



Consolidated Financial Statements

JUNE 2005

BANCO ITAÚ BBA S.A.

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REPRESENTATIVE OFFICES

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PRODUCTS AND SERVICES

COMMERCIAL BANK ACTIVITIES

CORPORATE FINANCE

Local currency financing: short (Hot Money) and long term
Vendor and "Compror" Financing
Receivables acquisition: first loss, FIDC, CRI etc.
Local currency Guarantees: Performance Bonds, Bid Bonds, etc
Leasing financing
Agricultural loans
Treasury transactions: sophisticated derivatives, TDs, Bond Trading, Repos
Asset Management: complete family of investment funds

LOCAL CASH MANAGEMENT

Collection and delivery of values
Automated disbursement
Suppliers electronic payment systems
Tax payments
Payroll
Employee financing
Company Site Branches, ATM's

PROJECT FINANCE

Financial advisory
Arranger and financial agent for projects and investments
Credit lines with all major Multilateral Agencies (IDB, IFC, DEG etc.)
On lending of BNDES (Federal Development Bank) and CEF (Federal S & L Bank) funds

TRADE FINANCE

Short and Long-term, Import and Export Finance (US\$ and local currency)
Credit lines with all major ECAs (Eximbank, COFACE, HERMES etc.)
Guarantees: L.Cs, Performance Bonds, Bid Bonds etc
Spot and future FX Transactions
Offshore loans
International Cash Management
Trade services: import & export collections, document processing, etc.

INVESTMENT BANK ACTIVITIES

MERGERS & ACQUISITIONS

Full advisory on M&A transactions
Restructurings and reorganizations
Strategic advisory

EQUITY CAPITAL MARKETS

Primary and secondary public offerings
Initial public offerings
Voluntary and mandatory share tender offers

DEBT CAPITAL MARKETS

Local and international fixed income instruments
Securitizations
Asset backed securities

NOTE FROM THE BOARD

Itaú BBA took important steps during this last semester to further its activities abroad, to strengthen its investment banking business and to increase its focus on structured and derivative transactions.

As such, our Nassau branch and our representative offices in Buenos Aires and New York have been fully active. In order to support the increased foreign trade activities of our corporate clients: (i) we obtained, on March 24th, authorization from the Chinese authorities to start the activities of our Shanghai representation office; (ii) we actively implemented a closer cooperation with Banco Itaú Europa to take advantage of its investment grade ratings; and (iii) we promoted an effective engagement of our Brazilian desk in Argentina.

The offer of foreign trade credit facilities was high, reducing funding costs to record lows. Foreign currency funding was extended to maturities of up to three years, evidencing the market's improved perception of Brazil's risk.

We would like to stress Itaú BBA's performance in local capital markets throughout the semester. In the January-June 2005 period, the bank ranked first in the ANBID fixed income ranking with a market share of 19.1%.

Itaú BBA led the issuing of debentures, investment funds involving credit rights, and certificates of real estate receivables in an aggregate amount of US\$ 4.5 billion, accounting for 36% of all fixed-income transactions registered with Brazil's security and exchange commission (CVM) in the semester.

In equity markets, Itaú BBA acted as joint book runner and co-manager in share offerings amounting to US\$ 0.4 billion. Additionally, as a result of the organizational changes made to strengthen Itaú BBA's investment banking area, two new important equity-related mandates to act as book runner were awarded to the bank.

Finally, as to structured and derivative transactions, the main highlights were: (i) transactions with export-oriented clients seeking protection against foreign exchange volatility, (ii) increased credit demand, particularly in the second quarter, related to bridge loans linked to capital market transactions or long-term financings; and (iii) structured transactions specifically designed to meet the individual needs of our clients.

Altogether these actions resulted in excellent results in the first semester showing the continuous growth of our business.

We wish to extend our gratitude to our shareholders, clients and to the financial community for their fundamental support and confidence, and to our employees, who ensured our performance.

The Board

CONSOLIDATED BALANCE SHEETS (*)

June 30, 2005 - In millions of U.S. Dollars

	Banco Itaú BBA Pro Forma	Banco Itaú Pro Forma	Banco Itaú Holding
ASSETS			
CURRENT AND LONG-TERM ASSETS	16,430	54,007	60,310
Cash and Cash Equivalents	24	859	883
Short-Term Interbank Deposits	5,571	14,586	9,846
Securities	3,395	8,132	12,405
Interbank and Interbranch Accounts	16	5,568	5,576
Loan Operations	6,919	13,972	20,893
Loans	7,024	15,248	22,272
(Allowance for Loan Losses)	(105)	(1,275)	(1,379)
Other Assets	506	10,890	10,709
PERMANENT ASSETS	26	923	1,189
TOTAL ASSETS	16,456	54,931	61,498
LIABILITIES			
CURRENT AND LONG-TERM LIABILITIES	14,941	51,203	54,615
Deposits	8,054	19,285	18,590
Deposits Received under Securities Repurchase	1,279	7,815	7,611
Funds from Acceptances and Issue of Securities	264	2,214	2,276
Interbank and Interbranch Accounts	130	954	1,076
Borrowings and on Lendings	2,888	989	3,876
Derivative Financial Instruments	658	701	716
Other Liabilities	1,668	13,925	15,148
Foreign Exchange Portfolio	191	5,285	5,212
Subordinated Debts	378	1,315	1,930
Others	1,099	7,325	8,006
Technical Provisions of Insurance, Pension Plans and Capitalization	-	5,321	5,321
DEFERRED INCOME	4	13	17
MINORITY INTEREST IN SUBSIDIARIES	-	-	472
ALLOCATED CAPITAL	1,512	3,715	6,393
TOTAL LIABILITIES	16,456	54,931	61,498

CONSOLIDATED MANAGERIAL INCOME STATEMENTS (*)

For the six-month period ended June 30, 2005 - In millions of U.S. Dollars

	Banco Itaú BBA	Banco Itaú	Banco Itaú
	Pro Forma	Pro Forma	Holding
MANAGERIAL NET INTEREST MARGIN	361	2,143	2,677
Result from Loan Losses	40	(476)	(462)
NET INCOME FROM FINANCIAL OPERATIONS	401	1,667	2,215
OTHER OPERATING INCOME (EXPENSES)	(71)	(512)	(552)
Banking Service Fees	74	1,477	1,551
Result from Operations of Insurance, Capitalization and Pension Plans	-	169	169
Administrative Expenses	(130)	(1,966)	(2,103)
Taxes Expenses (ISS, PIS/COFINS)	(22)	(255)	(296)
Equity in Income (Losses) of Unconsolidated Investments	-	-	49
Other Operating Income	7	63	78
OPERATING INCOME	330	1,155	1,663
Non-Operating Income	-	2	2
INCOME BEFORE TAX	330	1,158	1,665
Income Tax and Social Contribution	(62)	(314)	(395)
Extraordinary Results	-	-	(82)
Profit Sharing	(22)	(73)	(96)
Minority Interests	-	-	(40)
NET INCOME	246	771	1,053
Allocated Capital	1,512	3,715	6,393
Return on Allocated Capital	35.2%	45.8%	35.6%

(*) Under the strategy pursued by Itaú, exchange risk management of capital invested abroad is carried out so as to have no foreign exchange impacts on results. To this end, the bank eliminates the exchange risk and remunerates such investments in Reais (R\$) by availing itself of derivative financial instruments. Such management takes into account all tax effects both those relating to the non-deductibility of the exchange variation during periods when the real appreciates or depreciates against the dollar, and those tax effects arising from derivatives financial instruments used to hedge the investments. Therefore, the managerial net interest margin was conceived to reflect better the operations of Itaú and includes two adjustments to the accounting financial margin: (i) the exchange variation of investments abroad, which is distributed throughout the statement of income, line by line; (ii) the tax effects from hedge activities, shown in the statement of income under tax expenses (PIS and COFINS) and income tax and social contribution lines.

For Itaú BBA and Banco Itaú the financial information summarized above was based on pro forma statements adjusted for the impacts associated with the allocation of the capital stipulated by the rules of the Central Bank (11%), with a 25% safety margin to total 13.75% of risk weighted assets. This makes it possible to determine the Return on Allocated Capital, establishing a measure of performance that is consistently adjusted to the need for capital, compatible to the risks managed by each bank. The adjustments of the balance sheets and statements of income were based on internal information (pro forma) and represent the business segmentation adopted by Itaú.

The Itaú Holding figures do not add to the sum of the parts due to certain inter-companies transactions that are eliminated at the consolidated level and due to the net income originated by the excess capital.

The audited consolidated financial statements and Management Discussion & Analysis for Banco Itaú Holding are available at www.itauri.com.br.

The financial numbers presented in this report have been translated into US Dollars (US\$) to facilitate the understanding by foreign readers, for the prevailing exchange rate provided by Brazilian Central Bank's as of June 30, 2005 (R\$ 2.3504/US\$1). This translation should not be interpreted, at any time, as the amounts in Reais converted into US\$ Dollars.