ITAÚSA

Duratex | Elekeiroz | Itautec | Itaú

Complete Financial Statements

December 31, 2014

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

MANAGEMENT REPORT – January to December 2014

We hereby 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 2014, 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 PricewaterhouseCoopers, and received an unqualified opinion from the external auditors and furthermore, the financial statements were approved by the Fiscal Council.

The financial statements were made available to the CVM and to BM&FBovespa.

1) HIGHLIGHTS

Itaúsa

For the 11th 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 2014/2015 edition, the portfolio is made up of 319 companies of 26 countries, of which only eight are Brazilian companies - among which Itaúsa and Itaú Unibanco Holding S.A..

Itaúsa obtained the highest score in the following criteria:
- Anti-crime Policies/ Measures;
- Brand Management; and
- Financial Stability and Systemic Risk.

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

Itaúsa was chosen, for the eight 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 51 shares of 40 companies, representing 19 sectors totaling R$ 1.22 trillion in market value, accounting for 49.87% of the total market value of companies with shares traded on BM&FBovespa (on November 24, 2014). This new portfolio is effective for the period from January 5, 2015 to January 2, 2016.

Itaúsa and Itaú Unibanco were acknowledged by the Carbon Disclosure Project - CDP Latin America among 10 companies as Leaders in Transparency in accordance with the CDP global methodology (Scoring) applied to the “Climate Changes” Edition 2014 questionnaire. Currently, over 4,500 organizations worldwide report their climate data to CDP, which has the largest volume of information on climate change. In Brazil, CDP Investors closed the 2014 cycle with 52 respondent companies.

Itaú Unibanco Holding

In 2014 Itaú Unibanco celebrated its 90th anniversary, a landmark in the institution’s history. The trajectories of organic growth and growth through acquisitions of both the former Casa Moreira Salles, founded in 1924, and Banco Central de Crédito, which started operations in 1945, spanned the XX century, when these companies become two of the largest banks in Brazil. With the merger announced in November 2008, Itaú Unibanco became the largest private bank in Brazil.

Over 2014 Itaú Unibanco announced the following events, which were approved accordingly:

- Corporate restructuring of Itaú BBA, by BACEN (the Central Bank of Brazil), the Central Bank of Bahamas and by the Financial Superintendence of Colombia;
- Tecban’s Shareholders’ Agreement, by CADE (Administrative Council for Economic Defense). The Shareholders’ Agreement became effective in November 2014;
- Sale of the Major Risks insurance operations to the ACE Group, by CADE and SUSEP (the Superintendence of Private Insurance); and
- Business Unification: Banco Itaú BMG Consignado S.A., by CADE and BACEN.

Additionally, on January 29, 2014, Itaú Unibanco entered into an agreement with CorpBanca and its controlling stockholders for the merger between Banco Itaú Chile and CorpBanca. Some of the regulatory approvals required for the conclusion of this operation were already obtained.

Duratex

In the fourth quarter of 2014, Duratex announced a joint venture with Usina Caeté aimed at planting eucalyptus forests in the Northeast of Brazil in planting areas of 13,500 hectares located in the State of Alagoas. The new association will invest approximately R$ 12.0 million per year over the next six years. A new MDF plant is under analysis in order to meet the increasing demand for consumption of wood panels in the region.

Duratex has guided its investments aimed at the long-term sustainability of its operations. In the fourth quarter, the Company's investments were basically in the maintenance of operations, totaling R$ 122.5 million. In 2014, investments amounted to R$ 697.9 million, of which R$ 607.9 million on cash, and noteworthy were the increased interest in Tablemac (R$ 152.1 million) and the acquisition of forest assets from Caxuana (R$ 150.0 million) that were paid mostly with 5,600 hectares of land located in the state of Sao Paulo, and were leased for Duratex for a period of 39 years.

Elekeiroz

The total investment in the period was R$ 64.2 million, and noteworthy was the project to interconnect and adjust the industrial gas unit to the Company's complex in Camaçari. This project, which completion is scheduled for the second quarter of 2015, will ensure the supply of some raw materials and utilities, thus improving the competitiveness and expanding the offer of products in the local market.

Itautec

Strategic Repositioning

In continuity to Itautec's Strategic Repositioning process, which includes the gradual decommissioning of the Computing Unit, in 2014, 48,800 pieces of equipment, comprising desktops, notebooks and servers, were delivered, thereby complying with the agreements in the corporate and government segments that were entered into in previous periods. Additionally, Itautec has continued to honor the warranty and maintenance contracts related to the Itautec/Infoway-branded equipment, not giving rise to any prejudice to its customers.

2) ECONOMIC ENVIRONMENT

The recovery of the US economy was confirmed in 2014. The GDP increased from 2.2% in 2013 to 2.4% in 2014. Furthermore, approximately 3.0 million net jobs were created in 2014, and as a result, unemployment reached 5.6% in December, a rate lower than the average in the last 50 years.

The economic activity in the Eurozone witnessed a modest recovery. The twelve-month cumulative growth in the third quarter of 2014 was 0.8%, and there was a decrease of 0.4% at the end of 2013.

The economic activity in China continues to gradually slow down, as a result of economic policies aimed at greater growth sustainability, with lower investments and higher consumption.

The second half of the year was characterized by a steep drop in the prices of commodities, particularly oil.

In the local context, the economic activity was slower than expected, with reduced consumers' and entrepreneurs' confidence. GDP growth is expected to reach approximately 0.1% in 2014.

The Brazilian real depreciated against the US dollar, and the exchange rate was R$ 2.66/US$ at the end of the year, with a 13.4% depreciation in the year. The foreign exchange rate was impacted by external factors, such as the US dollar valuation against other currencies and the drop in the prices of commodities, as well as by local factors, such as an increase in the foreign trade deficit. The BACEN implemented swap-sales program and avoided a higher depreciation in the year.

Inflation measured by the twelve-month cumulative IPCA reached 6.4% in December, with increases of 6.7% in free prices and of 5.3% in managed prices. With inflation under pressure, in October the Central Bank resumed the policy of increasing the Selic rate. The basic interest rate increased by 1.75 percentage points over 2014 and closed the year at 11.75%.

3) BUSINESS PERFORMANCE

Recurring net income for the period from January to December 2014 amounted to R$ 7,578 million - a 22.2% increase in relation to the same period of the previous year - with recurring annualized return on average equity of 21.2%. Net income for the same period reached R$ 7,911 million, with annualized return of 22.1%.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

	Parent company		Non-controlling interests		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Net income	7,911	5,698	250	313	8,161	6,011
Recurring net income	7,578	6,199	227	362	7,805	6,561
Stockholders' equity	39,226	33,131	3,013	2,843	42,239	35,974
Annualized return on average equity (%)	22.1%	18.2%	8.5%	11.3%	21.1%	17.6%
Annualized recurring return on average equity (%)	21.2%	19.8%	7.7%	13.1%	20.1%	19.2%

MAIN FINANCIAL INDICATORS

	12/31/2014	12/31/2013	Change %
Indicators per share - in R$			
Net income of parent company	1.30	0.96	35.9%
Recurring net income of parent company	1.25	1.04	19.7%
Book value of parent company	6.43	5.51	16.8%
Dividends/ interest on capital, net	0.40	0.31	27.9%
Price of preferred share (PN) (1)	9.44	8.10	16.5%
Market capitalization (2) – in millions of Brazilian reais - R$	57,585	48,744	18.1%

(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 28, 2014.

DISTRIBUTION OF RECURRING NET INCOME BY AREA

As a public held holding company, Itaúsa's results are basically derived from its share of income of its subsidiaries. Below we present the share of income and result of Itaúsa considering recurring events only.

Recurring Share of Income by Areas	Jan-Dec/14	Share %	Jan-Dec/13	Share %	Change %
Financial Services Area	**7,696**	**99.1%**	**6,035**	**96.9%**	**27.5%**
Industrial Area	**66**	**0.9%**	**193**	**3.1%**	**-65.8%**
Duratex	125	1.6%	199	3.2%	-37.2%
Elekeiroz	(14)	-0.2%	23	0.4%	-160.9%
Itautec	(45)	-0.6%	(29)	-0.5%	55.2%
Others	**2**	**0.0%**	**(1)**	**0.0%**	**-**
Recurring share of income	**7,764**	**100.0%**	**6,227**	**100.0%**	**24.7%**
Results of Itaúsa - net of taxes	(186)		(28)		
Recurring Net Income	**7,578**		**6,199**		**22.2%**
Non-Recurring results	333		(501)		
Net Income	**7,911**		**5,698**		**38.8%**

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 respective taxes effects:

	Parent company		Non-controlling interests		Consolidated	
	01/01 to 12/31/2014	01/01 to 12/31/2013	01/01 to 12/31/2014	01/01 to 12/31/2013	01/01 to 12/31/2014	01/01 to 12/31/2013
Net Income	**7,911**	**5,698**	**250**	**313**	**8,161**	**6,011**
Inclusion / (Exclusion) of non-recurring effects	**(333)**	**501**	**(23)**	**49**	**(356)**	**550**
Itaúsa	**3**	**14**	**-**	**-**	**3**	**14**
Effect of Adherence to the Program for the Payment of Federal Taxes	3	14	-	-	3	14
Arising from stockholding interest in Itaú Unibanco Holding	**(236)**	**189**	**-**	**-**	**(236)**	**189**
Change in Treasury Shares	(63)	99	-	-	(63)	99
Effect of Adherence to the Program for the Payment of Federal Taxes	9	(187)	-	-	9	(187)
Allowance for loan losses - Credicard	15	-	-	-	15	-
Provision for Contingencies - Economic Plans	46	278	-	-	46	278
Effect of the Favorable Decision, by the Supreme Court, on the Legality of COFINS - Plus the Provision for Losses on Tax Loss - Porto Seguro	21	(100)	-	-	21	(100)
Effect of the Favorable Decision on the Increase of the PIS/COFINS Calculation Base of IRB	(22)	(48)	-	-	(22)	(48)
Gain from Sale of Large Risk Insurance Operations to the ACE Group	(270)	-	-	-	(270)	-
Improvement of Labor Claim Provision Model	27	-	-	-	27	-
Realization of Assets and Impairment	1	88	-	-	1	88
Realization of Price per Share - Itaú Unibanco x Redecard	-	38	-	-	-	38
Other	-	21	-	-	-	21
Arising from stockholding interest in others Itausa conglomerate companies	**(100)**	**298**	**(23)**	**49**	**(123)**	**347**
Duratex	(12)	16	(22)	30	(34)	46
Elekeiroz	17	(15)	1	(1)	18	(16)
Itautec	(105)	302	(2)	20	(107)	322
Itaúsa Empreendimentos	-	(5)	-	-	-	(5)
Recurring net income	**7,578**	**6,199**	**227**	**362**	**7,805**	**6,561**

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES

	January to December	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED
		Itaú Unibanco Holding	Duratex (5)	Elekeiroz	Itautec (5) (6)	ITAUSA (1)
Total assets	**2014**	**1,127,203**	**8,797**	**703**	**290**	**48,594**
	2013	1,027,297	8,178	730	751	41,929
Operating revenues (2)	**2014**	**154,990**	**3,985**	**935**	**102**	**12,929**
	2013	119,154	3,873	1,004	439	11,157
Net income	**2014**	**21,555**	**394**	**(32)**	**(39)**	**8,161**
	2013	16,424	520	39	(389)	6,011
Stockholders' equity	**2014**	**99,260**	**4,609**	**465**	**109**	**42,239**
	2013	83,223	4,365	504	156	35,974
Annualized return on average equity (%) (3)	**2014**	**24.3%**	**8.7%**	**-6.6%**	**-28.9%**	**21.1%**
	2013	21.1%	12.3%	8.0%	-112.2%	17.6%
Internal fund generation (4)	**2014**	**58,231**	**1,030**	**16**	**(65)**	**1,105**
	2013	47,706	1,368	71	(183)	965

(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'13 + Mar + Jun + Sep + Dec) / 5).

(4) Refers to funds arising from operations, according to the statement of cash flows.

(5) At Duratex and Itautec, the amounts presented do not consider the Operating Income classified in Result of Decommissioned Operations.

(6) In 2013, Total assets, Stockholders' Equity and Net income are include Discontinued Operations

3.1 FINANCIAL SERVICES AREA

Itaú Unibanco Holding

The amounts commented below, when related to the accounting information, were determined according to the International Financial Reporting Standards (IFRS) and are not made proportion to reflect the ownership interest of 36.72% held by Itaúsa.

Results

In 2014 net income attributable to controlling stockholders was 31.2% higher than in the same period of the prior year and totaled R$ 21.6 billion. Itaú Unibanco recorded an annualized return of 24.3% on average equity (21.1% in 2013). Recurring net income up to December 2014 reached R$ 21.1 billion, a 27.3% increase as compared to 2013, reaching a recurring return on average equity of 23.8%.

The increases of 16.0% in banking service fees and income from bank charges, and of 3.8% in income from insurance, pension plan and capitalization operations before claims and selling expenses contributed to the result. Interest and similar income, net of expenses, recorded a 1.3% decrease for the same period.

Even with the acquisition of Credicard at the end of 2013, general and administrative expenses increased 6.6% for the year, whereas losses with loans and claims increased 6.3%, reflecting the strategy of prioritizing lower risk portfolios.

Assets

Total consolidated assets reached R$ 1.1 trillion, a 9.7% growth in the last 12 months, and stockholders' equity attributable to owners of parent company totaled R$ 99.3 billion, with a 19.3% growth as compared to the end of December 2013.

The diversification of business is reflected in the changed composition of our funding and loan portfolio, reducing risks to specific segments, which may be more impacted by the volatility in economy, as follows:

Loan Portfolio

At December 31, 2014 the balance of the loan portfolio, including endorsements and sureties, reached R$ 526.2 billion, a 9.0% increase as compared to the end of 2013. If we considered the risks associated to the credits borrowed in the private securities modality, this increase would reach 10.0%. If we disregarded the effects of foreign exchange variation, the increases in total loan portfolio would be 8.3% in 2014.

R$ million

Credit Portfolio	12/31/14	12/31/13	dec/14-dec/13
Individuals	**186,505**	**167,946**	**11.1%**
Credit cards	59,321	53,149	11.6%
Personal loans	28,505	27,149	5.0%
Payroll advance loans	40,525	22,571	79.5%
Vehicles	29,047	40,584	-28.4%
Mortgage loans	29,107	24,492	18.8%
Companies	**295,762**	**275,827**	**7.2%**
Corporate	211,637	190,373	11.2%
Very small, small and middle market companies	84,125	85,454	-1.6%
Latin America (*)	**43,923**	**39,091**	**12.4%**
Total with endorsements and sureties	**526,190**	**482,864**	**9.0%**
Corporate – private securities (**)	34,175	26,482	29.0%
Total with endorsements, sureties and private securities	**560,365**	**509,346**	**10.0%**
Total with endorsements, sureties and private securities (excluding exchange variation)	**560,365**	**517,605**	**8.3%**

(*) Includes Argentina, Chile, Colombia, Paraguay and Uruguay.
(**) Includes debentures, securitized real estate loans (CRI) and commercial paper.

Individuals – In Brazil, the loan portfolio to individuals reached R$ 186.5 billion at the end of 2014, a 11.1% growth in the year. The balance of Itaú Unibanco's loan portfolio at the end of December 2014 reflects the company's strategy of prioritizing lower risk portfolios. Highlights:

- Itaú Unibanco is the leader in the **credit card** segment in Brazil in terms of revenue. From January to December 2014, the transacted amount in debit and credit cards reached R$ 313.3 billion, a 22.8% increase as compared to the same period of 2013. The balance of the loan portfolio reached R$ 59.3 billion, a 11.6% increase as compared to the same period of the previous year.
  Focused on customer satisfaction, in August 2014 the "Points Accelerator" in the "Sempre Presente" (always present) reward program was launched. This feature enables clients to double the points in their credit card bills by paying a percentage of the monthly purchases and thereby being eligible for the early redemption of prizes and travels.
  Since its launch, Itaucard 2.0, a pioneer credit card in the Brazilian market, which introduced the international practice for calculating interest in Brazil, has over five million cards issued.

- At the end of December 2014 the balance of the **personal loan** portfolio reached R$ 28.5 billion, a 5.0% increase as compared to the same period of the previous year, whereas the balance of the **payroll loans** portfolio reached R$ 40.5 billion, a 79.5% increase as compared to December 31, 2013, accounting for 7.7% of the total loans of the bank, including endorsements and sureties. Noteworthy are the portfolios of retirees and pensioners from the INSS (National Institute of Social Security), and employees from the public sector, which in overall increased 148% as compared to December 2013.

- The balance of the **vehicles** portfolio reached R$ 29.0 billion and the average loan to value (ratio of a loan to the value of an asset purchased) of the portfolio was 73.7% at the end of 2014.
  From January to December 2014, vehicle financing reached 12.4 billion, with average term of 39 months, and half of the transactions were carried out with maximum terms of up to 36 months.
  In addition to the offers carried out by the network of branches, car dealers, resellers and partnerships, Itaú Unibanco focused on client solutions through iCarros, a website dedicated to financial services and ads, in which it reached the average of 13 million hits per month.

- Itaú Unibanco is the leader in **mortgage loans** to individuals among the Brazilian private banks. The offer of this product is made by the network of branches, development companies, and real estate agencies.
  The balance of the loan portfolio reached R$ 29.1 billion, an 18.8% increase in 12 months, with loan to value (ratio of a loan to the value of an asset purchased) of approximately 42.4%.
  Approximately 32.2 thousand financing operations to borrowers were carried out in the amount of R$ 9.5 billion. For entrepreneurs, the volume of financing operations contracted generated 28.0 thousand new units, in the amount of R$ 5.4 billion, according to the Brazilian Association of Real Estate Loans and Savings Companies (ABECIP).

Companies – In Brazil, the portfolio of loan operations with endorsements and sureties to **Companies** reached R$ 295.8 billion at the end of 2014, posting a 7.4% increase in relation to the same period of 2013.

- The balance of the loan portfolio to large companies reached R$ 211.6 billion at December 31, 2014.
  The portfolio is composed of loans in domestic and foreign currencies, mandatory loans and guarantees, with excellent quality.

- The balance of the loan to **very small, small and middle market companies** reached R$ 84.1 billion at December 31, 2014. In 2014, Itaú Unibanco focused on reviewing and streamlining the offer of products to very small, small and middle market companies. As an example, the "Conta Certa" (right account), in addition to including more services, enables the clients to customize the number of payment forms, wire and electronic transfers (DOCs and TEDs), custody of checks, among others, in accordance with their needs. Until December 2014, it had approximately 1.0 million accounts in this modality.

The loan portfolio of other countries in **Latin America (Argentina, Chile, Colombia, Paraguay and Uruguay)** recorded a 12.4% growth. The depreciation of the Latin American currencies against the Brazilian real had a substantial impact on this growth, and, if we disregarded this effect, the change in the portfolio would be 13.6% for the period.

The individuals segment posted a 18.7% increase (19.5% in legal tender), and noteworthy is the growth of 17.6% (19.9% in legal tender) in Chile's portfolio, as compared to the same period of the previous year.

The companies segment increased 9.1% (10.5% in legal tender), and noteworthy is the growth in the portfolios of Chile and Uruguay, which posted increases of 4.0% (6.0% in legal tender) and of 30.2% (30.3% in legal tender) respectively.

Default

In line with the policy of mitigating risk in credit granting, the total default rate, considering the balance of transactions overdue for over 90 days, reached 3.1% at the end of December 31, 2014, posting a decrease of 60 basis points in relation to the end of 2013. This ratio recorded the lowest level since Itaú Unibanco merger in 2008, mainly due to the change in the credit profile of the portfolio. This ratio reached 4.7% for the individuals and 1.7% for the companies portfolio at the end of 2014, dropping 110 and 30 basis points, respectively, in relation to the same period of the previous year.

Services

- Asset Management: In December 2014 Itaú Unibanco reached R$ 388.3 billion in assets under management, according to the ANBIMA management ranking, accounting for 14.5% of the market.

- Custody Services: in the custody market, in December 2014 Itaú Unibanco held R$ 971.5 billion in assets, according to the ANBIMA ranking, and acted as bookrunner for 478 issues in December 2014, which represented a 23.5% increase as compared to December 2013.

- Insurance, Pension Plan and Capitalization: the increase in earned premiums was 4.9% in relation to 2013, reaching R$ 6.0 billion (not including the interest in Porto Seguro, in which Itaú Unibanco holds 30% of capital). In 2014 net income increased 43.0% as compared to 2013. Technical provisions for insurance reached R$ 5.9 billion at December 31, 2014. Retained earnings reached R$ 2.0 billion in the 2014 year to date, a 3.3% decrease as compared to 2013, particularly influenced by minor claims in the Personal Insury Caused by Land Motor Vehicles (DPVAT) line. This year it also had the sale of the major risk operations and the rescission of extended warranty operations with Via Varejo.

- Electronic Payment Means (REDE): In the period from January to December 2014, total debit and credit revenue reached R$ 353.0 billion, a 16.4% increase in relation to the same period of 2013. Itaú Unibanco closed the period with 1.8 million equipment pieces, a 17.1% growth as compared to the previous year.

- Investment Banking: Noteworthy between January and December 2014 was the Merger and Acquisition operation, which provided financial advisory to 78 transactions, totaling US$ 25.0 billion. In fixed income, it took part in debentures, promissory notes and securitization transactions, which totaled R$ 21.2 billion in the period from January to December 2014. In the fixed income international issues, Itaú Unibanco acted as joint bookrunner of offerings, with a total volume of US$ 12.1 billion by December 2014.

- Consortia: in December 2014, the balance of installments receivable reached R$ 10.9 billion, with an increase of 10.9% as compared to December 2013. Income from administration from January to December 2014 reached R$ 610 million.

Funding

At December 31, 2014, free, raised and managed assets totaled R$ 1.6 trillion.

Capital Strength

In order to ensure strength and the capital availability to support business growth, the regulatory capital levels were kept above the requirements to cover the risks, as evidenced by the Basel ratio.

At the end of December 2014, the Basel ratio reached 16.9%, of which 12.5% of Tier I Capital and 4.4% of Tier II Capital, mainly composed of shares, quotas, reserves and retained earnings, and subordinated debt. These indicators evidence the effective capacity of absorbing losses.

The subordinated debt, which is part of the regulatory capital Tier II, reached R$ 53.9 billion at December 31, 2014.

Credit Risk Rating by Rating Agencies – In 2014, ratings and ratings outlooks of Itaú Unibanco were changed due to the following exogenous factors: (i) downgrade of the Brazilian sovereign rating by Standard & Poor's; (ii) downgrade of the outlook of ratings of the Brazilian government securities from steady to negative, by Moody's; and (iii) review of the guidelines for national scale ratings corresponding to the international scale of Standard & Poor's.

3.2 INDUSTRIAL AREA

Duratex

In 2014 net revenue totaled R$ 3,985 million, equivalent to a 2.9% increase as compared to 2013, as a result of the 4.5% increase in the volume shipped in the Wood division. Recurring EBITDA reached R$ 952 million, with a 23.9% margin. Recurring net income was R$ 359 million, with annualized return on average equity of 7.9%.

In the second semester of 2014, the Wood division showed a strong reinvigoration in activity, with a consistent improvement based on inventory turnover, together with an increase in the end consumer demand. In the year, 2,787.6 thousand cubic meters of panels were shipped, contributing to a net revenue of R$ 2,642 million.

The year ends with a positive change in demand, particularly in MDF, thus permitting a nominal increase in prices. The reinvigoration in the MDP demand has not occurred yet, but Duratex is monitoring the demand so that the company can adjust prices as soon as the activity is intensified.

In the year to date, in the Deca division, shipped volume posted a 5.0% reduction, with an annual decrease in net revenue of 1.8%. Duratex attributed this situation to a more challenging macro scenario, with a significant reduction in real estate activity, particularly regarding the launch of new units. This fact is evidenced by the poor performance of the primary and secondary sales of properties in the period, which impacts the direct sales to construction companies and the renovation segment.

Aiming at adjusting capacity to demand and increasing the use of capacity in the most efficient plants, Deca ended its operations in the Jundiaí II porcelain fixture unit in December, and transferred production to the Queimados plant. Therefore, the nominal production capacity of vitreous chinaware will be reduced from 12,250 thousand pieces to 11,500 thousand pieces a year.

In the year to date, there was an increase in marketing and advertising expenses arising from the rebranding of Thermosystem to Hydra.

Elekeiroz

Net revenue from January to December 2014 reached R$ 935.0 million, a 7% decrease as compared to the same period of 2013. The domestic market, responsible for 87% of sales, posted an 8% decrease, whereas exports increased 4%.

Cost of products sold totaled R$ 889.3 million, a 1% decrease in relation to 2013, in line with the fall in net revenue.

In the period, the Company posted a loss of R$ 32.3 million (gross profit of R$ 45.7 million); in 2013 net income was R$ 39.4 million (gross profit of R$ 104.9 million).

The result for the year was affected by the write-off of engineering expenses for the construction of a new industrial unit in the amount of R$ 5.0 million, with project is now in stand-by due to the unfavorable economic scenario and the high price of respective raw materials in the domestic market, in addition to operating provisions for contingences amounting to R$ 13.6 million.

In the year to date, EBITDA was negative by R$ 6.7 million; if non-recurring events were disregarded, EBITDA would be positive by R$ 11.9 million.

Indebtedness: at the end of December 2014, net debt totaled R$ 100.0 million, which represented 22% of stockholders' equity.

Itautec

Consolidated net revenue of sales and services for the 2014 fiscal year was R$ 101.6 million.

Gross loss for the year was R$ 8.6 million, resulting from the fall in the profitability of the Computing segment.

Operating expenses (selling, administrative, and research and development) reached R$ 44.0 million.

Result calculated under the equity method, due to the 30% ownership interest in Oki Brasil, an affiliated company, was negative by R$ 20.9 million.

The following events were recognized in the results for 2014:

- the amount of R$ 10.3 million, related to the FINSOCIAL credit revenue from 1989 to 1991, arising from payments made by the company merged into Itaú Rent Administração e Participações S.A.;

- the net amount of R$ 20.0 million, related to the favorable decision regarding the credits claimed in a declaratory judgment action, together with the repetition of undue payment, aiming at the declaration of unconstitutionality of Laws No. 2,145/53 and No. 7,690/88, which created an import license fee, the “CACEX Fee”. The judicial certificate related to this process was issued on June 27, 2014; and

- the net amount of R$ 10.6 million, related to the use of credits arising from tax loss and social contribution tax loss carryforwards, for early settlement of installment debt of REFIS, which started being regulated, in the third quarter, by PGFN/RFB Joint Ordinance Nº 15 of August 22, 2014.

Due to the above-mentioned factors, net result for 2014 was a loss of R$ 38.7 million.

4) PEOPLE MANAGEMENT

Itaúsa Conglomerate had the support of approximately 106 thousand people at the end of December 2014, including approximately 7.6 thousand employees in foreign units. The employee’s fixed compensation plus charges and benefits totaled R$ 12.6 billion in the period.

5) SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Itaú Unibanco Holding

Sustainability is incorporated into Itau Unibanco’s 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. Long-term strategic decisions on sustainability are discussed on an annual basis in the Board of Directors and in the Executive Committee. Since 2011, our sustainability activities have been based on three strategic focus:

- 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 2014, the Sustainability Policy was reviewed in accordance with the criteria established in BACEN Resolution No. 4,327. In accordance with this policy, the social and environmental risks are analyzed based on the characteristics, needs, exposure to risks and specificities of each business front.

In financial education, we highlight the program for client companies with 800 service centers (PABs), in which over 7.0 thousand individual clients have already been impacted. By assessing the financial indicators of the clients impacted, the program proved itself efficient, since in two years the percentage of clients with private pension plans increased from 17% to 26% and the investment percentage from 40% to 59%. Also in 2014, Itaú Unibanco participated in 16 editions in the TV Globo program – Encontro com Fátima Bernardes (meeting with Fátima Bernardes) – to present financial guidance in a simple way for approximately 51 million viewers.

Investments 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 transforming the people's world for better.

The purpose of Itaú Unibanco is to use the same expertise and efficiency that we apply to business in the development of projects, technologies and tools that encourage people to acquire more knowledge and critical awareness to make better choices.

In 2014, Itaú Unibanco invested R$ 485.1 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.

Duratex

Duratex promoted the third edition of Meeting with Suppliers GFD (Duratex Suppliers Management) attended by 68 representatives of companies that provide services to the Company. Implemented in 2012, the purpose of GFD is to reflect the mission, vision and values of Duratex with its suppliers through a management process based on social and environmental, economic, quality and service level criteria.

In the social and cultural area, Duratex proceeds with investments in a number of projects aimed at establishing a closer relationship with the communities surrounding the industrial and forest areas in which it operates.

In October and November 2014, Duratex sponsored:

- the "Água, Arte e Sustentabilidade" (water, art and sustainability) project, which was visited by over five thousand visitors. The city councils of Jundiaí and São Paulo were partners in this project;
- the city of Uberaba hosted two shows of the singer and composer Milton Nascimento and the theater group Ponto de Partida, in the performance inspired by the poems of Carlos Drummond de Andrade: "Ser Minas Tão Gerais";
- The city of Tubarão, State of Santa Catarina, hosted the Cultural Project "Casinha de Livros" (little house of books) with a collection of 500 books for each school;
- in the cities of João Pessoa (State of Paraíba) and Queimados (State of Rio de Janeiro), two community libraries "Ler É Preciso" (reading is necessary) were opened;
- in the city of Tubarão, State of Santa Catarina, the "Cineco" (movies about ecology) project was run in two local schools; and
- the Atitude, Diversão e Arte (attitude, fun and art) Cultural Project comprised music shows in the cities of São Miguel Arcanjo, Itapetininga, Botucatu, Itatinga, Agudos, Lençóis Paulista and Jacareí, in the interior of São Paulo.

Itautec

In the first quarter of 2014, Itautec concluded its inventory of greenhouse gas emission (GEE) for the 2013 operations carried out in the industrial unit, service branches and the administrative office, reaching 27,200 tones of CO2 equivalent (tCO2e). This work is in compliance with the standards of the GHG Protocol, of the Intergovernmental Panel on Climate Change (IPCC).

6) AWARDS AND RECOGNITION

Itaú Unibanco Holding

In the period, Itaú Unibanco won significant recognition in the market, such as:

Bank of the Year (The Banker magazine) - In November 2014 Itaú Unibanco was elected the bank of the year in America by the British magazine The Banker. It was also considered the bank of year in Brazil, Paraguay and Uruguay. Circulating since 1926, The Banker belongs to the Financial Times group and is recognized by the industry as the most prestigious magazine in the financial sector.

The Most Admired Companies in Brazil by Carta Capital magazine - The bank was ranked first in the “Retail Bank” segment. Itaú BBA was the winner in the "Corporate Bank" financial segment.

Guia Exame de Sustentabilidade (Sustainability Exame Guide) by Exame magazine - In November 2014 it was elected the most sustainable company of the year in the “Financial Institutions, Banks and Insurance Companies” category. Granted by Exame magazine, the acknowledgement is the most important one for the sector in the Brazilian territory.

*Latin Finance’s Banks of the Year 2014 (*Latin Finance magazine) – Acknowledged as the bank of the year in Paraguay and Uruguay. These achievements highlight its operations in these countries and the reputation as a bank specialized in Latin America. In addition to international recognition, the magazine also elected Itaú BBA as the best investment bank in Brazil.

Most Valuable Brazilian Brands in 2014 (Interbrand) - Valued at R$ 21.7 billion in 2014, Itaú brand was the leader in this ranking for the eleventh consecutive time. REDE, the company of electronic payment means, valued at R$ 470 million, was included in the ranking for the first time, holding the 21st position.

MVP Brasil 2014: Mais Valor Produzido (More Value Produced) (Dom Strategy Partners in partnership with Padrão Group) - It was the company that generated more value to its audiences in Brazil in 2014. The survey identifies companies that produce and protect value not only for themselves, but also for their consumers, shareholders, employees and society.

Duratex

In the period, Duratex won significant recognition in the market, such as:

Prêmio de melhor produto do ano (best product of the year award) by Revenda magazine – it was ranked the number one in the following categories: sanitary porcelain fixtures, sanitary metal fixtures and water saver fixtures. Deca was also the winner in the “Design Museu da Casa Brasileira” award, and the Top of Mind award in the shower, and sanitary porcelain and metal fixtures categories.

Sustainable Silviculture certificate (Government of the State of São Paulo) – it was granted this certificate in view of good environmental practices in the production of forests in the 2013 base year. This certificate is part of the Agri-Environmental Protocol of the Forest Sector, signed by the Department of Environment, Department of Agriculture and Supply and the São Paulo Association of Producers of Planted Forests (Florestar São Paulo). Duratex signed its adherence to the Protocol for the following years in order to reaffirm the commitment to the sustainability of its activities.

Prêmio Época Empresa Verde (Green company award) by Época magazine – it was awarded in the Industry category with outstanding achievement due to its waste reuse programs.

Guia Exame de Sustentabilidade (Sustainability Guide) by Exame magazine – it was granted the Sustainability highlight in the Construction materials sector, mainly due to its Suppliers Management practices.

7) INDEPENDENT AUDITORS – CVM INSTRUCTION No. 381

Procedures adopted by the Company

The policy adopted by Itaúsa and its subsidiaries, 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 its client.

During the period from January to December 2014, the independent auditors and related parties did not provide non-audit related services in excess of 5% of total external audit fees.

According to CVM Instruction No. 381/2003, we list below the engaged services and related dates:

- January 13 and 22, and March 14 – acquisition of technical material;
- January 29 – review of contingencies and tax risks in potential acquisition of companies;
- March 10 – implementation of the audit management software;
- March 24 and July 14 – human capital benchmarking advisory - Brazil and International;
- May 16 and June 10 – review of tax returns;
- June 13 – independent review of the application of the 2013 COSO Framework of internal controls;
- September 8 – advisory related to the conceptual analysis of tax credit recognition;
- September 11 – independent review of tax and accounting aspects of foreign operations;
- October 20 – independent review of credit models;
- November 10 and 11 – attendance to the course open to the public related to human capital management (HR Analytics);
- December 15 – application of tax advisory and transfer pricing procedures.

Summary of the Independent Auditors' Justification - PricewaterhouseCoopers

The provision of the above described non-audit related professional services does not affect the independence or the objectivity of the external audit of Itaúsa and its subsidiary/affiliated companies. 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 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.

(Approved at the Board of Directors' Meeting of February 9, 2015).

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

BOARD OF DIRECTORS

Chairman

CARLOS DA CAMARA PESTANA

Vice-Chairman

ALFREDO EGYDIO ARRUDA VILLELA FILHO

ALFREDO EGYDIO SETUBAL

Members

JOSÉ SERGIO GABRIELLI DE AZEVEDO

PAULO SETUBAL

RODOLFO VILLELA MARINO

Alternate members

RICARDO EGYDIO SETUBAL

RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer

ALFREDO EGYDIO ARRUDA VILLELA FILHO

Executive Vice-Presidents

HENRI PENCHAS (*)

ROBERTO EGYDIO SETUBAL

(*) Investors Relations Officer

FISCAL COUNCIL

President

TEREZA CRISTINA GROSSI TOGNI

Members

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HELENA KERR DO AMARAL

JOSÉ CARLOS DE BRITO E CUNHA

PAULO RICARDO MORAES AMARAL

Alternate members

JOSÉ ROBERTO BRANT DE CARVALHO

FELÍCIO CINTRA DO PRADO JÚNIOR

LUCIANA MENEGASSI LEOCADIO SILVESTRINI

LUIZ ANTONIO CARELI

JOÃO COSTA

Accountant

RICARDO JORGE PORTO DE SOUSA

CRC 1SP - 185.916/O-8

ITAÚ UNIBANCO HOLDING S.A.

BOARD OF DIRECTORS

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PEDRO MOREIRA SALLES

Vice-Chairman

ALFREDO EGYDIO ARRUDA VILLELA FILHO
ROBERTO EGYDIO SETUBAL

Members

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CANDIDO BOTELHO BRACHER
DEMONSTHENES MADUREIRA DE PINHO NETO
GUSTAVO JORGE LABOISSIÈRE LOYOLA
HENRI PENCHAS
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NILDEMAR SECCHES
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RICARDO VILLELA MARINO

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President

GERALDO TRAVAGLIA FILHO

Members

ALKIMAR RIBEIRO MOURA
DIEGO FRESCO GUTIERREZ
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SERGIO DARCY DA SILVA ALVES

FISCAL COUNCIL

President

IRAN SIQUEIRA LIMA

Members

ALBERTO SOZIN FURUGUEM
LUIZ ALBERTO DE CASTRO FALLEIROS

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ROBERTO EGYDIO SETUBAL

Executive Vice-Presidents

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CANDIDO BOTELHO BRACHER

Executive Directors

CAIO IBRAHIM DAVID
CLAUDIA POLITANSKI
EDUARDO MAZZILLI VASSIMON
RICARDO BALDIN

Directors

ALEXSANDRO BROEDEL LOPES
EDUARDO HIROYUKI MIYAKI
EMERSON MACEDO BORTOLOTO
MARCELO KOPEL
MATIAS GRANATA
RODRIGO LUÍS ROSA COUTO
WAGNER BETTINI SANCHES

(*) Investor Relations Officer

DURATEX S.A.

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SALO DAVI SEIBEL

Vice-Chairmen
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RICARDO EGYDIO SETUBAL

Members
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FRANCISCO AMAURI OLSEN
HELIO SEIBEL
HENRI PENCHAS
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RAUL CALFAT
RODOLFO VILLELA MARINO

Alternate members
ANDREA LASERNA SEIBEL
OLAVO EGYDIO SETUBAL JÚNIOR
RICARDO VILLELA MARINO

EXECUTIVE BOARD

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Vice-Chairmen of the DECA business unit
RAUL PENTEADO DE OLIVEIRA NETO

Vice-Chairmen of the Wood business unit
RENATO AGUIAR COELHO

Directors
ALEXANDRE COELHO NETO DO NASCIMENTO
BRUNO BASILE ANTONACCIO
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MARCO ANTONIO MILLEO
MARIA JULIETA PINTO RODRIGUES NOGUEIRA
PAULO CESAR MARÓSTICA
RONEY ROTENBERG

(*) Investor Relations Officer

ITAUTEC S.A. - GRUPO ITAUTEC

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RICARDO EGYDIO SETUBAL

Vice-Chairman
ALFREDO EGYDIO ARRUDA VILLELA FILHO

Members
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OLAVO EGYDIO SETUBAL JÚNIOR
REINALDO RUBBI
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Alternate members
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EXECUTIVE BOARD

Chief Executive Officer
JOÃO JACÓ HAZARABEDIAN

Executive Vice-President
GUILHERME TADEU PEREIRA JÚNIOR (*)

Director
RENATA MARTINS GOMES

(*) Investor Relations Officer

ELEKEIROZ S.A.

BOARD OF DIRECTORS

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RODOLFO VILLELA MARINO

Vice-chairman
OLAVO EGYDIO SETUBAL JÚNIOR

Members
CESAR SUAKI DOS SANTOS
HENRI PENCHAS
REINALDO RUBBI
RICARDO EGYDIO SETUBAL
ROGÉRIO ALMEIDA MANSO DA COSTA REIS

Alternate members
PAULO SETUBAL
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer
MARCOS ANTONIO DE MARCHI (*)

Directors
CARLOS CALVO SANZ
ELDER ANTONIO MARTINI
RICARDO CRAVEIRO MASSARI (**)

(*) Investor Relations Officer
(*) Elected in January 12, 2015

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

ASSETS	NOTE	12/31/2014	12/31/2013
Cash and cash equivalents	3	1,897	1,539
Financial assets held for trading	4	290	86
Trade accounts receivable	5	1,015	1,202
Other financial assets	6a	1,134	840
Inventories	7	831	736
Investments in associates and joint ventures	8 IIa	35,798	29,950
Fixed assets, net	9	4,085	3,832
Intangible assets, net	10	1,029	1,040
Biological assets	11	1,355	1,126
Tax assets		1,130	1,191
Income tax and social contribution - current		286	322
Income tax and social contribution - deferred	12b	744	729
Other		100	140
Other assets	6a	30	37
Assets of Discontinued Operations		-	350
TOTAL ASSETS		**48,594**	**41,929**

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	12/31/2014	12/31/2013
Liabilities			
Dividends and interest on capital		1,322	1,024
Loans and financing	13	2,902	2,649
Debentures	14	123	115
Provisions	15	574	527
Tax liabilities		751	699
Income tax and social contribution - current		11	15
Income tax and social contribution - deferred	12b	623	519
Other		117	165
Other liabilities	6b	683	795
Liabilities of Discontinued Operations		-	146
Total Liabilities		**6,355**	**5,955**
Stockholders' Equity			
Capital	16a	27,025	22,000
Treasury shares		(91)	-
Reserves	16c	12,777	12,006
Cumulative other comprehensive income		(485)	(875)
Total stockholders' equity attributable to owners of the parent company		**39,226**	**33,131**
Non-controlling interests		3,013	2,843
Total stockholders' equity		**42,239**	**35,974**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**48,594**	**41,929**

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 12/31/2014	01/01 to 12/31/2013
Sales of products and services	18	5,021	5,289
Cost of products and services	19	(3,767)	(3,729)
Sales expenses		(582)	(553)
Financial results		(60)	(82)
General and administrative expenses	20	(300)	(332)
Other (losses) / gains, net	21	201	(59)
Tax expenses		(158)	(151)
Share of income in associates and joint ventures	8 IIa	7,908	5,868
Income before income tax and social contribution		**8,263**	**6,251**
Current income tax and social contribution	12a	(56)	(144)
Deferred income tax and social contribution	12b	(46)	28
Net Income of Continued Operations		**8,161**	**6,135**
Discontinued Operations		**-**	**(124)**
NET INCOME		**8,161**	**6,011**
Net income attributable to owners of the parent company		7,911	5,698
Net income attributable to non-controlling interests		250	313
EARNINGS PER SHARE - BASIC AND DILUTED	**22**		
Common		1.30	0.96
Preferred		1.30	0.96
Weighted average number of shares outstanding – basic and diluted			
Common		2,340,804,890	2,292,416,451
Preferred		3,741,792,196	3,661,855,997

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 12/31/2014	01/01 to 12/31/2013
NET INCOME	**8,161**	**6,011**
Share of comprehensive income of investments in associates and jointly controlled entities	**398**	**(1,198)**
Available-for-sale financial assets; hedge and foreign exchange variation on investments abroad	324	(1,059)
Remeasurement of post-employment benefits obligations (*)	74	(139)
Share of comprehensive income of investments in subsidiaries	**(8)**	**3**
Available-for-sale financial assets and foreign exchange variation on investments abroad	(8)	3
Total comprehensive income	**8,551**	**4,816**
Comprehensive income attributable to owners of the parent company	8,301	4,503
Comprehensive income attributable to non-controlling interests	250	313

(*)Amounts that will not be subsequently reclassified to results.

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

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

	Note	01/01 to 12/31/2014	01/01 to 12/31/2013
Adjusted Net Income		**1,105**	**965**
Net income		8,161	6,011
Adjustments to net income:		(7,056)	(5,046)
Interest, foreign exchange and monetary variations, net		272	214
Depreciation, amortization and depletion	9, 10 and 11	651	625
Share of income in associates and joint ventures	8 IIa	(7,908)	(5,868)
Deferred income tax and social contribution		46	(28)
Change in fair value of biological assets		(221)	(192)
Allowance for loan losses		24	(16)
Income from the sale of fixed assets		(2)	3
Other		82	216
Variations in assets and liabilities		**(29)**	**(170)**
(Increase)/ decrease in financial assets		(204)	7
(Increase)/ decrease in trade accounts receivable		115	(108)
(Increase)/ decrease in inventories		(18)	(130)
(Increase)/ decrease in tax assets		29	(1)
(Increase)/ decrease in other non-financial assets		349	238
Increase/ (decrease) in suppliers		(100)	15
Increase/ (decrease) in tax and labor liabilities		(22)	(35)
Increase/ (decrease) in other non-financial liabilities		(178)	(156)
Others		**(271)**	**(266)**
Payment of income tax and social contribution		(72)	(123)
Interest paid on loans and financing		(199)	(143)
Net cash from operating activities		**805**	**529**
Purchase of investments		(148)	(34)
Acquisition of intangibles	10	(9)	(16)
Sale of intangibles	10	10	3
Purchase of fixed assets	9	(667)	(497)
Sale of fixed assets	9	65	15
Interest on capital and dividends received		2,019	1,717
Assets of Discontinued Operations		-	(30)
Other		(26)	(14)
Net cash from investment activities		**1,244**	**1,144**
Subscription of shares		188	315
Treasury shares		(101)	(12)
Interest on capital and dividends paid		(1,889)	(1,633)
Payment of promissory notes		-	(210)
Borrowings and financing		925	769
Payment of borrowings and financing		(807)	(696)
Issue of debentures		(7)	(383)
Net cash from financing activities		**(1,691)**	**(1,850)**
Increase/ (decrease) of cash and cash equivalents		**358**	**(177)**
Cash and cash equivalents at the beginning of the period	3	1,539	1,714
Effects of changes in exchange rates on cash and cash equivalents		-	2
Cash and cash equivalents at the end of the period	3	1,897	1,539

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Added Value
(In millions of Reais)

	01/01 to 12/31/2014	%	01/01 to 12/31/2013	%
INCOME	**5,252**		**5,329**	
Sales of products and services	5,021		5,289	
Other	231		40	
INPUTS PURCHASED FROM THIRD PARTIES	**(3,146)**		**(2,951)**	
Cost of Products and Services	(2,517)		(2,206)	
Materials, Energy, Third-party Services and Other	(57)		(333)	
Other	(572)		(412)	
Data processing and telecommunications	(7)		(5)	
Advertising, promotions and publicity	(494)		(100)	
Installations, repairs and maintenance of asset items	(7)		(2)	
Transports	(1)		-	
Travel expenses	(3)		(9)	
Other	(60)		(296)	
GROSS ADDED VALUE	**2,106**		**2,378**	
DEPRECIATION, AMORTIZATION AND DEPLETION	**(651)**		**(681)**	
NET ADDED VALUE PRODUCED BY THE COMPANY	**1,455**		**1,697**	
ADDED VALUE RECEIVED FROM TRANSFER	**8,193**		**6,084**	
Share of income in associates and joint ventures	7,908		5,868	
Financial Income	285		216	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**9,648**		**7,781**	
DISTRIBUTION OF ADDED VALUE	**9,648**	**100.00%**	**7,781**	**100.00%**
Personnel	849	8.80%	1,113	14.30%
Compensation	685		891	
Benefits	121		140	
FGTS – Government severance pay fund	43		82	
Taxes, fees and contributions	292	3.03%	345	4.43%
Federal	290		342	
State	2		2	
Municipal	-		1	
Return on third parties' assets	346	3.59%	312	4.01%
Interest	345		298	
Rents	1		14	
Return on own assets	8,161	84.58%	6,011	77.26%
Dividends and interest on capital paid/provided for	2,546		2,151	
Retained earnings for the period	5,365		3,547	
Non-controlling interests in retained earnings	250		313	

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	12/31/2014	12/31/2013
Cash and cash equivalents		643	340
Financial assets held for trading		290	86
Other financial assets		697	450
Dividends and interest on capital		625	373
Escrow deposits in guarantee to contingencies		72	77
Investments in subsidiaries, associates and joint ventures	8	38,035	32,181
Fixed assets, net		70	70
Intangible assets, net		460	460
Tax assets		759	841
Income tax and social contribution - current		206	214
Income tax and social contribution - deferred		551	626
Other		2	1
Other assets		4	4
TOTAL ASSETS		**40,958**	**34,432**

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	12/31/2014	12/31/2013
Liabilities			
Dividends and interest on capital		1,282	936
Provisions		412	285
Tax liabilities		32	72
Income tax and social contribution - current		5	4
Income tax and social contribution - deferred		27	68
Other liabilities		6	8
Total Liabilities		**1,732**	**1,301**
Stockholders' equity			
Capital	16a	27,025	22,000
Treasury shares		(91)	-
Reserves	16c	12,777	12,006
Cumulative other comprehensive income		(485)	(875)
Total stockholders' equity		**39,226**	**33,131**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**40,958**	**34,432**

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 12/31/2014	01/01 to 12/31/2013
Financial results		66	6
Other operating income		12	8
General and administrative expenses		(34)	(40)
Tax expenses		(157)	(154)
Share of income in subsidiaries, associates and joint ventures	8 I	8,100	5,740
Income before income tax and social contribution		**7,987**	**5,560**
Current income tax and social contribution		(3)	(12)
Deferred income tax and social contribution		(73)	150
NET INCOME		**7,911**	**5,698**
EARNINGS PER SHARE - BASIC AND DILUTED	**22**		
Common		1.30	0.96
Preferred		1.30	0.96
Weighted average number of shares outstanding – basic and diluted			
Common		2,340,804,890	2,292,416,451
Preferred		3,741,792,196	3,661,855,997

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 12/31/2014	01/01 to 12/31/2013
Net Income	**7,911**	**5,698**
Share of comprehensive income of investments in associates and jointly controlled entities	**398**	**(1,198)**
Available-for-sale financial assets; hedge and foreign exchange variation on investments abroad	324	(1,059)
Remeasurement of post-employment benefits obligations (*)	74	(139)
Share of comprehensive income of investments in subsidiaries	**(8)**	**3**
Available-for-sale financial assets and foreign exchange variation on investments abroad	(8)	3
Total comprehensive income	**8,301**	**4,503**

(*) Amounts that will not be subsequently reclassified to result.

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						Comprehensive income				
	Capital	Treasury shares	Appropriated reserves / Capital and revenue	Unappropriated reserves	Proposal for distribution of additional dividends	Retained earnings (accumulated deficit)	Other comprehensive income	Share of other comprehensive income of unconsolidated companies	Total stockholders' equity – owners of the parent company	Total stockholders' equity – non-controlling interests	Total
Balance at 01/01/2013	**16,500**	**-**	**10,215**	**2,408**	**610**	**-**	**-**	**294**	**30,027**	**2,647**	**32,674**
Transactions with owners	5,500	-	(4,755)	-	7	(2,151)	-	-	**(1,399)**	(117)	**(1,516)**
Subscription of shares	900	-	-	-	-	-	-	-	**900**	-	**900**
Increase in capital with reserves	4,600	-	(4,600)	-	-	-	-	-	**-**	-	**-**
Granting of stock options	-	-	81	-	-	-	-	-	**81**	-	**81**
Change in non-controlling interests	-	-	-	-	-	-	-	-	**-**	(117)	**(117)**
Dividends and interest on capital	-	-	-	-	-	(1,534)	-	-	**(1,534)**	-	**(1,534)**
Dividend – amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(610)	-	-	-	**(610)**	-	**(610)**
Corporate reorganizations	-	-	(236)	-	-	-	-	-	**(236)**	-	**(236)**
Other	-	-	-	-	-	-	-	-	**-**	-	**-**
Paid-in reserves	-	-	2,382	(2,382)	-	-	-	-	**-**	-	**-**
Transfers	-	-	-	(26)	-	-	-	26	**-**	-	**-**
Total comprehensive income	-	-	-	-	-	5,698	3	(1,198)	**4,503**	313	**4,816**
Net income	-	-	-	-	-	5,698	-	-	**5,698**	313	**6,011**
Other comprehensive income	-	-	-	-	-	-	3	(1,198)	**(1,195)**	-	**(1,195)**
Appropriations:											
Legal reserve	-	-	285	-	-	(285)	-	-	**-**	-	**-**
Unappropriated reserves	-	-	-	3,262	-	(3,262)	-	-	**-**	-	**-**
Balance at 12/31/2013	**22,000**	**-**	**8,127**	**3,262**	**617**	**-**	**3**	**(878)**	**33,131**	**2,843**	**35,974**
Change in the period	**5,500**	**-**	**(2,088)**	**854**	**7**	**-**	**3**	**(1,172)**	**3,104**	**196**	**3,300**
Balance at 01/01/2014	**22,000**	**-**	**8,127**	**3,262**	**617**	**-**	**3**	**(878)**	**33,131**	**2,843**	**35,974**
Transactions with owners	5,025	(91)	(4,536)	-	(58)	(2,546)	-	-	**(2,206)**	(80)	**(2,286)**
Subscription of shares	525	-	-	-	-	-	-	-	**525**	-	**525**
Treasury shares	-	(91)	-	-	-	-	-	-	**(91)**	-	**(91)**
Increase in capital with reserves	4,500	-	(4,500)	-	-	-	-	-	**-**	-	**-**
Granting of stock options	-	-	205	-	-	-	-	-	**205**	-	**205**
Change 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)**
Corporate reorganizations	-	-	(241)	-	-	-	-	-	**(241)**	-	**(241)**
Paid-in reserves	-	-	3,262	(3,262)	-	-	-	-	**-**	-	**-**
Total comprehensive income	-	-	-	-	-	7,911	(8)	398	**8,301**	250	**8,551**
Net income	-	-	-	-	-	7,911	-	-	**7,911**	250	**8,161**
Other comprehensive income	-	-	-	-	-	-	(8)	398	**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**	**-**	**(5)**	**(480)**	**39,226**	**3,013**	**42,239**
Change in the period	**5,025**	**(91)**	**(878)**	**1,707**	**(58)**	**-**	**(8)**	**398**	**6,095**	**170**	**6,265**

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 12/31/2014	01/01 to 12/31/2013
Adjusted Net Income	**(114)**	**(176)**
Net income	7,911	5,698
Adjustments to net income:	(8,025)	(5,874)
Interest on debentures and promissory notes	-	14
Share of income in subsidiaries, associates and joint ventures	(8,100)	(5,740)
Deferred income tax and social contribution	73	(150)
Depreciation and amortization	2	2
Change In Assets And Liabilities	**(43)**	**181**
(Increase) decrease in financial assets	(204)	10
Decrease in other assets	263	294
Decrease in provisions and other liabilities	(102)	(123)
Net Cash From (Used In) Operating Activities	**(157)**	**5**
Purchase of fixed assets	-	(1)
Interest on capital/dividends received	2,097	1,775
Net Cash From (Used In) Investing Activities	**2,097**	**1,774**
Subscription of shares	188	315
Purchase of treasury shares	(91)	-
Interest on capital and dividends paid	(1,734)	(1,499)
Payment of debentures	-	(377)
Payment of promissory notes	-	(210)
Net Cash From (Used In) Financing Activities	**(1,637)**	**(1,771)**
Net Increase (Decrease) In Cash And Cash Equivalents	**303**	**8**
Cash and cash equivalents at the beginning of the period	340	332
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 Added Value
(In millions of Reais)

	01/01 to 12/31/2014	%	01/01 to 12/31/2013	%
Inputs purchased from third parties	**(18)**		**(27)**	
Third-party services	(9)		(12)	
Other	(9)		(15)	
Agreement for apportionment of common costs	(5)		(9)	
Advertising, promotions and publicity	-		(2)	
Other	(4)		(4)	
Gross added value	**(18)**		**(27)**	
Depreciation and amortization	(2)		(2)	
Net added value produced by the company	**(20)**		**(29)**	
Added value received from transfer	**8,206**		**5,794**	
Share of income in subsidiaries, associates and joint ventures	8,100		5,740	
Financial income	94		45	
Other income	12		9	
Total added value to be distributed	**8,186**	**100.00%**	**5,765**	**100.00%**
Distribution of added value	**8,186**		**5,765**	
Personnel	12	0.15%	10	0.17%
Compensation	12		10	
Taxes, fees and contributions	235	2.87%	18	0.31%
Federal	235		17	
Municipal	-		1	
Return on third parties' assets - Financial expenses	28	0.34%	39	0.68%
Return on own assets	7,911	96.64%	5,698	98.84%
Dividends and Interest on capital	2,546		2,151	
Retained earnings for the period	5,365		3,547	

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, 2014
(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 an equity interest, through studies, analyses and suggestions on the operating policy and projects for the expansion of the mentioned companies, obtaining resources to meet the related additional needs of risk capital through subscription or acquisition of securities issued, to strengthen their position in the capital market and related activities or subsidiaries of interest of the mentioned companies, except for those restricted to financial institutions.

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

ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family whom holds 61.37% of the common shares and 16.93% of the preferred shares, 34.01% of the total.

These interim Individual and Consolidated Financial Statements were approved by the Board of Directors of ITAÚSA – Investimentos Itaú S.A. on February 9, 2015.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied 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).

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.

All references to the Pronouncements of the CPC shall 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 available in Brazil.

The preparation of financial statements requires the Company's Management to use certain critical accounting estimates and exercise judgment in the process of application of accounting policies of ITAÚSA and its subsidiaries. The areas that require a higher degree of judgment and have a higher complexity, as well as those in which assumptions and estimates that 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 the Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to publicly-held companies: The IFRS do not require the presentation of this statement. As a consequence, under IFRS, this statement is presented as supplementary information, without prejudice to the set of financial statements.

All references to the Pronouncements of the CPC shall 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 available in Brazil.

2.2 NEW PRONOUNCEMENTS, CHANGES TO AND INTERPRETATIONS OF EXISTING PRONOUNCEMENTS

a) Amendments to accounting pronouncements applicable for periods ended December 30, 2014

- Amendment to IAS 32 – Financial Instruments: Presentation – this amendment was issued to clarify the offsetting requirements for financial instruments in the balance sheet. No material impacts arising from this change on the consolidated financial statements were identified.

- Investment Entities - Amendments to IFRS 10 – "Consolidated Financial Statements", IFRS 12 – "Disclosure of Interests in Other Entities" and IAS 27 – "Separate Financial Statements". It introduces an exception to the principle that all subsidiaries should be consolidated. The change requires that the parent company that is an investment entity measures the fair value through profit or loss in certain entities, rather than consolidating it in its consolidated financial statements. No material impacts arising from this change on the consolidated financial statements were identified.

- IAS 36 – Impairment of Assets – This change eliminates certain disclosures of the recoverable amount of Cash-Generating Units (CGU) which were included in IAS 36 due to the issue of IFRS 13, and they have not materially impacted the consolidated financial statements.

- IAS 39 Novation of derivatives and continuation of hedge accounting – Amendments to IAS 39: under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria were met. These derivatives has not novated during the application of these amendments.

- IFRIC 21 Levies: The Interpretation clarifies that an entity should recognize a liability for a levy when the event that triggers the payment occurs. For a levy that is triggered upon reaching a minimum threshold, the Interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. No impact was identified in the consolidated financial statements as a result of this review.

b) Accounting pronouncements recently issued and applicable in future periods

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

- IFRS 9 Financial Instruments: IFRS 9 – Financial Instruments – Pronouncement meant to replace IAS 39 – Financial instruments: Recognition and Measurement. The 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 the own credit risk; and (d) a new approach to hedge accounting. In effect for the years beginning on January 1, 2018. Possible impacts arising from the adoption of this change are being assessed, and this assessment will be completed by the date this standard is in force..

- IFRS 15 – Revenue from Contracts with Customers – requires that revenues be recognized to depict the transfer of goods or services to customers in amounts that reflect the company’s expectation to have in consideration the rights to these goods or services. IFRS 15 supersedes IAS 18, IAS 11, and related interpretations (IFRICS 13, 15 and 18). It is effective for the years beginning after January 1, 2017 and its early adoption is permitted by IASB. Possible impacts arising from the adoption of this amendment will be assessed up to the date this standard becomes effective.

- IAS 19 (R1) – Employee benefits – the entity should consider contributions made by employees and third parties upon accounting for defined benefit plans. In effect for the years beginning after July 1, 2014 and early adoption is permitted by IASB. Any possible impacts arising from adopting this amendment will be assessed by the date 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 constitutes a business, in accordance with the methodology established in IFRS 3 – Business Combinations. Effective for annual periods beginning on January 1, 2016, with early adoption permitted by IASB. The impact of this amendment will be due only in case of acquisition of joint control.

- Amendment to IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets – The amendment clarifies the base principle for depreciation and amortization as being the expected pattern of consumption of future economic benefits embodied in the asset. Effective for annual periods beginning on January 1, 2016, with early adoption permitted by IASB. Any possible impacts arising from the adoption of this amendment are being assessed and will be completed until the date this standard becomes effective.

- Amendment 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. Effective for annual periods beginning on January 1, 2016, with early adoption permitted by IASB. Any possible impacts arising from the adoption of this amendment are being assessed and will be completed until the date this standard becomes effective.

- IASB Annual Improvement Cycle (2012-2014) – Annually IASB makes minor amendments to a series of pronouncements to clarify the current standards and avoid double interpretation. In this cycle IFRS 1 – Initial Adoption, 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. Effective for annual periods beginning on January 1, 2016, with early adoption permitted by IASB. Any possible impacts arising from the adoption of this amendment are being assessed and will be completed until the date this standard becomes effective.

- Amendment to IAS 1 – Presentation of Financial Statements: The purpose of the changes is to encourage companies to choose which information is sufficiently relevant to be disclosed in the financial statements; and to do so, 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 their notes, and it is applicable to any and requirement for disclosure of IFRS standards. In effect for the years beginning on January 1, 2016 and early adoption is permitted by IASB. Possible impacts arising from the adoption of this change are being assessed, and this assessment will be completed by the date this standard is in force.

- Amendment to IAS 28, IFRS 10 and IFRS 12 – Applying the Consolidation Exception: the document comprises guidelines on the application of the concept of Investment Entity. The amendments to IAS 28, IFRS 10 and IFRS 12 are in effect for the years beginning on January 1, 2016 and its early adoption is permitted by IASB.

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 such estimates and assumptions.

All estimates and assumptions made by Management are in compliance with the CPCs and represent the current best estimates made in conformity 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 loss carryforwards to the extent that it is probable that ITAÚSA and its subsidiary companies will generate future taxable profit 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$ 744 at December 31, 2014 (R$ 729 at December 31, 2013).

b) Fair value of financial instruments, including derivatives

The fair values of financial instruments, including derivatives that are not traded in active markets are determined by using valuation techniques. This calculation is based on assumptions that take into consideration Management’s judgment about market information and conditions existing 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 in 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 methodologies they have adopted are appropriate and consistent with market participants. Regardless of this fact, the adoption of other methodologies or 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 subsidiary 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 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, 2014 is R$ 574 (R$ 527 at December 31, 2013).

d) Biological assets

Forest reserves are recognized at their fair value, less estimated costs to sell at the harvest time, in accordance with Note 11. For immature plantations (up to one year of life), their cost is considered 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.

The formation costs of these assets are recognized in the statement of income as incurred, and they are reported net of the effects of changes in the biological asset fair value, in a specific account in the statement of income.

e) Benefits of pension plans

The current amount 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 the discount rate and the current market conditions. Any changes in these assumptions will affect the corresponding book values.

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, or is entitled to variable returns arising from the involvement with that entity and it is capable of affecting such 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 12/31/2014	Interest in capital at 12/31/2013
Financial Services Area – 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	36.72%	36.87%
Industrial Area – Full consolidation				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	35.53%	35.48%
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%	94.01%
ITH Zux Cayman	Cayman Islands	Holding	100.00%	100.00%
RT Diamond MM CP FI	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 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 acquisition 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 2.4i. If the acquisition cost is lower than the fair value of 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 amount proportional to its interest in net assets of the acquired company.

III. Transactions with the non-controlling interests

CPC 36 / IAS 27 – “Consolidated Financial Statements” establishes that changes in ownership interests in a subsidiary, which do not result in change of control, are accounted for as capital transactions and any difference between the amount paid and the carrying amount of 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, which is its functional currency 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 are 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 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 in the heading “Cash and deposits on demand”), securities and financial assets that have original maturities equal to or less than 90 days or less, as shown in Note 3.

d) FINANCIAL ASSETS

I. Classification

ITAÚSA classifies its financial assets, in the 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 maturity that an entity has the positive intention and ability to hold to maturity, other than those that the entity upon initial recognition designates as 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 exceeds 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 after the reported period date.

I. Recognition and Measurement

Purchases and sales of financial assets are usually recognized on 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 has significantly transferred all its risks and benefits of property. The available-for-sale financial assets are subsequently accounted for at fair value. Loans and receivables are accounted for at amortized cost, under the effective interest rate method.

Exchange variations from 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 of the fair value recognized in equity are included in the statement of income as "Financial Income (Loss)".

Dividends of 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.

Fair values of investments with public quotation are based on current purchase prices. If the market of a financial asset (and securities not listed in a stock exchange) is not active, ITAÚSA establishes 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 largest use possible of information generated by the market and that rely the least possible on information generated by the company's management itself.

II- Offset 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 of settling them or realizing the asset and of simultaneously settling 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 a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is an objective evidence of impairment as a result of one or more events occurred after the initial recognition of assets (a "loss event") and that loss event (or events) impact(s) the estimated future cash flows of a financial asset or group of financial assets that may be reliably estimated.

The criteria that Itaúsa adopts to determine if 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 consider usually;
(iv) it becomes probable that the debtor will file for bankruptcy or another financial reorganization;
(v) the disappearance of an active market for that financial asset due to financial difficulties; or
(vi) observable data indicating that there is a measurable reduction in estimated future cash flows 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 intertwined with default on the assets in the portfolio.

The amount of impairment loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows (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 to measure an impairment loss is the effective interest rate established in accordance with the agreement. As a practical action, ITAÚSA 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 (as an improvement in the debtor's credit rating), the reversal of the previous 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 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, cumulative loss – measured as the difference between the acquisition cost and 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) 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 of realization of the credits receivable, in an amount considered sufficient by management to cover potential losses in the realization of these assets.

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

f) INVENTORIES

Inventories are 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 inventories, 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.

g) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

I. Associates

In conformity with CPC 18 / IAS 28 – “Investment in Affiliates, Subsidiaries and Joint-Ventures”, associates are those companies in which the investor has a significant influence, but does not have control; significant influence is usually presumed to exist when an interest in voting capital from 20% to 50% is held. Investments in these companies are initially recognized at 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 the CPC 19 – “Investments in Joint Business” 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 CONSOLIDATED and its unconsolidated companies are eliminated to the extent of the interest of ITAÚSA CONSOLIDATED. 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 CONSOLIDATED.

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.

h) 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. Such 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 CONSOLIDATED reviews its 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 purposes of assessing impairment, assets are grouped at the lowest level for which independent cash flows can be identified (cash-generating units.). The assessment can be made at an individual asset level when the fair value less its 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 Combination”, goodwill represents the excess of the cost of an acquisition over the fair value of 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 flows that are 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 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 and its value in use. The impairment loss of goodwill cannot be reversed.

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 test is carried out in relation to the total balance of the investments (including goodwill).

j) 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 in the case of intangible assets not arising from separate acquisitions or business combinations, if it is probable that future economic benefits may arise from their use. The balance of intangible assets refers to acquired assets or those that are 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 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 and its value in use. For the purpose of assessing an impairment, assets are grouped into the minimum level for which cash flows can be identified (cash-generating units). The assessment can be made at an individual asset level when the fair value less its cost to sell can be determined reliably.

As provided for in CPC 4 / IAS 38 - “Intangible Assets”, ITAÚSA CONSOLIDATED chose the cost model to measure its intangible assets after their initial recognition.

k) INCOME TAX AND SOCIAL CONTRIBUTION

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

Current income tax expense approximates 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.

Deferred income tax and social contribution represented by 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 offset. 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 it refers 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 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 to for all the reporting periods as follows:

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

In order to determine the proper level of provisions for taxes to be maintained for uncertain tax positions, a two-phased 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 to be the highest tax benefit when its probability of realization is over 50%. Interest and penalties on income tax and social contribution are treated as a non-financial expense.

l) EMPLOYEE BENEFITS

Pension plans - defined contribution

ITAÚSA and its subsidiaries offer the Defined Contribution Plan to all employees, managed by Fundação Itaúsa Industrial. The plan regulation provides for the 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 the access to new participants is barred.

Regarding the Defined Contribution Plan, there is no additional payment obligation after the contribution is made. Contributions are recognized as expense for employee benefits, when due. Contributions made in advance are recognized as an asset in the proportion these contributions caused an effective reduction in future payments. Gains and losses are recognized in income for the period.

m) STOCK BASED COMPENSATION

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

The total amount to be expensed is determined by 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 in the entity over a specified time period). The fulfillment of non-market vesting conditions is included in the presumptions about the number of options that are expected to be exercised. At the end of each period, the entity revises its estimates for the number of options that are expected to be exercised based on non-market vesting conditions. It recognizes the impact of the revision of 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 by 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.

n) 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 elapsed (calculated on a pro rata basis), using the effective interest rate method, except for borrowing 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 that requires a substantial period of time to prepare for its intended use or sale, are capitalized as part of the cost of the asset when it is probable that these cost 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.

o) CAPITAL AND TREASURY SHARES

Capital

Common and preferred shares are considered common shares but are without voting rights, 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 repurchased are recorded in Stockholders' Equity under Treasury Shares at their average purchase price.

Treasury shares that are subsequently sold, such as those sold to grantees under our 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 increase in "Additional Paid-in Capital" depending upon the circumstance. The cancellation of treasury shares is recorded as a reduction in treasury shares against Appropriated Reserves, at the average price of treasury shares at the cancellation date.

p) DIVIDENDS AND INTEREST ON CAPITAL

Pursuant to the Company's bylaws, stockholders are entitled to a mandatory minimum dividend of 25% of the net income for the year with 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 approved by the stockholders at a Stockholder´s Meeting. Since January 1, 1996, Brazilian companies have been permitted to attribute 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 Consolidated Financial Statements. The related tax benefit is recorded in the Consolidated Statement of Income.

q) EARNINGS PER SHARE

Earnings per share are computed by dividing net income attributable to the owners of ITAÚSA by the weighted average number of common and preferred shares outstanding for each reporting period. Weighted average 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 were distributed and computed following the requirements of CPC 41 / IAS 33 – "Earnings per share".

r) REVENUES

Sales of products

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

s) SEGMENT INFORMATION

CPC 22 / IFRS 8 – "Segment Information" determines that operating segments be disclosed consistently with the information provided to the chief operating decision maker, who is the person or group of persons that 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 Service Area, subdivided into Duratex, Itautec and Elekeiroz.

Segmental information is presented in Note 25.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	12/31/2014	12/31/2013
Cash and deposits on demand	43	59
Investments in Fixed Income and Investment Funds	135	118
Bank deposit certificates	1,074	1,022
Repurchase agreements	640	340
Financial treasury bill	5	-
Total	**1,897**	**1,539**

NOTE 4 - FINANCIAL ASSETS HELD FOR TRADING

The breakdown of the investment fund portfolio is as follows:

	12/31/2014	12/31/2013
Subordinated financial bill	61	61
Financial treasury bill	229	25
Total	**290**	**86**

NOTE 5 - TRADE ACCOUNTS RECEIVABLE

Trade Accounts Receivable	12/31/2014	12/31/2013
Domestic customers	961	1,171
Foreign customers	101	71
Impairment	(47)	(40)
Total	**1,015**	**1,202**

The balances of accounts receivable by maturity are as follows:

Maturities	12/31/2014	12/31/2013
Not yet due	948	1,074
Past-due up to 30 days	31	55
From 31 to 60 days	4	16
From 61 to 90 days	3	26
From 91 to 180 days	28	22
More than 180 days	48	49
Total	**1,062**	**1,242**

Below the changes in the allowance for doubtful accounts for the year ended December 31, 2014

	12/31/2014	12/31/2013
Opening Balance	(38)	(39)
Constitution of provision	(21)	(15)
Reversal (income statement)	3	5
Write-offs	9	5
Reclassification Assets held for sale	-	4
Closing Balance	**(47)**	**(40)**

NOTE 6 - OTHER ASSETS AND LIABILITIES

a) Other assets

	12/31/2014	12/31/2013
Other assets financial	**1,134**	**840**
Deposits in guarantee for contingent liabilities	149	151
Dividends and Interest on stockholders equity receivable	607	373
Amounts receivable from the sale of fixed assets	21	19
Related Parties	53	39
Retirement plan assets (Note 24)	164	182
Credits from certificates of judgment debt of the government	87	65
Other amounts receivable	53	11
Other assets non-financial	**30**	**37**
Prepaid expenses	20	34
Other	10	3

b) Other liabilities

	12/31/2014	12/31/2013
Suppliers	213	307
Personnel provision	163	162
Partnerships in which some partners are passive	108	108
Advances from customers	7	24
Acquisition of Companies	34	39
Deferred Income	31	65
Freight and insurance payable	16	13
Commissions Payable	9	9
Acquisition of Reforestation Areas and Fixed Assets	12	7
Provision for warranties and restructuring costs	9	-
Other	81	61
Total	**683**	**795**

NOTE 7 – INVENTORIES

	12/31/2014	12/31/2013
Raw material, supplies and packaging	327	288
Finished products	302	265
Work in progress	105	103
Showroom	101	94
Advance to suppliers	9	8
Allowance for inventory losses	(13)	(22)
Total	**831**	**736**

The cost of inventories recognized in results and included in “Cost of Products and Services” totaled at December 31, 2014 R$ 3,767 (R$ 3,729 at December 31, 2013).

At December 31, 2014 and 2013, the subsidiaries of ITAÚSA CONSOLIDATED did not have any inventories pledged as collateral.

NOTE 8 - INVESTMENTS

I) Interest in subsidiaries and joint ventures - ITAÚSA

The table below shows ITAÚSA's interest in subsidiaries, which are consolidated in the financial statements, and joint ventures:

Companies	Balances at 12/31/2013	Dividends and interest on capital received / receivable (1)	Share of income (2)	Other Comprehensive Income from Investments in Subsidiaries, Associates and Joint Ventures	Granting of options recognized	Other adjustments directly recognized in stockholders' equity	Balances at 12/31/2014	Market value (3)
Jointly Controlled Entities	**30,002**	**(2,527)**	**7,932**	**398**	**202**	**(241)**	**35,766**	**69,823**
Itaú Unibanco Holding S.A.	16,490	(2,420)	5,258	212	108	(128)	19,520	69,823
IUPAR - Itaú Unibanco Participações S.A.	13,512	(107)	2,674	186	94	(113)	16,246	-
Subsidiaries	**2,179**	**(73)**	**168**	**(8)**	**3**	**-**	**2,269**	**2,351**
Duratex S.A.	1,542	(67)	137	(8)	3	-	1,607	1,913
Elekeiroz S.A.	486	(6)	(31)	-	-	-	449	262
Itautec S.A.	46	-	60	-	-	-	106	176
Itaúsa Empreendimentos S.A.	104	-	2	-	-	-	106	-
ITH Zux Cayman Company Ltd.	1	-	-	-	-	-	1	-
GRAND TOTAL	**32,181**	**(2,600)**	**8,100**	**390**	**205**	**(241)**	**38,035**	**72,174**

(1) Other financial assets include dividends and interest on capital receivable.

(2) At Itautec, the accumulated balance of unrealized result arising from sales carried out by Itautec to the companies of Itaúsa Conglomerate in the amount of R$100 million was recognized in the period, considering that the banking automation, commercial automation and service provision business is now controlled by OKI Electric.

(3) Fair value of investments in subsidiaries and jointly controlled entities based on stock price quotations, in Itaú Unibanco Holding was considered indirect interest by IUPAR.

Companies	Capital	Stockholders' equity	Net income for the period	Number of shares owned by ITAÚSA		Interest in capital	Interest in voting capital
				Common	Preferred		
Jointly Controlled Entities							
Itaú Unibanco Holding S.A.	75,000	99,260	21,555	1,071,022,909	93,291	(1) 36,72%	(2) 64,16%
IUPAR - Itaú Unibanco Participações S.A.	7,430	24,418	4,019	355,227,092	350,942,273	66.53%	50.00%
Subsidiaries							
Duratex S.A.	1,868	4,543	390	235,621,037	-	35.53%	35.53%
Elekeiroz S.A.	321	465	(32)	14,261,761	16,117,360	96.49%	98.23%
Itautec S.A.	272	109	(39)	10,953,371	-	97.80%	97.80%
Itaúsa Empreendimentos S.A.	52	106	2	752,189	-	100.00%	100.00%
ITH Zux Cayman Company Ltd.	32	1	-	12,200,000	-	100.00%	100.00%

(1) It includes a direct interest of 19.56% in Itaú Unibanco Holding S.A. and indirect interest of 17.16% through the investment in joint-controlled subsidiary IUPAR - Itaú Unibanco Participações S.A., which holds 25.79% of direct interest in Itaú Unibanco Holding S.A.

(2) It includes a direct interest of 38.66% in common shares of Itaú Unibanco Holding S.A. and indirect interest of 25.50% through the investment in joint-controlled subsidiary IUPAR - Itaú Unibanco Participações S.A., which holds 51% of direct interest in common shares of Itaú Unibanco Holding S.A.

II - INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES – ITAÚSA CONSOLIDATED

a) Composition

	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	-	-	-	(8)	-	-	(3)
Total				**35,798**			**7,908**

	Interest % at 12/31/2013		12/31/2013			01/01 to 12/31/2013	
	Total	Voting	Stockholders' equity	Investment Balance	Market value	Net income	Share of income
Itaú Unibanco Holding	36.87	64.16	83,233	16,332	57,863	16,424	3,841
IUPAR - Itaú Unibanco Participações	66.53	50.00	20,308	13,512	-	3,042	2,024
Tablemac	-	-	-	121	-	-	3
Other	-	-	-	(15)	-	-	-
Total				**29,950**			**5,868**

b) Other Information

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

Financial information (*)	12/31/2014	12/31/2013
Current assets	727,159	643,273
Non-current assets	400,046	384,031
Current liabilities	678,197	621,134
Non-current liabilities	349,619	323,234
Revenue	172,181	142,230
Expenses	(150,334)	(125,723)

(*) Basically represented by IUH - Itaú Unibanco Holding.

Current financial liabilities and non-financial liabilities amount to R$ 536,558 and R$ 334,098, respectively (R$ 493,816 and R$ 306,762, respectively, at December 31, 2013).

The provisions of civil, labor and tax lawsuits corresponds to R$ 17,027 (R$ 18,862 at December 31, 2013).

Other Financial Information - Itaú Unibanco Holding	01/01 to 12/31/2014	01/01 to 12/31/2013
Interest and similar income	120,115	94,127
Interest and similar expense	(72,977)	(46,361)
Net income before income tax and social contribution	28,808	20,865
Income tax and social contribution	(6,947)	(4,343)
Net income	21,861	16,522
Net income attributable to owners of the parent company	21,555	16,424
Other comprehensive income	1,082	(3,248)
Total comprehensive income	22,637	13,176

Depreciation and amortization expenses total of R$ 1,641 and R$ 827, respectively (R$ 1,522 and R$ 808 at December 31, 2013).

Cash and Cash Equivalents – Itaú Unibanco Holding	12/31/2014	12/31/2014
Cash and deposits on demand	16,636	16,576
Interbank deposits	9,664	18,599
Securities purchased under agreements to resell	45,574	20,615
Total	**71,874**	**55,790**

Reconciliation of jointly-controlled interests	Itaú Unibanco Holding		IUPAR		Total	
	2014	2013	2014	2013	2014	2013
Stockholders' equity at January 1st	**83,223**	**75,902**	**20,308**	**18,369**	-	-
Gains /(losses) in the period	21,555	16,424	4,019	3,042	-	-
Other comprehensive income	1,082	(3,248)	279	(834)	-	-
Dividends / interest on capital	(6,994)	(4,976)	(161)	(151)	-	-
Corporate reorganizations	(639)	(640)	(170)	(165)	-	-
Other change stockholders' equity	1,033	(239)	143	47	-	-
Stockholders' equity at December 31, 2014 and December 31, 2013	**99,260**	**83,223**	**24,418**	**20,308**	-	-
Interest in capital	19.56%	19.64%	66.53%	66.53%	-	-
	19,413	16,341	16,246	13,512	35,659	29,853
Unrealized income (loss)	(14)	(173)	-	-	(14)	(173)
Fair Value - Identifiable Assets and Liabilities (Note 23 a)	121	164	-	-	121	164
Total	**19,520**	**16,332**	**16,246**	**13,512**	**35,766**	**29,844**

NOTE 9 – FIXED ASSETS

FIXED ASSETS	Annual depreciation rates (%)	Balance at 12/31/2012			Changes				Balance at 12/31/2013		
		Cost	Accumulated depreciation	Net book value	Acquisitions	Write-offs	Depreciation expense	Other	Cost	Accumulated depreciation	Net book value
Land	-	639	-	639	27	(1)	-	21	686	-	686
Buildings and Improvements	4	842	(355)	487	8	(1)	(31)	134	983	(386)	597
Equipment and facilities	5 to 20	3,228	(1,463)	1,765	72	(7)	(233)	485	3,729	(1,650)	2,079
Furniture and fixtures	10	41	(30)	11	4	-	(2)	1	46	(31)	15
Vehicles	10	51	(40)	11	1	(2)	(4)	2	52	(44)	8
Assets under development or construction	-	673	-	673	376	-	-	(642)	407	-	407
Other (data processing and other assets)	4 to 20	159	(109)	50	9	(4)	(13)	(4)	136	(96)	40
TOTAL FIXED ASSETS		**5,633**	**(1,997)**	**3,636**	**497**	**(15)**	**(283)**	**(3)**	**6,039**	**(2,207)**	**3,832**

FIXED ASSETS	Annual depreciation rates (%)	Balance at 12/31/2013			Changes				Balance at 12/31/2014		
		Cost	Accumulated depreciation	Net book value	Acquisitions	Write-offs	Depreciation expense	Other	Cost	Accumulated depreciation	Net book value
Land	-	686	-	686	85	(46)	-	2	727	-	727
Buildings and Improvements	4	983	(386)	597	104	(1)	(37)	52	1,114	(398)	716
Equipment and facilities	5 to 20	3,729	(1,650)	2,079	226	(13)	(278)	235	4,169	(1,920)	2,249
Furniture and fixtures	10	46	(31)	15	5	(1)	(2)	2	52	(34)	18
Vehicles	10	52	(44)	8	5	-	(4)	1	56	(46)	10
Assets under development or construction	-	407	-	407	240	(2)	-	(327)	318	-	318
Other (data processing and other assets)	4 to 20	136	(96)	40	2	(2)	(10)	17	145	(98)	47
TOTAL FIXED ASSETS		**6,039**	**(2,207)**	**3,832**	**667**	**(65)**	**(331)**	**(18)**	**6,581**	**(2,496)**	**4,085**

NOTE 10 - INTANGIBLE ASSETS

INTANGIBLE ASSETS	Annual amortization rates (%)	12/31/2012			Changes				12/31/2013		
		Cost	Accumulated amortization	Net value	Acquisitions	Write-offs	Amortization expense	Other	Cost	Accumulated amortization	Net value
Software	20.00%	80	(47)	33	10	(1)	(11)	(9)	59	(38)	21
Trademarks and patents	-	4	-	4	1	-	(1)	10	15	(1)	14
Goodwill for future profitability	-	689	-	689	-	-	-	25	714	-	714
Customer portfolio	7.00%	396	(79)	317	-	-	(26)	-	396	(105)	291
Product Development	-	18	(7)	11	5	(2)	(3)	(11)	-	-	-
Other intangible assets	10.00%	1	-	1	-	-	(1)	(1)	-	-	-
Total		**1,188**	**(133)**	**1,055**	**16**	**(3)**	**(42)**	**14**	**1,184**	**(144)**	**1,040**

INTANGIBLE ASSETS	Annual amortization rates (%)	Balance at 12/31/2013			Changes				Balance at 12/31/2014		
		Cost	Accumulated amortization	Net value	Acquisitions	Write-offs	Amortization expense	Other	Cost	Accumulated amortization	Net value
Software	20.00%	59	(38)	21	8	-	(9)	5	73	(48)	25
Trademarks and patents	-	15	(1)	14	1	(10)	-	6	12	(1)	11
Goodwill for future profitability	-	714	-	714	-	-	-	-	714	-	714
Customer portfolio	6.67%	396	(105)	291	-	-	(27)	15	412	(133)	279
Total		**1,184**	**(144)**	**1,040**	**9**	**(10)**	**(36)**	**26**	**1,211**	**(182)**	**1,029**

NOTE 11 – BIOLOGICAL ASSETS (Forest reserves)

ITAÚSA CONSOLIDATED, 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 its plants, as well as protect us from future risks of increase in wood prices. It is an operation that is sustainable and integrated into its industrial complexes, which together with the supply network, provides a high self-sufficiency level for wood supply.

At December 31, 2014, they had approximately 164.6 thousand with actual planting (139.5 thousand hectares at December 31, 2013) which are cultivated in the states of São Paulo, Minas Gerais, Rio Grande do Sul and Colombia.

a) Fair value estimate

Fair value is determined based on the estimated wood volume at the point of harvest, at the current prices of standing timber, except (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 to the fair value; (ii) forests in the growth process in which case we use the discounted cash flow method.

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 follows:

I. Discounted cash flow – forecasted 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 10.1% p.a. at December 31, 2014 and December 31, 2013.

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

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

iv. Volumes – estimates of volumes to be harvested (6th 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 inventories are 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

Biological assets balances are composed of the cost of forest planting and the difference between the fair value and the planting cost, as shown below:

	12/31/2014	12/31/2013
Cost of formation of biological assets	785	595
Difference between cost and fair value	570	531
Fair value of biological assets	**1,355**	**1,126**

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

c) Changes

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

	12/31/2014	12/31/2013
Opening balance	**1,126**	**1,102**
Variation in fair value		
Volume price	221	192
Depletion	(181)	(218)
Variation in historic value		
Formation	292	132
Depletion	(103)	(82)
Closing balance	**1,355**	**1,126**

	12/31/2014	12/31/2013
i)Effects of the variation in fair value of biological assets	**40**	**(26)**
Variation in fair value	221	192
Depletion of fair value	(181)	(218)

i) The adjustment in the variation of fair value is due to market prices, productivity and volume harvested and to the purchase of forests in the first quarter of 2014 from Caxuana Ltda.

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 are reconciled to the statutory rates, as follows:

Current income tax and social contribution	01/01 to 12/31/2014	01/01 to 12/31/2013
Income before income tax and social contribution of continuing operations	**8,263**	**6,248**
Income before income tax and social contribution of discontinued operations	**-**	**(123)**
Charges (income tax and social contribution) at the current rates	(2,809)	(2,083)
Increase/decrease to income tax and social contribution charges arising from:		
Additions (exclusions)	**2,707**	**1,967**
Share of comprehensive income of associates and joint ventures	2,689	1,995
Income from foreign investments	7	(32)
Interest on capital	(49)	23
Other	60	(19)
Total income tax and social contribution	**(102)**	**(116)**

b) Deferred Income Tax and Social Contribution

I - The balance and changes of Deferred Income Tax and Social Contribution are represented by:

	12/31/2012	Realization/ reversal	Increase	12/31/2013
Deferred Tax Assets				
Tax losses and social contribution loss carryforwards	330	(37)	1	294
Allowance for loan losses	3	(1)	1	3
Adjustment to market value - securities and derivative financial instruments	2	-	-	2
Goodwill on purchase of investments	142	-	-	142
Provision for contingent liabilities	102	(2)	42	142
Companies headquartered abroad	1	(1)	-	-
Other	73	(73)	146	146
Total deferred tax assets	**653**	**(114)**	**190**	**729**
Deferred tax liabilities				
Revaluation reserve	(62)	6	-	(56)
Present value of financing	(8)	1	-	(7)
Swap results	(4)	-	(13)	(17)
Depreciation	(12)	4	-	(8)
Restatement of escrow deposits, legal liabilities and contingent liabilities	(4)	-	(1)	(5)
Pension plans	(4)	-	-	(4)
Sale of property	(9)	3	-	(6)
Other liabilities	(75)	-	(40)	(115)
Adjustments: CPCs / IFRS	(317)	16	-	(301)
Total deferred tax liabilities	**(495)**	**30**	**(54)**	**(519)**
Deferred Tax Assets, Net	**158**	**(84)**	**136**	**210**

	12/31/2013	Realization/ reversal	Increase	12/31/2014
Deferred tax assets				
Tax losses and social contribution loss carryforwards	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 purchase 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	(5)	-	-	(5)
Pension plans	(4)	-	-	(4)
Sale of property	(6)	2	-	(4)
Other liabilities	(41)	17	(2)	(26)
Adjustments: CPCs / IFRS	(300)	-	(76)	(376)
Total deferred tax liabilities	**(519)**	**23**	**(127)**	**(623)**
Deferred tax assets, Net	**210**	**(102)**	**13**	**121**

II- The estimated realization and the present value of the Deferred Income Tax and Social Contribution at December 31, 2014, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are as follows:

	12/31/2014	12/31/2013
Deferred tax assets	**744**	**729**
Deferred tax assets to be recovered within 12 months	109	38
Deferred tax assets to be recovered after 12 months	635	691
Deferred tax liabilities	**(623)**	**(519)**
Deferred tax liabilities to be recovered after 12 months	(623)	(519)
Deferred tax assets, net	**121**	**210**

NOTE 13 - LOANS AND FINANCING

Loans and Financing [1] [2]	Charges	12/31/2014			12/31/2013		
		Current	Non current	Total	Current	Non current	Total
BNDES	TJLP + 1.1% to 4.32% p.a	229	435	664	224	556	780
Industrial Credit and Bank	101.2% to 103.3% of CDI	205	-	205	274	184	458
Industrial Credit and Bank with Swap	12.7% p.a	58	-	58	7	53	60
Discount NPR	5.5% p.a	-	-	-	8	-	8
FINAME	TJLP + 2.3% p.a	-	46	46	2	34	36
FUNDIEST	30% IGP-M per month	20	111	131	17	124	141
FUNDOPEM	IPCA + 3.0% p.a	1	29	30	-	16	16
Discounted Rural Promissory Note	104.8% to 105.3% of CDI	139	407	546	68	56	124
Discounted Rural Promissory Note with Swap	8.0% to 11.5% p.a	113	168	281	68	155	223
PROINVEST / PRO FLORESTA	IGP-M + 4.0% p.a / IPCA + 6.0% p.a	11	4	15	12	14	26
Credit assignment	9.38% to 13.17% p.a	33	-	33	20	-	20
Other		45	43	88	87	81	168
Local currency		**854**	**1,243**	**2,097**	**787**	**1,273**	**2,060**
BNDES	Basket of Currencies + 2.2% to 2.4% p.a	16	10	26	12	23	35
Foreign	Libor + 0.92% to 1.61% p.a	-	-	-	93	-	93
Resolution 4131 with Swap	US$ + 1.5% to 2.5% p.a	120	235	355	-	108	108
Resolution 4131 with Swap	US$ + L + 1.3% to 1.7% p.a	106	236	342	1	330	331
Other		17	65	82	9	13	22
Foreign currency		**259**	**546**	**805**	**115**	**474**	**589**
Total		**1,113**	**1,789**	**2,902**	**902**	**1,747**	**2,649**

(1) Guarantees to loans and financing of subsidiaries are basically composed of: Endorsement Itaúsa Investimentos S.A., Surety Cia Ligna de Investimentos, Individuals, Promissory Notes, Trade Notes, Chattel Mortgage, Endorsement Duratex Exportadora S.A., Mortgage of Assets, Machinery and Equipment, Lien, Mortgage of Equipment, Insurance Policy and Bank Guarantee .

(2) Certain loans and financing (identified in the table above as SWAPS) were designated at fair value through profit or loss.

Maturities	12/31/2014	12/31/2013
2015	-	895
2016	542	365
2017	468	134
2018	239	203
2019	179	74
2020	330	56
2021	14	9
2022	8	11
Other	9	-
Total	**1,789**	**1,747**

NOTE 14 – Debentures

On February 8, 2012, the first Private Issuance of Debentures was approved in Duratex, with floating guarantee, convertible into common shares issued by Duratex, for private subscription, in the total amount of R$ 100, remunerated at IPCA + 6% p.a. paid annually on January 15 of each year, maturing on January 15, 2017, and whose proceeds were allocated to:

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).

We present below the debentures in Itaúsa Consolidated

	12/31/2014			12/31/2013		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Debentures - Duratex	7	116	123	6	109	115

NOTE 15 – PROVISIONS, CONTINGENCIES AND OTHER COMMITMENTS

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

The respective provisions were recognized considering the probability of loss as assessed by 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 possibly incurred in any legal actions or administrative proceedings.

a) Contingent Assets:

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

The table below shows the main lawsuits that, in accordance with the opinion of the legal advisors, have probability of a favorable outcome to the company considered probable, and the amounts related to these lawsuits are not recognized in the financial statements.

	12/31/2014	12/31/2013
IPI bonus credit from 1960 to 1985	122	111
Monetary adjustment of credits from Eletrobrás	12	11
Recovery of ILL paid with dividends distributed from 1989 to 1992	12	11
INSS - SAT, change of rural rate, transportation voucher, and health insurance	19	5
PIS and COFINS	4	3
Collection/execution of out-of-court instruments	11	10
Offset of PIS Decrees-Laws 2445 and 2449, of 1988	17	17
Cacex (foreign trade) tax (1)	-	21
Other	16	16
Total	**213**	**205**

(1) On June 27, 2014 the favorable final and unappealable decision issued on November 21, 2007 was ultimately confirmed in connection with the credits claimed in a declaratory judgment action, together with the repetition of undue payment, aiming at the declaration of unconstitutionality of Laws No. 2,145/53 and No. 7,690/88. The credits for certificates of judgment debt of the government totaled R$ 22, which, deducted from costs with legal fees of R$ 2, resulted in a positive result of R$ 20 recorded in Other (losses)/ Gains, Net (Note 21).

b) Contingent Liabilities:

- Tax: Contingencies are equivalent to the principal amount 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, a favorable outcome 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: Relate to claims disputing 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 12/31/2013	**435**	**71**	**21**	**527**
Monetary adjustment	40	21	2	63
Increase	121	28	17	166
Reversal	(105)	(28)	(7)	(140)
Payments	(9)	(20)	(1)	(30)
Balance at 12/31/2014	**482**	**72**	**32**	**586**
Escrow deposits	(4)	(8)	-	(12)
Balance at 12/31/2014 after the offset of escrow deposits	**478**	**64**	**32**	**574**

The main discussions related to tax provisions are described as follows:

- PIS and COFINS – Calculation basis – R$ 388: The right to calculate and pay contributions to PIS and COFINS without including the amounts received as interest on capital in the calculation basis is under discussion.

c) Contingencies not recognized

ITAÚSA and its subsidiaries are involved in tax, labor and lawsuits, which, in the opinion of their legal advisors, have probability of possible loss and do not have a provision recognized.

At December 31, 2014, these lawsuits totaled R$ 733 for tax lawsuits, R$ 15 for labor claims and R$ 7 for civil lawsuits.

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

- Taxation of revaluation reserve – R$ 228: Discussion related to taxation of revaluation reserve in corporate spin-off operations carried out in the 2006-2009 period;

- 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$ 252: Cases in which the liquidity and certainty of offset credits are discussed;

- IRPJ and CSLL – “Summer Plan” – R$ 54: We claim the recognition of the right to monetarily restate the balance sheet for the fiscal year 1989 by fully applying the IPC (gross rate) of 70.28% or the difference of 51.83%.

- Integration program tax on revenue (PIS) and Social security funding tax on revenue (COFINS) – Disallowance of credits – R$ 43: the restriction to the right to credits in connection with certain inputs related to these contributions is being disputed accordingly;

- Differences in accessory obligations – R$ 42: Discussion of possible differences between the information included in the accessory obligations;

- Levy of Tax on circulation of goods and services (ICMS) Credits – R$ 29: Discussion on the levy, recognition and use of ICMS credits;

- Income tax and social contribution – Profit made available abroad - R$ 12: Discussion of the calculation basis for levy of these taxes on profits earned abroad.

d) Program for Cash Installment Payment of Federal Taxes

ITAUSA and its subsidiaries joined the Program for Cash or Installment Payment of Federal Taxes, reopened by Law 12,865 / 2013, and amended by Law 12,973 / 2014, 12,995 / 2014 and 12 996/2014. The program includes debt administered by the Federal Revenue of Brazil and the Attorney General of the Treasury and was defined according to the main articles below:

- Refi (tax amnesty) of income abroad - Law 12,865 / 2013, amended by Law 12,973 / 2014 and 12,995 / 2014 permits the use of credits arising from tax losses and negative basis of social contribution on net income and own parent companies, subsidiaries and affiliated companies domiciled in Brazil. The net effect on the income statement corresponds to an expense of R $ 2.

- "Crisis tax amnesty" and Special Installment - Law 12,996 / 14 art. 2 - That, among other rules, extended until August 25, 2014, the deadline for compying with the "Crisis tax amnesty" and ISpecial installment program (article 2), under Law 11,941 / 09 (article 1,. § 12 and Article 7.) and Law 12,249 / 10 (art. 65, § 18), respectively. The debts due by December 31, 2013, may be paid in installments or in such programs. The net effect on the income statement corresponds to an expense of R $ 2.

NOTE 16 – STOCKHOLDERS' EQUITY ITAÚSA

a) Capital

The authorized capital is 8,250,000,000 in book entry shares with no par value, being up to 2,750,000,000 in common shares and up to 5,500,000,000 in preferred shares.

According to the Summary of the Minutes of the Board of Directors' Meeting, held on April 25, 2014, a capital increase was resolved on, in the amount of R$ 525, through the issue of 84,000,000 new book-entry shares with no par value, of which 32,340,304 are common and 51,659,696 are preferred shares, with payment of R$ 188 in cash and R$ 337 in credits arising from Interest on Capital.

At the Annual and Extraordinary Stockholders' Meeting held on April 28, 2014, the Board of Directors' proposal was approved, as follows:

- Capital increase by R$ 4,500, with capitalization of funds recorded in Revenue reserves, of which R$ 366 for Legal reserve, R$ 1,312 of Reserve for Dividends Equalization, R$ 1,742 of Reserve for Working capital increase and R$ 1,080 of Reserve for capital increase of investees;

- Issue of 555,466,725 new book-entry shares with no par value, of which 213,856,700 are common and 341,610,025 preferred shares, which will be attributed, free of charge, to stockholders, as a bonus, in the proportion of one (1) new share to each lot of ten (10) shares of the same type held at the end of May 2, 2014;

After underwriting and capitalization of reserves, Capital was increased to R$ 27,025, represented by 6,110,133,986 book-entry shares with no par value, of which 2,352,423,707 are common shares and 3,757,710,279 are preferred shares without voting rights, but with the following advantages:

- Priority to receive the non-cumulative annual minimum dividend of R$ 0.01 per share;

- Right to, in a possible disposal of control, be included in the public offering of shares, so as to be entitled to a price equal to eighty percent (80%) of the amount paid for a share with voting rights, which is part of the controlling stake, and dividend equal to 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, 2013 and 2014:

	Number			Amount
	Common	Preferred	Total	
Shares outstanding at 12/31/2012	**1,866,289,554**	**2,981,170,193**	**4,847,459,747**	**16,500**
Changes in shares of paid-in capital from 01/01 to 12/31/2013	**239,937,149**	**383,270,365**	**623,207,514**	**5,500**
Capital increase with paid-in reserves	-	-	-	4,600
10% bonus shares	186,628,955	298,117,019	484,745,974	-
Subscription of shares	53,308,194	85,153,346	138,461,540	900
Shares of capital stock at 12/31/2013	**2,106,226,703**	**3,364,440,558**	**5,470,667,261**	**22,000**
Residents in Brazil	2,105,824,193	2,195,206,548	4,301,030,741	17,296
Residents abroad	402,510	1,169,234,010	1,169,636,520	4,704
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**	**5,025**
Capital increase with paid-in reserves	-	-	-	4,500
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 outstanding at 12/31/2014	**2,344,705,507**	**3,755,390,279**	**6,100,095,786**	**27,025**

(*) 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$ 9.11.

b) Dividends

Stockholders are entitled to a mandatory minimum dividend of not less than 25% of adjusted net income pursuant to the provisions of the Brazilian Corporate Law. Both common and preferred shares participate equally, after 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 short 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, in the amount of R$ 0.015 per share.

I. Calculation

(In millions of Reais)

Net income	7,911	
(-) Legal reserve	(396)	
Dividend calculation basis	7,515	
Mandatory minimum dividend	**1,879**	**25.00%**
Proposed dividend	**2,438**	**32.44%**

II. Provision for interest on capital and dividends

	Gross	WTS	Net
Paid	**685**	**(75)**	**610**
Dividends	**184**	**-**	**184**
1 quarterly installment of R$ 0.015 per share paid on 07/01/2014	92	-	92
1 quarterly installment of R$ 0.015 per share pad on 10/01/2014	92	-	92
Interest on capital	**501**	**(75)**	**426**
1 installment of R$ 0.082 per share paid on 08/25/2014	501	(75)	426
Provided for / Declared	**309**	**(33)**	**276**
Dividends	**92**	**-**	**92**
1 quarterly installment of R$ 0.015 per share to be paid on 01/02/2015	92	-	92
Interest on capital	**217**	**(33)**	**184**
1 installment of R$ 0.0356 per share, credited on 12/30/2014, to be paid on 02/26/2015	217	(33)	184
Provided for / To be declared	**1,552**	**-**	**1,552**
Dividends	**993**	**-**	**993**
1 quarterly installment of R$ 0.015 per share to be paid on 04/01/2015	92	-	92
1 installment of R$ 0.1480 per share to be paid on 02/26/2015	901	-	901
Dividends in addition to mandatory dividend	**559**	**-**	**559**
1 installment of R$ 0.0419 per share to be paid on 02/26/2015	256	-	256
1 installment of R$ 0.0497 per share to be paid on 03/31/2015	303	-	303
Total at 12/31/2014 - R$ 0.3996 net per share	**2,546**	**(108)**	**2,438**
Total at 12/31/2013 - R$ 0.3124 net per share (1)	**2,151**	**(274)**	**1,877**

(1) For compartive purposes, we considered bonuses.

c) Appropriated reserves

- **Legal reserve**

It is recognized at 5% of 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 its advances, 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 upon capital increases of investees.

	12/31/2014	12/31/2013
Revenue Reserves	**11,600**	**10,976**
Legal	1,149	1,120
Statutory	10,451	9,856
Dividends equalization	2,998	2,066
Working capital increase	3,104	3,852
Increase in capital of investees	4,349	3,938
Proposal for distribution of additional dividends	**559**	**617**
Other reserves	**618**	**413**
Total reserves at parent company	**12,777**	**12,006**

	Revenue reserves		Other reserves	Total reserves
	Legal reserve	Statutory reserves		
Beginning balance	**1,120**	**10,473**	**413**	**12,006**
Recognition of reserves	396	4,969	-	**5,365**
Increase of capital with reserves	(367)	(4,133)	-	**(4,500)**
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)**
Corporate reorganizations	-	(241)	-	**(241)**
Recognized options granted	-	-	205	**205**
Ending balance	**1,149**	**11,010**	**618**	**12,777**

d) Unappropriated reserves

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

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 with the purpose of integrating its executives in the company's development process in the medium and long term, providing them with the option of taking part in the value that their work and dedication brought to the capital stock of Duratex.

The options will entitle their holders to subscribe 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 in 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 common shares at the BM&FBOVESPA trading sessions, over a period of at least five and at most ninety 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 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 granting date	11.16	11.82	15.34	9.86	16.33	13.02	10.21	14.45	11.44
Fair value at granting 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 effective exercise of the options by executives.

Granting date	Granted number	Maturity date	Exercise deadline	Granting price	To be exercised		Option price	Total amount					Other periods
					Dec/13 (*)	Dec/14			2007 to 2011	2012	2013	2014	
03/30/2006	2,659,180	06/30/2007	to 12/31/2016	11.16	53,740	59,113	9.79	1	1	-	-	-	-
01/31/2007	2,787,050	06/30/2008	to 12/31/2017	11.82	1,445,154	1,506,527	8.88	25	25	-	-	-	-
02/13/2008	2,678,901	06/30/2009	to 12/31/2018	15.34	1,512,330	1,580,420	7.26	19	19	-	-	-	-
06/30/2009	2,517,951	06/30/2012	to 12/31/2017	9.86	830,467	898,639	3.98	9	8	1	-	-	-
04/14/2010	1,333,914	12/31/2013	to 12/31/2018	16.33	1,420,779	1,483,850	7.04	9	5	2	2	-	-
06/29/2011	1,875,322	12/31/2014	to 12/31/2019	13.02	1,859,377	2,045,299	5.11	9	1	3	3	2	-
04/09/2012	1,315,360	12/31/2015	to 12/31/2020	10.21	1,287,309	1,411,122	5.69	7	-	1	2	2	2
04/17/2013	1,561,061	12/31/2016	to 12/31/2021	14.45	1,498,804	1,648,699	6.54	9	-	-	2	2	4
02/11/2014	1,966,869	12/31/2017	to 12/31/2022	11.44	-	2,163,532	4.48	9	-	-	-	2	7
Sum	**18,695,608**				**9,907,960**	**12,797,201**		**97**	**59**	**7**	**9**	**8**	**13**
Exercise effectiveness								**96.63%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**
Computed value								**93**	**57 (1)**	**7 (2)**	**8 (3)**	**8 (4)**	**13 (5)**

(1) Amount charged to income from 2007 until 2011.
(2) Amount charged to income in 2012.
(3) Amount charged to income in 2013.
(4) Amount charged to income in 2014.
(5) Value charged to income in other periods.
(*) Includes bonus shares of 10% as per resolution at the A/ESM of April 22, 2014.

At December 31, 2014, Duratex S.A. had 2,485,759 treasury shares, which may be used in a possible option exercise.

b) Itautec S.A.

The Company had a Stock Option Plan until 2006 with the purpose of integrating its executives in the Company's development process in the medium and long terms, providing them with the option of participating in the value that their work and dedication brought 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 the study and review by that Board of Directors. The participants of the plan were chosen at the sole discretion of the Committee 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 the BM&FBOVESPA trading session, 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% in the average price was made. The assumptions used in the fair value of options, based on the Binominal model, were as follows:

Assumptions

Granting date	2006 Plan
Number of shares granted (i) (ii)	173,333
Price of share at the granting 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	06/30/07
Exercise deadline	12/31/16
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 granting 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, 2014, the market price of the shares was R$ 16.10 (R$ 26.89 at December 31, 2013) per share.

c) Elekeiroz S.A.

Stock option plan

With the purpose of integrating the managers and employees in 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 them with the option of participating in the value that their work and dedication may bring 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 a 12/31/2014	01/01 a 12/31/2013
Gross revenue from sales and services	**6,352**	**6,618**
Domestic market	5,771	6,350
Foreign market	581	268
Taxes and contributions on sales	(1,331)	(1,329)
Net revenue from sales of products and services	**5,021**	**5,289**

NOTE 19 - COST OF PRODUCTS AND SERVICES

	01/01 a 12/31/2014	01/01 a 12/31/2013
Raw materials and consumable materials	(2,945)	(3,040)
Compensation, charges and benefits	(735)	(509)
Depreciation, amortization and depletion	(609)	(576)
Changes in inventories of finished products and work in process	401	483
Variation in fair value of biological asset	221	191
Other costs	(100)	(278)
Total	**(3,767)**	**(3,729)**

NOTE 20 - GENERAL AND ADMINISTRATIVE EXPENSES

	01/01 to 12/31/2014	01/01 to 12/31/2013
Personnel expenses	**(177)**	**(192)**
Compensation	(120)	(125)
Charges	(30)	(38)
Welfare benefits	(11)	(13)
Training	(3)	(3)
Employee profit sharing	(13)	(13)
Administrative expenses	**(113)**	**(122)**
Data processing and telecommunications	(7)	(4)
Third-party services	(53)	(61)
Advertising, promotions and publicity	(2)	(3)
Transportation / Materials	(5)	(4)
Travel	(3)	(1)
Rental and facilities	(8)	(21)
Agreement for apportionment of common costs	(6)	(9)
Other	(29)	(19)
Depreciation	**(10)**	**(18)**
Total	**(300)**	**(332)**

NOTE 21 - OTHER (LOSSES) / GAINS, NET

	01/01 to 12/31/2014	01/01 to 12/31/2013
Provisions for contingencies	35	(25)
Write-off of surplus of pension plan	9	19
Amortization of customer portfolio	(27)	(28)
Options granted and recognized	(21)	(36)
Loss on sale of other investments and fixed assets (*)	153	18
Gain from certificates of judgment debt of the government, net	20	-
Result from the sale of excess electricity	18	-
Other	14	(7)
Total	**201**	**(59)**

(*) Includes the recognition in 2014, of the accumulated balance of unrealized results arising from sales carried out by Itautec to the companies of Itaúsa Conglomerate in the amount of 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

Basic and diluted earnings per share were computed pursuant to the table below for the years indicated. Basic earnings per share are computed by dividing the net income attributable to the stockholders of ITAÚSA - Investimentos Itaú S.A. 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 12/31/2014	01/01 to 12/31/2013
Net income of Continued Operations	**7,911**	**5,822**
Net income of Discontinued Operations	**-**	**(124)**
Minimum non-cumulative dividend on preferred shares in accordance with our bylaws	(37)	(37)
Subtotal	**7,874**	**5,661**
Retained earnings to be distributed to common equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(23)	(23)
Subtotal	**7,851**	**5,638**
Retained earnings to be distributed to common and preferred equity owners on a pro-rata basis		
To common equity owners	3,021	2,171
To preferred equity owners	4,830	3,467
Total net income available to common equity owners	**3,044**	**2,194**
Total net income available to preferred equity owners	**4,867**	**3,504**
Weighted average number of shares outstanding		
Common shares	2,340,804,890	2,292,416,451
Preferred shares	3,741,792,196	3,661,855,997
Earnings per share – Basic and diluted of Continued Operations - R$		
Common shares	1.30	0.98
Preferred shares	1.30	0.98
Earnings per share – Basic and diluted of Discontinued Operations - R$		
Common shares	-	(0.02)
Preferred shares	-	(0.02)

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 (BAC) 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 consists of 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 gain arising from a bargain purchase.

On the purchase date ITAÚSA recorded goodwill of R$ 809 considering:

(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 gain 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%:

	12/31/2013	Amortization/ Realization (*)	12/31/2014
Intangible assets subject to amortization			
Customer relationships(*)	115	(53)	62
Exclusive access to retail customers and real estate brokers	89	(17)	72
Other	2	(1)	1
Total intangible assets subject to amortization (I)	**206**	**(71)**	**135**
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)	**273**	**(71)**	**202**
Deferred tax liability (IV)	**(109)**	**28**	**(81)**
Total goodwill allocated (V = III + IV)	**164**	**(43)**	**121**
Goodwill	**437**	**-**	**437**

(*) In 2013, the related values of Redecard were realized.

Identifiable intangible assets subject to amortization are recorded in income for a period of 2 to 16 years, according to the useful life defined based on the expected future economic benefit generated by the asset.

Intangible assets not subject to amortization and the residual goodwill, which also represent 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 of similar previously recorded operations, before the increase in interest. Likewise, the same was followed for income, expenses and net income of ITAÚSA.

b) Tablemac S.A.

On January 22, 2014, the Company, by means of its subsidiary Duratex, completed the Initial Public Offering (IPO) of the capital of Tablemac S.A., a leading company in the Colombian market, manufacturer of industrial wood panels. 14,772,002,647 shares were purchased for COP 8.60 per share, which represent a 43.62% increase in interest and an additional investment of approximately US$ 64 million in the Company. The amount of the consideration transferred was R$ 152.

Therefore, DURATEX now holds 80.62% of Tablemac's capital. In compliance with the provisions of CPC 15 / IFRS 3 – "Business Combination", in case of a phased acquisition of control, the company should write off its prior investment and measure its new interest at fair value on the acquisition date. Anticipating this write off, the Company assessed the need for impairment of goodwill accounted for in the initial acquisition of Tablemac in 2012, in the amount of R$ 54 (R$ 66 of goodwill and R$ 13 of exchange variation previously accounted for in stockholders' equity), and recognized the loss in the result for 2013.

On date of acquisition of control, Duratex recalculated the fair value of 37% of the investment previously held, which, when compared to the book value, resulted in a positive adjustment of R$ 9, presented in the heading "Other operating income (expenses)".

Tablemac S.A. is a publicly-held company, organized in 1988, with shares listed on the Colombia stock exchange. It has 4 plants located in the center area of the country, with production capacity for 110,000 m3/year of MDP and it started the first continuous production line of MDF in the country, with capacity for 132,000 m3/year. Tablemac owns 8,544 hectares of land and 5,907 cultivated hectares. The company's share is approximately 33% of the panel market in Colombia.

The business permits the diversity of panel operations in a country with stable political and economic environment, with growth rates above the Brazilian average, in addition to presenting characteristics of population and income favorable to the furniture segment, the main destination of the panels sold.

With the transaction, Duratex took another step towards its strategic planning for increasing activities abroad, initially focused on Latin America, always aiming at adding value to its stockholders.

The gross notional amount of receivables acquired on the acquisition date at fair value is R$ 31 in the short term, and no loss is expected.

Since January 22, 2014, its acquisition date, Tablemac has contributed to the Group with a net revenue of R$ 240 and net income of R$ 23, including non-controlling interests.

Should this acquisition have occurred in the beginning of the year, would have contributed to the Group with a net revenue of R$ 259 and net income of R$ 24, including non-controlling interests.

The fair value of Tablemac S.A.'s assets and liabilities identifiable on the acquisition date is as follows:

Tablemac S.A.		Fair value on acquisition	Book value
Identifiable assets			
Cash and cash equivalents		3	3
Receivables from clients		31	31
Inventories		57	49
Taxes and contributions recoverable		5	5
Other credits		2	2
Deferred income tax and social contribution		1	1
Fixed assets		360	309
Biological assets		24	24
Intangible assets - Customer portfolio		18	1
Total identifiable assets		**501**	**425**
Identifiable liabilities			
Borrowings and financing - Current		15	15
Suppliers		14	14
Personnel expenses		2	2
Accounts payable		14	14
Taxes and contributions		6	6
Borrowings and financing - Non-current		49	49
Deferred income tax and social contribution		53	-
Total identifiable liabilities		**153**	**100**
Net assets		**348**	**325**
Non-controlling interests	19.38%	(67)	
Previously held interests	37.00%	(129)	
Consideration paid on acquisition	43.62%	152	

Cash flow on the acquisition date	
Net cash acquired with the controlling company	4
Cash paid	(152)
Net cash outflow	**(148)**

NOTE 24 – POST-EMPLOYMENT BENEFITS

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

ITAÚSA's subsidiaries in Brazil are part of the group of companies that sponsor Fundação Itaúsa Industrial (Foundation), a not-for-profit organization which purpose 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 ("CD Plan") and a Defined Contribution Plan – BD ("BD Plan").

Employees hired by the industrial area companies have the option to voluntarily participate in the Defined Contribution Plan PAI – CD, managed by Fundação Itaúsa Industrial.

(a) Defined contribution plan - CD Plan

This plan is offered to all employees of sponsor companies and had 9,719 participants at December 31, 2014 (10,262 at December 31, 2013).

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

Pension Plan Program Fund

Contributions made by sponsors that remained in the plan because the participants had elected redemption or early retirement, formed the Fundo Programa Previdencial (pension plan program fund) that, according to the internal rules of the plan, has been used to offset contributions made by the sponsors.

The present value of future regular contributions, calculated using the projected unit credit method, was recognized in the interim financial statements for December 31, 2014.

The amount recorded in the balance sheet under Other Financial Assets (Note 6a) is R$ 131 (R$ 122 at December 31, 2013). The amount of R$ 9 was recognized in results (R$ 19 at December 31, 2013).

(b) Defined benefit plan – BD Plan

This plan has as its basic purpose the concession 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: supplementation to the governmental retirement plan, payable based on time of contribution, special circumstances, age, disability, life monthly income, retirement premium and death bonus.

December 31, 2014, the surplus and restored technical balance of the BD Plan was recorded in other financial assets (Note 6a), in the amount of R$ 33 (R$ 60 at December 31, 2013), payable in 14 monthly installments to which the return rate of investment in the BD Plan applies.

Main assumptions used in actuarial valuation of Retirement Plans

	12/31/2014	12/31/2013
Discount rate	11.66% p.a.	12.73% p.a.
Mortality table (1)	AT-2000	AT-2000
Turnover	Null	Null
Future salary growth	7.59 % p.a.	9.18 % p.a.
Growth of the pension benefit /Plans	5.20 % p.a.	6.00 % p.a.
Inflation	5.20 % p.a.	6.00 % p.a.

(1) The mortality tables adopted correspond to those disclosed by SOA – Society of Actuaries, the North-American entity equivalent to IBA – Brazilian Institute of Actuarial Science, which reflects a 10% increase in the probabilities of survival as compared to the respective basic tables; The life expectancy in years by the AT-2000 mortality table for participants of 55 years of age is 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 makes 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 and the Industrial Areas.

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

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

- **Financial 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 the 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 statement to Itaú Unibanco Holding for the period from January 1, 2014 to December 31, 2014 are available in website www.itau-unibanco.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 stand out for the wide range of products, the bold design, and the superior quality; and produces wood panels from pine and eucalyptus, largely used in the manufacturing of furniture, mainly fiberboard, chipboard and medium, high and super density fiberboards, best known as MDF, HDF and SDF, from which laminated floor (Durafloor) and ceiling and wall coatings are manufactured.

II) Elekeiroz: It operates in the chemical market and it is engaged in the manufacturing and sale of chemical and petrochemical products in general, including third parties' products, import and export. 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: Its main business is holding interest in companies in Brazil and abroad, particularly in companies operating 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 ITAUSA (1)
		Itaú Unibanco Holding	Duratex (5)	Elekeiroz	Itautec (5) (6)	
Total assets	**2014**	**1,127,203**	**8,797**	**703**	**290**	**48,594**
	2013	1,027,297	8,178	730	751	41,929
Operating revenues (2)	**2014**	**154,990**	**3,985**	**935**	**102**	**12,929**
	2013	119,154	3,873	1,004	439	11,157
Net Income	**2014**	**21,555**	**394**	**(32)**	**(39)**	**8,161**
	2013	16,424	520	39	(389)	6,011
Stockholders' equity	**2014**	**99,260**	**4,609**	**465**	**109**	**42,239**
	2013	83,223	4,365	504	156	35,974
Annualized return on average equity (%) (3)	**2014**	**24.3%**	**8.7%**	**-6.6%**	**-28.9%**	**21.1%**
	2013	21.1%	12.3%	8.0%	-112.2%	17.6%
Internal fund generation (4)	**2014**	**58,231**	**1,030**	**16**	**(65)**	**1,105**
	2013	47,706	1,368	71	(183)	965

(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 year and the average equity ((Dec13 + Mar14 + Jun14 + Sep14 + Dec14) / 5).

(4) Refers to funds arising from operations, according to the statement of cash flows.

(5) At Duratex and Itautec, the amounts presented do not consider the Operating Income classified in Result of Decommissioned Operations.

(6) In 2013, Total Assets, Equity and Net income to include discontinued operations

NOTE 26 – RELATED PARTIES

a) Transactions between related parties are carried out at 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 unconsolidated related parties are the following:

- The controlling stockholders of ITAÚSA;
- Fundação Itaú Unibanco and Fundação Itaúsa Industrial, closed-end private pension entities that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries;
- Investments in jointly-controlled entities (Note 8 II) – Itaú Unibanco Holding and IUPAR – Itaú Unibanco Participações.

The transactions with these related parties are mainly characterized by:

a) Related Parties

	Consolidated			
	ASSETS/(LIABILITIES)		REVENUE/(EXPENSES)	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Financial Investments	**218**	**308**	**23**	**38**
Itaú Unibanco S.A.	218	308	23	38
Amounts receivable from (payable to) related companies	**54**	**41**	**-**	**-**
Itaú Unibanco S.A.	-	1	-	-
Duratex	-	-	-	-
Other Related Parties (*)	54	40	-	-
Banking service fees	**-**	**-**	**-**	**49**
Itaú Unibanco S.A.	-	-	2	51
Itaú Seguros	-	-	(2)	(4)
Banco Itaú BBA	-	-	-	2
Sales	**-**	**-**	**196**	**185**
Other Related Parties (*)	-	-	196	185
Total	**272**	**349**	**219**	**272**

(*) Refer 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 agreement for apportionment of common costs, recorded in General and Administrative Expenses, the amount of R$ 5 (R$ 8 from 01/01 to 12/31/2013) due to the use of the common structure.

As at December 31, 2014 it was not necessary to make provision for allowance for doubtful

b) Guarantees provided

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

	12/31/2014	12/31/2013
Duratex S.A.	454	522
Elekeiroz S.A.	87	84
Itautec S.A.	48	102
Total	**589**	**708**

c) Compensation of Key personnel

01/01 to 12/31/2014	ITAÚSA	DURATEX	ITAUTEC	ELEKEIROZ	TOTAL
Compensation	6	17	5	5	**33**
Profit Sharing	5	7	-	-	**12**
Stock Options	-	7	-	-	**7**
Total	**11**	**31**	**5**	**5**	**52**

01/01 to 12/31/2013	ITAÚSA	DURATEX	ITAUTEC	ELEKEIROZ	TOTAL
Compensation	6	14	11	6	**37**
Profit Sharing	4	14	5	2	**25**
Stock Options	-	7	-	-	**7**
Total	**10**	**35**	**16**	**8**	**69**

NOTE 27 – MANAGEMENT OF FINANCIAL RISKS

Introduction

In order to understand the risks inherent in the activities of ITAÚSA, it is important to know that its 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.

As to liquidity risk, the cash flow forecast of ITAÚSA 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 settlement of other obligations assumed.

The excess cash of ITAÚSA is invested in government securities and investment fund quotas.

At the reporting date, ITAÚSA had short-term funds amounting to R$ 643, which are expected to readily generate 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 to ITAÚSA subsidiaries.

a) Market risk

(i) Foreign currency risk

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

In view of risk management procedures, which aim at minimizing the foreign exchange exposure, hedge mechanisms are in place to protect most of 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 for term 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 CDI;

- Swap Contracts – Fixed rate x CDI: This type of operation aims at changing debts at fixed interest rates into debts indexed to CDI;

- NDF (Non Deliverable Forward) Contracts: this type of operation aims at changing liabilities expressed in US dollars into Reais; In this operation the contract is settled upon maturity, taking into account the difference between the forward exchange rate (NDF) and the foreign exchange rate at the end of the period (PTAX).

- The fair value of financial instruments was calculated using valuation determined based on the estimated present value, both for the long and short positions, in which the resulting difference between these positions gives rise to the SWAP market value.

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

	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 (USD and EUR)	681	809	114	-
Fixed rate	307	343	2	-
Liability position	**(988)**	**(1,036)**	**-**	**-**
CDI	(988)	(1,036)	-	-

	Notional amount	Fair value	Accumulated effect	
	12/31/2013	12/31/2013	Amount receivable	Amount payable
Swap contracts	**46**	**48**	**49**	**(2)**
Asset position	**791**	**822**	**49**	**(2)**
Foreign currency (USD and EUR)	483	488	49	(2)
Fixed rate	308	334	-	-
Liability position	**(745)**	**(774)**	**-**	-
CDI	(745)	(774)	-	-
Futures contracts (NDF)	**45**	**1**	**2**	**-**
Purchase commitments	**45**	**1**	**2**	**-**
Foreign currency (USD)	45	1	2	-

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

(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 issuing banks in accordance with the contracted rates. There are no other relevant assets which result is directly affected by the 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 to the production sector, which is historically lower than the financing rates in the market.

The risk associated to these contracted interest rates is monitored since 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 hedge for these operations.

b) Credit risk

The sales policy is directly associated to the credit risk level the institution is willing to be subject 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 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 in one single economic group.

c) Liquidity Risk

It is the risk that ITAÚSA and subsidiaries fail to have net funds sufficient to meet their financial commitments, as a result of the mismatching of terms or volume between scheduled receipts and payments. Assumptions for future reimbursements and receipts, daily monitored by the treasury area, are established to manage the liquidity of cash in domestic and foreign currencies.

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

12/31/2014	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	1,116	1,124	776	9
Suppliers and other payables	276	61	-	-
Total	**1,392**	**1,185**	**776**	**9**

12/31/2013	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	915	1,245	604	10
Suppliers and other payables	366	126	-	-
Total	**1,281**	**1,371**	**604**	**10**

d) Sensitivity analysis

We present below the statement of sensitivity analysis of financial instruments, including derivatives, describing the risks that may give rise to material losses to ITAÚSA CONSOLIDATED, 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, the 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	(7)	(19)	(30)
	Hedged item: loans at fixed rates		7	19	30
Foreign exchange	Swap - US$ / CDI (Res. 2770 Res. 4131)	Drop - US$	10	(244)	(498)
	Hedged item: Debt in foreign currency (US$)	(Increase US$)	(10)	244	498
	Exports receivable	(Drop - US$)	-	(8)	(15)
		Increase - US$	-	8	15
	BNDES – Revolving credit	Drop - US$	(2)	4	8
		(Increase US$)	-	(4)	(8)
	Advances on exchange contracts – Foreign exchange discount	Drop - US$	-	2	5
		(Increase US$)	-	(2)	(5)
	Foreign suppliers	Drop - US$	-	2	5
		(Increase US$)	-	(2)	(5)
Total			**(2)**	**-**	**-**

Estimated Fair Value

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

The financial statements are in conformity with CPC 40 / IFRS 7 – “Financial Instruments: Evidences” measured in the balance sheet at fair value – which requires the disclosure of these measurements by 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).

Following we present the consolidated financial instruments by level:

	Level	12/31/2014	12/31/2013
Assets: ([1])		**4,336**	**3,390**
Cash and cash equivalents	1	48	59
Cash and cash equivalents	2	1,849	1,480
Subordinated financial bill	2	61	61
Financial treasury bill	1	229	25
Trade accounts receivable	2	1,015	1,202
Dividends and Interest on Capital	2	607	373
Deposits in guarantee for contingent liabilities	2	149	151
Other Assets	2	378	39
Liabilities:		**4,560**	**4,090**
Loans/ Financing/ Debentures	2	3,025	2,764
Suppliers / Other expenses	2	213	307
Dividends and Interest on Capital	2	1,322	1,024
Financial instruments	2	-	(5)

(1) Fair value joint ventures interests unconsolidated are reported in note 8 I.

NOTE 26 – SUPPLEMENTARY INFORMATION

Law No. 12,973: On May 14, 2014, Provisional Measure No. 627 was converted into Law No. 12,973, amends the federal tax legislation on IRPJ, CSLL, PIS and COFINS. Among other issues, Law No. 12,973/14 sets forth the following:

- revocation of the Transition Tax Regime – RTT, established by Law No. 11,941, of May 27, 2009;

- taxation of legal entities domiciled in Brazil, regarding the equity increase arising from interest in income earned abroad by subsidiaries and affiliates, and income earned by individuals resident in Brazil by means of a legal entity controlled abroad.

ITAÚSA estimates that Law No. 12,973/14 does not have any significant accounting effect on the consolidated financial statements of ITAÚSA.

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, 2014 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, 2014 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 present fairly, in all material respects, the financial position of Itaúsa - Investimentos Itaú S.A. as at December 31, 2014, 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 present fairly, in all material respects, the financial position of Itaúsa - Investimentos Itaú S.A. and its subsidiaries as at December 31, 2014, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

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, 2014, prepared under the responsibility of management, which are required to be presented by Brazilian corporate law for public companies, and are supplementary information under IFRS, which do not require the presentation of the DVA. 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 09, 2015

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 effective members of the Fiscal Council of **ITAÚSA - INVESTIMENTOS ITAÚ S.A.**, having perused the management report and the financial statements for December 31 2014, have verified the accuracy of all the items examined and, in view of the unqualified opinion and information provided by PricewaterhouseCoopers Auditores Independentes, understand that these documents adequately reflect the company's capital structure, financial position and the activities conducted by the company during the period. São Paulo (SP), February 9 2015. (signed) Tereza Cristina Grossi Togni – President; Flavio Cesar Maia Luz, Helena Kerr do Amaral, José Carlos de Brito e Cunha and Paulo Ricardo Moraes Amaral – Councilors.

HENRI PENCHAS
Investor Relations Officer

ITAÚSA – INVESTIMENTOS ITAÚ S.A.

CNPJ. 61.532.644/0001-15 A Publicly Listed Company NIRE 35300022220

SUMMARIZED MINUTES OF THE MEETING OF THE BOARD OF EXECUTIVE OFFICERS HELD ON FEBRUARY 9 2015

DATE, TIME AND PLACE: On February 9 2015, 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 Arruda Villela Filho, CEO

QUORUM: The totality of the elected members.

RESOLUTION UNANIMOUSLY ADOPTED:

Following due examination of the account statements for the fiscal year ending December 31 2014, as well as the unqualified report of PricewaterhouseCoopers Auditores Independentes, pursuant to the provisions in sub-section V and VI of Article 25 of CVM Instruction 480/09, the Board unanimously resolved to declare that:

a) it has reviewed, discussed and agrees with the opinion expressed in the report issued by PricewaterhouseCoopers Auditores Independentes; and

b) it has reviewed, discussed and agrees with the account statements for the fiscal year ending December 31 2014.

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 those present. São Paulo (SP), February 9 2015. (signed) Alfredo Egydio Arruda Villela Filho – CEO; Henri Penchas and Roberto Egydio Setubal – Executive Vice-Presidents.

HENRI PENCHAS
Investor Relations Officer