



ITAÚSA

Complete Financial Statements

December 31, 2015



MANAGEMENT REPORT

We present the Management Report and the Financial Statements of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and its subsidiaries for the period from January to December 2015, prepared in accordance with the standards established by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), as well as the International Financial Reporting Standards (IFRS).

The financial statements were audited by BDO RCS Auditores Independentes S/S (BDO) as independent auditors in attendance to the statutory requirements, including the CVM policy, and have received an unqualified opinion from the external auditor. The financial statements were approved by the Fiscal Council. As per the Corporate Governance principles, the financial statements were also audited by PricewaterhouseCoopers Auditores Independentes (PwC) as independent auditors of the Conglomerate, including the parent company of Itaúsa.

The financial statements were made available to the CVM and to the São Paulo Stock Exchange (BM&FBovespa).

1) ECONOMIC ENVIRONMENT

The developed countries continued to recover in 2015, despite a certain slowdown in the fourth quarter. In the United States, GDP increased 2.4% in 2015 and the unemployment rate fell to 5.0% in the fourth quarter of 2015, as compared to 5.7% at the end of 2014. In the Eurozone, growth accumulated in the four quarters, until September, was 1.3%. Employment levels have also increased in Europe.

In the emerging countries, GDP growth slowed down. China's GDP expanded 6.9% in 2015, from the 7.3% growth in 2014. In the fourth quarter, prices of major commodities continued to fall.

In the domestic scenario, the economic activity continued to decrease. GDP for the third quarter posted a 1.7% drop as compared to the second quarter of 2015. Early indicators suggest a new reduction in the fourth quarter. This reduction in the rate of activity has impacted the labor market. The unemployment rate, after reaching 4.3% in December 2014, increased to 6.9% in December 2015.

Inflation measured by the Broad National Consumer Price Index (IPCA) reached 10.7% in 2015, compared to 6.4% in the previous year. The largest portion of this

surge arose from the impact of regulated prices, which increased 18.1% in the period (from 5.3% in 2014). Free prices also posted an increase in 2015 (8.5%, from 6.7% in 2014), as an effect of the higher pressure of foreign exchange rate. The Central Bank of Brazil increased the interest rate to 14.25% in July, but kept it at the same level in the meetings held in September, October and November.

The Brazilian real depreciated against the U.S. dollar and closed December 2015 at R\$3.96/US\$ from R\$2.66/US\$ at the end of the previous year. Political and economic uncertainties, as well as the downgrade of Brazil to the speculative rating by risk rating agency Standard & Poor's affected the real. At the end of the year, the Central Bank maintained a stock of currency swaps of about US\$110 billion and US\$370 billion of international reserves.

The poor performance of the industrial sector remained unchanged over the fourth quarter. Industrial production shrank by 8.3% in 2015 from 2014. The production of capital goods contracted 25.5%, and the sharpest downturn was among the categories of industrial goods (consumption, capital and intermediate goods). All categories shrank. The manufacturing of civil construction materials fell by 12.9% in 2014. In the chemical industry, internal sales fell 5.4%, according to the Brazilian Association of Chemical Industry (ABIQUIM). The drop in confidence of entrepreneurs, the high level of inventories, and uncertainties in the domestic market have hampered the industrial sector recovery in the short term.

The annual variation in the balance of credit from the financial system was negative by 3.7% in December 2015, in actual terms, against a 4.6% increase in the previous year. Loans in the 12-month period through December 2015 fell 11.1%, in actual terms, against a 1.1% decrease in December 2014. The default rate for loans to individuals increased 50 bps in the last 12 months to 4.2% in December 2015. Loans to companies have recorded a rise in the default rate since January 2015, and reached 2.6% in December 2015 (1.9% in December 2014).

2) HIGHLIGHTS

ITAÚSA

Sustainability

For the 12th consecutive year, Itaúsa was selected to make up the portfolio of Dow Jones Sustainability World Index (DJSI), the main corporate sustainability ranking in the world. In its 2015/2016 edition, the portfolio is made up by 317 companies of 26 countries, of which only six are Brazilian companies - among which Itaúsa and Itaú Unibanco Holding S.A.

Itaúsa obtained the highest score in the banking sector in the following criteria:

- Anti-Crime Policies/Actions;
- Financial Stability and Systemic Risk;
- Financial Inclusion;
- Social Reporting; and
- Talent Attraction and Retention.

In addition, Itaúsa, Itaú Unibanco and Duratex were selected again to make up the portfolio of the Dow Jones Sustainability Emerging Markets Index.

Itaúsa was chosen, for the ninth year, to make up the portfolio of the Business Sustainability Index of BM&FBovespa (ISE). Itaú Unibanco and Duratex are also featured on this distinguished list of companies. The new portfolio comprises 40 shares of 35 companies, representing 16 sectors totaling R\$960 billion in market value, accounting for 44.75% of the total market value of companies with shares traded on BM&FBovespa (on November 24, 2015). This new portfolio became effective in 2016.

Corporate Events and Return to Stockholders

In the meetings held on February 9, 2015 and April 27, 2015, the Board of Directors approved the capital increase of R\$300 million, upon private subscription of shares. The subscription price was established at R\$6.70 per common or preferred share, and its parameter was the weighted average quotation of preferred shares in the period from October 6, 2014 to February 2, 2015, adjusted with a 30% negative goodwill. Subscribed shares were credited to stockholders' accounts at the end of April 30, 2015.

Likewise in the last two years, the General Stockholders' Meeting of April 30, 2015 approved a 10% share bonus, with capitalization of revenue reserves, in the amount of R\$5.0 billion. These bonus shares were assigned to stockholders free of charge, in the proportion of one new share for ten shares of the same type held (10% bonus shares) at the end of May 4, 2015. The cost attributed to bonus shares was R\$8.137540972 per share, impacting the average price of the stockholders' portfolio. The new shares

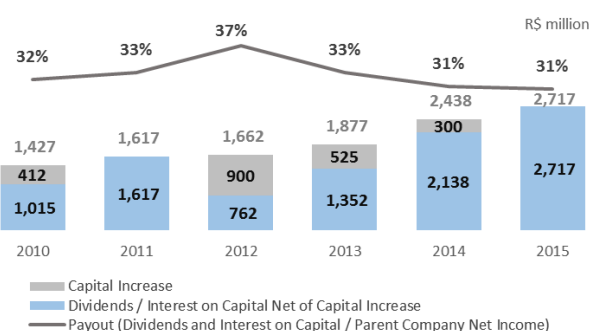
were credited on May 8, 2015. Taking into account that the value of quarterly dividends per share (R\$0.015) remained unchanged, stockholders were provided with a 10% increase accordingly.

The same Meeting also decided to cancel 10,547,800 book-entry shares of own issue in treasury at March 31, 2015, of which 8,227,800 are common shares and 2,320,000 are preferred shares, purchased for the amount of R\$96.5 million.

Held on February 18, 2016, the Board of Directors meeting resolved:

- To pay, on February 29, 2016, interest on capital declared on December 7, 2015, in the amount of R\$0.120900 per share (R\$0.102765 per share, net of withholding income tax);
- To declare additional dividends in the amount of R\$0.07550 per share as mandatory dividends for the 2015 fiscal year, which will be payable on February 29, 2016 based on the final share position on February 18, 2016;
- To declare additional interest on capital to the minimum mandatory for 2015 in the amount of R\$0.106306 per share (R\$0.09036 per share, net of withholding income tax), which will be payable on February 29, 2016 based on the final share position on February 18, 2016.

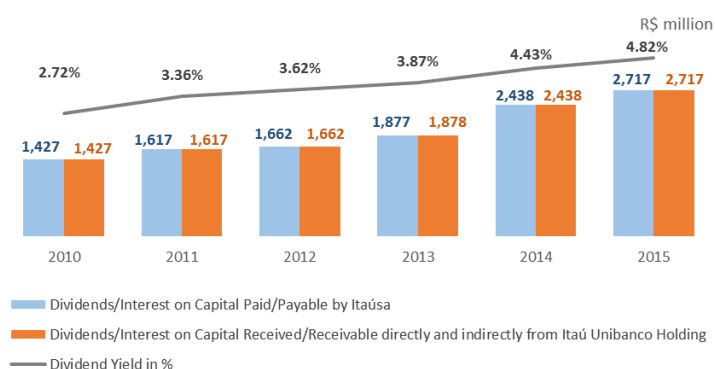
In view of the income earned in the 2015 fiscal year, return on stockholders totaled R\$2,717 million in dividends/ interest on capital, net of taxes. Payout (dividends and interest on capital / parent company's net income) for 2015 was 31%, unchanged from 2014.



At the end of December 31, 2015, the return^(a) on investment in dividends/ interest on capital (dividend yield) to stockholders at the average quotation for the

year, of the preferred shares (ITSA4), net of taxes, was 4.82%.

^(a) Dividend/Interest on Capital per share related to base year(x) – adjusted by bonus in shares, split and inplit. Average Price of Preferred Shares in year(x) – adjusted by earnings, except dividends.



Buyback Program

On November 9, 2015, the Board of Directors of Itaúsa approved the renewal of the buyback program, authorizing the acquisition of up to 75.0 million of its own shares (25.0 million common and 50.0 million preferred shares). Purchases may occur until May 2017.

Public Meeting - APIMEC

On August 20, 2015, Itaúsa held its 15th consecutive public meeting with investors, analysts and the market, in partnership with APIMEC, to submit the results of the Conglomerate. This event was held at the Unique Hotel in São Paulo – SP Brazil, and was attended by 260 participants at the venue, as well as broadcasted live on the Internet.

3) ITAÚSA ECONOMIC PERFORMANCE

MAIN INDICATORS OF ITAÚSA'S INDIVIDUAL RESULTS

As a pure holding company, Itaúsa's results are basically derived from its share of income, determined based on the results of its subsidiaries. Below we present Itaúsa's share of income and result considering recurring events only (nonrecurring items are detailed on page 6).

Recurring Share of Income by Area	01/01 to 12/31/2015		01/01 to 12/31/2014		Change (%)
	R\$ million	%	R\$ million	%	
Financial Services Area	8,482	99.8%	7,696	99.2%	10.2%
Industrial Area	16	0.2%	61	0.8%	-73.8%
Duratex	76	0.9%	125	1.6%	-39.2%
Elekeiroz	(29)	-0.3%	(19)	-0.2%	52.6%
Itautec	(31)	-0.4%	(45)	-0.6%	-31.1%
Others	-	0.0%	2	0.0%	
Recurring share of income	8,498	100.0%	7,759	100.0%	9.5%
Results of Itaúsa - net of taxes	(82)		(186)		
General Administrative Expenses	(40)		(34)		
Financial Income	98		68		
Tax Expenses	(227)		(157)		
Other Operating Revenues/Expenses	12		12		
Income Tax / Social Contribution	75		(75)		
Recurring Net Income	8,416		7,573		11.1%
Non-Recurring results	452		338		
Net Income	8,868		7,911		12.1%

General and Administrative Expenses

In 2015, general and administrative expenses totaled R\$40.0 million, up 17.6% from 2014. In relation to Itaúsa's individual net income in 2015, general and administrative expenses accounted for 0.45%, from 0.43% in 2014.

Financial Income / Expenses

In 2015, Itaúsa recorded a positive financial result of R\$98.0 million, a 44.1% increase from 2014. The positive financial income for the year was primarily driven by the profitability on financial investments.

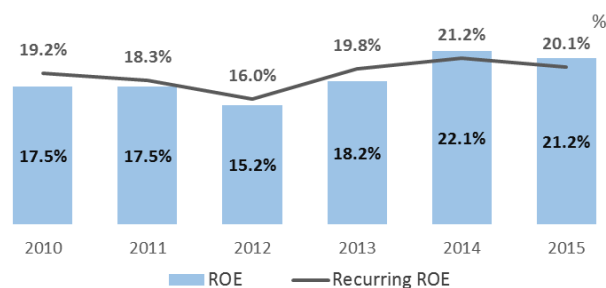
Tax Expenses

In the year-to-end, tax expenses totaled R\$227.0 million. These expenses are basically consist of PIS and COFINS (9.25%) levied on financial income and income from interest on capital received and receivable from investees.

Net Income

Total recurring net income from January to December 2015 was R\$8,416 million – an 11.1% increase from the previous year, with recurring return on average equity (ROE) of 20.1%. Net income in the same period reached R\$8.868 million, with a 21.2% return.

Return on Average Equity - ROE



Liquidity

Itaúsa has a sound liquidity position. Total cash and cash equivalents, and financial assets held for trading reached R\$1.1 billion at the end of December 2015, a 16.3% increase when compared to 2014.

At December 31, 2015, Itaúsa's indebtedness^(b) was only 4.6%, and out of total obligations of R\$2.2 billion, the amount of R\$1.4 billion referred to dividends and interest on capital payable.

(b) (current and long-term liabilities/ total assets) x 100

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

	R\$ million					
	Parent company		Non-controlling interests		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Net income	8,868	7,911	126	250	8,994	8,161
Recurring net income	8,416	7,573	145	226	8,561	7,799
Stockholders' equity	44,847	39,226	3,024	3,013	47,871	42,239
Annualized return on average equity (%)	21.2%	22.1%	4.1%	8.5%	20.0%	21.1%
Annualized recurring return on average equity (%)	20.1%	21.2%	4.7%	7.7%	19.1%	20.1%

MAIN FINANCIAL INDICATORS

Results per share - in R\$	R\$ per share		
	12/31/2015	12/31/2014	Change (%)
Net income of parent company	1.31	1.18	11.2
Recurring net income of parent company	1.25	1.13	10.2
Book value of parent company	6.64	5.85	13.6
Dividends/ interest on capital, net	0.40	0.36	10.7
Price of preferred share (PN) ⁽¹⁾	6.89	8.58	-19.7
Market capitalization ⁽²⁾ - R\$ million	46,539	57,585	-19.2

(1) Calculated based on the average quotation of preferred shares on the last day of the period.

(2) Calculated based on the average quotation of preferred shares on the last day of the period (quotation of average PN multiplied by the number of outstanding shares at the end of the period).

Note: The number of outstanding shares and the quotation of the share were adjusted to reflect the 10% bonus declared out on April 30, 2015.

RECONCILIATION OF RECURRING NET INCOME

In order to allow the appropriate analysis of the financial statements for the period, we present the net income with exclusion of the following main non-recurring effects, net of the respective tax effects:

	R\$ million					
	Parent company		Non-controlling interests		Consolidated	
	01/01 to 12/31/2015	01/01 to 12/31/2014	01/01 to 12/31/2015	01/01 to 12/31/2014	01/01 to 12/31/2015	01/01 to 12/31/2014
Net income	8,868	7,911	126	250	8,994	8,161
Inclusion/(Exclusion) of non-recurring effects	(452)	(338)	19	(24)	(433)	(362)
Itaúsa	142	3	-	-	142	3
Amortization of Goodwill	142	-	-	-	142	-
Effect of Adherence to the Program for the Payment of Federal Taxes	-	3	-	-	-	3
Arising from stockholding interest in Itaú Unibanco	(587)	(236)	-	-	(587)	(236)
Change in Treasury Shares	477	(63)	-	-	477	(63)
Sale of Large Risk Insurance Operation	-	(270)	-	-	-	(270)
Amortization of Goodwill	14	-	-	-	14	-
Improvement of the model for the Recognition of Provision for labor claims	-	27	-	-	-	27
Effect of the Favorable Decision, by the Supreme Court, on the Legality of COFINS - Plus the Provision for Losses on Tax Loss - Porto Seguro Pension Fund	-	21	-	-	-	21
Effect of the Favorable Decision on the Increase of the PIS/COFINS Calculation Base of IRB	-	(22)	-	-	-	(22)
Increase of the Social Contribution Rate	(1,465)	-	-	-	(1,465)	-
Tax Rate Increase - Porto Seguro	(6)	-	-	-	(6)	-
Effect of Adherence to the Program for the Payment of Federal Taxes	(14)	9	-	-	(14)	9
Allowance for loan losses - Credicard	-	15	-	-	-	15
Provision for Contingencies - Economic Plans	51	46	-	-	51	46
Provision for Contingencies - Tax and Social Security Lawsuits	209	-	-	-	209	-
Impairment	19	1	-	-	19	1
Other	79	-	-	-	79	-
Arising from stockholding interest in other Itaúsa group companies	(7)	(105)	19	(24)	12	(129)
Duratex	11	(12)	20	(22)	31	(34)
Elekeiroz	(18)	12	(1)	-	(19)	12
Itautec	-	(105)	-	(2)	-	(107)
Recurring net income	8,416	7,573	145	226	8,561	7,799

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES

	January to December	R\$ million				CONSOLIDATED ITAÚSA ⁽¹⁾
		Financial Services Area		Industrial Area		
		Itaú Unibanco Holding	Duratex	Elekeiroz	Itautec	
Total assets	2015	1,276,415	9,008	763	219	54,830
	2014	1,127,203	8,797	703	290	48,594
Operating revenues ⁽²⁾	2015	173,428	3,963	894	28	13,942
	2014	154,990	3,985	935	102	12,929
Net income	2015	25,740	192	(11)	(19)	8,994
	2014	21,555	394	(32)	(39)	8,161
Recurring net income	2015	22,892	222	(30)	(19)	8,561
	2014	21,083	359	(20)	(46)	7,799
Stockholders' equity	2015	112,252	4,616	455	77	47,871
	2014	99,260	4,609	465	109	42,239
Annualized return on average equity (%) ⁽³⁾	2015	24.8%	4.1%	-2.4%	-21.1%	20.0%
	2014	24.3%	8.7%	-6.6%	-28.9%	21.1%
Annualized recurring return on average equity (%) ⁽³⁾	2015	22.0%	4.8%	-6.5%	-21.1%	19.1%
	2014	23.8%	7.9%	-4.1%	-34.2%	20.1%
Internal fund generation ⁽⁴⁾	2015	56,881	919	31	1	932
	2014	58,231	1,030	16	(65)	1,105

(1) Itaúsa Consolidated includes: the consolidation of 100% of the subsidiaries and is net of consolidation elimination and unrealized results of intercompany transactions.

The amounts for Itaú Unibanco that were not consolidated and are now being accounted for under the equity method.

(2) Operating revenue by area of operations was obtained as follows:

- Itaú Unibanco Holding: Interest and similar income, dividend income, net gain (loss) from investment securities and derivatives, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.
- Duratex, Itautec and Elekeiroz: Sales of products and services.
- Itaúsa Conglomerate: Sales of products and services and share income of associates and joint ventures.

(3) Represents the ratio of net income for the period and the average equity ((Dec'14 + Mar + Jun + Sep + Dec) / 5).

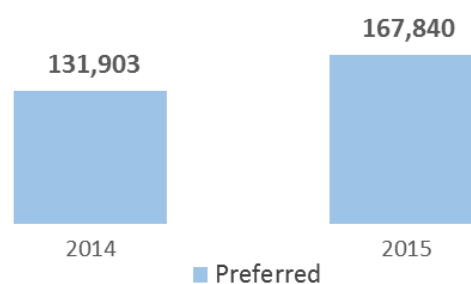
(4) Refers to funds arising from operations as reported by the statement of cash flows.

4) CAPITAL MARKETS

Traded on the São Paulo Stock Exchange (BM&FBOVESPA), at the end of 2015 Itaúsa's preferred shares (ticker ITSA4) were quoted at R\$6.88, a 19.2% decrease in relation to the closing quotation of the previous year, whereas the main index of that stock exchange, Ibovespa, posted a 13.3% devaluation. Common shares (ITSA3) closed the 2015 fiscal year quoted at R\$7.03, a 20.1% decrease from the end of 2014.

The daily average financial volume of the total common and preferred shares (PN) traded in 2015 was R\$167.8 million, as compared to R\$131.9 million in the previous year, with a total of 7,325 thousand transactions in 2015 (5,689 thousand in 2014).

Daily Average Financial Volume Traded (R\$000)



■ Preferred

Share Repurchase

Over 2015, Itaúsa purchased ^(d) 2.6 million common shares and 2.0 million preferred shares of own issue in the total amount of R\$38.2 million. The balance of treasury shares at the end of December 2015 reached 2.1 million common shares and 2.0 million preferred shares.

(d) All amounts were adjusted for the 10% bonus shares approved at the Annual Stockholders' Meeting held on April 30, 2015. The new shares were credited to the stockholders on May 8, 2015.

Itaúsa Discount

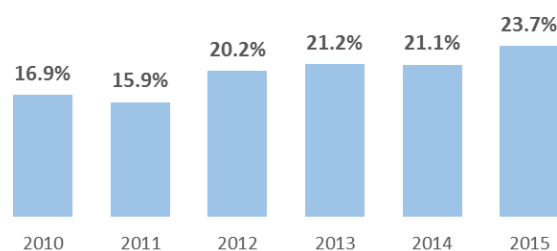
Discount is one of the indicators most frequently used by analysts, stockholders, and investors in capital markets to assess investments in Itaúsa, and it refers to the difference between the market value ascertained for Itaúsa and the theoretical market value obtained through the "sum of the parties" that compose it. The Investor Relations area discloses monthly information on discounts on the Company's website. To receive it, just register with www.itausa.com.br.

At December 31, 2015, Itaúsa's shares were traded at a 23.7% discount in relation to the market value of the sum of its interests in companies, as compared to 21.1% at the end of 2014.

Market capitalization, based on the value of the most liquid shares (ITSA4), at the end of the period was

R\$46,539 million, a 16.5% fall from the previous year, whereas the total market value of the sum of interests in subsidiaries reached R\$60,975 million. The calculation of market value includes the quotations of the most liquid shares (average of the last day of the period) multiplied by the number of outstanding shares.

History of Itaúsa Discount



News Portal for Disclosure of Material Information

Itaúsa adopted the use of the news portal "Rede de Divulgação" as an additional channel for disclosure of its material information (www.rededivulgacao.com.br). The adoption of this new disclosure method is in line with the updating of the information disclosure system, as proposed by CVM, strengthening the Company's relationship with stakeholders, in line with its commitment to transparency with the market.

5) ITAÚSA'S SUBSIDIARY COMPANIES



Merger of Itaú Chile with CorpBanca – In 2015, this merger was approved in Chile. Accordingly, Itaú Unibanco obtained all regulatory authorizations required in Brazil, Chile, Colombia and Panama.

The bank resulting from the merger will be named Itaú CorpBanca, will operate under the "Itaú" brand and will be controlled by Itaú Unibanco through a 33.58% ownership interest in its capital.

The consummation of the merger, which is expected to occur in the first half of 2016, will bring the following benefits to the stockholders of Banco Itaú Chile and CorpBanca:

- Creation of one of the soundest financial institutions in Latin America;
- A larger client service network;

- Lower funding costs and increased leverage capacity of Tier 1 capital, and
- Operating costs synergies.
- This operation consolidates Itaú Unibanco's strategy to expand its presence in Latin America, placing the bank in an outstanding position in Chile and Colombia, as well as diversifying our operations in the region.

Acquisition of ConectCar shares – On October 21, 2015, Rede entered into an Agreement for the Purchase and Sale of Shares and Other Covenants, by which it agreed to acquire 50% of the capital stock of ConectCar Soluções de Mobilidade Eletrônica S.A., by paying R\$170 million to Odebrecht Transport S.A. The remaining 50% of ConectCar's capital stock are

held by Ipiranga Produtos de Petróleo S.A., a company controlled by Ultrapar Participações S.A. This operation was approved by the Administrative Council for Economic Defense (CADE) and the Central Bank of Brazil in late 2015.

Control acquisition - Recovery - In December 2015, Itaú Unibanco entered into an agreement with Banco BTG Pactual S.A. (“BTG”), by which it agreed to purchase an 81.94% stake in Recovery do Brasil Consultoria S.A (“Recovery”), which is the total stake of BTG in Recovery.

After obtaining the regulatory and governmental authorizations required and complying with certain suspension conditions, Itaú Unibanco will pay R\$640 million to BTG for the stake in Recovery.

Together with the acquisition of the stake in Recovery’s capital, in the same operation Itaú Unibanco agreed to purchase approximately 70% of a credit rights portfolio, in the amount of R\$38 billion, related to the recovery of portfolios arising from credits mainly originated by some market banks. Subject to the same conditions precedent to the acquisition of the stake in Recovery’s capital, Itaú Unibanco will pay R\$570 million to BTG for the stake in this portfolio.

Credit intelligence bureau – On January 21, 2016, Itaú Unibanco Holding S.A. announced to the market that it has entered into a non-binding Memorandum of Understanding with four other banks, in order to create a credit intelligence bureau (“CIB”), which will be structured as a corporation and the Parties, each of them holding a 20% equity ownership, will share its control. CIB will develop a data base aiming to aggregate, reconcile and treat registration data and credit information of individuals and legal entities that expressly authorize their inclusion in such data base as required by applicable law. This action will increase the exchange of information of such individuals and legal entities, enabling higher levels of efficiency and improvement on credit management activities. This initiative shall facilitate, for participants of the Brazilian Financial System and other companies on the credit market, the granting of credit lines in the long and medium terms. The technical implementation of CIB will be performed together with a technical partner selected to develop and implement the technological and analytical platform of CIB, by means of a service agreement. CIB’s incorporation is subject to the execution of final contracts among the five banks that are parties to the agreement, as well as the satisfaction of certain conditions precedent, including the approval by applicable regulatory authorities.

Loan Portfolio

Economic Performance

The amounts commented on below, when related to the accounting information, were determined according to the International Financial Reporting Standards (IFRS) and are not proportionalized to reflect the ownership interest of 37.36% directly and indirectly held by Itaúsa.

Results

Net income for the 2015 fiscal year amounted to R\$26.2 billion, a 19.6% increase when compared to 2014, and annualized return on average equity ⁽¹⁾ was 24.8%. This result, achieved in a challenging economic period, was due to our ongoing strategy focused on lower-risk credit products, insurance revenue and services, while concurrently keeping a tight cost control.

(1) Return was calculated by dividing Net income attributable to owners of the parent company by Average equity of owners of parent company.

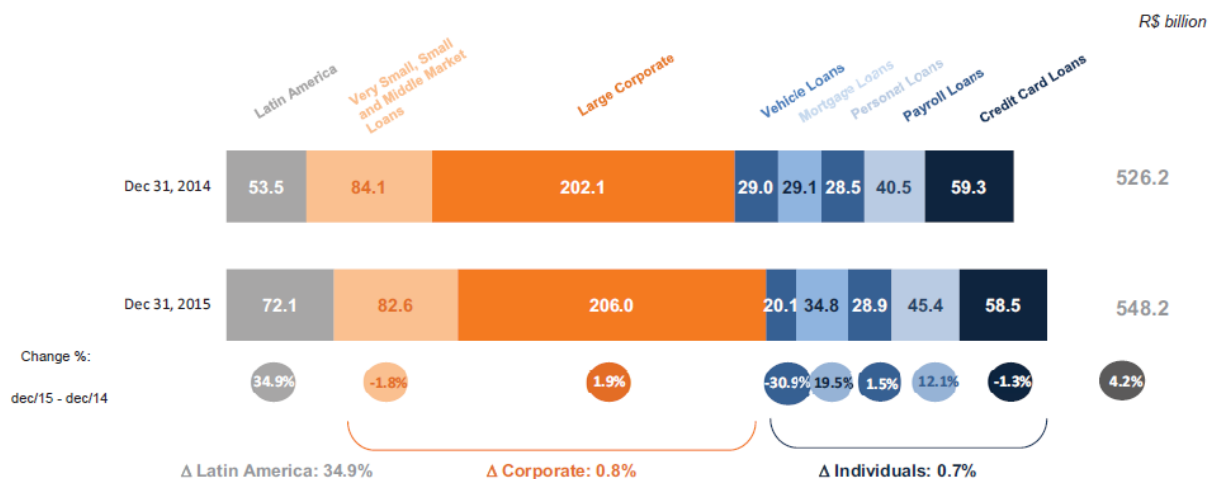
Assets

Total consolidated assets reached R\$1.3 trillion at the end of December 2015, a 13.2% growth from the same period of the previous year, mainly driven by an increase in money market and securities held for trading.

Itaú Unibanco’s business diversification is reflected in the changed composition of the loan portfolio in the last few years, focusing on origination in segments of lower risks and with increased guarantees.

At December 31, 2015, the balance of the loan portfolio, including endorsements and sureties, reached R\$548.5 billion, a 4.2% increase from December 31, 2014, mainly driven by increased payroll loans, mortgage loans, corporate and Latin America portfolios.

At December 31, 2015 and 2014, the breakdown of the portfolio, including endorsements and sureties, is as follows:



Default

Itaú Unibanco's strategy for reducing risk in credit granting, started in 2011, impacted the default rate, mainly due to the change in the credit profile of its portfolio. Due to the economic scenario:

- total default rate (transactions overdue for over 90 days) reached 3.5%, posting an increase of 40 basis points as compared to December 31, 2014.
- this rate reached 5.4% for the individuals portfolio at the end of December 2015, an increase of 70 basis points from the same period of the previous year; and
- for the companies portfolio, this rate was 1.9% at the end of December 2015, an increase of 20 basis points from the same period of the previous year.

The coverage ratio of the portfolio past due for over 90 days reached 164% in December 2015, a 400 basis points from the same period of the previous year.

Funding

At December 31, 2015, free, raised and managed assets totaled R\$1.9 trillion, a 13.9% increase from the same period of 2014.

Itaúsa – Investimentos Itaú S.A

As compared to December 2014, a 3.1% increase was posted in demand deposits added to savings deposits. The Loan Portfolio to Funding ratio reached 73.0% at December 31, 2015.

Capital Strength

In order to ensure strength and capital availability to support business growth, regulatory capital levels were kept above BACEN requirements (Prudential Consolidated *) to cover risks, as evidenced by the Basel ratio and the Tier I Capital and Tier II Capital ratios (see to Risk Management – Pillar 3 report on our website (www.itaú.com.br/investor-relations) > Corporate Governance).

At the end of December 2015, the Basel ratio reached 17.8%, of which 14.0% of Tier I Capital, mainly composed of capital stock, certain reserves and retained earnings, and prudential adjustments, and 3.8% of Tier II Capital, mainly composed of subordinated debt. These indicators evidence Itaú Unibanco's effective capacity of absorbing losses.

The subordinated debt, which is part of the regulatory capital Tier II of Itaú Unibanco, reached R\$27.1 billion at December 31, 2015.

(*) Prudential Consolidated: Consolidated financial statements including financial companies and the like: as from the January 2015 base date, in accordance with Circular No. 4,278, this is the calculation consolidated basis.

Sustainability and Corporate Responsibility

Sustainability is incorporated into corporate strategy by means of a consolidated governance structure integrated into business, which permits to internalize social and environmental topics in daily activities and processes. Itaú Unibanco's conduct is supported by three strategic focuses: financial education, dialogue and transparency, and social and environmental risks and opportunities.

The management of social and environmental risk is based on the identification, measurement, mitigation and monitoring of risks. In February 2015, the Policy on Sustainability and Social and Environmental Responsibility was reviewed and published based on the criteria established by BACEN Resolution No. 4,327. In compliance with this policy, social and environmental risks are analyzed based on the characteristics, needs, risk exposure and particularities of each business front.

In 2015, Itaú Unibanco launched the papers "Riscos e Oportunidades Socioambientais - a trajetória do Itaú Unibanco" (social and environmental risks and opportunities - the path of Itaú Unibanco) and "Escolhas e Dinheiro - Um estudo sobre comportamento e decisões financeiras" (choices and money - a study on behavior and financial decisions), which reflect its position, operation and future commitments regarding Social and Risks and Opportunities and Financial Education, respectively.

- Itaú Unibanco is now part of the Euronext Vigeo Sustainability Index - Emerging 70
- Inclusion in the Dow Jones Sustainability World Index (DJSI) for the 16th consecutive year
- Participation in the Business Sustainability Index of BM&FBOVESPA (ISE) for the 11th consecutive year
- The Most Sustainable Financial Institution according to Exame magazine.

Private Social Investment

Investments made in the social area – particularly those focused on the improvement of education, health, culture, sport and urban mobility – are aligned with the institution's purpose of changing the world for the better.

The purpose is to use the same expertise and efficiency applied to our business in the development of projects, technologies and tools that encourage

people to acquire more knowledge and critical awareness to make better choices.

In 2015, were invested R\$547.6 million in projects, either through allowances incentivized by laws (Rouanet Law, Sports Incentive Law) or through donations and sponsorships made by Itaú Unibanco, contributing to projects focused on education, health, culture, sports and mobility.



Investments totaled R\$576.2 million in 2015, of which R\$116.2 million is related to the acquisition amount of Corona and R\$178 million corresponds to planting and maintenance of forest areas. The Company will continue only with maintenance investments in its plants and forests, which are expected to reach R\$420 million in 2016.

Proceeding with internal actions to adjust the Company to the economic scenario, Duratex decided to adjust its capacity, announcing in December the temporary reduction of part of its activities in the Itapetinga unit. Coating and high-gloss lines remain active and this unit continues being strategic for the Company, with production to be resumed as soon as the economy and the market recover. Indemnity costs were fully recognized in this year.

The main in-house projects – Zero-Base Budgeting (ZBD), Duratex Management System, IT development and logistics project focused on the sales and material handling areas – are still a priority in the Company's strategy in 2016 and should continue to observe efficiency and savings gains. The purposes for this year are mapped and quantified, and they were unfolded to management levels, together with a detailed monthly follow-up, ensuring the whole organization's efforts to achieve these goals.

Results

Duratex net income totaled R\$3,963.2 million in 2015; a 0.5% reduction from 2014, of which R\$348.8 million refers to interest of Colombian subsidiary Tablemac. Increase in exports together with the good performance of Tablemac provided for a 48.1% expansion in revenue from foreign market for the year, as compared with the performance in 2014,

accounting for 15% of total income from 10% in the previous year.

In 2015, adjusted and recurring EBITDA totaled R\$836.7 million, a 12.1% drop when compared to the total result for 2014. EBITDA margin in 2015 was 21.1%, lower than that for 2014, of 23.9%.

Recurring net income for 2015 reached R\$221.9 million, 38.2% lower than that posted in the previous year.

The facts that impacted the fall in recurring net income were: decrease in the fair value of biological assets, since in 2014 there was a gain (with no impact on cash) in the purchase of forests and increase in financial expenses arising from higher interest rates. On the positive side, there was the recognition of gain on income tax due to the full usage of the fiscal gain of interest on capital, declared at its limit.

At December 31, 2015, the Company's net debt was R\$1,913.6 million. This net indebtedness level is equivalent to 2.29 times the recurring adjusted EBITDA for the last 12 months and to 41.5% of stockholders' assets at year end.

In 2015, the **Wood Division** posted a 10.4% decrease in volume from the previous year. Net revenue from the Wood Division totaled R\$2,597.8 million in the year, a 1.7% drop from 2014. Year-to-date, the adjusted and recurring EBITDA margin was 22.9% as compared to 27.4% in 2014. This drop reflects deteriorating economic conditions over the year, worsening volume, which led to a stiff competition for prices and increased costs, mainly electricity, pressing margins.

The volume shipped by **Deca Division** posted a 2.3% reduction in 2015 from the previous year (6.9% excluding Corona). At Deca, the drop in volume was similar for each quarter of 2015, showing a downturn trend in the market caused by a slowdown in the property market and impact of lower consumption in economy in general. In 2005, net revenue was R\$1,365.4 million, a 1.7% increase from 2014. Adjusted and recurring EBITDA margin was 17.7% (17.0% in 2014). The result of Corona is consolidated in the Deca Division since the third quarter of 2015.

Sustainability and Corporate Responsibility

As an acknowledgement for its sustainable projects and initiatives, Duratex received again, in 2015, the LIDE Empreendedorismo (Lide entrepreneurship) award in the Sustainability Entrepreneur Company category.

The Rio Grande do Sul Forest Unit maintained the Forest Stewardship Council® (FSC) certification. Twenty years ago, Duratex was the first South American forest company and the tenth in the world to obtain the FSC certification.

The Company launched, at the Paraíba Porcelain unit, the first Formare class in Deca Division. A group composes of 20 young people aged between 16 and 18 was enrolled on the Assistant in the Companies' Quality Processes course. Classes will count on the involvement of 41 factory employees acting as volunteer educators. This is the fifth unit of the company to offer the program.

Elekeiroz

Investments reached R\$82.8 million in 2015. The project for interconnection and adaptation of the industrial gas plant to the company's complex in the Camaçari industrial complex and the increased production capacity of sulfuric acid in Várzea Paulista are worth noting.

Results

Total shipped volume in 2015 was 410.4 thousand tons, an 8% decrease, influenced by the maintenance shut-offs in the first half in the synthesis gas, alcohols and phthalic anhydride plants in Camaçari and sulfur acid in Várzea Paulista.

Net revenue for 2015 was R\$894.3 million, 4% below that of 2014. The domestic market and exports posted reductions of 2% and 24%, respectively.

Gross profit for 2015 was 34% higher than in the previous year, mainly due to the improvement and cost reduction projects completed in the first half that permitted a recovery in results as from the third quarter.

Nonrecurring results: In 2015, the Company's results were impacted by three nonrecurring events: (i) disposal of a property not used in operations, (ii) reversal of excess provisions for lawsuits terminated in 2015, and (iii) recognition of tax credits arising from final and unappealable court decisions.

In 2015, EBITDA was R\$45.5 million, visibly higher than the negative R\$6.7 million in 2014.

The Company posted net loss of R\$11.0 million in 2015 (loss of R\$32.3 million in 2014).

At the end of 2015, net debt totaled R\$157.0 million, and 44% of the long-term debt is due from 2019 on. Net debt corresponded to 35% of stockholders' equity.

Sustainability and Corporate Responsibility

Responsible Action: All production lines of Elekeiroz are ISO 9001 certified. Additionally, the Company takes part in the Responsible Action Program, of the International Council of Chemical Associations, managed by the Brazilian Association of Chemical Industry (ABIQUIM) in Brazil, an entity in which Elekeiroz participates in a number of committees, aiming at the development and progress of the chemical industry in the country.

Na Mão Certa (In the right hands) program: Elekeiroz is associated with the World Childhood Foundation (WCF), in the fight against sexual abuse of children and teenagers in Brazilian highways. The purpose of this campaign is to reduce the number of children affected by this problem.

Portas Abertas (Open Doors) program: The Company promotes periodic visits of students from universities and technical courses in the chemistry area to its plants, so that they can learn the reality of a chemical industry.

Polo de Cidadania (Citizenship Hub): Elekeiroz sponsored this event that offered free services to communities in the health, education, culture, sports and leisure areas in Camaçari.

Additionally, the Company promoted volunteer actions, with donations of winter clothing and toys to charitable organizations.



In accordance with the meeting held on February 25, 2015, the Board of Directors approved Itautec's intention to exercise the put option of the 30% interest it holds in Oki Brasil Indústria e Comércio de Produtos

e Tecnologia em Automação S.A. ("Oki Brasil"), scheduled for January 2017, as set forth in the Shareholders' Agreement. Accordingly, as from February 2015, Itautec's investment in Oki Brasil's capital stock has been accounted for as "Noncurrent Assets Held for Sale."

In 2015, Itautec practically realized the remaining inventory for sale.

Itautec continued to honor the warranty and maintenance contracts related to the Itautec/Infoway-branded equipment, not giving rise to any inconvenience to its customers.

Results

Consolidated net revenue for the fiscal year 2015 was R\$28.4 million.

Gross result for the year was negative by R\$5.7 million.

Operating expenses in 2015 reached R\$29.0 million.

Total net result for 2015 was a loss of R\$19.3 million.

At the end of 2015, the balance of cash and deposits on demand was R\$117.0 million, and the gross financial debt was R\$77.9 million, resulting in a negative net debt of R\$39.1 million. It should be noted that in December 2015 the amount of R\$107.0 million (net of attorneys' fees and taxes) was received in connection with credits from certificates of judgment debt of the government.

Sustainability and Corporate Responsibility

In 2015 19.3 tons of solid waste were sent for recycling, including electronic residues from equipment items received from customers in a reverse logic process.

6) PEOPLE MANAGEMENT IN ITAÚSA CONGLOMERATE

Itaúsa Conglomerate had the support of approximately 103 thousand people at the end of December 2015, including approximately 7.4 thousand employees in foreign units and 49 people dedicated to Itaúsa's specific activities.

The fixed compensation plus charges and benefits of the Conglomerate's employees totaled R\$13.9 billion from January to December in 2015, with a 10.3% growth from the previous year.

7) INDEPENDENT AUDITORS – CVM INSTRUCTION No. 381

Procedures adopted by the Company

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

During the period from January to December 2015, BDO and its related parties did not provide non-audit related services to the company.

Additionally, we decided to apply the provisions of this Instruction to engage non-audit related services by PwC. In the period from January to December 2015, the following services were provided:

- January 21, February 11, March 23 and May 26 – acquisition of research and technical materials;
- May 22 – attendance at the course open to the public related to human capital management;
- June 11 – analysis of the fiscal treatment related to forward sale transactions;
- August 18 – attendance at the “2015 Results and Trends - Benchmarking and Human Capital” workshop;
- September 9 – consultancy related to internal processes and usual market practices for middle-market operations;
- September 23 – review of fiscal bookkeeping;
- October 9 – attendance at the course open to the public related to human capital management – Workforce Planning;
- November 18 –diagnostics of control in negotiation processes of credit card debts; and
- December 17 – attendance at the course open to the public related to human capital management - *HR Analytics*).

Independent Auditors' Justification - PWC

The provision of the above described non-audit related professional services do not affect the independence or the objectivity of the external audit of Itaúsa and its subsidiaries. The policy adopted for providing non-audit related services to Itaúsa is based on principles that preserve the independence of Independent Auditors, all of which were considered in the provision of the referred services.

8) ACKNOWLEDGEMENTS

We record our votes of thanks to Mr. Carlos da Camara Pestana for his commitment, great dedication and valuable contribution to Itaúsa Conglomerate for almost 40 years. At the Stockholders' meeting of April 30, 2015, Mr. Pestana was not reappointed to the position of Chairman of the Company's Board of Directors.

We thank our stockholders and clients for their trust, which we always try to pay back by obtaining results differentiated from those of the market, and making available quality products and services, and our employees for their talent, which has enabled the sustainable growth of our business.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

BOARD OF DIRECTORS

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ALFREDO EGYDIO ARRUDA VILLELA FILHO

Vice-Chairman

ALFREDO EGYDIO SETUBAL

Members

HENRI PENCHAS

LICIO DA COSTA RAIMUNDO

PAULO SETUBAL

RODOLFO VILLELA MARINO

Alternate members

RICARDO EGYDIO SETUBAL

RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer

ALFREDO EGYDIO SETUBAL (*)

Executive Vice-Presidents

ROBERTO EGYDIO SETUBAL

RODOLFO VILLELA MARINO

(*) *Investor Relations Officer*

FISCAL COUNCIL

President

TEREZA CRISTINA GROSSI TOGNI

Members

ALEXANDRE BARRENCO RIBEIRO

FLAVIO CÉSAR MAIA LUZ

JOSÉ CARLOS DE BRITO E CUNHA

PAULO RICARDO MORAES AMARAL

Alternate members

JOSÉ ROBERTO BRANT DE CARVALHO

PEDRO AMÉRICO HERBST

FELÍCIO CINTRA DO PRADO JÚNIOR

AUGUSTO CARNEIRO DE OLIVEIRA FILHO

JOÃO COSTA

Accountant

RICARDO JORGE PORTO DE SOUSA

CRC 1SP - 185.916/O-8

ITAÚ UNIBANCO HOLDING S.A.

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PEDRO MOREIRA SALLES

Vice-Chairmen

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ROBERTO EGYDIO SETUBAL

Members

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CANDIDO BOTELHO BRACHER
DEMOSTHENES MADUREIRA DE PINHO NETO
FÁBIO COLLETTI BARBOSA
GUSTAVO JORGE LABOISSIÈRE LOYOLA
HENRI PENCHAS
NILDEMAR SECCHES
PEDRO LUIZ BODIN DE MORAES
RICARDO VILLELA MARINO

AUDIT COMMITTEE

President

GERALDO TRAVAGLIA FILHO

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DIEGO FRESCO GUTIERREZ
LUIZ ALBERTO FIORE
MARIA HELENA DOS SANTOS FERNANDES DE SANTANA
SERGIO DARCY DA SILVA ALVES

FISCAL COUNCIL

President

IRAN SIQUEIRA LIMA

Members

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ROBERTO EGYDIO SETUBAL

Chief Executive Officer

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MÁRCIO DE ANDRADE SCHETTINI
MARCO AMBROGIO CRESPI BONOMI

Executive Vice-Presidents

CLAUDIA POLITANSKI
EDUARDO MAZZILLI DE VASSIMON

Executive Directors

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LEILA CRISTIANE BARBOZA BRAGA DE MELO
PAULO SERGIO MIRON

Directors

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CLÁUDIO JOSÉ COUTINHO ARROMATTE
EDUARDO HIROYUKI MIYAKI
EMERSON MACEDO BORTOLOTO
JOSÉ VIRGILIO VITA NETO
MARCELO KOPEL (*)
MATIAS GRANATA
RODRIGO LUÍS ROSA COUTO
WAGNER BETTINI SANCHES

(*) *Investor Relations Officer*

DURATEX S.A.

BOARD OF DIRECTORS

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SALO DAVI SEIBEL

Vice-Chairmen

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RICARDO EGYDIO SETUBAL

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ÁLVARO ANTONIO CARDOSO DE SOUZA
FRANCISCO AMAURI OLSEN
HELIO SEIBEL
HENRI PENCHAS
KATIA MARTINS COSTA
RAUL CALFAT
RODOLFO VILLELA MARINO

Alternate members

ANDREA LASERNA SEIBEL
OLAVO EGYDIO SETUBAL JÚNIOR
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer and Vice-Chairman of the Wood business unit

ANTONIO JOAQUIM DE OLIVEIRA

Vice-Chairman of the DECA business unit

RAUL PENTEADO DE OLIVEIRA NETO

Directors

ALEXANDRE COELHO NETO DO NASCIMENTO
BRUNO BASILE ANTONACCIO
FLAVIO MARASSI DONATELLI (*)
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MARIA JULIETA PINTO RODRIGUES NOGUEIRA
NELSON RICARDO TEIXEIRA
PAULO CESAR MARÓSTICA

(*) *Investor Relations Officer*

ITAUTEC S.A. - GRUPO ITAUTEC

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RICARDO EGYDIO SETUBAL

Vice-Chairman

ALFREDO EGYDIO ARRUDA VILLELA FILHO

Members

HENRI PENCHAS
OLAVO EGYDIO SETUBAL JÚNIOR
RODOLFO VILLELA MARINO

Alternate members

ALFREDO EGYDIO SETUBAL
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer

JOÃO JACÓ HAZARABEDIAN

Directors

RENATA MARTINS GOMES
RODOLFO LATINI NETO (*)

(*) *Investor Relations Officer*

ELEKEIROZ S.A.

BOARD OF DIRECTORS

Chairman

RODOLFO VILLELA MARINO

Vice-Chairman

OLAVO EGYDIO SETUBAL JÚNIOR

Members

CESAR SUAKI DOS SANTOS
HENRI PENCHAS
RICARDO EGYDIO SETUBAL

Alternate members

ALFREDO EGYDIO SETUBAL
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer

MARCOS ANTONIO DE MARCHI (*)

Directors

ELDER ANTONIO MARTINI
RICARDO CRAVEIRO MASSARI

(*) *Investor Relations Officer*

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Consolidated Balance Sheet

(In millions of Reais)

ASSETS	NOTE	12/31/2015	12/31/2014
Cash and cash equivalents	3	2,174	1,897
Financial assets held for trading	4	282	290
Trade accounts receivable	5	996	1,069
Other financial assets	6a	1,176	1,080
Inventory	7	968	831
Investments in associates and joint ventures	8 IIa	41,216	35,806
Fixed assets, net	9	4,146	4,085
Intangible assets, net	10	1,024	1,029
Biological assets	11	1,442	1,355
Tax assets		1,322	1,130
Income tax and social contribution - current		388	286
Income tax and social contribution - deferred	12b	816	744
Other		118	100
Other assets	6a	13	22
Held-for-sale assets	28	41	-
Investment Property	29	30	-
TOTAL ASSETS		54,830	48,594

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	12/31/2015	12/31/2014
Liabilities			
Dividends and interest on capital		1,568	1,322
Loans and financing	13	2,961	2,902
Debentures	14	137	123
Provision	15	743	574
Tax liabilities		789	751
Income tax and social contribution - current		29	11
Income tax and social contribution - deferred	12b	611	623
Other		149	117
Other liabilities	6b	761	683
Total Liabilities		6,959	6,355
Stockholders' Equity			
Capital	16a	32,325	27,025
Treasury shares		(33)	(91)
Reserves	16c	13,341	12,777
Carrying value adjustments		(786)	(485)
Total Stockholders' Equity Attributable to Owners of the Parent Company		44,847	39,226
Non-controlling interests		3,024	3,013
Total Stockholders' Equity		47,871	42,239
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		54,830	48,594

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A**Consolidated Statement of Income***(In millions of Reais, except per share information)*

	NOTE	01/01 to 12/31/2015	01/01 to 12/31/2014
Sales of products and services	18	4,885	5,021
Cost of products and services	19	(3,731)	(3,767)
Sales expenses		(621)	(582)
General and administrative expenses	20	(316)	(300)
Other operating income	21	23	201
Tax expenses		(229)	(158)
Financial results		(92)	(60)
Share of income of associates and joint ventures	8 IIa	9,057	7,908
Income before income tax and social contribution		8,976	8,263
Current income tax and social contribution	12a	(40)	(56)
Deferred income tax and social contribution	12b	58	(46)
Net income		8,994	8,161
Net income attributable to owners of the parent company		8,868	7,911
Net income attributable to non-controlling interests		126	250
Earnings per share - basic and diluted	22		
Common		1.31	1.18
Preferred		1.31	1.18
Weighted average number of shares outstanding – basic and diluted			
Common		2,591,935,303	2,574,885,379
Preferred		4,153,004,231	4,115,971,416

*The accompanying notes are an integral part of these financial statements.***ITAÚSA - INVESTIMENTOS ITAÚ S.A****Consolidated Statement of Comprehensive Income***(In millions of Reais)*

	01/01 to 12/31/2015	01/01 to 12/31/2014
Net income	8,994	8,161
Other comprehensive income	(301)	390
Amounts that will be subsequently reclassified to results	(283)	316
Interest in associates and jointly controlled entities, net of tax	(303)	324
Available-for-sale financial assets; hedges and foreign exchange variations on investments abroad	(303)	324
Interest in subsidiaries, net of tax	20	(8)
Available-for-sale financial assets and foreign exchange variations on investments abroad	20	(8)
Amounts that will not be subsequently reclassified to results	(18)	74
Interest in associates and jointly controlled entities, net of tax	(18)	74
Remeasurement of post-employment benefit obligations	(18)	74
Total comprehensive income	8,693	8,551
Comprehensive income attributable to owners of the parent-company	8,567	8,301
Comprehensive income attributable to non-controlling interests	126	250

The accompanying notes are an integral part of these financial statements.

ITAÚSA- INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Cash Flow

(In millions of Reais)

	Note	01/01 to 12/31/2015	01/01 to 12/31/2014
Adjusted net income		932	1,105
Net income		8,994	8,161
Adjustments to net income:		(8,062)	(7,056)
Interest, foreign exchange and monetary variations, net		384	272
Depreciation, amortization and depletion	9, 10 and 11	631	651
Share of income in associates and joint ventures	8 IIa	(9,057)	(7,908)
Deferred income tax and social contribution		(58)	46
Change in fair value of biological assets	11 c	(124)	(221)
Allowance for loan losses		18	14
Contingent Liabilities	15 b	139	26
Other		5	64
Changes in assets and liabilities		318	(29)
Decrease in financial assets		(88)	(204)
Increase in trade accounts receivable		55	115
(Increase) decrease in inventory		(137)	(18)
Decrease in tax assets		(134)	29
Decrease in other assets		10	349
Increase (decrease) in tax liabilities		51	(22)
Increase (decrease) in other liabilities		561	(278)
Others		(264)	(271)
Payment of income tax and social contribution		(13)	(72)
Interest paid on loans and financing		(251)	(199)
Net cash from operating activities		986	805
Purchase of investments		(1)	(148)
Acquisition of intangibles and fixed assets		(575)	(676)
Sale of fixed assets		-	75
Interest on capital and dividends received		2,550	2,019
Other		-	(26)
Net cash from investment activities		1,974	1,244
Subscription of shares		3	188
Treasury shares		(38)	(101)
Interest on capital and dividends paid		(2,545)	(1,889)
Borrowing and financing		719	925
Payment of borrowing and financing		(819)	(807)
Issue of debentures		(7)	(7)
Net cash used in financing activities		(2,687)	(1,691)
Net increase in cash and cash equivalents		273	358
Cash and cash equivalents at the beginning of the period	3	1,897	1,539
Effects of changes in exchange rates on cash and cash equivalents		4	-
Cash and cash equivalents at the end of the period	3	2,174	1,897

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Value Added

(In millions of Reais)

	01/01 to 12/31/2015	%	01/01 to 12/31/2014	%
Income	6,190		6,637	
Sales of products and services	6,165		6,352	
Allowance for doubtful accounts	(18)		(14)	
Other revenue	43		299	
Inputs purchased from third parties	(3,936)		(3,924)	
Cost of products and services	(3,280)		(3,240)	
Materials, energy, third-party services and other	(645)		(674)	
Other	(11)		(10)	
Gross value added	2,254		2,713	
Depreciation, amortization and depletion	(631)		(651)	
Net value added produced by the company	1,623		2,062	
value added received from transfer	9,517		8,208	
Share of income in associates and joint ventures	9,057		7,908	
Financial income	446		288	
Other revenue	14		12	
Total value added to be distributed	11,140		10,270	
Distribution of value added	11,140	100.00%	10,270	100.00%
Personnel	813	7.30%	851	8.29%
Compensation	650		696	
Benefits	117		109	
FGTS – Government severance pay fund	44		42	
Other	2		4	
Taxes, fees and contributions	818	7.34%	888	8.65%
Federal	601		677	
State	211		205	
Municipal	6		6	
Return on third parties' assets - Interest	515	4.62%	370	3.60%
Return on own assets	8,994	80.74%	8,161	79.46%
Dividends and interest on capital paid/provided for	3,035		2,546	
Retained earnings for the period	5,833		5,365	
Non-controlling interests in retained earnings	126		250	

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Individual Balance Sheet***(In millions of Reais)*

ASSETS	NOTE	12/31/2015	12/31/2014
Cash and cash equivalents		802	643
Financial assets held for trading		282	290
Other financial assets		936	697
Dividends and interest on capital		888	625
Escrow deposits as guarantees of contingencies		48	72
Investments in subsidiaries, associates and joint ventures	8 c	43,641	38,035
Fixed assets, net		85	70
Intangible assets, net		460	460
Tax assets		804	759
Income tax and social contribution - current		316	206
Income tax and social contribution - deferred		486	551
Other		2	2
Other assets		5	4
TOTAL ASSETS		47,015	40,958

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	12/31/2015	12/31/2014
Liabilities			
Dividends and interest on capital		1,444	1,282
Provision		599	412
Tax liabilities		117	32
Income tax and social contribution - deferred		6	5
Other		111	27
Other liabilities		8	6
Total Liabilities		2,168	1,732
Stockholders' Equity			
Capital	16a	32,325	27,025
Treasury shares		(33)	(91)
Reserves	16c	13,341	12,777
Carrying value adjustments		(786)	(485)
Total Stockholders' Equity		44,847	39,226
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		47,015	40,958

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Individual Statement of Income***(In millions of Reais, except per share information)*

	NOTE	01/01 to 12/31/2015	01/01 to 12/31/2014
Financial results		98	66
Other operating income		12	12
General and administrative expenses		(40)	(34)
Tax expenses		(227)	(157)
Share of income of subsidiaries, associates and joint ventures	8 I c	9,092	8,100
Income before income tax and social contribution		8,935	7,987
Current income tax and social contribution		-	(3)
Deferred income tax and social contribution		(67)	(73)
Net income		8,868	7,911
Earnings per share - basic and diluted	22		
Common		1.31	1.18
Preferred		1.31	1.18
Weighted average number of shares outstanding – basic and diluted			
Common		2,591,935,303	2,574,885,379
Preferred		4,153,004,231	4,115,971,416

*The accompanying notes are an integral part of these financial statements.***ITAÚSA - INVESTIMENTOS ITAÚ S.A.****Individual Statement of Comprehensive Income***(In millions of Reais)*

	01/01 to 12/31/2015	01/01 to 12/31/2014
Net income	8,868	7,911
Other comprehensive income	(301)	390
Amounts that will be subsequently reclassified to results	(283)	316
Interest in associates and jointly controlled entities, net of tax	(303)	324
Available-for-sale financial assets; hedges and foreign exchange variations on-investments abroad	(303)	324
Interest in subsidiaries, net of tax	20	(8.00)
Available-for-sale financial assets and foreign exchange variation on investments abroad	20	(8)
Amounts that will not be subsequently reclassified to results	(18)	74
Interests in associates and jointly controlled entities, net of tax	(18)	74
Remeasurement of post-employment benefit obligations	(18)	74
Total comprehensive income	8,567	8,301

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Statement of Changes in Stockholders' Equity (Note 16)

(In millions of Reais)

	Attributable to owners of the parent company							Total stockholders' equity – owners of the parent company	Total Stockholders' equity – non-controlling interests	Total
	Capital	Treasury shares	Appropriated reserves / Capital and revenue	Unappropriated reserves	Proposal for distribution of additional dividends	Retained earnings / (accumulated deficit)	Other comprehensive income			
Balance at 01/01/2014	22,000	-	8,127	3,262	617	-	(875)	33,131	2,843	35,974
Transactions with owners	5,025	(91)	(4,500)	-	(58)	(2,546)	-	(2,170)	(80)	(2,250)
Subscription of shares	525	-	-	-	-	-	-	525	-	525
Treasury shares	-	(91)	-	-	-	-	-	(91)	-	(91)
Increase in capital with reserves	4,500	-	(4,500)	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(80)	(80)
Dividends and interest on capital	-	-	-	-	-	(1,987)	-	(1,987)	-	(1,987)
Dividend – amount to be proposed in addition to the minimum mandatory	-	-	-	-	559	(559)	-	-	-	-
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(617)	-	-	(617)	-	(617)
Transactions with subsidiaries and jointly controlled companies	-	-	(36)	-	-	-	-	(36)	-	(36)
Paid-in reserves	-	-	3,262	(3,262)	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	7,911	390	8,301	250	8,551
Net income	-	-	-	-	-	7,911	-	7,911	250	8,161
Other comprehensive income	-	-	-	-	-	-	390	390	-	390
Appropriations:										
Legal reserve	-	-	396	-	-	(396)	-	-	-	-
Unappropriated reserves	-	-	-	4,969	-	(4,969)	-	-	-	-
Balance at 12/31/2014	27,025	(91)	7,249	4,969	559	-	(485)	39,226	3,013	42,239
Change in the period	5,025	(91)	(878)	1,707	(58)	-	390	6,095	170	6,265
Balance at 01/01/2015	27,025	(91)	7,249	4,969	559	-	(485)	39,226	3,013	42,239
Transactions with owners	5,300	58	(5,255)	-	159	(3,035)	-	(2,773)	(115)	(2,888)
Subscription of shares	300	-	-	-	-	-	-	300	-	300
Treasury shares	-	(38)	-	-	-	-	-	(38)	-	(38)
Cancellation of treasury stock	-	96	(96)	-	-	-	-	-	-	-
Increase in capital with reserves	5,000	-	(5,000)	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	(115)	(115)
Dividends and interest on capital	-	-	-	-	-	(2,317)	-	(2,317)	-	(2,317)
Dividend – amount to be proposed in addition to the minimum mandatory	-	-	-	-	718	(718)	-	-	-	-
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	(159)	-	(559)	-	-	(718)	-	(718)
Transactions with subsidiaries and jointly controlled companies	-	-	(173)	-	-	-	-	(173)	-	(173)
Paid-in reserves	-	-	4,969	(4,969)	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	8,868	(301)	8,567	126	8,693
Net income	-	-	-	-	-	8,868	-	8,868	126	8,994
Other comprehensive income	-	-	-	-	-	-	(301)	(301)	-	(301)
Appropriations:										
Legal reserve	-	-	443	-	-	(443)	-	-	-	-
Unappropriated reserves	-	-	-	5,390	-	(5,390)	-	-	-	-
Balance at 12/31/2015	32,325	(33)	7,233	5,390	718	-	(786)	44,847	3,024	47,871
Change in the period	5,300	58	(16)	421	159	-	(301)	5,621	11	5,632

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Individual Statement of Cash Flows***(In millions of Reais)*

	01/01 to 12/31/2015	01/01 to 12/31/2014
Adjusted net income	(17)	(20)
Net income	8,868	7,911
Adjustments to net income:	(8,885)	(7,931)
Share of income in subsidiaries, associates and joint ventures	(9,092)	(8,100)
Deferred income tax and social contribution	67	73
Contingent Liabilities	138	94
Depreciation and amortization	2	2
Changes in assets and liabilities	289	(137)
Decrease (Increase) in financial assets	8	(204)
Decrease in other assets	270	263
Increase (decrease) in provisions and other liabilities	11	(196)
Net cash from operating activities	272	(157)
Capital increase in subsidiary	(200)	-
Purchases of fixed assets	(17)	-
Interest on capital and dividends received	2,591	2,097
Net cash from investing activities	2,374	2,097
Subscription of shares	3	188
Purchases of treasury shares	(38)	(91)
Interest on capital and dividends paid	(2,452)	(1,734)
Net cash used in financing activities	(2,487)	(1,637)
Net increase in cash and cash equivalents	159	303
Cash and cash equivalents at the beginning of the period	159	303
Cash and cash equivalents at the end of the period	643	340

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Individual Statement of Value Added

(In millions of Reais)

	01/01 to 12/31/2015	%	01/01 to 12/31/2014	%
Inputs purchased from third parties	(31)		(18)	
Third-party services	(21)		(9)	
Other	(10)		(9)	
Agreement for apportionment of shared costs	(5)		(5)	
Other	(5)		(4)	
Gross value added	(31)		(18)	
Depreciation and amortization	(2)		(2)	
Net added value produced by the company	(33)		(20)	
Added value received through transfers	9,254		8,206	
Share of income in subsidiaries, associates and joint ventures	9,092		8,100	
Financial income	150		94	
Other income	12		12	
Total value added to be distributed	9,221	100.00%	8,186	100.00%
Distribution of value added	9,221		8,186	
Personnel - Compensation	7	0.08%	12	0.15%
Taxes, fees and contributions - Federal	294	3.19%	235	2.87%
Return on third parties' assets - Interest	52	0.56%	28	0.34%
Return on own assets	8,868	96.17%	7,911	96.64%
Dividends and interest on capital	3,035		2,546	
Retained earnings for the period	5,833		5,365	

The accompanying notes are an integral part of these financial statements.

ITAÚSA – INVESTIMENTOS ITAÚ S.A
Notes to the Consolidated Financial Statements
at December 31, 2015
(In millions of Reais)

NOTE 1 – OVERVIEW

Itaúsa – Investimentos Itaú S.A. (“ITAÚSA”) is a publicly-held company, organized and existing under the laws of Brazil, and is located at Praça Alfredo Egydio de Souza Aranha, No. 100, Jabaquara, Torre Olavo Setubal, in the city of São Paulo, Brazil.

ITAÚSA has as its main objective supporting the companies in which it holds equity interests, through studies, analyses and suggestions regarding the operating policy; projects for the expansion of the mentioned companies; obtaining resources to meet the related additional needs for risk capital through subscription or acquisition of securities issued, to strengthen their position in the capital market and related activities or subsidiaries of interest to the mentioned companies, except for those restricted to financial institutions.

Through its controlled and jointly-controlled companies, ITAÚSA operates in the following markets: financial services (Itaú Unibanco Holding); wood panels, bathroom porcelains and metals (Duratex); information technology (Itautec); and chemical products (Elekeiroz) – as shown in Note 25 “Segment Information”.

ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family which holds 61.44% of the common shares and 16.93% of the preferred shares, 34.03% of the total.

These Individual and Consolidated Financial Statements were approved by the ITAÚSA Board of Directors on February 18, 2016.

NOTE 2 – ACCOUNTING POLICIES

The significant accounting policies applied to in the preparation of these individual and consolidated financial statements are set out below.

2.1 BASIS OF PREPARATION

Consolidated financial statements

The consolidated financial statements of Itaúsa and its subsidiaries (ITAÚSA CONSOLIDATED) were prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (“CPC”), as well as the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), and ensure that all its own relevant information of financial statements, and only that, which are consistent with those adopted by board in its management.

Individual financial statements

The individual financial statements of the parent were prepared in accordance with the Brazilian accounting practices issued by the CPC and are published together with the consolidated financial statements.

The preparation of financial statements requires the Company’s management (“Management”) to use certain critical accounting estimates and to exercise judgment in the process of applying the accounting policies of ITAÚSA and its subsidiaries. The areas that require a higher degree of judgment and have a greater complexity, as well as those in which assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.3.

The presentation of the individual and consolidated statements of value added is required by Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to publicly-held companies: while IFRS does not require the presentation of such statements. As a consequence, under IFRS, the statement of value added is presented as supplementary information, without prejudice to the set of financial statements.

All references to the pronouncements of the CPC should also be understood as references to the corresponding IFRS pronouncements, and vice versa, and it should be noted that, in general, the early adoption of revisions or new IFRSs is not possible in Brazil.

2.2 NEW PRONOUNCEMENTS, CHANGES TO AND INTERPRETATIONS OF EXISTING PRONOUNCEMENTS

a) Amendments to accounting pronouncements applicable to periods ended December 31, 2015

- IAS 19 (R1) – Benefits to Employees – the entity should include contributions made by employees and third parties when accounting for defined benefit plans. This change has no impact on us, since ITAÚSA and its subsidiaries already carry out this procedure.

b) Accounting pronouncements recently issued and applicable to future periods

The following pronouncements will be applicable for periods after the date of these consolidated financial statements and were not adopted early:

- Amendment to IAS 12 – Income Taxes – This amendment includes clarification regarding the recognition of deferred taxes for unrealized losses on debt instruments measured at fair value, and is effective for the years started commencing on or after January 1, 2017. Possible impacts arising from the adoption of this change are being assessed, and this assessment will be completed by the date from which this standard is in force.
- IFRS 9 – “Financial Instruments” – This pronouncement is meant to replace IAS 39 – “Financial instruments”: Recognition and Measurement. IFRS 9 Includes: (a) a logical model for classification and measurement; (b) a single impairment model for financial instruments, which provides a response to expected losses; (c) the exclusion of volatility in results arising from own credit risk; and (d) a new approach to hedge accounting. IFRS 9 will come into effect for years beginning January 1, 2018. Possible impacts arising from the adoption of this amendment will be assessed up to the date on which this standard becomes effective.

- IFRS 15 – “Revenue from Contracts with Customers” – This pronouncement requires the recognition of revenue arising from the transfer of goods or services to customers at amounts that reflect the company’s expectation of receiving as return the rights to these goods or services. IFRS 15 supersedes IAS 18, IAS 11, and related interpretations (IFRICs 13, 15 and 18), and is effective for the years beginning January 1, 2018 and its early adoption is permitted by the IASB. Possible impacts arising from the adoption of this amendment will be assessed up to the date on which this standard becomes effective.
- Amendment to IFRS 11 – “Joint Arrangements” – This amendment establishes accounting criteria for the acquisition of interest in joint ventures and joint operations, which constitute businesses, in accordance with the methodology established in IFRS 3 – “Business Combinations”. It is effective for annual periods beginning on January 1, 2016, with early adoption permitted by the IASB. The impact of this amendment will be felt only in the case of an acquisition of joint control.
- Amendment to IAS 16 – “Property, Plant and Equipment and IAS 38” – “Intangible Assets” – This amendment clarifies the basis principle for depreciation and amortization as being the expected pattern of consumption of future economic benefits embodied in the asset. It is effective for annual periods beginning on January 1, 2016, with early adoption permitted by the IASB. No material impacts arising from this change on the consolidated financial statements of Itaúsa were identified.
- Amendments to IFRS 10 – “Consolidated Financial Statements” and IAS 28 – “Investments in Associates and Joint Ventures”. These amendments relate to an inconsistency between the requirements of IFRS 10 and IAS 28 (2011) regarding the sale or contribution of assets between an investor and its associates or joint ventures. The effective date has not been defined by the IASB yet. No material impacts arising from this change to the consolidated financial statements of the company were identified.
- IASB Annual Improvement Cycle (2012–2014) – Annually, IASB makes minor amendments to a series of pronouncements to clarify the current standards and avoid multiple interpretation. In this cycle, IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosures, IAS 19 – Employee Benefits, and IAS 34 – Interim Financial Reporting were reviewed. These amendments are effective for annual periods beginning on January 1, 2016. No material impacts arising from this change to the consolidated financial statements of the company were identified.
- Amendment to IAS 1 – “Presentation of Financial Statements”: The purpose of this amendment is to encourage companies to choose which information is relevant to the financial statements; To do this, it is necessary to determine which information is immaterial. The standard also clarifies that materiality is also applicable to the whole set of financial statements, including the notes thereto, and it is applicable to any and all disclosure requirements of the IFRS standards. This amendment is effective for the years beginning on January 1, 2016. The main impacts identified are related to the disclosure of accounting policies and judgments relating to materiality in the notes.
- Amendment to IAS 28, IFRS 10 and IFRS 12 – “Applying the Consolidation Exception”; - this document sets out guidelines for the application of the concept of investment entities. It is effective for years beginning on January 1, 2016. No material impacts arising from this change on the consolidated financial statements of Itaúsa were identified.

There are no other IFRS standards or IFRIC interpretations that have not yet come into force and that could have a significant impact on the company and its subsidiaries.

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the individual and consolidated financial statements in compliance with the CPCs requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue, expenses, gains and losses over the reporting and subsequent periods, because actual results may differ from those determined in accordance with these estimates and assumptions.

All estimates and assumptions made by Management are in compliance with the CPCs and represent the current best estimates made in compliance with the applicable rules. Estimates and judgments are evaluated on an ongoing basis, considering past experience and other factors.

The consolidated financial statements reflect a variety of estimates and assumptions. The critical accounting estimates and assumptions that have the most significant impact on the carrying amounts of assets and liabilities are described below:

a) Deferred income tax and social contribution

As explained in Note 2.4k, deferred tax assets are recognized only in relation to temporary differences and losses carried-forward to the extent that it is probable that ITAÚSA and its subsidiary companies will generate future taxable profits for their utilization. The expected realization of deferred tax assets of ITAÚSA and its subsidiaries is based on the projection of future income and other technical studies, as disclosed in Note 12. The carrying amount of deferred tax assets was R\$ 816 at December 31, 2015 (R\$ 744 at December 31, 2014).

b) Fair value of financial instruments, including derivatives

The fair value of financial instruments, including derivatives that are not traded in active markets are determined using valuation techniques. This calculation is based on assumptions that take into consideration Management's judgment regarding market information and conditions existing as at the balance sheet date.

ITAÚSA and its subsidiary companies rank the fair value measurements using a fair value hierarchy that reflects the significance and observable nature of inputs adopted as part of the measurement process. There are three broad levels related to the fair value hierarchy, detailed in Note 27.

ITAÚSA and its subsidiary companies believe that all of the methodologies they have adopted are appropriate and consistent with market participants. Regardless of this fact, the adoption of other methodologies or the use of different assumptions to estimate fair values may result in different fair value estimates.

The methodologies used to estimate the fair value of certain financial instruments are also described in Note 27.

c) Contingent assets and liabilities

ITAÚSA and its subsidiaries companies periodically review their contingencies. These contingencies are evaluated based on Management's best estimates, taking into account the opinion of legal counsel, when there is a likelihood that financial resources will be required to settle the obligations and the amounts may be reasonably estimated.

Contingencies classified as probable losses are recognized in the Balance Sheet under "Provisions."

Contingent amounts are measured using appropriate models and criteria, despite uncertainty surrounding the ultimate timing and amounts, as detailed in Note 15.

The carrying amount of these contingencies at December 31, 2015 was R\$ 771 (R\$ 579 at December 31, 2014).

d) Risk of variations in the fair value of biological assets

ITAÚSA and its subsidiary companies use several estimates to value its forestry reserves, in accordance with the methodology established by CPC 29/IAS 41 – "Agriculture". These estimates are based on market references, and are subject to changes which could impact the consolidated financial information. Specifically, a 5% reduction in standing wood prices would result in a reduction in the fair value of biological assets to R\$ 45, net of tax effects. If the discount rate used were increased by 0.5%, this would result in a reduction in the fair value of biological assets of about R\$ 10, net of tax effects.

e) Benefits of pension plans

The current value of assets related to pension plans depends on a number of factors that are determined based on actuarial calculations, which use several assumptions. Among the assumptions adopted to calculate these amounts are assumptions regarding the discount rate and the current market conditions. Any changes in these assumptions will affect the corresponding book values.

f) Estimated impairment of goodwill

The ITAÚSA and its subsidiaries test the goodwill on an annual basis or if there is an indication that the goodwill may be impaired, in compliance with the accounting policy presented in Note 2.4. The balance could be impacted by changes in the economic or market scenario.

2.4 SUMMARY OF MAIN ACCOUNTING PRACTICES

a) CONSOLIDATION AND EQUITY METHOD

I. Subsidiaries

In compliance with CPC 36 / IAS 27 – “Consolidated Financial Statements”, subsidiaries are entities over which ITAÚSA holds control. ITAÚSA controls an entity when it is exposed to, or is entitled to, variable returns arising from its involvement with that entity and it is capable of affecting influencing these returns.

The table below shows the fully consolidated subsidiaries and joint ventures that are accounted for under the equity method.

	Incorporation country	Activity	Interest in capital at 12/31/2015	Interest in capital at 12/31/2014
Joint ventures				
IUPAR - Itaú Unibanco Participações S.A.	Brazil	Holding company	66.53%	66.53%
Itaú Unibanco Holding S.A.	Brazil	Holding company/Financial institution	37.36%	36.72%
Full consolidation				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	35.53%	35.53%
Elekeiroz S.A.	Brazil	Chemical products	96.49%	96.49%
Itaúsa Empreendimentos S.A.	Brazil	Service	100.00%	100.00%
Itautec S.A.	Brazil	Information technology	97.80%	97.80%
ITH Zux Cayman	Cayman Islands	Holding	100.00%	100.00%
RT Diamond Multimercado Crédito Privado Fundo de Investimento	Brazil	Exclusive investment fund	100.00%	100.00%

II. Business combinations

Accounting for business combinations under CPC 15 / IFRS 3 – “Business combinations” is applicable when a business is acquired. Under CPC 15 / IFRS 3, a business is defined as an integrated set of activities and assets that is conducted and managed for the purpose of providing a return to investors, or cost reduction or other economic benefits. In general, a business consists of inputs and processes applied to those inputs and the resulting outputs that are or will be used to generate income. If there is goodwill inherent in a set of activities or transferred assets, this is presumed to be a business. For acquisitions that meet the definition of business, accounting under the acquisitions method is required.

The acquisition cost is measured at the fair value of the assets delivered, equity instruments issued and liabilities incurred or assumed at the exchange date, plus costs directly attributable to the acquisition. Acquired assets and assumed liabilities and contingent liabilities identifiable in a business combination are initially measured at their fair value at the acquisition date, regardless of the existence of non-controlling interests. The excess of the acquisition cost over the fair value of identifiable net assets acquired is accounted for as goodwill.

The treatment of goodwill is described in Note 2.4 i. If the acquisition cost is lower than the fair value of the identifiable net assets acquired, the difference is recognized directly in income.

For each business combination, the acquirer should measure any non-controlling interest in the acquired company at the fair value or at an amount proportional to its interest in net assets of the acquired company.

III. Transactions with non-controlling interests

CPC 36 / IAS 27 – “Consolidated Financial Statements” establishes that changes in ownership interests in a subsidiary, which do not result in a change of control, are accounted for as capital transactions and any difference between the amount paid and the carrying value of the stake held by non-controlling stockholders is recognized directly in consolidated stockholders' equity.

b) FOREIGN CURRENCY TRANSLATION

II. Functional and presentation currency

The consolidated financial statements of ITAÚSA and its subsidiaries are presented in Brazilian Reais. The Real is the functional currency of ITAÚSA and its subsidiaries, and the presentation currency of these consolidated financial statements. For each investment held, ITAÚSA and its subsidiaries have defined the functional currency.

CPC 02 / IAS 21 – “The effects of changes in foreign exchange rates and translation of financial statements” defines the functional currency as the currency of the primary economic environment in which the entity operates. If the indicators are mixed and the functional currency is not obvious, Management has to use its judgment to determine the functional currency that most faithfully represents the economic effects of the entity’s operations, focusing on the currency that mainly influences the pricing of transactions. Additional indicators include the currency in which financing or in which funds from operating activities are generated or received, as well as the nature of activities and the extent of transactions between the foreign subsidiaries and the other entities of the consolidated group.

The assets and liabilities of subsidiaries with a functional currency other than the Brazilian real are translated as follows:

- Assets and liabilities are translated at the closing rate at the balance sheet date;
- Income and expenses are translated at monthly average exchange rates;
- Exchange differences arising from translation are recorded in Cumulative Comprehensive Income.

III. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statement of Income under “Income or Financial Expenses”.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available for sale, the exchange differences resulting from a change in the amortized cost of the instrument are separated from all other changes in the carrying amounts of the instruments. The exchange differences resulting from a change in the amortized cost of the instrument are recognized in the income statement, while those resulting from other changes in the carrying amount, except impairment losses, are recognized in Cumulative Comprehensive Income until derecognition or impairment.

c) CASH AND CASH EQUIVALENTS

ITAÚSA CONSOLIDATED defines “cash and cash equivalents” as cash and current accounts in banks (included under the heading “Cash and deposits on demand”), securities and financial assets that have original maturities equal to or less than 90 days, as shown in Note 3.

d) FINANCIAL ASSETS

I. Classification

ITAÚSA classifies its financial assets, upon initial recognition, depending on the purpose for which they were acquired. The classifications used are: designated at fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale financial assets.

(a) Financial assets designated at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading.

A financial asset is classified in this category if it was acquired particularly to be sold in the short term. Assets in this category are classified as current assets.

(b) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that an entity has the positive intention and ability to hold to maturity, other than those that the entity designates upon initial recognition as being at fair value through profit or loss.

(c) Loans and receivables

These are non-derivative financial assets that are not quoted in an active market and that have either fixed or determinable payments. They are presented as current assets, except for those whose maturity period in excess of 12 months after the balance sheet date (these are classified as non-current assets). Financial assets recognized by ITAÚSA in this category of financial instruments are mainly: cash and cash equivalents, trade accounts receivable, and securities.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets, which are designated in this category or which are not classified in any of the previous categories. They are recorded as noncurrent assets, unless management intends to sell the investment within 12 months of the reported period date.

I. Recognition and measurement

Purchases and sales of financial assets are usually recognized as at the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not classified at fair value through profit or loss. Financial assets are written off when the rights to receive cash flow are expired or have been transferred. In the second case, provided that ITAÚSA and its subsidiary companies have substantially transferred all of the risks and benefits of the property. The available-for-sale financial assets are subsequently accounted for at fair value. Loans and receivables are accounted for at amortized cost, based on the effective interest rate method.

Exchange variations on non-monetary financial assets and liabilities, such as investments in shares classified as available for sale, are recognized in the "Other Comprehensive Income" account, under stockholders' equity.

When securities classified as available for sale are sold or impaired, accumulated adjustments to the fair value recognized in equity are included in the statement of income as "Financial Income (Loss)".

Dividends from available-for-sale financial assets, such as investments in shares, are recognized in the statement of income as part of other revenues, when ITAÚSA's right to receive dividends has been established.

The fair values of investments with public quotations are based on current purchase prices. If the market for a financial asset (and securities not listed on a stock exchange) is not active, ITAÚSA and its subsidiary companies establish the fair value based on valuation techniques. These techniques include the use of transactions recently carried out with third parties, reference to other instruments that are substantially similar, discounted cash flow analysis and option pricing models that make the greatest possible use of information generated by the market and that rely to the least extent possible on information generated by the company's management itself.

II- Offsetting of financial instruments

Financial assets and liabilities are offset against each other and the net amount is reported in the balance sheet solely when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them or to realize the asset and simultaneously settle the liability.

III. Impairment of financial assets

(i) Assets measured at amortized cost

ITAÚSA assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of assets (a "loss event") and that loss event (or events) impact(s) the estimated future cash flow of a financial asset or group of financial assets that may be reliably estimated.

The criteria adopted by ITAÚSA to determine whether there is objective evidence of impairment loss include:

- (i) Significant financial difficulty of the issuer or debtor;
- (ii) A breach of contract, such as default or late payment of interest or principal;
- (iii) The Group, for economic or legal reasons related to the debtor's financial difficulty, makes concessions to a borrower that a creditor would not usually consider;
- (iv) It becomes probable that the debtor will file for bankruptcy or other financial reorganization;
- (v) The disappearance of an active market for that financial asset due to financial difficulties; or
- (vi) Observable data indicates that there is a measurable reduction in estimated future cash flow based on a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - Adverse changes in the payment condition of the debtors in the portfolio;
 - National or local economic conditions that are correlated with default on the assets in the portfolio.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the financial assets. The book value of the asset is reduced and the loss amount is recognized in the statement of income. If an account receivable or an investment held to maturity has a variable interest rate, the discount rate used to measure an impairment loss is the effective interest rate established in accordance with the agreement. In practice, ITAÚSA and its subsidiary companies may measure impairment based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the impairment loss amount decreases and the reduction is objectively related to an event that took place after the impairment is recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized loss will be recognized in the statement of income.

(ii) Assets classified as available-for-sale

ITAÚSA assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

In the case of investments in equity securities classified as available-for-sale, a significant or long-lasting decrease in the fair value of the security below its cost is also evidence that the asset is impaired. Should there be any evidence of this type for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognized in income (loss) – will be excluded from equity and recognized in the statement of income.

Equity instrument impairment losses recognized in the statement of income are not reversed through the statement of income.

e) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognized at fair value on the date when the derivative agreement is entered into, and are subsequently remeasured at fair value through the results.

Derivatives are contracted as a form of financial risk management, and the ITAÚSA policy is not to enter into leveraged derivative transactions.

Although the Company does not have a hedge accounting policy, it has designated certain debts at fair value through profit or loss, because of the existence of derivative financial assets directly related to loans, as a means of avoiding the recognition of gains and losses in different periods.

Hedges of net investments in foreign operations are recorded as cash flow hedges. Any gain or loss on the hedging instruments is recognized in stockholders' equity in "Carrying value adjustments", and the gains or losses related to the non-effective portion is reported in the statement of income immediately in "Other (losses) / gains, net".

Gains and losses accumulated in equity are included in the statement of income when the foreign operation is partially or totally transferred or sold.

f) TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded and maintained at the nominal value of the amounts obtained on sales of products, plus exchange variations, where applicable. Trade accounts receivable substantially refer to short term operations and are, therefore, not discounted to present value as, no significant adjustment would arise therefrom. The provision for doubtful receivables (allowance for doubtful accounts or impairment) is constituted based on the analysis of risks regarding the realization of the credits receivable, in at amounts considered sufficient by management to cover potential losses on the realization of these assets.

Recoveries of written-off items are credited to "other operating income", in the statement of income.

g) INVENTORY

Inventory is stated at cost or net realizable value, whichever is lower. Cost is determined using the average cost of purchase or production. The cost of finished goods and products in progress comprises raw materials, direct labor, and other direct costs, excluding borrowing costs, and is recognized in income when products are sold. When applicable, a valuation allowance is recognized for inventory, products obsolescence and physical inventory losses.

Imports in transit are stated at the cost of each import.

The net realizable value is the selling price estimated in the ordinary course of business, less the applicable variable selling expenses.

h) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

I. Associates

In conformity with CPC 18 / IAS 28 – “Investment in Affiliates, Subsidiaries and Joint-Ventures”, associates include those companies over which the investor has significant influence, but control; Significant influence is usually presumed to exist when an interest in the voting capital of 20% to 50% is held. Investments in these companies are initially recognized at the cost of acquisition and subsequently accounted for under the equity method. Investments in unconsolidated companies include the goodwill identified upon acquisition, net of any cumulative impairment loss.

II. Joint ventures

In accordance with CPC 19 / IAS 31 – “Investments in Joint Businesses”, investments in joint businesses are classified as joint operations or joint ventures.

The classification depends on the contractual rights and obligations held by each investor, rather than the legal structure of the joint business.

The share of ITAÚSA and its subsidiaries, in the profits or losses of their unconsolidated companies after acquisition is recognized in the consolidated statement of income. The share of changes in the reserves of corresponding stockholders' equity of their unconsolidated companies is recognized in their own reserves in stockholders' equity. The cumulative changes after acquisition are adjusted against the carrying amount of the investment. When the share of ITAÚSA and its subsidiaries in the losses of an unconsolidated company is equal to or above their interest in the unconsolidated company, including any other receivables, ITAÚSA and its subsidiaries do not recognize additional losses, unless they have incurred any obligations or made payments on behalf of the unconsolidated company.

Unrealized gains on transactions between ITAÚSA and its subsidiaries and its unconsolidated companies are eliminated to the extent of the interest of ITAÚSA and its subsidiaries. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of unconsolidated companies were changed, when necessary, to ensure consistency with the policies adopted by ITAÚSA and its subsidiaries.

If the interest in the unconsolidated company decreases, but ITAÚSA CONSOLIDATED retains significant influence, only a proportional amount of the previously recognized amounts in “Other comprehensive income” is reclassified to Income, when appropriate.

Gains and losses from dilution arising from investments in unconsolidated companies are recognized in the Consolidated Statement of Income under “Share of income in associates and joint ventures”.

i) FIXED ASSETS

In accordance with CPC 27 / IAS 16 – “Property, plant and equipment”, fixed assets are recognized at cost of acquisition less accumulated depreciation, which is calculated using the straight-line method and rates based on the estimated useful lives of these assets. These rates are presented in Note 9.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of each year.

ITAÚSA and its subsidiary companies reviews their assets in order to identify whether any indication of impairment exists. If such indications are identified, fixed assets are tested for impairment. In accordance with CPC 01 / IAS 36 – “Impairment of assets”, impairment losses are recognized at the amount for which the carrying amount of the asset (or group of assets) exceeds the recoverable amount, and they are recognized in the consolidated statement of income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which independent cash flow can be identified (cash-generating units.). The assessment can be made at an individual asset level when the fair value less cost to sell can be determined reliably.

Gains and losses on disposals of fixed assets are recognized in the Consolidated Statement of Income under “Other (losses)/gains, net”.

i) GOODWILL

In accordance with CPC 15 / IFRS 3 – “Business combinations”, goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets and liabilities of the acquired entity at the date of acquisition. Goodwill is not amortized, but its recoverable amount is tested for impairment annually or when there is any indication of impairment, using an approach that involves the identification of cash-generating units and estimates of fair value less cost to sell and/or value in use.

As defined in CPC 01 / IAS 36 – “Impairment of assets”, a cash-generating unit is the lowest identifiable group of assets that generates cash flow that is independent of the cash inflows from other assets or groups of assets. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination.

CPC 01 / IAS 36 determines that an impairment loss shall be recognized for a cash-generating unit if the recoverable amount of the cash-generating unit is less than its carrying amount. The loss shall be allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit on a pro rata basis in respect of the carrying amount of each asset. The loss cannot reduce the carrying amount of an asset below the higher of its fair value less costs to sell or its value in use. The impairment losses on goodwill cannot be reversed.

The goodwill of unconsolidated companies is reported as part of the investments in the Consolidated Balance Sheet under “Investments in associates and jointly controlled entities”, and the impairment testing is carried out in relation to the total balance of the investments (including goodwill).

j) INTANGIBLE ASSETS – OTHER INTANGIBLE ASSETS

Intangible assets are non-physical assets, including software and other assets, and are initially recognized at cost. Intangible assets are recognized when they arise from legal or contractual rights, their costs can be reliably measured, and if, in the case of intangible assets not arising from separate acquisitions or business combinations, it is probable that future economic benefits may arise from their use. The balance of intangible assets refers to assets acquired or internally generated.

Intangible assets may have finite or indefinite useful lives. Intangible assets with finite useful lives are amortized using the straight line method over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized, but are tested annually in order to identify any indication of impairment.

ITAÚSA and its subsidiaries semi-annually assess their intangible assets in order to identify whether any indications of impairment exist, as well as the possible reversal of previous impairment losses. If any such indications are found, intangible assets are tested for impairment. In accordance with CPC 01 / IAS 36, impairment losses are recognized as the difference between the carrying and recoverable amount of an asset (or group of assets) in the Consolidated Statement of Income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell or its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which cash flow can be separately identified (cash-generating unit level). The assessment can be made at an individual asset level when the fair value less cost to sell can be determined reliably.

As provided for in CPC 4 / IAS 38 – “Intangible Assets”, ITAÚSA and its subsidiaries have chosen the cost model to measure their intangible assets after their initial recognition.

k) BIOLOGICAL ASSETS

Forest reserves are recognized at their fair value, less estimated costs to sell at harvest time, in accordance with Note 11. For immature plantations (up to one year of life), their cost is considered to be close to their fair value. Gains and losses arising from the recognition of a biological asset at its fair value, less costs to sell, are recognized in the statement of income. The depletion appropriated in the statement of income is formed by the portion of the formation cost and the portion related to the difference of the fair value.

l) INCOME TAX AND SOCIAL CONTRIBUTION

There are two components of the provision for income tax and social contribution: current and deferred.

The current income tax expense approximates the taxes to be paid or recovered for the applicable period. Current assets and liabilities are recorded in the balance sheet under “Tax assets – Income tax and social contribution - current” and “Tax liabilities – Income tax and social contribution - current”, respectively.

The deferred income tax and social contribution represent deferred tax assets and liabilities, are based on the differences between the tax bases of assets and liabilities and the amounts reported in the financial statements at each year-end. Deferred tax assets, including those arising from tax losses, are only recognized when it is probable that future taxable income will be available for offsetting. Deferred tax assets and liabilities are recognized in the Balance Sheet under “Tax assets – income tax and social contribution – deferred” and “Tax liabilities – income tax and social contribution – deferred”, respectively.

Income tax and social contribution expenses are recognized in the consolidated statement of income under “Income tax and social contribution”, except when they refer to items directly recognized in “Cumulative comprehensive income”, such as: deferred tax on fair value measurement of available-for-sale financial assets, and tax on cash flow hedges. Deferred taxes of such items are initially recognized in Cumulative comprehensive income and subsequently recognized in Income together with the recognition of the gain/loss originally deferred.

Changes in tax legislation and tax rates are recognized in the consolidated statement of income under “Income tax and social contribution” in the period in which they are enacted. Interest and fines are recognized in the Consolidated statement of income under “General and administrative expenses”. Income tax and social contribution are calculated at the rates shown below, considering the respective taxable bases, based on the current legislation related to each tax, which, in the case of the operations in Brazil, are equal for all the reporting periods as follows:

Income tax	15%
Additional income tax	10%
Social contribution	9%

On May 14, 2014, Law No. 12,973 was published to amend federal tax legislation on IRPJ, CSLL, PIS and COFINS. Among other topics, this Law provides for:

- The revocation of the Transition Tax Regime (RTT), introduced by Law No. 11,941 of May 27, 2009;
- The taxation of companies domiciled in Brazil, in relation to the equity increase arising from interest on income earned abroad by subsidiaries and affiliates, and income earned by individuals resident in Brazil by means of a legal entity controlled abroad.

This law has not had any significant accounting effects on the consolidated financial statements of ITAÚSA.

In order to determine the proper level of provisions for taxes to be maintained for uncertain tax positions, a two-phase approach was applied, according to which a tax benefit is recognized if it is more probable than not that a position can be sustained. The benefit amount is then measured as the highest tax benefit when its probability of realization is over 50%.

m) EMPLOYEE BENEFITS

Pension plans – defined contribution

ITAÚSA and its subsidiaries offer a Defined Contribution Plan to all employees, managed by Fundação Itaúsa Industrial. The plan regulations provide for contributions by sponsors that range from 50% to 100% of the amount contributed by the employees. ITAÚSA and its subsidiaries have already offered this Defined Benefit Plan to its employees, but this plan is being extinguished and no new participants can be enrolled under the plan.

Regarding the Defined Contribution Plan, there is no additional payment obligation after the contribution is made. Contributions are recognized as expenses for employee benefits, when due. Contributions made in advance are recognized as an asset in the proportion at which that these contributions caused an effective reduction in future payments.

n) STOCK-BASED COMPENSATION

Stock-based compensation is accounted for in accordance with CPC 10 / IFRS 2 – “Share-based payment”, which requires an entity to measure the value of equity instruments granted, based on their fair value as at the grant dates of the options. This cost is recognized during the vesting period of the right to exercise the instruments.

The total amount to be expensed is determined by with reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (notably an employee remaining with the entity over a specified time period). The fulfillment of non-market vesting conditions is included among the assumptions regarding the number of options that are expected to be exercised. At the end of each period the entity revises its estimates regarding the number of options that are expected to be exercised based on non-market vesting conditions. It recognizes the impact of revision to the original estimates, if any, in the statement of income, with a corresponding adjustment to the stockholders' equity.

When the options are exercised, the subsidiaries generally deliver treasury shares to the beneficiaries.

The fair value of stock options is estimated using option pricing models that take into account the exercise price of the option, the current stock price, the risk-free interest rate, the expected volatility of the stock price and the life-span of the option.

All stock-based compensation plans established by subsidiaries correspond to plans that can be settled exclusively through the delivery of shares – Note 17.

o) LOANS AND FINANCING

Borrowing is initially recognized at its fair value when funds are received, net of transaction costs, and subsequently stated at amortized cost – that is, with the addition of charges and interest proportional to the period that has elapsed (calculated on a pro rata basis), using the effective interest rate method, except for borrowing that is hedged by derivative instruments, which is stated at fair value.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, i.e. an asset in respect of which a substantial period of time is required to prepare it for its intended use or sale, are capitalized as part of the cost of the asset when it is probable that these costs will result in future economic benefits to the entity which can be reliably measured. Other borrowing costs are recognized as expenses in the year in which they are incurred.

p) CAPITAL AND TREASURY SHARES

Capital

Common and preferred shares are classified in stockholders' equity. The additional costs directly attributable to the issue of new shares are included in stockholders' equity as a deduction from the amount raised, net of taxes.

Treasury shares

Common and preferred shares that are repurchased are recorded in Stockholders' Equity under Treasury Shares at their average purchase prices.

Treasury shares that are subsequently sold, such as those sold to grantees under ITAÚSA's Stock Option Plan, are recorded as a reduction in treasury shares, measured at the average price of treasury stock held at that date.

The difference between the sale price and the average price of the treasury shares is recorded as a reduction or an increase in "Additional Paid-in Capital" depending upon the circumstances. The cancellation of treasury shares is recorded as a reduction in treasury shares against Appropriated Reserves, at the average price of the treasury shares at the cancellation date.

q) DIVIDENDS AND INTEREST ON CAPITAL

Pursuant to the Company's bylaws, the stockholders are entitled to a mandatory minimum dividend of 25% of the net income for the year, in the form of quarterly payments, adjusted in accordance with the legislation in force. Minimum dividend amounts established in the bylaws are recorded as liabilities at the end of each quarter. Any other amount above the mandatory minimum dividend is accounted for as a liability when it is approved by the stockholders at a Stockholder's Meeting. Since January 1, 1996, Brazilian companies have been permitted to apply a tax-deductible nominal interest rate charge on net equity (called interest on capital).

For accounting purposes interest on capital is treated as a dividend and is presented as a reduction of stockholders' equity in the Financial Statements. The related tax benefit is recorded in the Statement of Income.

r) EARNINGS PER SHARE

Earnings per share are computed by dividing the net income attributable to the owners of ITAÚSA by the weighted average number of common and preferred shares outstanding for each reporting period. The weighted average number of shares are computed based on the periods for which the shares were outstanding.

Earnings per share are presented based on the two types of stock issued by ITAÚSA. Both types, common and preferred, participate in dividends on substantially the same basis, except that preferred shares are entitled to a priority non-cumulative minimum annual dividend of R\$ 0.01 per share. Earnings per share are computed based on the distributed earnings (dividends and interest on capital) and undistributed earnings of ITAÚSA after giving effect to the preference indicated above, without regard to whether the earnings will ultimately be fully distributed. Earnings per share amounts have been determined as if all earnings had been distributed and computed following the requirements of CPC 41 / IAS 33 – "Earnings per share".

s) REVENUE

Sales of products

Revenue from the sale of products is recognized in income at the time when all risks and benefits inherent in the product are transferred to the purchaser. Revenue is not recognized if there is a significant uncertainty regarding their realization.

t) SEGMENT INFORMATION

CPC 22 / IFRS 8 – "Segment Information" determines that operating segments must be disclosed consistently with the information provided to the chief operating decision maker, who is the person or group of persons who allocates resources to the segments and assesses their performance. ITAÚSA considers that its Board of Directors is the chief operating decision maker.

ITAÚSA has the following business segments: Financial and Industrial Area, subdivided into Duratex, Itaotec and Elekeiroz.

Segmental information is presented in Note 25.

NOTE 3 - CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statements of cash flow, cash and cash equivalents include the following items (amounts with original maturity terms that are equal to or less than 90 days):

	12/31/2015	12/31/2014
Cash and deposits on demand	80	43
Investments in fixed income and investment funds	348	135
Bank deposit certificates	944	1,074
Repurchase agreements	802	640
Financial treasury bills	-	5
Total	2,174	1,897

NOTE 4 - FINANCIAL ASSETS HELD FOR TRADING

	12/31/2015	12/31/2014
Subordinated financial bills	61	61
Financial treasury bills	221	229
Total	282	290

NOTE 5 - TRADE ACCOUNTS RECEIVABLE

Trade Accounts Receivable	12/31/2015	12/31/2014
Domestic customers	864	957
Foreign customers	148	101
Related parties	43	54
Impairment	(59)	(43)
Total	996	1,069

The balances of accounts receivable by maturity are as follows:

Maturities	12/31/2015	12/31/2014
Not yet due	931	1,003
Past-due up to 30 days	29	31
From 31 to 60 days	10	4
From 61 to 90 days	4	2
From 91 to 180 days	7	7
More than 180 days	74	65
Total	1,055	1,112

Below are the changes in the allowance for doubtful accounts for the year ended December 31, 2015

	12/31/2015	12/31/2014
Opening balance	(43)	(38)
Constitution of provision	(19)	(17)
Reversal (income statement)	1	3
Write-offs	6	9
Acquisition of DuchaCorona	(4)	-
Closing Balance	(59)	(43)

NOTE 6 - OTHER ASSETS AND LIABILITIES**a) Other assets**

	12/31/2015		12/31/2014	
	Current	Non Current	Current	Non Current
Other financial assets	919	257	653	427
Deposits as guarantees for contingent liabilities	-	104	-	149
Dividends and interest on stockholders' equity receivable	835	-	607	-
Amounts receivable from the sale of fixed assets	19	9	15	6
Retirement plan assets (Note 24)	3	122	-	164
Credits from certificates of judgment debt of the government	-	10	-	87
Acquisition escrow accounts	5	12	5	21
Other amounts receivable	57	-	26	-
Other non-financial assets	13	-	22	-
Prepaid expenses	6	-	20	-
Other	7	-	2	-

b) Other liabilities

	12/31/2015		12/31/2014	
	Current	Non Current	Current	Non Current
Suppliers	271	-	213	-
Personnel provision	147	-	163	-
Partnerships in which some partners are passive (*)	108	-	10	98
Advances from customers	22	6	7	-
Acquisitions of companies	24	33	10	24
Deferred income	7	-	7	-
Freight and insurance payable	17	-	14	2
Commission payable	8	-	9	-
Acquisitions of reforestation areas and fixed assets	8	-	7	5
Provision for warranties and restructuring costs	17	28	22	11
Other	32	33	27	54
Total	661	100	489	194

(*) Refers to the value of the participation of third parties in reforestation projects at the Group, to which the Duratex subsidiary Duratex Florestal has contributed forest assets, basically forest reserves and the equity holders have contributed in kind.

NOTE 7 – INVENTORY

	12/31/2015	12/31/2014
Raw materials, supplies and packaging	381	316
Finished products	366	318
Work in progress	117	105
Showrooms	107	96
Advances to suppliers	3	9
Allowance for inventory losses	(6)	(13)
Total	968	831

The cost of inventory recognized in results and included in “Cost of Products and Services” totaled R\$ 3,731 at December 31, 2015 (R\$ 3,767 at December 31, 2014).

At December 31, 2015 and 2014, the subsidiaries of ITAÚSA did not have any inventory pledged as collateral.

NOTE 8 – INVESTMENTS

I) ITAÚSA

a) Subsidiaries and joint ventures stockholders' equity

Stockholders' equity	Joint Ventures		Subsidiaries				
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman company Ltd.
Stockholders' equity at 01/01/2014							
Capital	60,000	6,500	1,697	321	280	52	29
Treasury shares	(1,854)	-	(18)	-	-	-	-
Carrying value adjustments	(1,513)	(611)	427	(1)	-	-	-
Reserves	25,606	14,419	2,259	184	(124)	47	(28)
Other	984	-	-	-	-	5	-
Balance at 01/01/2014	83,223	20,308	4,365	504	156	104	1
Changes from 01/01 to 12/31/2014	16,037	4,110	178	(39)	(47)	2	-
Net income	21,555	4,019	390	(32)	(38)	2	-
Treasury shares	749	-	(10)	-	-	-	-
Dividends and interest on capital	(6,994)	(161)	(189)	(7)	-	-	-
Other comprehensive income	1,082	279	(23)	-	-	-	-
Other	(355)	(27)	10	-	(9)	-	-
Stockholders' equity at 12/31/2014							
Capital	75,000	7,430	1,868	321	272	52	32
Treasury shares	(1,328)	-	(28)	-	-	-	-
Carrying value adjustments	(431)	(332)	405	(1)	-	2	-
Reserves	24,511	17,320	2,298	145	(163)	52	(31)
Other	1,508	-	-	-	-	-	-
Balance at 12/31/2014	99,260	24,418	4,543	465	109	106	1
Changes from 01/01 to 12/31/2015	12,992	3,839	(11)	(10)	(32)	199	1
Net income	25,740	4,465	183	(11)	(19)	(1)	-
Treasury shares	(2,924)	-	-	-	-	-	-
Dividends and interest on capital	(8,440)	(277)	(254)	-	-	-	-
Other comprehensive income	(859)	(225)	55	1	-	-	-
Other	(525)	(124)	5	-	(13)	200	1
Stockholders' equity at 12/31/2015							
Capital	85,148	12,430	1,868	322	272	262	47
Treasury shares	(4,353)	-	(28)	-	-	-	-
Carrying value adjustments	(1,290)	(557)	459	-	-	-	-
Reserves	31,014	16,384	2,233	133	(195)	43	(45)
Other	1,733	-	-	-	-	-	-
Balance at 12/31/2015	112,252	28,257	4,532	455	77	305	2

b) Interest in capital of subsidiaries and Joint Ventures

Below is the composition of the share capital of subsidiaries and joint ventures, and the quantities held by Itaúsa:

Interest in capital	Joint Ventures		Subsidiaries				
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman company Ltd.
Outstanding Common shares at 12/31/2014	2,770,034,003	710,454,184	663,079,679	14,518,150	11,199,367	752,189	12,200,000
Shares of capital	2,770,036,544	710,454,184	665,565,438	14,518,150	11,199,367	752,189	12,200,000
Treasury shares	(2,541)	-	(2,485,759)	-	-	-	-
Outstanding Preferred shares at 12/31/2014	2,706,967,586	350,942,273	-	16,967,020	-	-	-
Shares of capital	2,760,796,137	350,942,273	-	16,967,020	-	-	-
Treasury shares	(53,828,551)	-	-	-	-	-	-
Outstanding shares at 12/31/2014	5,477,001,589	1,061,396,457	663,079,679	31,485,170	11,199,367	752,189	12,200,000
Number of shares owned by Itaúsa at 12/31/2014	1,071,116,200	706,169,365	235,621,037	30,379,121	10,953,371	752,189	12,200,000
Common shares	1,071,022,909	355,227,092	235,621,037	14,261,761	10,953,371	752,189	12,200,000
Preferred shares	93,291	350,942,273	-	16,117,360	-	-	-
Direct interest at 12/31/2014							
Interest in capital	19.56%	66.53%	35.53%	96.49%	97.80%	100.00%	100.00%
Interest in voting capital	38.66%	50.00%	35.40%	98.23%	97.80%	100.00%	100.00%
Common shares in circulation at 12/31/2015	3,047,037,403	710,454,184	663,079,679	14,518,150	11,199,367	2,186,700	12,200,000
Shares of capital	3,047,040,198	710,454,184	665,565,438	14,518,150	11,199,367	2,186,700	12,200,000
Treasury shares	(2,795)	-	(2,485,759)	-	-	-	-
Preferred shares in circulation at 12/31/2015	2,874,313,101	350,942,273	-	16,967,020	-	-	-
Shares of capital	3,036,875,751	350,942,273	-	16,967,020	-	-	-
Treasury shares	(162,562,650)	-	-	-	-	-	-
Outstanding shares at 12/31/2015	5,921,350,504	1,061,396,457	663,079,679	31,485,170	11,199,367	2,186,700	12,200,000
Number of shares owned by Itaúsa at 12/31/2015	1,178,227,819	706,169,365	235,621,037	30,379,121	10,953,371	2,186,700	12,200,000
Common shares	1,178,125,199	355,227,092	235,621,037	14,261,761	10,953,371	2,186,700	12,200,000
Preferred shares	102,620	350,942,273	-	16,117,360	-	-	-
Direct interest at 12/31/2015							
Interest in capital	(1) 19.9%	66.53%	35.53%	96.49%	97.80%	100.00%	100.00%
Interest in voting capital	(2) 38.66%	50.00%	35.40%	98.23%	97.80%	100.00%	100.00%

(1) Itaúsa holds a direct interest in Itaú Unibanco Holding S.A. of 19.9% and an indirect interest of 17.46% through the investment in the jointly-controlled subsidiary Itaú Unibanco Participações S.A. (IUPAR), which holds a 26.24% direct interest in Itaú Unibanco Holding S.A., totaling 37.36% interest in the capital.

(2) The direct interest in the common shares of Itaú Unibanco Holding S.A. is 38.66% and the indirect interest is 25.5% through the investment in the jointly-controlled subsidiary Itaú Unibanco Participações S.A. (IUPAR), which holds a 51% direct interest in the common shares of Itaú Unibanco Holding S.A., totaling 64.16% of the voting capital.

c) Change of Investments

Investments	Joint Ventures		Subsidiaries					Total
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman company Ltd.	
Investment balance at 01/01/2014								
Interest in capital	16,341	13,512	1,542	486	146	104	1	32,132
Unrealized income (loss)	(15)	-	-	-	(100)	-	-	(115)
Fair value - Identifiable assets and liabilities (Note 23a)	164	-	-	-	-	-	-	164
Balance at 01/01/2014	16,490	13,512	1,542	486	46	104	1	32,181
Changes from 01/01 to 31/12/2014	3,030	2,734	65	(37)	60	2	-	5,854
Share of income	5,258	2,674	137	(31)	60	2	-	8,100
Dividends and interest on capital	(2,420)	(107)	(67)	(6)	-	-	-	(2,600)
Other comprehensive income	212	186	(8)	-	-	-	-	390
Other	(20)	(19)	3	-	-	-	-	(36)
Investment balance at 31/12/2014								
Interest in capital	19,413	16,246	1,607	449	106	106	1	37,928
Unrealized income (loss)	(14)	-	-	-	-	-	-	(14)
Fair value - Identifiable assets and liabilities (Note 23a)	121	-	-	-	-	-	-	121
Balance at 31/12/2014	19,520	16,246	1,607	449	106	106	1	38,035
Market value at 12/31/2014	69,823	-	1,913	262	176	-	-	72,174
Changes from 01/01 to 12/31/2015	2,896	2,554	(4)	(9)	(31)	199	1	5,606
Share of income	6,098	2,971	65	(11)	(31)	(1)	1	9,092
Dividends and interest on capital	(2,938)	(184)	(90)	-	-	-	-	(3,212)
Capital increase	-	-	-	-	-	200	-	200
Other comprehensive income	(171)	(150)	19	1	-	-	-	(301)
Other	(93)	(83)	2	1	-	-	-	(173)
Investment balance at 12/31/2015								
Interest in capital	22,336	18,800	1,603	440	75	305	2	43,561
Unrealized income (loss)	(13)	-	-	-	-	-	-	(13)
Fair value - Identifiable assets and liabilities (Note 23a)	93	-	-	-	-	-	-	93
Balance at 12/31/2015	22,416	18,800	1,603	440	75	305	2	43,641
Market value at 12/31/2015	58,179	-	1,395	184	164	-	-	59,922

II) ITAÚSA CONSOLIDATED

a) Composition of investments in associates and jointly controlled entities

	Interest % at 12/31/2014		12/31/2014			01/01 to 12/31/2014	
	Total	Voting	Stockholders' equity	Investment balance	Market value	Net income	Share of income
Itaú Unibanco Holding	36.72	64.16	99,260	19,520	69,823	21,555	5,258
IUPAR - Itaú Unibanco Participações	66.53	50.00	24,418	16,246	-	4,019	2,674
OKI Brasil	-	-	-	40	-	-	(21)
Other	-	-	-	-	-	-	(^(*) (3))
Total				35,806			7,908

	Interest % at 12/31/2015		12/31/2015			01/01 to 12/31/2015	
	Total	Voting	Stockholders' equity	Investment balance	Market value	Net income	Share of income
Itaú Unibanco Holding	37.36	64.16	112,252	22,416	58,179	25,740	6,098
IUPAR - Itaú Unibanco Participações	66.53	50.00	28,257	18,800	-	4,465	2,971
Other	-	-	-	-	-	-	(^(*) (12))
Total				41,216			9,057

(*) Includes the result not arising from the net income of subsidiaries

b) Other information

The table below shows a summary of the financial information of the investees accounted for under the equity method:

Assets and liabilities ^(*)	12/31/2015	12/31/2014
Assets	1,276,424	1,127,206
Cash and cash equivalents	91,649	125,318
Financial assets	651,825	501,590
Loan operations and lease operations portfolio	447,404	430,039
Tax assets	52,158	35,246
Other assets	33,388	35,013
Liabilities	1,163,629	1,026,586
Deposits	292,610	294,773
Securities sold under repurchase agreements	336,643	288,683
Other financial liabilities	354,046	288,200
Reserves for insurance and private pensions	129,305	109,778
Civil, labor, tax and social security lawsuits	18,994	17,027
Other liabilities	32,031	28,125

(*) Basically represented by Itaú Unibanco Holding.

Other Financial Information - Itaú Unibanco Holding	01/01 to 12/31/2015	01/01 to 12/31/2014
Interest and similar income	147,789	120,115
Interest and similar expenses	(75,064)	(72,977)
Net income before income tax and social contribution	18,265	28,808
Income tax and social contribution ^(*)	7,891	(6,947)
Net income	26,156	21,861
Net income attributable to the owners of the parent company	25,740	21,555
Other comprehensive income	(859)	1,082
Total comprehensive income	24,881	22,637

(*) Including the temporary effects brought about by Law No. 13,169/15, which increased the CSLL rate to 20%, tax credits were recorded according to their expected realization. The effect on the result was R\$ 3,921.

NOTE 9 – FIXED ASSETS

Fixed Assets	Land	Buildings and Improvements	Equipment and facilities	Furniture and fixtures	Vehicles	Assets under development or construction	Other Assets	Total
Balance at 12/31/2013								
Cost	686	983	3,729	46	52	407	136	6,039
Accumulated depreciation	-	(386)	(1,650)	(31)	(45)	-	(95)	(2,207)
Net book value	686	597	2,079	15	7	407	41	3,832
Changes from 01/01 to 12/31/2014								
Acquisitions	85	105	226	5	6	240	2	669
Write-offs	(46)	(1)	(13)	(1)	-	(2)	-	(63)
Depreciation	-	(37)	(278)	(3)	(4)	-	(10)	(332)
Other	2	52	235	2	1	(327)	14	(21)
Balance at 12/31/2014								
Cost	727	1,115	4,169	52	57	318	142	6,580
Accumulated depreciation	-	(399)	(1,920)	(34)	(47)	-	(95)	(2,495)
Net book value	727	716	2,249	18	10	318	47	4,085
Annual depreciation rates (%)	-	4%	5% a 20%	10%	10%	-	4% a 20%	
Changes from 01/01 to 12/31/2015								
Acquisitions	13	15	51	5	2	248	18	352
Write-offs	(1)	(1)	(4)	-	(1)	(1)	(1)	(9)
Depreciation	-	(40)	(296)	(3)	(2)	-	(13)	(354)
Transfer	2	46	304	2	1	(370)	15	-
Transfer to Investment Property	(2)	(28)	-	-	-	-	-	(30)
Other	36	17	47	1	-	-	1	102
Balance at 12/31/2015								
Cost	775	1,138	4,568	60	60	195	174	6,970
Accumulated depreciation	-	(413)	(2,217)	(37)	(50)	-	(107)	(2,824)
Net book value	775	725	2,351	23	10	195	67	4,146
Annual depreciation rates (%)	-	4%	5% a 20%	10%	10%	-	4% a 20%	

NOTE 10 – INTANGIBLE ASSETS

Intangible Assets	Software	Trademarks and patents	Goodwill for future profitability	Customer portfolio	Total
Balance at 12/31/2013					
Cost	59	15	714	396	1,184
Accumulated amortization	(38)	(1)	-	(105)	(144)
Net value	21	14	714	291	1,040
Change from 01/01 to 12/31/2014					
Acquisitions	8	1	-	-	9
Amortization expense	(9)	-	-	(27)	(36)
Write-offs	-	(10)	-	-	(10)
Other	6	5	-	15	26
Balance at 12/31/2014					
Cost	74	11	714	412	1,211
Accumulated amortization	(48)	(1)	-	(133)	(182)
Net value	26	10	714	279	1,029
<i>Annual amortization rates</i>	20%	-	-	6.67%	
Changes from 01/01 to 12/31/2015					
Acquisitions	18	1	-	-	19
Write-offs	(4)	-	-	-	(4)
Amortization expense	(8)	(1)	-	(27)	(36)
Other	1	14	-	1	16
Balance at 12/31/2015					
Cost	85	26	714	414	1,239
Accumulated amortization	(52)	(2)	-	(161)	(215)
Net value	33	24	714	253	1,024
<i>Annual amortization rates</i>	20%	-	-	6.67%	

Goodwill for future profitability is a result of the following acquisitions:

Acquisitions	
Itaú Unibanco Holding (note 23)	437
Satipel	188
Thermosystem	26
Cerâmica Monte Carlo	22
Deca Nordeste	17
Metalúrgica Jacareí	2
Other acquisitions	22
Net value	714

NOTE 11 – BIOLOGICAL ASSETS (forest reserves)

ITAÚSA, through its subsidiaries Duratex Florestal Ltda. and Tablemac S.A., owns eucalyptus and pine forest reserves that are mainly used as raw materials in the production of wood panels, floors and components, and are also sold to third parties.

These reserves guarantee the supply of wood to ITAÚSA's plants, and they also protect ITAÚSA from the future risk of increases in wood prices. The forest reserves are a sustainable operation and are integrated into ITAÚSA's industrial complexes which, together with the supply network, provides a high level of self-sufficiency in relation to the wood supply.

At December 31, 2015, approximately 170.3 thousand hectares of the forest reserves were planted (164.6 thousand hectares at December 31, 2014) in the states of São Paulo, Minas Gerais, Rio Grande do Sul and Colombia.

a) Fair value estimate

The fair value is determined based on the estimated wood volume at the point of harvest, at the current prices for standing timber, except in the case of (i) forests that have up to one year of life which are stated at cost, as a result of a judgment that these amounts approximate their values; (ii) forests in the process of growth for which case the discounted cash flow method is used.

Biological assets are measured at fair value, less cost to sell at the point of harvest.

The fair value was determined by valuing the estimated volumes at the point of harvest considering the current market prices in view of the volume estimates. The assumptions used were as follow:

i. Discounted cash flow – forecast wood volume at the point of harvest, considering the current market prices, net of realizable planting costs and capital costs of land used in planting (brought to present value) at the discount rate of 10.17% p.a. at December 31, 2015 and 10.1% p.a. at December 31, 2014. The discount rate used in cash flow corresponds to the weighted average cost of Duratex S.A., which is reviewed annually by the Management.

ii. Prices – prices in R\$/cubic meter through current market prices, disclosed by specialized companies operation in regions and offering products similar to those of Duratex, in addition to the prices set in transactions with third parties, also in active markets.

iii. Differentiation – harvest volumes were separated and valued according to (a) species (pine and eucalyptus), (b) region, (c) purpose (saw and process).

iv. Volumes – estimates of volumes to be harvested (sixth year for eucalyptus and 12th year for pine), were based on the projected average productivity for each region and species. The average productivity may vary based on age, cropping, climate conditions, quality of seedlings, fires and other natural risks. In relation to formed forests, the current wood volumes are used. Rotating inventory is taken from the second year of life of forests, and their effects are included in the financial statements.

v. Regularity – expectations regarding future wood prices and volumes are reviewed at least every quarter, or when the rotational physical inventory is concluded.

b) Composition of balances

The biological assets balances are composed of the costs of forest planting and the difference between the fair value and the planting costs, as shown below:

	12/31/2015	12/31/2014
Cost of formation of biological assets	895	785
Difference between cost and fair value	547	570
Fair value of biological assets	1,442	1,355

Forests are free from any liens or guarantees to third parties, including financial institutions. In addition, there are no forests for which legal title is restricted.

c) Changes

The changes in the accounting balances from the beginning of the period are as follow:

	12/31/2015	12/31/2014
Opening balance	1,355	1,126
Variations in fair value		
Volume price	124	221
Depletion	(146)	(181)
Variations in historical value		
Formation	204	292
Depletion	(95)	(103)
Closing balance	1,442	1,355
	12/31/2015	12/31/2014
Effects of variations in the fair value of biological assets	(22)	40
Variations in fair value	124	221
Depletion of fair value	(146)	(181)

NOTE 12 - INCOME TAX AND SOCIAL CONTRIBUTION

ITAÚSA and each of its subsidiaries file separate corporate income tax returns for each fiscal year. Income tax in Brazil comprises income tax and social contribution on net income, which is a tax on income additional to income tax.

a) Composition of income tax and social contribution expense

The amounts recorded as income tax and social contribution expense in the consolidated financial statements reconcile with the statutory rates, as follow:

Current income tax and social contribution	01/01 to 12/31/2015	01/01 to 12/31/2014
Income before income tax and social contribution	8,976	8,263
Charges (income tax and social contribution) at the current rates	(3,052)	(2,809)
Increase/decrease in income tax and social contribution charges arising from:		
(Additions) / exclusions	3,070	2,707
Share of comprehensive income of associates and joint ventures	3,079	2,689
Income from foreign investments	(2)	7
Interest on capital	113	(49)
Reversal of deferred tax assets	(142)	-
Other	22	60
Total income tax and social contribution	18	(102)

b) Deferred income tax and social contribution

I - The balance and changes in deferred income tax and social contribution are as follow:

	12/31/2013	Realization/ reversal	Increase	12/31/2014
Deferred tax assets				
Tax losses and social contribution losses carried forward	294	(2)	77	369
Allowance for loan losses	3	-	3	6
Adjustment to market value - securities and derivative financial instruments	2	-	1	3
Goodwill on purchases of investments	142	-	-	142
Provision for contingent liabilities	142	(2)	49	189
Provision for interest on capital	119	(119)	-	-
Other	27	(2)	10	35
Total deferred tax assets	729	(125)	140	744
Deferred tax liabilities				
Revaluation reserve	(56)	2	-	(54)
Present value of financing	(7)	2	-	(5)
Swap results	(17)	-	(27)	(44)
Depreciation	(83)	-	(22)	(105)
Restatement of escrow deposits, legal liabilities and contingent liabilities	-	-	-	-
Pension plans	(4)	-	-	(4)
Sales of property	(6)	2	-	(4)
Other liabilities	(46)	17	(2)	(31)
Adjustments: CPCs / IFRS	(300)	-	(76)	(376)
Total deferred tax liabilities	(519)	23	(127)	(623)
Deferred tax assets, net	210	(102)	13	121

	12/31/2014	Realization/ reversal	Increase	12/31/2015
Deferred tax assets				
Tax losses and social contribution loss carried forward	369	(49)	183	503
Allowance for loan losses	6	-	2	8
Adjustments to market value - securities and derivative financial instruments	3	-	-	3
Goodwill on purchases of investments	142	(142)	-	-
Provision for contingent liabilities	189	(13)	72	248
Other	35	(16)	35	54
Total deferred tax assets	744	(220)	292	816
Deferred tax liabilities				
Revaluation reserve	(54)	3	-	(51)
Present value of financing	(5)	-	-	(5)
Swap results	(44)	-	(85)	(129)
Depreciation	(105)	96	(1)	(10)
Pension plans	(4)	1	(2)	(5)
Sales of property	(4)	2	-	(2)
Other liabilities	(31)	3	(22)	(50)
Adjustments: CPCs / IFRS	(376)	17	-	(359)
Total deferred tax liabilities	(623)	122	(110)	(611)
Deferred tax assets, Net	121	(98)	182	205

II- The estimated realization and the present value of the deferred income tax and social contribution at December 31, 2015, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are as follow:

	12/31/2015	12/31/2014
Deferred tax assets	816	744
Deferred tax assets to be recovered within 12 months	55	109
Deferred tax assets to be recovered after 12 months	761	635
Deferred tax liabilities	(611)	(623)
Deferred tax liabilities to be recovered after 12 months	(611)	(623)
Deferred tax assets, net	205	121

NOTE 13 - LOANS AND FINANCING

Company	Type ⁽¹⁾	Charges	Guarantees	12/31/2015		12/31/2014	
				Current	Non Current	Current	Non Current
Duratex	BNDES	TJLP + 2.2 % p.a.	Surety - Itaúsa- Investimento Itaú S.A.	64	5	76	69
	BNDES	TJLP + 2.7 % p.a.	Guarantee - Cia Ligna de Investimentos	-	1	24	-
	BNDES	TJLP + 2.8 % p.a.	Surety - 70% Invest. Itaú S.A and 30% natural person	64	146	66	209
	BNDES	4.6 % p.a.	Surety - 70% Invest. Itaú S.A and 30% natural person	5	7	5	11
	BNDES	SELIC + 2.16 % p.a.	Surety - 70% Invest. Itaú S.A and 30% natural person	1	2	1	3
	FINAME	TJLP + 2.3 % p.a./ Fixed 6 % p.a.	Chattel Mortgage and Promissory Notes	8	43	5	46
	FINAME	6.0 % p.a.	Chattel Mortgage and Guarantee	-	6	-	4
	BNDES PROGEREN	TJLP + 2.85 % p.a.	Promissory Note	-	-	27	-
	BNDES PROGEREN	9.0 % p.a.	Trade Note	-	-	1	-
	INDUSTRIAL CREDIT	103 % of CDI	Surety - Duratex Coml. Exportadora S.A.	-	-	205	-
	INDUSTRIAL CREDIT with swap	12.7 % p.a.	Surety - Duratex Coml. Exportadora S.A.	-	-	58	-
	FUNDIEST	30 % IGP-M per month	Guarantee - Cia Ligna de Investimentos	20	97	20	111
	FUNDOPEM	IPCA + 3 % p.a.	Surety - 70% Invest. Itaú S.A and 30% natural person	2	36	1	29
	PROINVEST / PRO FLORESTA	IGP-M + 4 % p.a./IPCA + 6 % p.a.	Guarantee - Cia Ligna de Inv. and Mortgage of Assets	4	1	12	4
	EXPORT CREDIT with swap	8.0 % p.a.	-	1	56	1	58
	EXPORT CREDIT	104.8 % of CDI	-	14	645	7	407
	DISCOUNT NPR	8.75% p.a	-	20	-	-	-
	Total Local currency			203	1,045	509	951
	BNDES	Basket of currencies + 2.2 % p.a.	Surety - Itaúsa- Investimento Itaú S.A.	14	1	12	10
	BNDES	Basket of currencies + 2.4 % p.a.	Guarantee - Cia Ligna de Investimentos	-	-	4	-
	BNDES	US\$ + LIBOR + 1.6 % p.a.	Surety - Itaúsa- Investimento Itaú S.A.	2	1	2	2
	BNDES	US\$ + LIBOR + 2.1 % p.a.	Surety - 70% Invest. Itaú S.A and 30% natural person	1	-	-	1
	RESOLUTION 4131 with Swap	US\$ + LIBOR + 1.5 % p.a.	Promissory Note	110	180	104	109
	RESOLUTION 4131 with Swap	US\$ + 1.5 % p.a.	Promissory Note	-	176	119	-
	RESOLUTION 4131 with Swap	US\$ + 3.66 % p.a.	Promissory Note	3	185	-	-
	RESOLUTION 4131 with Swap	US\$ + 2.1 % p.a.	Promissory Note	-	108	-	108
	RESOLUTION 4131 with Swap	US\$ + LIBOR + 2.27 % p.a.	Promissory Note	1	127	1	127
	RESOLUTION 4131 with Swap	US\$ + 2.5 % p.a.	Promissory Note	2	127	1	126
	Total Foreign currency			133	905	243	483
	Total Duratex			336	1,950	752	1,434
Duratex Subsidiaries	BNDES	3.5 to 5.5 % p.a.	Surety - 70% Invest. Itaú S.A and 30% natural person	1	27	1	1
	BNDES	TJLP + 2.8 % p.a.	Surety - 70% Invest. Itaú S.A and 30% natural person	3	53	2	76
	FINAME	Fixed 5.6 % p.a.	Chattel Mortgage and Promissory Note	1	3	-	4
	EXPORT CREDIT NOTE	104.9% of CDI	Surety - Duratex S.A.	7	141	139	-
	RURAL CREDIT NOTE with swap	10.6 % p.a.	Surety - Duratex S.A.	-	-	113	-
	RURAL CREDIT NOTE with swap	11.5 % p.a.	Surety - Duratex S.A.	127	-	-	111
	Total Local currency			139	224	255	192
	SANTADER Bank-HERMES with swap	4.59 % p.a.	Insurance (95%)	3	5	2	7
	CII	LIBOR + 3.95 % p.a.	Pledge and Mortgage of Equipments	2	5	-	5
	DEG/CII	5.4 % p.a.	Pledge and Mortgage of Equipments	10	11	-	39
	LEASING	DTF + 2.0 %	Promissory Note	-	2	-	1
	Total Foreign currency			15	23	2	52
	Total Duratex subsidiaries			154	247	257	244
Elekeiroz	BNDES	TJLP + 1.72 to 4.32 % p.a.	Surety - Itaúsa- Investimento Itaú S.A.	23	46	14	40
	BNDES	IPCA + 1.96 to 2.26 % p.a.	Surety - Itaúsa- Investimento Itaú S.A.	-	6	-	1
	BNDES	3.0 to 6.0 % p.a.	Surety - Itaúsa- Investimento Itaú S.A.	2	3	1	4
	FINEP	3.5% p.a.	Surety - Itaúsa- Investimento Itaú S.A.	2	10	2	11
	CREDIT ASSIGNMENT	17.18 % p.a.	-	23	-	33	-
	NCE	CDI + 2.67 to 2.91% p.a.	-	40	-	-	-
	VENDOR	-	-	2	-	1	-
	EXPORT CREDIT with swap	CDI + 5.22 % p.a.	-	20	-	-	-
	Total Local currency			112	65	51	56
	BNDES	Exchange variation + 2.03 to 2.16 % p.a.	Surety - Itaúsa- Investimento Itaú S.A.	7	12	4	10
	FOREIGN EXCHANGE DISCOUNT	1.50 % p.a.	-	-	-	9	-
	Total Foreign currency			7	12	13	10
	Total Elekeiroz			119	77	64	66
Itautec	BNDES	TJLP + 1.1 % p.a.	Banking guarantee	1	-	2	1
	BNDES	TJLP + 3.1 % p.a.	Banking guarantee	1	-	2	1
	BNDES	5.6 % p.a.	Banking guarantee	1	-	1	-
	FINEP	4.0 % p.a.	Surety- Itaúsa- Investimento Itaú S.A.	15	19	15	33
	BB 4131	105.6 % of CDI	-	11	-	-	10
	HSBC 4131	106.5% of CDI	-	-	-	20	-
	ALFA CG	110.65% of CDI	-	30	-	-	-
	Total Local currency			59	19	40	45
	Total Itautec			59	19	40	45
	Total Itaúsa Consolidated			668	2,293	1,113	1,789

(1) Certain loans and financing (identified in the table above as "with Swap") were designated at fair value through profit or loss.

Maturities	12/31/2015	12/31/2014
2016	-	542
2017	552	468
2018	483	239
2019	732	179
2020	423	330
2021	79	14
2022	10	8
2023	7	9
Other	7	-
Total	2,293	1,789

NOTE 14 – DEBENTURES

On February 8, 2012, the first private issuance of debentures was approved by Duratex, with a floating guarantee, convertible into common shares issued by Duratex, through private subscription, at a total amount of R\$ 100, remunerated at IPCA + 6% p.a. paid annually on January 15 of each year, and maturing on January 15, 2017. The proceeds of this issue were allocated to as follows:

- a) A fixed investment, at the company's industrial unit in Itapetininga – SP, in a new production line for the manufacture of medium density reconstituted wood fiber panels (“MDF”), a new low pressure coating line, and a new low pressure line for the impregnation of laminated paper;
- b) The acquisition by the company of locally manufactured machinery and equipment needed for (a).

	12/31/2015			12/31/2014		
	Current	Non-current	Total	Current	Non-current	Total
Debentures - Duratex	7	130	137	7	116	123

NOTE 15 – CONTINGENT ASSETS AND LIABILITIES

ITAÚSA and its subsidiaries record provisions for tax, labor and civil contingencies in the ordinary course of business.

The respective provisions were recognized based on the probability of loss as assessed by the legal advisors for the group.

Relying on the opinion of our legal advisors, management believes that the provisions for contingencies recognized are sufficient to cover any loss that may possibly be incurred in any legal action or administrative proceedings.

a) Contingent assets

ITAÚSA and its subsidiaries are seeking in court the recovery of taxes, contributions, import license fees (Cacex Fees) and administrative service fees imposed on the import and customs clearance of goods at the Manaus Duty Free Zone.

The table below shows the main lawsuits for which, based on the opinion of the legal advisors, a favorable outcome to the company which is considered probable, and the amounts related to these lawsuits that are not recognized in the financial statements.

	12/31/2015	12/31/2014
IPI bonus credit from 1960 to 1985	135	122
Monetary adjustment of credits from Eletrobrás	13	12
Recovery of ILL paid with dividends distributed between 1989 and 1992	14	12
INSS - SAT, change in rural rate, transportation voucher and health insurance	33	19
PIS and COFINS	4	4
Collection/execution of out-of-court instruments	13	11
Offsetting of PIS Decree-Laws 2445 and 2449, of 1988	18	17
Other	12	16
Total	242	213

b) Provisions

- Tax: Provisions are equivalent to the principal amounts of taxes involved in tax, administrative or judicial challenges, subject to tax assessment notices, plus interest and, when applicable, fines and charges. The amount is accrued when it involves a legal liability, regardless of the likelihood of loss – that is, whether an outcome favorable to the institution is dependent upon the recognition of the unconstitutionality of the applicable law in force. In other cases, the Bank recognizes a provision whenever the likelihood of loss is probable.

- **Labor:** Relates to claims in relation to alleged labor rights deriving from overtime, occupational disease, salary equivalence, and involving subsidiary liability.

- **Civil:** Civil lawsuits mainly refer to pain and suffering and property damage.

	Tax	Labor	Civil	Total
Balance at 12/31/2014	484	76	19	579
Monetary adjustment	56	18	2	76
Increase	148	37	1	186
Reversal	(18)	(25)	(4)	(47)
Payments	(6)	(25)	(1)	(32)
Acquisition DuchaCorona	-	6	3	9
Balance at 12/31/2015	664	87	20	771
Escrow deposits	(14)	(14)	-	(28)
Balance at 12/31/2015 after the offset of escrow deposits	650	73	20	743

(*) In Provisions for Civil Contingencies, considers the reclassification of R\$ 13 to other liabilities

The main discussions related to tax provisions are as follow:

- PIS and COFINS – Calculation basis – R\$ 574: The right to calculate and pay contributions to PIS and COFINS without including the amounts received as interest on capital in the calculation is under discussion.

c) Contingent liabilities

ITAÚSA and its subsidiaries are involved in tax, labor and lawsuits, which, in the opinion of their legal advisors, present possible losses and for which provision is recognized.

At December 31, 2015, these lawsuits totaled R\$ 801 for tax lawsuits, R\$ 25 for labor claims and R\$ 8 for civil lawsuits.

The main disputes concerning tax lawsuits that have a probability of possible loss are related to the following topics:

- Income tax withheld at source, Income tax, Social contribution, Integration program tax on revenue (PIS) and Social security funding tax on revenue (COFINS) – Request for offset denied – R\$ 296: Cases in which the liquidity and certainty of offsetting credits are discussed;
- Taxation of revaluation reserve – R\$ 245: Discussion related to taxation of revaluation reserve in corporate spin-off operations carried out in the period from 2006–2009;
- Integration program tax on revenue (PIS) and Social security funding tax on revenue (COFINS) – Disallowance of credits – R\$ 95: the restriction regarding the right to credits in connection with certain inputs related to these contributions is being disputed;
- Differences in accessory obligations – R\$ 41: There is a discussion regarding possible differences between the information included in the accessory obligations;
- Levying of Tax on circulation of goods and services (ICMS) credits – R\$ 18: Discussion regarding the levying, recognition and use of ICMS credits
- Income tax and social contribution – Profit made available abroad – R\$ 13: Discussion of the calculation basis for the levying of these taxes on profits earned abroad.

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

The authorized capital is 9,075,000,000 in book entry shares with no par value, being up to 3,025,000,000 in common shares and up to 6,050,000,000 in preferred shares.

At the Board of Directors' Meeting held on April 27, 2015, a capital increase amounting to R\$ 300 was approved, through the issue of 44,776,120 new book-entry shares with no par value, of which 17,210,555 are common and 27,565,565 are preferred shares, with payment in cash at the total amount of R\$ 3 and the total amount of R\$ 297 in receivables arising from dividends or interest on capital.

At the Annual and Extraordinary Stockholders' Meetings held on April 30, 2015, the following proposals submitted by the Board of Directors were approved:

- Cancellation of 10,547,800 book-entry shares of own issue in treasury at March 31, 2015, of which 8,227,800 are common shares and 2,320,000 are preferred shares, with no capital reduction, through the absorption of R\$ 96 from the statutory reserves.
- Capital increase by R\$ 5,000, through the capitalization of amounts recorded in revenue reserves, of which R\$ 469 is from the legal reserve, R\$ 1,317 from the reserve for working capital increases, and R\$ 3,214 from an increase in the capital of investees;
- Issue of 614,436,230 new book-entry shares, with no par value, of which 236,140,646 are common and 378,295,584 are preferred shares, assigned to stockholders free of charge as bonus shares, in the proportion of one (1) new share for each ten (10) shares of the same type held at the end of May 4, 2015;
- Increase in the authorized capital limit in the same proportion to the bonus shares provided for in the aforementioned item, to 9,075,000,000 from 8,250,000,000 book-entry shares, with no par value, of which up to 3,025,000,000 are common and up to 6,050,000,000 are preferred shares.

After these events, the Company's capital was increased to R\$ 32,325, represented by 6,758,798,536 book-entry shares, with no par value, of which 2,597,547,108 are common and 4,161,251,428 are preferred shares without voting rights, but with the following advantages:

- Priority receipt of a non-cumulative annual minimum dividend of R\$ 0.01 per share;
- The right, during a possible disposal of control, to be included in the public offering of shares, so as to be entitled to a price equal to 80% of the amount paid for a share with voting rights, which is part of the controlling stake, and dividends equal to those of the common shares.

The table below shows the breakdown of and change in shares of paid-in capital and reconciliation of the balances at December 31, 2015 and December 31, 2014:

	Number			Amount
	Common	Preferred	Total	
Shares outstanding at 12/31/2013	2,106,226,703	3,364,440,558	5,470,667,261	22,000
Changes in shares of paid-in capital from 01/01 to 12/31/2014	246,197,004	393,269,721	639,466,725	5,125
Capital increase based on capitalization of revenue reserves	-	-	-	4,600
10% bonus shares	213,856,700	341,610,025	555,466,725	-
Subscription of shares	32,340,304	51,659,696	84,000,000	525
Shares of capital stock at 12/31/2014	2,352,423,707	3,757,710,279	6,110,133,986	27,025
Residents in Brazil	2,351,938,446	2,307,922,622	4,659,861,068	20,610
Residents abroad	485,261	1,449,787,657	1,450,272,918	6,415
Treasury shares at 12/31/2014 (*)	(7,718,200)	(2,320,000)	(10,038,200)	-
Shares purchased	(7,718,200)	(2,200,000)	(9,918,200)	-
10% bonus shares	-	(120,000)	(120,000)	-
Shares outstanding at 12/31/2014	2,344,705,507	3,755,390,279	6,100,095,786	27,025
Changes in shares of paid-in capital from 01/01 to 12/31/2015	245,123,401	403,541,149	648,664,550	5,300
Capital increase based on capitalization of revenue reserves	-	-	-	5,000
Cancellation of treasury stock	(8,227,800)	(2,320,000)	(10,547,800)	-
10% bonus shares	236,140,646	378,295,584	614,436,230	-
Subscription of shares	17,210,555	27,565,565	44,776,120	300
Shares of capital stock at 12/31/2015	2,597,547,108	4,161,251,428	6,758,798,536	32,325
Residents in Brazil	2,596,527,796	2,755,241,873	5,351,769,669	25,596
Residents abroad	1,019,312	1,406,009,555	1,407,028,867	6,729
Treasury shares at 12/31/2015 (*)	(2,155,240)	(2,000,000)	(4,155,240)	-
Treasury shares at 12/31/2014	(7,718,200)	(2,320,000)	(10,038,200)	-
Shares purchased	(2,635,200)	(2,000,000)	(4,635,200)	-
10% bonus shares	(29,640)	-	(29,640)	-
Cancellation of treasury stock	8,227,800	2,320,000	10,547,800	-
Shares outstanding at 12/31/2015	2,595,391,868	4,159,251,428	6,754,643,296	32,325

(*) Own shares, purchased based on authorization of the Board of Directors, to be held in Treasury for subsequent cancellation or replacement in the market, at the average unit cost of R\$ 8.53 (R\$ 9.25 at December 31, 2014) for common shares and R\$ 7.38 (R\$ 8.64 at December 31, 2014) for preferred shares.

b) Dividends

Stockholders are entitled to a mandatory minimum dividend of not less than 25% of the adjusted net income pursuant to the provisions of the Brazilian Corporate Law. Both common and preferred shares participate equally in the dividend, after the common shares have received dividends equal to the minimum priority dividend of R\$ 0.01 per share to be paid on preferred shares. The minimum dividend may be paid in four or more installments, at least quarterly or at shorter intervals.

The calculation of the quarterly advance of the mandatory minimum dividend is based on the share position on the last day of the prior month, with payment being made on the first business day of the subsequent month, amounting to R\$ 0.015 per share.

I. Calculation

Net income	8,868	
(-) Legal reserve	(443)	
Dividend calculation basis	8,425	
Mandatory minimum dividend	2,106	25.00%
Proposed dividend	2,717	32.25%

II. Provision for interest on capital and dividends

	Gross	WTS	Net
Paid	787	(88)	699
Dividends	202	-	202
One quarterly installment of R\$ 0.015 per share paid on 07/01/2015	101	-	101
One quarterly installment of R\$ 0.015 per share paid on 10/01/2015	101	-	101
Interest on capital	585	(88)	497
One installment of R\$ 0.0865 per share paid on 08/25/2015	585	(88)	497
Provided for	918	(123)	795
Dividends	101	-	101
One quarterly installment of R\$ 0.015 per share to be paid on 01/04/2016	101	-	101
Interest on capital	817	(123)	694
One installment R\$ 0.1209 per share to be paid on 02/29/2016	817	(123)	694
Provided for / To be declared	1,330	(107)	1,223
Dividends	612	-	612
One quarterly installment of R\$ 0.015 per share to be paid on 04/01/2016	101	-	101
One installment of R\$ 0.0755 per share to be paid on 02/29/2016	511	-	511
Interest on capital in addition to mandatory dividends	718	(107)	611
One installment of R\$ 0.1063 per share to be paid on 02/29/2016	718	(107)	611
Total at 12/31/2015 - R\$ 0.4021 net per share	3,035	(318)	2,717
Total at 12/31/2014 - R\$ 0.3633 net per share (*)	2,546	(108)	2,438

(*) For comparative purposes, we considered bonuses.

c) Appropriated reserves

• Legal reserve

The legal reserve is recognized at 5% of the net income for each year, pursuant to Article 193 of Law No. 6,404/76, amended by Law No.11,638/07 and Law No.11,941/09, up to the limit of 20% of capital.

• Statutory reserves

These reserves are recognized with the aim of:

- Dividend equalization with the purpose of guaranteeing funds for the payment of dividends, including interest on capital or advances thereon, to maintain the flow of the stockholders' compensation;
- Increasing working capital, guaranteeing funds for the company's operations; and

- Increasing the capital of investees, to guarantee the preemptive rights of subscription to the capital increases of investees.

	12/31/2015	12/31/2014
Revenue reserves	12,654	12,159
Legal	1,123	1,149
Statutory	11,531	11,010
Dividend equalization	5,291	2,998
Working capital increases	2,770	3,104
Increases in the capital of investees	2,752	4,349
Proposal for distribution of additional dividends	718	559
Other reserves	687	618
Total reserves at parent company	14,059	13,336

	Revenue reserves		Other reserves	Total reserves
	Legal reserve	Statutory reserves		
Balance at 12/31/2014	1,149	11,010	618	12,777
Recognition of reserves	443	5,390	-	5,833
Cancellation of treasury stock	-	(96)	-	(96)
Increase in capital based on reserves	(469)	(4,531)	-	(5,000)
Dividend – amount to be proposed in addition to the minimum mandatory	-	718	-	718
Dividend amount in addition to the minimum mandatory dividend for prior years	-	(718)	-	(718)
Transactions with subsidiaries and jointly controlled companies	-	(242)	69	(173)
Balance at 12/31/2015	1,123	11,531	687	13,341

d) Unappropriated reserves

This refers to the balance of profit remaining after the distribution of dividends and appropriations to the legal reserve. This reserve is recognized after a resolution of the board of directors, at the Annual Stockholders' Meeting, in the year subsequent to that for which the financial statements are issued.

NOTE 17 – SHARE-BASED PAYMENTS**Stock option plan of subsidiaries****a) Duratex S.A.**

As set forth in the bylaws, Duratex S.A. has a stock option plan, the purpose of which is to integrate its executives into the company's development process in the medium and long term, providing them with the option of benefiting the value that their work and dedication add to Duratex's capital stock.

The options will entitle their holders to subscribe to the common shares of Duratex, subject to the conditions established in the plan.

The rules and operating procedures related to the plan will be proposed by the Personnel Committee, appointed by the Company's board of directors. This committee will periodically submit proposals regarding the application of the plan to the approval of the board of directors.

Options may only be granted in years in which there are sufficient profits to distribute mandatory dividends to stockholders. The total number of options to be granted during each year will not exceed the limit of 0.5% of the total shares held by Duratex that the controlling and non-controlling interest holders own on the date of that year-end balance sheet.

The exercise price to be paid to Duratex is established by the Personnel Committee at the option granting date. The exercise price will be calculated by the Personnel Committee based on the average prices of Duratex's common shares at the BM&FBOVESPA trading sessions, over a period of at least five and at most 90 trading sessions prior to the option issue date; at the discretion of that committee, which will also decide on the positive or negative adjustment of up to 30%. The established prices will be adjusted up to the month prior to the exercise of the option at the IGP-M or, in its absence, using an index established by the Personnel Committee.

Assumptions	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total stock options granted	2,659,180	2,787,050	2,678,901	2,517,951	1,333,914	1,875,322	1,315,360	1,561,061	1,966,869
Exercise price at the grant date	11.16	11.82	15.34	9.86	16.33	13.02	10.21	14.45	11.44
Fair value at the grant date	9.79	8.88	7.26	3.98	7.04	5.11	5.69	6.54	4.48
Exercise deadline	10 years	10 years	10 years	8 years	8 years	8.5 years	8.8 years	8.9 years	8.1 years
Vesting period	1.5 years	1.5 years	1.5 years	3 years	3 years	3.5 years	3.8 years	3.9 years	3.1 years

To determine this value, the following economic assumptions were adopted:

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Volatility of share price	34.80%	36.60%	36.60%	46.20%	38.50%	32.81%	37.91%	34.13%	28.41%
Dividend yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Risk-free return rate ⁽¹⁾	8.90%	7.60%	7.20%	6.20%	7.10%	5.59%	4.38%	3.58%	6.39%
Effective exercise rate	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%

⁽¹⁾ IGP-M coupon

The Company carries out the settlement of this benefit by delivering its own shares held in treasury up to the date of effective exercise of the options by the executives.

Granting date	Granted number	Maturity date	Exercise deadline	Granting price	To be exercised		Option price	Total amount	Periods			Other periods	
					Dec/14	Dec/15			2007 to 2012	2013	2014		2015
						(*)							
02/08/2006	2,659,180	06/30/2007 to 12/31/2016		11.16	59,113	59,113	9.79	1	1	-	-	-	
01/31/2007	2,787,034	06/30/2008 to 12/31/2017		11.82	1,506,527	1,469,581	8.88	25	25	-	-	-	
02/13/2008	2,678,887	06/30/2009 to 12/31/2018		15.34	1,580,420	1,543,474	7.26	19	19	-	-	-	
06/30/2009	2,517,937	06/30/2012 to 12/31/2017		9.86	898,639	867,236	3.98	9	9	-	-	-	
04/14/2010	1,333,914	12/31/2013 to 12/31/2018		16.33	1,483,850	1,471,579	7.04	9	7	2	-	-	
06/29/2011	1,875,322	12/31/2014 to 12/31/2019		13.02	2,045,299	2,014,061	5.11	9	4	3	2	-	
04/09/2012	1,290,994	12/31/2015 to 12/31/2020		10.21	1,411,122	1,010,991	5.69	6	1	2	2	1	
04/17/2013	1,561,061	12/31/2016 to 12/31/2021		14.45	1,648,699	1,648,699	6.54	9	-	2	2	2	
02/11/2014	1,966,869	12/31/2017 to 12/31/2022		11.44	2,163,532	2,154,616	4.48	9	-	-	2	2	
Sum	18,671,198				12,797,201	12,239,350		96	66	9	8	5	
Exercise effectiveness								96.63%	96.63%	96.63%	96.63%	96.63%	96.63%
Computed value								93	64 (1)	8 (2)	8 (3)	5 (4)	7 (5)

(*) Includes bonus shares of 10% as per resolution at the A/ESM of April 22, 2014.

- (1) Amount charged to income from 2007 until 2012.
- (2) Amount charged to income in 2013.
- (3) Amount charged to income in 2014.
- (4) Amount charged to income in 2015.
- (5) Value charged to income in other periods.

At December 31, 2015, Duratex S.A. had 2,485,759 treasury shares, which may be used in a possible option exercise.

b) Itaútec S.A.

The company had a Stock Option Plan up to 2006, the purpose of which was to integrate its executives into the company's development process in the medium and long term, by providing them with the option of benefiting from the value that their work and dedication added to the company's shares.

This plan was managed by a Committee and the options granted were approved by the Board of Directors. At present, it is subject to study and review by the Board of Directors. The participants of the plan were chosen at the sole discretion of the Committee, from among the company's executives.

The price established for the granting of stock options was based on the average quotation of the company's shares in BM&FBOVESPA trading sessions, comprising a period of at least one (1) month and at most twelve (12) months prior to the option issue date.

At the discretion of the Committee, a positive or negative adjustment of up to 50% of the average price was made. The assumptions used in the fair value of options, based on the Binominal model, were as follow:

Assumptions

Grant date	2006 Plan
Number of shares granted (i) (ii)	173,333
Price of share as at the grant date (in Reais - R\$) (ii)	45.60
Exercise price (in Reais - R\$) (ii)	36.45
Fair value of the option (in Reais - R\$) (ii)	32.88
Vesting period	30/06/07
Exercise deadline	31/12/16
Volatility	65%
Dividends (dividend yield)	2.7%
Risk-free return rate	13.7%

(i) *Deducting cancellations;*

(ii) *Considering the reverse split, at the rate of 15 shares for 1, carried out in October 2006.*

Volatility comprises the period of the last three years up to the grant date of each plan.

No stock option has been exercised so far and there has been no variation in the number of shares of the plans described above in the presented period.

On December 31, 2015, the market price of the shares was R\$ 15.00 (R\$ 16.10 at December 31, 2014) per share.

c) Elekeiroz S.A.

Stock option plan

With the purpose of integrating the managers and employees into the company's development process in the medium and long term, the Extraordinary Stockholders' Meeting held on July 31, 2003 resolved to adopt a stock option plan, providing from Directors the option of benefiting from the value that their work and dedication may add to the company's capital. Up to the closing of these financial statements, this plan had not produced any effects to be recognized in the company's financial statements.

NOTE 18 - SALES OF PRODUCTS AND SERVICES

	01/01 to 12/31/2015	01/01 to 12/31/2014
Gross revenue from sales and services	6,165	6,352
Domestic market	5,410	5,771
Foreign market	755	581
Taxes and contributions on sales	(1,280)	(1,331)
Net revenue from sales of products and services	4,885	5,021

NOTE 19 - COST OF PRODUCTS AND SERVICES

	01/01 to 12/31/2015	01/01 to 12/31/2014
Raw materials and consumable materials	(2,835)	(2,945)
Compensation, charges and benefits	(676)	(735)
Depreciation, amortization and depletion	(586)	(609)
Changes in inventory of finished products and work in progress	484	401
Variations in fair value of biological assets	124	221
Other costs	(242)	(100)
Total	(3,731)	(3,767)

NOTE 20 - GENERAL AND ADMINISTRATIVE EXPENSES

	01/01 to 12/31/2015	01/01 to 12/31/2014
Personnel expenses	(176)	(177)
Compensation	(117)	(120)
Charges	(29)	(30)
Welfare benefits	(12)	(11)
Training	(2)	(3)
Employee profit sharing	(16)	(13)
Administrative expenses	(126)	(113)
Data processing and telecommunications	(4)	(7)
Third services	(56)	(53)
Advertising, promotions and publicity	(2)	(2)
Travel	(3)	(3)
Rental and facilities	(16)	(8)
Agreement regarding apportionment of common costs	(6)	(6)
Other	(39)	(34)
Depreciation	(14)	(10)
Total	(316)	(300)

NOTE 21 - OTHER (LOSSES) / GAINS, NET

	01/01 to 12/31/2015	01/01 to 12/31/2014
Provisions for contingencies - Reversal	(12)	(1)
Write-off of surplus of pension plan	(12)	7
Amortization of intangible assets	(31)	(32)
Options granted and recognized	(18)	(21)
Losses on sales of other investments and fixed assets ^(*)	45	171
Gains from certificates of judgment debt of the government, net	-	20
PIS and COFINS credits on acquisitions of raw materials	27	36
Rental Revenue	11	7
Other	13	14
Total	23	201

(*) Includes the recognition in the first quarter of 2014, of the accumulated balance of unrealized results arising from sales carried out by Itautec to the companies of Itaúsa Conglomerate amounting to R\$ 100 million, taking into account that the banking automation, commercial automation and service provision business is now controlled by OKI Electric.

NOTE 22 - EARNINGS PER SHARE

The basic and diluted earnings per share were computed pursuant to the table below for the years indicated.

The basic earnings per share are computed by dividing the net income attributable to the stockholders of ITAÚSA by the average number of shares for the year, and by excluding the number of shares purchased and held as treasury shares.

Diluted earnings per share are computed in a similar way, but with the adjustment made to the denominator when assuming the conversion of all shares that may dilute earnings.

Net income attributable to owners of the parent company	01/01 to 12/31/2015	01/01 to 12/31/2014
Net income	8,868	7,911
Minimum non-cumulative dividend on preferred shares in accordance with bylaws	(42)	(41)
Subtotal	8,826	7,870
Retained earnings to be distributed to common equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(26)	(26)
Subtotal	8,800	7,844
Retained earnings to be distributed to common and preferred equity owners on a Pro-rata basis		
To common equity owners	3,382	3,019
To preferred equity owners	5,418	4,825
Total net income available to common equity owners	3,408	3,045
Total net income available to preferred equity owners	5,460	4,866
Weighted average number of shares outstanding		
Common shares	2,591,935,303	2,574,885,379
Preferred shares	4,153,004,231	4,115,971,416
Earnings per share – Basic and diluted - R\$		
Common shares	1.31	1.18
Preferred shares	1.31	1.18

The impact from the dilution of earnings per share is lower than R\$ 0.01.

NOTE 23 – BUSINESS COMBINATIONS

In May 2010, Bank of America Corporation sold its interest in the capital of Itaú Unibanco Holding. Preferred shares were traded in the market and common shares were purchased by ITAÚSA, which increased its direct and indirect interest in the capital of Itaú Unibanco Holding from 35.46% to 36.57%.

June 30, 2010, was determined as the date for the application of the acquisition method set forth in CPC 15 / IFRS 3 – “Business Combinations”. The application of the acquisition method involved the recognition and measurement of identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree, and the recognition and measurement of goodwill or gains arising from a bargain purchase.

On the purchase date, ITAÚSA recorded goodwill of R\$ 809, include:

- (i) Identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree;
- (ii) The consideration for the control of the purchased company; and
- (iii) Goodwill or gains arising from a bargain purchase.

The table below shows the balance of identifiable assets and liabilities and the amount of goodwill computed proportionally to the acquisition of 1.22%:

	12/31/2014	Amortization/ Realization	12/31/2015
Intangible assets subject to amortization			
Customer relationships	62	(30)	32
Exclusive access to retail customers and real estate brokers	72	(17)	55
Others	1	-	1
Total intangible assets subject to amortization (I)	135	(47)	88
Intangible assets not subject to amortization			
Hipercard brand	2	-	2
Itaú brand	65	-	65
Total intangible assets not subject to amortization (II)	67	-	67
Total allocated to intangible assets (III = I + II)	202	(47)	155
Deferred tax liability (IV)	(81)	19	(62)
Total goodwill allocated (V = III + IV)	121	(28)	93
Goodwill	437	-	437

Identifiable intangible assets subject to amortization are recorded in income for a period of two to 16 years, according to the useful life defined based on the expected future economic benefits generated by the asset.

Intangible assets not subject to amortization and the residual goodwill, which also represents the expected future economic benefits, do not have defined useful lives, and will have their recoverability tested at least annually by Management.

This purchase of shares represented an increase in the interest of ITAÚSA, and most of the identifiable assets and liabilities were recorded in ITAÚSA based on criteria that were similar to those for previously recorded operations, before the increase in interest. Likewise, the same approach was followed for income, expenses and net income of ITAÚSA.

NOTE 24 – POST-EMPLOYMENT BENEFITS

As prescribed in CPC 33 / IAS 19 - "Employee Benefits", we present the policies adopted by ITAÚSA and its subsidiaries in relation to employee benefits, as well as the accounting procedures adopted.

ITAÚSA's subsidiaries in Brazil are part of a group of companies that sponsor Fundação Itaúsa Industrial (Foundation), a not-for-profit organization the purpose of which is to manage private plans for the concession of bonus plans or supplementary income or benefits similar to those conferred by the official government retirement plan. Fundação Itaúsa manages a defined contribution plan – PAI - CD (the "CD Plan") and a defined benefit plan – BD (the "BD Plan").

Employees hired by the industrial area companies have the option of voluntarily participating in the CD Plan, managed by Fundação Itaúsa Industrial.

(a) Defined contribution plan – CD Plan

This plan is offered to all employees of sponsor companies and had 9,356 participants at December 31, 2015 (9,719 at December 31, 2014).

The CD Plan – PAI (individual retirement plan) offers no actuarial risk and the investment risk is borne by the participants.

Pension Plan Program Fund

Contributions made by sponsors that remained in the plan because the participants had opted for redemption or early retirement, formed the Fundo Programa Previdencial (Pension Plan Program Fund) which, according to the internal rules of the plan, has been used to offset contributions made by the sponsors.

The amount recorded in the balance sheet under Other Financial Assets (Note 6a) is R\$ 119 (R\$ 131 at December 31, 2014). The amount of R\$ 12 was recognized in the results (R\$ 9 at December 31, 2014).

(b) Defined benefit plan – BD Plan

This plan has as its basic purpose the granting of benefits that, as a life monthly income, are intended to supplement, pursuant to its terms, the income paid by the official government retirement plan. This plan is no longer available, which means that no new participants will be admitted to it.

The plan includes the following benefits: a supplement to the governmental retirement plan, payable based on the time of contribution, special circumstances, age, disability, life monthly income, retirement premium and death bonus.

At December 31, 2015, the surplus and restored technical balance of the BD Plan was recorded in other financial assets, amounting to R\$ 6 (R\$ 33 at December 31, 2014), payable in two monthly installments, to which the rate of return on investment in the BD Plan applies.

Main assumptions used in actuarial valuation of retirement plans

	12/31/2015	12/31/2014
Discount rate	12.60% p.a.	12.73% p.a.
Mortality table ⁽¹⁾	AT-2000	AT-2000
Turnover	Null	Null
Future salary growth	7.38 % p.a.	9.18 % p.a.
Growth of the pension benefit /Plans	5.00 % p.a.	6.00 % p.a.
Inflation	5.00 % p.a.	6.00 % p.a.

(1) The mortality tables adopted correspond to those disclosed by the Society of Actuaries ("SOA"), the North American entity equivalent to the Brazilian Institute of Actuarial Science ("IBA"), which reflects a 10% increase in the probability of survival compared to the respective basic tables; the life expectancies in years according to the AT-2000 mortality table for participants of 55 years of age are 27 and 31 years for men and women, respectively.

NOTE 25 – SEGMENT INFORMATION

In accordance with the standards in force, an operating segment may be understood as a component of an entity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- (b) whose operating results are regularly reviewed by the entity's chief operating decision – makers in order to make decisions about resources to be allocated to the segment and assess its performance;
- (c) for which discrete financial information is available.

The operating segments of ITAÚSA were defined according to the reports submitted to the Board of Directors for decision-making. Therefore, the segments are divided into the Financial Services Area and the Industrial Area.

ITAÚSA is a holding company and its subsidiaries are: Duratex, Elekeiroz and Itautec, which operate in the industrial area, and Itaú Unibanco Holding, under ITAÚSA's joint control and operating in the financial area.

The Itaúsa subsidiaries have independence in regard to defining their differentiated and specific standards in the management and segmentation of their respective businesses.

- **Financial Services Area**

Itaú Unibanco Holding is a banking institution that offers, directly or through its subsidiaries, a broad range of credit and other financial services to a diversified client base of individuals and companies in and outside Brazil.

ITAÚSA exercises joint control over the businesses of Itaú Unibanco Holding; the jointly-controlled entities were accounted for under the equity method and were not consolidated.

The complete financial statements of Itaú Unibanco Holding for the period from January 1, 2015, to December 31, 2015, are available at the following website www.itaunibanco.com.br/ri.

- **Industrial Area**

In the industrial segment we have a broad range of companies; for this reason, we separated information by company. A brief description of the products manufactured by each company is as follows:

I) Duratex manufactures bathroom porcelain and metals, and respective fittings, with the Deca and Hydra brands (for flush toilet valves), which are distinguished by their wide range of products, bold design, and superior quality. Duratex also produces wood panels from pine and eucalyptus, largely used in the manufacturing of furniture, mainly fiberboard, chipboard and medium, high and super-density fiberboards, better known as MDF, HDF and SDF, from which laminated floor (Durafloor) and ceiling and wall coatings are manufactured.

II) Elekeiroz operates in the chemical market and is engaged in the manufacturing and sale of chemical and petrochemical products in general, including third parties' products, and imports and exports. The company's production capacity exceeds 700 thousand tons of chemical products per year in its industrial units, and the products are basically intended for the industrial sector, particularly for the civil construction, clothing, automotive and food industries.

III) Itautec's main business is holding an interest in companies in Brazil and abroad, particularly in companies engaged in the manufacture and sale of commercial and banking automation equipment and the provision of services.

	January to December	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED
		Itaú Unibanco Holding	Duratex	Elekeiroz	Itautec	ITAUSA ⁽¹⁾
Total assets	2015	1,276,415	9,008	763	219	54,830
	2014	1,127,203	8,797	703	290	48,594
Operating revenues ⁽²⁾	2015	173,428	3,963	894	28	13,942
	2014	154,990	3,985	935	102	12,929
Net income	2015	25,740	192	(11)	(19)	8,994
	2014	21,555	394	(32)	(39)	8,161
Recurring net income ⁽³⁾	2015	22,892	222	(30)	(19)	8,561
	2014	21,083	359	(20)	(46)	7,799
Stockholders' equity	2015	112,252	4,616	455	77	47,871
	2014	99,260	4,609	465	109	42,239
Annualized return on average equity (%) ⁽⁴⁾	2015	24.8%	4.1%	-2.4%	-21.1%	20.0%
	2014	24.3%	8.7%	-6.6%	-28.9%	21.1%
Annualized recurring return on average equity (%) ⁽³⁾⁽⁴⁾	2015	22.0%	4.8%	-6.5%	-21.1%	19.1%
	2014	23.8%	7.9%	-4.1%	-34.2%	20.1%
Internal fund generation ⁽⁵⁾	2015	56,881	919	31	1	932
	2014	58,231	1,030	16	(65)	1,105

(1) Itaúsa Consolidated includes: the consolidation of 100% of the subsidiaries and is net of consolidation elimination and unrealized results of intercompany transactions and the amounts for Itaú Unibanco Holding that were not consolidated and are now being accounted for under the equity method.

(2) Operating revenue by area of operations was obtained as follows:

- Itaú Unibanco Holding: Interest and similar income, dividend income, net gain (loss) from investment securities and derivatives, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.
- Duratex, Itautec and Elekeiroz: Sales of products and services.
- Itaúsa Consolidated: Sales of products and services and share income of associates and joint ventures.

(3) Supplementary Information

(4) Represents the ratio of net income for the year and the average equity ((Dec14 + Mar + Jun + Sep + Dec) / 5).

(5) Refers to funds arising from operations as reported by the statement of cash flows.

NOTE 26 – RELATED PARTIES

Transactions between related parties are carried out based on the amounts, maturities and average rates in accordance with normal market practices on the respective dates, as well as under reciprocal conditions.

Transactions between companies included in the consolidation were eliminated from the consolidated financial statements. The transaction terms take into consideration the absence of risk.

The transactions with these related parties are mainly characterized by:

a) Related parties

	Assets/(Liabilities)		Revenue/(Expenses)	
	12/31/2015	12/31/2014	01/01 to 12/31/2015	01/01 to 12/31/2014
Financial investments	224	206	28	15
Itaú Unibanco S.A.	224	206	28	15
Customers	43	54	215	86
Other Related Parties ^(*)	43	54	215	86
Banking service fees	-	-	(2)	-
Itaú Corretora S.A	-	-	(1)	-
Itaú Unibanco S.A.	-	-	1	1
Itaú Seguros	-	-	(2)	(1)
Total	267	260	241	101

() Refers basically to the operations for the sale of Duratex S.A.'s goods to Leo Madeiras Maqs. E Fer. S.A. and Leroy Merlin Cia. Bras. de Bricolagem.*

In addition to the aforementioned operations, ITAÚSA and non-consolidated related parties, as an integral part of agreement for the apportionment of common costs, recorded in General and Administrative Expenses, the amount of R\$ 6 (R\$ 6 from 01/01 to 12/31/2014) due to the use of a common shared structure.

As at December 31, 2015 it was not necessary to make a allowance for doubtful accounts.

b) Guarantees provided

In addition to these transactions, there are guarantees provided by ITAÚSA, endorsements, sureties and others, as follow:

	12/31/2015	12/31/2014
Duratex S.A.	330	454
Elekeiroz S.A.	110	87
Itautec S.A.	33	48
Total	473	589

c) Compensation of key personnel

Compensation of members of Itaúsa and subsidiaries' management was as follows:

	01/01 to 12/31/2015	01/01 to 12/31/2014
Compensation	29	33
Profit Sharing	15	12
Stock Options	6	7
Total	50	52

NOTE 27 – MANAGEMENT OF FINANCIAL RISKS

I – Financial Risk Factors

In order to understand the risks inherent in ITAÚSA'S activities, it is important to understand that its business objective is the management of investments in its companies. Accordingly, the risks to which ITAÚSA is subject are those that are managed by its subsidiaries and affiliates.

In terms liquidity risk, ITAÚSA's cash flow forecast is made by Management, which monitors the continuous forecasts of liquidity requirements to ensure that it has sufficient cash to meet operating needs, mainly the payment of dividends and interest on capital and the settlement of other obligations assumed.

ITAÚSA's excess cash is invested in government securities and investment fund quotas.

At the reporting date, ITAÚSA had Cash and Cash Equivalents amounting to R\$ 802 (R\$ 643 at December 31, 2014), which are expected readily generate to cash inflows to manage the liquidity risk.

With the purpose of maintaining investments at acceptable risk levels, new investments or increases in interests are discussed at a joint meeting of ITAÚSA's Executive Board and Board of Directors.

We present below the main risks associated with ITAÚSA's subsidiaries:

a) Market risk

(i) Foreign currency risk

Changes in foreign exchange rates may result in a decrease in asset amounts or an increase in liability amounts. The foreign exchange risk derives from future commercial operations, assets and liabilities recognized and net foreign investments.

In view of certain risk management procedures, which aim to minimize the foreign exchange exposure, hedge mechanisms are in place to protect most of the foreign exchange exposure.

(ii) Derivative operations

In derivative operations there are no checks, monthly settlements or margin calls, and the contract is settled upon maturity, and recorded at fair value, taking into account market conditions such as terms and interest rates.

We present below the types of contracts in place in subsidiaries:

- Swap contracts - US\$ x CDI: this type of operation aims at changing debts expressed in US dollars into debts indexed to the CDI;
- Swap contracts – fixed rate x CDI: this type of operation aims to change debts at fixed interest rates into debts indexed to the CDI;
- The fair value of financial instruments was valued based on the estimated present value, both for the long and short positions, the resulting difference between these positions gives rise to the swap market value.

The following table summarizes the fair value of derivative financial instruments:

	Notional amount	Fair value	Accumulated effect	
	12/31/2015	12/31/2015	Amount receivable	Amount payable
Swap contracts	19	365	375	(8)
Asset position	1,199	1,568	375	(8)
Foreign currency (US\$ and EUR)	1,009	1,393	375	-
Fixed rate	190	175	-	(8)
Liability position	(1,180)	(1,203)	-	-
CDI	(1,180)	(1,203)	-	-

	Notional amount	Fair value	Accumulated effect	
	12/31/2014	12/31/2014	Amount receivable	Amount payable
Swap contracts	-	116	116	-
Asset position	988	1,152	116	-
Foreign currency (US\$ and EUR)	681	809	114	-
Fixed rate	307	343	2	-
Liability position	(988)	(1,036)	-	-
CDI	(988)	(1,036)	-	-

The gains or losses on operations shown in the table were offset in the interest and foreign currency, asset and liability positions, the effects of which are presented in the financial statements.

Sensitivity analysis

We present below the sensitivity analysis of financial instruments, including derivatives, describing the risks that may give rise to material losses to ITAÚSA and its subsidiaries, with a Probable Scenario (Base Scenario) and two other scenarios, pursuant to the provisions of CVM No. 475/08, representing 25% and 50% of the impairment of the risk variable considered.

For the risk variable rates used in the Probable Scenario, BM&FBOVESPA / Bloomberg quotations were used for the respective maturity dates.

Risk	Instrument/Operation	Description	Probable Scenario	Possible Scenario	Remote Scenario
Interest rate	Swap – Fixed/ CDI	Increase - CDI	(13)	(21)	(30)
	Hedged item: loans at fixed rates		13	21	30
	Swap - US\$ / CDI (Res. 2770 Res. 4131)	Drop - US\$	49	(437)	(923)
	Hedged item: Debt in foreign currency (US\$)	(Increase US\$)	(49)	437	923
Foreign exchange	NDF (US\$)	Drop - US\$	-	(13)	(33)
	Hedged item: Debt in foreign currency (US\$)	(Increase US\$)	-	13	33
	Exports receivable	(Drop - US\$)	-	(8)	(17)
		Increase - US\$	-	8	17
	BNDES – Revolving credit	Drop - US\$	(4)	6	12
		(Increase US\$)	-	(6)	(12)
	Advances on exchange contracts – Foreign exchange discount	Drop - US\$	-	5	12
		(Increase US\$)	-	(5)	(12)
Foreign suppliers	Drop - US\$	-	5	10	
	(Increase US\$)	-	(5)	(10)	
Total			(4)	-	-

(iii) Cash flow risk or fair value associated to interest rate

The cash invested earns interest indexed to the CDI variation percentage, with redemption guaranteed by the issuing banks in accordance with the contracted rates. There are no other relevant assets the results of which are directly affected by changes in market interest rates.

For liabilities, the interest rate risk derives from long term loans. Most of these loans are indexed to the Brazilian long term interest rate (“TJLP”), a rate aimed at encouraging long term investments in the production sector, which is historically lower than the financing rates in the market.

The risk associated with these contracted interest rates is monitored from the beginning of the financing, and the institution's policy is to monitor the changes in and projections of the interest market, analyzing any possible need or opportunity to contract hedges for these operations.

b) Credit risk

The sales policy is directly associated with the credit risk level to which the institution is willing to be exposed to in the course of business. Diversifying the receivables portfolio and selecting clients, as well as monitoring sales financing terms and individual credit limits, are among the procedures adopted to minimize default levels or losses in the realization of accounts receivable.

Regarding financial and other investments, our policy is to work together with prime institutions and refrain from having investments concentrated on one single economic group.

c) Liquidity Risk

This is the risk that ITAÚSA and its subsidiaries will not have net funds that are sufficient to meet their financial commitments, as a result of the mismatch of terms or volume between the scheduled receipts and payments. Assumptions regarding future reimbursements and receipts, monitored on a daily basis by the treasury area, are established in order to manage the liquidity of cash in domestic and foreign currencies.

The table below shows the maturities of financial liabilities and accounts payable as suppliers at the balance sheet date:

12/31/2015	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	676	1,180	1,235	7
Suppliers and other payables	441	3	-	29
Total	1,117	1,183	1,235	36

12/31/2014	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	1,124	1,124	776	9
Suppliers and other payables	276	10	5	46
Total	1,400	1,134	781	55

II - Estimated Fair Value

It is assumed that the balances of trade accounts receivable and trade accounts payable at their carrying amounts less impairment are close to their fair values. The fair values of financial assets and liabilities, for disclosure purposes, are estimated by discounting the future contractual cash flow at the interest rate in force in the market, which is available for ITAÚSA and its subsidiaries for similar financial instruments.

The financial statements are in conformity with CPC 40 / IFRS 7 – “Financial Instruments: Evidence” measured in the balance sheet at fair value – which requires the disclosure of these measurements using the following hierarchy levels:

- Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2: information, in addition to quoted prices, included in level 1, which are adopted by the market for assets or liabilities, either directly (that is, as prices) or indirectly (that is, as price derivatives);
- Level 3: inputs for assets or liabilities not based on the data adopted by the market (that is, non-observable inputs).

In the following table, we present the consolidated financial instruments by level:

	Level	12/31/2015	12/31/2014
Assets: (1)		4,628	4,336
Cash and cash equivalents	1	80	43
Cash and cash equivalents	2	2,094	1,854
Subordinated financial bills	2	61	61
Financial treasury bills	1	221	229
Trade accounts receivable	2	996	1,069
Dividends and interest on capital	2	835	607
Deposits as guarantees for contingent liabilities	2	104	149
Other assets	2	237	324
Liabilities:		5,139	4,560
Loans-financing-debentures	2	3,098	3,025
Suppliers / other expenses	2	473	213
Dividends and interest on capital	2	1,568	1,322

(1) The fair values of interests in unconsolidated joint ventures are reported in note 8 I.

NOTE 28 - HELD-FOR-SALE ASSETS

In accordance with the meeting held on February 25, 2015, the members of Itaotec's Board of Directors unanimously resolved to approve Itaotec's intention to exercise the put option in relation to the 30% interest it held in Oki Brasil.

Accordingly, as from February 2015, Itaotec's investment in the capital stock of Oki Brasil is now stated under two headings, since its fair value is higher than the book value, as follows:

- "Held-for-Sale Assets", amounting to R\$ 38;
- "Other Receivables", amounting to of R\$ 6, corresponding to the difference between the book value and the fair value adjusted to the put option's present value.

In accordance with the agreement, the aforementioned amounts will be realized in January 2017 upon the exercise of the put option.

NOTE 29 – INVESTMENT PROPERTY

Investment Property	Land	Buildings	Facilities	Total
Balance at 12/31/2014	-	-	-	-
Changes from 01/01 to 12/31/2015	2	28	-	30
Fixed assets transfer	2	53	1	56
Depreciation	-	(25)	(1)	(26)
Balance at 12/31/2015				
Cost	2	53	1	56
Accumulated depreciation	-	(25)	(1)	(26)
Net book value	2	28	-	30

At December 31, 2015, rental revenue from properties for investments totaled R\$ 6 (R\$ 1 at December 31, 2014). This property, located in the city of Jundiaí, State of São Paulo (land, building and facilities), is rented by subsidiary Itautec to Oki Brasil Ind. Com. Produtos Tecnologia em Automação S.A..

NOTE 30 – SUBSEQUENT EVENT

Capital Increase – Duratex S.A.

On February 12, 2016, the Board of Directors of Duratex S.A. resolved to increase the share capital by R\$ 94, from R\$ 1,876 to R\$ 1,970 by: issue 3.9541346 new shares for every 100 shares held on February 16, 2016; issue price fixed at R\$ 3.60 per share, established based on the weighted average price of the shares on the BM&FBOVESPA, with a discount of 30%; subscription period February 17, 2016 to March 17, 2016, with cash payment in cash or by means of the portion of interest on own capital to be paid on March 31, 2016.

INDEPENDENT AUDITORS' REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Management of
Itaúsa – Investimentos Itaú S.A.
São Paulo – SP

Introduction

We have audited the individual financial statements of **Itaúsa - Investimentos Itaú S.A. (Company)** which include the balance sheet as of December 31, 2015 and the related individual statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as a summary of the significant accounting practices and other notes.

We have also audited the consolidated financial statements of **Itaúsa - Investimentos Itaú S.A and its controlled companies (Consolidated)** which include the consolidated balance sheet as of December 31, 2015 and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as a summary of the significant accounting practices and other notes.

Management's responsibility for the financial statements

The Company's management is responsible for the fair presentation and preparation of the individual financial statements in accordance with Brazilian accounting practices and of the consolidated financial statements in accordance with the Brazilian Accounting Practices and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as for the internal controls considered necessary to allow the preparation of these financial statements free of material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and international auditing standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free of material misstatement.

An audit includes performing procedures to obtain evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of **Itaúsa - Investimentos Itaú S.A.** as of December 31, 2015, the results of its operations and its cash flows for the year then ended, in conformity with Brazilian accounting practices.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **Itaúsa - Investimentos Itaú S.A.** as of December 31, 2015, the consolidated results of its operations and its cash flows for the year then ended, according to the IFRS issued by IASB and to the Brazilian accounting practices.

Other issues

Statements of value added

We have also examined the individual and consolidated statements of value added, prepared under the responsibility of the Company's management for the year ended December 31, 2015, whose reporting is required by Brazilian legislation for public companies and is considered supplementary information by the IFRS, which do not require the presentation of the statement of value added. These statements were subjected to the same auditing procedures previously described and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Audit of the previous year's amounts

The amounts corresponding to the year ended December 31, 2014, presented for comparison purposes, were previously audited by other independent auditors, whose report thereon dated February 09, 2015, had no modification.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 18, 2016.



BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1

Jairo da Rocha Soares
Accountant CRC 1 SP 120458/O-6

Independent auditor's report on the financial statements

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

We have audited the accompanying financial statements of Itaúsa - Investimentos Itaú S.A. ("Parent Company"), which comprise the balance sheet as at December 31, 2015 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the Parent Company financial statements in accordance with accounting practices adopted in Brazil and for the Consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Parent Company financial statements

In our opinion, the Parent Company financial statements referred to above present fairly, in all material respects, the financial position of Itaúsa - Investimentos Itaú S.A. as at December 31, 2015, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the Consolidated financial statements

In our opinion, the Consolidated financial statements referred to above present fairly, in all material respects, the financial position of Itaúsa - Investimentos Itaú S.A. and its subsidiaries as at December 31, 2015, and their financial performance and cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters

Statements of value added

We also have audited the Parent Company and Consolidated statements of value added for the year ended December 31, 2015, which is the responsibility of the Company's management. The presentation of these statement is required to be presented by Brazilian corporate legislation for listed companies, but it is considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, February 18, 2016

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Washington Luiz Pereira Cavalcanti
Contador CRC 1SP172940/O-6

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ 61.532.644/0001-15

A Publicly Listed Company

NIRE 35300022220

OPINION OF THE FISCAL COUNCIL

The members of Fiscal Council of **ITAÚSA - INVESTIMENTOS ITAÚ S.A.** (Itaúsa) have proceeded to examine the management report and the financial statements for the December 31, 2015, which were examined by BDO RCS Auditors Independents S/S (BDO) as independent auditors, pursuant to the statutory requirements including those relating to the regulations issued by the Brazilian Securities and Exchange Commission. Pursuant to the practices of Corporate Governance, these financial statements have also been examined by PricewaterhouseCoopers Auditors Independents (PwC), as Conglomerate's independent auditor, including of the controlling company of Itaúsa. Both the independent auditors issued unqualified reports.

The Fiscal Councilors have verified the exactness of the elements examined and in the light of the opinions of BDO and PwC mentioned above, understand that these documents adequately, in all relevant aspects, reflect the equity situation, the financial position and the activities of Itaúsa in the period. São Paulo (SP), February 18, 2016. (signed) Tereza Cristina Grossi Togni – President; Flavio Cesar Maia Luz, José Carlos de Brito e Cunha, Paulo Ricardo Moraes Amaral and Pedro Américo Herbst – Councilors.

ALFREDO EGYDIO SETUBAL
Investor Relations Officer

ITAÚSA – INVESTIMENTOS ITAÚ S.A.

CNPJ. 61.532.644/0001-15

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NIRE 35300022220

SUMMARIZED MINUTES OF THE MEETING OF THE BOARD OF EXECUTIVE OFFICERS HELD ON FEBRUARY 18, 2016

DATE, TIME AND PLACE: On February 18, 2016, at 8:00 am., at Praça Alfredo Egydio de Souza Aranha, 100, Torre Olavo Setubal, 9th floor, in the city and state of São Paulo.

CHAIR: Alfredo Egydio Setubal, CEO

QUORUM: The totality of the elected members.

RESOLUTIONS UNANIMOUSLY ADOPTED: Following due examination of the account statements for the fiscal year ending December 31, 2015, pursuant to the provisions in sub-section V and VI of Article 25 of CVM Instruction 480/09, amended, the Board unanimously resolved to declare that:

- a) it has reviewed, discussed and agrees with the opinion expressed in the report issued by BDO RCS Auditores Independentes S/S (BDO) as independent auditors, pursuant to the statutory requirements including those relating to the regulations issued by the Brazilian Securities and Exchange Commission. Pursuant to the practices of Corporate Governance, these financial statements have also been reviewed by PricewaterhouseCoopers Auditores Independentes (PwC), as Conglomerate's independent auditor, including of the controlling company of Itaúsa. Both the independent auditors issued unqualified reports; and
- b) it has reviewed, discussed and agrees with the financial statements for the fiscal year ending December 31, 2015.

CONCLUSION: There being no further matters on the agenda and no members wishing to raise any further matters, the meeting was declared closed and these minutes were drafted, read, approved and signed by all. São Paulo (SP), February 18, 2016. (signed) Alfredo Egydio Setubal – CEO; Roberto Egydio Setubal and Rodolfo Villela Marino – Executive Vice-Presidents.

ALFREDO EGYDIO SETUBAL
Investor Relations Officer