14a)</b>	<b>(772,981)</b>	<b>(592,869)</b>
Due on operations for the period	(916,516)	(794,888)
Deferred related to temporary differences	143,535	202,019
<b>EXTRAORDINARY RESULT</b>	<b>-</b>	<b>(114,572)</b>
Parent company	-	(38,960)
Relating to minority interest in subsidiaries	-	(75,612)
<b>PROFIT SHARING</b>	<b>(174,097)</b>	<b>(100,139)</b>
Employees - Law 10,101 of 12/19/2000	(110,684)	(72,026)
Directors - Statutory - Law 6,404 of 12/15/1976	(63,413)	(28,113)
<b>NET INCOME RELATING TO MINORITY INTEREST IN SUBSIDIARIES</b>	<b>(783,213)</b>	<b>(630,902)</b>
<b>NET INCOME OF PARENT COMPANY</b>	<b>799,576</b>	<b>679,064</b>
Net income relating to minority interest in subsidiaries	783,213	630,902
<b>NET INCOME OF ITAÚSA CONGLOMERATE</b>	<b>1,582,789</b>	<b>1,309,966</b>
NUMBER OF OUTSTANDING SHARES - in thousands (Note 16a)	3,176,014	3,224,559
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES - R\$	251.75	210.59
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES - R\$	3,236.90	2,852.58

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

*(In thousands of reais)*

	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>A- FINANCIAL RESOURCES WERE PROVIDED BY</b>	<b>5,623,253</b>	<b>2,584,327</b>
NET INCOME FOR THE YEAR	799,576	679,064
Items not representing movement of net working capital		
Minority interest	783,213	630,902
Depreciation and amortization	162,230	169,342
Equity in the earnings of subsidiaries, net of received dividends	(37,206)	(67,191)
Extraordinary result in subsidiary and affiliated companies	-	(67,428)
Allowance for losses	(2,172)	(4,501)
Foreign exchange variation of permanent assets	5,429	(837)
 ADJUSTED NET INCOME	 1,711,070	 1,339,351
 <b>FINANCIAL RESOURCES FROM THIRD PARTIES</b>	 <b>3,912,183</b>	 <b>1,244,976</b>
Increase in long-term liabilities	3,904,428	1,246,891
Cost of disposed permanent assets	5,272	-
Cost of investment disposals	439	29
Change in deferred income	2,044	(1,944)
 <b>B- FINANCIAL RESOURCES WERE USED FOR</b>	 <b>1,307,460</b>	 <b>1,702,427</b>
Increase in long-term receivables	890,755	1,126,500
Adjustment to market value - securities and derivatives - subsidiary companies	(755)	64,287
Purchased properties and other assets	110,248	140,646
Investments in the period	17,600	7,488
Increase in deferred assets	33,194	15,207
Dividends paid to minority stockholders	297,060	191,926
Dividends proposed	294,686	194,625
Change in minority stockholders, net	(335,328)	(38,252)
 <b>INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)</b>	 <b>4,315,793</b>	 <b>881,900</b>
 <b>INCREASE (DECREASE) IN NET WORKING CAPITAL</b>	 <b>4,315,793</b>	 <b>881,900</b>
 <b>At the beginning of the year</b>	 <b>29,464,026</b>	 <b>18,201,126</b>
Current assets	116,247,503	101,660,453
Current liabilities	86,783,477	83,459,327
 <b>At the end of the year</b>	 <b>33,779,819</b>	 <b>19,083,026</b>
Current assets	127,486,034	116,697,903
Current liabilities	93,706,215	97,614,877

## ITAÚSA - INVESTIMENTOS ITAÚ S.A.

## BALANCE SHEET

(In thousands of reais)

ASSETS	03/31/2006	03/31/2005
<b>Current assets</b>	<b>874,148</b>	<b>806,472</b>
Cash and cash equivalents	6,311	3
Securities (Note 6a)	511,170	628,544
Interest on own capital	250,399	150,029
Tax credits	6,577	1,502
Other sundry credits (Note 13b)	99,691	26,394
<b>Long-term receivables</b>	<b>17,372</b>	<b>105,148</b>
Securities (Note 6a)	32	32
Tax credits	3,797	-
Other sundry credits (Note 13b)	13,543	105,116
<b>Permanent assets</b>	<b>10,647,082</b>	<b>9,084,548</b>
Investments		
Investments in subsidiaries (Note 15a)	10,633,583	9,070,101
Other investments	4,116	4,204
Fixed assets (Note 15b)	9,383	10,243
<b>TOTAL ASSETS</b>	<b>11,538,602</b>	<b>9,996,168</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>509,520</b>	<b>353,750</b>
Dividends payable	429,340	331,557
Tax and social security	77,372	19,207
Other liabilities (Note 13d)	2,808	2,986
<b>Long-term liabilities</b>	<b>13,264</b>	<b>11,301</b>
Tax liabilities (Note 14d)	13,264	11,301
<b>Stockholders' equity (Note 16)</b>	<b>11,015,818</b>	<b>9,631,117</b>
Capital (Note 16a)	5,000,000	3,800,000
Capital reserves	28,423	27,560
Revaluation reserves	49,132	50,390
Revenue reserves (Note 16c)	6,201,864	5,665,722
Adjustment to market value - securities and derivatives (Notes 4b, 4c and 6a)	170,590	180,532
(-) Treasury shares	(434,191)	(93,087)
<b>TOTAL LIABILITIES</b>	<b>11,538,602</b>	<b>9,996,168</b>



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

	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>OPERATING INCOME</b>	<b>1,086,069</b>	<b>755,853</b>
Financial	-	4,188
Securities	95,515	112,264
Investment in subsidiaries (Note 15a)	989,716	638,886
Other operating income	838	515
<b>OPERATING EXPENSES</b>	<b>(35,107)</b>	<b>(28,652)</b>
Equity	(220)	(226)
Administrative	(4,318)	(4,515)
Management fees	(1,329)	(1,219)
Other operating expenses (Note 13f)	(29,240)	(22,692)
<b>OPERATING RESULT</b>	<b>1,050,962</b>	<b>727,201</b>
<b>NON-OPERATING RESULT (Note 13g)</b>	<b>20,526</b>	<b>7,586</b>
<b>INCOME BEFORE TAXATION ON PROFIT AND PROFIT SHARING</b>	<b>1,071,488</b>	<b>734,787</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION (Notes 4n and 4a)</b>	<b>(15,672)</b>	<b>(37,169)</b>
Due on operations for the period	(94,427)	(64,947)
Relating to temporary differences	78,755	27,778
<b>PROFIT SHARING</b>	<b>(1,151)</b>	<b>(1,067)</b>
Directors - Statutory - Law 6,404 of 12/15/1976	(1,151)	(1,067)
<b>NET INCOME</b>	<b>1,054,665</b>	<b>696,551</b>
NUMBER OF OUTSTANDING SHARES (In thousands) (Note 16)	3,176,014	3,224,559
NET INCOME PER THOUSAND SHARES (R\$)	332.07	216.01
BOOK VALUE PER THOUSAND SHARES (R\$)	3,468.44	2,986.80

**ITAÚSA - INVESTIMENTOS ITAÚ S.A.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (NOTE 16)**  
*( In thousands of reais )*

	Capital	Capital reserves				Revenue reserves		Adjustment to market value - securities and derivatives	Treasury shares	Retained earnings	Total
		Monetary correction - Law 8,200	Premium on subscription of shares	Options for tax incentives	Revaluation reserves	Legal	Statutory				
<b>At December 31, 2004</b>	<b>3,800,000</b>	<b>25,013</b>	<b>1,453</b>	<b>1,094</b>	<b>50,673</b>	<b>470,730</b>	<b>4,794,027</b>	<b>244,819</b>	<b>(93,087)</b>	<b>-</b>	<b>9,294,722</b>
Prior years' adjustments	-	-	-	-	-	-	-	-	-	(101,244)	(101,244)
Change in the year in adjustment to market value - subsidiaries	-	-	-	-	-	-	-	(64,287)	-	-	(64,287)
Reversal/realization of reserves	-	-	-	(283)	-	-	-	-	-	283	-
Net income for the year	-	-	-	-	-	-	-	-	-	696,551	696,551
Appropriations:	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	34,827	-	-	-	(34,827)	-
Statutory reserve	-	-	-	-	-	-	366,138	-	-	(366,138)	-
Interest on own capital	-	-	-	-	-	-	-	-	-	(194,625)	(194,625)
<b>At March 31, 2005</b>	<b>3,800,000</b>	<b>25,013</b>	<b>1,453</b>	<b>1,094</b>	<b>50,390</b>	<b>505,557</b>	<b>5,160,165</b>	<b>180,532</b>	<b>(93,087)</b>	<b>-</b>	<b>9,631,117</b>
<b>At December 31, 2005</b>	<b>5,000,000</b>	<b>25,013</b>	<b>1,781</b>	<b>1,629</b>	<b>49,392</b>	<b>588,815</b>	<b>4,852,810</b>	<b>148,887</b>	<b>(434,191)</b>	<b>-</b>	<b>10,234,136</b>
Change in the year in adjustment to market value - subsidiaries	-	-	-	-	-	-	-	21,703	-	-	21,703
Reversal/realization of reserves	-	-	-	(260)	-	-	-	-	-	260	-
Net income for the year	-	-	-	-	-	-	-	-	-	1,054,665	1,054,665
Appropriations:	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	52,733	-	-	-	(52,733)	-
Statutory reserve	-	-	-	-	-	-	707,506	-	-	(707,506)	-
Interest on own capital	-	-	-	-	-	-	-	-	-	(294,686)	(294,686)
<b>At March 31, 2006</b>	<b>5,000,000</b>	<b>25,013</b>	<b>1,781</b>	<b>1,629</b>	<b>49,132</b>	<b>641,548</b>	<b>5,560,316</b>	<b>170,590</b>	<b>(434,191)</b>	<b>-</b>	<b>11,015,818</b>

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

( In thousands of reais )

	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>A- FINANCIAL RESOURCES WERE PROVIDED BY</b>	<b>322,319</b>	<b>228,199</b>
NET INCOME FOR THE YEAR	1,054,665	696,551
Items not representing movement of net working capital:		
Depreciation and amortization	220	226
Equity in the earnings of subsidiaries, net of received dividends	(738,408)	(479,605)
Allowance for losses	7	22
Goodwill amortization	1,325	150
ADJUSTED NET INCOME	317,809	217,344
<b>FINANCIAL RESOURCES FROM THIRD PARTIES</b>	<b>4,510</b>	<b>10,855</b>
Increase in long-term liabilities	4,510	6,141
Cost of investment disposals	-	6
Write-offs of fixed assets in use	-	6
Prior years' adjustments	-	4,702
<b>B- FINANCIAL RESOURCES WERE USED FOR</b>	<b>301,138</b>	<b>201,100</b>
Increase in long-term receivables	6,452	6,470
Purchased properties and other assets	-	5
Dividends proposed	294,686	194,625
<b>INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)</b>	<b>21,181</b>	<b>27,099</b>
<b>INCREASE (DECREASE) IN NET WORKING CAPITAL</b>	<b>21,181</b>	<b>27,099</b>
<b>At the beginning of the year</b>	<b>343,447</b>	<b>425,623</b>
Current assets	1,211,452	1,017,113
Current liabilities	868,005	591,490
<b>At the end of the year</b>	<b>364,628</b>	<b>452,722</b>
Current assets	874,148	806,472
Current liabilities	509,520	353,750

## **ITAÚSA - INVESTIMENTOS ITAÚ S.A.**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **PERIODS FROM JANUARY 1 TO MARCH 31, 2006 AND 2005**

(In thousands of Reais)

#### **NOTE 1 – OPERATIONS**

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

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

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

In Loan, Leasing Operations and Other Credits are included the receivables, arising from purchases made by the credit card holders. The resources related to these amounts are included in Other Liabilities. The Leasing Operations are presented at present value in the Balance Sheet, and related income and expenses, which represent the financial result of these operations, are grouped in Financial Revenue in the Statement of Income.

The exchange rate result is presented adjusted, with the reclassification of expenses and income, to represent exclusively the variation and differences of rates applied on the balance sheet accounts representing foreign currencies.

**NOTE 3 – CONSOLIDATED FINANCIAL STATEMENTS**

The significant balances of balance sheet accounts and results, as well as the amounts of transactions between consolidated companies, were eliminated. The Exclusive Investments Funds of the Company and subsidiaries were included in consolidation. The securities and investments of these funds portfolios are classified by type of operation and were distributed by type of paper, in the same categories in which they had been originally allocated. Deferred taxes related to the adjustment to market value of trading securities, derivative financial instruments (assets/liabilities) and securities available for sale, including on the additional provision, are presented in the Balance Sheet by their related net amounts (Note 14dII). Operations with credit assignment characteristics and allowance for loan losses are presented in the Balance Sheet net of the additional write-offs against losses and refer to transactions that are fully provisioned and the recovery of which the management expects to achieve in long term. The effects of foreign exchange variation on foreign investments are recorded in the Statement of Income, according to the nature of the corresponding balance sheet accounts.

The difference in net income and stockholders' equity between ITAÚSA and ITAÚSA CONSOLIDATED (Note 16d) results from the elimination of unrealized profits arising from the transactions between consolidated companies, the corresponding taxes of which were deferred, and from the adoption of different criteria on the amortization of goodwill on the acquisition of investments and constitution of tax credits.

In ITAÚSA, the goodwill recorded by the subsidiaries, arising mainly from the increase in the investments in Credicard and Orbitall due to the partnership for the creation of companies: Financeira Americana Itaú S.A. – Crédito, Financiamento e Investimento, and Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento and the acquisition of part of Banco BPI S.A. shares, are amortized based on expected future profitability (ten years), or realization of investments, in order to:

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

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

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

In BANCO BANESTADO S.A. (BANESTADO) and in ITAÚSA CONSOLIDATED tax credits are recorded at amounts considered adequate in relation to expected future earnings.

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

		Holding (%)	
		03/31/2006	03/31/2005
<b>FINANCIAL SERVICES AREA</b>			
Banco Itaú Holding Financeira S.A.	(1)	48.25	46.84
Banco Itaú S.A.		48.25	46.84
Banco Itaú BBA S.A.		46.20	44.85
Banco Itaúcred Financiamentos S.A.		48.25	46.84
Banco Fiat S.A.		48.25	46.84
Banco Itaú Buen Ayre S.A.		48.25	46.84
Banco Itaú Europa Luxembourg S.A.		89.84	89.57
Banco Itaú Europa, S.A.		89.89	89.62
Itaú Bank, Ltda.		48.25	46.84
Cia. Itauleasing de Arrendamento Mercantil		48.25	46.84
Itaú Corretora de Valores S.A.		48.25	46.84
Financeira Itaú CBD S.A. - Crédito, Financiamento e Investimento	(2)	24.12	23.42
Financeira Americanas Itaú S.A - Crédito, Financiamento e Investimento	(3)	24.12	-
Itaú Seguros S.A. and subsidiaries		48.25	46.84
Itaú Vida e Previdência S.A.		48.25	46.84
Cia. Itaú de Capitalização		48.25	46.84
Itaucard Financeira S.A. – Crédito, Financiamento e Investimento		48.25	46.84
Credicard Banco S.A.	(4)	24.12	23.42
Orbitall Serviços e Processamento e Informatização Comercial S.A. and subsidiary		48.25	46.84
Redecard S.A.	(4)	15.41	14.96
Fiat Administradora de Consórcios Ltda.		48.25	46.84
Itaú Administradora de Consórcios Ltda.		48.25	46.84
Akbar Marketing e Serviços, LDA. and subsidiaries		46.19	44.85
Afinco Américas Madeira, SGPS, Sociedade Unipessoal, LDA. and subsidiaries		48.25	46.84
Itaúsa Export S.A. and subsidiaries		88.50	88.19
Serasa S.A.	(4)	15.62	15.17
<b>INDUSTRIAL AREA</b>			
Duratex S.A.	(1)	47.58	47.66
Itautec S.A.	(1)	94.22	94.22
Elekeiroz S.A.	(1)	96.52	96.41
Itaúsa Empreendimentos S.A.		100.00	100.00

(1) Listed company.

(2) Investment approved to operate by BACEN on 04/05/2005. As of 09/30/2005, this Company was fully consolidated with CVM authorization, as its business is managed by Banco Itaú Holding Financeira S.A.(Itaú Holding).

(3) Investment made on 04/27/2005 and approved to operate by BACEN on 02/21/2006.

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

**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 or foreign exchange rates and operations with fixed charges are recorded at current value, calculated "pro rata die" based on the variation of the contracted index and interest rates.

**b) Securities**

1. In ITAÚSA and non-financial affiliates (Industrial Area) are recorded at cost of acquisition restated and adjusted to reflect the market value, when this is lower.
2. In financial affiliates, insurance, pension plan security and capitalization companies, and its affiliates (Financial Services Area) recorded at acquisition cost restated by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Resolution Circular 3,068, of November 8, 2001 and SUSEP Resolution 314 of December 27, 2005. They are classified in the following categories:
  - trading securities – securities acquired to be actively and frequently traded, are adjusted to market value, as a contra-entry to the results for the period;
  - securities available for sale – securities that are neither intended for negotiation nor maintained through their maturity. They are adjusted to their market value as a contra-entry to an account disclosed in stockholders' equity; and
  - securities held to maturity – securities, except for non-redeemable shares, for which there is the intention and financial capacity of the institution to hold them in the portfolio up to their maturity, recorded only at restated cost of acquisition or market value upon the transfer of the other category, not being adjusted to market value.

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

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

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



**c) 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 Resolution 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 exposure to global risks) are stated at market value, including realized and unrealized gains and losses, which are recorded directly in the statement of income.

The derivatives used for protection against risk exposure or to modify the characteristics of assets and liabilities which might be highly associated to changes in market value in relation to the market value of the item being protected, both at the beginning or throughout the duration of the contract, and which are deemed as relevant 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 actual hedged amount 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 non-hedged amount is recorded directly in the statement of income.

- d) Loan, leasing operations and other credits (operations with credit assignment characteristics)** - These are recorded at current value, calculated "pro rata die" based on the variation of the contracted index and effective interest rate, being restated with accrued income up to the 60th day of overdue in the case of financial companies, taking into consideration in the case of property financing the current value of the falling due contract installments.
- e) Allowance for loan losses** - The balance of the allowance for loan losses was recorded based on an analysis of the credit risk in the loan portfolio, in amounts considered sufficient to cover loan losses according to the rules determined by National Monetary Council Resolution 2,682 of December 21, 1999, for the financial affiliates, among which are:
- Provisions necessary are recorded from the date of the loan disbursements, based on the client risk classification, due to periodic analysis of the quality of the client and the industry and not just in the event of default;
  - Based exclusively on delinquency, write-offs of credit operations against loss can be made 360 days after the due date of the credit or 540 days for transactions 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** - Mainly composed of assets not in use corresponding to own properties available for sale and also received as payment in kind, being adjusted to market value through provisions set up based on current rules.
- h) Prepaid expenses** – These refer to the investments that will result in earnings in future periods.
- i) Investments** - In subsidiary and affiliated companies, investments are accounted for under the equity method. The financial statements of foreign branches and affiliates are adapted to comply with Brazilian accounting policies and converted into Reais. Other investments are recorded at cost, restated up to December 31, 1995, being adjusted to market value through provisions set up based on current rules.
- j) Fixed assets** - These are stated at cost of acquisition or construction, less accumulated depreciation, restated up to December 31, 1995. For insurance, private pension and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports.

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 the usual useful life, considering a reduction of 30% in the useful life of the asset, if in accordance with the conditions set forth in Ordinance No. 113/1998 of the Federal Revenue Service. Receivables are recorded in lease receivable at the contractual amount, as a contra entry to unearned income accounts. The recognition in income will occur on the consideration collection date.

Depreciation is calculated using the straight-line method, based on monetarily correct 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:

Buildings 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 the straight-line basis over the respective rental periods, limited to ten and five years, respectively.

**l) Technical provisions for insurance, pension plan and capitalization** - Technical provisions are set up according to the technical notes approved by SUSEP and criteria established by National Council of Private Insurances (CNSP) Resolution 120 of December 24, 2004.

**I - Insurance:**

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

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

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

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

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

**III - Capitalization:**

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

**m) Provision and Contingent Liabilities** – Provisions and contingent liabilities, in connection with conservative practices adopted, normally are recorded based on the opinion of legal advisors and additionally, through the use of models and criteria which allow the most adequate measurement, in spite of the uncertainty of their term and amount.

I- Labor contingencies:

These are set up upon judicial notice and adjusted monthly by the moving average amount of payment of lawsuits ended in the last 12 months, for lawsuits based on claims considered similar and usual and adjusted to the execution deposit amount when required or the definitive execution amount (indisputable amount) when it is in the stage of being a final judgment and unappealable;

II- Civil contingencies:

These are set up upon judicial notice and adjusted monthly:

- at the moving average of payment of lawsuits ended in the last 12 months plus the average cost of fees paid for lawsuits related to claims considered similar and usual and whose amount is not considered relevant; or
- at the claimed indemnity amount, on the evidence presented based on the evaluation of legal advisors – which considers jurisprudence, legal opinions raised, evidence produced in the records and the judicial decisions to be issued – relating to the risk level of loss of lawsuits related to claims considered unusual or whose amount is considered significant.

Provisions for Civil Contingencies are adjusted up to the amounts deposited as guarantees for their execution or to the definitive execution amount when the claim is finally judged and has become unappealable.

III- Tax and social security contingencies:

The provisions originated in tax and social security contingencies basically refer to liabilities related to tax liabilities, the legality or constitutionality of which are subject to administrative or judicial defense, and set up at the full amount under discussion. They are restated in accordance with current legislation.

Judicial escrow deposits are restated in accordance with current legislation.

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

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

(\*) For Itaúsa and its non-financial subsidiaries that comply with non-cumulative calculation basis, PIS/COFINS rate levied on the financial income of these companies, except for the financial income arising from interest on own capital, was reduced to zero as from August 2004. 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 they fall due, and is dependent on 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 deposits of the subsidiaries of the Financial Services Area:

	Book value	
	03/31/2006	03/31/2005
<b>Investment in the open market</b>	<b>13,675,935</b>	<b>12,685,761</b>
<b>Funded position (*)</b>	<b>9,472,773</b>	<b>7,884,037</b>
<b>Financed position</b>	<b>4,203,162</b>	<b>4,801,724</b>
With free movement	30,129	-
Without free movement	4,173,033	4,801,724
<b>Investment in the open market - guarantor resources of technical provisions - SUSEP</b>	<b>577,092</b>	<b>255,668</b>
<b>Interbank deposits</b>	<b>8,190,176</b>	<b>9,216,798</b>
<b>TOTAL</b>	<b>22,443,203</b>	<b>22,158,227</b>

(\*) Includes R\$ 6,609,940 (R\$ 2,933,267 at 03/31/2005) relating to the investment in the open market in which securities are restricted to guarantee transactions at the Commodities 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 ITAUSA.

**a) Summary**

Description	Cost	Provision for adjustment to market value impacted on Stockholders' equity		Market value	
		Result		03/31/2006	03/31/2005
<b>Itaúsa and Industrial Area</b>					
Securities	880,972	-		880,972	661,837
Derivative financial instruments (assets)	-	-		-	54,138
<b>Subtotal</b>	<b>880,972</b>	<b>-</b>	<b>-</b>	<b>880,972</b>	<b>715,975</b>
<b>Financial Services Area (1)</b>					
Trading securities (2)	18,073,796	7,543		18,081,339	13,958,184
Securities available for sale	12,075,114		496,423	12,571,537	9,652,997
Securities held to maturity (3)	1,813,208	-		1,813,208	3,555,544
Derivative financial instruments (assets)	3,128,396	277,373		3,405,769	2,983,530
<b>Subtotal</b>	<b>35,090,514</b>	<b>284,916</b>	<b>496,423</b>	<b>35,871,853</b>	<b>30,150,255</b>
Deferred taxes			(176,113)		
Adjustments of securities reclassified to securities held to maturity			16,783		
Unconsolidated company			12,621		
<b>Total adjustment to market value</b>			<b>349,714</b>		
<b>Additional provision (exceeding minimum required)</b>				<b>(280,000)</b>	<b>(400,000)</b>
<b>Total Securities and Derivative Financial Instruments (assets)</b>	<b>35,971,486</b>	<b>284,916</b>		<b>36,472,825</b>	<b>30,466,230</b>
Derivative financial instruments - Itaúsa and Industrial Area	7,462	-		7,462	22,274
Derivative financial instruments - Financial Area	2,042,431	247,702		2,290,133	2,243,327
<b>Total derivative financial instruments (liabilities)</b>	<b>2,049,893</b>	<b>247,702</b>		<b>2,297,595</b>	<b>2,265,601</b>
<b>Minority interest</b>			<b>(179,124)</b>		
<b>Amount separately disclosed in Stockholders' equity of ITAUSA</b>			<b>170,590</b>		

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

(2) Includes portfolios of PGBL and VGBL pension plans. in the amount of R\$ 11,047,183 (R\$ 7,436,286 as of 03/31/2005), owned by customers responsible for the risks, and recorded as marketable securities in compliance with SUSEP requirements. in contra entry against liabilities, in Technical Provision for Pension Plan.

(3) Securities classified in this category, if evaluated to market value, would present a positive adjustment of R\$ 186,311 (positive adjustment in the amount of R\$ 154,902 as of 03/31/2005).

At ITAUSA, the amount of R\$ 511,202 is basically composed per Investment Fund Quotas.

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

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

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

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

The main risk factors of the derivatives assumed by ITAÚSA as of March 31, 2006 were related to the foreign exchange rate, interest rate, U.S. dollar and reference rate, Libor and variable income. The management of these and other market risk factors is supported by the infrastructure of sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to maximize the relation risk and return, even under high volatility situations.

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

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

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



The table 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 RECEIVABLES/ (RECEIVED) (PAYABLE) PAID	ADJUSTMENT TO MARKET VALUE	MARKET VALUE	
	03/31/2006	03/31/2005	03/31/2006	03/31/2006	03/31/2006	03/31/2005
<b>Futures contracts</b>	<b>478,116,366</b>	<b>71,968,984</b>	<b>15,493</b>	<b>-</b>	<b>15,493</b>	<b>4,178</b>
Purchase commitments	277,819,138	22,442,296	(35,860)	-	(35,860)	(28,170)
Commitments to sell	200,297,228	49,526,688	51,353	-	51,353	32,348
<b>Swap contracts</b>			<b>563,093</b>	<b>(49,551)</b>	<b>513,542</b>	<b>465,054</b>
Asset position	45,346,939	29,528,212	1,205,179	207,098	1,412,277	1,007,762
Liability position	44,783,846	29,114,392	(642,086)	(256,649)	(898,735)	(542,708)
<b>Option contracts</b>	<b>96,510,473</b>	<b>43,766,269</b>	<b>64,407</b>	<b>100,468</b>	<b>164,875</b>	<b>5,534</b>
Purchase commitments - purchased position	11,506,566	10,176,574	192,533	(25,355)	167,178	99,001
Commitments to sell - purchased position	36,293,561	17,829,150	207,387	85,476	292,863	195,727
Purchase position - sold position	29,842,052	9,854,052	(279,112)	47,834	(231,278)	(127,972)
Commitments to sell - sold position	18,868,294	5,906,493	(56,401)	(7,487)	(63,888)	(161,222)
<b>Forward contracts</b>			<b>347,754</b>	<b>(368)</b>	<b>347,386</b>	<b>266,050</b>
Purchase receivable			-	-	-	1,959
Purchase payable			-	-	-	(1,387,126)
Sales receivable			347,754	(368)	347,386	1,651,217
Sales deliverable			-	-	-	-
<b>Other derivative financial instruments</b>	<b>13,837,014</b>	<b>5,158,410</b>	<b>92,804</b>	<b>(10,433)</b>	<b>82,371</b>	<b>33,318</b>
Asset position	8,507,522	2,955,163	1,169,865	16,200	1,186,065	79,891
Liability position	5,329,492	2,203,247	(1,077,061)	(26,633)	(1,103,694)	(46,573)
		<b>ASSET</b>	<b>3,122,718</b>	<b>283,051</b>	<b>3,405,769</b>	<b>3,035,557</b>
		<b>LIABILITY</b>	<b>(2,054,660)</b>	<b>(242,935)</b>	<b>(2,297,595)</b>	<b>(2,265,601)</b>
		<b>TOTAL</b>	<b>1,068,058</b>	<b>40,116</b>	<b>1,108,174</b>	<b>769,956</b>
<b>Derivative instruments fall due as follows (in days):</b>						
<b>Clearing</b>	<b>0 - 30</b>	<b>31 - 180</b>	<b>181 -365</b>	<b>Over 365</b>	<b>03/31/2006</b>	<b>03/31/2005</b>
<b>Futures</b>	106,532,528	329,863,211	27,127,569	14,593,058	478,116,366	71,968,984
<b>Swaps</b>	7,711,965	15,895,528	8,624,990	11,909,277	44,141,760	28,627,886
<b>Options</b>	14,155,645	18,886,188	62,969,969	498,671	96,510,473	43,766,269
<b>Others</b>	2,276,269	4,714,459	2,691,708	4,154,578	13,837,014	5,158,410

## NOTE 7 - LOAN, LEASING OPERATIONS AND OTHER CREDITS - FINANCIAL SERVICES AREA

### a) Summary

#### I) By type of operation

	03/31/2006	03/31/2005
Loan operations	46,035,702	39,086,155
Capital lease operations	9,621,403	4,977,007
Credit card operations	6,964,686	5,051,314
Advances on exchange contracts (1)	1,234,826	1,720,326
Other credits (2)	112,511	144,952
<b>Total</b>	<b>63,969,128</b>	<b>50,979,754</b>
Endorsements and sureties (3)	8,076,855	6,032,326
<b>Total with endorsements and sureties</b>	<b>72,045,983</b>	<b>57,012,080</b>

(1) Includes advances on exchange contracts and income receivable from advances. Recorded in Other Liabilities/Exchange Portfolio (Note 9).

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

(3) Recorded in memorandum accounts.

#### II) By business sector

	03/31/2006	%	03/31/2005	%
<b>Public sector</b>	<b>1,360,947</b>	<b>2.1</b>	<b>1,310,065</b>	<b>2.6</b>
<b>Private sector</b>	<b>62,608,181</b>	<b>97.9</b>	<b>49,669,689</b>	<b>97.4</b>
Corporations	30,063,432	47.0	27,020,669	53.0
Individuals	32,544,749	50.9	22,649,020	44.4
<b>Total</b>	<b>63,969,128</b>	<b>100.0</b>	<b>50,979,754</b>	<b>100.0</b>

### b) Allowance for loan losses

	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>Opening balance</b>	<b>(4,107,176)</b>	<b>(3,053,555)</b>
Net increase for the period	(1,439,714)	(755,608)
Write-Offs	878,473	521,176
<b>Closing balance</b>	<b>(4,668,417)</b>	<b>(3,287,987)</b>
Specific allowance (1)	(1,700,891)	(1,054,489)
General allowance (2)	(1,467,526)	(1,083,498)
Additional allowance (3)	(1,500,000)	(1,150,000)

(1) For operations with past due installments for over 14 days or owed by companies under composition with creditors or under a bankruptcy process.

(2) For operations that do not fall into the previous item due to the classification of the client or operation.

(3) Refers to provision in excess of the minimum required, recorded based on the conservative criteria adopted by management, in accordance with good banking practices, in order to cover any unexpected losses resulting from strong reversal of the economic crisis.

Note: The Specific and General Allowances reflect the effects of the recording of an additional allowance in the amount of R\$ 256,442 (R\$ 272,463 at 3/31/2005) for not using the option, provided for in article 5 of BACEN Resolution No. 2,682, amended by article 2 of BACEN Resolution No. 2,697 of 2/24/2000, of having credit operations contracted with clients whose total responsibility is lower than R\$ 50 exclusively evaluated based on the consigned delays.

As of March 31, 2006, the provision balance in relation to loan portfolio is equivalent to 7.3% (6.4% as of March

### c) Recovery and renegotiation of credits

#### I- Composition of the result of allowance for loan losses

	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>Net charge for the period</b>	<b>(1,439,714)</b>	<b>(755,608)</b>
Recoveries	158,572	162,198
Renegotiation	50,770	54,158
Receipt	107,802	108,040
<b>Result of allowance for loan losses</b>	<b>(1,281,142)</b>	<b>(593,410)</b>

#### II- Renegotiated credits

	03/31/2006	03/31/2005
Renegotiated credits	1,543,950	990,703
Allowance for loan losses	(614,653)	(407,748)
(%)	39.8	41.2

**NOTE 8 - INVENTORIES**

	03/31/2006	03/31/2005
<b>Products</b>	<b>495,430</b>	<b>503,813</b>
Raw material	217,108	199,147
Work in process	29,293	29,811
Finished products	187,317	200,999
Storeroom	61,712	73,856
<b>Real estate</b>	<b>17,593</b>	<b>19,672</b>
<b>Total</b>	<b>513,023</b>	<b>523,485</b>

**NOTE 9 - FOREIGN EXCHANGE PORTFOLIO**

	03/31/2006	03/31/2005
<b>ASSETS - OTHER CREDITS</b>	<b>12,620,673</b>	<b>13,417,021</b>
Exchange purchase pending settlement - foreign currency (*)	6,229,943	6,426,618
Foreign currency bills exchange and term document - foreign currency	8,700	1,097
Exchange sale rights - domestic currency	6,528,088	7,118,452
(-) Advances received - domestic currency	(146,058)	(129,146)
<b>LIABILITIES - OTHER LIABILITIES</b>	<b>12,813,144</b>	<b>13,567,260</b>
Exchange sales pending settlement - foreign currency	6,345,851	7,004,839
Exchange purchase liabilities - domestic currency (*)	6,465,169	6,560,449
Other	2,124	1,972
<b>MEMORANDUM ACCOUNTS</b>	<b>94,816</b>	<b>123,460</b>
Outstanding import credits - foreign currency	79,701	73,500
Confirmed export credits - foreign currency	15,115	49,960

(\*) Net value of advances on exchange contracts included in the Loan Portfolio.

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

	03/31/2006	03/31/2005
<b>Foreign currency</b>	<b>7,488,037</b>	<b>9,750,576</b>
Funds from acceptance and issuance of securities	3,522,391	3,749,837
Borrowings and onlendings (1)	3,965,646	6,000,739
<b>Domestic currency</b>	<b>59,040,534</b>	<b>48,172,430</b>
Deposits	51,613,437	43,943,845
Funds from acceptance and issuance of securities	3,192,038	-
Borrowings and onlendings	4,235,059	4,228,585
<b>Securitization of foreign payment orders (2)</b>	<b>1,168,970</b>	<b>1,642,410</b>
<b>Funds obtained in the open market</b>	<b>21,914,591</b>	<b>17,366,968</b>
Own portfolio	17,791,339	12,504,879
Third-party portfolio	4,123,252	4,862,089
<b>Subordinated debts</b>	<b>4,470,568</b>	<b>4,769,877</b>
Bank Deposit Certificates	2,041,020	1,860,016
Debentures	604,787	604,660
Euronotes	970,576	1,256,927
Redeemable preferred shares	854,185	1,048,274
<b>Total</b>	<b>94,082,700</b>	<b>81,702,261</b>

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

(2) Recorded in Other Liabilities.

**NOTE 11 - INSURANCE, LIFE INSURANCE, PENSION PLAN AND CAPITALIZATION****a) Composition of Technical Provisions**

	03/31/2006	03/31/2005
<b>Insurance</b>	<b>1,343,929</b>	<b>1,128,760</b>
Unearned premiums	709,163	608,735
Unearned claims	377,496	323,260
IBNR	190,769	159,731
Premium deficiency - Others	14,265	5,598
Premium deficiency - Health care (1)	41,841	18,439
Mathematical reserve - benefits to be granted	7,407	9,888
Financial surplus	1,161	1,049
Unsettled benefits	923	1,229
Redemptions and other unresolved amounts	904	831
<b>Life and Pension and pension plan</b>	<b>13,113,454</b>	<b>9,391,936</b>
Unearned premiums	233,742	202,247
Unsettled claims	36,944	33,411
IBNR	49,241	42,794
Mathematical reserve - benefits to be granted	12,268,209	8,694,920
Mathematical reserve - benefits granted	92,152	80,567
Financial surplus	252,336	179,516
Financial fluctuation	83,274	85,881
Risk fluctuation	21,256	14,185
Insufficient contribution (2)	43,626	40,240
Redemptions and other unresolved amounts	18,577	10,041
Premium deficiency	8,261	6,439
Unexpired risks	1,200	1,239
Unexpired benefits	1,297	456
Administrative	3,339	-
<b>Capitalization</b>	<b>1,080,858</b>	<b>1,033,182</b>
Mathematical reserve for redemptions	1,000,662	942,611
Contingencies	68,469	76,416
Prizes realizable/payable	11,727	14,155
<b>TOTAL</b>	<b>15,538,241</b>	<b>11,553,878</b>

(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 provision was conservatively estimated and supplemented to R\$ 549,000 in the financial statements filed with the SEC (Securities and Exchange Commission), as of December 31, 2004, enough to cover eventual deficits until the termination of plans in 2099.

To maintain the economic and financial balance of health care plans, approval was requested from ANS (National Health Agency) for plan restructuring, as well as for 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, the differences arising from the adoption of Brazilian GAAP and US GAAP are substantially offset by the goodwill amortization.

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

**b) Guarantor Resources of Technical Provisions - SUSEP**

	INSURANCE		LIFE AND PENSION		CAPITALIZATION		TOTAL	
	03/31/2006	03/31/2005	03/31/2006	03/31/2005	03/31/2006	03/31/2005	03/31/2006	03/31/2005
Interbank investments - open market	185,273	57,834	202,575	56,486	189,244	141,348	577,092	255,668
Securities and derivative financial instruments	915,469	827,619	12,740,537	9,192,434	908,786	910,787	14,564,792	10,930,840
Funds Quotas of PGBL/VGBL (1)	-	-	11,047,183	7,436,286	-	-	11,047,183	7,436,286
Other	915,469	827,619	1,693,354	1,756,148	908,786	910,787	3,517,609	3,494,554
Public	236,974	225,265	694,424	991,798	119,276	129,730	1,050,674	1,346,793
Private	678,495	602,354	998,930	764,350	789,510	781,057	2,466,935	2,147,761
Credit Rights (2)	237,465	226,151	189,113	161,330	-	-	426,578	387,481
Real estate	-	39,820	-	-	-	-	-	39,820
<b>TOTAL</b>	<b>1,338,207</b>	<b>1,151,424</b>	<b>13,132,225</b>	<b>9,410,250</b>	<b>1,098,030</b>	<b>1,052,135</b>	<b>15,568,462</b>	<b>11,613,809</b>

(1) Securities portfolio of the PGBL and VGBL pension plans owned by the clients and recorded as securities, in accordance with SUSEP chart of accounts, as a contra entry to liabilities in the Technical Provisions for Pension Plan account.

(2) Recorded in Other Credits - Insurance Premiums Receivable.

**c) Result of Operations**

	INSURANCE		LIFE AND PENSION		CAPITALIZATION		TOTAL	
	01/01 to 03/31/2006	01/01 to 03/31/2005	01/01 to 03/31/2006	01/01 to 03/31/2005	01/01 to 03/31/2006	01/01 to 03/31/2005	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>Income from financial operations</b>	<b>40,611</b>	<b>34,172</b>	<b>34,203</b>	<b>31,760</b>	<b>28,774</b>	<b>25,073</b>	<b>103,588</b>	<b>91,005</b>
Financial income from insurance, pension plan and capitalization operations	40,719	34,172	453,851	324,811	46,039	40,901	540,609	399,884
Financial expenses from insurance, pension plan and capitalization operations	(108)	-	(419,648)	(293,051)	(17,265)	(15,828)	(437,021)	(308,879)
<b>Result of Insurance, Life Insurance and Pension Plan and Capitalization Operation</b>	<b>104,784</b>	<b>102,387</b>	<b>68,773</b>	<b>56,020</b>	<b>51,607</b>	<b>47,358</b>	<b>225,164</b>	<b>205,765</b>
Premiums and contributions revenues	533,397	427,767	996,150	734,286	177,133	192,549	1,706,680	1,354,602
Changes in technical provisions	(18,440)	3,012	(425,994)	(241,482)	(124,113)	(144,025)	(568,547)	(382,495)
Expenses with claims	(321,554)	(264,772)	(38,368)	(29,934)	-	-	(359,922)	(294,706)
Selling expenses	(102,053)	(78,127)	(6,654)	(6,412)	-	-	(108,707)	(84,539)
Expenses with benefits and redemptions	-	-	(453,850)	(395,374)	-	-	(453,850)	(395,374)
Other income and expenses	13,434	14,507	(2,511)	(5,064)	(1,413)	(1,166)	9,510	8,277
<b>TOTAL</b>	<b>145,395</b>	<b>136,559</b>	<b>102,976</b>	<b>87,780</b>	<b>80,381</b>	<b>72,431</b>	<b>328,752</b>	<b>296,770</b>

**NOTE 12 – PROVISIONS AND CONTINGENT LIABILITIES**

ITAÚSA and its subsidiaries are involved, in the ordinary course of business, in legal actions involving labor, civil, and tax and social security contingencies, filed to challenge escalation indices, labor claims, property damage and pain and suffering, and tax questioning actions. Labor contingencies result from labor claims filed by former employees and trade unions to claim alleged labor rights grounded on labor legislation specific to the related profession. Civil contingencies are basically derived from civil actions filed by third parties demanding compensation for property damage and pain and suffering based on a number of reasons, such as wrongful protest of notes, return of checks, and inclusion of information in credit protection registry, and most of these actions are filed in the Small Claims Court and are therefore limited to 40 minimum wages.

The table below shows the changes in and the related provisions for contingencies:

	01/01 to 03/31/2006				01/01 to 03/31/2005
	Labor	Civil	Other	Total	Total
<b>Opening balance</b>	<b>903,395</b>	<b>897,877</b>	<b>159,901</b>	<b>1,961,173</b>	<b>2,064,479</b>
Balance from the acquisition of investments	-	-	-	-	-
Foreign exchange differences	-	-	(5,201)	(5,201)	1,455
Net change reflected in result	150,138	74,404	26,490	251,032	122,551
Payments	(74,145)	(35,127)	-	(109,272)	(85,506)
<b>Closing balance (Note 13d)</b>	<b>979,388</b>	<b>937,154</b>	<b>181,190</b>	<b>2,097,732</b>	<b>2,102,979</b>
<b>Deposits in guarantee (Note 13a)</b>	<b>579,733</b>	<b>284,205</b>	-	<b>863,938</b>	<b>710,798</b>

The Provisions for Tax and Social Security Contingencies and the related deposits in guarantee are shown in Notes 14c and 14dIII. As from March 31, 2006, revenues 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 a positive effect in results, net of taxes, in the amount of R\$47,811.

ITAÚSA and its subsidiaries, based on legal advisors opinion, are not involved in any other administrative proceedings or lawsuits, which might significantly affect their operations in case of an unfavorable sentence.



**NOTE 13 - DETAIL OF ACCOUNTS****a) Other Credits - Sundry**

	03/31/2006	03/31/2005
<b>Deposits in guarantee for provision for contingencies</b>	<b>3,374,004</b>	<b>2,257,103</b>
Tax and social security (Note 14cl)	2,510,066	1,546,305
Labor (Note 12)	579,733	543,551
Civil (Note 12)	284,205	167,247
Deposits in guarantee for foreign fund raising program	313,420	484,440
Taxes and contributions to be offset	985,566	858,274
Social contribution to be offset – Provisional Measure 2,158, of August 24, 2001 (Note 14bl)	1,083,689	1,270,690
Income receivable	553,155	523,637
Insurance premium receivable	666,007	632,224
Trade notes receivable	623,316	652,144
Negotiation and intermediation of securities	1,393,373	4,968,247
<b>Sundry debtors</b>	<b>361,350</b>	<b>339,336</b>
Domestic	305,513	258,059
Foreign	55,837	81,277
Sundry	259,023	652,447
<b>Total</b>	<b>9,612,903</b>	<b>12,638,542</b>

In ITAÚSA, basically consists of Taxes and Contributions to be Offset - R\$ 97,268 (R\$ 25,069 at 03/31/2005) and receivables with related companies of R\$ 96,018 as of March 31, 2005.

**b) Other Assets**

	03/31/2006	03/31/2005
Non-operating assets	363,670	370,194
(-) Provision for devaluations	(82,196)	(102,516)
Others	677	157
<b>Total</b>	<b>282,151</b>	<b>267,835</b>

**c) Prepaid expenses**

	03/31/2006	03/31/2005
Technical cooperation agreement (*)	1,009,074	536,904
Commissions	185,311	209,279
Advertising	141,288	94,950
Other	118,620	77,586
<b>TOTAL</b>	<b>1,454,293</b>	<b>918,719</b>

(\*) 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, 2006, the balance basically comprises R\$ 450,500 related to the agreement entered into on September 16, 2005 with the Municipal Government of São Paulo and R\$ 320,541 (R\$ 360,597 at March 31, 2005) related to the agreements entered into with the State Governments of Rio de Janeiro, Minas Gerais and Goiás.

**d) Other Liabilities - Sundry**

	03/31/2006	03/31/2005
<b>Provisions for Contingencies (Note 12)</b>	<u>2,097,732</u>	<u>2,102,979</u>
Labor	979,388	1,086,202
Civil	937,154	760,521
Other	181,190	256,256
Collection and payment of taxes	1,601,140	1,728,174
Negotiation and intermediation of securities	1,792,126	5,438,745
Personnel	487,205	423,102
Suppliers	142,107	133,399
Agreement for rendering of services AOLA (1)	-	163,347
Investment accounts payable - LASA (2)	-	200,000
<b>Sundry creditors</b>	<u>1,097,685</u>	<u>1,239,825</u>
Domestic	1,038,641	1,117,331
Foreign	59,044	122,494
Liabilities related to insurance companies	172,504	206,148
Provisions and sundry credits	678,011	605,089
<b>Total</b>	<b>8,068,510</b>	<b>12,240,808</b>

(1) At 12/29/2005, an agreement was entered into between Itaú Holding and America On Line Latin America Inc. (AOLA) resolving on the termination of the partnership, which represented the mutual release of any obligations related to the strategic alliance and its amendments, which resulted in the full recognition of the Service Agreement so far.

(2) Refers to amount payable arising from the partnership between Itaú Holding and Lojas Americanas S/A (LASA). The settlement was made on April 27, 2005.

In ITAÚSA, basically consists of Bonus and Profit Sharing Payable - R\$ 1,265 (R\$ 1,172 at 03/31/2005) and Provisions for Contingencies - R\$ 886 (R\$ 235 at 03/31/2005).

**e) Other Operating Revenues**

	01/01 to 03/31/2006	01/01 to 03/31/2005
Reversal of operating provisions	25,202	42,470
Recovery of charges and expenses	24,720	25,713
Equity result in subsidiaries, not derived from net income	26,532	10,078
Rents	2,035	2,476
Other	57,192	30,470
<b>Total</b>	<b>135,681</b>	<b>111,207</b>

**f) Other Operating Expenses**

	01/01 to 03/31/2006	01/01 to 03/31/2005
Tax expenses (Note 14all)	575,082	449,279
Provision for contingencies		
Tax and social security	11,819	32,367
Civil	75,689	53,368
Operating expenses from industrial companies	64,949	67,079
Sales - credit card	66,066	43,454
Claims	53,890	25,369
Net exchange variation between assets and liabilities of overseas companies	8,097	10,211
Other	135,084	87,160
<b>Total</b>	<b>990,676</b>	<b>768,287</b>

In ITAÚSA, basically composed of Tax Expenses in the amount of R\$ 27,858 (R\$ 22,299 at 03/31/2006).

**g) Non-operating Result**

	<b>01/01 to 03/31/2006</b>	<b>01/01 to 03/31/2005</b>
(Provision)/reversal of non-operating provisions	2,851	8,756
Non-operating equity result	20,063	5,733
Capital gains/(losses) and Other	(3,390)	(2,145)
<b>Total</b>	<b>19,524</b>	<b>12,344</b>

In ITAÚSA, basically composed of Non-Operating Equity Result - R\$ 20,512 (R\$ 7,399 at 03/31/2005).

## NOTE 14 - TAXES

## a) Composition of expenses with taxes and contributions

l) Charges with Income Tax and Social Contribution on operations for the period related to temporary additions and exclusions are as follows:

Due on Operations for the Period	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>Income before Income Tax and Social Contribution</b>	<b>2,529,867</b>	<b>2,117,546</b>
<b>Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (Note 4n) respectively</b>	<b>(860,155)</b>	<b>(719,966)</b>
<b>Increase/decrease in income Tax and Social Contribution charges arising from:</b>		
<b>Permanent (Inclusions) Exclusions</b>	<b>90,142</b>	<b>102,132</b>
Investments in affiliates	12,650	22,857
Foreign exchange variation of overseas investments	(154,316)	(14,701)
Interest on own capital	201,194	131,427
Dividends, interest on external debt bonds and tax incentives	15,968	14,045
Other	14,646	(51,496)
<b>Temporary (Inclusions) Exclusions</b>	<b>(186,544)</b>	<b>(112,766)</b>
Allowance for loan losses	(320,851)	(126,668)
Excess (Insufficiency) of depreciation of leasing operations	221,368	116,726
Adjustment to market value of trading securities and derivative financial instruments, and adjustments from operations in futures markets	169,024	23,062
Interest on own capital	(190,677)	(62,112)
Labor provisions, civil and tax contingencies and other	(65,408)	(63,774)
<b>(Increase) Offset on tax losses/Negative social contribution basis</b>	<b>40,041</b>	<b>(64,288)</b>
<b>Expenses with Income Tax and Social Contribution</b>	<b>(916,516)</b>	<b>(794,888)</b>
<b>Related to Temporary Differences</b>		
Increase (reversal) for the period	146,868	192,210
Prior periods increase (reversal)	(3,333)	9,809
<b>Income (expenses) of deferred taxes</b>	<b>143,535</b>	<b>202,019</b>
<b>Total income tax and social contribution</b>	<b>(772,981)</b>	<b>(592,869)</b>

In ITAÚSA, income tax and social contribution expenses deducted from the related realization referring to temporary differences are basically originated from taxation of interest on own capital received/receivable from subsidiaries, net of amounts paid/declared to stockholders and appreciation of securities, as mentioned in item III.

## II) Composition of tax expenses:

	01/01 to 03/31/2006			01/01 to 03/31/2005		
	On Sales of Products and Services (*)	On Other Revenue (Note 13f)	Total	On Sales of Products and Services (*)	On Other Revenue (Note 13f)	Total
Pis and Cofins	(58,142)	(415,333)	(473,475)	(75,401)	(306,647)	(382,048)
ISS	(3,320)	(76,930)	(80,250)	(3,008)	(64,379)	(67,387)
IPI	(36,825)	-	(36,825)	(35,490)	-	(35,490)
ICMS	(75,615)	-	(75,615)	(87,578)	-	(87,578)
Tax on bank account outflows	-	(60,593)	(60,593)	-	(59,476)	(59,476)
Other	(2,313)	(24,206)	(26,519)	(3,230)	(18,777)	(22,007)
<b>Total (Note 4n)</b>	<b>(176,215)</b>	<b>(577,062)</b>	<b>(753,277)</b>	<b>(204,707)</b>	<b>(449,279)</b>	<b>(653,986)</b>

(\*) These taxes have been levied on Sales of Products and Services.

In ITAÚSA, tax expenses basically comprise PIS in the amount of R\$ 4,555 (R\$3,681 from 01/01 to 03/31/2005) and COFINS in the amount of R\$ 20,979 (R\$ 16,954 from 01/01 to 03/31/2005).

## III) Tax Effects on Foreign Exchange Management of Overseas Investments

In order to minimize the effects on income in connection with the exposition to foreign exchange variation of Overseas Investments, net of respective tax effects, ITAÚSA and Banco Itaú Holding Financeira S.A. consolidated carried out derivative transactions in foreign currency (hedge) as observed in Note 20b.

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

For the period ended March 31, 2006, these transactions gave rise to tax positive results due to the appreciation of the Real in relation to US Dollar and Euro, which accounted for the high expenses related to income tax and social contribution, PIS and COFINS.

**b) Tax Credits**

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

	12/31/2005	Realization/ Reversal	Set up	03/31/2006	03/31/2005
<b>Related to tax losses and negative social contribution</b>	<b>572,020</b>	<b>(80,750)</b>	<b>45,757</b>	<b>537,027</b>	<b>784,486</b>
<b>Temporary differences:</b>	<b>3,240,664</b>	<b>(565,460)</b>	<b>1,124,579</b>	<b>3,799,783</b>	<b>3,005,347</b>
Allowance for loan losses	1,388,404	(159,777)	475,338	1,703,965	1,248,338
Provision for interest on own capital	208,162	(208,162)	398,856	398,856	221,615
Provision for tax and social security contingencies	408,240	(129)	16,808	424,919	361,318
Labor contingencies	233,068	(29,205)	50,530	254,393	287,642
Civil Lawsuits	277,884	(10,651)	28,563	295,796	235,657
Allowance for real estate	44,583	(3,046)	2,359	43,896	33,730
Other	680,323	(154,490)	152,125	677,958	617,047
<b>Total tax credits</b>	<b>3,812,684</b>	<b>(646,210)</b>	<b>1,170,336</b>	<b>4,336,810</b>	<b>3,789,833</b>
<b>Social Contribution to Offset arising from Option foreseen in article 8 of Provisional Measure 2,158-35, of August 24, 2001</b>	<b>1,125,971</b>	<b>(42,282)</b>	<b>-</b>	<b>1,083,689</b>	<b>1,270,690</b>

In ITAÚSA, Tax Credits amount to R\$ 10,374 (R\$ 1,502 at 03/31/2005) and are basically represented by interest on own capital.

II) The estimate of realization and present value of tax credits and social contribution to offset, arising from Provisional Measure 2,158-35, of August 24, 2001, existing at March 31, 2006, in accordance with the expectation to generate future taxable income, based on the history of profitability and technical studies of feasibility are:

Realization year	Tax credits			Social contribution to offset
	Temporary differences	Tax loss and negative basis	TOTAL	
2006	2,117,370	537,027	2,654,397	180,590
2007	608,455	-	608,455	302,554
2008	424,632	-	424,632	328,403
2009	262,250	-	262,250	272,142
2010	139,308	-	139,308	-
after 2010	247,768	-	247,768	-
<b>Total</b>	<b>3,799,783</b>	<b>537,027</b>	<b>4,336,810</b>	<b>1,083,689</b>
Present value (*)	3,375,497	503,352	3,878,849	931,012

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

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

Net 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 change in the realization of tax credits arising from temporary differences, tax losses and negative basis is not used as indications of future net income.

III) There are unrecorded tax credits in the amount of R\$ 501,792 (R\$ 555,657 at 03/31/2005).

In ITAÚSA, unrecorded tax credits amount to R\$ 834 (R\$ 35,338 at 03/31/2005).

### c) Deposits and Escrow Deposits for Interposition of Tax and Social Security Legal Processes

#### I) Change in Deposits for Interposition of Tax and Social Security Legal Processes

	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>Opening balance</b>	<b>2,015,083</b>	<b>1,450,465</b>
Appropriation of income	374,813	582
Change in the period	<u>120,170</u>	<u>95,258</u>
Deposited	120,341	107,512
Calculation	(134)	(10,106)
Conversion into income	(37)	(2,148)
<b>Closing balance (Note 13a)</b>	<b>2,510,066</b>	<b>1,546,305</b>

II) Permanent assets in the amount of R\$ 583,029, represented basically by Property for own use, are pledged in guarantee of voluntary resources (article 32 of Law 10,522/02).



## d) Taxes and Social Security Contributions

I) The balance of Taxes and Social Security Contributions is represented as follows:

	03/31/2006	03/31/2005
Taxes and contributions on income payable	546,534	494,097
Taxes and contributions payable	357,472	270,801
Provision for deferred income tax and social contribution	1,750,518	713,733
Provision for tax and social security contingencies	3,424,301	2,832,302
<b>Total</b>	<b>6,078,825</b>	<b>4,310,933</b>

In ITAÚSA, the Provision for Taxes and Contributions Payable amounts to R\$ 46,601 (R\$ 19,207 at 03/31/2005) and is basically represented by PIS and COFINS.

II) Change in Provision for Deferred Income Tax and Social Contribution

	12/31/2005	Realization/ Reversal	Set up	03/31/2006	03/31/2005
<b>Reflected in income and expense accounts</b>	<b>1,200,655</b>	<b>(85,238)</b>	<b>525,585</b>	<b>1,641,002</b>	<b>610,098</b>
Depreciation in excess - Leasing	971,930	(7,837)	229,206	1,193,299	467,029
Taxation on results abroad - Capital Gains	51,844	(2,595)	-	49,249	64,091
Adjustment from operations in futures market	86,639	-	204,411	291,050	9,028
Adjustment to market value - securities and derivative financial instruments	30,042	(30,042)	-	-	-
Revaluation reserve	8,887	(80)	-	8,807	30,568
Other	51,313	(44,684)	91,968	98,597	39,382
<b>Reflected in stockholders' equity accounts - Adjustment to market value of securities available for sale (Note 3)</b>	<b>154,631</b>	<b>(45,115)</b>	<b>-</b>	<b>109,516</b>	<b>103,635</b>
<b>Total</b>	<b>1,355,286</b>	<b>(130,353)</b>	<b>525,585</b>	<b>1,750,518</b>	<b>713,733</b>

In ITAÚSA, Provision for Deferred Income Tax and Social Contribution amounts to R\$ 24,046 and is basically represented by PIS and COFINS.

III) Change in Provision for Tax and Social Security Contingencies

	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>Opening balance</b>	<b>3,069,572</b>	<b>2,704,606</b>
Change in the period reflected in results	<u>354,759</u>	<u>136,345</u>
Charges on taxes	289,266	40,711
Net recognition	79,509	95,773
Write-offs through reversal	(14,016)	(139)
Write-offs through payment	(30)	(8,649)
<b>Closing balance</b>	<b>3,424,301</b>	<b>2,832,302</b>

**e) 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 the financial intermediation:

	<b>01/01 to 03/31/2006</b>	<b>01/01 to 03/31/2005</b>
Taxes paid or provided for	1,864,970	1,667,121
Taxes withheld and collected from clients	1,495,643	1,245,917
<b>Total</b>	<b>3,360,613</b>	<b>2,913,038</b>

**NOTE 15 - PERMANENT ASSETS**

**a) Investments**

**I) Interest in subsidiaries - ITAÚSA**

Companies	Balance at 12/31/2005 (a)	Provision/Dividends and interest on own capital	Interest in subsidiary company	Adjustment to marketable securities of subsidiary companies	Amortization of goodwill	Balance at 03/31/2006 (a)	Balance at 03/31/2005 (a)	Interest in subsidiary company from 01/01 to 03/31/2005
Banco Itaú Holding Financeira S.A.	8,030,305	(266,902)	975,406 (b)	26,476	(1,175)	8,764,110	7,287,863	592,975 (b)
Itaúsa Export S.A.	493,870	-	(110)	(4,053)	(150)	489,557	548,902	887
Itaucorp S.A.	522,428	-	12,660	-	-	535,088	472,300	20,268
Duratex S.A.	337,308	(4,918)	13,725 (b)	-	-	346,115	321,504	9,434 (b)
Itaútec S.A.	216,617	-	10,990	-	-	227,607	211,330	17,649
Itaúsa Europa - Investimentos, SGPS, LDA.	87,914	-	1,525 (c)	(721)	-	88,718	104,567	3,569 (c)
Elektart Participações e Administração S.A.	124,009	-	2,429	-	-	126,438	66,492	312
Ith Zux Cayman Company Ltd.	37,578	-	(3,013) (c)	-	-	34,565	42,996	562 (c)
Elekeiroz S.A.	8,800	-	70	-	-	8,870	8,207	599
Other subsidiaries	15,969	-	(3,454)	-	-	12,515	5,940	30
<b>TOTAL</b>	<b>9,874,798</b>	<b>(271,820)</b>	<b>1,010,228</b>	<b>21,702</b>	<b>(1,325)</b>	<b>10,633,583</b>	<b>9,070,101</b>	<b>646,285</b>

(a) Includes total goodwill/negative goodwill, being: R\$ 51,305 at 12/31/2005, R\$ 49,980 at 03/31/2006 and R\$ 7,503 at 03/31/2005.

(b) Includes non-operating revenue arising from change in interest, being: R\$ 20,512 at 03/31/2006 and R\$ 7,399 at 03/31/2005.

(c) Includes total foreign exchange expenses, being: R\$ 8,778 at 03/31/2006 and R\$ 5,605 at 03/31/2005.

Companies	Capital	Adjusted net equity	Net income (loss) for the period	Number of shares owned by ITAÚSA		Holding in voting capital (%)	Holding in capital (%)
				Common	Preferred		
Banco Itaú Holding Financeira S.A.	8,300,000	17,999,062	1,979,497	534,425,660	28,030	88.84	48.25
Itaúsa Export S.A.	508,552	777,604	(141)	14,702,122,576	148,328,939	80.00	77.77
Itaucorp S.A.	220,000	549,366	12,638	23,819,714	7,871,959	99.99	99.99
Duratex S.A.	325,000	1,082,103	44,842	14,183,161	4,911,557	64.29	32.41
Itaútec S.A.	194,835	320,291	7,324	155,411,287	-	89.17	89.17
Itaúsa Europa - Investimentos, SGPS, LDA.	644,408	905,766	53,964	29,708,318	-	12.14	12.14
Elektart Participações e Administração S.A.	220,453	376,409	7,277	252,930,540	-	33.38	33.38
Ith Zux Cayman Company Ltd.	76,034	45,630	485	35,000,000	-	100.00	100.00
Elekeiroz S.A.	200,000	319,510	1,812	11,183,657	12,628,787	3.85	3.78

**II) Composition of investments ITAÚSA CONSOLIDATED**

	03/31/2006	03/31/2005
<b>Share of equity in affiliates</b>	<b>656,200</b>	<b>688,622</b>
Banco BPI S.A.	548,331	567,851
AGF Brasil Seguros S.A.	103,468	114,336
Other	4,401	6,435
<b>Other investments</b>	<b>185,735</b>	<b>163,188</b>
Investments by tax incentives	109,425	114,336
Equity securities	50,585	40,532
Shares and quotas	24,784	25,831
Other	107,324	83,274
Provision for losses	(106,383)	(100,785)
<b>TOTAL</b>	<b>841,935</b>	<b>851,810</b>

**III) Composition of equity in Income of Affiliates ITAÚSA CONSOLIDATED**

	01/01 to 03/31/2006	01/01 to 03/31/2005
Share of equity in affiliates	61,030	96,209
Foreign exchange variation on investments	(23,824)	(28,984)
<b>TOTAL</b>	<b>37,206</b>	<b>67,225</b>

## b) Fixed Assets and Deferred Charges

	03/31/2006			03/31/2005		
	Cost	Depreciation/ Amortization/ Depletion Expenses	Residual Value	Cost	Depreciation/ Amortization/ Depletion Expenses	Residual Value
<b>Fixed Assets</b>	<b>8,065,877</b>	<b>(4,778,211)</b>	<b>3,287,666</b>	<b>7,838,679</b>	<b>(4,450,344)</b>	<b>3,388,335</b>
<b>Other Fixed Assets (*)</b>	<b>7,846,690</b>	<b>(4,727,415)</b>	<b>3,119,275</b>	<b>7,609,509</b>	<b>(4,366,516)</b>	<b>3,242,993</b>
<b>Buildings</b>	<b>2,848,347</b>	<b>(1,204,254)</b>	<b>1,644,093</b>	<b>2,833,209</b>	<b>(1,143,353)</b>	<b>1,689,856</b>
Land	871,098	-	871,098	863,526	-	863,526
Buildings	1,977,249	(1,204,254)	772,995	1,969,683	(1,143,353)	826,330
<b>Other</b>	<b>4,998,343</b>	<b>(3,523,161)</b>	<b>1,475,182</b>	<b>4,776,300</b>	<b>(3,223,163)</b>	<b>1,553,137</b>
Installations	262,772	(195,183)	67,589	268,841	(194,195)	74,646
Furniture and Equipment	1,801,007	(997,389)	803,618	1,971,196	(1,164,022)	807,174
EDP Systems	2,596,326	(2,175,923)	420,403	2,181,873	(1,732,261)	449,612
Other (Communication, Security and Transportation)	338,238	(154,666)	183,572	354,390	(132,685)	221,705
<b>Leased Fixed Assets</b>	<b>119,564</b>	<b>(50,796)</b>	<b>68,768</b>	<b>138,523</b>	<b>(83,828)</b>	<b>54,695</b>
<b>Buildings</b>	<b>119,564</b>	<b>(50,796)</b>	<b>68,768</b>	<b>138,523</b>	<b>(83,828)</b>	<b>54,695</b>
Buildings	101,011	(49,583)	51,428	138,523	(83,828)	54,695
Furniture and Equipment	18,553	(1,213)	17,340	-	-	-
<b>Forest Reserves</b>	<b>99,623</b>	<b>-</b>	<b>99,623</b>	<b>90,647</b>	<b>-</b>	<b>90,647</b>
Forests	99,623	-	99,623	90,647	-	90,647
<b>Deferred Charges</b>	<b>893,056</b>	<b>(545,847)</b>	<b>347,209</b>	<b>779,626</b>	<b>(481,389)</b>	<b>298,237</b>
Leasehold improvements	301,482	(115,234)	186,248	212,943	(93,659)	119,284
Expenses on Acquisition of Softwares	216,059	(113,801)	102,258	234,252	(120,725)	113,527
Other Deferred Expenses	375,515	(316,812)	58,703	332,431	(267,005)	65,426

(\*) Includes amounts pledged for voluntary resources (Note 14cII)

In ITAÚSA, Fixed Assets is basically composed of Buildings - R\$ 6,222 (R\$ 6,783 at 03/31/2005).

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

The capital of ITAÚSA is R\$ 5,000,000 and is represented by 3,249,559,486 book entry shares with no par value, of which 1,215,752,051 are common shares and 2,033,807,435 are preferred shares, with no voting rights, but with the following advantages:

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

The table below shows the changes in capital and treasury shares during the period:

	NUMBER		
	Common	Preferred	Total
<b>Capital Shares</b>			
Number of shares at 12/31/2005	1,215,752,051	2,033,807,435	3,249,559,486
Number of shares at 03/31/2006	1,215,752,051	2,033,807,435	3,249,559,486
<b>Treasury Shares</b>			
Number of shares at 12/31/2005	10,983,372	62,562,008	73,545,380
Number of shares at 03/31/2006 (*)	10,983,372	62,562,008	73,545,380
<b>Outstanding at 03/31/2006</b>	<b>1,204,768,679</b>	<b>1,971,245,427</b>	<b>3,176,014,106</b>
<b>Outstanding at 03/31/2005</b>	<b>1,206,398,844</b>	<b>2,018,160,642</b>	<b>3,224,559,486</b>

(\*) Based on authorization of the Board of Directors, in the period own shares were purchased to be held in treasury, later cancellation or replacement in the market. The average cost of treasury shares and their market value at 03/31/2006 are shown below:

Cost/Market value (R\$ 1 per thousand shares)	Common	Preferred
Average cost	7.23	5.67
Market value	10.30	9.34

**b) Dividends**

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

The quarterly advance of the mandatory minimum dividend, paid as Interest on Own Capital, upon resolution of the Board of Directors in a meeting held on 03/06/2005, was increased from R\$ 9.50 to R\$ 12.00 per thousand shares, as from those paid on 07/03/2006, inclusive.

**I. Calculation**

Net income	1,054,665	
Adjustments		
(-) Legal Reserve	(52,733)	
Calculation Basis of Dividend	1,001,932	
Interest on own capital	250,483	25.00%

**II. Payments/Provision of Interest on Own Capital**

	Gross	WHT	Net
<b>Provided for (*)</b>			
1 quarterly installment of R\$ 12.00 per thousand shares to be paid in July 2006	38,112	5,717	32,395
Supplementary to be declared - R\$ 80.7848 per thousand shares	256,574	38,486	218,088
<b>Total at 03/31/2006 - R\$ 92.7848 per thousand shares</b>	<b>294,686</b>	<b>44,203</b>	<b>250,483</b>
<b>Total at 03/31/2005 - R\$ 60.3570 per thousand shares</b>	<b>194,625</b>	<b>29,194</b>	<b>165,431</b>

(\*) Recorded in Statutory and Social Contributions.

## c) Revenue reserves

	03/31/2006	03/31/2005
<b>Revenue reserves</b>	<b>6,201,864</b>	<b>5,665,722</b>
Legal Reserve	641,548	505,557
Statutory Reserve	5,560,316	5,160,165
Dividend Equalization (1)	2,258,057	2,232,646
Working Capital Increase (2)	1,516,137	1,290,828
Increase in Capital of Investees (3)	1,786,122	1,636,691

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

(2) Reserve for Working Capital - its purpose is to guarantee funds for the institutions' 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 in net income and stockholders' equity between ITAÚSA and ITAÚSA CONSOLIDATED arises from the effect of the adoption of distinct criteria for the amortization of goodwill, derived from the purchase of investments and for the establishment of tax credits as well as the elimination of unrealized profits, arising from transactions between consolidated companies, which corresponding taxes have been deferred.

	Net income		Stockholders' equity	
	01/01 to 03/31/2006	01/01 to 03/31/2005	03/31/2006	03/31/2005
<b>ITAÚSA</b>	<b>1,054,665</b>	<b>696,551</b>	<b>11,015,818</b>	<b>9,631,117</b>
Goodwill amortization	23,918	(12,173)	(735,261)	(796,717)
Tax credit	(279,007)	(5,314)	-	364,047
Unrealized results	-	-	(120)	(120)
<b>ITAÚSA CONSOLIDATED</b>	<b>799,576</b>	<b>679,064</b>	<b>10,280,437</b>	<b>9,198,327</b>

**NOTE 17 - RELATED PARTIES**

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

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

The unconsolidated related parties are the following:

- The controlling companies of ITAÚSA;
- Fundação Itaúbanco, Fundação Itaúsa Industrial, FUNBEP – Multi-Sponsored Pension Fund and Employees' Social Security Savings of BEG (PREBEG), closed private pension entities that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 19a; and
- Fundação Itaú Social and Instituto Itaú Cultural - IIC, entities sponsored by Banco Itaú Holding Financeira S.A. and its subsidiaries to act in their respective areas of interest. During the period, the consolidated companies made donations to Fundação Itaú Social of R\$ 749 (R\$ 629 from 01/01 to 3/31/2005) and to IIC of R\$ 5,500 (R\$ 5,150 from 01/01 to 03/31/2005).

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

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

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

	<b>3/31/2006</b>	<b>3/31/2005</b>
Duratex S.A.	140,071	164,669
Elekeiroz S.A.	61,503	42,488
Itautec S.A.	52,303	50,288
<b>Total</b>	<b>253,877</b>	<b>257,445</b>

**NOTE 18 - FINANCIAL INSTRUMENTS - MARKET VALUE**

The financial statements are prepared in conformity with the accounting principles, which presuppose the normal continuity of the operations of ITAÚSA and its subsidiaries. The book value of each financial instrument, whether included or not in the balance sheet, when compared with the values that might be obtained in an active market, or in the absence of such markets, using the net present value of future cash flows adjusted based on the current market interest, are approximately equal to the market value, or do not have a market quotation available, except for the instruments in the table below:

	Book value		Market		Unrealized income (loss) (*)		In stockholders' equity	
	03/31/2006	03/31/2005	03/31/2006	03/31/2005	In result	03/31/2005	03/31/2006	03/31/2005
Interbank deposits	22,443,203	22,158,227	22,476,766	22,162,479	33,563	4,252	33,563	4,252
Securities and derivative financial instruments	36,472,825	30,466,230	36,939,136	31,021,132	979,517	1,103,106	466,311	554,902
Additional provision (exceeding the minimum required)					280,000	400,000	280,000	400,000
Adjustment of securities available for sale					496,423	540,086	-	-
Adjustment of securities held to maturity					203,094	163,020	186,311	154,902
Loan and leasing operations	59,300,711	47,691,767	59,575,698	47,907,451	274,987	215,684	274,987	215,684
Investment in Banco BPI S.A.	548,331	567,851	1,929,236	1,333,336	1,380,905	765,485	1,380,905	765,485
Funds raised by subsidiaries	88,443,162	75,289,974	88,539,143	75,280,763	(95,981)	9,211	(95,981)	9,211
Securitization of foreign payment orders	1,168,970	1,642,410	1,166,347	1,551,341	2,623	91,069	2,623	91,069
Subordinated debits	4,470,568	4,769,877	4,511,433	4,695,492	(40,865)	74,385	(40,865)	74,385
Treasury shares	1,566,566	492,513	2,273,135	973,081	443,302	432,077	706,569	480,568
<b>Total unrealized</b>					<b>2,978,051</b>	<b>2,695,269</b>	<b>2,728,112</b>	<b>2,195,556</b>

(\*) It does not consider the related tax effects - Includes unrealized profits of minority stockholders amounting to R\$ 1,247,746 at 03/31/2005) in results and R\$ 1,211,766 (R\$ 1,203,828 at 03/31/2005 in stockholders' equity).

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

- Interbank deposits, bank deposit certificates and mortgage notes, the last two included in Securities, were determined on the basis of their nominal values, monetarily restated to the maturity dates and discounted to present value using futures market interest rates and swap market rates for fixed-rate securities, and using rates published in the Gazeta Mercantil on April 3, 2006, for floating-rate securities.
- Government securities, included in Securities, were determined based on their market value, based on comparison with information provided by the National Association of Open Market Institutions (ANDIMA). For the companies of the Financial and Insurance Areas, they were determined based on their market value, according to the rules established by BACEN Letters 3,068 of November 8, 2001 and 3,082 of January 30, 2002 and SUSEP Letter 295, of June 14, 2005, except when classified as held to maturity.
- Shares of listed companies, when included in Securities, at the average quote available on the last trading session of the month, or, if not, the most recent quote in prior trading sessions, published in the Daily Report of each Stock Exchange.
- Loans with maturity over 90 days, when available, based on the net present value of future cash flows discounted at the interest rate used by the market at the balance sheet date, also considering the effects of hedges operations (swap contracts).
- Interest in overseas subsidiary (Banco BPI S.A.), based on the share value on the stock exchanges, the equity value per share and the auction quotation.
- Time and interbank deposits and funds from acceptances and issuance of securities, when available, were calculated based on their present value determined by means of future cash flows discounted using future market interest rates, swap market rates for fixed-rate securities, and market rates for floating-rate securities published in the Gazeta Mercantil on April 3, 2006. The effects of hedges (swap contracts) are also taken into account.
- Securitization of the 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 from the interest curves of the indexation marketplaces.
- Derivatives related to swaps contracted to hedge the remaining assets/liabilities, based on reference 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 days, published in the daily bulletin of each Stock Exchange.

**NOTE 19 – BENEFITS TO EMPLOYEES**

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

**a) Supplementary retirement benefits:**

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

All of these plans provide defined benefits and are closed to new participants.

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

Fundação Itaú Industrial gave to the participants of BD-Duratex plan the option of migrating to the defined-contribution plan (CD-PAI) during the period from July 1 to August 31, 2005; 97% of the participants accepted to migrate.

During the period, the contributions paid totaled R\$ 7,461 (R\$ 7,057 from January 1 to March 31, 2005). The contribution rate increases based on the participant's income.

**b) Post-employment benefits:**

ITAÚSA and/or its subsidiaries do not sponsor other post-employment benefits, except in those cases arising from maintenance obligations according to the acquisition agreements signed by controlling Banco Itaú Holding Financeira S.A., under the terms and conditions established, in which health plans are totally or partially sponsored for retired workers and beneficiaries. During the period, the contributions made totaled R\$ 2,596 (R\$ 2,193 from January 1 to March 31, 2005). The contribution rate increases based on the beneficiary's age.

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

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

	03/31/2006	03/31/2005
Net assets of the plans	9,883,877	8,992,399
Actuarial liabilities	(8,266,042)	(7,373,738)
Surplus (*)	1,617,835	1,618,661

(\*) According to paragraph 49.g of the attachment to the CVM Resolution 371/00, the net surplus was not recognized.

In addition to the reserves kept by the plans, the sponsors have provisions in the amount of R\$ 31,718 (R\$ 27,046 at 03/31/2005) to cover insufficient actuarial reserves.

**d) Changes in Net Assets and Actuarial Liabilities, and Excess of Assets over Liabilities**

	01/01 to 03/31/2006			01/01 to 03/31/2005		
	Assets	Actuarial liabilities	Excess of assets over liabilities	Assets	Actuarial liabilities	Excess of assets over liabilities
Present value - beginning of the period	9,327,392	(8,128,430)	1,198,962	8,685,202	(7,235,424)	1,449,778
Expected return on assets/Cost of current service + Interest	285,334	(255,596)	29,738	264,892	(226,923)	37,969
Benefits paid	(98,021)	98,021	-	(88,609)	88,609	-
Contributions Employer/Participants	16,568	-	16,568	15,655	-	15,655
Gains/(Losses) in the period (1) (2)	352,604	19,963	372,567	115,259	-	115,259
Present value - end of period	9,883,877	(8,266,042)	1,617,835	8,992,399	(7,373,738)	1,618,661

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

(2) Gains on actuarial liabilities refer to the review of future contributions.

## e) Main assumptions used in actuarial evaluation

	03/31/2006		03/31/2005	
	Financial Services Area (1)	Industrial Area (2)	Financial Services Area (1)	Industrial Area (2)
Discount rate	10.24% <sup>pa</sup>	10.77% <sup>pa</sup> (3)	10.24% <sup>pa</sup>	11.30% <sup>pa</sup> (3)
Expected return rate on assets	12.32% <sup>pa</sup>	15.25% <sup>pa</sup> (4)	12.32% <sup>pa</sup>	13.40% <sup>pa</sup>
Mortality table	GAM-83	GAM-83	GAM-83	GAM-83
Turnover	Exp. Itaú 1999/2001	Exp. Towers	Exp. Itaú 1999/2001	Exp. Towers
Future Salary Growth	7.12% <sup>pa</sup>	8.68% <sup>pa</sup> (5)	7.12% <sup>pa</sup>	9.20% <sup>pa</sup> (5)
Growth of the pension fund and social security benefits	4.00% <sup>pa</sup>	4.50% <sup>pa</sup>	4.00% <sup>pa</sup>	5.00% <sup>pa</sup>
Inflation	4.00% <sup>pa</sup>	4.50% <sup>pa</sup>	4.00% <sup>pa</sup>	5.00% <sup>pa</sup>
Actuarial method	Projected Unit Credit. (6)	Projected Unit Credit. (6)	Projected Unit Credit. (6)	Projected Unit Credit. (6)

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

(2) Corresponds to the assumptions adopted by the plan managed by Fundação Itaúsa Industrial (defined benefit plans sponsored by Duratex S.A. and its subsidiaries - BD-Duratex, and by Itaútec S.A. and its subsidiaries - BD-Itaútec).

(3) The BD-Itaútec plan uses a discount rate of 8.68% p.a.

(4) The BD-Itaútec plan uses an expected return rate on assets of 14.50% p.a.

(5) The BD-Itaútec plan uses a future salary growth rate of 10.77% p.a.

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

**NOTE 20 - ADDITIONAL INFORMATION****a) Insurance policy**

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

**b) Foreign currencies**

The balances in reais linked to foreign currency were:

	<b>03/31/2006</b>	<b>03/31/2005</b>
<b>Permanent foreign investments</b>	<b>6,497,256</b>	<b>7,166,427</b>
Net amount of assets and liabilities indexed to foreign currency, including derivatives	(10,286,381)	(11,175,294)
<b>Net foreign exchange position</b>	<b>(3,789,125)</b>	<b>(4,008,867)</b>

Net foreign exchange position, if considered the tax effects on net balance of the other assets and liabilities linked to foreign currency, reflects the low exposure to exchange variations.

## NOTE 21 - STATEMENT OF CASH FLOW

We present below the Statement of Cash Flows prepared by the Indirect Method

## a) ITAÚSA CONSOLIDATED

	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>Adjusted net income</b>	<b>3,628,620</b>	<b>2,480,765</b>
Net income	799,576	679,064
Adjustment to net income:	2,829,044	1,801,701
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	55,986	1,894
Allowance for loan losses	1,440,400	755,897
Adjustment to provision and contingent liabilities	77,501	65,194
Results from operations with subordinated debt	(6,388)	110,869
Results from operations with securitization of foreign payment orders	(78,715)	24,341
Change in technical provision for insurance, pension plan and capitalization	568,547	382,495
Depreciation and amortization	162,230	169,342
Extraordinary result in subsidiaries	-	(67,428)
Deferred taxes	(143,535)	(202,019)
(Income) Loss on sales of assets	3,754	2,743
Equity in the results of subsidiaries and associated companies	(37,206)	(67,191)
Exchange variation of permanent assets	5,429	(837)
(Reversal) Provision for losses	(2,172)	(4,501)
Minority interest results	783,213	630,902
<b>Changes in assets and liabilities</b>	<b>(3,045,364)</b>	<b>(3,768,272)</b>
(Increase) Decrease in short-term interbank investments	472,557	(2,370,530)
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	(2,758,702)	409,599
(Increase) Decrease in interbank accounts of subsidiaries	1,463,643	(47,075)
(Increase) Decrease in loan and leasing operations	(4,211,602)	(4,095,098)
(Increase) Decrease in inventories	(55,177)	(16,382)
(Increase) Decrease in other credits and other assets	(532,883)	(4,185,608)
(Increase) Decrease in foreign exchange portfolio	71,953	(95,813)
(Increase) Decrease in prepaid expenses	(2,538)	2,122
(Increase) in Adjustment of securities in subsidiary companies	(20,948)	-
(Decrease) Increase in technical provisions for insurance, pension plan and capitalization	330,160	148,310
(Decrease) Increase in provisions and accounts payable and other liabilities	2,196,129	6,484,147
(Decrease) Increase in deferred income	2,044	(1,944)
<b>OPERATING ACTIVITIES - Net cash provided by/(invested)</b>	<b>583,256</b>	<b>(1,287,507)</b>
Sale of investments	439	29
Sale of fixed assets in use	5,272	-
Purchase of investments	(17,600)	(7,488)
Purchase of fixed assets and forest reserves	(110,248)	(140,646)
Investment in deferred charges	(33,194)	(15,207)
Change in minority interest	335,328	38,252
<b>INVESTMENT ACTIVITIES - Net cash provided by/(invested)</b>	<b>179,997</b>	<b>(125,060)</b>
Increase (Decrease) in funds obtained by subsidiaries - foreign currency	(941,153)	486,015
Increase (Decrease) in funds obtained by subsidiaries - domestic currency	2,904,760	1,537,303
Increase (Decrease) in funds obtained by subsidiaries - open market	(113,687)	1,268,550
Increase (Decrease) in borrowings - foreign currency	(16,248)	23,912
Increase (Decrease) in borrowings - local currency	25,370	(45,230)
Increase (Decrease) in credit card operations	(973,936)	(438,149)
Increase (Decrease) in securitization of foreign payment orders	(37,650)	(284,958)
Increase (Decrease) in liabilities by subordinated debt	(107,465)	(106,332)
Interest on own capital paid to minority stockholders	(711,485)	(540,722)
Interest on own capital paid	(557,390)	(426,029)
<b>FINANCING ACTIVITIES - Net cash provided by/(invested)</b>	<b>(528,884)</b>	<b>1,474,360</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET</b>	<b>234,369</b>	<b>61,793</b>
At the beginning of the period	2,193,878	2,035,381
At the end of the period	2,428,247	2,097,174



## b) ITAÚSA

	01/01 to 03/31/2006	01/01 to 03/31/2005
<b>Adjusted net income</b>	<b>45,989</b>	<b>50,663</b>
Net income	1,054,665	696,551
Adjustment to net income:	(1,008,676)	(645,888)
Amortization of goodwill	1,325	150
Equity in the results of subsidiary and affiliated companies	(1,010,228)	(646,285)
(Reversal) Provision for losses	7	21
Depreciation and amortization	220	226
<b>Changes in assets and liabilities</b>	<b>(120,000)</b>	<b>(103,292)</b>
(Increase) Decrease in securities and derivative financial instruments	(126,553)	(137,353)
(Increase) Decrease in other credits and other assets	150,736	31,056
(Increase) Decrease in prepaid expenses	(144,183)	3,005
<b>OPERATING ACTIVITIES - Net cash provided by/ (invested)</b>	<b>(74,011)</b>	<b>(52,629)</b>
Sale of investments	-	6
Sale of property, plant and equipment	-	6
Purchase of property for own use	-	(5)
Interest on own capital/dividends received	637,584	478,461
<b>INVESTMENT ACTIVITIES - Net cash provided by/ (invested)</b>	<b>637,584</b>	<b>478,468</b>
Interest on own capital paid	(557,390)	(426,029)
<b>FINANCING ACTIVITIES - Net cash provided by/ (invested)</b>	<b>(557,390)</b>	<b>(426,029)</b>
<b>INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS, NET</b>	<b>6,183</b>	<b>(190)</b>
At the beginning of period	128	193
At the end of the period	6,311	3
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET</b>	<b>6,183</b>	<b>(190)</b>

## Report of Independent Accountants on Limited Reviews

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

1. We have carried out limited reviews of the accounting information included in the Quarterly Information of Itaúsa - Investimentos Itaú S.A. and its subsidiaries (consolidated) for the quarters ended March 31, 2006 and 2005, 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 2, 2006

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Ricardo Baldin  
Contador CRC 1SP110374/O-0

## REPORT OF INDEPENDENT AUDITORS ON THE SPECIAL REVIEW

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

1. We have carried out a special review of the Quarterly Information (ITR) of Itaúsa – Investimentos Itaú S.A. (parent company and consolidated) for the quarter ended March 31, 2006, comprising the balance sheet, 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 (ITR). The quarterly information of the subsidiaries Banco Itaú Holding Financeira S.A., Itaú Export S.A., Itaúsa Europa – Investimentos, SGPS, Ltda., Duratex S.A., Itautec S.A., and Elekeiroz S.A. for the quarter ended March 31, 2006, which values were the basis for the valuation on the equity method and consolidation (note 15) were reviewed by other independent auditors. Our report on the special review, as regards the value of these investments, is exclusively based on the reports of these other independent auditors.
2. Our review was carried out 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 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) a 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 on the other independent auditors' reports, we are not aware of any material changes which should be made to the quarterly information (ITR) referred to in paragraph 1, for it to be stated in conformity with the Brazilian accounting practices specifically applicable to the preparation of quarterly information (ITR) and consistent with the standards of the Brazilian Securities Commission – CVM regulations.
4. The balance sheet as of March 31, 2005 and the respective statement of income for the quarter then ended, presented for comparative purposes, were examined by other independent auditors, whose special review report dated May 9, 2005 was unqualified.

São Paulo, May 5, 2006

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

# ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ - 61.532.644/0001-15

Listed Company

NIRE. 35300022220

## OPINION OF THE FISCAL COUNCIL

The members of Itaúsa - Investimentos Itaú S.A.'s Fiscal Council, after examining the financial statements for the first quarter of 2006, have verified the correctness of all elements presented and understand that they fairly reflect the Company's accounts, financial position and the activities during the year, recommending that they be approved by the Company's Board of Directors.

São Paulo-SP, May 5, 2006.

*JOSÉ MARCOS KONDER COMPARATO*  
*President*

*ARTEMIO BERTHOLINI*  
*Member*

*WALTER DOS SANTOS*  
*Member*