

Itaúsa - Investimentos Itaú S.A.

Consolidated Financial Statements

Six-Month Periods Ended June 30, 2003 and 2002

Information Published since 08-12-03

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Itaúsa - Investimentos Itaú S.A.

The Management Report

Periods Ended June 30, 2003 and 2002

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MANAGEMENT REPORT – FIRST HALF OF 2003

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To our Stockholders

We are pleased to present the Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the first half of 2003, which have been prepared in accordance with the regulations of the Brazilian Central Bank (BACEN) and the Brazilian Securities Commission (CVM). They also have the favorable opinion of the Audit Committee.

THE ECONOMY

The Government has restated its commitments toward monetary and fiscal discipline, and has endeavored to go forward with institutional reforms, thus contributing to a gradual recovery of trust in the Brazilian economy, and resulting in a decrease in the sovereign risk and the appreciation of the Brazilian Real.

The average inflation rate recorded by the General Price Index (IGP), that sky rocketed 21.5% in second half of 2002, decreased to 4.5% in the first half of 2003, with two consecutive months of deflation (May and June). Consumer prices – measured by the Broad Consumer Price Index (IPCA) – dropped to 6.6% from 9.3% in the same period, with 0.2% deflation in June. The reduction in inflation allowed a 0.5% cut in Brazil's base rate (SELIC) in June to 26.0% per annum, and an additional 1.5% cut in July, while new reductions are expected in the coming months.

Economic activity showed some signs of a downturn, where the only positive results were posted by the agribusiness and export industries, while employment and income remained at low levels. The fall in interest rates may promote an economic comeback in the coming months.

Industrial production grew 0.6% this first half, as compared to the same period in 2002. The industries focusing on the domestic market showed some decline due to a drop in income and employment. The production of durable consumer goods

decreased 4.5% in the year (up to May). The production of electrical appliances and electronics dropped 5.0%, where sales of video and sound equipment posted a 13% drop in the period (estimate).

The production of civil construction inputs dropped 5.0% in the first six months, and it is expected to close the year at the same level as in 2002.

Credit granted by the private financial sector using unrestricted funds decreased to 13.7% of GDP in the first six months from 15.9% in the same period in 2002, partly due to the increase in the ratio of compulsory reserve deposits over cash deposits from 45% to 60%.

The trade surplus reached US\$ 10.4 billion this half, fourfold the US\$ 2.6 billion posted in the same period of 2002. Even after the recent appreciation of the Real, no major difficulties are expected this year to strike a balance on the foreign trade accounts.

The fiscal surplus reached 5.4% of GDP, a 0.7% increase as compared to the first half of 2002, as a result of the decrease in government expenditure and local currency appreciation. The net public debt decreased to 55.4% of GDP in June 2003, from 56.5% in December 2002.

Main Indicators of Results of Itaúsa Consolidated

R\$ Thousand

	Parent company		Minority stockholders		Conglomerate	
	06/30/2003	06/30/2002	06/30/2003	06/30/2002	06/30/2003	06/30/2002
Total net income	696,151	595,422	790,746	588,840	1,486,897	1,184,262
Recurring net income	917,461	687,741	1,080,741	601,879	1,998,202	1,289,620
Extraordinary net income	(221,310)	(92,319)	(289,995)	(13,039)	(511,305)	(105,358)
Stockholders' equity	7,098,696	5,631,987	6,482,884	4,961,449	13,581,580	10,593,436
Annualized return (net income/stockholders' equity) (%)	20.58	22.26	25.88	25.15	23.09	23.61
Dividends/Interest on own capital	223,223	167,448	282,007	100,449	505,230	267,897

Main Financial Indicators

	06/30/2003	06/30/2002	Growth (%)
Results per thousand shares - R\$			
Net income	216,09	189,09	14.28
Book value	2,203,47	1,788,61	23.29
Price of common share ON (1)	3,242,50	3,416,92	(5.10)
Price of registered preferred share PN (1)	2,384,50	1,917,00	24.39
Market capitalization (2) - in thousands of R\$	8,698,336	7,770,285	11.94

(1) Based on the average quotation in the month of June of each year.

(2) Calculated based on the average quotation for shares in the month of June of each year.

Main Indicators of the Companies Controlled by Itaúsa

R\$ Thousands

	First half	FINANCIAL AND INSURANCE AREA		INDUSTRIAL AREA			CONSOLIDATED/ CONGLOMERATE (2)
		Banco Itaú Holding Consolidated	Insurance, Pension Plan, Capitalization (1)	Duratex	Itautec Philco	Elekeiroz	
Total assets	2003	106,799,152	8,111,048	1,573,955	932,336	445,182	110,184,088
	2002	86,247,188	5,539,704	1,479,634	831,836	397,870	89,498,503
Operating revenue (3)	2003	8,313,726	3,106,744	446,055	560,837	271,128	9,740,816
	2002	14,414,117	1,951,341	382,361	642,464	101,899	15,841,485
Net income	2003	1,490,461	294,293	28,152	1,576	19,944	1,486,897
	2002	1,047,831	142,362	27,065	16,485	4,032	1,184,262
Stockholders' equity	2003	10,771,808	2,066,272	912,011	308,709	225,644	13,581,580
	2002	8,288,313	1,578,976	878,803	280,860	158,986	10,593,436
Annualized profitability (Net income/ Stockholders' equity) (%)	2003	29.59%	30.51%	6.27%	1.02%	18.46%	23.09%
	2002	26.88%	18.85%	6.25%	12.08%	5.14%	23.61%
Internal funds generated (4)	2003	3,928,678	950,724	67,617	35,724	35,040	4,078,116
	2002	2,491,070	221,011	88,990	45,020	9,489	2,577,485

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

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

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

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

(4) Covers resources arising from operations:

- *plus expenses from allowance for possible 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 operations with insurance and deferred trade expenses from insurance, pension plan and capitalization.*

FINANCIAL AREA

BANCO ITAÚ HOLDING FINANCEIRA

Net income of Banco Itaú Holding for the six-month period, R\$ 1,490 million, was consistent with the bank's performance in recent years. Its annualized profitability reached 29.6%. The efficiency ratio, which shows the relation between corporate expenses and revenue, reached 42.9%, a quite significant improvement as compared to the 55.2% in the first half of 2002. Note also that Itaú Holding has the highest market value at stock exchanges amongst Brazilian banks: R\$ 22,605 million.

The consolidated assets of Itaú Holding reached R\$ 106,799 million, a 23.8% growth compared to the same period of 2002. The loan portfolio increased 28.0%, reaching R\$ 44,586 million.

Total consolidated funds of Itaú Holding reached R\$ 155.905 million. Itaú Holding post total assets under management of R\$ 67,142 million, ranking second among private banks in the Brazilian market. This position reflects its asset management quality.

The integration of the team, customers, managed portfolios and the BBA Investimentos mutual funds into Banco Itaú consolidated the leadership of Itaú as the largest private asset manager among Institutional investors, with a total portfolio of R\$ 22,244 million.

With a portfolio of 7,000 customers, Itaú has a solid position in Brazil and overseas, being the leader in the private bank segment with managed assets amounting to approximately R\$ 15 billion.

Itaú was appointed by Euromoney Magazine as the best Brazilian bank for the sixth year in a row. Latin Finance Magazine acknowledged Itaú as the Best Domestic Bank in Latin America in the last 15 years. Itaú has also won the 2003

Eco Award (Prêmio Eco), which is granted by the American Chamber of Commerce of São Paulo, for its social and cultural initiatives. This award acknowledged the following projects: "Escrevendo o Futuro" and "Rumos Itaú Cultural", in the education and culture categories, respectively.

For the second year in a row, Itaú was elected the most valuable brand of the country, according to a study of the British consulting company, Interbrand. This study evaluates the importance and influence of a brand in company results. Interbrand estimated that the current value of Itaú brand is US\$ 1,093 million, a significant increase from US\$ 970 million in 2001.

The Public Offers for all the outstanding shares of Banco Beg S.A., Banco Bemge S.A. and Banco Banestado S.A. were approved by CVM. The settlement of the Public Offers will occur next August 25 at the São Paulo Stock Exchange (Bovespa) and will cancel the registration of these banks as publicly listed companies, due to the low number of outstanding shares held by minority shareholders. These Public Offers are also intended to ensure that only one financial institution of the Itaú Conglomerate has its shares traded in the stock market. Note that these three institutions will continue to provide services to their clients through their respective service networks.

Insurance, Pension Plans, and Capitalization

In the first six months, Itaú Seguros (Itauseg) and its subsidiaries presented net income of R\$ 294 million, representing an annualized return of 30.5% on stockholders' equity of R\$ 2,066 million. Consolidated premiums, excluding medical/health insurance, reached R\$ 1,057 million and technical provisions totaled R\$ 1,106 million. The claims ratio was 55.3% in the first six months compared to 52.8% in the same period of 2002. The combined ratio reached 98.6%, against 97.1% observed in 2002.

Itaú Previdência e Seguros (Itauprev), generated revenues of R\$ 879 million with pension plan and VGBL premiums at the six-month period, 139.1% above the amount recorded in the same period of 2002, especially the VGBL plans, which raised R\$ 567 million. The investment portfolio for pension plans, VGBL and life insurance grew 112.2% as compared to the same period of 2002, reaching R\$ 3,605 million.

Technical provisions for Itaú Capitalização and Capitaliza totaled R\$ 912 million.

ITAÚSA PORTUGAL

Focusing the financial activities of the conglomerate in the European Union, the holding company Itaúsa Portugal registered, at the six-month end, total consolidated assets of €2.2 billion, the same amount registered at December 2002. Consolidated net income reached €19.2 million, with an annualized return of 13.0% on consolidated stockholders' equity of €295.1 million.

The loan portfolios of Banco Itaú Europa posted a positive performance. Noteworthy are the structured foreign trade transactions, which reached US\$ 396 million, most of them for the financing of Brazilian exports to the main OECD countries.

Itaú Europa branch in London was officially inaugurated in June. The event was attended by a large number of representatives from several financial entities operating in London. This branch will focus on the international capital market, where it has been operating since early this year, carrying out transactions in both the primary and secondary markets, involving government and private securities, with emphasis on securities issued by Brazilian and Portuguese entities.

The operation of the London branch completes the capital market operation of Itaú Conglomerate, together with the São Paulo and New York trading desks (Broker Dealer - Itaú Securities). Itaú Europa also has had an outstanding role in Itaú Conglomerate's own issues, which reached US\$ 528 million in securities in the first six months.

The merger with Banco Itaú Europa Luxembourg has given Itaú Europa important synergies for capital market, treasury and derivatives activities. This bank also started to offer private banking products to its customers and increase the number revenue and fund raising sources. Deposits reached US\$ 160 million. Managed assets totaled US\$ 1.2 billion at the end of the period.

Associated company BPI, S.A., the holding company of one of the most important Portuguese banking groups, in which the Itaú Conglomerate has a 16.1% stake, recorded consolidated assets of €26.7 billion and net income of €80.5 million at the six-month period end.

DURATEX

Consolidated sales of Duratex reached R\$ 567.0 million, a 16.9% increase as compared to the same period of 2002. Exports totaled US\$ 19.7 million. Operating results totaled R\$ 68.3 million, corresponding to an EBITDA of R\$ 98.2 million, which amounts to 5.7% and 6.8% higher than in first half of 2002, respectively.

Net income was R\$ 28.2 million, 4% higher than the results recorded in the same period last year. Operating cash generation totaled R\$ 35.7 million.

The sales volume of the Wood Division (Divisão Madeira) was 5% lower than the prior year. Furniture retail sales remained sluggish, especially in the low-price furniture segment, which led to a steep drop in particleboard panel shipments.

The Deca Division also suffered the impact of business downturn, and recorded a drop in the product shipments of the discount price lines.

The Company's Investment Plan totaled R\$ 141.0 million in funding, where the

main investments in fixed assets represent R\$ 103.5 million, comprising the completion of the construction work and the start-up of the new HDF/MDF/SDF plant in Botucatu (SP), the continuity of the expansion Sanitaryware Plant II in Jundiaí (SP), the completion of the cut-to-size saw in the Board plant in Jundiaí (SP), and the acquisition of 5,900 ha of land and forests in the Botucatu and Itapetininga region, to meet the new demand of the respective plants.

ITAUTEC PHILCO

Gross sales of products and services for the first six months reached R\$ 637.9 million, 13% lower than in the same period of 2002, as a result of the economic downturn that deeply affected sales in the second quarter. There was also a drop in profitability due to the increase in cost of products sold because of the US dollar fluctuation, the increase in government-controlled prices, and the collective bargaining agreements, in addition to the idle capacity recorded mostly at the end of the six-month period. Net income for the period was R\$ 1.6 million.

Operating cash generation totaled R\$ 59.3 million and EBITDA for the six-month period was R\$ 41.6 million.

Itautec inaugurated a Technology Center in Recife (PE) in which it invested R\$ 2.5 million. Two laboratories were installed, one to measure servers' performance, at Universidade Federal de Pernambuco (UFPE), and the other to develop software, at Universidade Católica de Pernambuco (Unicap). The Technology Center is developing high-performance server testing and approval procedures for critical mission environments based on the same certification standards used worldwide. This way Brazil has the capacity to carry out the certification work that so far could only be undertaken overseas.

In the ATM Business Unit note the shipment of the first ATM kiosks to the United States, South Africa, and Costa Rica. We highlight also the Infomusic that continues to increase its share in the Portuguese market.

Itautec obtained the FCC Part XV certification for our ATM product line, granted by the Federal Communications Commission, the US regulatory agency responsible for electromagnetic transmissions. These products can now be exported into the United States. The same product line obtained the first level certification to be connected to the largest ATM network in Argentine.

The supply to Petrobrás of the Servers network, each server possessing four processors for assembling a Linux environment cluster, marks the first sale of the new version of Itanium 2 processors (with 1.4 GHz capacity) in South America.

Itautec Serviços operating results increased by 70%, a consequence of the operating productivity gains obtained. In the period, the deployment of the fieldwork control system was consolidated, which should ensure that the existing productivity gains will be maintained. It also created the conditions required to

implementing new system modules aimed at controlling business and administrative activities.

Philco's high-end products maintained their good performance, with a 46% increase in shipments as compared to the same period in 2002. DVD player sales increased another 100% as compared to the first half of 2002. As regards entry-level products, the new audio lines (PMS 1000 and PMS 1800) started to be offered in the marketplace.

Net revenues of Itaucom's Semiconductors BU were 25% higher when compared to the first half of 2002. The 41% increase in volume shipped was partially offset by a drop in international market prices. The DDR module represented 60% of the shipped volume, also thanks to the introduction of the product SODIMM – DDR for notebooks. In the printed circuit boards BU, gross sales grew 14%, as a result of the price increases, due to exchange differences, which offset the decrease in the volume shipped. The share of sales in the foreign market reached 40% of total printed circuit boards BU sales.

ELEKEIROZ AND CIQUINE

The chemical industry did not escape either from the general downturn of the Brazilian economy, and was adversely affected by lower demand and the steep drop in international prices of its products, impacting prices and local margins.

At Ciquine, domestic sales decreased 5.5% in volume, to 48.6 thousand tonnes, while exports grew 40%, reaching 22.6 thousand tonnes, closing the first six-month period with a 5.3% growth in shipments as compared to the same period of 2002.

Thanks to the sales of inorganic products (carbon disulfide and sulfuric acid), partly sold to the agricultural industry – sole industry presenting positive results both in the domestic and foreign markets – Elekeiroz's shipments were 9% higher, totaling 177.2 thousand tonnes in the first half of 2003. Inorganic product sales grew 14%, and accounted for 72% of total volume shipped, while the sales of organic products (phthalic anhydride, maleic anhydride, plasticizer, polyester resins, formaldehyde, and by-products), of 43.5 thousand tonnes, were 2% lower than in the first half of prior year.

The price recovery that had been going on for several months was reversed both in the domestic and foreign markets, a drop that was steeper for final products than raw materials. As a result, there was a dramatic narrowing of margins, which reflected in the results of these companies.

Net revenues of Ciquine reached R\$ 172.3 million (R\$ 110.5 million in the first half of 2002), while operating profit reached R\$ 18.5 million (R\$ 7.5 million loss in 2002) and closing net income was R\$ 14.6 million (R\$ 7.8 million loss in 2002, net of extraordinary results). EBITDA reached R\$ 29.2 million in the period.

Net revenues of Elekeiroz, including its subsidiary Ciquine, reached R\$ 271.1 million, pre-tax operating profit was R\$ 28.7 million, and closing net income was R\$ 19.9 million. Consolidated EBITDA reached R\$ 49.0 million.

Elekeiroz and Ciquine started in June studies with the purpose of rationalizing their activities through a corporate restructuring that can result, if approved by respective shareholders, in the unification of the different classes of existing Ciquine preferred shares in a sole class, the downstream merger of Elekeiroz into Ciquine, and the revision of the by-laws and the corporate name of the latter.

ITAÚSA EMPREENDIMENTOS

Itaúsa Empreendimentos and its partner Construtora Líder announced in the market the start of the construction work of Ville Belle Époque. Sixty apartments from a total of 100 have already been sold since launching in October 2002.

The new residential development Jardins do Portal, with 76 apartments, will be launched in August in the Morumbi district, in association with Construtora Liderança.

In a large transaction, the company rented to the Santander Banespa Group more than 29.000 sq. m. of office space at the Panamérica Park. Currently, over 97% of this development is rented.

Sales in the Raposo Shopping mall grew 12.5% as compared to the same period in 2002, while the retail industry indicators pointed to a drop in sales.

HUMAN RESOURCES

Personnel compensation, added by charges and benefits, totaled R\$ 1,349 million. The social benefits given to the employees and their dependents totaled R\$ 238 million and encompass, but are not limited to, supplementary retirement, meals, health and dental care, social assistance services, scholarships, leisure, sports and cultural activities, loans at subsidized interest rates, insurance, transportation voucher, donations and special grants.

People management is a continuous focus of attention of Group companies. In the first six months, we invested R\$ 21 million in employee education, training, and development programs.

SOCIAL RESPONSIBILITY

Group companies are committed to the development of society, both in the social and in the cultural areas. The Group's industrial companies are aligned with environmental management best practices and have taken actions to build people's awareness on the importance of preserving the environment. We present

below some first half highlights.

Social Activities

The results of Banco Itaú's practice as a socially responsible company have been growing stronger. Itaú Social Foundation invested a significant amount in Itaú Social Program projects focused on education – elementary education and public health areas. Among the Itaú Social Foundation initiatives, it should be highlighted the fifth edition of the Itaú-Unicef Award – Education & Participation, with a record of 1,800 enrolled projects. The purpose of this award is to support the work of civil society organizations, aimed at improving the performance of low-income children and teenagers in public school.

Training and team-building activities continued through the "Escrevendo o Futuro" (Writing the Future award) program and the Municipality Education Development Program.

At Duratex, we highlight the campaign to gather donations, conducted by the company's employees. The campaign benefited Casa Hope, to which over six thousand units of basic staples were donated.

Cultural Activities

Itaú Cultural Institute activities, which aim at promoting equal access to culture, have been well accepted by the public. In São Paulo, the institute promoted 21 music shows, ten movie and video sessions, 12 events with writers, journalists and movie, radio and TV professionals, as well as an exhibition gathering over 129,000 people. The Itaú Numismática - Herculano Pires Museum was visited by almost 7,000 people.

The Rumos Itaú Cultural (Itaú Cultural Directions) - a program for the support of Brazilian artists - opened applications for the new editions of Dance and Cinema and Video, and won the 2003 ECO Award. The success of this initiative encouraged Itaú to launch a new project, called Rumos Itaú Cultural Research.

Itautec Philco is supporting the project Digital Multimedia Library of Instituto Embratel, which intends to distribute the history collections of major Brazilian libraries to 200 public libraries in all Brazilian States. By using the Internet and videoconference, these libraries will have access to the material and will be able to offer their communities the digitalized collections, the content of Biblioteca Sem Fronteiras (Borderless Library) of the Fundação Biblioteca Nacional, which will also be available to the visually impaired.

Environmental Activities

At Duratex, it stands out the fact that Deca won the Planeta Casa 2003 Award, organized by Editora Abril, which recognizes the development of the Dual Flux flush valve – for toilet tanks – that controls the water outflow for three or six liters. Duratex also sponsored the traveling project “Planet Water, Atlantic Forest and Landscapes”, focused on building environmental awareness and the rational use of water. The project visited 11 cities and involved more than 7,300 children from private and public schools.

Itautec Philco together with the district administration of MÓOCA and Depave cooperated in the renewal of the Piqueri park in São Paulo. The work comprised the refurbishment of the sports pitches and head office facilities, building a weir in the lake, readapting the lightning protection system, recovering the bochy ball courts and the dressing rooms.

Elekeiroz, was the highlight of the Third Annual Conference of Best Practices and Rationalization of Water Use and Reuse in the Industry, where it presented the company’s initiatives to reuse water and steam as an energy source.

INDEPENDENT AUDITORS – CVM INSTRUCTION 381

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

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

ACKNOWLEDGEMENTS

We wish to thank our stockholders for their support and trust. We are also grateful to our companies’ customers for their loyalty and their welcome to the innovations made to their products and services. To our employees and associates, we also wish to express our appreciation for their endeavor and skilled fulfillment of their activities.

(Approved at the Meeting of the Board of Directors of August 11, 2003)

Itaúsa - Investimentos Itaú S.A.

Consolidated Balance Sheet

Periods Ended June 30, 2003 and 2002

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Consolidated Balance Sheet

(In Thousands of Reais)

Assets	06/30/2003	06/30/2002
Current assets and long-term receivables	105,450,459	84,645,927
Cash and cash equivalents	1,594,095	2,111,008
Short-term interbank deposits	14,851,702	13,470,590
Securities and derivatives	26,147,511	20,495,055
Interbank accounts of subsidiary companies	9,917,485	7,137,920
Loan and leasing operations	34,362,112	26,812,241
(-) Allowance for loan losses	(2,904,863)	(2,783,651)
Inventories		
Products	437,696	398,300
Real estate	12,389	46,290
Other credits	20,253,764	16,367,868
(-) Allowance for loan losses	(266,032)	(218,359)
Other assets	333,589	298,868
Prepaid expenses	711,011	509,797
Permanent assets	4,733,629	4,852,576
Investments		
Investments in affiliated companies	707,406	614,485
Other investments	142,743	378,443
Fixed Assets		
Property for own use	3,372,842	3,408,063
Leased properties	92,060	56,135
Forest reserves	85,865	75,212
Deferred charges	332,713	320,238
TOTAL ASSETS	110,184,088	89,498,503

Liabilities	06/30/2003	06/30/2002
Current and long-term liabilities	96,467,540	78,841,939
Funds raised by subsidiary companies		
Foreign currency	12,407,560	8,752,931
Domestic currency	39,988,567	33,071,315
Open market	11,747,471	13,366,329
Subordinated debts	4,642,631	1,886,816
Derivative financial instruments	973,359	654,370
Borrowings		
Foreign currency	480,436	394,385
Domestic currency	345,600	539,780
Dividends payable	474,232	258,549
Taxes and social security contributions	3,393,198	3,129,001
Provisions and accounts payable	13,813,541	10,217,913
Interbank accounts of subsidiary companies	2,812,588	3,111,976
Technical provisions for insurance, pension plan and capitalization	5,388,357	3,458,574
Deferred income	134,968	63,128
Minority interest in subsidiaries	6,482,884	4,961,449
Stockholders' equity from parent company	7,098,696	5,631,987
Capital	3,500,000	3,000,000
Capital reserves	26,167	25,073
Revaluation reserve	52,484	54,100
Revenue reserve	3,344,452	2,558,528
Adjustment to market value - securities and derivatives	187,806	(5,714)
(-) Treasury stocks	(12,213)	-
Stockholders' equity of the ITAÚSA Conglomerate	13,581,580	10,593,436
TOTAL LIABILITIES	110,184,088	89,498,503

Itaúsa - Investimentos Itaú S.A.

Consolidated Statement of Income

Periods Ended June 30, 2003 and 2002

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Consolidated Statement of Income (In thousands of Reais)

	01/01 to 06/30/2003	01/01 to 06/30/2002
Operating revenues	9,740,816	15,841,485
Operating expenses	(6,396,832)	(14,122,348)
Operating income	3,343,984	1,719,137
Non-operating income	(114,053)	(53,981)
Income before taxation on profit and profit sharing	3,229,931	1,665,156
Income tax and social contribution	(1,047,031)	(280,741)
Due on operations for the period	(1,096,616)	(559,157)
Deferred related to temporary additions	49,585	278,416
Extraordinary result	(511,305)	(105,358)
Parent company	(221,310)	(92,319)
Relating to minority interest in subsidiary companies	(289,995)	(13,039)
Profit sharing	(184,698)	(94,795)
Employees - Law 10,101 of December 19, 2000	(139,237)	(63,700)
Directors - Statutory - Law 6,404 of December 15, 1976	(45,461)	(31,095)
Net income relating to minority interest of subsidiary companies	(790,746)	(588,840)

Net income of parent company	696,151	595,422
Net income relating to minority interest of subsidiary companies	790,746	588,840
NET INCOME OF THE ITAÚSA CONGLOMERATE	1,486,897	1,184,262
Number of outstanding shares (in thousands)	3,221,603	3,148,803
Net income of parent company per thousand shares (R\$)	216,09	189,09
Book value of parent company per thousand shares (R\$)	2,203,47	1,788,61
Recurring net income of parent company	917,461	687,741
Variation of recurring net income of parent company	33.4%	-
Extraordinary result	(221,310)	(92,319)
Total parent company	696,151	595,422

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Note 1 - Operations

(In Thousands of Reais)

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 private of financial institutions.

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Note 2 - Presentation of the Financial Statements

(In Thousands of Reais)

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

The consolidated financial statements are being presented without the segregation between Current and Long-term assets and liabilities, consistent with the prior quarterly information.



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Note 3 - Consolidated Financial Statements

(In Thousands of Reais)

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

		Participation (%)	
		06/30/2003	06/30/2002
Financial Institutions			
Banco Itaú Holding Financeira S.A.	(a)	46.55	47.85
Banco Itaú S.A.		46.55	47.85
Banco Itaú-BBA S.A.	(b)	44.57	-
Banco Banerj S.A.		46.55	47.85
Banco Banestado S.A.	(a)	45.34	46.60
Banco Bemge S.A.	(a)	46.48	47.77
Banco BEG S.A.	(a)	46.01	42.73
Banco Fiat S.A.	(c)	46.55	-
Banco Itaú Buen Ayre S.A.		46.55	47.85
Banco Itaú Europa Luxembourg S.A.		89.51	89.77
Banco Itaú Europa S.A.		89.56	89.81
Cia. Itauleasing de Arrendamento Mercantil		46.55	47.84
Itaú Bank Ltd		46.55	47.85
Itaú Corretora de Valores S.A.		46.55	47.85
Itaucard Financeira S.A - Crédito, Financiamento e Investimento		46.55	47.85
Credicard S.A. - Administradora de Cartões de Crédito e Controladas	(d)	15.52	15.95
Redecard S.A.	(d)	14.87	15.28
Fiat Administradora de Consórcios Ltda.	(c)	46.55	-
Itaú Administradora de Consórcios Ltda.		46.55	47.84
Akbar - Marketing e Serviços Ltda. e Controladas	(b)	44.57	-

Afinco Américas Madeira, SGPS, Sociedade Unipessoal Limitada		46.55	47.84
Itaú Rent Administração e Participações S.A.		46.55	47.85
Itaúsa Export S.A.		88.12	88.41
Serasa S.A.	(d)	14.76	15.17
Insurance, Pension Plan and Capitalization Activities			
Itaú Seguros S.A.		46.55	47.85
Itaú Previdência e Seguros S.A.		46.55	47.85
Itaú Capitalização S.A.		46.55	47.85
Wood and Construction Materials			
Duratex S.A.	(a)	48.52	47.33
Duraflora S.A.		48.74	47.61
Technology and Electronics			
Itautec Philco S.A.	(a)	94.22	94.22
Chemical			
Elekeiroz S.A.	(a)	98.12	97.93
Ciquine Cia. Petroquímica		89.69	80.36
Real Estate			
Itaúsa Empreendimentos S.A.		100.00	100.00
PRT Investimentos S.A.		100.00	100.00

Listed company

(a) Investments purchased by the subsidiary Itaú, on December 31, 2002

(b) Investments purchased by the subsidiary Itaú, on March 31, 2003

(c) Investment proportionally included in the consolidation

(d)



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Note 4 - Summary of the Main Accounting Practices *(In Thousands of Reais)*

a) Consolidation - All material intercompany transactions and balances have been eliminated on consolidation. Similarly, the unrealized results arising from intercompany operations were eliminated and the related taxes were deferred.

The goodwill resulting from the purchase of investments is fully amortized in the years that the acquisitions occurred. The recognition of tax credits relating to Banco Banestado S/A was limited to the goodwill determined during purchase.

b) Interbank deposits, remunerated restricted credits Brazilian Central Bank (BACEN), loans and leasing operations, remunerated deposits, funds obtained in the open market, exchange acceptances and issue of securities, borrowings and onlendings and other receivables and payables - Transactions subject to monetary correction or foreign exchange rates are recorded at present value, calculated "*pro rata die*" based on the variation of the contracted index. Real estate loans are adjusted to the present value of future installments. Loans and leasing operations are recorded on the accrual basis until 60 days overdue. Receipts from credit recoveries on loans which had been previously written-off are credited to financial income and loan and leasing operations, respectively.

c) Securities and Derivative Financial Instruments

- I. In ITAÚSA and non-financial subsidiaries (Industrial Area) these are recorded at cost of acquisition restated and adjusted to reflect the market value, when this is lower.
- II. In financial subsidiaries, insurance, pension plan security and capitalization companies, and its subsidiaries (Financial and Insurance Area), as from June 30, 2002, in accordance with BACEN Circulars 3068 of November 08, 2001, 3082 of January 30, 2002 and SUSEP Circular 226 of February 7, 2003:

1. Securities are classified in the following categories:

- Trading securities - acquired to be actively and frequently traded, are adjusted to market value, as a contra-entry for the results for the period;
- Securities available for sale - securities that are not intended for negotiation and are maintained through to their maturity. They are adjusted to their market values as a contra-entry 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, in contra-entry to the result for the period.

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, net of related tax effects.

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

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

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

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

d) Allowance for Loan Losses - The balance of the allowance for loan losses was recorded based on an analysis of the credit risk in the loan portfolio, in amounts considered sufficient to cover loan losses according to the rules determined by BACEN Resolution 2682 of December 21, 1999 for the financial subsidiaries, among which are:

- Provisions necessary are recorded from the date of the loan disbursements, based on periodic analysis of the quality of the client and the industry and not just in the event of default;
- Based exclusively on delinquency, write-offs can be made 360 days after the due date of the credit or 540 days for operations that mature after a period of 36 months. Other factors related to analysis of the quality of the client/loan may generate write-offs before these periods.

e) Other Assets - Comprise basically non-operating assets, corresponding to own properties available for sale, received as payment in kind. They are adjusted to market value through provision in accordance with effective rules.

f) Prepaid Expenses - These refer to the investments that will result in earnings in future years.

g) Investments - In subsidiary and affiliated companies, investments are accounted for under the equity method. The financial statements of foreign subsidiaries are adapted to comply with Brazilian accounting policies and converted into reais. Other investments are recorded at cost, restated up to December 31, 1995.

h) Fixed Assets - These are stated at cost of acquisition or construction, less accumulated depreciation, restated up to December 31, 1995. For insurance, private pension and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports. Depreciation is calculated using the straight-line method, based on monetarily corrected cost at the following annual rates:

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

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

j) Technical Provisions for Insurance, Pension Plans and Capitalization

Technical provisions are set up according to criteria established by CNSP Resolution 89 of 08.19.2002, in effect as from January 1, 2003 and relate basically to:

- Insurance: Provisions for unsettled claims set up based on the notices of loss, in an amount sufficient to cover future commitments and complemented by Provision for Incurred But Not Reported (IBNR) Claims, calculated by actuary based on Provision for unearned premiums relating to the risk coverage period and by provision for insufficient premiums, when necessary.
- Supplementary Pension Plan and Individual Life Insurance: benefits and withdrawals claimed but unpaid at the balance sheet date plus, when applicable, the corresponding charges and technical provisions set up by actuarial and substantiated by actuarial technical notes approved by SUSEP, denominated mathematical provisions for granted benefits, benefits to be

granted, risks fluctuation and coverage for individual life plans.

- Capitalization: mathematical provisions for withdrawals, raffles and contingencies calculated according to actuarial technical note for each plan.

k) Income Tax, Social Contribution, PIS and COFINS - The provisions were calculated according to the current legislation at the rates shown below.

Income tax	15.00%
Additional income tax	10.00%
Social contribution	9.00%
PIS (*)	0.65%
COFINS	3.00%

()As from December/2002 included, for ITAÚSA and its non-financial subsidiaries, the rate is 1.65%.*

Amounts subject to litigation have been fully provided.



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Note 5 - Short-term Interbank Deposits – Financial Area *(In Thousands of Reais)*

We present below the composition of the short-term interbank deposits portfolio of the subsidiaries of the Financial Area:

	Accounting value	
	06.30.2003	06.30.2002
Open market investments	9,228,692	7,059,180
Funded position	5,224,410	1,647,753
Financed position	4,004,282	5,411,427
Interbank deposits (*)	5,623,010	6,411,410
Total	14,851,702	13,470,590

(*) Includes allowance for losses.

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Note 6 - Securities and Derivatives (Assets and Liabilities)

(In Thousands of Reals)

a) Summary

We present below the composition of the Securities and Derivative Financial Instruments portfolio in the Financial and Insurance areas, classified in accordance with the new rules of the Brazilian Central Bank (BACEN) and of the Superintendence of Private Insurance (SUSEP), stated at their cost and market values, as well as the effects directly recorded in the subsidiaries and ITAÚSA net equity.

ITAÚSA CONSOLIDATED	Cost	Market value	Adjustments to market with impact on:	
			Net income	Stockholders' equity
ITAÚSA and Industrial Area				
Securities	646,263	646,263	-	-
Derivative financial instruments (Assets)	569	1,582	1,013	-
Subtotal	646,832	647,845	1,013	-
Financial Area				
Securities for negotiation	9,297,520	9,311,552	14,032	-
Derivative Financial Instruments (Assets)	1,727,170	1,818,258	91,088	-
Securities available for sale	13,483,820	14,014,595	-	530,775
Securities held to maturity (1)	900,261	900,261	-	-
Subtotal	25,408,771	26,044,666	105,120	530,775
Deferred taxes	-	-	-	(171,812)
BBA and FIAT adjustment not reflected in Itaú	-	-	-	27,437
Total Adjustment to Market Value				386,400

Additional allowance (exceeding minimum requirement) (2)	-	(545,000)	-	-
Total securities and derivative financial instruments (Assets)	26,055,603	26,147,511		386,400
DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)	849,889	973,359	(123,471)	-
Minority Interest	-	-	-	(198,594)
Value reflected in ITAÚSA net equity				187,806

(1) If these securities were evaluated at market value, they would present a provision for devaluation amounting to R\$ 14,179.

(2) Aims at covering current and future oscillation in the quotation, considering the high volatility scenarios as those observed along the last year in local and foreign markets.

b) Derivatives

The globalization of the 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 has been an increasing demand for derivative financial instruments to manage market risks mainly arising from fluctuations in interest and exchange rates and assets prices. Accordingly ITAÚSA subsidiaries are fully involved in the operation of derivative markets, either in complying with the growing clients' needs, 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 negotiated are purchased for two basic purposes:

- Hedge - to perform hedge of structural portfolio;
- Trading - to serve as instruments 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 US dollars are mainly used to fix the financing rates offered to customers with maturities or in currency which are mismatched with the resources used to fund these operations. 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 at June 30, 2003 were related to the foreign exchange rate, interest rate, US 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 subsidiaries, with the use of transactions involving derivatives,

have been able to maximize the relation risk and return, even under high volatility situation.

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

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

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

The following chart summarizes the reference value restated at market price and the respective net exposures in the balance sheet for the derivative financial instruments.

ITAÚSA CONSOLIDATED	Memorandum account notional value		Balance sheet account receivable/received (Payable/paid)		Market value		Adjustment to market value	
	06/30/2003	06/30/2002	06/30/2003	06/30/2002	06/30/2003	06/30/2002	06/30/2003	06/30/2002
Future contracts	29,714,424	46,627,524	4,852	(10,926)	5,599	(10,926)	747	-
Purchase commitments	14,956,013	22,255,335	(28,762)	(41,279)	(28,338)	(41,279)	424	-
Commitment to sell	14,758,411	24,372,189	33,614	30,353	33,937	30,353	323	-
Swap contracts			768,062	(42,323)	751,717	(200,144)	(16,345)	(157,821)
Asset position	26,719,627	16,999,998	1,213,408	721,716	1,320,523	377,088	107,115	(344,628)
Liability position	25,951,565	17,042,321	(445,346)	(764,039)	(568,806)	(577,232)	(123,460)	186,807
Option contracts	9,131,686	3,988,627	12,854	(12,439)	26,231	(27,445)	13,377	(15,006)
Purchase commitment - purchased position	3,809,543	1,644,780	(112,686)	(75,573)	(65,095)	(104,632)	47,591	(29,059)
Commitments to sell - purchased position	1,372,750	840,816	(13,836)	(6,216)	(43,753)	(625)	(29,917)	5,591

Purchase commitments - sold position	2,108,545	716,655	62,253	16,766	32,934	26,168	(29,319)	9,402
Commitments to sell - sold position	1,840,848	786,376	77,123	52,584	102,145	51,644	25,022	(940)
Forward								
Sales receivable			78,415	54,328	69,641	55,095	(8,774)	767
Shares			64,446	54,328	64,478	55,095	32	767
Foreign currency			13,969		5,163		(8,806)	-
Other derivative financial instruments (1)								
Asset position	1,960,538		309,394		320,828		11,434	
Liability position	4,857,391		(286,885)		(291,193)		(4,308)	
	ASSETS		1,727,739	857,833	1,819,840	537,440	92,101	(320,393)
	LIABILITY		(871,607)	(833,389)	(995,078)	(655,044)	(123,471)	178,345
	TOTAL		856,132	24,444	824,762	(117,604)	(31,370)	(142,048)

Derivative contracts mature as follows:

Clearing	0 - 30	31 - 180	181 - 365	Over 365	06/30/2003	06/30/2002
Futures	8,653,945	3,049,084	7,967,342	10,044,053	29,714,424	46,627,524
Swaps	3,837,254	4,551,912	7,592,467	9,524,586	25,506,219	8,573,912
Options	2,832,574	1,750,184	1,573,971	2,974,957	9,131,686	3,988,627
Other	860,511	1,542,364	1,541,218	2,873,836	6,817,929	-

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Note 7 - Loan Portfolio – Financial Area

(In Thousands of Reals)

a) Summary

	06/30/2003	06/30/2002
Loan operations	33,455,408	25,578,900
Lease operations	906,704	1,233,341
Other credits (1)	1,701,374	2,069,340
Advances on exchange contracts (2)	2,286,858	1,276,163
(-) Allowance for loan losses (3)	(3,082,374)	(2,911,473)
Total	35,267,970	27,246,271
Endorsement and sureties (4)	6,231,854	4,680,993
Total with endorsements and sureties	41,499,824	31,927,264

(1) Includes operations with Credit cards, Securities Receivable, and Debtors from Purchase of Values and Assets and Honored endorsements and sureties, classified in Other Credits.

(2) Includes Advances on exchange contracts and Income receivable from advances. Recorded in other credits/liabilities - Foreign exchange portfolio.

(3) Includes R\$ 177,511 related to the provision on operations with credit assignment characteristics, which is classified in Other credits.

(4) Recorded in memorandum accounts.

b) Allowance for Loan Losses

	01/01 to 06/30/2003	01/01 to 06/30/2002
Opening balance	(3,172,145)	(2,568,182)
Balance from acquisition of institutions	(87,832)	-
Extraordinary result (1)	(101,252)	31,874
Net increase for the period	(932,465)	(943,305)
Write-Offs (2)	1,211,320	568,140
Closing balance	(3,082,374)	(2,911,473)
Minimum provision required (3)	(2,234,265)	(2,196,473)
Exceeding provision (4)	(848,109)	(715,000)

(1) At June 30, 2003, considers the additional provision of the Acquired Institutions. At June 30, 2002, considers the additional provision of Banco Itaú Buen Ayre, net of the foreign exchange variation effects, taken to Extraordinary Result.

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

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

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



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Note 8 - Borrowings and Onlendings – Financial Area *(In Thousands of Reais)*

	06/30/2003	06/30/2002
Deposits	34,740,974	28,681,167
Funds obtained in the open market	11,747,471	13,366,329
Funds from acceptances and issuance	5,085,146	3,851,595
Borrowings and onlendings	12,570,007	9,291,484
Subordinated debts	4,642,631	1,886,816
Total	68,786,229	57,077,391



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Note 9 - Other Accounts

(In Thousands of Reais)

a) Other Credits

	06/30/2003	06/30/2002
Exchange portfolio	7,192,822	4,703,926
Receivables from advanced granted	76,841	18,525
Tax credits	4,040,101	3,181,912
Deposits in guarantee	2,216,928	2,060,768
Operations with credit assignment characteristics (*)	1,701,374	2,069,340
Social Contribution to offset – Provisional Measure (MP) 2158 of August 24, 2001	1,357,224	1,365,423
Income receivable	1,028,084	831,046
Taxes and contributions to offset	892,328	851,849
Negotiation and Intermediation of values	562,927	119,669
Sundry (*)	1,185,135	1,165,410
Total	20,253,764	16,367,868

(*) Based on the operations classified under this heading, a provision for loan losses was set up amounting to R\$ 266,032, of which R\$ 177,511 refers to operations with credit assignment characteristics and R\$ 88,521 to the operations of the Industrial area companies.

b) Provisions and Accounts Payable

	06/30/2003	06/30/2002
Exchange portfolio	7,566,139	4,627,724
Advances on exchange contracts	(2,210,017)	(1,257,638)
Operations with credit cards	1,809,858	1,820,918
Provisions for Labor/Contingent Liabilities	1,494,344	1,156,886
Negotiation and Intermediation of values	1,900,855	994,044
Personnel	309,746	274,464
Suppliers	109,225	143,143
Provisions and sundry creditors	2,833,391	2,458,372
Total	13,813,541	10,217,913

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Note 10 - Extraordinary Result

(In Thousands of Reals)

For a better analysis of the financial statements for the period, non-recurring income and expenses were segregated to the extraordinary result account, net of taxes (Income tax and Social contribution), basically relating, in the subsidiary Banco Itaú, to the amortization of goodwill referring to the acquisition of the investment in FIAT and the acquisition of BEG shares; adjustment to the risk rating standards of the credit portfolios of BBA and FIAT; and reversal of the provision for legal contingency for which there is already a favorable final court decision, as well as in ITAÚSA, arising from capital gain on the sale of investment in Union Carbide do Brasil S.A. (UCB); non-operating gain for variation of investment in the subsidiary Banco Itaú Holding Financeira; and constitution of Provision for Devaluation of Investments indexed to foreign currency.

	Parent company	Minority	Conglomerate
Amortization of goodwill	(239,890)	(268,803)	(508,693)
Allowance for loan losses	(31,184)	(35,641)	(66,825)
Reversal of the provision for legal contingencies	12,642	14,449	27,091
Capital gain in the sale of UCB	51,300	-	51,300
Non-operating gain in capital increase and treasury stock – Banco Itaú Holding	60,822	-	60,822
Set up of provision for devaluation of investments (*)	(75,000)	-	(75,000)
Total	(221,310)	(289,995)	(511,305)

(*) To cover risks of oscillations of the Real quotations in comparison to the U.S. dollar and the Euro, considering the high volatility scenarios as those observed along last year in local and foreign financial markets.

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Note 11 - Taxes

(In Thousands of Reais)

a) Composition of expenses with taxes and contributions

Charges with Income Tax and Social Contribution incident on operations for the period, and to offset related to temporary additions are as follows:

Due on Operations for the Period	01/01 to 06/30/2003	01/01 to 06/30/2002
Income before Income Tax and Social Contribution	3,229,931	1,665,156
Charges (Income Tax and Social Contribution) at the rates of 25% and 9%, respectively (*)	(1,098,177)	(566,153)
Increase/decrease in income tax and social contribution payables as a result of:		
Permanent (inclusions) exclusions	101,902	248,369
Equity in income of subsidiaries and affiliates	(20,995)	67,440
Interest on own capital	191,894	67,886
Non-deductible provisions and other	(68,997)	113,043
Temporary (inclusions) exclusions	(100,341)	(241,373)
Allowance for loan losses	(120,645)	(82,941)
Labor provisions, tax risks and other	20,304	(158,432)
Expenses with Income Tax and Social Contribution	(1,096,616)	(559,157)
Withholding tax on distribution of interest on own capital	(75,747)	(40,138)
Total Income Tax and Social Contribution	(1,172,363)	(599,295)
To offset related to temporary additions		

Constitution (reversal) on temporary additions/exclusions	96,892	249,856
Constitution (reversal) on tax losses and negative social contribution	(19,759)	(14,524)
Constitution (reversal) on others	(27,548)	43,084
Total Tax Credits	49,585	278,416

(*) According to Note 4k.

b) Tax Credits

- l) The tax credit balance segregated due to its origins (income tax and social contribution) is represented as follows:

	12/31/2002	Net activity	06/30/2003	06/30/2002
Related to tax losses and negative social contribution	865,215	(19,739)	845,476	782,145
Temporary differences represented by:	2,987,798	195,983	3,183,781	2,185,073
Allowance for loan losses	1,230,929	169,932	1,400,861	919,938
Adjustment to market value of trading securities and derivative financial instruments (Assets and liabilities)	439,407	(195,320)	244,087	406,025
Interest on own capital	93,882	44,671	138,553	43,987
Tax contingencies	200,491	27,998	228,489	229,348
Labor contingencies	265,566	27,563	293,129	211,205
Civil contingencies	118,326	26,792	145,118	93,629
Allowance for real estate	39,786	3,004	42,790	47,270
Other	599,411	91,343	690,754	233,671
Tax credits - reflected in stockholders' equity	10,691	153	10,844	214,694
Adjustment to market value of securities available for sale	10,691	153	10,844	214,694
Total Tax Credits	3,863,704	176,397	4,040,101	3,181,912

Social Contribution to offset arising from Option foreseen in article 8 of Provisional Measure 2.158-35, of August 24, 2001	1,385,766	(28,542)	1,357,224	1,365,423
--	------------------	-----------------	------------------	------------------

- II) The estimate of realization and present value of tax credits and social contribution to offset, arising from Provisional Measure 2158-35, existing at June 30, 2003, in accordance with the expectation to generate future taxable income, based on history of profitability and technical studies of feasibility are:

Realization year	Tax credits			Social contribution to offset
	Temporary differences	Tax loss and negative basis	Total	
2003	1,488,301	105,102	1,593,403	39,054
2004	802,319	262,312	1,064,631	117,862
2005	330,833	344,208	675,041	133,975
2006	259,031	131,266	390,297	149,725
2007	122,335	2,588	124,923	162,561
2008 to 2012	191,806	-	191,806	754,047
Total	3,194,625	845,476	4,040,101	1,357,224
Present value(*)	2,898,854	748,206	3,647,060	1,060,935

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

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

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

- III) Unrecorded tax credits amount to R\$ 492,948.

c) Tax and Social Securities Liabilities

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

	06/30/2003	06/30/2002
Taxes and contributions on income payable	735,733	355,084
Taxes and contributions payable	347,066	348,003
Provision for deferred income tax and social contribution	531,901	307,923
Provision for tax contingencies (*)	1,778,498	2,117,991
Total	3,393,198	3,129,001

(*) The decrease in balance arises, mainly, from the payments made with the benefits of Provisory Measure 38 of May 15, 2002 and 66 of August 30, 2002 during 2002.

II) Change in Deferred Income Tax and Social Contribution

	12/31/2002	Net movement	06/30/2003	06/30/2002
Excess depreciation - leasing	234,971	(8,223)	226,748	223,074
Taxation on overseas results - capital gains	71,073	(9,747)	61,326	52,314
Taxation on overseas results - foreign subsidiaries	-	-	-	12,039
Revaluation reserve	18,390	(7)	18,383	19,187
Adjustment to market value of securities available for sale	16,122	174,536	190,658	-
Adjustment to market value of trading securities and derivative financial instruments (assets and liabilities)	57,358	(22,920)	34,438	-
Other	383	(35)	348	1,309
Total	398,297	133,604	531,901	307,923

d) ITAÚSA paid or provisioned taxes and contributions in the amount of R\$ 2,239,000 (R\$ 1,490,696 from 01.01 to 06.30.2002), which were levied on profits, income and payroll. Moreover, R\$ 2,521,337 (R\$ 2,063,002 from 01.01 to 06.30.2002), was retained from customers and paid, amounts which are levied directly on financial operations.



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Note 12 - Investments Composition

(In Thousands of Reals)

a) Composition of Investments - ITAÚSA CONSOLIDATED

	06/30/2003	06/30/2002
Share of equity in affiliates – domestic	114,810	141,758
AGF Brasil Seguros S.A.	110,627	102,362
Union Carbide do Brasil S.A.	-	35,515
Others	4,183	3,881
Share of equity in affiliates – foreign	592,596	472,727
BPI S.A.	589,179	471,356
Others	3,417	1,371
Other investments	142,743	378,443
Investments by tax incentives (*)	78,864	269,350
Equity securities	35,086	21,626
Shares and quotas	28,177	23,220
Other	70,039	72,471
Provision for losses	(69,423)	(8,224)
TOTAL	850,149	992,928

(*) Decrease in balance due to the reclassification to Current Assets of Options for Tax Incentives, amounting to R\$ 266,796 at 06.30.2003, with a provision of R\$ 216,714 against this amount.

b) Composition of Equity in Income of Affiliates and Subsidiaries - ITAÚSA CONSOLIDATED

	01/01 to 06/30/2003	01/01 to 06/30/2002
Share of equity in affiliates	6,211	23,024
Foreign exchange variation on investments	(67,963)	175,328
Equity in income of affiliates	(61,752)	198,352



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Note 13 - Related Parties

(In Thousands of Reais)

Transactions between related parties were carried out at amounts and terms 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 from the consolidated financial statements and take into consideration the lack of risk.

The unconsolidated related parties are the following:

- The controlling companies of ITAÚSA;
- Fundação Itaúbanco, Fundação Duratex, Fundação Itaúsa Industrial, FUNBEP - Multi-sponsored Pension Fund and Employees' Social Security Savings of BEG (PREBEG), closed private pension entities, that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 17a; and
- Fundação Itaú Social and Instituto Itaú Cultural (IIC), entities sponsored by Banco Itaú S.A. to act in their respective areas of interest. During the period, the consolidated companies made donations to IIC in the amount of R\$ 6,659.

The transactions with these related parties are not significant in the overall context of ITAÚSA operations, 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 as follows:

	06/30/2003	06/30/2002
Duratex	255,964	277,016
Elekeiroz	13,791	32,311
Itautec Philco	89,012	108,141
Ciquine	24,220	-
Total	382,987	417,468



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Note 14 - Stockholders' Equity

(In Thousands of Reais)

a) Capital

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

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

The Extraordinary General Meeting (AGE), held on April 28, 2003 increased the capital to R\$ 3,500,000, being R\$ 383,300 through capitalization of revenue reserves, without issuing shares, and R\$ 116,700 through private subscription, with the issue of 77,800,000 new entry shares, with no nominal value (28,564,178 common and 49,235,822 preferred) at R\$ 1.50 each, which were fully paid-up and subscribed in cash or through the settlement of credits arising from interest on own capital declared by Itaúsa, as approved in the AGE held on June 26, 2003.

b) Treasury Stock

Based on the authorizations of the Board of Directors, own shares were purchased in the period, to be held in treasury, for their subsequent cancellation or disposal in the market, per thousand shares, expressed in reais, by the minimum cost of R\$ 2.33, average cost of R\$ 2.44 and maximum cost of R\$ 2.52, for preferred shares, and its market value, of R\$ 2.25 per thousand shares.

The movement in capital shares and treasury stock in the period is as follows:

	NUMBER		
	Common	Preferred	Total
Capital shares			
Number of shares at December 31, 2002	1,156,079,213	1,992,723,569	3,148,802,782
Capital increase with subscription of shares	28,564,178	49,235,822	77,800,000
Number of shares at June 30, 2003	1,184,643,391	2,041,959,391	3,226,602,782
Treasury stock			
Number of shares at December 31, 2002	-	-	-
Purchase of shares	-	5,000,000	5,000,000
Treasury stock at June 30, 2003	-	5,000,000	5,000,000
Outstanding shares at June 30, 2003	1,184,643,391	2,036,959,391	3,221,602,782

c) Dividends

Stockholders are entitled to a minimum mandatory 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 advance of the mandatory minimum dividend, paid as interest on own capital, according to the Administrative Council's decision, at the meeting held on March 17, 2003, was increased from R\$ 4.00 to R\$ 5.60 per thousand shares, as from those paid on July 1, 2003.

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

	Net income		Stockholders' equity	
	01/01 to 06/30/2003	01/01 to 06/30/2002	06/30/2003	06/30/2002
ITAÚSA	798,905	599,286	7,601,353	6,089,320
Goodwill amortization (1)	(121,196)	(26,015)	(1,119,993)	(1,021,355)
Tax credit (2)	18,442	22,151	618,842	565,528
Unrealized results	-	-	(1,506)	(1,506)
ITAÚSA CONSOLIDATED	696,151	595,422	7,098,696	5,631,987

- (1) *Relating to the acquisitions of investments in banks BBA Creditanstalt S.A., Fiat S.A., BEG S.A., Banestado S.A., Bemge S.A. and Itaú Buen Ayre S.A. and in Lloyds TSB Asset Management S.A., Ciquine Cia Petroquimica and additional stakes in IBT- Itaú Bankers Trust Banco de Investimento S.A. and BPI S.A.*
- (2) *Set up on goodwill limit determined in the acquisition of Banestado by the subsidiary Banco Itaú S.A.*



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Note 15 - Financial Instruments - Market Value

(In Thousands of Reals)

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

The book value of each financial instrument, whether included or not in the balance sheet, when compared with the values that might be obtained in an active market, or in the absence of such markets, using the net present value of future cash flows adjusted based on the current market interest rate, approximates its corresponding market value, or the market value is not available, except for those included in:

	<u>Book value</u>		<u>Market value</u>		<u>Unrealized income (loss) (1) (2)</u>			
					<u>Income</u>		<u>Stockholders' equity</u>	
	<u>06/30/2003</u>	<u>06/30/2002</u>	<u>06/30/2003</u>	<u>06/30/2002</u>	<u>06/30/2003</u>	<u>06/30/2002</u>	<u>06/30/2003</u>	<u>06/30/2002</u>
Short-term interbank deposits	14,851,702	13,470,590	14,859,435	13,474,605	7,733	4,015	7,733	4,015
Securities and derivatives	26,147,511	20,495,055	26,147,511	20,485,996		(9,059)		(9,059)
Unrealized income from securities					1,075,775	537,970	545,000	597,000
. Additional provision (exceeding the minimum required)					545,000	1,147,000	545,000	1,147,000
. Adjustments of securities available for sale					530,775	(609,030)	-	-
. Reclassification of additional provision					-	-	-	(550,000)
Loan operations	31,457,249	24,028,597	31,480,330	23,938,870	23,081	(89,727)	23,081	(89,727)
Investment in BPI	589,178	471,357	976,105	796,404	386,927	325,047	386,927	325,047

Other investments	142,743	378,443	142,743	372,306	-	(6,137)	-	(6,137)
Funds raised by subsidiary companies	64,143,597	55,190,575	64,087,912	55,133,963	55,685	56,612	55,685	56,612
Borrowings	826,036	934,165	826,036	927,546		6,619		6,619
Provisions and Accounts payable	13,813,541	10,217,913	13,661,678	10,217,913	151,863	-	151,863	-
Subordinated debts	4,642,631	1,886,816	4,404,505	1,886,816	238,126	-	238,126	-
Treasury shares	276,730	273,031	384,624	361,951	-		107,894	88,920
Total unrealized					1,939,190	825,340	1,516,309	973,290

(1) Does not consider the corresponding tax effects.

(2) Include unrealized income of minority of R\$ 670,311 (R\$ 729,865 on 06.30.2002).

To obtain the market value of these financial instruments, the following criteria were adopted:

- Interbank deposits, Bank Deposit Certificates and Mortgage Securities, the latter two included in Securities, were determined on the basis of their nominal values, monetarily corrected to maturity dates and discounted at present value at future market interest rates and swap market rates for fixed-rate securities and fixed interest securities rates for post-fixed securities published in the Gazeta Mercantil on 07.01.2003.
- Public Securities, included in Securities, were determined based on market rates validated through comparison with lists provided by the National Association of Open Market Institutions (ANDIMA). For financial and insurance areas, they are determined based on the market value, as prescribed by BACEN Circular Letters 3068 of 11.08.2001 and 3082 of 01.30.2002 and SUSEP Circular Letter 226 of 02.07.2003.
- Variable Income Funds Quotas, included in Securities, were determined based on the net value per quota on the balance sheet date. For financial and insurance institutions, they are determined based on the market value, as prescribed by BACEN Circular Letters 3068 of 11.08.2001 and 3082 of 01.30.2002.
- Publicly traded shares, when included in Securities, were valued using the average price quote of the last trading day of the month, if available, or on the most recent quotations for the companies' shares published in the daily bulletin of each stock exchange.
- Loan operations with maturity dates over 90 days, when available, were calculated on their net present value of future cash flows discounted at market

interest rates on the balance sheet date, also considering the effects of the hedges (swap contracts).

- Other investments and equity shares in foreign subsidiary and affiliated companies are determined on the basis of stock market quotations, book value per share and auction quotation.
- Time and interbank deposits, and funds from acceptances and issuance of securities, when available, were calculated based on their present value of future cash flows discounted using future market interest rates, the swap market for pre-fixed securities, and fixed income securities market rates for post-fixed securities published in the Gazeta Mercantil on 07.01.2003. The effects of the hedges (swap contracts) are also taken into account.
- Derivatives, comprising swap contracts to hedge other assets/liabilities, are determined based on reference value of each parameter set forth in the contracts (assets and liabilities positions), monetarily corrected through maturity and discounted to present value using future market interest rates, according to the characteristics of each contract.
- Treasury shares are valued according to the average quotation available on the last trading day of the month, or if not available, according to the most recent quotation on prior trading days, published in the daily bulletin of each stock exchange.



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Note 16 - Reclassification for Comparability Purposes *(In Thousands of Reais)*

In order to make the June 30, 2003 financial statements comparable, the balances at June 30, 2002, mainly for a better evidence of the Financial Area operations, have been reclassified.

	Previously disclosed	Reclassification	Reclassified balances
ASSETS			
Current assets and long-term receivables	85,420,485	(774,558)	84,645,927
Securities and derivatives	20,793,916	(298,861)	20,495,055
Loan and leasing operations	22,910,543	3,901,698	26,812,241
Allowance for loan losses	-	(2,783,651)	(2,783,651)
Rents and leasing	1,118,054	(1,118,054)	-
Other credits	16,924,067	(556,199)	16,367,868
Allowance for loan losses	-	(218,359)	(218,359)
Other assets	-	298,868	298,868
TOTAL ASSETS	90,273,061	(774,558)	89,498,503
LIABILITIES			
Current and long-term liabilities	76,537,430	2,304,509	78,841,939
Funds raised by subsidiary companies			
Domestic currency	33,808,248	(736,933)	33,071,315
Open market	12,750,308	616,021	13,366,329
Subordinated debts	-	1,886,816	1,886,816
Real estate liabilities	1,269	(1,269)	-
Taxes and social security contributions	1,685,751	1,443,250	3,129,001

Technical provision for insurance, pension plan and capitalization	507,549	2,951,025	3,458,574
Provisions and accounts payable	14,072,314	(3,854,401)	10,217,913
Technical provisions for insurance, pension plan and capitalization (*)	2,951,025	(2,951,025)	-
Deferred income	191,170	(128,042)	63,128
TOTAL LIABILITIES	90,273,061	(774,558)	89,498,503
Statement of income			
Operating revenues	16,366,840	(525,355)	15,841,485
Operating expenses	(14,647,703)	525,355	(14,122,348)
Operating income	1,719,137	-	1,719,137

(*) According to CNSP Resolution 86/02, the technical provisions for insurance, pension plan and capitalization are now classified in Current liabilities and/or Long-term.



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Note 17 - Benefits to Employees

(In Thousands of Reals)

Under the terms of CVM Resolution 371, dated 12.13.2000, we present the policies adopted by ITAÚSA and its subsidiary companies regarding to employee benefits, as well as the accounting procedures adopted:

a) Supplementary Pension Benefits

ITAÚSA and its subsidiaries sponsor supplementary pension plans managed by Fundação Itaúbanco, Fundação Itaúsa Industrial, FUNBEP - Fundo de Pensão Multipatrocinado, PREBEG - Caixa de Previdência dos Funcionários do BEG and Fundação Duratex (closed private pension funds). The main purpose of these entities is to grant life annuity benefits (FUNBEP, PREBEG and the plan of Fundação Bemge de Seguridade Social FASBEMGE also grant death benefits), in order to supplement the retirement paid by the Social Security system. All of these defined benefit plans are closed to new participants.

New employees have the option to participate in a defined contribution plan (PGBL) managed by Itaú Previdência e Seguros or by Fundação Itaúsa Industrial, should them be hired by the Financial & Insurance Area or the Industrial Area, respectively.

During the period, the contributions paid totaled R\$ 22 (R\$ 21 from 01.01 to 06.30.2002) in ITAÚSA and R\$ 13,533 (R\$ 15,429 from 01.01 to 06.30.2002) in ITAÚSA CONSOLIDATED. The contribution rate increases based on the beneficiary's salary.

b) Post-employment Benefits

ITAÚSA and/or its subsidiaries do not offer other post-employment benefits, except in those cases arising from maintenance obligations including in acquisition agreements signed by the subsidiary ITAÚ, under established terms and conditions, in which health plans are totally or partially sponsored for certain former employees and beneficiaries. During the period, contributions totaled R\$ 2,604 (R\$ 2,587 from 01.01 to 06.30.2002). The contribution rate increases according to the beneficiary's age.

c) Net Amount of Assets and Actuarial Liabilities of Benefit Plans

The net assets and actuarial liabilities, which are calculated in accordance with the criteria established by CVM Resolution 371/2000, are summarized as follows.

	06/30/2003	06/30/2002
Net assets of the plans	6,350,489	5,271,922
Actuarial liabilities	(5,390,244)	(5,061,517)
Excess (*)	960,245	210,405

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

In addition to reserves kept by the plans, sponsors recorded provisions in the amount of R\$ 27,846 (R\$ 59,481 at 06.30.2002) to cover possible actuarial insufficiencies.

d) Changes in Net Asset of Actuarial Liabilities and Excess

DESCRIPTION	01/01 to 06/30/2003			01/01 to 06/30/2002		
	Asset	Actuarial liabilities	Excess	Asset	Actuarial liabilities	Excess
Present value at the beginning of the period	5,808,450	(5,187,777)	620,673	5,079,857	(4,828,666)	251,191
Adjustments in the period (1)	-	16,597	16,597	4,073	(38,781)	(34,708)
Expected return from assets/cost of current services + interest	353,674	(346,048)	7,626	308,990	(305,923)	3,067
Benefits paid	(126,984)	126,984	-	(111,853)	111,853	-
Contributions sponsors/participants	30,556	-	30,556	39,437	-	39,437
Gains (losses) in the period	284,793	-	284,793	(48,582)	-	(48,582)
Present value at the end of the period	6,350,489	(5,390,244)	960,245	5,271,922	(5,061,517)	210,405

(1) Adjustments arising from the review on the scope of the assumed commitments and related effects on actuarial calculations.

e) The Main Assumptions Used in the Actuarial Evaluation

	06/30/2003	06/30/2002
Discount rate (1)	10.24% p.a.	10.24% p.a.
Return rate expected for the assets	12.32% p.a.	12.32% p.a.
Staff turn over (2)	Exp.Itaú 99/01	Exp.Itaú 96/98
Future salary increase	7.12% p.a.	8.16% p.a.
Increase in social security benefits and plans	4.00% p.a.	4.00% p.a.
Inflation	4.00% p.a.	4.00% p.a.
Actuarial method	Projected Unit Credit (3)	Projected Unit Credit (3)

(1) In relation to the plans managed by FUNBEP and PREBEG, sponsored by Banco Banestado S/A and BEG S/A, respectively, it was used, as from December 31, 2002, the discount rate of 11.80% p.a. and 12.32%, respectively, which considers the weighted average return rate expected for the assets of these plans, including fixed income securities with terms compatible with those of the actuarial liabilities.

(2) The staff turn over assumption is based on the effective participants of Banco Itaú S.A., resulting in an average of 2.0% p.a. in 1999/2001 and 3.7% p.a. in 1996/1998.

(3) Using the Project Unit Credit method, the mathematical reserve is determined by the current projected benefit amount multiplied by the ratio between the time of service in the company at the assessment date and the time of service that will be reached at 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.



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Note 18 - Additional Information

(In Thousands of Reals)

a) Insured Assets

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

b) Balances in Foreign Currency

The balance sheet accounts in local currency that are indexed to foreign currency amount to the following:

	06/30/2003	06/30/2002
Foreign permanent investments	7,297,993	5,686,152
Net balance of other assets and liabilities indexed to foreign currency, including derivatives	(7,851,838)	(1,501,421)
Net foreign exchange position	(553,845)	4,184,731



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Note 19 - Statement of Cash Flow

(In Thousands of Reais)

	01/01 to 06/30/2003	01/01 to 06/30/2002
Operating activities		
Net income	696,151	595,422
Adjustment to market of derivative financial instruments liabilities	(517,798)	812,657
Provision for loan losses	933,294	946,510
Change in technical provision for insurance, pension plan and capitalization	971,971	494,514
Assets deferred income tax	(49,585)	(278,416)
Provision for losses and other assets	4,348	3,193
Amortization of goodwill	595,925	78,258
Equity in the results of affiliates and associated companies	61,752	(198,352)
(Gain) Loss on currency translation	(67,963)	175,327
Provision for losses on other investments and tax incentives	7,805	2,212
Depreciation and Amortization	355,000	314,345
Minority interest results	790,746	588,840
Change in assets and liabilities		
(Increase) Decrease in short-term interbank investments	2,124,440	(3,406,430)
(Increase) Decrease in securities	569,951	(1,454,484)
(Increase) Decrease in interbank and interbranch accounts	2,320,268	522,972
(Increase) Decrease in loan and leasing operations	(1,109,123)	(1,232,387)
(Increase) Decrease in inventories	24,047	(68,940)
(Increase) Decrease in other credits and other assets	2,022,458	2,122,710
(Increase) Decrease in prepaid expenses	24,029	(67,308)
(Decrease) Increase in technical provisions for insurance, pension plan and capitalization	13,520	(259,626)
(Decrease) Increase in provisions, accounts payable and other liabilities	(1,314,830)	(2,156,016)
(Decrease) Increase in deferred income	22,423	(18,644)

Net cash provided by (invested in) operating activities	8,478,829	(2,483,643)
Investment activities		
Interest on own capital/dividends received	-	-
Disposal of investments	119,860	12,111
Sale of assets in use	43,710	144,829
Decrease in deferred charges	3,612	8,258
Purchase of investments	(40,028)	(204,385)
Goodwill in investments	(539,474)	(102,646)
Purchase of assets in use and forest reserves	(313,298)	(535,979)
Investments in deferred charges	(86,451)	(66,240)
Change in minority interest	525,912	(142,726)
Net cash provided by (invested in) investment activities	(286,157)	(886,778)
Financing activities		
Increase (Decrease) in funds obtained by subsidiaries - Foreign currency	(1,370,023)	1,265,214
Increase (Decrease) in funds obtained by subsidiaries - Local currency	(4,249,387)	223,468
Increase (Decrease) in funds obtained by subsidiaries in the open market	(128,280)	842,399
Increase (Decrease) in borrowings and onlendings - Foreign currency	(30,934)	(64,566)
Increase (Decrease) in borrowings and onlendings - Local currency	(53,946)	76,716
Increase (Decrease) in derivative financial instrument liabilities	(1,414,458)	832,714
Increase (Decrease) in subordinated debts	(1,064,293)	453,985
Dividends paid to minority interest	(282,007)	(100,449)
Capital increase	116,700	148,825
Purchase of own shares	(12,214)	-
Interest on own capital of prior year	-	-
Adjustment of securities and derivatives - Financial subsidiaries	-	8,874
Change in market value at the period - Financial subsidiaries	130,814	3,289
Interest on own capital paid and/or provisioned	(223,265)	(167,448)
Net cash provided by (invested in) financing activities	(8,581,293)	3,523,021

Increase (Decrease) in cash and cash equivalents, net	(388,621)	152,600
At the beginning of the period	1,982,716	1,958,408
At the end of the period	1,594,095	2,111,008
Increase (Decrease) in cash equivalents, net	(388,621)	152,600



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Itaúsa - Investimentos Itaú S.A.

Report of the Independent Accounts
Periods Ended June 30, 2003 and 2002

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Report of Independent Accountants on the Limited Review

August 8, 2003

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 financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiary companies (consolidated) for the six-month periods ended June 30, 2003 and 2002, consisting of the consolidated balance sheets and the corresponding consolidated statements of income. This information is the responsibility of the management of the Company. The limited reviews of quarterly information of certain indirect subsidiary companies, evaluated on the equity method, were carried out by other independent auditors, and our report on the limited review, regarding the value of these investments in the amount of R\$ 3,137,874 thousand, consolidated assets in the amount of R\$ 14,972,068 thousand and the net income obtained by them in the six-month period ended June 30, 2003, in the amount of R\$ 109,097 thousand, is exclusively based on the reports of these other independent auditors.
2. Our reviews were performed in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON) in conjunction with the Federal Accounting Council (CFC) and mainly comprised: (a) inquiries 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 Itaúsa - Investimentos Itaú S.A. and its subsidiary companies.
3. Based on our limited reviews and on the reports of other independent auditors, as mentioned in paragraph 1 above, we are not aware of any material modifications which should be made to the quarterly information referred to above for it to be stated in compliance with accounting practices adopted in Brazil specifically applicable to the preparation of periodical information and with the standards of the Brazilian Securities Commission (CVM).

PricewaterhouseCoopers
Auditores Independentes

Ricardo Baldin
Partner

CRC 2SP000160/O-5

Contador CRC 1SP110374/O-0

Itaúsa - Investimentos Itaú S.A.

Opinion of the Fiscal Council

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Opinion of the Fiscal Council

Itaúsa - Investimentos Itaú S.A.

CNPJ - 61.532.644/0001-15

Public Company

OPINION OF THE FISCAL COUNCIL

The members of Itaúsa - Investimentos Itaú S.A.'s Fiscal Council, having examined the financial statements for the second quarter of 2003, 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 period, recommending that they be approved by the Company's Administrative Council.

São Paulo-SP, August 11, 2003.

JOSÉ MARCOS KONDER COMPARATO

GERALDO DE CAMARGO VIDIGAL

MARCOS DE ANDRADE REIS VILLELA