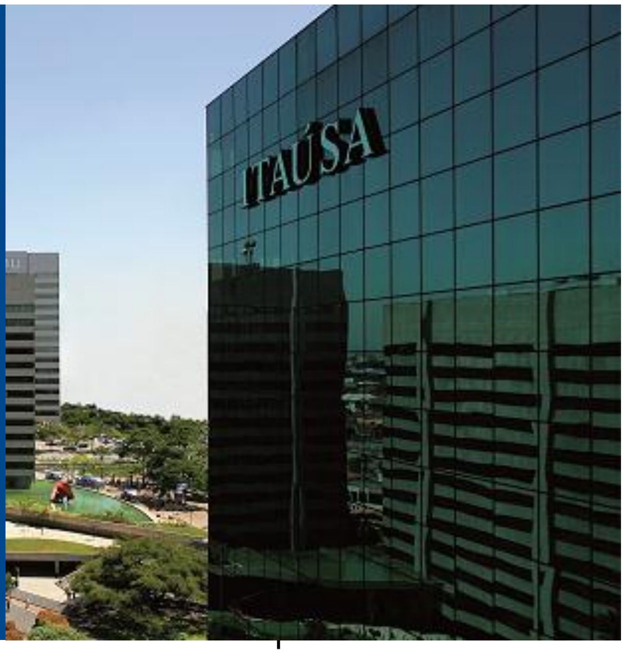
ITAÚSA



Duratex | Elekeiroz | Itautec | Itaú

Complete Financial Statements

December 31, 2013

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

MANAGEMENT REPORT – January to December 2013

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 1, to December, 31 2013, 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

For the 10th consecutive year, Itaúsa was selected to make up the portfolio of Dow Jones Sustainability World Index (DJSI), the main sustainability index in the world. In its 2013/2014 edition, the portfolio is made up by 333 companies of 25 countries, of which only eight are Brazilian companies - among which Itaú Unibanco Holding S.A.. This was the first year in which Itaúsa was classified in the Banking sector; in previous years, Itaúsa was classified in the Financial Services sector. Itaúsa achieved the best rate in the following criteria: “Anti-crime Policies/Actions”, “Brand Management”, “Financial Stability and Systemic Risk” and “Development of Human Capital”. In addition, Itaúsa, Itaú Unibanco and Duratex were also selected to make up the portfolio of the Dow Jones Sustainability Emerging Markets Index.

For the seventh consecutive year, Itaúsa was chosen to make up the portfolio of the Business Sustainability Index of BM&FBovespa (ISE). Itaú Unibanco and Duratex are also included in this short list. The new portfolio comprises 51 shares of 40 companies, representing 18 sectors totaling R$1.14 trillion in market value, equivalent to 47.16% of the total market value of companies listed on BM&FBovespa (on November 26, 2013). This new portfolio is in effect from January 6, 2014 to January 2, 2015.

Itaúsa was acknowledged by Carbon Disclosure Project - CDP Latin America as a Leader in Transparency in accordance with CDP’s global scoring methodology applied to the Climate Changes 2013 Edition survey. This study gathers data and analyses on gas emissions that cause the greenhouse effect and how companies address the climate change theme in their management.

Itaú Unibanco Holding

In 2013, Itaú Unibanco acquired 23.5 million preferred shares of own issue in the total amount of R$662.2 million at the average price of R$28.18 per share. In December 2013, the meeting of the Board of Directors approved the renewal of the repurchase program, authorizing the acquisition of up to 13.7 million of common shares and 86.3 million of preferred shares.

The following were announced and approved by the regulatory bodies in 2013:

- Acquisition of Banco Itaú BMG Consignado S.A., approved by BACEN;
- Acquisition of shares of BMG Seguradora S.A., approved by SUSEP and BACEN;
- Acquisition of Citibank’s retail operation in Uruguay, approved by the Central Bank of Uruguay;
- Shareholders’ Agreement of IRB - Brasil Resseguros S.A., approved by CADE, TCU and SUSEP, regarding the privatization process;
- Agreement with Banco Citibank S.A. for the purchase of Credicard and Citifinancial, approved by CADE and BACEN.

On January 29, 2014, Itaú Unibanco entered into an agreement with CorpBanca and its controlling stockholders, establishing the terms and conditions for the merger of operations of Banco Itaú Chile and CorpBanca in Chile and in Colombia. This agreement represents an important step in the internationalization process and in the purpose of being the leading bank in Latin America, where Itaú Unibanco will be the 4th largest bank of Chile and the 5th largest bank of Colombia in terms of loans. The following is noteworthy:

- Itaú CorpBanca, controlled by Itaú Unibanco, will provide its clients with a wide and innovative range of financial products and services, by means of an extensive branch network in Chile (217) and in Colombia (172), keeping the quality of client service that distinguishes the operations of both banks.

- This agreement will result in the organization of one of the strongest financial institutions in Latin America, with US$43.4 billion in assets and US$33.1 billion in granted loans. Itaú CorpBanca, controlled by Itaú Unibanco, will provide its clients with a wide and innovative range of financial products and services, by means of an extensive branch network in Chile (217) and in Colombia (172), keeping the quality of client service that distinguishes the operations of both banks.

- With this agreement, Itaú Unibanco and Corp Group will create a platform for growth and search of new business opportunities in the financial sector in Chile, Colombia, Peru and Central America.

- The consummation of the merger is subject to the satisfaction of certain conditions precedent, including the approval by the stockholders' meeting and by the proper regulatory authorities.

In December 2013 Itaú Unibanco informed that the negotiation with Chilean retail network Cencosud was not successful, and this is the reason why the intended and previously disclosed association will not be consummated.

Duratex

In 2013, the company invested R$601.5 million in projects for the expansion of capacity, maintenance of current operations and acquisitions. In the Panel Division, noteworthy were the completion of the new MDF unit, in the city of Itapetininga (State of São Paulo), and the debottlenecking works of the MDP manufacturing in the city of Taquari (state of Rio Grande do Sul). In the Deca Division, the expansion of capacity in the metal fixtures manufacturing in the city of Jundiaí (State of São Paulo), and in the sanitary porcelain in the city of Queimados (State of RJ) was completed. In july 2013, was manufactured the first commercial sheet of MDF from the new plant at Itapetininga (State of São Paulo). All these projects were under a technical ramp-up stage, and their full capacity occupation is expected for the second half of 2016.

Duratex took other important steps through acquisition to R$56.4 million of total capital of Thermosystem, manufacturer of electronic showers and solar heating.

Another step was the announcement of the Initial Public Offering (IPO) of Tablemac, aiming at obtaining the effective control of that operation. This IPO was completed on January 22, 2014, with an additional investment of approximately US$64 million, and Duratex now holds 80.62% of Tablemac's capital.

Elekeiroz

On December 6, Elekeiroz acquired the assets of oxo-gas plant from Air Products Brasil Ltda., located in the Industrial Complex of Camaçari, State of Bahia. The acquisition was approved by the Administrative Council for Economic Defense (CADE). The total investment amount will reach R$ 70 million and considers, in addition to the assets themselves, the acquisition of equipment to adjust the product mix and the interconnection with Elekeiroz complex.

With the consummation of this acquisition, Elekeiroz, which already manufactured oxo gas in its Camaçari complex, and now internalizes this important source of input, which is essential to the production process of oxo-alcohols (butanol, octanol) and 2-ethylhexanoic acid.

Itautec

The amount of R$85.1 million was invested in the year, of which R$64.3 million in research and development (R&D), mainly focused on the development of products in the retail and banking automation segments, including hardware and software, and R$20.8 million were invested in fixed assets.

Strategic Repositioning

Partnership with Oki Electric Industry Co. Ltd.

As set forth in the execution of the agreement on May 15, 2013 and after the conclusion of certain conditions established in the agreement, Oki Electric Industry Co. Ltd. (“OKI”), a company established in compliance with the laws of Japan, formalized on January 10, 2014 the acquisition of 70% of 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.” (“BR Automação”), which received all support required to operate in the market, including technology, patents, intellectual property and other assets, and also agreements and transfer of employees and experts in the Automation and Services segments. Since September 1, 2013, the company has been in charge of the supply of equipment, software and services, in addition to demanded warranty and maintenance related to the Automation and Services segments.

On January 10, 2014 a strategic partnership was formalized with OKI, involving banking automation, retail automation and services.

The buildings located at the Jundiai Industrial District will continue to be the property of Itautec and were allocated to BR Automação.

The Extraordinary Shareholders’ Meeting held on January 14, 2014 approved the amendment to the purpose of Itautec S.A., due to the strategic partnership with OKI, since the Company will start to carry out activities of the banking and retail automation areas, and to provide services indirectly and in partnership with OKI.

Decommissioning of the Computing Segment

As reported to the market on May 15, 2013, Itautec’s management decided to gradually decommission the activities of the Computing Unit, not giving rise to any prejudice to the full compliance with all agreements and obligations to supply Itautec/InfoWay-branded equipment, nor with the customer service and maintenance-related services. In this process, the operation of sales of products in the personal computing segment was terminated in the third quarter.

2) ECONOMIC ENVIRONMENT

The year 2013 was characterized by the return of optimism in the global scenario, particularly regarding the developed economies. The outlook for the U.S. economy is better, due to the reinvigoration of growth, and the maintenance of job creation in a satisfactory level. The Federal Reserve, the Central Bank of the USA, started to bring the monetary policy back to normal in January 2014. The US long-term interest rates have increased, making the dollar stronger. Europe has pulled out of recession, but growth there is still rather moderate. China has posted decreasing interest rates, but the risks of a bigger slowdown were reduced. Japan has been able to fight deflation.

In Brazil, the pace of economic activity continues moderate. Gross domestic product should close 2013 at approximately 2.2%. Pillars, such as the entrepreneurs’ and consumers’ confidence in low levels, suggest the maintenance of the scenario below. The pace of job creation slowed in 2013. However, the unemployment rate continued in historically low levels, since there a decrease in job search effort.

After starting the year around the level of R$ 2.00/US$, the foreign exchange rate depreciated in mid-2013, due the hardships of the Brazilian economy and the appreciation of the US dollar against the currencies of emerging economies. As a response to the real depreciation, the Central Bank implemented a swap sale program. The foreign exchange rate closed 2013 at R$ 2.36/US$.

The IPCA ended 2013 at 5.9%. The breakdown of IPCA showed a strong asymmetry between free and controlled prices. Whereas free prices increased 7.3% in the year, pressed by inflationary inertia, high-level expectation and the impact of the exchange rate depreciation, controlled prices were up only 1.5%, particularly due to discounts in electric energy tariffs and to the revocation of the rise in certain public transportation fares. We expect IPCA to continue at a higher level in 2014.

In response to the high inflation rate, the Central Bank started an interest rate increase cycle in April 2013. In its last meeting, held in January 2014, Copom voted for the increase of the Selic rate to 10.50% and indicated that new increases are to come. We believed that the Selic rate will be at least 10.75% at the end of 2014.

3) BUSINESS PERFORMANCE

Recurring net income for the period from January 1 to December 31, 2013 amounted to R$ 6,199 million, with recurring annualized return on average equity of 19.8%. Net income for the same period reached R$ 5,698 million, with annualized return of 18.2%.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

	Parenty company		Non-controlling interests		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Net income	5,698	4,539	313	297	6,011	4,836
Recurring net income	6,199	4,777	362	279	6,561	5,056
Stockholders' equity	33,131	30,027	2,843	2,647	35,974	32,674
Annualized return on average equity (%)	18.2%	15.2%	11.3%	11.7%	17.6%	14.9%
Annualized recurring return on average equity (%)	19.8%	16.0%	13.1%	11.0%	19.2%	15.6%

MAIN FINANCIAL INDICATORS

	12/31/2013	12/31/2012	Evolução %
Indicators per share - in R$			
Net income of parent company	1.05	0.87	20.9%
Recurring net income of parent company	1.15	0.92	24.9%
Book value of parent company	6.06	5.63	7.5%
Dividends/ interest on capital, net	0.34	0.31	10.2%
Price of preferred share (PN) (1)	8.91	8.81	1.1%
Market capitalization (2) – in millions of Brazilian reais - R$	48,744	46,972	3.8%

(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-dec/13	Share %	jan-dec/12	Share %	Change %
Financial Services Area	**6,035**	**96.9%**	**4,874**	**98.2%**	**23.8%**
Industrial Area	**193**	**3.1%**	**88**	**1.8%**	**119.3%**
Duratex	199	3.2%	159	3.2%	25.2%
Elekeiroz	23	0.4%	-	0.0%	
Itautec	(29)	-0.5%	(71)	-1.4%	-59.2%
Others	**(1)**	**0.0%**	**-**	**0.0%**	
Recurring share of income	**6,227**	**100.0%**	**4,962**	**100.0%**	**25.5%**
Results of Itaúsa - net of taxes	(28)		(185)		
Recurring Net Income	**6,199**		**4,777**		**29.8%**
Non-Recurring results	(501)		(238)		
Net Income	**5,698**		**4,539**		**25.5%**

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 tax effects:

	Parent company		Non-controlling interests		Consolidated	
	01/01 a 12/31/2013	01/01 a 12/31/2012	01/01 a 12/31/2013	01/01 a 12/31/2012	01/01 a 12/31/2013	01/01 a 12/31/2012
Net Income	**5,698**	**4,539**	**313**	**297**	**6,011**	**4,836**
Inclusion / (Exclusion) of non-recurring effects	**501**	**238**	**49**	**(18)**	**550**	**220**
Itaúsa	**14**	**-**	**-**	**-**	**14**	**-**
Effect of Adherence at the payment of taxes program - Law nº 12.865/13	14	-	-	-	14	-
Arising from purchase of stockholding interest in Itaú Unibanco Holding	**189**	**298**	**-**	**-**	**189**	**298**
Change in treasury shares	99	19	-	-	99	19
Realization of purchase price allocation Itaú Unibanco x Redecard	38	-	-	-	38	-
Provision (Tax/Civil lawsuits/Economic Plans/Labor claims/Other)	278	301	-	-	278	301
Allowance for loan losses.	-	84	-	-	-	84
Effect of Adherence at the payment of taxes program - Law nº 12.865/13	(187)	-	-	-	(187)	-
Realization of Assets	88	(205)	-	-	88	(205)
Porto Seguro-Favorable Decison of STF (Federal Court) - Incidence of Cofins Tax	(100)	-	-	-	(100)	-
IRB - Change of Criteria in the investment recognition	(48)	-	-	-	(48)	-
Reward Program	-	68	-	-	-	68
Other	21	31	-	-	21	31
Resulting from the ownership interest in Itautec	**302**	**(55)**	**20**	**(4)**	**322**	**(59)**
Pension plan' surplus (defined benefit)	(21)	-	(1)	-	(22)	-
Write-off of the pension plan' surplus (defined contribution)	67	-	4	-	71	-
Provision for non-realization of deferred tax assets	107	-	7	-	114	-
Provision for obsolescence of IT inventories	20	-	1	-	21	-
Provision for reorganization of the IT segment and other	25	-	2	-	27	-
Effect of Adherence at the payment of taxes program - Law nº 12.865/13	1	-	-	-	1	-
Discontinued Operations (banking automation and commercial and the services)	103	(12)	7	(1)	110	(13)
Other	-	(43)	-	(3)	-	(46)
Resulting from the ownership interest in Duratex	**16**	**(5)**	**30**	**(14)**	**46**	**(19)**
Change in treasury shares	2	-	4	-	6	-
Pension plan' surplus (defined benefit)	(10)	-	(18)	-	(28)	-
Discontinued Operations (Deca Piazza - operations in Argentina)	5	2	9	4	14	6
Write Down - Agio Tablemac	19	-	35	-	54	-
Other	-	(7)	-	(18)	-	(25)
Arising from interest in other controlled companies	**(20)**	**-**	**(1)**	**-**	**(21)**	**-**
Elekeiroz	(15)	-	(1)	-	(16)	-
Itaúsa Empreendimentos	(5)	-	-	-	(5)	-
Recurring net income	**6,199**	**4,777**	**362**	**279**	**6,561**	**5,056**

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES

	January to December	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED ITAUSA (1)
		Itaú Unibanco Holding	Duratex (5)	Elekeiroz	Itautec (5)	
Total assets	**2013**	**1,027,297**	**8,178**	**730**	**751**	**41,929**
	2012	957,154	7,759	672	1,076	39,050
Operating revenues (2)	**2013**	**119,154**	**3,873**	**1,004**	**439**	**11,157**
	2012	125,484	3,373	900	700	9,580
Net income	**2013**	**16,424**	**520**	**39**	**(389)**	**6,011**
	2012	12,634	460	-	1	4,836
Stockholders' equity	**2013**	**83,223**	**4,365**	**504**	**156**	**35,974**
	2012	75,902	4,024	476	543	32,674
Annualized return on average equity (%) (3)	**2013**	**21.1%**	**12.3%**	**8.0%**	**-112.2%**	**17.6%**
	2012	16.9%	11.9%	0.1%	0.3%	14.9%
Internal fund generation (4)	**2013**	**47,706**	**1,368**	**71**	**(183)**	**962**
	2012	54,805	1,104	50	(25)	710

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

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

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

Accounting Policies

CPC 19, Joint Arrangements, determines that companies with investments in jointly-controlled entities will no longer have the option of accounting for them under the proportional consolidation method. These companies will be required to use the equity method for all joint ventures.

The Consolidated Financial Statements of Itaúsa no longer consider the proportional consolidation of the joint-controlled companies (Itaú Unibanco and IUPAR), as both will be accounted for through the equity method.

We show below the main effects on the financial statements at December 31, 2012, which were adjusted for comparison purposes:

	Itaúsa Consolidated As Previously Published	Portion of Itaú Unibanco and IUPAR included in Itaúsa Consolidated	Itaúsa Consolidated without the proportional consolidation of Itaú Unibanco and IUPAR	Itaúsa Consolidated
BALANCE SHEET	**12/31/2012**			**12/31/2013**
ASSETS				
Cash and deposits on demand	5,190	(5,133)	57	59
Central Bank compulsory deposits	23,431	(23,431)	-	-
Interbank deposits	8,764	(8,764)	-	-
Money market	61,188	(61,188)	-	-
Held-for-trading financial assets	53,622	(51,867)	1,755	1,566
Financial assets designated at fair value through profit or loss	81	(81)	-	-
Derivatives	4,290	(4,290)	-	-
Available-for-sale financial assets	33,751	(33,751)	-	-
Held-to-maturity financial assets	1,178	(1,178)	-	-
Loan and lease operations, net	125,530	(125,530)	-	-
Other financial assets	16,795	(16,174)	621	535
Inventories	790	-	790	736
Investments in unconsolidated companies	1,281	26,023	27,304	29,950
Fixed assets, net	5,463	(1,827)	3,636	3,832
Biological assets	1,102	-	1,102	1,126
Intangible assets, net	3,200	(2,146)	1,054	1,040
Tax assets	13,146	(11,943)	1,203	1,191
Other assets	5,215	(3,687)	1,528	1,544
Discontinued Operations Assets	-	-	-	350
TOTAL ASSETS	**364,017**	**(324,967)**	**39,050**	**41,929**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Raised funds	250,927	(250,245)	682	115
Derivatives	4,072	(4,072)	-	-
Other financial liabilities	18,486	(18,486)	-	147
Reserves for insurance and private pension	33,222	(33,222)	-	-
Liabilities for capitalization plans	1,064	(1,064)	-	-
Provisions	7,497	(7,060)	437	527
Tax liabilities	4,353	(3,595)	758	699
Other liabilities	11,687	(7,188)	4,499	4,321
Discontinued Liabilities Operations	-	-	-	146
Total Liabilities	**331,308**	**(324,932)**	**6,376**	**5,955**
Total stockholders’ equity attributed to owners of the parent company	**30,027**	**-**	**30,027**	**33,131**
Stockholders’ equity of non-controlling interests	2,682	(35)	2,647	2,843
Stockholders’ equity	**32,709**	**(35)**	**32,674**	**35,974**
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	**364,017**	**(324,967)**	**39,050**	**41,929**

STATEMENT OF INCOME	**01/01 to 12/31/2012**			**01/01 to 12/31/2013**
Sales of products and services	5,653	(770)	4,883	5,289
Cost of products and services	(4,037)	470	(3,567)	(3,729)
Interest and similar income	35,028	(34,832)	196	214
Interest and similar expense	(17,734)	17,412	(322)	(298)
Dividends income	108	(106)	2	2
Net gain (loss) from financial assets and liabilities	1,160	(1,160)	-	-
Foreign exchange results and exchange variation on foreign operations	1,385	(1,385)	-	-
Banking service fees	6,966	(6,966)	-	-
Income from insurance, pension plan and capitalization operations before expenses for claims	2,247	(2,247)	-	-
Other operating income	1,163	(991)	172	164
Losses on loans and claims	(7,854)	7,854	-	-
Other operating expenses	(3,427)	2,766	(661)	(776)
General and administrative expenses	(12,256)	12,047	(209)	(332)
Tax expenses	(1,841)	1,680	(161)	(151)
Share of comprehensive income of unconsolidated companies	72	4,535	4,607	5,868
Income before income tax and social contribution	**6,633**	**(1,693)**	**4,940**	**6,251**
Income tax and social contribution	(1,593)	1,513	(80)	(116)
Net Income of Discontinued Operations	**5,040**	**(180)**	**4,860**	**6,135**
Discontinued Operations	**-**	**(24)**	**(24)**	**(124)**
NET INCOME	**5,040**	**(204)**	**4,836**	**6,011**
Net income attributable to controlling interests	4,539	-	4,539	5,698
Net income attributable to minority interests	501	(204)	297	313

3.1) FINANCIAL SERVICES AREA

Itaú Unibanco Holding

The amounts commented on below, when related to accounting information, were determined according to the International Financial Reporting Standards (IFRS) and are not proportionalized to reflect the ownership of 36.87% held by Itaúsa.

Results

Net income for 2013 attributable to controlling stockholders was 30.0% higher than that determined for the previous year and totaled R$16.4 billion, with annualized return on average equity of 21.1% (16.9% in 2012). In 2013 recurring net income reached R$16.6 billion, a 23.7% increase when compared to the same period of 2012, with recurring return on average equity of 21.3%.

The increases of 19.9% in banking service fees and income from banking charges, and of 8.7% in income from insurance, pension plan and capitalization operations before claim and selling expenses, as compared to the same period of 2012, contributed to the improved result for the period. Between January and December 2013, total interest and similar income and expenses decreased 1.1% as compared to the same period of 2012.

The control over general and administrative expenses, which increased only by 4.8% in the period, and the reduced losses from loans and claims, which reduced 30.4%, also contributed to the growth in net income, in the annual 2013 and 2012 comparison.

Assets

Total consolidated assets reached R$1.03 trillion, a 7.3% increase in the last twelve months, and stockholders' equity attributable to controlling stockholders totaled R$83.2 billion, with increases of 9.6% in the twelve-month period and of 5.8% in 2013.

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

Loan Portfolio

At December 31, 2013, the balance of the loan portfolio, including endorsements, sureties and private securities, reached R$509.3 billion, a 13.2% increase as compared to the end of 2012, as shown in the table below:
R$ million

Carteira de crédito	12/31/13	12/31/12	dec/13-dec/12
Individuals	**167,946**	**151,123**	**11.1%**
Credit cards	53,149	40,531	31.1%
Personal loans	27,149	26,951	0.7%
Payroll advance loans	22,571	13,550	66.6%
Vehicles	40,584	51,646	-21.4%
Mortgage loans	24,492	18,445	32.8%
Companies	**275,827**	**246,872**	**11.7%**
Corporate	190,373	157,913	20.6%
Very small, small and middle-market companies	85,454	88,959	-3.9%
Latin America (*)	**39,091**	**29,299**	**33.4%**
Total with endorsements and sureties	**482,864**	**427,294**	**13.0%**
Corporate – private securities (**)	26,482	22,652	16.9%
Total with endorsements, sureties and private securities	**509,346**	**449,946**	**13.2%**
Total with endorsements, sureties and private securities (former Vehicles)	**468,761**	**398,300**	**17.7%**

(*) 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$167.9 billion at December 31, 2013, a 11.1% increase when compared to the end of the last quarter of 2012. At the end of December 2013, 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 2013, the transacted amount in debit and credit cards reached R$255.2 billion, a 12.2% increase as compared to the same period of 2012. The balance of the loan portfolio reached R$53.1 billion, a 31.1% increase as compared to the same period of the previous year. In 2013, we took a number of actions as credit card issuers, all aimed towards client satisfaction. One of these actions was a change in our reward program (Sempre Presente – always present), with the creation of a new platform to exchange points in airline companies (Ponto Viagem – travel point), and in the reseller dedicated websites that take part in the program. Additionally, we launched a new credit card brand, Hiper, accepted all over the country and that, among other benefits, includes the conversion of 120% of the annual fee in bonus for mobile phones, being accepted by all establishments accredited by REDE.

- The payroll advance loans portfolio recorded a significant increase of 66.6% when compared to December 2012. This represented 4.7% of the total achieved by the bank, reaching R$22.6 billion. Banco Itaú BMG Consignado S.A. started operations in December 2012 and is present throughout the Brazilian territory, reaching R$7.1 billion of the R$ 12 billion expected for the next 2 years, estimated when the new institution was announced in July 2012.

- Itaú Unibanco continues in the leadership of financing granted for brand new vehicles in the last quarter of 2013. We kept the appetite for more conservative loans, maintaining the credit quality, reduction in the average terms of contracts and increase in the percentage of down payments. By adopting this strategy, the Bank ended the year with a balance of R$40.6 billion, 21.4% lower than in the same period of the previous year. In 2013 financing totaled R$19.0 billion, a 14.2% decrease in granting of consumer loans (CDC), leasing and Finame, as compared to the previous year.

- Itaú Unibanco is the leader in mortgage loans to individuals among the Brazilian private banks. The offer is made through the network of branches, development companies, real estate agencies and partnerships. In 2013 Itaú Unibanco carried out about 35.6 thousand mortgage loans, a 32.9% increase when compared to 2012. Mortgage loans reached R$ 24.5 billion, a 32.8% growth as compared to December 2012. Over 2013 Itaú Unibanco focused on the improvement of the flow of approval and contracting of mortgage loans. In the year, an average of 91% of the proposals received were approved within 2 hours, and the time between receiving the documentation and issuing the agreement was reduced, on average, from 18 days in 2012 to 15 days, strengthening our commitment to efficiency and quality in the provision of services.

Companies – In Brazil, the portfolio of loan operations to companies reached R$275.8 billion at December 31, 2013, a 11.7% increase as compared to the same period of 2012.

- The Corporate portfolio, managed by Itaú BBA, is composed of loans in domestic and foreign currency, mandatory loans, and guarantees. In the period from January to December 2013, noteworthy are the transactions in foreign currency that posted a 19.8% growth when compared to the same period of 2012, particularly due to the exchange devaluation, and the mandatory loans, whose increase was 29.8% as compared to the same period of the previous year.

Latin America (Argentina, Chile, Colombia, Paraguay and Uruguay) – the loan portfolio recorded a significant increase of 33.4% as compared to December 2012, of which 28.7% in loans to individuals and 36.1% in loans to companies. We highlight the increase of loan portfolios to companies in Chile and Uruguay, which increased 35.5% and 58.2%, respectively. In the individuals segment, noteworthy is the 25.6% increase in the Chile portfolio, as compared to the same period of prior year.

In line with our policy for mitigating risk in credit granting, the total default rate, considering the balance of transactions overdue for over 90 days, reached 3.7% at December 31, 2013, posting a decrease of 1.0 p.p. as compared to December 31, 2012. This ratio recorded the lowest level since Itaú Unibanco merger in 2008, mainly impacted by the change in the portfolio credit profile. This ratio reached 5.8% for loans to individuals and 2.0% to companies at the end of December 2013, dropping 1.1 p.p. and 1.2 p.p., respectively, as compared to the same period of the previous year.

Funding

At December 31, 2013, free, raised and managed assets totaled R$1.52 trillion, an 8.5% increase when compared to the same period of 2012.

Capital Strength

Basel ratio – At the end of December 2013, the financial conglomerate ratio reached 16.6%, posting a decrease when compared to the same period of 2012, mainly due to the application of the new capital ratio calculation rules. This is a proper ratio (11.6% of Capital/Tier I and 5.0% of Tier II) considering that it exceeds by 5.6 p.p. the minimum required by the regulatory authority.

Credit risk rated by agencies – In 2013 changes to Itaú Unibanco Holding ratings were due to external factors, such as: (i) the outlook of the long-term Brazilian sovereign rating was changed by Moody's and by Standard & Poor's, or; (ii) worldwide revision of Moody's methodology for rating subordinated debts.

3.2) INDUSTRIAL AREA

Duratex

In 2013, the shipped volume grew 8.6% in Deca Division and 1.3% in Panels. Consolidated net revenues increased 14.8%, to R$3.873 million; and EBITDA, calculated based on the methodology established by CVM Instruction No. 527/12, reached R$ 1.433 million, a 20.6% increase, with an EBITDA margin of 37.0% (35.2% in the same period of the previous year).

Net income totaled R$520 million, a 13.1% increase as compared to the same period of the previous year. Annualized return on average equity was 12.3%, as compared to 11.9% in the same period of 2012. Recurring net income, of R$562 million, represented a 23.3% increase, with a recurring net margin of 14.5% (13.5% in the previous year-on-year).

Elekeiroz

When compared to the previous year, the beginning of 2013 witnessed significant drops in the shipped volumes, both for organic and inorganic products, with total volume shipped reaching a 17% drop at the end of the first quarter. Sales in the domestic market recovered in the following quarters, particularly in the 3rd and 4th quarters, reflecting the effects of the tax relief measures adopted at the end of the first half of the year. The year ended with a 2% increase in the total volume shipped as compared to 2012, and this increase was not higher due to the consistent fall in exports over the quarters, with total exported volumes dropping 32% when compared to 2012.

Total net revenue was R$ 1.0 billion, which represented a 12% increase, as a result of the 19% growth of the domestic market and of the 24% fall in exports. Cost of products sold increased 12% and gross profit, which amounted to R$104.9 million, increased 9%.

Net income was R$39.4 million (R$0.5 million in 2012), including the effects arising from the development of the tax lawsuits known as semi-annual payment of PIS 07/70. EBITDA, also impacted by these effects, totaled R$80.5 million in the year, a 110% increase as compared to 2012. If these effects were disregarded, net income for 2013 would be R$21.5 million and EBITDA would be R$56.6 million.

Itautec

The analysis of the Company's performance in the years ended 2013 and 2012 considers the consolidated financial information before the reclassification of results, assets and liabilities of the Automation and Technological Services operations.

Consolidated selling and services revenue for the year was R$1,050.8 million, 32.0% lower as compared to the same period of 2012, mainly due to the reductions from the gradual decommissioning of the Computing Unit, which resulted in a decreased number of equipment items shipped in the period, reductions in the scope and contractual renegotiations with banking sector clients and loss of a large logistics service agreement as from the second quarter of 2012, which affected the performance of the Technological Services Unit, in addition to the lower shipment of ATMs as compared to the same period of the previous year.

Gross profit for the year was R$50.2 million, 73.9% lower than that reported in the same period of 2012, due to a decrease in the margin of the Computing Solutions Unites, as a result of the beginning of decommissioning of the operation, and of the lower net revenues of the Automation Solutions and Technological Services units.

By virtue of the aforementioned factors, including the financial impacts related to the Company's restructuring, net result for the fourth quarter of 2013 was a loss of R$63.9 million.

3) PEOPLE MANAGEMENT

The Itaúsa Group employed approximately 112 thousand people at the end of December 2013, including approximately 7 thousand employees in foreign units. The employee's fixed compensation plus charges and benefits totaled R$11.9 billion for the period.

4) SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Itaú Unibanco Holding

The purpose of being a transformation agent and the search for a sustainable performance that guides the performance of our business also determine the investment that the bank makes in actions focused on the development of the society, which in 2013 totaled R$ 422.7 million. The continuous improvement of public education, valuation and dissemination of national art, urban mobility and support to sports in modalities that reflect traces of the Brazilian cultural identity are opportunities to apply the technologies and competences that we develop naturally, since we are one of the largest institutions in the financial market.

Investments of R$ 422.7 million in 631 projects were made through incentivized allowances (R$174.5 million in 491 projects) by means of laws (Rouanet Law and Sports Incentive Law), and through donations (R$248.2 million in 140 projects) made by our Group companies, supporting projects focused on the education, health, culture, sports and mobility areas.

In the beginning of 2013, Itaú Unibanco approved the organization of the Related Parties Committee, which members are independent, in the scope of the Board of Directors, which aims at analyzing Related-Party transactions in certain circumstances and in compliance with the provisions of the Related Parties Transactions Policy, approved in 2012, assuring equality and transparence to guarantee to stockholders, investors and stakeholders that we are in conformity with the best corporate governance practices.

Itaú Unibanco is the most sustainable company of the year, according to the 2013 Exame Sustainability Guide, leading the financial institutions category, and the first institution in Latin America in The World's Top 20 Green Banks ranking in 2012, organized every year by the Bloomberg Markets magazine, which evaluates the efforts made by banks to reduce residues and their investments in clean energy.

Duratex

Duratex allocated R$30.5 million in environmental actions in the period from January to December, an amount 10.2% higher than that invested in the same period of 2012, particularly in the treatment of effluents, the collection of residues, and the maintenance of forest lands.

In the period, Duratex presented the 2016 Sustainability Platform, which describes the strategic planning for this topic, and held the 2nd Stakeholders Meeting. This event gathered company executives and opinion makers from a number of sectors, such as capital markets, and non-governmental and civil society organizations. The purpose of this event was to introduce and discuss Duratex strategic sustainability planning for the coming years through the 2016 Sustainability Platform. The results of this work will be stated in the next annual and sustainability reports of Duratex.

Elekeiroz

In order to expedite and strengthen the capacity to innovate and increase its alcohol production chain, the research, development and innovation area entered into agreements with international technology companies to develop processes, equipment and products capable of adding value to Elekeiroz current product lines. Eleikeroz entered into a number of partnerships with renowned research institutes to develop processes and products through alternate production routes, particularly those using raw materials from renewable sources. These partnerships are encouraged by Embrapii and Finep.

Elekeiroz sponsored the "Emcena Brasil" (*inscene Brazil*) Project, a mobile theater event in Várzea Paulista with infrastructure to host cultural events and workshops mainly designed for school children, which was jointly organized with the Culture Office of that municipality. Elekeiroz was one of the sponsors of the 16th Week of Chemical Engineering of the University of Campinas (Unicamp), which topic for this year was the Diversity of Chemical Engineering.

Itautec

In the first quarter of 2013, Itautec concluded its inventory of greenhouse gas emission (GEE) for the 2012 operations carried out in the industrial unit, service branches and the administrative office, totaling 42 thousand tons of CO2 equivalent (tCO2e). This is in conformity with the standards of the GHG Protocol, of the Intergovernmental Panel on Climate Change (IPCC).

For the second consecutive year, Itautec voluntarily responded the questionnaire on Carbon Disclosure Project – CDP, based on the inventory of greenhouse effect emissions. CDP is a European initiative of the financial sector that stimulates companies to disclose climate change-related commitments and policies.

In June, the Brazilian Association of Electrical and Electronics Industry (Abinee) delivered the proposal for IT Equipment Reverse Logistics to the Ministry of Environment, which was developed by this Association together with companies of this sector, including Itautec. This action is an integral part of a process to develop a shared responsibility model for the electro electronics products life cycle, according to the National Solid Residues Policy, and it will allow the development of the sector agreement to be signed between the government and entrepreneurs to regulate the proper disposal of electronic residues.

5) AWARDS AND RECOGNITION

Itaú Unibanco Holding

Brazil's most valuable brand – Valued at R$ 19.3 billion in 2013 by Interbrand consulting company, the Itaú brand is the leader in this ranking for the tenth consecutive time.

Latin Finance's Banks of the Year Awards 2013 – Itaú Unibanco was elected by this publication in the Latin Finance Bank of the Year, Bank of the Year Brazil, Investment Bank of the Year Brazil categories.

The 100 companies with the best reputation in Brazil – in the survey posted by Exame.com and by Exame magazine, in which it disclosed the companies with the best image in the Brazilian market, Itaú Unibanco was ranked 1st in the financial sector.

Best Bank Award 2013 of Global Finance Magazine – the winners are chosen in a survey with analysts, executives and consultants from financial institutions, and Itaú Unibanco was acknowledged in the following categories:

- *Best Emerging Markets Banks in Latin America* to Banco Itaú Paraguay*;*
- *World's Best Subcustodian Banks* to the custody services in Brazil, Paraguay and Uruguay;
- *Best Investment Bank* and *Best Debt Bank to Itaú BBA,* outstanding institution in *Regional Winners – Latin America* and *Country Winners – Brazil.*

As Melhores da Dinheiro 2013 (the best of Dinheiro 2013) – promoted by Isto É Dinheiro magazine, this ranking awards the best companies of the year by using management criteria, as follows: financial sustainability, human resources, innovation and quality, social and environmental responsibility and corporate governance. Itaú Unibanco won the banking sector ranking for the seventh time.

Época NEGÓCIOS 360º – organized by Época magazine, this guide is organized in partnership with Dom Cabral Foundation, which carries out a thorough assessment of the best companies of the country by considering the dimensions: financial performance, corporate governance, human resources practices, innovation, vision of future and social and environmental responsibility. Once again Itaú Unibanco achieved the first place in the banking sector in this guide, which is in its second edition.

Latin American Executive Team 2013 – organized by Institutional Investor Magazine, we were the winners as Best Relations with Investors by Sell and Buy Sides, Best CEO by Sell and Buy Sides, Best CFO by Buy Side, Best CFO by Buy Side, Best Investor Relations Professional by Buy Side, and Itaú BBA was ranked the number one Research team of Latin America.

IR Magazine Awards Brazil 2013 – organized by IR Magazine, in partnership with RI Magazine and the Brazilian Institute of Investor Relations (IBRI), we were recognized in four categories: Best Annual Report, Best Conference Call, Best Meeting with the Investor Analysts Community and Best Relations with Investors in the Financial Sector.

Duratex

Duratex was acknowledged as the more sustainable company in the building material sector for the *Exame* of Sustainability Guide 2013. The magazine, which is currently in its 14ª edition, ranks the best and more worthy collection data about corporative sustainability of Brazil. The guide, highlight the effort of Duratex for the reduction of greenhouse effect emissions, as replacement of diesel oil for wood trim to be used as fuel and the extension of natural gas use.

Awarded among the Best Companies for Stockholders in 2013, by *Capital Aberto* magazine, ranked first in the category companies with assets between R$ 5 billion and R$ 15 billion.

Abrasca Award, in the category Highlight of the Sector 2013 – Pulp, Paper and Wood, as the best value-creation case between 2009 and 2012.

Época Empresa Verde Special Highlight Award, in the Climate Changes category, for keeping a history of inventory of greenhouse gas for 13 years, establishing goals for reducing emissions and having the inventories audited by an independent company. This award is granted by the Época magazine with the support and advisory of PriceWaterhouseCoopers (PWC).

Highlight in the Corporate Governance Dimension, in *Época Negócios 360º*, a Yearly Issue of *Época* Magazine and Dom Cabral Foundation. The transparency in the CEO succession process is pointed out as an example of the company's improved governance.

Itautec

Itautec was awarded in three categories of the *World Finance Technology Awards* 2013, a recognition created by the World Finance magazine to identify the best practices in the finance and corporate environment.

- Best developer of safety solutions of Latin America (Editions: 2011/2012/2013);
- Best company of technological solutions for banking automation in Latin America (Editions: 2011/2012/2013);
- Best provider of solutions for Middle & Back Office of Latin America (Edition: 2013).

For the fifth consecutive year, Itautec was the Latin-American company best ranked in Fintech 100, a yearly ranking with the one hundred best global technology suppliers to the financial sector. The Company is the 39th in this ranking, which is developed by the research company IDC Financial Insights and by the international publications American Banker and Bank Technology News.

Itautec was nominated as finalist in the Communication and Transparency Category of the 2013 edition of the Ethics in Business award. Organized by the Brazilian Institute of Ethics in Business, currently in its fourth edition, this award acknowledges the organizations' initiatives to promote ethics in the corporate environment. The choice of the Company as a finalist considered the concern and care to provide the internal and external audience, including business partners and other stakeholders, with specific information on the strategic repositioning of Itautec and the announcement of the OKI Electric partnership.

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 its client.

During the period from January to December 2013, 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 7, March 20, July 31, and August 28 – acquisition of technical material;
- February 28 – review of aspects related to the business continuity program.
- May 27 – review of the completion of the Income Tax Return form (Corporate Income Tax 2013).
- August 15 and 16 - attendance in open-public course related to finance and accounting.

Summary of the Independent Auditors' justification - PricewaterhouseCoopers

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

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 February 18, 2014).

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

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Vice-Chairman
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ALFREDO EGYDIO SETUBAL

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PAULO SETUBAL
RODOLFO VILLELA MARINO

Alternate members
RICARDO EGYDIO SETUBAL
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer
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Executive Vice-Presidents
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ROBERTO EGYDIO SETUBAL

(*) Investors Relations Officer

FISCAL COUNCIL

President
TEREZA CRISTINA GROSSI TOGNI

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PAULO RICARDO MORAES AMARAL

Alternate members
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LUIZ ANTONIO CARELI
JOÃO COSTA

Accountant
ARY GOMES FILHO
CRC 1SP - 144.366/O-8

ITAÚ UNIBANCO HOLDING S.A.

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Vice-Chairman

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Members

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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

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FISCAL COUNCIL

President

IRAN SIQUEIRA LIMA

Members

ALBERTO SOZIN FURUGUEM
LUIZ ALBERTO DE CASTRO FALLEIROS

EXECUTIVE BOARD

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Executive Vice-Presidents

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Executive Directors

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EDUARDO MAZZILLI VASSIMON
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Directors

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EDUARDO HIROYUKI MIYAKI
EMERSON MACEDO BORTOLOTO
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RODRIGO LUÍS ROSA COUTO
ROGÉRIO PAULO CALDERÓN PERES

(*) Investor Relations Officer

DURATEX S.A.

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

Vice-Chairmen of business unit Wood
RENATO AGUIAR COELHO

Directors
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RONEY ROTENBERG

(*) Investor Relations Officer

ITAUTEC S.A. - GRUPO ITAUTEC

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Director
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(*) Investor Relations Officer

ELEKEIROZ S.A.

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Vice-chairman
OLAVO EGYDIO SETUBAL JÚNIOR

Members
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HENRI PENCHAS
REINALDO RUBBI
RICARDO EGYDIO SETUBAL
ROGÉRIO ALMEIDA MANSO DA COSTA REIS

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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	12/31/2013	12/31/2012 (Note 2.4 g II)	01/01/2012 (Note 2.4 g II
Cash and cash equivalents	3	1,199	1,382	1,265
Financial assets held for trading	4	426	429	328
Trade accounts receivable	12	1,202	1,181	1,038
Other financial assets	11a	535	621	551
Inventories	5	736	790	771
Investments in associates and joint ventures	6 IIa	29,950	27,304	26,526
Fixed assets, net	7	3,832	3,636	3,325
Biological assets	8	1,126	1,102	1,094
Intangible assets, net	9	1,040	1,055	1,064
Tax assets		1,191	1,203	1,090
Income tax and social contribution - current		322	364	292
Income tax and social contribution - deferred	18b	729	653	631
Other		140	186	167
Other assets	11a	342	347	364
Assets of Discontinued Operations	26	350	-	-
TOTAL ASSETS		**41,929**	**39,050**	**37,416**

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	12/31/2013	12/31/2013 (Note 2.4 g II)	01/01/2012 (Note 2.4 g II)
Liabilities				
Social and statutory		1,067	1,130	903
Debentures and promissory notes	10	115	682	751
Provisions	22	527	436	334
Tax liabilities		699	759	681
Income tax and social contribution - current		15	12	18
Income tax and social contribution - deferred	18b	519	495	509
Other		165	252	154
Loans and financing	13	2,649	2,539	2,204
Other liabilities	11b	752	830	768
Liabilities of Discontinued Operations	26	146	-	-
Total Liabilities		**5,955**	**6,376**	**5,641**
STOCKHOLDERS' EQUITY				
Capital	14a	22,000	16,500	13,678
Treasury shares		-	-	(80)
Reserves	14c	12,006	13,233	16,083
Cumulative other comprehensive income		(875)	294	(340)
Total stockholders' equity attributable to owners of the parent company		**33,131**	**30,027**	**29,341**
Non-controlling interests		2,843	2,647	2,434
Total stockholders' equity		**35,974**	**32,674**	**31,775**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**41,929**	**39,050**	**37,416**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Consolidated Statement of Income
Years ended December 31, 2013 and 2012
(In millions of Reais, except per share information)

	NOTE	01/01 to 12/31/2013	01/01 to 12/31/2012
Sales of products and services		5,289	4,883
Cost of products and services		(3,729)	(3,567)
Sales expenses		(553)	(495)
Financial results		(82)	(126)
Other operating income		164	174
General and administrative expenses	16	(332)	(209)
Other operating expenses	17	(223)	(166)
Tax expenses		(151)	(161)
Share of income in associates and joint ventures	6 IIa	5,868	4,607
Income before income tax and social contribution		**6,251**	**4,940**
Current income tax and social contribution	18a	(144)	(102)
Deferred income tax and social contribution	18b	28	22
Net Income of Continued Operations		**6,135**	**4,860**
Discontinued Operations	**26**	**(124)**	**(24)**
NET INCOME		**6,011**	**4,836**
Net income attributable to owners of the parent company		5,698	4,539
Net income attributable to non-controlling interests		313	297
EARNINGS PER SHARE - BASIC AND DILUTED	**19**		
Common		1.05	0.87
Preferred		1.05	0.87
Weighted average number of shares outstanding – basic and diluted			
Common		2,084,014,956	2,006,261,270
Preferred		3,328,959,997	3,204,757,957

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Consolidated Statement of Comprehensive Income
Years ended December 31, 2013 and 2012
(In millions of Reais)

	01/01 to 12/31/2013	01/01 to 12/31/2012
NET INCOME	**6,011**	**4,836**
Share of other comprehensive income of associates and joint ventures	(1,198)	629
Available-for-sale financial assets and Foreign exchange differences on foreign investments	3	5
Total comprehensive income	**4,816**	**5,470**
Comprehensive income attributable to owners of the parent company	4,503	5,173
Comprehensive income attributable to non-controlling interests	313	297

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

ITAÚSA- INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Cash Flows
Years ended December 31, 2013 and 2012
(In millions of Reais)

	Note	01/01 to 12/31/2013	01/01 to 12/31/2012
Adjusted Net Income		**962**	**710**
Net income		6,011	4,836
Adjustments to net income:		(5,049)	(4,126)
Interest on debentures		11	47
Interest on promissory notes		3	9
Interest, foreign exchange and monetary variations, net		200	179
Depreciation, amortization and depletion	7, 8 and 9	625	555
Share of income in associates and joint ventures	6 IIa	(5,868)	(4,607)
Deferred income tax and social contribution		(28)	(22)
Change in fair value of biological assets		(192)	(144)
Allowance for loan losses		(23)	7
Income from the sale of fixed assets		3	4
Other		220	(154)
Variations in assets and liabilities		**(444)**	**(707)**
(Increase)/decrease in financial assets		(1)	(139)
(Increase)/decrease in other financial assets		20	(8)
(Increase)/ decrease in inventories		(130)	(27)
(Increase)/ decrease in tax assets		(1)	(8)
(Increase)/ decrease in other non-financial assets		667	41
Increase/(decrease) in tax and labor liabilities		(35)	(4)
Increase/(decrease) in other non-financial liabilities		(841)	(471)
Payment of income tax and social contribution		(123)	(91)
Net cash from operating activities		**518**	**3**
Purchase of investments		(34)	(8)
Sale of investments		-	46
Acquisition of intangibles	9	(16)	(11)
Sale of intangibles	9	3	1
Purchase of fixed assets	7	(497)	(582)
Sale of fixed assets	7	18	10
Interest on capital and dividends received		1,717	1,664
Assets of Discontinued Operations		(30)	-
Other		(14)	(18)
Net cash from investment activities		**1,147**	**1,102**
Subscription of shares		315	-
Treasury shares		(12)	11
Interest on capital and dividends paid		(1,633)	(1,189)
Issue of promissory notes		-	400
Payment of promissory notes		(210)	(202)
Borrowings and financing		769	789
Payment of borrowings and financing		(696)	(467)
Issue of debentures		(6)	101
Payment of debentures		(377)	(432)
Net cash from financing activities		**(1,850)**	**(989)**
Increase/(decrease) of cash and cash equivalents		**(185)**	**116**
Cash and cash equivalents at the beginning of the period	3	1,382	1,265
Effects of changes in exchange rates on cash and cash equivalents		2	1
Cash and cash equivalents at the end of the period	3	1,199	1,382

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Added Value
Years ended December 31, 2013 and 2012
(In millions of Reais)

	01/01 to 12/31/2013	%	01/01 to 12/31/2012	%
INCOME	**5,545**		**5,253**	
Sales of products and services	5,289		4,883	
Income from financial operations and securities	214		196	
Interest, income, dividends and provision of financial services	2		2	
Other	40		172	
EXPENSES	**(532)**		**(549)**	
Interest and similar expense	(298)		(322)	
Other	(234)		(227)	
INPUTS PURCHASED FROM THIRD PARTIES	**(2,717)**		**(2,486)**	
Cost of products and services	(2,206)		(2,000)	
Third-party services	(333)		(296)	
Other	(178)		(190)	
Data processing and telecommunications	(5)		(4)	
Advertising, promotions and publicity	(100)		(91)	
Transportation	(2)		(5)	
Travel expenses	(9)		(9)	
Legal and judicial	-		-	
Other	(62)		(81)	
GROSS ADDED VALUE	**2,296**		**2,218**	
DEPRECIATION AND AMORTIZATION	**(681)**		**(556)**	
NET ADDED VALUE PRODUCED BY THE COMPANY	**1,615**		**1,662**	
ADDED VALUE RECEIVED FROM TRANSFER	**5,868**		**4,607**	
Share of income in associates and joint ventures	5,868		4,607	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**7,483**		**6,269**	
DISTRIBUTION OF ADDED VALUE	**7,483**	**100.00%**	**6,269**	**100.00%**
Personnel	1,113	14.87%	1,109	17.69%
Compensation	891		930	
Benefits	140		122	
FGTS – Government severance pay fund	82		57	
Taxes, fees and contributions	345	4.61%	324	5.17%
Federal	342		322	
State	2		2	
Municipal	1		-	
Return on third parties' assets - Rent	14	0.19%	-	0.00%
Return on own assets	6,011	80.33%	4,836	77.14%
Dividends and interest on capital paid/provided for	2,151		1,904	
Retained earnings for the period	3,547		2,635	
Non-controlling interests in retained earnings	313		297	

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

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

ASSETS	NOTE	12/31/2013	12/31/2012
Financial assets held for trading		426	429
Other financial assets		449	580
Investments in subsidiaries, associates and joint ventures	6	32,181	29,688
Fixed assets, net		70	71
Intangible assets, net	20	460	460
Tax assets		841	732
Income tax and social contribution - current		214	251
Income tax and social contribution - deferred		626	479
Other		1	2
Other assets		5	4
TOTAL ASSETS		**34,432**	**31,964**

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	12/31/2013	12/31/2012
Liabilities			
Social and statutory		941	1,046
Debentures and Promissory notes	10	-	573
Provisions		285	180
Tax liabilities		72	137
Income tax and social contribution - deferred		4	4
Other		68	133
Other liabilities		3	1
Total Liabilities		**1,301**	**1,937**
Stockholders' equity			
Capital	14a	22,000	16,500
Reserves	14c	12,006	13,233
Cumulative other comprehensive income		(875)	294
Total stockholders' equity		**33,131**	**30,027**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**34,432**	**31,964**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

Individual Statement of Income

Years ended December 31, 2013 and 2012

(In millions of Reais, except per share information)

	NOTE	01/01 to 12/31/2013	01/01 to 12/31/2012
Financial results		6	(21)
Other operating income		8	8
General and administrative expenses	16	(40)	(38)
Tax expenses		(154)	(159)
Share of income in subsidiaries, associates and joint ventures	6 I	5,740	4,728
Income before income tax and social contribution		**5,560**	**4,518**
Current income tax and social contribution		(12)	-
Deferred income tax and social contribution		150	21
NET INCOME		**5,698**	**4,539**
EARNINGS PER SHARE - BASIC AND DILUTED			
Common		1.05	0.87
Preferred		1.05	0.87
Weighted average number of shares outstanding – basic and diluted			
Common		2,084,014,956	2,006,261,270
Preferred		3,328,959,997	3,204,757,957

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Individual Statement of Comprehensive Income
Years ended December 31, 2013 and 2012
(In millions of Reais, except per share information)

	01/01 to 12/31/2013	01/01 to 12/31/2012
NET INCOME	**5,698**	**4,539**
Share of other comprehensive income of associates and joint ventures	(1,198)	629
Available-for-sale financial assets and Foreign exchange differences on foreign	3	5
Total comprehensive income	**4,503**	**5,173**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Statement of Changes in Stockholders' Equity (Note 14)
Periods ended December 31, 2013 and 2012
(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 01/01/2012	**13,678**	**(80)**	**11,788**	**3,744**	**551**	**-**	**(5)**	**(335)**	**29,341**	**2,434**	**31,775**
Transactions with owners	2,822	80	(5,540)	-	59	(1,904)	-	-	**(4,483)**	(84)	**(4,567)**
Increase in capital with reserves	2,822	-	(2,822)	-	-	-	-	-	**-**	-	**-**
(-) Treasury shares	-	80	(80)	-	-	-	-	-	**-**	-	**-**
Granting of stock options	-	-	69	-	-	-	-	-	**69**	-	**69**
Change in non-controlling interests	-	-	-	-	-	-	-	-	**-**	(84)	**(84)**
Dividends and interest on capital	-	-	-	-	-	(1,294)	-	-	**(1,294)**	-	**(1,294)**
Dividend – amount to be proposed in addition to the minimum mandatory	-	-	-	-	610	(610)	-	-	**-**	-	**-**
Dividend – amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(551)	-	-	-	**(551)**	-	**(551)**
Corporate reorganizations	-	-	(2,707)	-	-	-	-	-	**(2,707)**	-	**(2,707)**
Other	-	-	(4)	-	-	-	-	-	**(4)**	-	**(4)**
Transfers	-	-	3,744	(3,744)	-	-	-	-	**-**	-	**-**
Total comprehensive income	-	-	-	-	-	4,539	5	629	**5,173**	297	**5,470**
Net income	-	-	-	-	-	4,539	-	-	**4,539**	297	**4,836**
Other comprehensive income	-	-	-	-	-	-	5	629	**634**	-	**634**
Appropriations:											
Legal reserve	-	-	227	-	-	(227)	-	-	**-**	-	**-**
Unappropriated reserves	-	-	-	2,408	-	(2,408)	-	-	**-**	-	**-**
Balance at 12/31/2012	**16,500**	**-**	**10,215**	**2,408**	**610**	**-**	**-**	**294**	**30,027**	**2,647**	**32,674**
Change in the period	**2,822**	**80**	**(1,573)**	**(1,336)**	**59**	**-**	**5**	**629**	**686**	**213**	**899**
Balance at 01/01/2013	**16,500**	**-**	**10,215**	**2,408**	**610**	**-**	**-**	**294**	**30,027**	**2,647**	**32,674**
Transactions with owners	5,500	-	(4,755)	-	7	(2,151)	-	-	**(1,399)**	(117)	**(1,516)**
Subscription of shares	900	-	-	-	-	-	-	-	**900**	-	**900**
Increase in capital with reserves	4,600	-	(4,600)	-	-	-	-	-	**-**	-	**-**
Granting of stock options	-	-	81	-	-	-	-	-	**81**	-	**81**
Change in non-controlling interests	-	-	-	-	-	-	-	-	**-**	(117)	**(117)**
Dividends and interest on capital	-	-	-	-	-	(1,534)	-	-	**(1,534)**	-	**(1,534)**
Dividend – amount to be proposed in addition to the minimum mandatory	-	-	-	-	617	(617)	-	-	**-**	-	**-**
Dividend – amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(610)	-	-	-	**(610)**	-	**(610)**
Corporate reorganizations	-	-	(236)	-	-	-	-	-	**(236)**	-	**(236)**
Transfers	-	-	2,382	(2,408)	-	-	-	26	**-**	-	**-**
Total comprehensive income	-	-	-	-	-	5,698	3	(1,198)	**4,503**	313	**4,816**
Net income	-	-	-	-	-	5,698	-	-	**5,698**	313	**6,011**
Other comprehensive income	-	-	-	-	-	-	3	(1,198)	**(1,195)**	-	**(1,195)**
Appropriations:											
Legal reserve	-	-	285	-	-	(285)	-	-	**-**	-	**-**
Unappropriated reserves	-	-	-	3,262	-	(3,262)	-	-	**-**	-	**-**
Balance at 12/31/2013	**22,000**	**-**	**8,127**	**3,262**	**617**	**-**	**3**	**(878)**	**33,131**	**2,843**	**35,974**
Change in the period	**5,500**	**-**	**(2,088)**	**854**	**7**	**-**	**3**	**(1,172)**	**3,104**	**196**	**3,300**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Individual Statement of Cash Flows
Years ended December 31, 2013 and 2012
(In millions of Reais)

	01/01 to 12/31/2013	01/01 to 12/31/2012
ADJUSTED NET INCOME	**(176)**	**(152)**
Net income	5,698	4,539
Adjustments to net income:	(5,874)	(4,691)
Interest on debentures	11	47
Interest on promissory notes	3	9
Share of income in subsidiaries, associates and joint ventures	(5,740)	(4,728)
Deferred income tax and social contribution	(150)	(21)
Depreciation and amortization	2	2
CHANGE IN ASSETS AND LIABILITIES	**173**	**(263)**
(Increase) decrease in financial assets	2	(100)
(Decrease) increase in provisions and other assets	879	168
(Decrease) increase in provisions and other liabilities	(708)	(331)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**(3)**	**(415)**
Sale of investments	-	46
Purchase of investments	-	(8)
Purchase of fixed assets	(1)	(1)
Interest on capital/dividends received	1,775	1,715
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**1,774**	**1,752**
Subscription of shares	315	-
Interest on capital and dividends paid	(1,499)	(1,103)
Payment of debentures	(377)	(432)
Issue of promissory notes	-	400
Payment of promissory notes	(210)	(202)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(1,771)**	**(1,337)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-**	**-**
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	-	-

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Individual Statement of Added Value
Periods ended December 31, 2013 and 2012
(In millions of Reais)

	01/01 to 12/31/2013	%	01/01 to 12/31/2012	%
INPUTS PURCHASED FROM THIRD PARTIES	**(27)**		**(26)**	
Third-party services	(12)		(5)	
Other	(15)		(21)	
Agreement for apportionment of common costs	(9)		(12)	
Advertising, promotions and publicity	(2)		(1)	
Other	(4)		(8)	
GROSS ADDED VALUE	**(27)**		**(26)**	
DEPRECIATION AND AMORTIZATION	(2)		(2)	
NET ADDED VALUE PRODUCED BY THE COMPANY	**(29)**		**(28)**	
ADDED VALUE RECEIVED FROM TRANSFER	**5,794**	**-**	**4,782**	
Share of income in subsidiaries, associates and joint ventures	5,740		4,728	
Financial income	45		46	
Other income	9		8	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**5,765**	**72.70%**	**4,754**	**71.43%**
DISTRIBUTION OF ADDED VALUE	**4,230**		**3,460**	
Personnel	10	0.17%	12	0.25%
Compensation	10		12	
Taxes, fees and contributions	18	0.31%	139	2.92%
Federal	17		139	
Municipal	1		-	
Return on third parties' assets - Financial expenses	39		64	
Return on own assets	4,163	72.21%	3,245	68.26%
Dividends / Interest on capital	4,163		3,245	
Retained earnings for the period	-		-	

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

ITAÚSA – INVESTIMENTOS ITAÚ S.A
Notes to the Consolidated Financial Statements
At December 31, 2013
(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 who holds 61.1% of the common shares and 17.0% of the preferred shares, 34.0% of the total.

These Individual and Consolidated Financial Statements were approved by the Board of Directors of ITAÚSA – Investimentos Itaú S.A. on Feb 18, 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 ASIS 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).

In view of the adoption, as from January 1, 2013, of CPC 19 – "Joint Venture", the consolidated financial statements for the prior year are being reissued comparatively to the current year, already considering the change in this accounting practice. The effects arising from this change in relation to the financial statements previously issued are described in Note 2.4 g II.

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 by 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 December 31, 2013

- IFRS 7 – "Financial Instruments: Disclosures" - In December 2011, a new amendment to this pronouncement was issued requiring additional disclosures about the offsetting process. This pronouncement's application has not resulted in significant impacts on the consolidated and parent company financial statements.

- IAS 19 – "Employee Benefits" – this change excludes the alternative of using the "corridor" method, requires that all changes should be recorded in Other Cumulative comprehensive Income, and determines that the interest cost for the following year be calculated on the recognized amount in assets or liabilities. This pronouncement's application has not resulted in significant impacts on the consolidated and parent company financial statements.

- IFRS 10 – "Consolidated Financial Statements" – the pronouncement changes the current principle, identifying the concept of control as a determining fact of when an entity should be consolidated. We have analyzed the new pronouncement and conclusion that it did not have an impact on Itaúsa at adoption date.

- IFRS 11 – "Joint Arrangements" – the pronouncement provides a different approach for the analyses of "Joint Arrangements" focused on the rights and obligations of the arrangements rather than on the legal form. IFRS 11 divides the "Joint Arrangements" into two types: "Joint Operations" and "Joint Ventures", in accordance with the rights and obligations of the parties. For investments in "Joint Ventures", proportionate consolidation is no longer permitted. In the Financial Statements of ITAÚSA CONSOLIDATED, the largest impact was the non-consolidation of the companies Itaú Unibanco Holding S.A and IUPAR – Itaú Unibanco Participações which are now accounted for under the equity method. The impact on the financial statements is presented in Note 2.4g II and the main information on the companies can be found in Note 6 regarding investments.

- IFRS 12 – "Disclosures of Interests in Other Entities" – the pronouncement includes new requirements for disclosure of all types of investments in other entities, such as Joint Arrangements, associates and special purpose entities. The largest impact for ITAÚSA CONSOLIDATED is on the disclosure in the Notes to the Financial Statements, since the notes arising from information on Itaú Unibanco Holding S.A were changed and are now presented, solely in, Note 6 regarding investments.

- IFRS 13 – "Fair Value Measurement" – the purpose of this pronouncement is a better alignment between IFRS and USGAAP, increasing consistency and reducing the complexity of the disclosures by using consistent definitions of fair value. This pronouncement's application has not resulted in significant impacts on the consolidated and parent company's financial statements.

- Annual Improvements cycle (2009-2011) – IASB makes, on an annual basis, minor changes in a number or pronouncements with the purpose of clarifying the current standards and avoiding dual meaning. In this cycle, IFRS 1 – "First-time adoption of IFRS", IAS 1 – "Presentation of Financial Statements", IAS 16 – "Property, Plant and Equipment", IAS 32 – "Financial Instruments: Presentation" and IAS 34 – "Interim Financial Reporting", were reviewed. There have been no significant impacts on the consolidated and parent company financial statements.

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:

- Amendment to IAS 32 – Financial Instruments: Presentation – this amendment was issued to clarify the offsetting requirements for financial instruments in the balance sheet. This amendment is applicable for the years beginning January 1, 2014, with retrospective application. No material impacts arising from this change on the consolidated financial statements were identified.

- IFRS 9 – "Financial Instruments" – the pronouncement is the first step in the process for replacing IAS 39 - "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets, and it is expected to significantly affect the accounting for financial instruments of ITAÚSA CONSOLIDATED. IASB has decided to postpone the effective date, not yet defined, but has maintained the permission for early adoption. Any possible impacts arising from adopting this standard will be assessed until this standard becomes effective.

- 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. In effect as from January 1, 2014, and its early adoption is permitted by IASB. 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.

- 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. It is effective as of January 1, 2014. No material impacts arising from this change on the consolidated financial statements were identified.

- 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 until 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 18. The carrying amount of deferred tax assets was R$ 729 at December 31, 2013 (R$ 653 at December 31, 2012).

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 22.

The carrying amount of these contingencies at December 31, 2013 is R$ 527 (R$ 436 at December 31, 2012).

d) Biological assets

Forest reserves are recognized at their fair value, less estimated costs to sell at the harvest time, in accordance with Note 8. For immature plantations (up to one year of life), their cost is considered close to their fair value. Gains and losses arising from the recognition of a biological asset at its fair value, less costs to sell, are recognized in the statement of income. The depletion appropriated in the statement of income is formed by the portion of the formation cost and the portion related to the difference of the fair value.

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

e) Discontinued operations

On May 15, 2013, Itautec announced its decision to dispose of 70% of its shares through a strategic partnership; therefore, it classified the activities of commercial and banking operations and provision of services as held for sale. The Board of Directors believes that the Group has met the criteria to be classified as held for sale at that date in view of the following reasons:

- The activities of commercial and banking automation and provision of services are available for immediate sale, and may be done so in its current state.
- The Board of Directors signed a share purchase agreement in connection with the activities of commercial and banking automation and provision of services with Oki.
- The Board of Directors expects that the disposal of the 70% stake will be completed by December 2013.

In Duratex, the decommissioned operations relate to its subsidiary Deca Piazza S.A., located in Argentina, which decommission was due to its loss of competitiveness and recurring losses from operations.

For further details on the discontinued operations see Note 26.

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 12/31/2013	Interest in capital at 12/31/2012
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	36.87%	36.78%
Industrial Area – Full consolidation				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	35.48%	35.52%
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	94.01%	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 interest’s 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.
unctional 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.

oreign 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, 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) 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 which 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.

(c) 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 December 31, 2013 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 an 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.

Before January 1, 2013, ITAÚSA consolidated proportionally its interest held in joint ventures, in conformity with the requirements of CPC 19 – "Interests in Joint Ventures" (revoked). As from that date, ITAÚSA adopted

CPC 19 – "Interests in Joint Ventures", thus changing its accounting policy from interest in joint ventures to the equity method. The largest impact on the financial statements is the non-consolidation of ITAÚ UNIBANCO HOLDING.

For a better understanding, we present below the main impacts on the financial statements at December 31, 2012 and December 31, 2011:

Consolidated Balance Sheet	**12/31/2012**	**Portion not consolidated**	**12/31/2012 Restated**
Assets	364,017	(324,967)	39,050
Liabilities	331,308	(324,932)	6,376
Stockholders' equity	32,709	(35)	32,674

Consolidated Balance Sheet	**12/31/2011**	**Portion not consolidated**	**12/31/2011 Restated**
Assets	312,002	(274,586)	37,416
Liabilities	279,712	(274,071)	5,641
Stockholders' equity	32,290	(515)	31,775

Consolidated Statement of Income	**12/31/2012**	**Portion not consolidated**	**12/31/2012 Restated**
Interest and similar income	35,028	(34,832)	196
Interest and similar expense	(17,734)	17,412	(322)
Income of unconsolidated companies	72	4,535	4,607
Net income of controlling stockholders	4,539	-	4,539
Consolidated net income	5,040	(204)	4,836

Consolidated cash flows	**12/31/2012**	**Portion not consolidated**	**12/31/2012 Restated**
Operating activities	19,611	(19,608)	3
Investing activities	(14,429)	15,531	1,102
Financing activities	(1,633)	644	(989)
Cash and deposits on demand	3,549	(3,433)	116

The table below presents the amounts of jointly-controlled entities (joint ventures) appraised by the equity method by ITAÚSA.

	12/31/2013	**12/31/2012**
Total assets	1,027,335	957,163
Total liabilities	944,368	882,431
Total income	142,230	129,239
Total expenses	(125,723)	(116,063)

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 7.

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 operating income” or “General and administrative expenses”.

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.

ii)

NCOME 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 15.

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)
IVIDENDS 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)
EGMENT 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.

t)
ONCURRENT ASSETS HELD FOR SALE AND RESULT FROM DISCONTINUED OPERATIONS

In accordance with CPC 31 – “Noncurrent assets held for sale and discontinued operating”, the groups of noncurrent assets classified as held for sale are measured based on the lower value between book and fair value, deducted from sales costs. The groups of noncurrent assets are classified as held for sale if their book values are recovered by way of a sales transaction. This condition is deemed as fulfilled only when the sale is highly probable and the group of assets or disposal is available for immediate sale in its current condition.

For the sale to be highly probable, the Management should be committed to the asset’s sales plan, a firm program should have been started to locate a buyer and conclude the plan, and the sale should be expected to be completed in up to one year after the classification date.

After being classified as held for sale, the assets are neither depreciated nor amortized. The assets and liabilities of the group of discontinued assets are recorded in single lines of assets and liabilities.
Itautec’s result from discontinued operations is stated at a single amount, separated from the other revenues and expenses, after the heading income or losses after taxes. Net cash flows attributed to operating, investing and financing activities of the discontinued operations are stated in Note 26.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	12/31/2013	12/31/2012
Cash and deposits on demand	59	56
Investments in Fixed Income and Investment Funds	118	188
Bank deposit certificates	1,022	1,138
Total	**1,199**	**1,382**

NOTE 4 - FINANCIAL ASSETS HELD FOR TRADING

The portfolio is composed of investments in investment funds in the amount of R$ 426 (R$ 429 at 12/31/2012).

NOTE 5 – INVENTORIES – INDUSTRIAL AREA

	12/31/2013	12/31/2012
Raw material, supplies and packaging	266	369
Finished products	247	308
Work in progress	90	77
Showroom	89	81
Advance to suppliers	8	5
Allowance for inventory losses	(26)	(50)
Total	**674**	**790**

The cost of inventories recognized in results and included in “Cost of Products Sold” totaled at December 31, 2013 R$ 3.729 (R$ 3.567 at December 31, 2012).

At December 31, 2013 and December 31, 2012, the subsidiaries of ITAÚSA CONSOLIDATED did not have any inventories pledged as collateral.

NOTE 6 - 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 12/31/2012	Dividends and interest on capital received / receivable (1)	Share of income	Change in adjustment to market value and Foreign exchange	Other Compreensive Income from Investments in Associates and Joint Ventures	Granting of options recognized	Other adjustments directly reconized in stockholders' equity	Balances at 12/31/2013	Market value (2)
Jointly Controlled Entities									
Itaú Unibanco Holding S.A.	15,113	(1,722)	3,822	-	(639)	42	(126)	16,490	57,863
IUPAR - Itaú Unibanco Participações S.A.	12,221	(100)	2,024	-	(559)	36	(110)	13,512	-
Subsidiaries									
Duratex S.A.	1,418	(64)	183	2	-	3	-	1,542	2,791
Elekeiroz S.A.	459	(11)	38	-	-	-	-	486	321
Itautec S.A.	376	-	(331)	1	-	-	-	46	306
Itaúsa Empreendimentos S.A.	100	-	4	-	-	-	-	104	-
ITH Zux Cayman Company Ltd.	1	-	-	-	-	-	-	1	-
GRAND TOTAL	**29,688**	**(1,897)**	**5,740**	**3**	**(1,198)**	**81**	**(236)**	**32,181**	

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

(2) 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	83,233	16,424	973,657,190	84,810	36.87%	64.16%
IUPAR - Itaú Unibanco Participações S.A.	6,500	20,308	3,042	355,227,092	350,942,273	66.53%	50.00%
Subsidiaries							
Duratex S.A.	1,697	4,365	520	214,200,943	-	35.48%	35.48%
Elekeiroz S.A.	321	504	39	14,261,761	16,117,360	96.49%	98.23%
Itautec S.A.	280	156	(388)	10,953,371	-	94.01%	94.01%
Itaúsa Empreendimentos S.A.	52	104	4	752,189	-	100.00%	100.00%
ITH Zux Cayman Company Ltd.	29	1	(24)	12,200,000	-	100.00%	100.00%

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

a) Composition

	Interest % at 12/31/2013		12/31/2013				
	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	16,424	3,841
IUPAR - Itaú Unibanco Participações S.A	66.53	50.00	20,308	13,512	-	3,042	2,024
Tablemac	-	-	-	121	-	-	3
Other	-	-	-	(15)	-	-	-
Total				**29,950**			**5,868**

	Interest % at 12/31/2012		12/31/2012			12/31/2012	
	Total	**Voting**	**Stockholders' equity**	**Investment Balance**	**Market value**	**Net income**	**Share of income**
Itaú Unibanco Holding S.A	36.78	64.16	75,902	14,908	55,395	10,261	3,235
IUPAR - Itaú Unibanco Participações S.A	66.53	50.00	18,369	12,221	-	1,596	1,370
Tablemac	-	-	-	174	-	-	2
Other	-	-	-	1	-	-	-
Total				**27,304**			**4,607**

b) Other Information

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

Financial information (*)	12/31/2013	12/31/2012
Current assets	645,581	584,526
Non-current assets	381,723	372,637
Current liabilities	621,134	578,038
Non-current liabilities	323,234	304,393
Revenue	142,230	143,157
Expenses	(125,723)	(129,981)

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

Current financial liabilities and non-financial liabilities amount to R$ 493.816 and R$ 306.762, respectively (R$ 456.911 and R$ 287.653, respectively, at December 31, 2012).

The provisions of civil, labor and tax lawsuits corresponds to R$ 18,862 (R$ 19,209 at December 31, 2012).

Other Financial Information - Itaú Unibanco Holding	01/01 to 12/31/2013	01/01 to 12/31/2012
Interest and similar income	94,127	96,364
Interest and similar expense	(46,361)	(48,067)
Net income before income tax and social contribution	20,865	17,416
Income tax and social contribution	(4,343)	(4,225)
Net income	16,522	13,191
Net income attributable to owners of the parent company	16,424	12,634
Other comprehensive income	(3,248)	1,709
Total comprehensive income	13,176	14,343

Depreciation and amortization expenses total of R$ 1,522 and R$ 808, respectively (R$ 1,346 and R$ 844 at December 31, 2012).

Cash and Cash Equivalents – Itaú Unibanco Holding	12/31/2013	12/31/2013
Cash and deposits on demand	16,576	13,967
Interbank deposits	18,599	14,347
Securities purchased under agreements to resell	20,615	17,476
Total	**55,790**	**45,790**

Reconciliation of jointly-controlled interests	Itaú Unibanco Holding		IUPAR		Total	
	2013	2012	2013	2012	2013	2012
Stockholders' equity at January 1, 2013 and January 1, 2012	**75,902**	**73,942**	**18,369**	**17,880**	-	-
Gains /(losses) in the period	16,424	12,634	3,042	2,060	-	-
Other comprehensive income	(3,248)	1,709	(834)	442	-	-
Dividends / interest on capital	(4,976)	(5,296)	(151)	(158)		
Corporate reorganizations	(640)	(7,360)	(165)	(1,902)		
Other change stockholders' equity	(239)	273	47	47	-	-
Stockholders' equity at December 31, 2013 and December 31, 2012	**83,223**	**75,902**	**20,308**	**18,369**	-	-
Interest in capital	19.64%	19.59%	66.53%	66.53%	-	-
	16,341	14,871	13,512	12,221	29,853	27,092
Unrealized income (loss)	(173)	(220)	-	-	(173)	(220)
Goodwill (Note 20)	164	257	-	-	164	257
Total	**16,332**	**14,908**	**13,512**	**12,221**	**29,844**	**27,129**

NOTE 7 – FIXED ASSETS

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

NOTE 8 – 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 December 31, 2013, it had approximately 139 thousand hectares with actual planting (140 thousand hectares at December 31, 2012) 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:

	12/31/2013	12/31/2012
Cost of formation of biological assets	595	545
Difference between cost and fair value	531	557
Fair value of biological assets	**1,126**	**1,102**

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

c) Changes

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

	12/31/2013	12/31/2012
Opening balance	**1,102**	**1,094**
Variation in fair value		
Volume price	192	144
Depletion	(218)	(163)
Variation in historic value		
Formation	132	115
Depletion	(82)	(88)
Closing balance	**1,126**	**1,102**

	12/31/2013	12/31/2012
Effects of the variation in fair value of biological assets	**(26)**	**(19)**
Variation in fair value	192	144
Depletion of fair value	(218)	(163)

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 9 - INTANGIBLE ASSETS - ITAÚSA CONSOLIDATED

INTANGIBLE ASSETS	Annual amortization rates (%)	12/31/2012			Changes					12/31/2013		
		Cost	Accumulated amortization	Net value	Acquisitions	Write-offs	Amortization expense	Reclassification to assets held for sale	Other	Cost	Accumulated amortization	Net value
Software	20%	80	(47)	33	10	(1)	(11)	(9)	-	59	(38)	21
Trademarks and patents	-	4	-	4	1	-	(1)	-	10	15	(1)	14
Goodwill for future profitability	-	689	-	689	-	-	-	-	25	714	-	714
Customer portfolio	6.67%	396	(79)	317	-	-	(26)	-	-	396	(105)	291
Product Development	-	18	(7)	11	5	(2)	(3)	(11)	-	-	-	-
Other intangible assets	10%	1	-	1	-	-	(1)	(1)	-	-	-	-
Total		**1,188**	**(133)**	**1,055**	**16**	**(3)**	**(42)**	**(21)**	**35**	**1,184**	**(144)**	**1,040**

NOTE 10 – Debentures

On June 1, 2010 Itaúsa raised funds in the market upon the issue of 10,000 debentures of a single series, not convertible into shares, with face value of R$ 100 thousand each, remunerated at 106.5% of CDI, and with amortization in three annual and consecutive installments, in June 2011, 2012 and 2013, and Itaúsa may advance these redemptions, at its discretion. In June 2011, 2012 and 2013 Itaúsa made payments in the amount of R$ 416, R$ 432 and R$ 377 respectively, related to the amortization of the first, second and last installments, respectively.

On December 8, 2012, the first Private Issue 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 which proceeds were allocated to:

a) Fixed investment, at the company's industrial unit in Itapetininga – SP, in a new production line for the manufacture of medium density reconstituted wood fiber panels (MDF), a new low pressure coating line, and a new low pressure line for the impregnation of laminated paper;

b) The acquisition by the company of locally manufactured machinery and equipment needed for (a).

We present below the debentures in Itaúsa Consolidated

	12/31/2013			12/31/2012		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Debentures and Promissory Notes - Itaúsa	-	-	-	573	-	573
Debentures - Duratex	6	109	115	6	103	109
Total	**6**	**109**	**115**	**579**	**103**	**682**

NOTE 11 - OTHER ASSETS AND LIABILITIES

a) Other assets

	12/31/2013	12/31/2012
Financial	**535**	**621**
Deposits in guarantee for contingent liabilities	151	160
Receivables from reimbursement of contingent liabilities	11	12
Dividends and Interest on stockholders equity receivable	373	449
Non-financial	**342**	**347**
Prepaid expenses	34	20
Retirement plan assets (Note 21)	182	174
Other	126	153

b) Other liabilities

	12/31/2013	12/31/2012
Suppliers	307	310
Provision for sundry payments	220	250
Personnel provision	119	153
Deferred Income	104	112
Other	2	5
Total	**752**	**830**

NOTE 12 - TRADE ACCOUNTS RECEIVABLE

Trade Accounts Receivable	12/31/2013	12/31/2012
Domestic customers	1,171	1,127
Foreign customers	71	94
Impairment	(40)	(40)
Total	**1,202**	**1,181**

The balances of accounts receivable by maturity are as follows:

Maturities	12/31/2013	12/31/2012
Not yet due	1,074	1,124
Past-due up to 30 days	55	28
From 31 to 60 days	16	3
From 61 to 90 days	26	3
From 91 to 180 days	22	17
More than 180 days	49	46
Total	**1,242**	**1,221**

NOTE 13 - LOANS AND FINANCING

Loans and Financing	Charges	12/31/2013			12/31/2012		
		Current	Non current	Total	Current	Non current	Total
BNDES	5.2% to 9.0% p.a	89	15	104	53	56	109
BNDES	TJLP + 1.1% to 4.32% p.a	193	554	747	140	584	724
BNDES	Selic + 2.16% p.a	-	3	3	-	-	-
BNDES	108% CDI	10	-	10	-	-	-
Industrial Credit and Bank	101.2% of CDI	274	184	458	55	384	439
Industrial Credit and Bank	12.7% p.a	7	53	60	110	55	165
Discount NPR	5.5% p.a	8	-	8	25	-	25
FINAME	Fixed 3.7% to 7.4% p.a	-	2	2	-	1	1
FINAME	TJLP + 2.3% p.a	2	34	36	1	14	15
FINEP	3.5% to 4.0% p.a	15	61	76	15	63	78
Floating Rate Note	109.3% of CDI	1	-	1	141	-	141
FUNDIEST	30% + IGP-M per month	18	123	141	4	136	140
FUNDOPEM	IPCA + 3.0% p.a	-	16	16	-	10	10
Discounted Rural Promissory Note	105.3% of CDI	68	57	125	-	115	115
Discounted Rural Promissory Note	8.0% to 9.6% p.a	68	155	223	111	63	174
PROINVEST / PRO FLORESTA	IGP-M + 4.0% p.a / IPCA + 6.0% p.a	12	14	26	14	21	35
Vendor	-	2	-	2	2	-	2
Credit assignment	9.38% p.a	20	-	20	20	-	20
Other	Fixed 1.3% per month	-	-	-	1	-	1
Local currency		**787**	**1,271**	**2,058**	**692**	**1,502**	**2,194**
Advances on Exchange Contracts – Foreign Exchange Discount	1.29% p.a	2	-	2	5	-	5
BNDES	Basket of Currencies + 2.2% to 2.4% p.a	12	23	35	10	30	40
BNDES	Basket of Currencies + interest	1	-	1	1	2	3
BNDES	US$ + 1.6% to 2.12% p.a	-	-	-	3	8	11
BNDES	US$ + L + 1.6% to 2.1% p.a	2	4	6	1	5	6
BNDES	Exchange variation + 1.65% to 2.16% p.a	3	10	13	-	-	-
Foreign	Libor + 0.92% p.a	93	-	93	17	-	17
Foreign	EuroLibor + 0.92% p.a	-	-	-	3	-	3
Resolution 2770	US$ + L + 1.3% a 1.7% p.a	2	-	2	3	2	5
Resolution 4131	US$ + 1.6% a 2.12% p.a	-	-	-	34	-	34
Resolution 4131	US$ + L + 1.3% a 1.7% p.a	1	438	439	-	221	221
Foreign currency		**116**	**475**	**591**	**77**	**268**	**345**
Total		**903**	**1,746**	**2,649**	**769**	**1,770**	**2,539**

Maturities	12/31/2013	12/31/2012
2014	-	672
2015	895	699
2016	365	170
2017	134	81
2018	203	61
2019	74	48
2020	56	32
2021	9	3
Other	10	4
Total	**1,746**	**1,770**

NOTE 14 – STOCKHOLDERS' EQUITY

a) Capital

At the Annual and Extraordinary Stockholders' Meeting held on April 30, 2013, the Board of Directors' proposal was approved, as follows:

- Capital increase by R$ 4,600, with capitalization of funds recorded in Revenue reserves, of which R$ 1,411 of Legal reserve, R$ 623 of Reserve for Dividends Equalization and R$ 2,566 of the Reserve for capital increase of investees;
- Issue of 484,745,974 new book-entry shares with no par value, of which 186,628,955 are common and 298,117,019 preferred shares, which will be attributed, free of charge, to stockholders, as a bonus, in the proportion of one (1) new share to each lot of ten (10) shares of the same type held at the end of May 7, 2013;

According to the Summary Minutes of the Board of Directors' Meeting, held on May 6, 2013, a capital increase was resolved on, in the amount of R$ 900, through the issue of 138,461,540 new book-entry shares with no par value, of which 53,308,194 are common and 85,153,346 are preferred shares, with payment in cash or in credits arising from dividends or interest on capital.

Said capital increase was ratified at the Board of Directors' Meeting of July 12, 2013.

Through the capitalization of reserves and capital increase, capital was increased to 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 that 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:

	Number			Amount
	Common	Preferred	Total	
Shares of capital stock at 01/01/2012	**1,696,626,868**	**2,718,854,721**	**4,415,481,589**	**13,678**
Residents in Brazil	1,696,361,573	1,820,597,595	3,516,959,168	10,895
Foreign Residents	265,295	898,257,126	898,522,421	2,783
Changes in shares of paid-in capital from ESM onf 04/26/2012	**169,662,686**	**271,015,472**	**440,678,158**	**2,822**
Capital Increase with Capitalization of Reserves	-	-	-	2,822
Share bonus	169,662,686	271,015,472	440,678,158	-
Shares of capital stock at 12/31/2012	**1,866,289,554**	**2,981,170,193**	**4,847,459,747**	**16,500**
Residents in Brazil	1,864,554,738	1,962,909,890	3,827,464,628	13,028
Foreign Residents	1,734,816	1,018,260,303	1,019,995,119	3,472
Treasury shares at 01/01/2012 (*)	**-**	**(8,700,000)**	**(8,700,000)**	**(80)**
(-) Cancellation of shares (ESM of 04/26/2012)	-	8,700,000	8,700,000	80
Treasury shares at 12/31/2012	**-**	**-**	**-**	**-**
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 at 12/31/2013	**239,937,149**	**383,270,365**	**623,207,514**	**5,500**
Capital Increase with Capitalization of Reserves	-	-	-	4,600
Share bonus	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
Foreign Residents	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**

(*) 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

(In millions of Reais)

Net income	5,698	
(-) Legal reserve	(285)	
Dividend calculation basis	5,413	
Mandatory minimum dividend	**1,353**	**25.00%**
Mandatory minimum dividend	**1,877**	**34.68%**

II. Provision for interest on capital and dividends

	Gross	WTS	Net
Paid	**550**	**(58)**	**492**
Dividends	**162**	**-**	**162**
1 quarterly installment of R$ 0.015 per share paid on 07/01/2013	80	-	80
1 quarterly installment of R$ 0.015 per share pad on 10/01/2013	82	-	82
Interest on capital	**388**	**(58)**	**330**
1 installment of R$ 0.071 per share paid on 08/21/2013	388	(58)	330
Provided for / Declared	**553**	**(71)**	**482**
Dividends	**82**	**-**	**82**
1 quarterly installment of R$ 0.015 per share to be paid on 01/02/2014	82	-	82
Interest on capital	**471**	**(71)**	**400**
1 installment of R$ 0.086 per share, credited on 12/30/2013, to be paid on 02/28/2014	471	(71)	400
Provided for / To be declared in 2014	**1,048**	**(145)**	**903**
Dividends	**82**	**-**	**82**
1 quarterly installment of R$ 0.015 per share to be paid on 04/01/2014	82	-	82
Interest on capital	**349**	**(52)**	**297**
1 installment of R$ 0.0626 per share to be paid on 02/28/2014	342	(51)	291
1 installment of R$ 0.0013 per share to be paid until 06/30/2014	7	(1)	6
Interest on capital in addition to mandatory dividend	**617**	**(93)**	**524**
1 installment of R$ 0.1127 per share to be paid until 06/30/2014	617	(93)	524
Total at 12/31/2013 - R$ 0.3436 net per share	**2,151**	**(274)**	**1,877**
Total at 12/31/2012 - R$ 0.3117 net per share [1]	**1,904**	**(242)**	**1,662**

(1) For compartive purposes, we considered bonuses.

c) Appropriated reserves

- **Legal reserve**

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

- **Statutory reserves**

These reserves are recognized with the aim of:

- dividend equalization with the purpose of guaranteeing funds for the payment of dividends, including interest on capital or its advances, to maintain the flow of the stockholders' compensation;
- increasing working capital, guaranteeing funds for the company's operations; and
- increasing the capital of investees, to guarantee the preemptive rights of subscription upon capital increases of investees.

	12/31/2013	12/31/2012
Revenue Reserves	**10,976**	**12,291**
Legal	1,120	2,246
Statutory	9,856	10,045
Dividends equalization	2,066	1,627
Working capital increase	3,852	3,077
Increase in capital of investees	3,938	5,341
Proposal for distribution of additional dividends	**617**	**610**
Other reserves	**413**	**332**
Total reserves at parent company	**12,006**	**13,233**

	Revenue reserves		Other reserves	Total reserves
	Legal reserve	Statutory reserves		
Beginning balance	**2,246**	**10,655**	**332**	**13,233**
Recognition of reserves	285	3,262	-	**3,547**
Increase of capital with reserves	(1,411)	(3,189)	-	**(4,600)**
Dividend – amount to be proposed in addition to the minimum mandatory	-	617	-	**617**
Dividend – amount in addition to the minimum mandatory dividend for prior years	-	(610)	-	**(610)**
Corporate reorganizations	-	(236)	-	**(236)**
Recognized options granted	-	-	81	**81**
Transfers	-	(26)	-	**(26)**
Ending balance	**1,120**	**10,473**	**413**	**12,006**

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 15 – 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
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
Exercise price at granting date	11.16	11.82	15.34	9.86	16.33	13.02	10.21	14.45
Fair value at granting date	9.79	8.88	7.26	3.98	7.04	5.11	5.69	6.54
Exercise deadline	10 years	10 years	10 years	8 years	8 years	8.5 years	8.8 years	8.9 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

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

	2006	2007	2008	2009	2010	2011	2012	2013
Volatility of share price	34.80%	36.60%	36.60%	46.20%	38.50%	32.81%	37.91%	34.13%
Dividend yield	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%
Effective exercise rate	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 until the effective exercise of the options by executives.

Granting date	Granted number	Maturity date	Exercise deadline	Granting price	To be exercised dec/12	To be exercised dec/13 (*)	Option price	Total amount	2007 to 2011	2012	2013	Other periods
03/30/2006	2,659,180	06/30/2007 to	12/31/2016	11.16	48,856	53,740	11.42	1	1	-	-	-
01/31/2007	2,787,050	06/30/2008 to	12/31/2017	11.82	1,588,612	1,445,154	10.36	25	25	-	-	-
02/13/2008	2,678,901	06/30/2009 to	12/31/2018	15.34	1,649,682	1,512,330	8.47	19	19	-	-	-
06/30/2009	2,517,951	06/30/2012 to	12/31/2017	9.86	922,476	840,467	4.64	9	9	1	-	-
04/14/2010	1,333,914	12/31/2013 to	12/31/2018	16.33	1,464,818	1,420,779	8.21	8	4	2	2	-
06/29/2011	1,875,322	12/31/2014 to	12/31/2019	13.02	1,868,298	1,859,377	5.11	10	1	3	3	2
04/09/2012	1,315,360	12/31/2015 to	12/31/2020	10.21	1,315,360	1,254,241	5.69	7	-	1	2	4
04/17/2013	1,561,061	12/31/2016 to	12/31/2021	14.45	-	1,498,804	6.54	9	-	-	2	7
Sum	**16,728,739**				**8,858,102**	**9,884,892**		**88**	**59**	**7**	**9**	**13**
Exercise effectiveness								**96.63%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**
Computed value								**85**	**57 (1)**	**7 (2)**	**8 (3)**	**12 (4)**

(1) Amount charged to income in 2007 until 2011.
(2) Amount charged to income in 2012.
(3) Amount charged to income in 2013.
(4) Amount charged to income up to December 2015.
(*) Includes bonus shares of 10% as per resolution at the A/ESM of April 22, 2013.

At December 31, 2013, the Company had 1,405,054 treasury shares, which may be used in a possible option exercise.

b) Itautec S.A.

As set forth in the bylaws, until 2006 the Company had a Stock Option Plan 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 December 31, 2013, the market price of the shares was R$ 26.89 (R$ 35.01 at December 31, 2012) 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 16 - GENERAL AND ADMINISTRATIVE EXPENSES

	01/01 to 12/31/2013	01/01 to 12/31/2012
Personnel expenses	**(208)**	**(142)**
Compensation	(84)	(76)
Charges	(80)	(49)
Welfare benefits	(22)	(11)
Training	(3)	(1)
Employee profit sharing	(19)	(5)
Administrative expenses	**(112)**	**(52)**
Data processing and telecommunications	(3)	-
Third-party services	(68)	(28)
Advertising, promotions and publicity	(6)	(2)
Travel	(2)	(1)
Other	(33)	(21)
Depreciation	**(12)**	**(15)**
Total	**(332)**	**(209)**

NOTE 17 - OTHER OPERATING EXPENSES

	01/01 a 31/12/2013	01/01 a 31/12/2012
Provisions for Contingencies	(55)	(8)
Expense on Research and Development (R&D)	(11)	(64)
Write-off of surplus of Pension Plan (DC – Defined Contribution)	(71)	-
Amortization of Customer Portfolio	(28)	(26)
Options Granted and Recognized	(23)	(19)
Loss on Sale of other Investiments and Fixed Assets	(25)	(35)
Other	(10)	(16)
Total	**(223)**	**(168)**

NOTE 18 - 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 12/31/2013	01/01 to 12/31/2012
Income before income tax and social contribution of Continuing Operatings	**6,248**	**4,940**
Income before income tax and social contribution of Discontinued Operatings	**(123)**	**(24)**
Charges (income tax and social contribution) at the current rates	(2,083)	(1,671)
Increase/decrease to income tax and social contribution charges arising from:		
Permanent additions (exclusions)	**1,967**	**1,591**
Share of Comprehensive Income of Associates and Joint Ventures	1,995	1,566
Income from foreign investments	(32)	(7)
Interest on capital	23	28
Other	(19)	4
Total income tax and social contribution	**(116)**	**(80)**

b) Deferred Income Tax and Social Contribution

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

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

II- The estimated realization and the present value of the Deferred Income Tax and Social Contribution at December 31, 2013, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are as follows::

	12/31/2013	12/31/2012
Deferred tax assets	**729**	**653**
Deferred tax assets to be recovered within up to 12 months	38	146
Deferred tax assets to be recovered after 12 months	691	507
Deferred tax liabilities	**(519)**	**(495)**
Deferred tax liabilities to be recovered after 12 months	(519)	(495)
Deferred tax assets, net	**210**	**158**

(*) Deferred income tax and social contribution assets and liabilities are recorded in the balance sheet offset by a taxable entity and total R$ 729 (R$ 653 at December 31, 2012) and R$ 519 (R$ 495 at December 31, 2012).

NOTE 19 - EARNINGS PER SHARE

Basic and diluted earnings per share were computed pursuant to the table below for the years indicated. Basic earnings per share are computed by dividing the net income attributable to the stockholders of ITAÚSA - Investimentos Itaú S.A. by the average number of shares for the year, and by excluding the number of shares purchased and held as treasury shares. Diluted earnings per share are computed in a similar way, but with the adjustment made to the denominator when assuming the conversion of all shares that may dilute earnings.

Net income attributable to owners of the parent company	01/01 to 12/31/2013	01/01 to 12/31/2012
Net income of Continued Operations	**5,822**	**4,563**
Net income of Discontinued Operations	**(124)**	**(24)**
Minimum non-cumulative dividend on preferred shares in accordance with our bylaws	(33)	(32)
Subtotal	**5,665**	**4,507**
Retained earnings to be distributed to common equity owners in an amount per share equal to the	(21)	(20)
Subtotal	**5,644**	**4,487**
Retained earnings to be distributed to common and preferred equity owners on a pro-rata basis		
To common equity owners	2,173	1,728
To preferred equity owners	3,471	2,759
Total net income available to common equity owners	**2,194**	**1,748**
Total net income available to preferred equity owners	**3,504**	**2,791**
Weighted average number of shares outstanding		
Common shares	2,084,014,956	2,006,261,270
Preferred shares	3,328,959,997	3,204,757,957
Earnings per share – Basic and diluted of Continued Operations - R$		
Common shares	1.07	0.87
Preferred shares	1.07	0.87
Earnings per share – Basic and diluted of Discontinued Operations - R$		
Common shares	(0.02)	-
Preferred shares	(0.02)	-

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

NOTE 20 – 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%:

	12/31/2012	Amortization/ Realization (*)	12/31/2013
Intangible assets subject to amortization			
Customer relationships(*)	245	(130)	115
Exclusive access to retail customers and real estate brokers	109	(20)	89
Other	3	(1)	2
Total intangible assets subject to amortization (I)	**357**	**(151)**	**206**
Intangible assets not subject to amortization			
Redecard brand (*)	4	(4)	-
Hipercard brand	2	-	2
Itaú brand	65	-	65
Total intangible assets not subject to amortization (II)	**71**	**(4)**	**67**
Total allocated to intangible assets (III = I + II)	**428**	**(155)**	**273**
Deferred tax liability (IV)	**(171)**	**62**	**(109)**
Total goodwill allocated (V = III + IV)	**257**	**(93)**	**164**
Goodwill	**437**	**-**	**437**

(*) In 2013 were realizated the relative values Redecard.

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 21 – 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 (Fundation), 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 10,262 participants at December 31, 2013 (10,472 at December 31, 2012).

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 intenal rules of the plan, has been used to offset contributions made by the sponsors.

The present value of future regular contributions, calculated using the projected unit credit method, was recognized in the interim financial statements for December 31, 2013.

The amount recorded in the balance sheet under Pension Plan Credits is R$ 122 (R$ 174 at December 31, 2012). The amount of R$ 19 (R$ 22 at December 31, 2012) was recorded in income. At June 30, 2013 Itautec carried out a reversal in the amount of R$ (71) as a result from its corporate reorganization (Note 26).

(b) Defined benefit plan – BD Plan

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

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

December 31, 2013, the surplus and restored technical balance of the BD Plan was recorded in assets, in the amount of R$ 60 payable in 26 monthly installments to which the return rate of investment in the BD Plan applies.

Main assumptions used in actuarial valuation of Retirement Plans

	12/31/2013	12/31/2012
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 22 – PROVISIONS, CONTINGENCIES AND OTHER COMMITMENTS

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

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

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

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

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

	12/31/2013	12/31/2012
IPI bonus credit from 1960 to 1985	111	104
Monetary adjustment of credits from Eletrobrás	11	10
Recovery of ILL paid with dividends distributed from 1989 to 1992	11	11
INSS - SAT, change of rural rate, transportation voucher, and health insurance	5	5
COFINS – escrow deposit	-	3
PIS – calculation basis	3	6
PIS and COFINS – Manaus Duty Free Zone	10	10
PIS and COFINS – Transfer of commissions on sales abroad	17	-
Cacex (foreign trade) tax	21	21
Other	16	14
Total	**205**	**184**

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
Opening balance 01/01/2013	**343**	**73**	**20**	**436**
Monetary adjustment	24	12	2	38
Increase	114	25	5	144
Reversal	(34)	(22)	(6)	(62)
Payments	(12)	(17)	-	(29)
Total at 12/31/2013	**435**	**71**	**21**	**527**

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

- PIS and COFINS – Calculation basis – R$ 264: 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$ 53: 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 reconized

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 reconized.

At December 31, 2013, these lawsuits totaled R$ 646 for tax lawsuits, R$ 14 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$ 214: Discussion related to taxation of revaluation reserve in corporate spin-off operations carried out in the 2006-2009 period;

- IRRF, IRPJ, CSLL, PIS e COFINS – Request for offset denied – R$ 199: Cases in which the liquidity and certainty of offset credits are discussed;

- Levy of ICMS Credits – R$ 39: Discussion on the levy, recognition and use of ICMS credits;

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

- PIS and 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;

- IRPJ and, CSLL – Profit made available abroad - R$ 18: Discussion of the calculation basis for levy of these taxes on profits earned abroad;

d) Program for Settlement or Installment Payment of Federal Taxes - Law No. 12,865/13

ITAÚSA and its subsidiaries adhered to the Program for Settlement or Installment Payment of Federal Taxes, established by Law No. 12,865, of October 9, 2013, including debits administered by the Federal Revenue Service and the General Attorney's Office of the National Treasury, pursuant to Article 27, which reopened, until December 31, 2013, the period for adhering to the program, as set forth by Law No. 11,941/09.

The adherence to the program has enabled companies to use tax-loss credits for the partial settlement of interest on debits in the amount of R$ 12.

Net effect on result was R$ (16), recorded in interest income, tax expenses and current income tax and social contribution.

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 finacial statement to Itaú Unibanco Holding for the period from January 1, 2013 to December 31,2013 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 december	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED ITAUSA (1)
		Itaú Unibanco Holding	Duratex (5)	Elekeiroz	Itautec (5)	
Total assets	**2013**	**1,027,297**	**8,178**	**730**	**751**	**41,929**
	2012	957,154	7,759	672	1,076	39,050
Operating revenues (2)	**2013**	**119,154**	**3,873**	**1,004**	**439**	**11,157**
	2012	125,484	3,373	900	700	9,490
Net Income	**2013**	**16,424**	**520**	**39**	**(389)**	**6,011**
	2012	12,634	460	-	1	4,836
Stockholders' equity	**2013**	**83,223**	**4,365**	**504**	**156**	**35,974**
	2012	75,902	4,024	476	543	32,674
Annualized return on average equity (%) (3)	**2013**	**21.1%**	**12.3%**	**8.0%**	**-112.2%**	**17.6%**
	2012	16.9%	11.9%	0.1%	0.3%	14.9%
Internal fund generation (4)	**2013**	**47,706**	**1,368**	**71**	**(183)**	**962**
	2012	54,805	1,104	50	(25)	710

(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 ((Dec12 + Mar + Jun + Sep + Dec13) / 5).*

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

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

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 6 II) – Itaú Unibanco Holding S.A and IUPAR – Itaú Unibanco Participações.

The transactions with these related parties are basically characterized by:

a) Related Parties

	Consolidated			
	ASSETS/(LIABILITIES)		REVENUE/(EXPENSES)	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Financial Investments	**247**	**639**	**33**	**32**
Itaú Unibanco S.A.	247	639	33	32
Amounts receivable from (payable to) related companies	**10**	**19**	**-**	**-**
Itaú Unibanco S.A.	10	17	-	-
Banco Itaú BBA	-	1	-	-
Banco Itaú Leasing	-	1	-	-
Banking service fees	**-**	**-**	**373**	**499**
Itaú Unibanco S.A.	-	-	372	487
Itaú Seguros	-	-	(2)	1
Banco Itaú Leasing	-	-	-	1
Banco Itaú BBA	-	-	3	10
Total	**257**	**658**	**406**	**531**

In addition to the aforementioned operations, ITAÚSA and non-consolidated related parties, as an integral agrrement for apportionment of ccommon costs, recorded in General and Administrative Expenses, the amount of R$ 9 (R$ 12 from 01/01 to 12/31/2012) 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:

	12/31/2013	12/31/2012
Duratex S.A.	522	463
Elekeiroz S.A.	84	67
Itautec S.A.	102	131
Total	**708**	**661**

c) Compensation of the Key Management Personnel

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

ITAÚSA	**12/31/2013**	**12/31/2012**
Compensation	6	5
Profit sharing	4	5
Total	**10**	**10**

DURATEX	**12/31/2013**	**12/31/2012**
Compensation	14	13
Profit sharing	14	16
Stock Options	7	6
Total	**35**	**35**

ITAUTEC	**12/31/2013**	**12/31/2012**
Compensation	11	5
Profit sharing	5	9
Total	**16**	**14**

ELEKEIROZ	**12/31/2013**	**12/31/2012**
Compensation	6	6
Profit sharing	2	-
Total	**8**	**6**

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 to liquidity risk, the cash flow forecast of ITAÚSA is made by Management, which monitors the continuous forecasts of liquidity requirements to ensure that it has sufficient cash to meet 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$ 426, 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 following table summarizes the fair value of derivatives derivative financial instruments:

	Notional amount	Fair value	Accumulated effect	
	12/31/2013	12/31/2013	Amount receivable	Amount payable
Swap contracts	**-**	**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	-	0
Futures contracts (NDF)	**45**	**1**	**2**	**-**
Purchase commitments	**45**	**1**	**2**	**-**
Foreign currency (USD)	45	1	2	-

	Notional amount	Fair value	Accumulated effect	
	12/31/2012	12/31/2012	Amount receivable	Amount payable
Swap contracts	**-**	**24**	**28**	**(1)**
Asset position	**613**	**675**	**28**	**(1)**
Foreign currency (USD)	263	264	7	(1)
Fixed rate	350	411	21	-
Liability position	**(608)**	**(651)**	**-**	
CDI	(608)	(651)	-	-
Futures contracts (NDF)	**44**	**-**	**4**	**(1)**
Purchase commitments	**44**	**-**	**4**	**(1)**
Foreign currency (USD)	26	-	3	(1)
Agreements (EUR)	18	-	1	-

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 enough to meet their financial commitments, as a result of the mismatching of terms or volume between scheduled receipts and payments. Assumptions for future reimbursements and receipts, daily monitored by the treasury area, are established to manage the liquidity of cash in domestic and foreign currencies.

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

12/31/2013	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**

12/31/2012	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	780	1,361	511	11
Suppliers and other payables	515	121	-	-
Total	**1,295**	**1,482**	**511**	**11**

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&BOVESPA / 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)	(22)	(36)
	Hedged item: loans at fixed rates		8	22	36
Foreign exchange	Swap - US$ / CDI (Res. 2770 w Res. 4131)	Drop - US$	(23)	(181)	(339)
	Hedged item: Debt in foreign currency (US$)	(Increase US$)	23	181	339
	NDF (US$)	Drop - US$	-	-	-
	Swap (US$)	Increase - US$	46	46	46
	Swap (US$)	Increase - CDI	(46)	(46)	(47)
	Hedged item: Debt in foreign currency	US$ / EUR	(2)	8	20
	Exports receivable	(Drop - US$)	-	(7)	(14)
		Increase - US$	-	7	14
	BNDES – Revolving credit	Drop - US$	(2)	4	8
		(Increase US$)	-	(4)	(8)
	Advances on exchange contracts – Foreign exchange discount	Drop - US$	-	1	1
		(Increase US$)	-	(1)	(1)
	Foreign suppliers	Drop - US$	-	3	6
		(Increase US$)	-	(3)	(6)
Total			**(4)**	**8**	**19**

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).

	12/31/2013	12/31/2012
Assets (*):	**2,417**	**2,567**
Cash and deposits on demand	1,100	1,279
Trade accounts receivable	1,219	1,259
Restricted deposits	97	26
Available-for-sale financial assets	1	1
Call option	-	2
Liabilities:	**3,144**	**2,942**
Loans/ Financing/ Debentures	2,765	2,648
Suppliers / Other expenses	384	306
Financial instruments	(5)	(12)

(*) Fair value joint ventures interests unconsolidated are reported in note 6 I.

NOTE 26 – NONCURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In accordance with the notes 2.3f and 2.4t, Itautec's activities of commercial and banking operations and provision of services have met the definition of assets held for sale as from the 2nd and 3nd quarter of 2013, and the result from discontinued operations for the periods ended December 31, 2013 and 2012, are shown in the table below and are stated in a specific heading in the balance and statement of income.

RESULTS OF DISCONTINUED OPERATIONS	Commercial and Banking Operations and Provision of Services		Deca Piazza		Total	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Sales of products and services	611	845	10	22	621	867
Cost of products and services	(565)	(710)	(13)	(22)	(578)	(732)
Financial results	(2)	(6)	(2)	(1)	(4)	(7)
Sales expenses	(37)	(45)	(2)	(3)	(39)	(48)
General and administrative expenses	(43)	(43)	(2)	(2)	(45)	(45)
Research and Development Expenses	(57)	(56)	-	-	(57)	(56)
Other net gains	(16)	(2)	(5)	(1)	(21)	(3)
Income before income tax and social contribution	**(109)**	**(17)**	**(14)**	**(7)**	**(123)**	**(24)**
Income tax and social contribution	(1)	-	-	-	(1)	-
Retained earnings/(Deficit) of Discontinued Operations	**(110)**	**(17)**	**(14)**	**(7)**	**(124)**	**(24)**

MAIN TYPES OF ASSETS AND LIABILITIES HELD FOR SALE	Commercial and Banking Operations and Provision of Services	Deca Piazza	Total
ASSETS	**12/31/2013**	**12/31/2013**	**12/31/2013**
Cash and cash equivalents	30	-	30
Trade accounts receivable	105	-	105
Inventories	160	-	160
Fixed assets	17	-	17
Intangible assets	21	-	21
Tax assets	9	-	9
Other assets	6	2	8
TOTAL ASSETS	**348**	**2**	**350**
LIABILITIES	**12/31/2013**	**12/31/2013**	**12/31/2013**
Suppliers	39	-	39
Loans and financing	2	-	2
Personnel liabilities	53	-	53
Tax liabilities	7	1	8
Other liabilities	27	-	27
Deferred Income	17	-	17
TOTAL LIABILITIES	**145**	**1**	**146**

CASH FLOW OF DISCONTINUED OPERATIONS	Commercial and Banking Operations and Provision of Services	Deca Piazza	Total
	12/31/2013	12/31/2013	12/31/2013
Cash Flow from Operating Activities	(47)	-	(47)
Cash Flow from Financing Activities	61	(1)	60
Cash Flow from Investments Activities	(10)	-	(10)
Increase/(decrease) of cash and cash equivalents, net	4	(1)	3

NOTE 27 – 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. Said MP 627/13 provides for the following, among other matters:

- revoke 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 in profit earned abroad by subsidiaries and affiliates.

Considering that said MP 627 has a significant number of amendments proposed and the Federal Revenue Service should, in compliance with the same MP, regulate a number of matters, it is possible that certain provisions will be amended and/or clarified. However, based on the wording in effect, we estimate that said MP 627/13 will not have significant accounting effects on the consolidated financial statements of ITAÚSA.

Independent auditor's report on the financial statements

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

We have audited the accompanying financial statements of Itaúsa - Investimentos Itaú S.A. ("Parent Company"), which comprise the balance sheet as at December 31, 2013 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2013 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

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

Opinion on the Parent Company financial statements

In our opinion, the Parent Company financial statements present fairly, in all material respects, the financial position of Itaúsa - Investimentos Itaú S.A. as at December 31, 2013, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the Consolidated financial statements

In our opinion, the Consolidated financial statements present fairly, in all material respects, the financial position of Itaúsa - Investimentos Itaú S.A. and its subsidiaries as at December 31, 2013, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

As discussed in Note 2.1 to these financial statements, the Parent Company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Itaúsa - Investimentos Itaú S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on equity accounting, while IFRS requires measurement based on cost or fair value. Our opinion is not qualified with respect to this matter.

Other matters

Statements of value added

We also have audited the Parent Company and Consolidated statements of value added for the year ended December 31, 2013, prepared under the responsibility of management, which are required to be presented by Brazilian corporate law for public companies, and are supplementary information under IFRS, which do not require the presentation of the DVA. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, February 18, 2014

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647/O-5

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

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

OPINION OF THE FISCAL COUNCIL

The effective members of the Fiscal Council of **ITAÚSA – INVESTIMENTOS ITAÚ S.A.**, having perused the management report and the financial statements for December 31 2013, have verified the accuracy of all the items examined and, in view of the unqualified opinion provided by PricewaterhouseCoopers Auditores Independentes, understand that these documents adequately reflect the company's capital structure, financial position and the activities conducted by the company during the period. São Paulo (SP), February 18, 2014.Tereza Cristina Grossi Togni – President; José Carlos de Brito e Cunha and Paulo Ricardo Moraes Amaral – Councilors.

HENRI PENCHAS
Investor Relations Officer

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

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

SUMMARIZED MINUTES OF THE MEETING OF THE BOARD OF EXECUTIVE OFFICERS HELD ON FEBRUARY 18 2014

DATE, TIME AND PLACE: On February 18 2014, at 8:00 am., at Praça Alfredo Egydio de Souza Aranha, 100, Torre Olavo Setubal, 9th floor, in the city and state of São Paulo.

CHAIR: Alfredo Egydio Arruda Villela Filho, CEO

QUORUM: The totality of the elected members.

RESOLUTION UNANIMOUSLY ADOPTED:

Following due examination of the financial statements for the fiscal year ending December 31 2013, as well as the unqualified report of PricewaterhouseCoopers Auditores Independentes, pursuant to the provisions in sub-section V and VI of Article 25 of CVM Instruction 480/09, the Board unanimously resolved to declare that:

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

b) it has reviewed, discussed and agrees with the financial statements for the fiscal year ending December 31 2013.

CONCLUSION: There being no further matters on the agenda and no members wishing to raise any further matters, the meeting was declared closed and these minutes were drafted, read, approved and signed by all those present. São Paulo (SP), February 18 2014. (signed) Alfredo Egydio Arruda Villela Filho – CEO; Henri Penchas and Roberto Egydio Setubal – Executive Vice-Presidents.

HENRI PENCHAS
Investor Relations Officer