ITAÚSA

Duratex Elekeiroz Itautec Itaú

Complete Financial Statements

March 31, 2014

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

MANAGEMENT REPORT – January to March 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 March 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 have an unqualified opinion of both the external auditors and the Fiscal Council.

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

1) HIGHLIGHTS

Itaúsa

In April 2014, Itaúsa published the 2013 Annual Report in accordance with the GRI-G4 version, with a comprehensive approach, of the Global Reporting Initiative (GRI) guidelines. The adoption of these guidelines is in line with the best sustainability practices and the commitment to transparency. Itaú Unibanco and Duratex, companies comprising the Itaúsa Conglomerate, also prepared their reports in compliance with the application requirements of the GRI-G4 guidelines.

The Stockholders' Meeting of April 28th, 2014 approved a 10% bonus in shares, through capitalization of revenue reserves, in the amount of R$ 4.5 billion. The unit cost assigned to the bonus shares is R$ 8.101295339 per share, regardless of their type.

On April 25th, 2014, the Board of Directors of Itaúsa approved the capital increase in the amount of R$ 525 million. Shares subscribed in the capital increase are also entitled to the 10% bonus shares.

Itaú Unibanco Holding

In January 2014, Itaú Unibanco announced the agreement with CorpBanca and its controlling stockholders for the merger between Itaú Chile and CorpBanca, in Chile and Colombia, with a stock-for-stock transaction. The bank resulting from the merger, which is pending regulatory approvals by Brazilian, Colombian, Chilean, Panamanian, and US bodies, stockholders of Banco Itaú Chile and CorpBanca, as well as the meeting of other usual conditions, will benefit from: (i) better funding costs and capacity for an even better leverage of the Tier I regulatory capital; and (ii) annual synergies estimated at US$ 100 million, before taxes, after the completion of the merger of operations, thus adding value to all stockholders.

This transaction is fully in accordance with legislation and regulations applicable to all jurisdictions, as well as in line with the best corporate governance standards. The parties to the operation were fully transparent by making public not only the terms of the agreement, but also the Shareholders' Agreement, in addition to holding videoconferences with market players to present the operation.

The transaction and its conditions are in line with the vision to create value and sustainable performance, and are consistent with the Latin America expansion strategy, in addition to further consolidating the leading position in this market, mainly as it leads to a stronger performance in the banking sector, in which the bank resulting from the merger will become the 4th largest bank in Chile and the 5th largest bank in Colombia in terms of loans.

On April 23rd, 2014 the Extraordinary Stockholders' Meeting approved a capital increase through the capitalization of the statutory revenue reserves, with a share bonus of 10%, by R$ 15 billion. The unit cost assigned to these shares is R$ 29.832759281767 per share. This operation is still pending approval by BACEN.

Duratex

In March 2014 Duratex disclosed a Material Fact, in which it announced:

- the intention to invest R$ 1.3 billion in the period 2015-2018 to construct two new panel (MDF and MDP) plants, with individual capacity of 700,000 cubic meters per year, to be built on the Nova Monte Carmelo farm land;
- the acquisition of 21,000 hectares of forests, in the State of Minas Gerais, for R$ 150 million, to be paid with 5,600 hectares of land located in the state of Sao Paulo.

Both properties – the land where the forests in Minas Gerais are being acquired and the land being given in part of payment, in Sao Paulo - will be leased for a period of 39 years.

In the first quarter of 2014, Duratex invested R$ 361.9 million, of which R$ 271.9 million on cash and R$ 90 million by exchange of land. The investments were made in projects for the expansion of capacity, maintenance of current operations and acquisitions. Noteworthy are the following: the acquisition of interest in Tablemac and the acquisition of forests from Caxuana S.A. in the state of Minas Gerais.

The Annual Stockholders' Meeting, held on April 22nd, 2014 resolved on the capital increase, in the amount of R$ 170.5 million, through capitalization of the revenue reserves, with a 10% share bonus. The unit cost assigned to these shares is R$2.8183722986 per share.

Elekeiroz

The total investment in the period was R$ 10.4 million, and noteworthy was the start of the interconnection and adjustment projects in the industrial gas unit, whose assets were acquired from Air Products, to the Company's complex in Camaçari.

Itautec

Strategic Repositioning

As reported on January 10th, 2014, Itautec and Oki Electric Industry Co. Ltd. ("OKI"), a company established in compliance with the laws of Japan, formalized and concluded the strategic partnership in the Automation and Technology Services segment, with OKI's acquisition of seventy percent (70%) of the interest that Itautec S.A. and Itautec Participações e Comércio S.A. held in the company named "BR Indústria e Comércio de Produtos e Tecnologia em Automação S.A.." (currently "Oki Brasil").

Change in Business Purpose

An Extraordinary Stockholders' Meeting held on January 14th, 2014 approved a change in the Company's business purpose, in view of its strategic repositioning. Any stockholders who disagreed with the approval of this change in business purpose and who have continuously held shares issued by the Company, since the final stockholding position on May 15th, 2013 to the reimbursement payment date, had a 30-day period to exercise their right to withdraw from the Company. Accordingly, holders of 451,759 common shares, representing approximately 3.88% of the capital stock, stated their intention to exercise the right to withdraw from the Company. Taking into account the acquisition of these shares by the Company, 217,598 shares remains outstanding in the market, corresponding to 1.87% of Itautec's capital. The Company acquired these 451,759 shares for the amount of R$ 18.76 per share, at a total cost of R$ 8.5 million.

2) BUSINESS PERFORMANCE

Recurring net income for the period from January to March 2014 amounted to R$ 1,587 million, with recurring annualized return on average equity of 19.0%. Net income for the same period reached R$ 1,681 million, with annualized return of 20.1%.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

	Parent company		Non-controlling interests		Consolidated	
	03/31/2014	03/31/2013	03/31/2014	03/31/2013	03/31/2014	03/31/2013
Net income	1,681	1,282	103	96	1,784	1,378
Recurring net income	1,587	1,346	85	92	1,672	1,438
Stockholders' equity	33,726	30,034	2,951	2,736	36,677	32,770
Annualized return on average equity (%)	20.1%	17.1%	14.2%	14.3%	19.6%	16.8%
Annualized recurring return on average equity (%)	19.0%	17.9%	11.7%	13.7%	18.4%	17.6%

MAIN FINANCIAL INDICATORS

	03/31/2014	03/31/2013	Change %
Indicators per share - in R$			
Net income of parent company	0.31	0.24	27.8%
Recurring net income of parent company	0.29	0.25	14.9%
Book value of parent company	6.17	5.63	9.5%
Dividends/ interest on capital, net	0.07	0.06	27.8%
Price of preferred share (PN) (1)	9.22	9.51	-3.0%
Market capitalization (2) – in millions of Brazilian reais - R$	50,434	50,704	-0.5%

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

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

Note: The number of outstanding shares and the quotation of the share were adjusted to reflect the 10% bonus declared out on April 30, 2013.

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-mar/14	Share %	jan-mar/13	Share %	Change %
Financial Services Area	**1,696**	**98.0%**	**1,306**	**95.5%**	**29.9%**
Industrial Area	**34**	**2.0%**	**62**	**4.5%**	**-45.2%**
Duratex	47	2.7%	51	3.7%	-7.8%
Elekeiroz	-	0.0%	1	0.1%	
Itautec	(13)	-0.8%	10	0.7%	-230.0%
Recurring share of income	**1,730**	**100.0%**	**1,368**	**100.0%**	**26.5%**
Results of Itaúsa - net of taxes	(143)		(22)		
Recurring Net Income	**1,587**		**1,346**		**17.9%**
Non-Recurring results	94		(64)		
Net Income	**1,681**		**1,282**		**31.1%**

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 03/31/2014	01/01 to 03/31/2013	01/01 to 03/31/2014	01/01 to 03/31/2013	01/01 to 03/31/2014	01/01 to 03/31/2013
Net Income	**1,681**	**1,282**	**103**	**96**	**1,784**	**1,378**
Inclusion / (Exclusion) of non-recurring effects	**(94)**	**64**	**(18)**	**(4)**	**(112)**	**60**
Arising from stockholding interest in Itaú Unibanco Holding	**21**	**67**	**-**	**-**	**21**	**67**
Change in Treasury Shares	(19)	14	-	-	(19)	14
Provision for Contingencies - Economic Plan	15	15	-	-	15	15
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	-	-	-	21	-
Amortization of Goodwill Credicard	16	-	-	-	16	-
Effect of the Favorable Decision on the Increase of the PIS/COFINS Calculation Base of IRB	(12)	-	-	-	(12)	-
Realization of Price per Share - Itaú Unibanco x Redecard	-	38	-	-	-	38
Arising from stockholding interest in others Itausa conglomerate companies	**(115)**	**(3)**	**(18)**	**(4)**	**(133)**	**(7)**
Duratex	(10)	(2)	(18)	(4)	(28)	(6)
Itautec	(105)	4	-	-	(105)	4
Itaúsa Empreendimentos	-	(5)	-	-	-	(5)
Recurring net income	**1,587**	**1,346**	**85**	**92**	**1,672**	**1,438**

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES

	January to March	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED ITAUSA (1)
		Itaú Unibanco Holding	Duratex (5)	Elekeiroz	Itautec (5) (6)	
Total assets	**2014**	**1,025,285**	**8,584**	**697**	**492**	**42,769**
	2013	947,655	7,768	690	1,083	39,160
Operating revenues (2)	**2014**	**35,663**	**930**	**241**	**55**	**2,891**
	2013	27,557	865	226	151	2,488
Net income	**2014**	**4,551**	**161**	**-**	**(6)**	**1,784**
	2013	3,482	149	1	1	1,378
Stockholders' equity	**2014**	**84,481**	**4,510**	**504**	**142**	**36,677**
	2013	76,255	4,160	478	544	32,770
Annualized return on average equity (%) (3)	**2014**	**22.1%**	**14.5%**	**0.2%**	**-15.8%**	**19.6%**
	2013	18.5%	14.6%	1.1%	0.5%	16.8%
Internal fund generation (4)	**2014**	**22,571**	**227**	**12**	**-**	**463**
	2013	14,497	355	12	(19)	197

(1) Itaúsa Conglomerate 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) / 2).

(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 and Stockholders Equity are include Discontinued Operations

2.1) FINANCIAL SERVICES AREA

Itaú Unibanco Holding

The amounts commented on 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 36.79% held by Itaúsa.

Results

Net income for the first quarter of 2014 attributable to controlling stockholders was 30.7% higher than the income determined for the same period of the previous year and totaled R$ 4.6 billion, with annualized return of 22.1% on average equity (18.5% in 2013). In 2014 recurring net income reached R$4.7 billion, a 33.6% increase when compared to the same period of 2013, with a recurring return on average equity of 22.6%.

The increases of 3.3% in interest income and expenses and of 18.0% in banking service fees and income from banking charges, as compared to the same period of 2013, contributed to the increased result for the period. Between January and March 2014, income from insurance, pension plan and capitalization operations before claim and selling expenses decreased 1.1% as compared to the first quarter of 2013.

In the comparison between the first quarters of 2014 and 2013, the losses with loans and claims decreased 7.8% - reflecting the strategy to prioritize lower risk portfolios – and general and administrative expenses increased 10.1%.

Assets

Total consolidated assets totaled R$ 1.0 trillion, with growth of 8.2% in the past 12 months and stockholders', equity attributable to owners of the parent company totaled R$ 84.5 billion with growth of 9.6% as compared to the end of the first quarter of 2013.

Loan Portfolio

At March 31st, 2014 the balance of the loan portfolio, including endorsements and sureties, reached R$ 480.2 billion, a 10.4% increase as compared to the first quarter of 2013. Should the risks associated to loans raised under private securities be taken into account, this increase would reach 11.3%.

R$ million

Credit Portfolio	03/31/14	03/31/13	mar/14-mar/13
Individuals	**167,817**	**153,411**	**9.4%**
Credit cards	52,259	41,307	26.5%
Personal loans	28,114	27,738	1.4%
Payroll advance loans	24,637	16,261	51.5%
Vehicles	37,309	48,939	-23.8%
Mortgage loans	25,498	19,165	33.0%
Companies	**275,511**	**250,630**	**9.9%**
Corporate	191,688	163,685	17.1%
Very small, small and middle-market companies	83,823	86,946	-3.6%
Latin America (*)	**36,823**	**30,865**	**19.3%**
Total with endorsements and sureties	**480,151**	**434,906**	**10.4%**
Corporate – private securities (**)	28,126	21,924	28.2%
Total with endorsements, sureties and private securities	**508,277**	**456,830**	**11.3%**
Total with endorsements, sureties and private securities (former Vehicles)	**470,968**	**407,890**	**15.5%**

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

Individuals– In Brazil, the loan portfolio of Itaú Unibanco to individuals reached R$ 167.8 billion at March 31st, 2014, a 9.4% increase when compared to the same period of 2013. At the end of March 2014, the balance of this loan portfolio reflects Itaú Unibanco's strategy to prioritize portfolios with lower risks. Highlights:

- Itaú Unibanco is the leader in the credit card segment in Brazil. In the first quarter of 2014, income from cards kept on a sustainable growth, impacted by the better performance of the portfolio, lower expenses and increasing revenues. Quality indicators, as well as the volume of sales, continued to record a positive and consistent improvement, closing the quarter 39% above the level recorded in 2013.

- On March 31st, 2014, personal credit portfolio reached R$ 28.1 billion, a 1.4% increase as compared to the same period of the previous year, whereas the payroll advance loans portfolio reached R$ 24.7 billion, a 51.5% increase in the loan portfolio as compared to March 31st, 2013, reaching 5.1% of Itaú Unibanco's total credit.

- Itaú Unibanco continues in the leadership of financing granted for brand new light vehicles. In the first quarter of 2014, financing to individuals totaled R$ 3.2 billion, a 9.8% decrease as compared to the previous year. Itaú Unibanco continued with its appetite for more conservative credit risk, which led to a positive contribution for the reduction of default levels and of the average terms of contracts and the increase in the percentage of down payments.

- Itaú Unibanco is also the leader in mortgage loans to individuals among the Brazilian private banks. Strengthening the focus on operation profitability, it kept a strict control on operating expenses, which, added to the increased operation margin, led to a significant increase in the efficiency ratio, which closed the first quarter of 2014 7.1 p.p. below that achieved in the same period of the previous year.

Companies – In Brazil, the portfolio of loan operations to companies reached R$ 275.5 billion at March 31st, 2014, a 9.9% increase as compared to the same period of 2013.

Managed by the wholesale banking, this portfolio is composed of loans in foreign and local currencies, mandatory loans and guarantees, with outstanding quality, with 94.0% of the loans rated at the "AA", "A" and "B" risk levels.

In the period from January to March, noteworthy are the transactions in foreign currency that posted a 23.8% growth when compared to the same period of 2013, particularly due to the exchange devaluation of the Real, and the mandatory loans, which increased 16.3% as compared to the same period of the previous year.

Itaú Unibanco was acknowledged by LatinFinance Magazine for the largest and most comprehensive syndicated loan carried out by a financial institution in Latin America.

In derivatives, it was kept the outstanding position on the CETIP.

The loan portfolio of the other Latin America countries (Argentina, Chile, Colombia, Paraguay and Uruguay) recorded a significant increase of 19.3% in relation to March 2013, of which 16.4% to individuals and 20.9% to companies, which comprises very small, small, middle market and large companies. We highlight the increase in loan portfolios in the corporate segment in Chile and Uruguay, which increased 20.2% and 44.6%, respectively.

Default

In line with the policy for mitigating risk in the granting of credit, the total default rate, considering the balance of transactions overdue greater than 90 days, reached 3.5% at March 31st, 2014, posting a decrease of 1.0 p.p. as compared to March 31, 2013. This ratio recorded the lowest level since Itaú Unibanco merger in 2008, mainly impacted by the change in the credit profile of the portfolio.

Services

- Asset Management: In March 2014, Itaú Unibanco reached R$ 375.8 billion in assets under management, according to the ANBIMA management ranking, accounting for 15.7% of the market.

- Custody Services: in the custody market, Itaú Unibanco held R$ 894.7 billion in assets, according to the ANBIMA management ranking in March 2014, and acted as bookkeeper of 410 issues until March 2014.

- Insurance, pension plan and capitalization: the change in retained insurance premiums was 0.7% in relation to the first quarter of 2013, reaching R$ 1.4 billion (not including the share in Porto Seguro, in which Itaú Unibanco holds 30% of capital). Technical provisions for insurance reached R$ 10.2 billion at March 31, 2014. The total funding for pension plans totaled R$ 3.6 billion in the first quarter of 2014, an 11.4% decrease when compared to the previous quarter and technical provisions increased 8.1% when compared to the same period, totaling R$ 91.3 billion at the end of the quarter. Certificates in effect recorded a 13.4% increase in 2014 when compared to the first quarter of 2013.

- Electronic Payment Means (REDE): in the first quarter of 2014, it reached 899.5 billion transactions in debit and credit cards, a 2.9% increase in relation to the same period of 2013. Total revenues of debit and credit reached R$ 81.7 billion in the 2014 year-to-date, a 10.5% increase in relation to the same period of 2013.

- Investment Banking: Between January and March 2014, the Merger and Acquisition operation, which provided financial advisory to 16 transactions, totaling US$ 7.2 billion, was outstanding. In fixed income, Itaú Unibanco took part in debenture, promissory note and securitization transactions, which totaled R$ 1.6 billion in the period from January to March 2014. In international fixed-income issues, Itaú Unibanco acted as joint bookrunners of offers totaling US$ 2.1 billion.

Funding

On March 31st, 2014, free, raised and managed assets totaled R$ 1.52 trillion, a 7.2% increase when compared to the same period of 2013.

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, which, at the end of March 2014, reached 15.7 %, and was composed of 11.2% of Tier I Capital and 4.5% of Tier II Capital.

The subordinated debt, which is part of the regulatory capital Tier II, reached R$ 55.1 billion at March 31st, 2014 and R$ 50.4 billion at March 31st, 2013.

Credit Risk Rating by Rating Agencies – In view of the sovereign rating downgraded by Standard&Poors', in March 2014 this agency announced the downgrade of the ratings of 13 Brazilian banks, including Itaú Unibanco Holding, at the international level, from BBB to BBB- (long term) and from A-2 to A-3 (short term). This revision has not taken into account the inherent aspects of the banks.

2.2) INDUSTRIAL AREA

Duratex

Net revenue totaled R$ 930 million in the first quarter of 2014, equivalent to a 7.5% increase as compared to the same period of 2013. This growth occurred in both divisions: Wood and Deca divisions grew 5.4% and 11.2%, respectively.

This result further reflects an annual increase in the volumes shipped, of 3.3% and 8.0% in the Wood and Deca divisions, respectively. Concurrently, unit net revenue grew 2.0% and 3.0% respectively.

EBITDA for the quarter, in accordance with the methodology established by CVM Instruction No. 527/12, totaled R$ 346 million, with a margin of 37.3%. An extraordinary event linked to earnings contributed to this result, since R$ 46 million was earned in the sale of 5,600 hectares of land given as partial payment for the acquisition of forests of Caxuana S.A.. If extraordinary and non-cash events are not considered, the adjusted result would be R$ 240 million, equivalent to a margin of 25.8%, lower than the result for the same period of the previous year. This performance is justified by the worse mix of products shipped by Deca division, evidenced by the increase in sale of basic products, which margin and unit net revenue are lower. In the Wood division, the EBITDA fall was caused by the increase in the cost of resin, electric energy and freight, plus additional costs arising from the new plants of MDF and sanitary porcelain fixtures.

Net income reached R$ 161 million, a result 8.3% higher than that for the same period of 2013. Recurring net income for the quarter was R$ 131 million, with an annual decrease of 8.1%.

Elekeiroz

Net revenue for the period, of R$ 240.9 million, increased 7% in relation to 2013. In the domestic market, revenue posted a 7% increase, whereas in exports growth reached 4%. This growth, however, was not enough to make up for the increase in the cost of products sold, causing a 36% fall in the company's gross profit.

As a result of this compression in margins, net income was R$ 0.3 million, 79% lower than in the previous year. EBITDA totaled R$ 10.1 million, with a 19% decrease, and EBITDA margin was 4.2%, as compared to 5.5% in the first quarter of 2013.

The level of indebtedness with financial institutions continues being low. At the end of the quarter, net debt corresponded to 10% of stockholders' equity and 1.3 times the annualized EBITDA.

Itautec

Consolidated net revenue from sales and services in the first quarter of 2014 was R$ 55.1 million, with the shipment of 30,200 equipment items, including microcomputers and servers.

The balance of cash and cash equivalents at the end of March 2014 is R$ 69.3 million and gross financial debt is R$ 166.6 million, resulting in a net debt of R$ 97.3 million.

As from the first quarter of 2014, the result earned by OKI Brasil (affiliated company) started to be considered in the financial statements of Itautec, under the equity method, due to the ownership interest of thirty per cent (30%) jointly held by Itautec and Itautec Participações e Comércio S.A.. In the period, equity in earnings was negative by R$ 4.6 million.

An extraordinary event was recognized in the result for the first quarter of 2014, related to FINSOCIAL credit revenue amounting to R$ 10.3 million, refunded to Itautec after a final and unappealable court decision.

Due to the above-mentioned factors, net result for the first quarter of 2014 was a loss of R$ 5.9 million.

In the first quarter of 2014, Itaúsa recognized an accumulated balance of unrealized result, arising from sales carried out by Itautec to companies of the Itaúsa Conglomerate, in the amount of R$ 100 million, considering that the banking automation, commercial automation and service provision business is now controlled by OKI Electric.

3) PEOPLE MANAGEMENT

Itaúsa Conglomerate had the support of approximately 108,000 people at the end of March 2014, including approximately 7,000 employees in foreign units. The employee's fixed compensation plus charges and benefits totaled R$ 2.9 billion for the period.

4) SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Itaú Unibanco Holding

Itaú Unibanco launched its 2013 Annual Consolidated Report, a pioneering undertaking in Brazil. Aiming at providing even more transparency and expediting the accountability to different stakeholders, this year Itaú Unibanco gathered together the Annual Report (including sustainability indexes by the Global Reporting Initiative standards), the 20-F Form and the Debt Report in one single document. For the third consecutive time, the report is made available by electronic means, hosted on an exclusive website for these contents. This report is aimed at increasingly improving the consistency, cohesion and standardization of the information disclosed in its Annual

Consolidated Report, which is submitted for the SOX Certificate, thus ensuring reliable control and security mechanisms in its preparation. The website www.itau.com.br/relatorio-anual, specially designed to host this annual report, is a significant tool within this governance, since it provides for greater mobility and disclosure among the stakeholders.

The Integrated Report is a new communication approach connecting the organization’s most significant information, correlating the results, the operational activities, the business strategies and the different types of capital (human, financial, intellectual, manufacture, natural, and social and relationship). The purpose is to introduce information and strategies to our stakeholders in order to provide for a more accurate analysis in the short, medium and long terms. Additionally, the Integrated Report is and will be a tool to assess an organization’s capacity to generate value, identify main strategy points and anticipate business risks and opportunities.

As a member of the International Integrated Reporting Council (IIRC), Itaú Unibanco took part in the building of the model through working groups and, therefore, contributed to improve the market communication and information process. In Brazil, Itaú Unibanco takes part in the Brazilian Commission for the IIRC, which gathers together publicly-held companies from a number of sectors and counts on the cooperation of finance, investor relations, sustainability and communication related areas, in order to enable every sector to actively take part in the preparation of this document template. The report is an integral part of the 2013 Consolidated Annual Report and is available on www.itau.com.br/relatorio-anual.

Duratex

In the first quarter of 2014, Duratex invested R$ 7.7 million in environmental actions, and noteworthy were the treatment of effluents, collection of residues, and the preservation of forest lands and the environment. This amount corresponds to an increase of 7.4% as compared to the investment made in actions of this nature in the same period of 2013.

As a social counterpart to the BNDES projects, arrangements were made with the local government of the cities of João Pessoa, Queimados and Itapetininga to implement community libraries “Ler é Preciso” (reading is necessary) and with the governments of João Pessoa and São Leopoldo to implement bicycle stands and gyms in public squares.

Elekeiroz

Elekeiroz sponsored the EMcena Brasil (INscene Brazil) in which workshops, presentation of theater and circus performances, music shows and movies sessions, mainly designated for schoolchildren, were organized in partnership with the Department of Culture of the municipality of Várzea Paulista.

All the company’s production lines are certified by ISO 9001 and follow the Responsible Action Program of the International Council of Chemical Association, managed in Brazil by the Brazilian Association of Chemical Industry (ABIQUIM), an association of which it takes part aiming at the development and progress of the chemical industry in Brazil.

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).

5) AWARDS AND RECOGNITION

Itaú Unibanco Holding

Global Finance Awards – organized by the Global Finance magazine, the winners are chosen in a survey with analysts, executives and consultants from financial institutions, and the companies of the Itaú Unibanco Conglomerate were acknowledged in the following categories:

- 2014 Best Emerging Markets Banks in Latin America to Banco Itaú Paraguay and Itaú Unibanco*;*
- 2014 World's Best Investment Banks to Itaú BBA in the Best Investment Bank and Best Equity Bank categories*,* and outstanding institution in Regional Winners – Latin America and Country Winners – Latin America (Brazil).

Morningstar Awards 2014 – Itaú Chile AGF was elected by Morningstar, a leading company in the provision of independent investment surveys, in the following categories: *Mejor Fondo de Renta Fija Latinoamérica* (best fixed income fund in Latin America) with the fund called Itaú Latam Corporate Bond Fund A, and *Mejor Administradora de Renta Fija* (best fixed income manager).

2014 ILO Latin American Counsel Awards – Itaú BBA received the award as best team in financial services regulation of Latin America in the Regulatory (Financial Services) category. Deemed as one of the most relevant acknowledgments in the legal segment, this award counted upon the participation of professionals from legal and advisory offices from throughout Latin America. This award is promoted by International Law Office in partnership with Association of Corporate Counsel.

6) 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 his or her client.

During the period from January to March 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, we list below the engaged services and related dates:

- January 13th and 22nd and March 14th – acquisition of technical material;
- January 29th – tax advisory.

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 subsidiaries. The policy adopted for providing non-audit related services to Itaúsa is based on principles that preserve the independence of Independent Auditors, all of which were considered in the provision of the referred services.

7) 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 May 5th, 2014).

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

JOSÉ CARLOS DE BRITO E CUNHA
PAULO RICARDO MORAES AMARAL

Alternate members

JOSÉ ROBERTO BRANT DE CARVALHO
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

Chairman

PEDRO MOREIRA SALLES

Vice-Chairman

ALFREDO EGYDIO ARRUDA VILLELA FILHO
ROBERTO EGYDIO SETUBAL

Members

ALFREDO EGYDIO SETUBAL
CANDIDO BOTELHO BRACHER
DEMONSTHENES MADUREIRA DE PINHO NETO
GUSTAVO JORGE LABOISSIÈRE LOYOLA
HENRI PENCHAS
ISRAEL VAINBOIM
NILDEMAR SECCHES
PEDRO LUIZ BODIN DE MORAES
RICARDO VILLELA MARINO

AUDIT COMMITTEE

President

GUSTAVO JORGE LABOISSIÈRE LOYOLA

Members

ALKIMAR RIBEIRO MOURA
DIEGO FRESCO GUTIERREZ (**)
GERALDO TRAVAGLIA FILHO
GUY ALMEIDA ANDRADE
LUIZ ALBERTO FIORE
SERGIO DARCY DA SILVA ALVES (***)

FISCAL COUNCIL

President

IRAN SIQUEIRA LIMA

Members

ALBERTO SOZIN FURUGUEM
LUIZ ALBERTO DE CASTRO FALLEIROS

(**) Elected at EGM on March 20, 2014, sworn in April 10, 2014
(***) Elected at EGM on March 27, 2014, sworn in April 1, 2014

EXECUTIVE BOARD

Chief Executive Officer

ROBERTO EGYDIO SETUBAL

Executive Vice-Presidents

ALFREDO EGYDIO SETUBAL (*)
CANDIDO BOTELHO BRACHER

Executive Directors

CAIO IBRAHIM DAVID
CLAUDIA POLITANSKI
EDUARDO MAZZILLI VASSIMON
RICARDO BALDIN

Directors

ALEXSANDRO BROEDEL LOPES
ANA TEREZA DE LIMA E SILVA PRANDINI
EDUARDO HIROYUKI MIYAKI
EMERSON MACEDO BORTOLOTO
ROBERT GEORGE STRIBLING
RODRIGO LUÍS ROSA COUTO
ROGÉRIO PAULO CALDERÓN PERES

(*) Investor Relations Officer

DURATEX S.A.

BOARD OF DIRECTORS

Chairman
SALO DAVI SEIBEL

Vice-Chairmen
ALFREDO EGYDIO ARRUDA VILLELA FILHO
RICARDO EGYDIO SETUBAL

Members
ÁLVARO ANTONIO CARDOSO DE SOUZA
FÁBIO SCHVARTSMAN
FRANCISCO AMAURI OLSEN
HELIO SEIBEL
HENRI PENCHAS
PAULO SETUBAL
RODOLFO VILLELA MARINO

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

EXECUTIVE BOARD

Chief Executive Officer
ANTONIO JOAQUIM DE OLIVEIRA

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
FLAVIO MARASSI DONATELLI (*)
JOSÉ RICARDO PARAÍSO FERRAZ
MARIA JULIETA PINTO RODRIGUES NOGUEIRA
MARCO ANTONIO MILLEO
PAULO CESAR MARÓSTICA
RONEY ROTENBERG

(*) Investor Relations Officer

ITAUTEC S.A. - GRUPO ITAUTEC

BOARD OF DIRECTORS

Chairman
RICARDO EGYDIO SETUBAL

Vice-Chairman
ALFREDO EGYDIO ARRUDA VILLELA FILHO

Members
HENRI PENCHAS
OLAVO EGYDIO SETUBAL JÚNIOR
REINALDO RUBBI
RENATO ROBERTO CUOCO
RODOLFO VILLELA MARINO

Alternate members
PAULO SETUBAL
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer
HENRI PENCHAS

Executive Vice-Presidents
JOÃO JACÓ HAZARABEDIAN
JOSÉ ROBERTO FERRAZ DE CAMPOS

Director
GUILHERME TADEU PEREIRA JÚNIOR (*)

(*) Investor Relations Officer

ELEKEIROZ S.A.

BOARD OF DIRECTORS

Chairman
RODOLFO VILLELA MARINO

Vice-chairman
OLAVO EGYDIO SETUBAL JÚNIOR

Members
CESAR SUAKI DOS SANTOS
HENRI PENCHAS
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 JOSÉ BARALDI

(*) Investor Relations Officer

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

ASSETS	NOTE	03/31/2014	12/31/2013
Cash and cash equivalents	3	1,904	1,539
Financial assets held for trading	4	69	86
Trade accounts receivable	5	1,168	1,202
Other financial assets	6a	527	554
Inventories	7	816	736
Investments in associates and joint ventures	8 IIa	30,460	29,950
Fixed assets, net	9	4,113	3,832
Intangible assets, net	10	1,049	1,040
Biological assets	11	1,311	1,126
Tax assets		1,049	1,191
Income tax and social contribution - current		186	322
Income tax and social contribution - deferred	12b	707	729
Other		156	140
Other assets	6a	303	323
Assets of Discontinued Operations		-	350
TOTAL ASSETS		**42,769**	**41,929**

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

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2014	12/31/2013
Liabilities			
Social and statutory		1,110	1,067
Loans and financing	13	2,890	2,649
Debentures	14	113	115
Provisions	15	569	527
Tax liabilities		692	699
Income tax and social contribution - current		7	15
Income tax and social contribution - deferred	12b	568	519
Other		117	165
Other liabilities	6b	718	752
Liabilities of Discontinued Operations		-	146
Total Liabilities		**6,092**	**5,955**
STOCKHOLDERS' EQUITY			
Capital	16a	22,000	22,000
Treasury shares		(5)	-
Reserves	16c	12,572	12,006
Cumulative other comprehensive income		(841)	(875)
Total stockholders' equity attributable to owners of the parent company		**33,726**	**33,131**
Non-controlling interests		2,951	2,843
Total stockholders' equity		**36,677**	**35,974**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**42,769**	**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 03/31/2014	01/01 to 03/31/2013
Sales of products and services		1,220	1,243
Cost of products and services		(891)	(848)
Sales expenses		(133)	(123)
Financial results		(19)	(21)
General and administrative expenses	18	(67)	(80)
Other (losses) / gains, net	19	166	80
Tax expenses		(113)	(74)
Share of income in associates and joint ventures	8 IIa	1,671	1,245
Income before income tax and social contribution		**1,834**	**1,422**
Current income tax and social contribution	12a	(27)	(51)
Deferred income tax and social contribution	12b	(23)	54
Net Income of Continued Operations		**1,784**	**1,425**
Discontinued Operations		**-**	**(47)**
NET INCOME		**1,784**	**1,378**
Net income attributable to owners of the parent company		1,681	1,282
Net income attributable to non-controlling interests		103	96
EARNINGS PER SHARE - BASIC AND DILUTED	**20**		
Common		0.31	0.24
Preferred		0.31	0.24
Weighted average number of shares outstanding – basic and diluted			
Common		2,106,226,703	2,052,918,509
Preferred		3,364,240,558	3,279,287,212

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 03/31/2014	01/01 to 03/31/2013
NET INCOME	**1,784**	**1,378**
Share of comprehensive income of investments in associates and jointly controlled entities	**40**	**(271)**
Available-for-sale financial assets; hedge and foreign exchange variation on investments abroad	33	(271)
Remeasurement of post-employment benefits obligations (*)	7	-
Share of comprehensive income of investments in subsidiaries	**(6)**	**(4)**
Available-for-sale financial assets and foreign exchange variation on investments abroad	(6)	(4)
Total comprehensive income	**1,818**	**1,103**
Comprehensive income attributable to owners of the parent company	1,715	1,007
Comprehensive income attributable to non-controlling interests	103	96

(*)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 03/31/2014	01/01 to 03/31/2013
Adjusted Net Income		**463**	**197**
Net income		1,784	1,378
Adjustments to net income:		(1,321)	(1,181)
Interest on debentures		-	6
Interest on promissory notes		-	3
Interest, foreign exchange and monetary variations, net		57	53
Depreciation, amortization and depletion	9, 10 and 11	144	145
Share of income in associates and joint ventures	8 IIa	(1,671)	(1,245)
Deferred income tax and social contribution		23	(54)
Change in fair value of biological assets		(55)	(43)
Allowance for loan losses		1	-
Income from the sale of fixed assets		(3)	1
Other		183	(47)
Variations in assets and liabilities		**53**	**(403)**
(Increase)/ decrease in financial assets		13	(323)
(Increase)/ decrease in other financial assets		37	3
(Increase)/ decrease in inventories		(24)	(61)
(Increase)/ decrease in tax assets		5	(7)
(Increase)/ decrease in other non-financial assets		194	108
Increase/ (decrease) in tax and labor liabilities		9	(10)
Increase/ (decrease) in other non-financial liabilities		(181)	(113)
Others		**(79)**	**(85)**
Payment of income tax and social contribution		(28)	(56)
Interest paid on loans and financing		(51)	(29)
Net cash from operating activities		**437**	**(291)**
Purchase of investments		(148)	(34)
Acquisition of intangibles	10	(1)	(3)
Purchase of fixed assets	9	(409)	(26)
Sale of fixed assets	9	48	-
Interest on capital and dividends received		1,203	1,047
Other		(16)	(35)
Net cash from investment activities		**677**	**949**
Subscription of shares		6	-
Treasury shares		(15)	1
Interest on capital and dividends paid		(909)	(613)
Payment of promissory notes		-	(210)
Borrowings and financing		407	143
Payment of borrowings and financing		(42)	(29)
Issue of debentures		(196)	(173)
Net cash from financing activities		**(749)**	**(881)**
Increase/ (decrease) of cash and cash equivalents		**365**	**(223)**
Cash and cash equivalents at the beginning of the period	3	1,539	1,382
Cash and cash equivalents at the end of the period	3	1,904	1,159

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 03/31/2014	%	01/01 to 03/31/2013	%
INCOME	**1,397**		**1,485**	
Sales of products and services	1,220		1,384	
Other	177		101	
INPUTS PURCHASED FROM THIRD PARTIES	**(832)**		**(864)**	
Cost of Products and Services	(695)		(710)	
Materials, Energy, Third-party Services and Other	(11)		(12)	
Other	(126)		(142)	
Data processing and telecommunications	(2)		(1)	
Advertising, promotions and publicity	(105)		(93)	
Installations, repairs and maintenance of asset items	(1)		(3)	
Travel expenses	(1)		-	
Other	(17)		(45)	
GROSS ADDED VALUE	**565**		**621**	
DEPRECIATION AND AMORTIZATION	**(71)**		**(145)**	
NET ADDED VALUE PRODUCED BY THE COMPANY	**494**		**476**	
ADDED VALUE RECEIVED FROM TRANSFER	**1,729**		**1,288**	
Share of income in associates and joint ventures	1,671		1,245	
Financial Income	58		43	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**2,223**		**1,764**	
DISTRIBUTION OF ADDED VALUE	**2,223**	**100.00%**	**1,764**	**100.00%**
Personnel	193	8.68%	235	13.32%
Compensation	158		198	
Benefits	25		25	
FGTS – Government severance pay fund	10		12	
Taxes, fees and contributions	169	7.60%	86	4.88%
Federal	168		85	
State	1		-	
Municipal	-		1	
Return on third parties' assets	77	3.46%	65	3.69%
Interest	77		64	
Rents	-		1	
Return on own assets	1,784	80.25%	1,378	78.12%
Dividends and interest on capital paid/provided for	455		345	
Retained earnings for the period	1,226		937	
Non-controlling interests in retained earnings	103		96	

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	03/31/2014	12/31/2013
Cash and cash equivalents		814	340
Financial assets held for trading		69	86
Other financial assets		338	449
Dividends and interest on capital		260	373
Escrow deposits in guarantee to contingencies		78	76
Investments in subsidiaries, associates and joint ventures	8	32,708	32,181
Fixed assets, net		69	70
Intangible assets, net	21	460	460
Tax assets		746	841
Income tax and social contribution - current		156	214
Income tax and social contribution - deferred		588	626
Other		2	1
Other assets		4	5
TOTAL ASSETS		**35,208**	**34,432**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Individual Balance Sheet

(In millions of Reais)

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2014	12/31/2013
Liabilities			
Social and statutory		1,099	941
Dividends and interest on capital		1,097	936
Compensation of the Key Management Personnel		2	5
Provisions		347	285
Tax liabilities		29	72
Income tax and social contribution - deferred		5	4
Other		24	68
Other liabilities		7	3
Total Liabilities		**1,482**	**1,301**
Stockholders' equity			
Capital	16a	22,000	22,000
Treasury shares		(5)	-
Reserves	16c	12,572	12,006
Cumulative other comprehensive income		(841)	(875)
Total stockholders' equity		**33,726**	**33,131**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**35,208**	**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 03/31/2014	01/01 to 03/31/2013
Financial results		12	-
Other operating income		3	2
General and administrative expenses		(8)	(9)
Tax expenses		(112)	(74)
Share of income in subsidiaries, associates and joint ventures	8 I	1,824	1,304
Income before income tax and social contribution		**1,719**	**1,223**
Deferred income tax and social contribution		(38)	59
NET INCOME		**1,681**	**1,282**
EARNINGS PER SHARE - BASIC AND DILUTED	**20**		
Common		0.31	0.24
Preferred		0.31	0.24
Weighted average number of shares outstanding – basic and diluted			
Common		2,106,226,703	2,052,918,509
Preferred		3,364,240,558	3,279,287,212

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, except per share information)

	01/01 to 03/31/2014	01/01 to 03/31/2013
Net Income	**1,681**	**1,282**
Share of comprehensive income of investments in associates and jointly controlled entities	**40**	**(271)**
Available-for-sale financial assets; hedge and foreign exchange variation on investments abroad	33	(271)
Remeasurement of post-employment benefits obligations (*)	7	-
Share of comprehensive income of investments in subsidiaries	**(6)**	**(4)**
Available-for-sale financial assets and foreign exchange variation on investments abroad	(6)	(4)
Total comprehensive income	**1,715**	**1,007**

(*) 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	-	-	(37)	-	(610)	(345)	-	-	**(992)**	(7)	**(999)**
Granting of stock options	-	-	21	-	-	-	-	-	**21**	-	**21**
Change in non-controlling interests	-	-	-	-	-	-	-	-	**-**	(7)	**(7)**
Dividends and interest on capital	-	-	-	-	-	(345)	-	-	**(345)**	-	**(345)**
Dividend – amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(610)	-	-	-	**(610)**	-	**(610)**
Corporate reorganizations	-	-	(58)	-	-	-	-	-	**(58)**	-	**(58)**
Other	-	-	(8)	-	-	-	-	-	**(8)**	-	**(8)**
Paid-in reserves	-	-	2,408	(2,408)	-	-	-	-	**-**	-	**-**
Total comprehensive income	-	-	-	-	-	1,282	(4)	(271)	**1,007**	96	**1,103**
Net income	-	-	-	-	-	1,282	-	-	**1,282**	96	**1,378**
Other comprehensive income	-	-	-	-	-	-	(4)	(271)	**(275)**	-	**(275)**
Appropriations:											
Legal reserve	-	-	64	-	-	(64)	-	-	**-**	-	**-**
Unappropriated reserves	-	-	-	873	-	(873)	-	-	**-**	-	**-**
Balance at 03/31/2013	**16,500**	**-**	**12,642**	**873**	**-**	**-**	**(4)**	**23**	**30,034**	**2,736**	**32,770**
Change in the period	**-**	**-**	**2,427**	**(1,535)**	**(610)**	**-**	**(4)**	**(271)**	**7**	**89**	**96**
Balance at 01/01/2014	**22,000**	**-**	**8,127**	**3,262**	**617**	**-**	**3**	**(878)**	**33,131**	**2,843**	**35,974**
Transactions with owners	-	(5)	(43)	-	(617)	(455)	-	-	**(1,120)**	5	**(1,115)**
Treasury shares	-	(5)	-	-	-	-	-	-	**(5)**	-	**(5)**
Granting of stock options	-	-	19	-	-	-	-	-	**19**	-	**19**
Change in non-controlling interests	-	-	-	-	-	-	-	-	**-**	5	**5**
Dividends and interest on capital	-	-	-	-	-	(455)	-	-	**(455)**	-	**(455)**
Dividend – amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(617)	-	-	-	**(617)**	-	**(617)**
Corporate reorganizations	-	-	(62)	-	-	-	-	-	**(62)**	-	**(62)**
Paid-in reserves	-	-	3,262	(3,262)	-	-	-	-	**-**	-	**-**
Total comprehensive income	-	-	-	-	-	1,681	(6)	40	**1,715**	103	**1,818**
Net income	-	-	-	-	-	1,681	-	-	**1,681**	103	**1,784**
Other comprehensive income	-	-	-	-	-	-	(6)	40	**34**	-	**34**
Appropriations:											
Legal reserve	-	-	84	-	-	(84)	-	-	**-**	-	**-**
Unappropriated reserves	-	-	-	1,142	-	(1,142)	-	-	**-**	-	**-**
Balance at 03/31/2014	**22,000**	**(5)**	**11,430**	**1,142**	**-**	**-**	**(3)**	**(838)**	**33,726**	**2,951**	**36,677**
Change in the period	**-**	**(5)**	**3,303**	**(2,120)**	**(617)**	**-**	**(6)**	**40**	**595**	**108**	**703**

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 03/31/2014	01/01 to 03/31/2013
ADJUSTED NET INCOME	**(104)**	**(71)**
Net income	1,681	1,282
Adjustments to net income:	(1,785)	(1,353)
Interest on debentures	-	6
Interest on promissory notes	-	3
Share of income in subsidiaries, associates and joint ventures	(1,824)	(1,304)
Deferred income tax and social contribution	38	(59)
Depreciation and amortization	1	1
Change In Assets And Liabilities	**127**	**83**
(Increase) decrease in financial assets	18	16
(Decrease) increase in provisions and other assets	196	195
(Decrease) increase in provisions and other liabilities	(87)	(128)
Net Cash From (Used In) Operating Activities	**23**	**12**
Interest on capital/dividends received	1,255	1,081
Net Cash From (Used In) Investing Activities	**1,255**	**1,081**
Subscription of shares	6	-
Purchase of treasury shares	(5)	-
Interest on capital and dividends paid	(805)	(546)
Payment of promissory notes	-	(210)
Net Cash From (Used In) Financing Activities	**(804)**	**(756)**
Net Increase (Decrease) In Cash And Cash Equivalents	**474**	**337**
Cash and cash equivalents at the beginning of the period	340	332
Cash and cash equivalents at the end of the period	814	669

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 03/31/2014	%	01/01 to 03/31/2013	%
INPUTS PURCHASED FROM THIRD PARTIES	**(3)**		**(6)**	
Third-party services	(1)		(2)	
Other	(2)		(4)	
Agreement for apportionment of common costs	(1)		(2)	
Other	(1)		(2)	
GROSS ADDED VALUE	**(3)**		**(6)**	
DEPRECIATION AND AMORTIZATION	(1)		(1)	
NET ADDED VALUE PRODUCED BY THE COMPANY	**(4)**		**(7)**	
ADDED VALUE RECEIVED FROM TRANSFER	**1,844**		**1,316**	
Share of income in subsidiaries, associates and joint ventures	1,824		1,304	
Financial income	17		10	
Other income	3		2	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**1,840**	**100.00%**	**1,309**	**100.00%**
DISTRIBUTION OF ADDED VALUE	**1,840**		**1,309**	
Personnel	3	0.16%	2	0.15%
Compensation	3		2	
Taxes, fees and contributions	151	8.21%	15	1.15%
Federal	151		14	
Municipal	-		1	
Return on third parties' assets - Financial expenses	5	0.27%	10	0.76%
Return on own assets	1,681	91.36%	1,282	97.94%
Dividends and Interest on capital	455		345	
Retained earnings for the period	1,226		937	

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

ITAÚSA – INVESTIMENTOS ITAÚ S.A
Notes to the Consolidated Financial Statements
At March 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 23 “Segment Information”.

ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family whom holds 61.14% of the common shares and 17.02% 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 May 05, 2014.

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).

These consolidated financial statements were prepared in accordance with CPC 21 (R1) – Interim Financial Statement, with the option of presenting the complete consolidated financial statements in lieu of the condensed consolidated financial statements.

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.

In the individual financial statements, controlled and jointly controlled entities companies are accounted for under the equity method. The same adjustments are made in both the individual and consolidated financial statements to arrive at the same income and stockholders' equity attributable to the stockholders of the parent company. In the case of ITAÚSA, the accounting practices adopted in Brazil, applied in the individual financial statements, differ from the IFRS applicable to the separate financial statements, only in relation to the measurement of investments in controlled and affiliated companies under the equity method, whereas under IFRS it would be at cost or fair value.

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 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.

2.2 NEW PRONOUNCEMENTS; CHANGES TO AND INTERPRETATIONS OF EXISTING PRONOUNCEMENTS

a) Amendments to accounting pronouncements applicable for periods ended March 31, 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 39 – Financial instruments: recognition and measurement – This change permits continuity of hedge accounting, even if a derivative is novated (transferred) to clearing, within certain conditions. No material impacts arising from this change on the consolidated financial statements were identified.

- IAS 36 – Impairment of assets – This change introduces requirements for disclosure of measurement of assets recoverable amounts, due to the issuance of IFRS 13. The identified impacts relate to the disclosure of the recoverable amount and the measurement methodology.

- IFRIC 21 Taxes: It clarifies when an entity should recognize a liability for a tax when the event that gives rise to the payment occurs. For a tax that requires that its payment arises when reaching certain metrics, the interpretation recommends that no liability is recognized until the metrics are reached. The Company did not identify impacts on its interim financial statements due to 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 – Pronouncement aimed at replacing IAS 39 - "Financial Instruments: Recognition and Measurement. In November 2009 IASB issued IFRS 9, introducing new requirements to classify and measure financial assets. In October 2010 IASB amended the rule, incorporating requirements for financial liabilities. In November 2013 IASB issued a new amendment, incorporating requirements for hedge accounting. In February 2014 IASB decided to demand the mandatory application of the pronouncement for annual periods beginning on or after January 1, 2018, and early adoption is permitted. Possible impacts arising from the adoption of this amendment will be assessed up by 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.

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$ 707 at March 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 25.

ITAUSA 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 25.

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 March 31, 2014 is R$ 569 (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.

2.4 SUMMARY OF MAIN ACCOUNTING PRACTICES

a) CONSOLIDATION AND EQUITY METHOD

I. Subsidiaries

In compliance with CPC 36 – "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 03/31/2014	Interest in capital at 03/31/2013
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	36.79%	36.74%
Industrial Area – Full consolidation				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	35.53%	35.45%
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%

II. Business combinations

Accounting for business combinations under CPC 15 is only applicable when a business is acquired. Under CPC 15, 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 purchase 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 purchaser 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 whit the non-controlling interests

CPC 36 – “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 – “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.

II. 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.

III- 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. The financial statements at March 31, 2014 do not show any offset between financial assets and liabilities.

IV. *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 – "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

CPC 19 – "Interests in Joint Ventures" defines joint ventures as entities jointly controlled by two or more unrelated entities (venturers): Joint ventures include contractual agreements in which two or more entities have joint-control over either entities or operations or assets, so that the strategic financial and operating decisions affecting them require the unanimous decision of the venturers.

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 – "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 – "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 – "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 - "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 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 measurable, 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, 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 - “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 - “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) FINANCIAL GUARANTEES

In accordance with CPC 38, the issuer of a financial guarantee contract creates an obligation and should recognize it initially at its fair value. Subsequently, this obligation should be measured at the amount initially recognized less accumulated amortization and the amount determined pursuant to CPC 25 – “Provisions, contingent liabilities and contingent assets”, whichever is higher.

ITAÚSA and its subsidiaries recognize the fair value of the guarantees issued in the Consolidated Balance Sheet under “other liabilities”, on the issue date. Fair value is generally represented by the fee charged to client for issuing the guarantee. This amount is amortized over the life of the guarantee issued, after issuance, if based on the best estimate we conclude that the occurrence of a loss regarding a guarantee issued is probable, and if the loss amount is higher than the initial fair value less cumulative amortization of the guarantee, a provision is recognized for such amount.

o) CAPITAL AND TREASURY SHARES

Capital

Common and preferred shares, which 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 – “Earnings per share”.

ITAÚSA grants stock-based compensation whose dilutive effect is reflected in diluted earnings per share, with the application of the “treasury stock method”. Under the treasury stock method, earnings per share are calculated as if all options had been exercised and as if the received proceeds (funds to be received upon exercise of the stock options and the amount of compensation cost attributed to future services and not yet recognized) had been used to purchase ITAÚSA’s own shares.

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.

Sales of services

ITAÚSA CONSOLIDATED, through its subsidiary Itautec S.A., provides services in the automation and computing segments. Revenue is generally recognized based on the services provided so far.

s) SEGMENT INFORMATION

CPC 22 – “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 23.

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):

	03/31/2014	12/31/2013
Cash and deposits on demand	44	59
Investments in Fixed Income and Investment Funds	216	118
Bank deposit certificates	831	1,022
Repurchase agreements	813	340
Total	**1,904**	**1,539**

NOTE 4 - FINANCIAL ASSETS HELD FOR TRADING

The breakdown of the investment fund portfolio is as follows:

	03/31/2014	12/31/2013
Subordinated financial bill	60	61
Financial treasury bill	9	25
Total	**69**	**86**

NOTE 5 - TRADE ACCOUNTS RECEIVABLE

Trade Accounts Receivable	03/31/2014	12/31/2013
Domestic customers	1,091	1,171
Foreign customers	119	71
Impairment	(42)	(40)
Total	**1,168**	**1,202**

The balances of accounts receivable by maturity are as follows:

Maturities	03/31/2014	12/31/2013
Not yet due	1,049	1,074
Past-due up to 30 days	41	55
From 31 to 60 days	27	16
From 61 to 90 days	11	26
From 91 to 180 days	32	22
More than 180 days	50	49
Total	**1,210**	**1,242**

NOTE 6 - OTHER ASSETS AND LIABILITIES

a) Other assets

	03/31/2014	12/31/2013
Financial	**527**	**554**
Deposits in guarantee for contingent liabilities	141	151
Dividends and Interest on stockholders equity receivable	258	373
Amounts receivable from the sale of fixed assets	10	19
Amounts receivable from OKI Electric	53	-
Other amounts receivable	65	11
Non-financial	**303**	**323**
Prepaid expenses	36	34
Retirement plan assets (Note 22)	177	182
Other	90	107

b) Other liabilities

	03/31/2014	12/31/2013
Suppliers	238	307
Partnerships in which some partners are passive	101	98
Freight and insurance payable	20	13
Advances from customers	21	24
Provision for sundry payments	96	72
Personnel provision	113	119
Deferred Income	93	104
Other	36	15
Total	**718**	**752**

NOTE 7 – INVENTORIES

	03/31/2014	12/31/2013
Raw material, supplies and packaging	309	288
Finished products	323	265
Work in progress	110	103
Showroom	92	94
Advance to suppliers	6	8
Allowance for inventory losses	(24)	(22)
Total	**816**	**736**

The cost of inventories recognized in results and included in “Cost of Products Sold” totaled at March 31, 2014 R$ 891 (R$ 848 at March 31, 2013).

At March 31, 2014 and December 31, 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)	Change in adjustment to market value and Foreign exchange	Other Comprehensive Income from Investments in Subsidiaries, Associates and Joint Ventures	Granting of options recognized	Other adjustments directly recognized in stockholders' equity	Balances at 03/31/2014	Market value (3)
Jointly Controlled Entities	**30,002**	**(1,269)**	**1,675**	**-**	**40**	**19**	**(62)**	**30,405**	**61,739**
Itaú Unibanco Holding S.A.	16,490	(1,211)	1,414	-	21	10	(33)	16,691	61,739
IUPAR - Itaú Unibanco Participações S.A.	13,512	(58)	261	-	19	9	(29)	13,714	-
Subsidiaries	**2,179**	**(19)**	**149**	**(6)**	**-**	**-**	**-**	**2,303**	**2,994**
Duratex S.A.	1,542	(19)	57	(6)	-	-	-	1,574	2,498
Elekeiroz S.A.	486	-	-	-	-	-	-	486	292
Itautec S.A.	46	-	92	-	-	-	-	138	204
Itaúsa Empreendimentos S.A.	104	-	-	-	-	-	-	104	-
ITH Zux Cayman Company Ltd.	1	-	-	-	-	-	-	1	-
GRAND TOTAL	**32,181**	**(1,288)**	**1,824**	**(6)**	**40**	**19**	**(62)**	**32,708**	**64,733**

(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.	60,000	84,481	4,551	973,657,190	84,810	36.79%	64.16%
IUPAR - Itaú Unibanco Participações S.A.	6,500	20,612	392	355,227,092	350,942,273	66.53%	50.00%
Subsidiaries							
Duratex S.A.	1,697	4,445	161	214,200,943	-	35.53%	35.53%
Elekeiroz S.A.	321	504	-	14,261,761	16,117,360	96.49%	98.23%
Itautec S.A.	280	142	(6)	10,953,371	-	97.80%	97.80%
Itaúsa Empreendimentos S.A.	52	104	-	752,189	-	100.00%	100.00%
ITH Zux Cayman Company Ltd.	28	1	-	12,200,000	-	100.00%	100.00%

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

a) Composition

	Interest % at 03/31/2014		03/31/2014			01/01 to 03/31/2014	
	Total	Voting	Stockholders' equity	Investment Balance	Market value	Net income	Share of income
Itaú Unibanco Holding S.A	36.79	64.16	84,481	16,691	61,739	4,551	1,414
IUPAR - Itaú Unibanco Participações S.A	66.53	50.00	20,612	13,714	-	392	261
Tablemac	-	-	-	-	-	-	1
OKI Brasil	-	-	-	55	-	-	(5)
Total				**30,460**			**1,671**

	Interest % at 12/31/2013		12/31/2013			01/01 to 03/31/2013	
	Total	Voting	Stockholders' equity	Investment Balance	Market value	Net income	Share of income
Itaú Unibanco Holding S.A	36.87	64.16	83,233	16,332	57,863	3,482	1,001
IUPAR - Itaú Unibanco Participações S.A	66.53	50.00	20,308	13,512	-	315	244
Tablemac	-	-	-	121	-	-	-
Other	-	-	-	(15)	-	-	-
Total				**29,950**			**1,245**

b) Other Information

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

Financial information (*)	03/31/2014	12/31/2013	01/01 to 03/31/2014
Current assets	655,940	645,581	-
Non-current assets	369,347	381,723	-
Current liabilities	606,256	621,134	-
Non-current liabilities	334,772	323,234	-
Revenue	39,070	-	28,881
Expenses	(34,469)	-	(25,396)

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

Current financial liabilities and non-financial liabilities amount to R$ 472,773 and R$ 316,150, respectively (R$ 493,816 and R$ 306,762 , respectively, at December 31, 2013).

The provisions of civil, labor and tax lawsuits corresponds to R$ 19,483 (R$ 18,862 at December 31, 2013).

Other Financial Information - Itaú Unibanco Holding	01/01 to 03/31/2014	01/01 to 03/31/2013
Interest and similar income	27,470	21,352
Interest and similar expense	(14,185)	(8,494)
Net income before income tax and social contribution	7,194	4,810
Income tax and social contribution	(2,593)	(1,320)
Net income	4,601	3,490
Net income attributable to owners of the parent company	4,551	3,482
Other comprehensive income	109	(767)
Total comprehensive income	4,660	2,715

Depreciation and amortization expenses total of R$ 408 and R$ 207, respectively (R$ 360 and R$ 202 at March 31, 2013).

Cash and Cash Equivalents – Itaú Unibanco Holding	03/31/2014	12/31/2013
Cash and deposits on demand	16,030	16,576
Interbank deposits	22,899	18,599
Securities purchased under agreements to resell	51,098	20,615
Total	**90,027**	**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	4,551	16,424	392	3,042	-	-
Other comprehensive income	109	(3,248)	28	(834)	-	-
Dividends / interest on capital	(3,496)	(4,976)	(86)	(151)	-	-
Corporate reorganizations	(160)	(640)	(41)	(165)	-	-
Other change stockholders' equity	254	(239)	11	47	-	-
Stockholders' equity at March 31, 2014 and December 31, 2013	**84,481**	**83,223**	**20,612**	**20,308**	-	-
Interest in capital	19.59%	19.64%	66.53%	66.53%	-	-
	16,552	16,341	13,714	13,512	30,266	29,853
Unrealized income (loss)	(14)	(173)	-	-	(14)	(173)
Goodwill (Note 21)	153	164	-	-	153	164
Total	**16,691**	**16,332**	**13,714**	**13,512**	**30,405**	**29,844**

NOTE 9 – FIXED ASSETS

FIXED ASSETS	Annual depreciation rates (%)	Balance at 12/31/2013			Changes				Balance at 03/31/2014		
		Cost	Accumulated depreciation	Net book value	Acquisitions	Write-offs	Depreciation expense	Transfers	Cost	Accumulated depreciation	Net book value
Land	-	686	-	686	84	(45)	-	-	725	-	725
Buildings and Improvements	4	983	(386)	597	103	-	(10)	9	1,094	(395)	699
Equipment and facilities	5 to 20	3,729	(1,650)	2,079	179	(3)	(67)	49	3,949	(1,712)	2,237
Furniture and fixtures	10	46	(31)	15	2	-	(1)	1	48	(31)	17
Vehicles	10	52	(45)	7	2	-	(1)	-	52	(44)	8
Assets under development or construction	-	407	-	407	42	-	-	(57)	392	-	392
Other (data processing and other assets)	4 to 20	136	(95)	41	-	-	(1)	(5)	126	(91)	35
TOTAL FIXED ASSETS		**6,039**	**(2,207)**	**3,832**	**412**	**(48)**	**(80)**	**(3)**	**6,386**	**(2,273)**	**4,113**

NOTE 10 - INTANGIBLE ASSETS - ITAÚSA CONSOLIDATED

INTANGIBLE ASSETS	Annual amortization rates (%)	Balance at 12/31/2013			Changes			Balance at 03/31/2014		
		Cost	Accumulated amortization	Net value	Acquisitions	Amortization expense	Other	Cost	Accumulated amortization	Net value
Software	20%	59	(38)	21	1	(2)	-	60	(40)	20
Trademarks and patents	-	15	(1)	14	-	-	-	14	(1)	13
Goodwill for future profitability	-	714	-	714	-	-	-	715	-	715
Customer portfolio	6.67%	396	(105)	291	-	(6)	16	413	(112)	301
Total		**1,184**	**(144)**	**1,040**	**1**	**(8)**	**16**	**1,202**	**(153)**	**1,049**

NOTE 11 – BIOLOGICAL ASSETS (Forest reserves)

ITAÚSA CONSOLIDATED, through its subsidiary Duratex Florestal Ltda., 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 March 31, 2014, it had approximately 140.4 thousand hectares with actual planting (139.5 thousand hectares at December 31, 2013) which are cultivated in the states of São Paulo, Minas Gerais and Rio Grande do Sul.

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 lands used in planting (brought to present value).

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:

	03/31/2014	12/31/2013
Cost of formation of biological assets	764	595
Difference between cost and fair value	547	531
Fair value of biological assets	**1,311**	**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:

	03/31/2014	12/31/2013
Opening balance	**1,126**	**1,102**
Variation in fair value		
Volume price	55	192
Depletion	(39)	(218)
Variation in historic value		
Formation	55	132
Depletion	(17)	(82)
i) Advances for acquisition of forests	131	-
Closing balance	**1,311**	**1,126**

	03/31/2014	12/31/2013
ii) Effects of the variation in fair value of biological assets	**16**	**(26)**
Variation in fair value	55	192
Depletion of fair value	(39)	(218)

i) Advances related to the acquisition of all the forests belonging to Caxuana Ltda.,which are 21,000 hectares of area planted with pine and eucalyptus, strategically located, between the new industrial unit which will be built in Triangulo Mineiro and Uberada unit, as announced by Duratex on March 13, 2014.

ii) The adjustment related to the variation of the fair value results from higher prices in the present value of standing wood, and higher productivity.

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 federal income tax and social contribution on net income, which is a federal 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 03/31/2014	01/01 to 03/31/2013
Income before income tax and social contribution of continuing operations	**1,834**	**1,422**
Income before income tax and social contribution of discontinued operations	**-**	**(47)**
Charges (income tax and social contribution) at the current rates	(624)	(467)
Increase/decrease to income tax and social contribution charges arising from:		
Permanent additions (exclusions)	**574**	**470**
Share of comprehensive income of associates and joint ventures	568	423
Income from foreign investments	3	(10)
Interest on capital	37	11
Other	(34)	46
Total income tax and social contribution	**(50)**	**3**

b) Deferred Income Tax and Social Contribution

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

	12/31/2013	Realization/ reversal	Increase	03/31/2014
Deferred tax assets				
Tax losses and social contribution loss carryforwards	294	-	10	304
Allowance for loan losses	3	-	-	3
Adjustment to market value - securities and derivative financial instruments	2	-	-	2
Goodwill on purchase of investments	142	-	-	142
Provision for contingent liabilities	142	(14)	28	156
Other	146	(72)	26	100
Total deferred tax assets	**729**	**(86)**	**64**	**707**
Deferred tax liabilities				
Revaluation reserve	(56)	-	-	(56)
Present value of financing	(7)	-	-	(7)
Swap results	(17)	9	-	(8)
Depreciation	(8)	-	-	(8)
Restatement of escrow deposits, legal liabilities and contingent liabilities	(5)	-	-	(5)
Pension plans	(4)	-	-	(4)
Sale of property	(6)	1	-	(5)
Other liabilities	(115)	-	(4)	(119)
Adjustments: CPCs / IFRS	(301)	-	(55)	(356)
Total deferred tax liabilities	**(519)**	**10**	**(59)**	**(568)**
Deferred tax assets, Net	**210**	**(76)**	**5**	**139**

II- The estimated realization and the present value of the Deferred Income Tax and Social Contribution at March 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:

	03/31/2014	12/31/2013
Deferred tax assets	**707**	**729**
Deferred tax assets to be recovered within 12 months	54	38
Deferred tax assets to be recovered after 12 months	653	691
Deferred tax liabilities	**(568)**	**(519)**
Deferred tax liabilities to be recovered after 12 months	(568)	(519)
Deferred tax assets, net	**139**	**210**

NOTE 13 - LOANS AND FINANCING

Loans and Financing	Charges	03/31/2014			12/31/2013		
		Current	Non current	Total	Current	Non current	Total
BNDES	4.7% to 9.0% p.a	49	17	66	89	15	104
BNDES	TJLP + 1.1% to 4.32% p.a	212	519	731	193	554	747
BNDES	Selic + 2.16% p.a	1	3	4	-	3	3
BNDES	108% CDI	-	-	-	10	-	10
Industrial Credit and Bank	101.2% of CDI	170	145	315	274	184	458
Industrial Credit and Bank	12.7% p.a	7	54	61	7	53	60
Discount NPR	5.5% p.a	36	-	36	8	-	8
FINAME	Fixed 3.7% to 7.4% p.a	-	5	5	-	2	2
FINAME	TJLP + 2.3% p.a	4	34	38	2	34	36
FINEP	3.5% to 4.0% p.a	15	57	72	15	61	76
Floating Rate Note	109.3% of CDI	-	-	-	1	-	1
FUNDIEST	30% + IGP-M per month	21	122	143	18	123	141
FUNDOPEM	IPCA + 3.0% p.a	-	22	22	-	16	16
Discounted Rural Promissory Note	105.3% of CDI	70	278	348	68	57	125
Discounted Rural Promissory Note	8.0% to 9.6% p.a	71	157	228	68	155	223
PROINVEST / PRO FLORESTA	IGP-M + 4.0% p.a / IPCA + 6.0% p.a	13	11	24	12	14	26
Vendor		2	-	2	2	-	2
Credit assignment	9.38% p.a	6	-	6	20	-	20
Other	Fixed 1.3% per month	10	-	10	-	-	-
Local currency		**687**	**1,424**	**2,111**	**787**	**1,271**	**2,058**
Advances on Exchange Contracts – Foreign Exchange Discount	1.29% p.a	20	-	20	2	-	2
BNDES	Basket of Currencies + 2.2% to 2.4% p.a	12	19	31	12	23	35
BNDES	Basket of Currencies + interest	-	-	-	1	-	1
BNDES	US$ + L + 1.6% to 2.1% p.a	1	3	4	2	4	6
BNDES	Exchange variation + 1.65% to 2.16% p.a	3	9	12	3	10	13
Foreign	Libor + 0.92% p.a	87	5	92	93	-	93
Resolution 2770	US$ + L + 1.3% to 1.7% p.a	-	-	-	2	-	2
Resolution 4131	US$ + 1.6% to 2.12% p.a	1	510	511	-	-	-
Resolution 4131	US$ + L + 1.3% to 1.7% p.a	-	50	50	1	438	439
Other		14	45	59	-	-	-
Foreign currency		**138**	**641**	**779**	**116**	**475**	**591**
Total		**825**	**2,065**	**2,890**	**903**	**1,746**	**2,649**

Maturities	03/31/2014	12/31/2013
2014	-	895
2015	808	365
2016	384	134
2017	328	203
2018	229	74
2019	154	56
2020	137	9
2021	11	10
Other	14	-
Total	**2,065**	**1,746**

NOTE 14 – Debentures

On December 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

	03/31/2014			12/31/2013		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Debentures - Duratex	1	112	113	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.

	03/31/2014	12/31/2013
IPI bonus credit from 1960 to 1985	114	111
Monetary adjustment of credits from Eletrobrás	11	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	7	5
PIS – calculation basis	3	3
PIS and COFINS – Manaus Duty Free Zone	11	10
PIS and COFINS – Transfer of commissions on sales abroad	17	17
Cacex (foreign trade) tax	21	21
Other	15	16
Total	**211**	**205**

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 joint and several 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	8	4	1	13
Increase	70	4	-	74
Reversal	(24)	(5)	(1)	(30)
Payments	-	(3)	-	(3)
Balance at 03/31/2014	**489**	**71**	**21**	**581**
Escrow deposits	(4)	(7)	(1)	(12)
Balance at 03/31/2014 after the offset of escrow deposits	**485**	**64**	**20**	**569**

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

- PIS and COFINS – Calculation basis – R$ 325: 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.

- IRPJ and CSLL – “Summer Plan” – R$ 61: 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%.

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 March 31, 2014, these lawsuits totaled R$ 641 for tax lawsuits, R$ 13 for labor claims and R$ 5 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$ 219: 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$ 202: Cases in which the liquidity and certainty of offset credits are discussed;

- Differences in accessory obligations – R$ 28: Discussion of possible differences between the information included in the accessory obligations;

- Integration program tax on revenue (PIS) and Social security funding tax on revenue (COFINS) – Disallowance of credits – R$ 22: the restriction to the right to credits in connection with certain inputs related to these contributions is being disputed accordingly;

- Levy of Tax on circulation of goods and services (ICMS) Credits – R$ 21: Discussion on the levy, recognition and use of ICMS credits;

- Income tax and social contribution – Profit made available abroad - R$ 18: Discussion of the calculation basis for levy of these taxes on profits earned abroad.

NOTE 16 – STOCKHOLDERS' EQUITY

a) Capital

Capital is R$22,000, represented by 5,470,667,261 book-entry shares, with no par value, of which 2,106,226,703 are common shares and 3,364,440,558 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 March 31, 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**
Shares of capital stock at 03/31/2014	**2,106,226,703**	**3,364,440,558**	**5,470,667,261**	**22,000**
Residents in Brazil	2,105,793,889	2,194,343,995	4,300,137,884	17,293
Residents abroad	432,814	1,170,096,563	1,170,529,377	4,707
Treasury shares at 03/31/2014 (*)	**-**	**(600,000)**	**(600,000)**	**(5)**
Shares outstanding at 03/31/2014	**2,106,226,703**	**3,363,840,558**	**5,470,067,261**	**21,995**

(*) Own shares, purchased based on authorization of the Board of Directors, to be held in treasury for subsequent cancellation or replacement in the market.

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

Net income	1,681	
(-) Legal reserve	(84)	
Dividend calculation basis	1,597	
Mandatory minimum dividend	**399**	**25.00%**

II. Provision for interest on capital and dividends

	Gross	WTS	Net
Provided for	**455**	**(56)**	**399**
Dividends	**82**	**-**	**82**
1 quarterly installment of R$ 0.015 per share payable on 07/01/2014	82	-	82
Interest on capital	**373**	**(56)**	**317**
Supplementary of R$ 0.0682 per share to be declared	373	(56)	317
Total at 03/31/2014 - R$ 0.073 net per share	**455**	**(56)**	**399**
Total at 03/31/2013 - R$ 0.057 net per share (*)	**345**	**(41)**	**304**

(*) For better comparability the bonuses were taken into account.

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.

	03/31/2014	12/31/2013
Revenue Reserves	12,140	10,976
Legal	1,204	1,120
Statutory	10,936	9,856
Dividends equalization	2,574	2,066
Working capital increase	4,081	3,852
Increase in capital of investees	4,281	3,938
Proposal for distribution of additional dividends	**-**	**617**
Other reserves	**432**	**413**
Total reserves at parent company	**12,572**	**12,006**

	Revenue reserves		Other reserves	Total reserves
	Legal reserve	Statutory reserves		
Beginning balance	**1,120**	**10,473**	**413**	**12,006**
Recognition of reserves	84	1,142	-	**1,226**
Dividend – amount in addition to the minimum mandatory dividend for prior years	-	(617)	-	**(617)**
Corporate reorganizations	-	(62)	-	**(62)**
Recognized options granted	-	-	19	**19**
Ending balance	**1,204**	**10,936**	**432**	**12,572**

d) Unappropriated reserves

Refers to balance of profit remaining after the distribution of dividends and appropriations to statutory reserves in the statutory accounts of ITAÚSA CONSOLIDATED.

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 valuation 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	1,966,849
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 Dec/13	Mar/14 (*)	Option price	Total amount	2007 to 2011	2012	2013	1st Quarter/14	Other periods
03/30/2006	2,659,180	06/30/2007	to 12/31/2016	11.16	53,740	53,740	11.42	1	1	-	-	-	-
01/31/2007	2,787,050	06/30/2008	to 12/31/2017	11.82	1,445,154	1,445,154	10.36	25	25	-	-	-	-
02/13/2008	2,678,901	06/30/2009	to 12/31/2018	15.34	1,512,330	1,512,330	8.47	19	19	-	-	-	-
06/30/2009	2,517,951	06/30/2012	to 12/31/2017	9.86	830,467	830,467	4.64	9	8	1	-	-	-
04/14/2010	1,333,914	12/31/2013	to 12/31/2018	16.33	1,420,779	1,420,779	8.21	9	5	2	2	-	-
06/29/2011	1,875,322	12/31/2014	to 12/31/2019	13.02	1,859,377	1,859,377	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	1,287,309	5.69	7	-	1	2	1	3
04/17/2013	1,561,061	12/31/2016	to 12/31/2021	14.45	1,498,804	1,498,804	6.54	9	-	-	2	1	6
02/11/2014	1,966,869	12/31/2017	to 12/31/2022	11.44	-	1,966,869	4.48	9	-	-	-	-	9
Sum	**18,695,608**				**9,907,960**	**11,874,829**		**97**	**59**	**7**	**9**	**2**	**20**
Exercise effectiveness								**96.63%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**
Computed value								**93**	**57 (1)**	**7 (2)**	**8 (3)**	**2 (4)**	**19 (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) Value charged to income for the first quarter of 2014.
(5) Value charged to income in other periods.
(*) Includes bonus shares of 10% as per resolution at the A/ESM of April 22, 2013.

At March 31, 2014, the Company had 2,255,054 treasury shares, which may be used in a possible option exercise.

b) Itautec S.A.

As set forth in the bylaws, 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 valuation 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	2004 Plan	2006 Plan
Number of shares granted (i) (ii)	112,655	173,333
Price of share at the granting date (in Reais - R$) (ii)	44.70	45.60
Exercise price (in Reais - R$) (ii)	23.55	36.45
Fair value of the option (in Reais - R$) (ii)	38.52	32.88
Vesting period	06/30/05	06/30/07
Exercise deadline	12/31/14	12/31/16
Volatility	64%	65%
Dividends (dividend yield)	1.5%	2.7%
Risk-free return rate	24.9%	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

On March 31, 2014, the market price of the shares was R$ 19.00 (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 valuation 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 - GENERAL AND ADMINISTRATIVE EXPENSES

	01/01 to 03/31/2014	01/01 to 03/31/2013
Personnel expenses	**(43)**	**(47)**
Compensation	(28)	(29)
Charges	(8)	(7)
Welfare benefits	(4)	(3)
Training	(1)	(1)
Employee profit sharing	(2)	(7)
Administrative expenses	**(22)**	**(28)**
Data processing and telecommunications	(2)	(2)
Third-party services	(9)	(11)
Advertising, promotions and publicity	(1)	(1)
Travel	(1)	(1)
Rental and facilities	(3)	(3)
Other	(6)	(10)
Depreciation	**(2)**	**(5)**
Total	**(67)**	**(80)**

NOTE 19 - OTHER (LOSSES) / GAINS, NET

	01/01 to 31/12/2013	01/01 to 31/12/2012
Provisions for contingencies	18	(9)
Write-off of surplus of pension plan	-	2
Amortization of customer portfolio	(7)	(7)
Options granted and recognized	(5)	(5)
Loss on sale of other investments and fixed assets (*)	161	55
Recovery of expenses	-	32
Expense on research and development (R&D)	1	13
Other	(2)	(1)
Total	**166**	**80**

(*) 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 20 - 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 03/31/2014	01/01 to 03/31/2013
Net income of Continued Operations	**1,681**	**1,329**
Net income of Discontinued Operations	**-**	**(47)**
Minimum non-cumulative dividend on preferred shares in accordance with our bylaws	(34)	(33)
Subtotal	**1,647**	**1,249**
Retained earnings to be distributed to common equity owners in an amount per share equal to the	(21)	(21)
Subtotal	**1,626**	**1,228**
Retained earnings to be distributed to common and preferred equity owners on a pro-rata basis		
To common equity owners	626	473
To preferred equity owners	1,000	755
Total net income available to common equity owners	**647**	**494**
Total net income available to preferred equity owners	**1,034**	**788**
Weighted average number of shares outstanding		
Common shares	2,106,226,703	2,052,918,509
Preferred shares	3,364,240,558	3,279,287,212
Earnings per share – Basic and diluted of Continued Operations - R$		
Common shares	0.31	0.25
Preferred shares	0.31	0.25
Earnings per share – Basic and diluted of Discontinued Operations - R$		
Common shares	-	(0.01)
Preferred shares	-	(0.01)

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

NOTE 21 – 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 – 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 was allocated 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 (*)	03/31/2014
Intangible assets subject to amortization			
Customer relationships(*)	115	(14)	101
Exclusive access to retail customers and real estate brokers	89	(4)	85
Other	2	-	2
Total intangible assets subject to amortization (I)	**206**	**(18)**	**188**
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**	**(18)**	**255**
Deferred tax liability (IV)	**(109)**	**7**	**(102)**
Total goodwill allocated (V = III + IV)	**164**	**(11)**	**153**
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.

NOTE 22 – POST-EMPLOYMENT BENEFITS

As prescribed in CPC 33 - “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 10,039 participants at March 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 March 31, 2014.

The amount recorded in the balance sheet under other assets (Note 6a) is R$ 124 (R$ 122 at December 31, 2013). The amount of R$ 2 was recognized in results (R$ 2 at March 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.

March 31, 2014, the surplus and restored technical balance of the BD Plan was recorded in other assets (Note 6a), in the amount of R$ 53 payable in 23 monthly installments to which the return rate of investment in the BD Plan applies.

Main assumptions used in actuarial valuation of Retirement Plans

	03/31/2014	03/31/2013
Discount rate	12.73% p.a.	8.16% p.a.
Mortality table (1)	AT-2000	AT-2000
Turnover	Null	Null
Future salary growth	9.18 % p.a.	7.12 % p.a.
Growth of the pension benefit /Plans	6.00 % p.a.	4.00 % p.a.
Inflation	6.00 % p.a.	4.00 % 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 23 –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 March 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: operates in the IT market and is specialized in the development of products and solutions in computing.

	January to March	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED ITAUSA (1)
		Itaú Unibanco Holding	Duratex (5)	Elekeiroz	Itautec (5) (6)	
Total assets	**2014**	**1,025,285**	**8,584**	**697**	**492**	**42,769**
	2013	947,655	7,768	690	1,083	39,160
Operating revenues (2)	**2014**	**35,663**	**930**	**241**	**55**	**2,891**
	2013	27,557	865	226	151	2,488
Net Income	**2014**	**4,551**	**161**	**-**	**(6)**	**1,784**
	2013	3,482	149	1	1	1,378
Stockholders' equity	**2014**	**84,481**	**4,510**	**504**	**142**	**36,677**
	2013	76,255	4,160	478	544	32,770
Annualized return on average equity (%) (3)	**2014**	**22.1%**	**14.5%**	**0.2%**	**-15.8%**	**19.6%**
	2013	18.5%	14.6%	1.1%	0.5%	16.8%
Internal fund generation (4)	**2014**	**22,571**	**227**	**12**	**-**	**463**
	2013	14,497	355	12	(19)	197

(1) *Itaúsa Conglomerate 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) / 2).*

(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 and Equity to include discontinued operations*

NOTE 24 – 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 S.A and IUPAR – Itaú Unibanco Participações.

The transactions with these related parties are mainly characterized by:

a) Related Parties

	Consolidated			
	ASSETS/(LIABILITIES)		REVENUE/(EXPENSES)	
	03/31/2014	12/31/2013	03/31/2014	03/31/2013
Financial Investments	**136**	**213**	**5**	**8**
Itaú Unibanco S.A.	136	213	5	8
Amounts receivable from (payable to) related companies	**-**	**1**	**-**	**-**
Itaú Unibanco S.A.	-	1	-	-
Banking service fees	**-**	**-**	**-**	**18**
Itaú Unibanco S.A.	-	-	1	17
Itaú Seguros	-	-	(1)	(1)
Banco Itaú BBA	-	-	-	2
Total	**136**	**214**	**5**	**26**

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$ 1 (R$ 2 from 01/01 to 03/31/2013) due to the use of the common structure.

b) Guarantees provided

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

	03/31/2014	12/31/2013
Duratex S.A.	519	522
Elekeiroz S.A.	78	84
Itautec S.A.	70	102
Total	**667**	**708**

c) Compensation of the Key Management Personnel

The fees attributed in the period to management members are as follows:

ITAÚSA	**03/31/2014**	**03/31/2013**
Compensation	2	1
Profit sharing	2	1
Total	**4**	**2**

DURATEX	**03/31/2014**	**03/31/2013**
Compensation	4	4
Profit sharing	2	3
Stock Options	2	2
Total	**8**	**9**

ITAUTEC	**03/31/2014**	**03/31/2013**
Compensation	2	2
Profit sharing	-	2
Total	**2**	**4**

ELEKEIROZ	**03/31/2014**	**03/31/2013**
Compensation	2	1
Total	**2**	**1**

NOTE 25 – 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 for 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 the operating needs, which mainly reflect the payment of dividends and interest on capital, and settlement of issued debentures.

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$ 882, 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 derivative financial instruments:

	Notional amount	Fair value	Accumulated effect	
	03/31/2014	03/31/2014	Amount receivable	Amount payable
Swap contracts	**43**	**22**	**25**	**(3)**
Asset position	**900**	**915**	**25**	**(3)**
Foreign currency (USD and EUR)	600	585	25	(2)
Fixed rate	300	330	-	(1)
Liability position	**(857)**	**(893)**	**-**	**-**
CDI	(857)	(893)	-	-
Futures contracts (NDF)	**43**	**(1)**	**-**	**(1)**
Purchase commitments	**43**	**(1)**	**-**	**(1)**
Foreign currency (USD)	43	(1)	-	(1)

	Notional amount	Fair value	Accumulated effect	
	12/31/2013	12/31/2013	Amount receivable	Amount payable
Swap contracts	**46**	**1,596**	**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:

03/31/2014	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	670	983	892	13
Suppliers and other payables	266	123	-	-
Total	**936**	**1,106**	**892**	**13**

12/31/2013	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	928	1,244	604	10
Suppliers and other payables	355	126	-	-
Total	**1,283**	**1,370**	**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	(8)	(20)	(32)
	Hedged item: loans at fixed rates		8	20	32
Foreign exchange	Swap - US$ / CDI (Res. 2770 Res. 4131)	Drop - US$	(17)	(211)	(405)
	Hedged item: Debt in foreign currency (US$)	(Increase US$)	17	211	405
	NDF (US$)	Drop - US$	(2)	(12)	(22)
	Swap (US$)	Increase - US$	43	33	22
	Swap (US$)	Increase - CDI	(45)	(45)	(45)
	Hedged item: Debt in foreign currency	US$ / EUR	1	(4)	(4)
	Exports receivable	(Drop - US$)	-	(10)	(20)
		Increase - US$	-	10	20
	BNDES – Revolving credit	Drop - US$	(2)	3	7
		(Increase US$)	-	(3)	(7)
	Advances on exchange contracts – Foreign exchange discount	Drop - US$	-	5	10
		(Increase US$)	-	(5)	(10)
	Foreign suppliers	Drop - US$	-	1	1
		(Increase US$)	-	(1)	(1)
Total			**(5)**	**(28)**	**(49)**

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 – “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).

	03/31/2014	12/31/2013
Assets (*):	**3,485**	**3,225**
Cash and deposits on demand	1,904	1,539
Trade accounts receivable	1,186	1,180
Restricted deposits	258	373
Dividends and Interest on Capital	38	28
Related Parties	34	40
Precatory Receivable	65	65
Liabilities:	**4,357**	**4,080**
Loans/ Financing/ Debentures	3,003	2,765
Suppliers / Other expenses	253	305
Dividends and Interest on Capital	1,097	1,015
Financial instruments	4	(5)

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

NOTE 26 – SUPPLEMENTARY INFORMATION

Provisional Measure No. 627 (MP 627/13: on November 11, 2013, MP 627/13 was enacted to amend the federal tax legislation on IRPJ, CSLL, PIS and COFINS. MP 627/13 provides for the following, among other matters:

- revokation of the Transition Tax Regime – RTT, established by Law No. 11,941, of May 27, 2009;
- taxation of legal entities domiciled in Brazil, in connection with the equity increase arising from the interest on profit earned abroad by subsidiaries and affiliates.

Based on the wording in effect, we estimate that MP 627/13 will not have significant accounting effects on the consolidated financial statements of ITAÚSA.

NOTE 27 – SUBSEQUENT EVENTS

On April 25, 2014, the Board of Directors of Itaúsa resolved to increase capital with the issuance of 84 million new shares, of which 32,340,304 are common shares and 51,659,696 are preferred shares, in the amount of R$525 million.

The General Stockholders' Meeting of April 28, 2014 approved the issuance of 10% bonus shares, through paid-in reserves, in the amount of R$4.5 billion. The unit cost assigned to each bonus share is R$8.101295339, regardless of their type. Shares subscribed in the capital increase were also entitled to the 10% bonus shares.

Report on Review

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

Introduction

We have reviewed the accompanying interim balance sheet of Itaúsa - Investimentos Itaú S.A. ("Parent Company”) as at March 31, 2014 and the related statements of income, comprehensive income, changes in equity and cash flows for the quarter ended march 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

We have also reviewed the accompanying consolidated interim balance sheet of Itaúsa - Investimentos Itaú S.A. and its subsidiaries ("Consolidated") as at March 31, 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the quarter ended march 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the Parent Company interim financial statements in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the Consolidated interim financial statements in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the Parent Company interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. at March 31, 2014, and its financial performance and cash flows for the quarter ended march 31, 2014, in accordance with CPC 21 - Interim Financial Reporting.

Conclusion on the Consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its subsidiaries, at March 31, 2014, and their financial performance and the cash flows for the quarter ended March 31, 2014, in accordance with CPC 21 - Interim Financial Reporting and the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB)

Other matters

Interim statements of value added

We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2014. These statements are the responsibility of the company’s management, and are presented as supplementary information. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the interim financial statements taken as a whole.

São Paulo, May 5, 2014.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Washington Luiz Pereira Cavalcanti
Accountant 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 account statements for the 1st quarter of 2014, have verified the accuracy of all the items examined and, in view of the revision report issued 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), April 28, 2014. (signed) Tereza Cristina Grossi Togni – President; José Carlos de Brito e Cunha and Paulo Ricardo Moraes Amaral – Councilors.*

HENRI PENCHAS
Investor Relations Officer