



**International Conference Call
Itaúsa – Investimentos Itaú S/A
4th Quarter 2014 Earnings Results
February 10th, 2015**

Operator: Good morning ladies and gentlemen, thank you for standing by and welcome to ITAÚSA's conference call to discuss 2014 results. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session and instructions will be given at that time.

Should you require assistance during the call, please press the star followed by zero. As a reminder, this conference is being recorded. The file will be available at the Company's website at www.itausa.com.br/en, at the Investor Relations section. If you still do not have a copy of ITAÚSA's earnings report release Wednesday, February 19, you may download it from the Company's website - www.itausa.com.br/en.

This conference call and the slide presentation are being transmitted via internet as well. You can access the webcast by logging on to the Company's website, www.itausa.com.br/en.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Actual performance could differ materially from that anticipated in any forward-looking comments as a result of macroeconomic conditions, market risks and other factors. With us today we have:

- Mr. Henri Penchas – Vice-President and Investor Relations Officer at Itaúsa
- Mr. Luis Marcelo Bozzo - Investor Relations Manager at Itaútec
- Mr. Marcos Antonio De Marchi – CEO and Investor Relations Officer at Elekeiroz
- Mr. Flavio Marassi Donatelli – CFO and Investor Relations Officer at Duratex
- Mr. Alfredo Egydio Setubal - Executive Vice President and Investor Relations Officer at Itaú Unibanco Holding

It is now my pleasure to turn the call over to Mr. Henri. Sir, you may now begin.

Mr. Henri Penchas: Thank you. Good morning, it is a big pleasure to begin this conference call about the results of Itaúsa as of 31 December 2014.

The presentation will focus on the sustainability of the company, the shareholders of the company, the net debt, dividends yield, assets investments and the profit.

In slide four you can see the ownership structure of Itaúsa and of Itaú Unibanco, Duratex, Itaotec, Elekeiroz without any major modification from prior year.

On slide five we can see total assets where the owned assets represent 96% of the total and the third-party assets represent just 1.7 billion, in which 1.3 billion are represented just by the dividends payable to the shareholders; so the company is very very liquid and without any debt that can see also with more details in page number six, where you have the debt index, overall liquidity and the net debt index.

In the slide seven you see our first commandment that all the dividends received directly and indirectly from Itaú Unibanco are already distributed to our shareholders.

The Board decided yesterday to distribute relatively to the results of 2014 dividends of 2.1 billion, which represent an increase of 58% in comparison with the dividends of 2013, and that after capital increase that was also approved yesterday of 300 million. So the total dividend payable will be of 2.4 billion; 300 billion we are proposing a capital increase by cash and the net dividend of 2.1 billion in the fiscal year of 2014.

Please note the huge increase in the dividend by cash that will be received by the shareholders even after the capital increase of 300 million.

Slide number nine the dividend yield of Itaúsa considering and not considering the capital increase in comparison with Itaú Unibanco.

Slide 10 the total assets of Itaúsa of 40.9 billion, in which we have investments in controlling company of 38 billion, which are decomposed in slide 11 and we can see the 35.7 billion are represented by investments in the financial area, represents 94% of the total, 5.7 are invested in the industrial area, Duratex, Elekeiroz and Itaotec, and just 100 million in other sectors.

Page 12 the evolution of the stockholders equity and the net income of the parent company. I'd like to comment the capital annual growth of the net income of 17.8% since 2011 to 2014 with a huge increase from 2013 to 2014.

Slide 13 evolution per share of net income and the book value per share. The return on equity the total and recurring, or just with the recurring income.

The slide 14 the decrease of general administrative expenses on parent's company net income, slide 15, and the distribution of the net income by sector, by equity revenue, where we can see the net revenue from the financial area represent 7.7 billion from a total net income of 7.9 billion, and with an increase in the net income of the company from 2013 to 2014 of 39%; so the year was a very good year with huge increases in all the main indicators of Itaúsa.

I'm now passing the word to Luis Marcelo Bozzo, who will speak about Itautec.

Mr. Bozzo: Good morning. Now I will talk about Itautec's performance from January to December 2014 including, as you can see on slide 19, gradual decommission of computing unit and the strategic partnership with OKI Electric Industry on the bank automation, retail automation and Technological Service Segments.

On slide 20 we have some information on the computing segments and its gradual decommission including production shutdown in 2014, sale of residual notebooks and desktop inventories reducing negative impact on the contribution margin, sale of remaining raw material in progress, finalization of contracts with public agencies, remaining installation in progress and management of warranties and customer service. Currently, we have about 50 active employees.

Highlights with all contracts and obligations to supply, maintain and provide warranty servicing for Itautec machines will be honored, as will customer service and maintenance services.

As you can see on slide 21, on January 10, 2014 Itautec and OKI Electric Industry signed a strategic partnership in the automation and technological services segments. OKI Electric acquired 70% of the interests of Itautec S/A and Itautec Participações e Comércio S/A in BR Indústria e Comércio de Produtos e Tecnologia e Automação S/A; now OKI Brasil. Below shareholding structure of OKI Brasil after partnership with OKI Electric becomes effective.

Slide 22 the agreement with OKI Electric considers the transfer of the shares held by Itautec to OKI Electric by the exercise of a purchase per call options after the 3rd anniversary of the closing. Itautec has two technically qualified representatives on the OKI Brasil board, responsible jointly with the three directors appointed by OKI Electric for the company's business strategy.

Results for the first year of the strategic partnership of OKI Electric are in line with expectations despite of the difficult economic environment. Equity accounting for the period from January to December 2014 results in a loss of R\$20.9 million.

Slide 24 accumulated net revenue from January to December 2014 was R\$101.6 million, gross profit was a loss of R\$8.6 million, resulting from a lower margin in the computing segment.

The net income from January to December 2014 was a loss of R\$38.7 million. Adjusted net income excluding nonrecurring events, as you can see in the right side box in the same slide, was a loss of R\$79.5 million.

Cash and cash equivalents at the end of 2014 was R\$41.8 million, gross debt was R\$86.5 million resulting in a net debt financial position of R\$44.7 million.

Stockholders' equity was R\$109.3 million and total asset R\$289.6 million.

Slide 25, the last slide, total assets and the stockholders equity as of the end of 2014 it showed an expressive reduction since the announcement of strategic reposition of the company occurred in May 2014. Investments in OKI Brasil on December 31, 2014 was R\$40.4 million.

Now, I conclude my presentation and I pass the word to Mr. Marcos Antonio De Marchi, who will talk about Elekeiroz.

Mr. De Marchi: Good morning. I'm going to talk about Elekeiroz, beginning on page 27, where we can see the shipped volumes.

On a quarterly basis we kept the same level of quarter four 2014 in the three first quarters of 2014... sorry, the same level of quarter four 2014, dropping in the last quarter due to a shutdown for maintenance in the inorganic chemicals. That's why this drop in the fourth quarter.

On annual basis, on yearly basis we can see that we had a 5% less volume basically in the organics and this performance was current with the Brazilian chemical industry that have had a weak year due to a low industrial GDP.

On page 28 we can see that we have had the sales revenue the worst quarter was the quarter two, since then we are recovering even in terms of sales revenue as well as in the gross profit achieving on the 4Q our regular level, but in accumulated basis the year was 56% below the previous year.

This was especially due to transitional anti synergies or that were a result of our purchase of the gas plant in Camaçari. We knew already that the first year we were going to transform and to interconnect the two plants. This will be ready and we intend to have the bonus beginning on the second quarter of 2015.

On page 29 the nonrecurring events we have 5 million costs in engineering for constructing a new industrial plant, the project is an is standby due to the adverse economic environment right now (that's why we decided to put it as costs) and we have also 13 million in provisions for contingencies.

On the side of the net income we have two recurring provisions; one for the receivables (due to the bad situation of the economy in general sense and some customers) and as well as 2 million due to the costs of our inventories in a momentum that the oil is dropping dramatically we have to then make this provision.

We can see the net income and the Ebitda quarter by quarter on the two graphics on the bottom of the page.

The page 30 we have also that yearly devolution of the shipped volume with an increase of 2% CAGR, but a drop in 2014 as well is in the sales revenues and the result in the net income and Ebitda.

On page 31 we point out here the investments we have done during 2014 of R\$64 million to purchase and interconnect and modify the production of the former air products plant in Camaçari. We will have then, as I said before, from the second quarter on all the bonus from this acquisition.

We see the two pictures the new installed super heater and we are now self-sufficient in terms of water steam and a general view of this plant.

Finalizing, on page 32, in the course of 2014 we have done structural and short-term measures that bring us to a better position to have a better profitability in 2015. We have reduced the fixed cost, redesign the strategy that has now short-term and long-term goals very clear and with corresponding actions, we have advanced in R&D, we have now a new portfolio of plasticizers including an installed plasticizer especially designed for the European and North American markets.

We have a very low accident rate showing that we made advancing process in personal safety, we have done an organizational restructuring with renewal of talent and team managers and we are consolidating a new culture focusing on passion for performance and sense of urgency.

So I finalize my presentation and I pass the word to Flávio Donatelli.

Mr. Donatelli: Thank you Mr. Marchi. I'd like to start presentation of Duratex. We will start reading page 34 with the operating highlights.

Our consolidated Ebitda margin was around 24% in 2014, but point out that our margin in the fourth quarter was 25.7.

2014 was a very difficult year, mainly during the second quarter. During this quarter – the second quarter – we faced a very weak market with a substantial drop in the furniture consumption in the retail.

With this drop in the consumption the company in order to keep its market share we had to give some discounts, price discounts, which affected our margins during the second and third quarter.

With the recuperation of the volume during the third and fourth quarter we had the opportunity to reduce the discounts an increase the prices mainly of the MDF, so this contributed for the increase of margins in the fourth quarter.

The second highlight was the acquisitions we had during this year. If there first one was the increase of our participation from 37 to 80% in Tablemac – Tablemac is our

company in Colombia, panel industry in Colombia – we increased our participation and in the first quarter of 2014 we bought some forests from Caxuana – Caxuana is in Minas Gerais – in order to reduce the distance between the forest and our plant in Uberaba.

With this reduction in the distance we can have lower freight costs in the woods, the raw material of wood for this quarter.

In terms of the operation, during the fourth quarter, in order to adjust our capacity to the demand, the greater demand of the market, we are shutting down our sanitary wear operation in Jundiáí, called the Louças Plant II in Jundiáí, and as this plant is an old plant, with old line and we are concentrating this operation in our plant of Queimados, a plant that we built in 2013, which is a new plant, with new machines, much more efficient.

And to finalize, the board last week decided for the payout of 40% this year; above the minimum of 30% defined in our bylaws.

On page 36 you can see the financial highlights, the consolidated financial highlights. Our total revenue, net revenue increased around 3% during 2014. It's important that in the 4Q our Ebitda margin reached 25.7%, this year the company posted a 359 recurrent net income and our recurrent ROE was around 8% below the ROE of last year.

On page 37 the highlights of the wood segment. We grew 5.4% this year, and as I mentioned before, with the recuperation of the prices of the panels, mainly the MDF, the company reached 31.9% of Ebitda margin, which is closer to the average we saw in the last two years.

During the year our margin was... our consolidated margin in the wood was 27.4 due to mainly the problems we had during the second quarter.

On page 38 highlights of Deca. Deca we had a decrease in our net revenue of 1.8% due to the very poor performance of the construction sector. Because this reduction in volume and the revenues and because of the cost increase of a lot of adjustments we did in the metal and sanitary lines during mainly the 4Q and because we had these economies of scales due to the low capacity utilization during the year our margin was 17% in 2014.

On page 40, in terms of our indebtedness, I can say that our debt level is low despite the drop in the Ebitda this year; our debt over Ebitda is only 1.81 times and represents 37.5% of our practice.

When you see the amortization schedule you can see that we have in cash all the debt which matures in 2014. We have in our total debt we have part of our debt in

foreign currency, but totally hedged to Reais because around 95% of our total revenues happen in the internal market.

On page 41 our investments. Our investments in 2014 was R\$682 million, with this investment I believe that we finalized a very important cycle of investments; we almost tripled our capacity from 2006/07 to now, and we are forecasting for 2015 only a Capex of sustaining, which is around R\$400 million.

So, finalizing my presentation, 2015 will be again a very challenging year and the focus will be on the operations. In the Deca division, as I mentioned before, we closed our sanitary wear plant and made some adjustments in the operational lines, which dimensioned Deca to the current market needs.

Our focus in 2015 will be costs in all divisions, in the SG&A costs we will focus on cost reduction, our Capex will be limited to the operational maintenance and in line with our strategic plan we are making a very small investment, but a very important investment with the plantation of the forest in the Northeast of Brazil; the region which we see the main growth of consumption of wood panels and our idea is to have a new plant in the future – in six, seven or eight years, I don't know – in the Northeast to have operations there. There's no plant in the Northeast right now.

So we believe that with all these measures Duratex is prepared to maintain its leadership and continue to deliver results about the market average.

Now my colleague Alfredo Setubal.

Mr. Setubal: Thank you Flávio. Good morning. Starting with the presentation about Itaú Unibanco holding. It is very important to notice that the numbers that we are showing here differs a little bit with the numbers of last week the bank released because we are showing numbers in IFRS, not only for Itaúsa, but in the case of the bank also.

So the numbers, as I said, are little different from what we saw last week when the bank released the annual results.

The IFRS, the results of the fourth quarter was 5.8 billion and the total number for the year is 21.1 billion, so we can see here the difference in the two accounting models and the growth of the results was 27.3% in the year; that means ROE of 23.8 for 2014, and total assets for the bank R\$1.1 trillion and the stockholders equity finished the year with 99.3 billion.

Total funds, own capital, raised, manage funds, deposits and so on R\$1.6 trillion by the end of the year. The loan portfolio including sureties and endorsements of R\$526 million (we are going to detail or this number) with an increase of 9%.

Loan losses provision expenses 18.8 billion, an increase of 5.5% when we compare to 2013, but the growth is below the growth of the credit portfolio.

In 2014 we bought back 1 million shares, in this year in January the bank bought 11 million shares at an average price of 34.13.

On slide 45 we can see the loan portfolio. We continue to derisk the loan portfolio of the bank for the last three years almost and we continue to do that especially in this economic environment that is not good and probably we are going to have very low GDP growth or even negative for this year. So we continue to be very cautious in terms of growth for the loan portfolio.

We continue to give more attention for payroll loans. Last year the growth considering the organic growth plus the acquisition that we made in this portfolio from the BMG Bank we finished with R\$30 billion in payroll loans with a growth of 80%.

Another portfolio that we continue to grow its mortgage, of course in a much slower pace than in the last years', the growth was 19% and the total portfolio achieved 29, but we continue to be confident in this portfolio even in this more difficult environment. Probably the growth of this year will be less than that in terms of percentage, but as we finance 60/65% of the market value of the real estate the delinquency is very low and we continue to be confident in this portfolio.

Vehicles we continue to reduce, another reduction last year; we finished the portfolio with R\$29 billion. Just remember that three years ago this portfolio was above 60 billion, but due to the conditions of the economy and the risks we continue to reduce this portfolio.

In terms of companies, corporates continue to be our preference. The total growth last year was 11.2% achieving R\$211 billion. We consider (in terms of companies) the corporate less risky than small and medium-size companies.

This small and medium-size portfolio we continue to reduce, last year 1.6 and these companies are more leverage in general, so they suffer more the impact of the low economy; so we continue to prefer not to be very active in this segment and concentrate more attention to the corporate.

Of course the corporate will suffer also with this economic environment, but we believe that the companies are more structured and better managed to face the difficulties.

So the total credit portfolio including Latin America portfolio is 526 billion. If we consider the private securities that we held in our treasury has a credit, we have 34 billion. So the total credit risk for Itaú Unibanco, including all the lines in Brazil and abroad and these private securities, endorsements and sureties, R\$560 billion.

On the slide 46 we can see the good evolution of our NPL ratio over 90 days. We finished the quarter with 3.1%; 10 bps better than the previous quarter both for individuals and for companies better numbers, and we are still confident that we are not going to face much risk, much problem in the credit portfolio due to the policies and guarantees that we have in the end, of course because we reduce the risks of the credit portfolio, as I mentioned in the last slide.

On slide 47 we can see that our operation from insurance, fees and tariffs increased 13.2. We continue to be very focused on this as part of the strategy to reduce the risk of the balance sheet overall of the bank and also not to depend so much in credit risk to make revenues. So one of the strategies is derisk the credit portfolio and increase insurance, results and fees and tariffs that we charge from our clients launching new products and so one.

So we were able last year to increase 13.2, which is a good number in these policies of diversification of the results of the bank.

In terms of expenses we increased in line with inflation, a little bit above, 20 bps above, but also it's part of the strategy of the bank to control and reduce as much as possible the administrative expenses as part of this strategy of value creation.

On slide number 48 we were again part of the Dow Jones stability index for the 15th year, since the formation of this index, and also in the ISE at the Bovespa for the 3rd year in row.

On slide 49 we can see some of the deals and partnerships that we announced last year in the bank. The merge between Itaú Chile and Itaú CorpBanca is going on, we expect in the coming months to have all the approvals from the authorities and shareholder meetings to finalize this deal.

TecBan we announced our joint to the TecBan network of ATMs, so the ATMs outside our branches will be part of this and will be shared by all the banks.

Itaú BBA corporate reorganization we finished that, so Itaú BBA's basically the vehicle for investment banking and all the corporate business booked also inside Itaú Unibanco S/A. This gives us more capacity and more capital to continue to increase the bank.

Bank assurance is part of our strategy, as I said before, growth business of insurance, but concentrating more in the products related to retail, so we can sell products through our branch network without a very specialized sales force. So in this line with finished...we sold to Ace by the end of the year (last quarter) our risk operation, so we are not anymore in this business, and also with finished at the agreement with Ponto Frio and Casas Bahia related to extended warranty products in their stores and, as we have anticipated cash, we got back cash because we both

terminated the deal and the agreement before, so we perceived R\$584 million for that *distreatment*.

On slide 51 you can see the differences between the BRGAAP and the IFRS, the most important difference we can see is an allowance for loan losses; there are things that cannot be provisioned in the IFRS so our provisions are reduced when we compare to BRGAAP. So this increases the results and of course increases the shareholders equity also.

On slide 52 we can see the outlook that we provided one year ago. I think we did a good job in terms of performing these lines and the results showed that, and for 2015 we can see on the slide 53 our expectations for 2015 in terms of loan portfolio; in terms of loan portfolio the growth between 6 and 9%, managerial financial margin a growth between 10 and 13, loan losses provisions expenses net of recoveries 13 to R\$15 billion (last year was 13), service fees and result from the insurance business a growth between 9 and 11%, and non-interest expenses a growth between 6.5 and 8.5 a little bit above inflation mainly because of the investments that we are doing in the new data center, so the bank will have to run this year with three data centers, so these have an impact in terms of costs.

Now I pass the word to Mr. Penchas to say more about Itaúsa in finish the conference call.

Mr. Penchas: Thank you Alfredo. Last chapter of the presentation I'll try here to show some different aspects of Itaúsa in the stock market.

First of all slide 56 recognitions, selections and rankings of Itaúsa. For the 11th time we were selected and included in the Dow Jones Sustainability Index; we got the highest score in the anticrime policy, in brand management and financial stability and systemic risk.

We also were selected and the Dow Jones Sustainability Emerging Market Index, for the eighth consecutive year we were selected to compose the ISE (that's the index of sustainability of the Brazilian stock market), we were recognized by the Carbone Disclosure Project as Latin America's legal in transparency, our global reporting initiative reached the version 2.84, a comprehensive approach, we participated in the Carbone Efficiency Index; we were listed as the 56 among the 1000 largest companies in the magazine *Dinheiro* of Brazil, and we were listed within the 200 largest Brazilian groups in the magazine *Exame Melhores e Maiores*.

Slide 57 the performance of our preferred shares. I would like to point in up left that the shares of Itaúsa, Itaú Banco and Duratex represent 15% of the Brazilian stock market for the first four years of this year, and it's a very important number, and the growth of number of shares traded and look also the compound annual growth rate of Itaúsa in comparison with the IBovespa.

Slide 58 the daily average financial volume, a very high (0:47:01 unintelligible) in the negotiation of Itaúsa shares. In general this year we had a daily leverage of R\$107 million, with an annual composed rate of 9.4% from 2009 to 2014 in comparison with 5.6% of the Brazilian stock market.

Page 59 the discounted in the price of Itaúsa in comparison of the sum of the parts. In December re reached the discount of 21.13% not taking into account the control agreement.

Page 60 just the evolution of the discount from December 2009 until January. I would like to mention that in January the discount was reduced to 18.7%.

On slide 61, where we have the analysts' recommendation for our preferred stocks, you can see that from each recommendation five are buy and just three are hold.

And the last charter, page 62, the evolution of our shares in comparison with the Brazilian stock market index and with the CDI. You can see that in 10 years and in 12 months the evaluation of our share is much higher than the other two indexes.

I would like to thank you and I and my colleagues are open to hear your questions.

Q&A Session

Operator: Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please, press the star key followed by the one key on your touchtone phone now. If at any time you would like to remove yourself from the questioning queue, please, press star two.

Please, restrict your questions to two at a time.

Our first question comes from Mr. Carlos Macedo, with Goldman Sachs.

Mr. Macedo: Good afternoon gentlemen, thanks for the opportunity to ask a quick couple of questions. Actually, just have one. Henri, in the past when we talked about the net distribution to shareholders of dividends, there was a plan to increase by 10% per year. Obviously this year it increased by more than 10%.

Is there a plan going forward regarding distribution or is it going to be more depending on what kind of profits is generated by endorsement?

Mr. Penchas: Good morning Carlos. The company adopted a new strategy that is to keep a minimum cash level. So depending on the dividend of Banco Itaú we will try to keep cash level of R\$700 million and we don't have any big investment in the front and so from now on it depends on the dividends distributed by the bank...

Mr. Macedo: Ok, could I...

Mr. Penchas: ... capital increase just in the net dividend to the shareholders, but that's why this year the shareholders they will have an increase in the dividend after the capital increase if they participate of 58%.

Mr. Macedo: Perfect. And after the capital increase to you have an estimate of what your cash levels are going to be? They already are around R\$900 million, right? A little bit above...

Mr. Penchas: Yes, you have to take into consideration, Carlos that we have a question with the Internal Revenue Service from the PIS/COFINS, where we are arguing that we don't have to pay 9.25% of PIS/COFINS from the interest on capital, just 3.65.

But we book the 9.25 as an expense and we are keeping the 320 million – if I am not wrong – in cash if the judge asks us to make a deposit of the amount. Now we got here in Brazil what we call the “*liminar*” without deposit.

So I have in excess of 300 just to have the money available if and when a judge will ask me to make the deposit. But this amount is already recognized as an expense in our accounting.

Mr. Macedo: Okay, perfect, thank you Henri.

Operator: This concludes today's question and answer session. Mr. Henri, at this time you may proceed with your closing statements.

Mr. Penchas: I would like to thank all of the shareholders that followed our presentation and, as always, my colleagues and I are open to any questions you have any time of the year. Thank you very much until the next call or the next presentation. Have a nice day. Thank you.

Operator: This concludes our ITAÚSA's 2014 results conference for today. Thank you very much for your participation. You may now disconnect.