



Apimec Cycle 2016

Itaú Unibanco Holding S.A.



**Results and ITUB *versus*
Ibovespa Comparison**

Roberto Setubal

Executive President and CEO

November 17, 2016

Quarterly Highlights

Recurring Net Income

**R\$5.6
billion**

Consolidated

▲ + 0.4% (3Q16/2Q16)

▼ - 8.9% (3Q16/3Q15)

Recurring ROE (p.a.)

19.9%

Consolidated

▼ - 70 bps (3Q16/2Q16)

▼ - 420 bps (3Q16/3Q15)

Credit Quality (September 2016)

**NPL
90
3.9%**

Consolidated

▲ + 30 bps (3Q16/2Q16)

▲ + 90 bps (3Q16/3Q15)

Ex-Specific Economic Group: 3.6% — (3Q16/2Q16)

	3Q16 /2Q16	3Q16/3Q15
● Financial Margin with Clients:	▲ + 5.9%	▼ - 3.0%
● Financial Margin with the Market:	▲ + 15.0%	▼ - 23.2%
● Provision for Loan Losses:	▼ - 2.7%	▲ + 2.9%
● Fees and Result from Insurance ¹ :	— 0.0%	▲ + 6.3%
● Non-interest Expenses:	▲ + 8.4%	▲ + 7.4%
● Efficiency Ratio:	▲ + 190 bps	▲ + 430 bps
● Credit Portfolio (Endorsements and Sureties):	▼ - 0.6%	▼ - 11.0%

¹ Result from Insurance (-) Retained Claims (-) Insurance Selling Expenses.
Note: Results from Brazil consider units abroad ex-Latin America

Highlights in the Quarter

Recurring Net Income

**R\$5.6
billion**

Consolidated

▲ + 0.4% (3Q16/2Q16)

▼ - 8.9% (3Q16/3Q15)

**R\$5.3
billion**

Brazil

▲ + 2.4% (3Q16/2Q16)

▼ - 7.3% (3Q16/3Q15)

Recurring ROE (p.a.)

19.9%

Consolidated

▼ - 70 bps (3Q16/2Q16)

▼ - 420 bps (3Q16/3Q15)

20.8%

Brazil

▼ - 30 bps (3Q16/2Q16)

▼ - 330 bps (3Q16/3Q15)

Credit Quality (September 2016)

**NPL
90
3.9%**

Consolidated

▲ + 30 bps (3Q16/2Q16)

▲ + 90 bps (3Q16/3Q15)

Ex-Specific Economic Group: 3.6% — (3Q16/2Q16)

**NPL
90
4.8%**

Brazil

▲ + 30 bps (3Q16/2Q16)

▲ + 100 bps (3Q16/3Q15)

Ex-Specific Economic Group: 4.4% ▼ (3Q16/2Q16)

	3Q16 /2Q16	3Q16/3Q15
● Financial Margin with Clients:	▲ + 5.9%	▼ - 3.0%
Financial Margin with Clients - Brazil:	▲ + 8.0%	▲ + 1.4%
● Financial Margin with the Market:	▲ + 15.0%	▼ - 23.2%
Financial Margin with the Market - Brazil:	▲ + 19.2%	▼ - 29.3%
● Provision on Loan Losses:	▼ - 2.7%	▲ + 2.9%
Provision on Loan Losses - Brazil:	▼ - 3.1%	▲ + 2.9%
● Fees and Result from Insurance¹:	— 0.0%	▲ + 6.3%
Fees and Result from Insurance ¹ - Brazil:	▲ + 1.4%	▲ + 7.8%
● Non-interest Expenses:	▲ + 8.4%	▲ + 7.4%
Non-interest Expenses - Brazil:	▲ + 11.7%	▲ + 9.4%
● Efficiency Ratio:	▲ + 190 bps	▲ + 430 bps
Efficiency Ratio - Brazil:	▲ + 240 bps	▲ + 370 bps
● Credit Portfolio (Endorsements and Sureties):	▼ - 0.6%	▼ - 11.0%
Credit Portfolio (Endorsements and Sureties) - Brazil:	▼ - 1.1%	▼ - 10.4%

¹ Result from Insurance (-) Retained Claims (-) Insurance Selling Expenses.
Note: Results from Brazil consider units abroad ex-Latin America

Consolidated Results

In R\$ billions	3Q16	2Q16	change	9M16	9M15	change
Operating Revenues	28	26	4.2%	81	81	0.2%
Managerial Financial Margin	18	17	6.7%	52	53	-2.0%
Financial Margin with Clients	16	15	5.9%	47	47	-0.8%
Financial Margin with the Market	2	2	15.0%	5	6	-12.3%
Commissions and Fees	8	8	0.1%	23	21	7.3%
Result from Insurance ¹	2	2	-0.4%	6	7	-4.6%
Provision for Loan Losses and Claims	(6)	(6)	-2.0%	(19)	(15)	22.1%
Non-interest Expenses	(12)	(11)	8.4%	(35)	(33)	6.7%
Tax Expenses and Other²	(2)	(2)	6.4%	(5)	(5)	-1.9%
Income Tax and Social Contribution	(2)	(2)	15.4%	(6)	(8)	-30.9%
Minority Interests in Subsidiaries	(0)	(0)	-75.0%	(0)	(1)	-78.7%
Recurring Net Income	5.6	5.6	0.4%	16.3	18.1	-9.8%
Recurring ROE	19.9%	20.6%	-0.7 p.p.	20.0%	24.5%	-4.5 p.p.

¹ Result from Insurance, Pension Plan and Premium Bonds Operations before Retained Claims and Selling Expenses.

² Include Tax Expenses (ISS, PIS, COFINS and other) and Insurance Selling Expenses.

Credit by Type of Client/Product

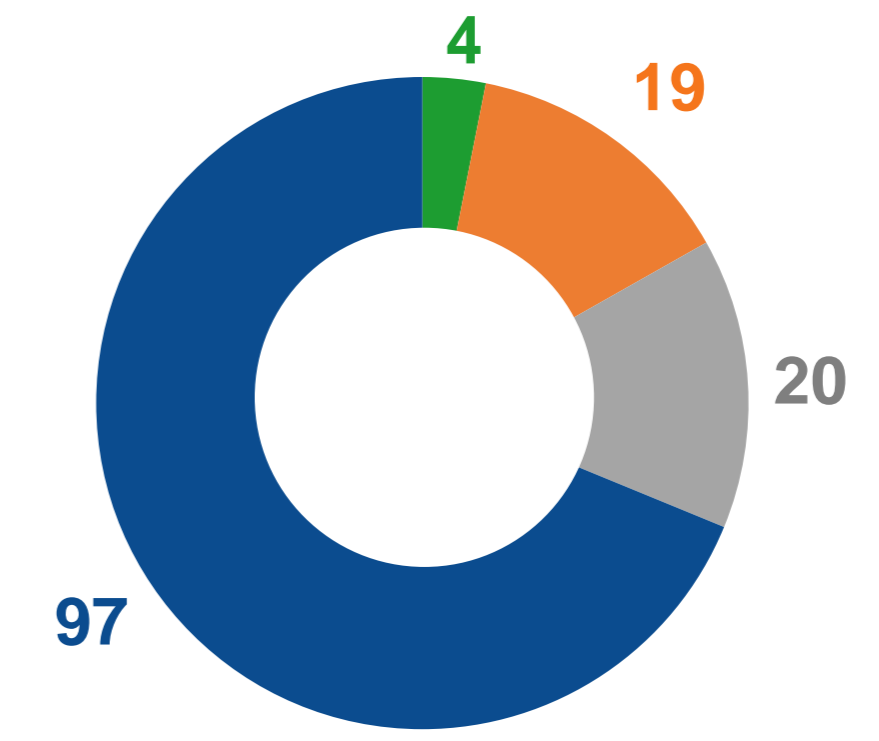
Consolidated	In R\$ billions, end of period	Sept 30, 2016	Change in relation to	
			June/16	Sept/15
	Individuals	183	-0.1%	-1.9%
	Credit Card Loans	56	2.4%	1.3%
	Personal Loans	28	-2.9%	-7.9%
	Payroll Loans	46	-1.8%	-0.1%
	Vehicles	16	-4.8%	-26.5%
	Mortgage Loans	37	2.9%	11.5%
	Corporate Clients	244	-2.8%	-16.9%
	Corporate Loans	183	-2.9%	-17.7%
	Very Small, Small and Middle Market Loans	61	-2.4%	-14.3%
	América Latina	141	1.3%	-12.9%
	Total with Endorsements and Sureties	568	-0.9%	-11.5%
	Corporate– Private Securities	37	4.9%	-2.6%
	Total with Endorsements, Sureties and Private Securities	605	-0.6%	-11.0%
	Total with Endorsements, Sureties and Private Securities (ex-exchange rate changes)	605	-1.1%	-5.6%

Credit by Type of Client/Product

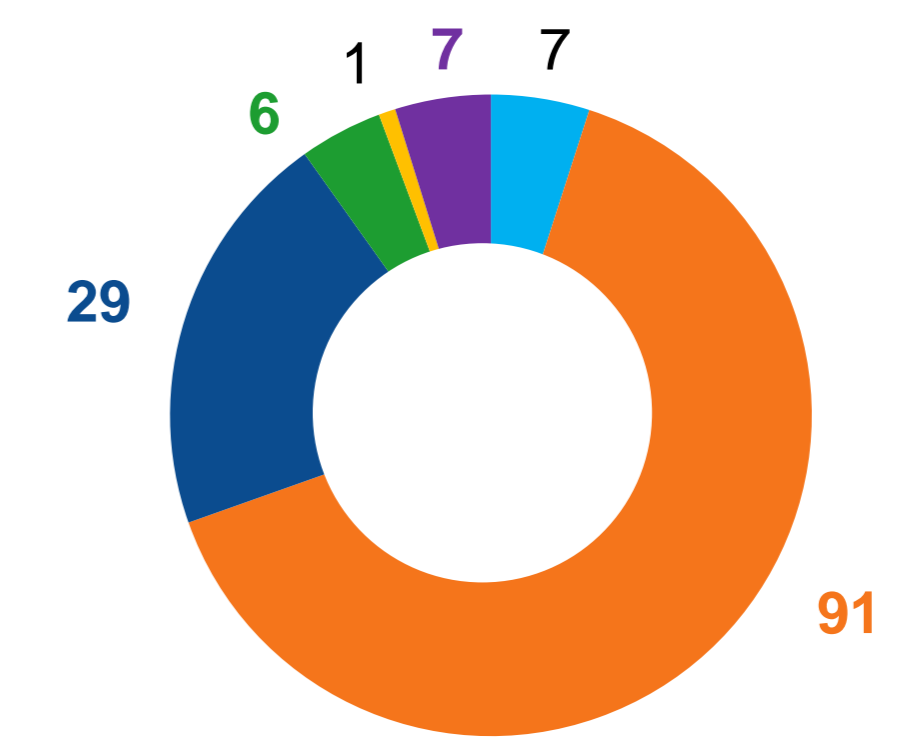
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Consolidated

R\$ billions

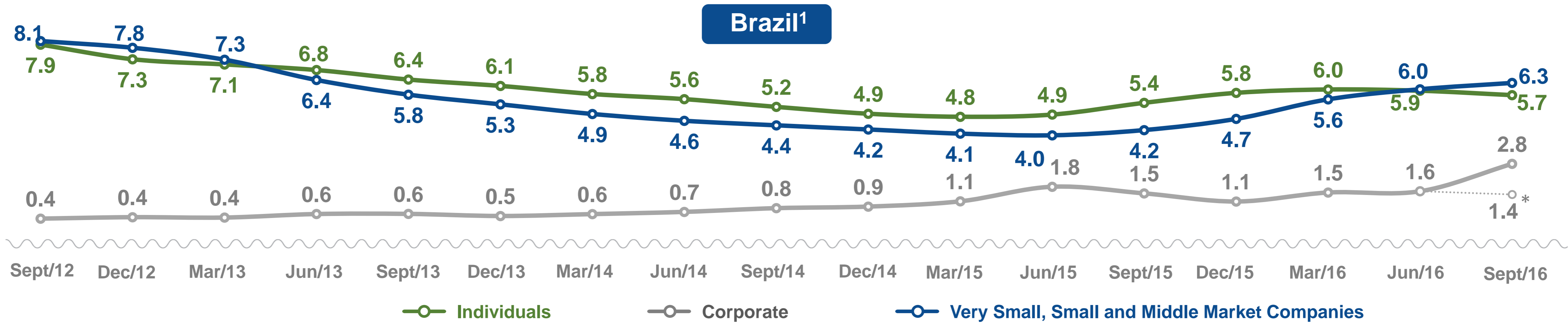
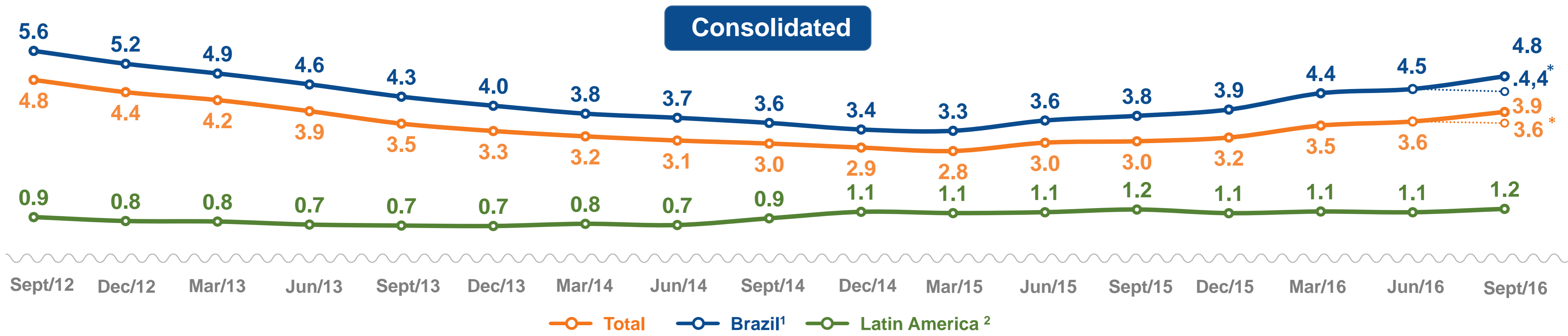


- Credit Card Loans
- Personal Loans
- Mortgage Loans
- Corporate Clients



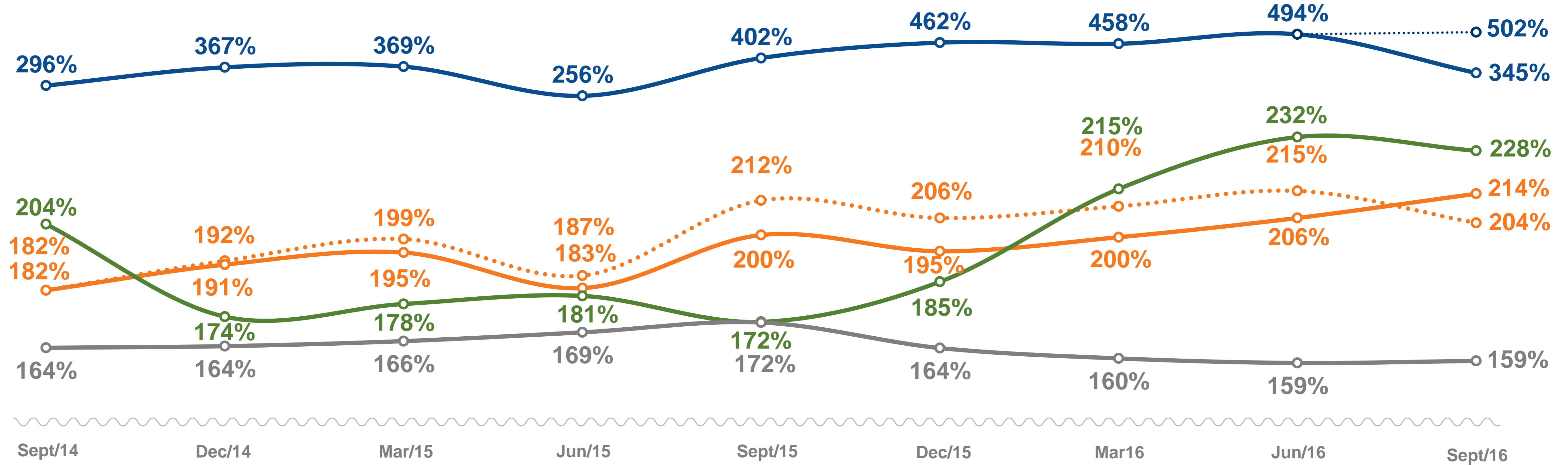
- Argentina
- Chile
- Colombia
- Paraguay
- Panama
- Uruguay

90-day NPL Ratios - %



* Effect of specific economic group not considered. ¹ Including external units ex-Latin America. ² Not including Brazil.

Coverage Ratio (90-day NPL)



- o-- Total
- o-- Total (ex-specific economic group)
- o- Latin America ex-Brazil
- o- Retail - Brazil
- o- Wholesale - Brazil
- o- Wholesale (ex-specific economic group)

Non-interest Expenses

In R\$ billions	3Q16	Change in relation to 2Q16	9M16	Change in relation to 9M15
Personnel Expenses ⁽¹⁾	(6)	27.3%	(15)	15.8%
Administrative Expenses	(4)	-3.2%	(12)	-0.7%
Operating Expenses	(1)	-5.8%	(4)	-0.8%
Other Tax Expenses ⁽²⁾	(0)	-8.7%	(0)	3.7%
Latin Americana (ex-Brazil) ⁽³⁾	(1)	-6.3%	(4)	6.4%
Total	(12.4)	8.4%	(34.7)	6.7%
(-) Operations Abroad	(2)	-10.6%	(5)	8.6%
Total (ex-operations abroad)	(10.8)	11.9%	(29.5)	6.4%
(-) Extraordinary Events ⁽⁴⁾	(1)	-	(1)	-
Total (ex-extraordinary events)	(11.4)	0.0%	(33.7)	4.1%

¹ In the 3Q16, includes expenses due to the collective bargaining agreement in the amount of R\$537 million;

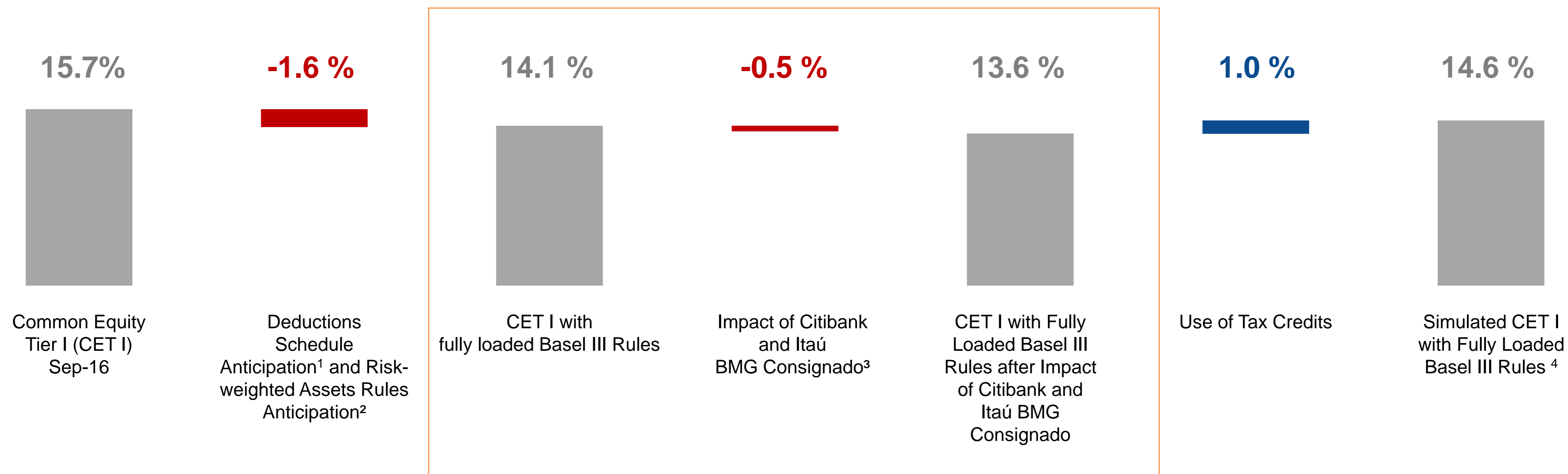
² Includes IPTU, IPVA, IOF and other. Does not include PIS, Cofins and ISS;

³ Does not consider overhead allocation.

⁴ Related to the methodology enhancement for calculating labor claims in the amount of R\$687 million and to the lump-sum bonus to employees related to the collective bargaining agreement, in the amount of R\$275 million.

Core Capital Ratio (Common Equity Tier I)

Full application of Basel III rules | September 30, 2016



Note: Citibank's consolidation considers retail business in Brazil.

¹ Includes deductions of Goodwill, Intangible Assets (generated before and after October 2013), Tax Credits from Temporary Differences and Tax Loss, Pension Fund Assets, Equity Investments in Financial Institutions, Insurance and similar companies.

² Includes the increase of the multiplier of the amounts of market risk, operational risk and certain credit risk accounts. This multiplier, which is at 10.1 nowadays, will be 12.5 in 2019.

³ Estimated effect based on preliminary information and pending regulatory approvals.

⁴ Does not consider any reversal of complementary allowance for loan losses.

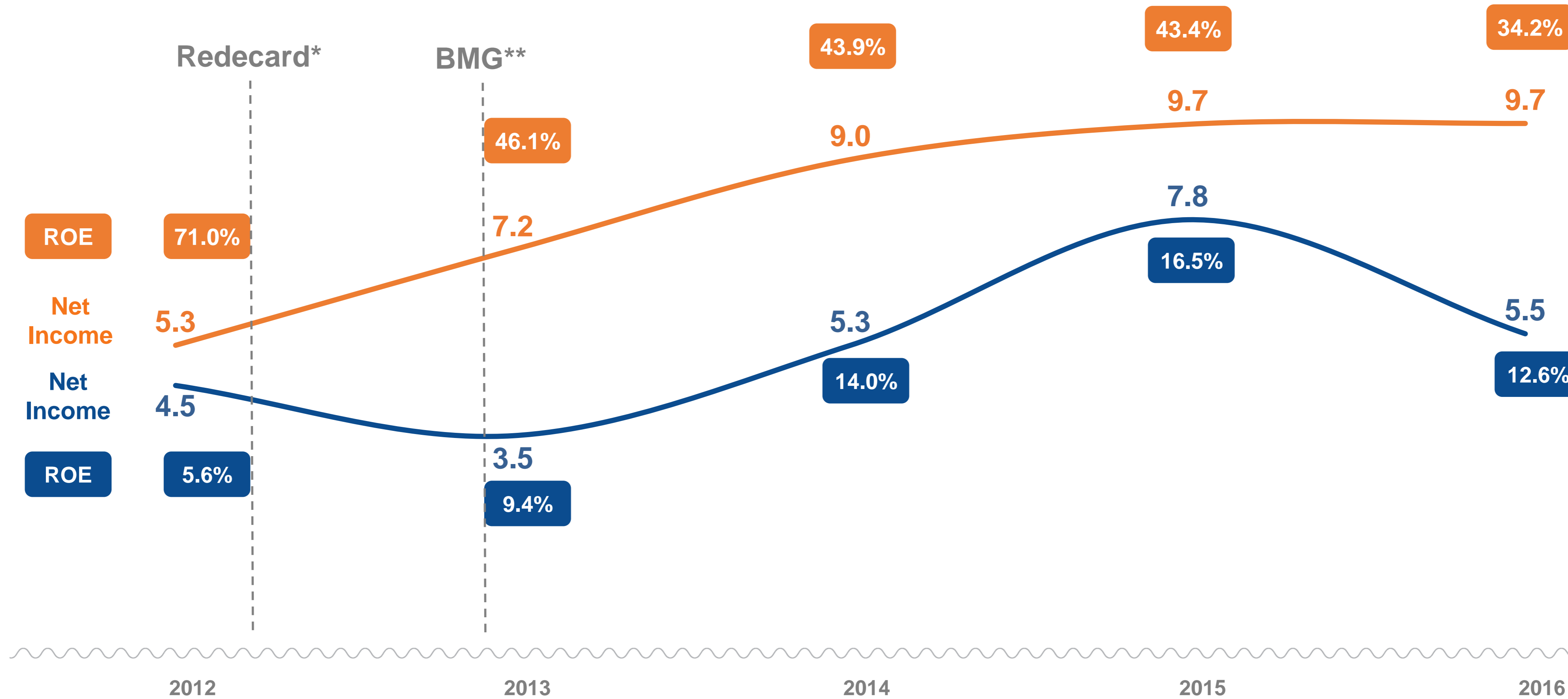
Business Model

In R\$ billions	Jan – Sept 2016				Jan – Sept 2015			
	Consolidated	Credit & Trading	Insurance & Services	Excess Capital	Consolidated	Credit & Trading	Insurance & Services	Excess Capital
Operating Revenues	81	45	35	1	77	42	34	1
Financial Margin	52	38	13	1	50	35	14	1
Commissions and Fees	23	7	16	0	21	7	14	0
Result from Insurance	6	0	6	0	7	0	7	0
Result from Loan Losses	-18	-18	0	0	-14	-14	0	0
Claim Expenses	-1	0	-1	0	-1	0	-1	0
Non-interest and Other Expenses	-40	-20	-20	0	-36	-17	-19	0
Recurring Net Income	16.3	5.5	9.7	1.1	18.1	7.8	9.7	0.6
Indicators								
➤ Regulatory Capital	115	59	37	19	103	63	30	10
➤ Recurring ROE	20.0%	12.6%	34.2%	9.6%	24.0%	16.5%	43.4%	7.1%

Recurring Net Income (R\$ billion) and ROE (%)

Credit & Trading x Insurance & Services

Year to Date (9 months)



Insurance & Services

Standard Deviation: 6.1%

Credit & Trading

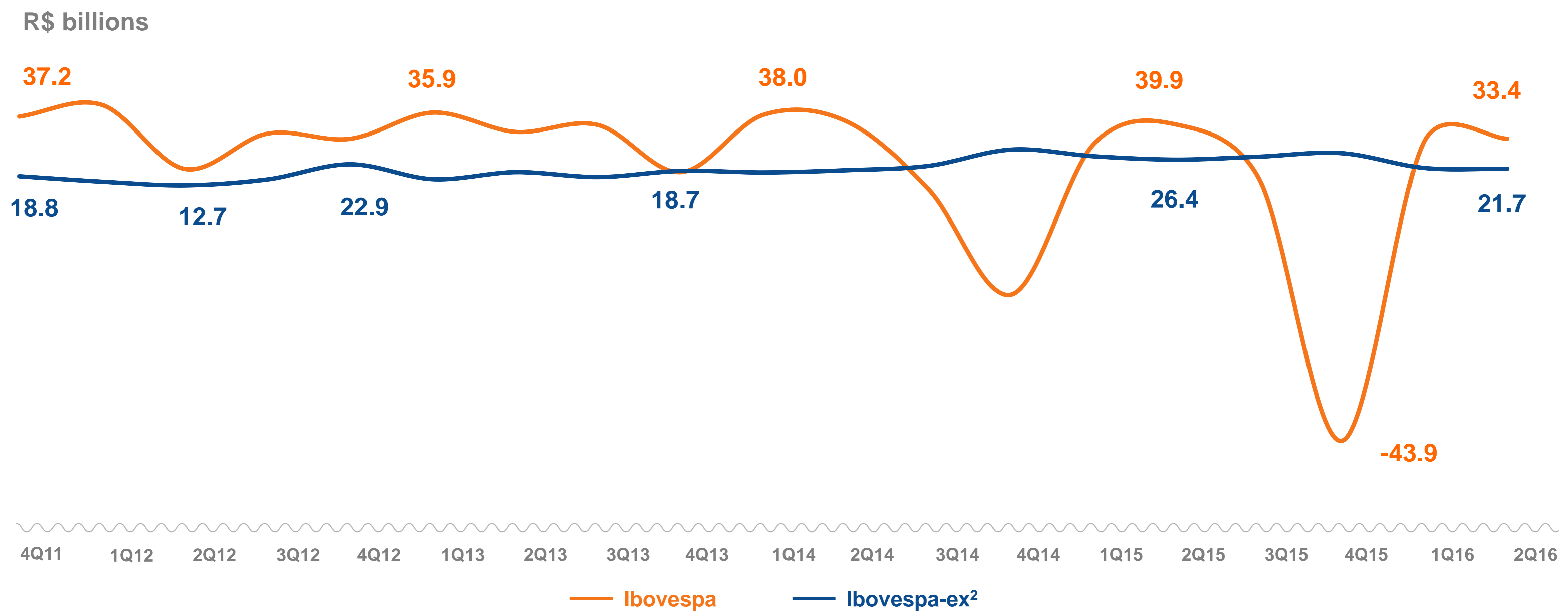
Standard Deviation: 11.9%

* September, ** April



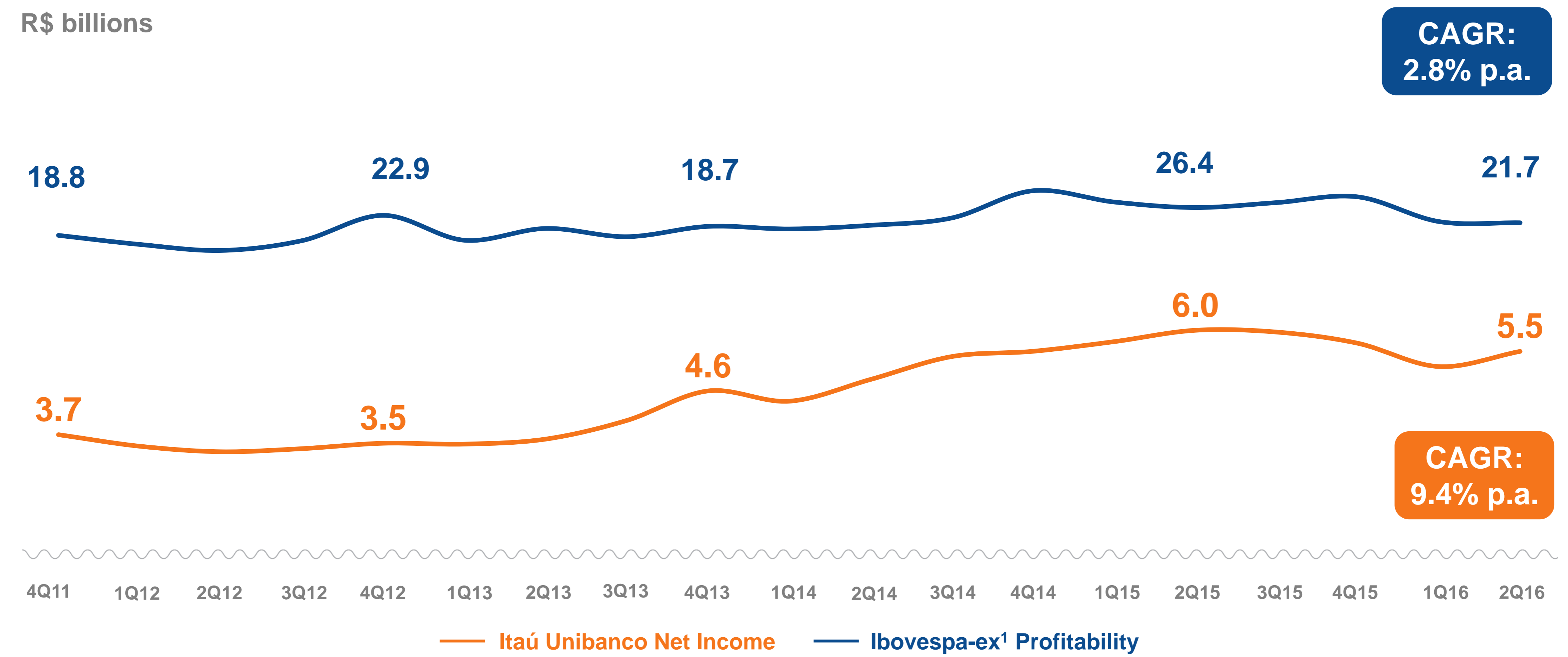
ITUB
versus
Ibovespa
Comparison

Quarterly Changes in Ibovespa¹ Financial Results



(1) Sum of the companies' Net Profits, weighted by their respective weights in Ibovespa's theoretical portfolio for the period from September to December 2016. For purposes of comparison, the figures are shown on a total basis, without weighting.
 (2) Itaú Unibanco, Itaúsa, Petrobras, and Vale are not included.

Quarterly Changes in Financial Results – Itaú Unibanco x Ibovespa-ex¹



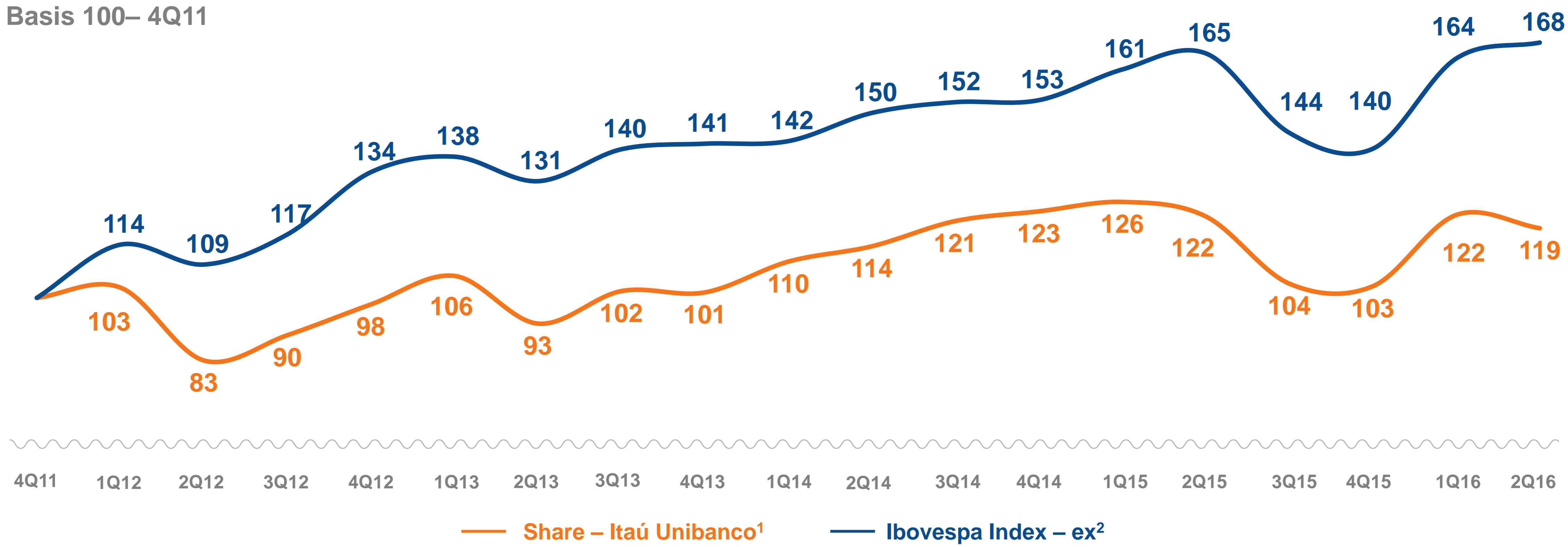
CAGR:
2.8% p.a.

CAGR:
9.4% p.a.

(1) Sum of the companies' Net Profits, weighted by their respective weights in Ibovespa's theoretical portfolio for the period from September to December 2016, except for Itaú Unibanco, Itaúsa, Vale, and Petrobras. For purposes of comparison, the figures are shown on a total basis, without weighing.

Quarterly Changes in Share Price (ITUB4) – Itaú Unibanco¹ x Ibovespa-ex²

Basis 100– 4Q11

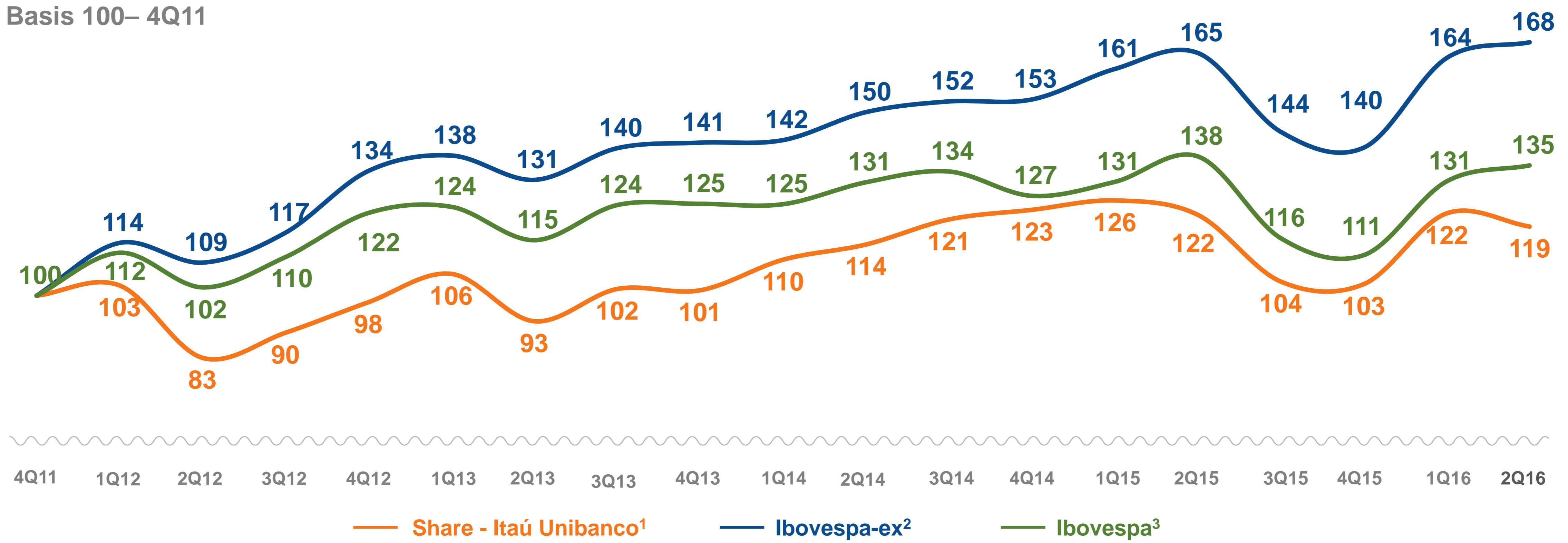


(1) Quoted price adjusted for bonuses granted in the period.

(2) Recalculated based on the current weights of Ibovespa's theoretical portfolio, except for Itaú Unibanco, Itaúsa, Vale, and Petrobras.

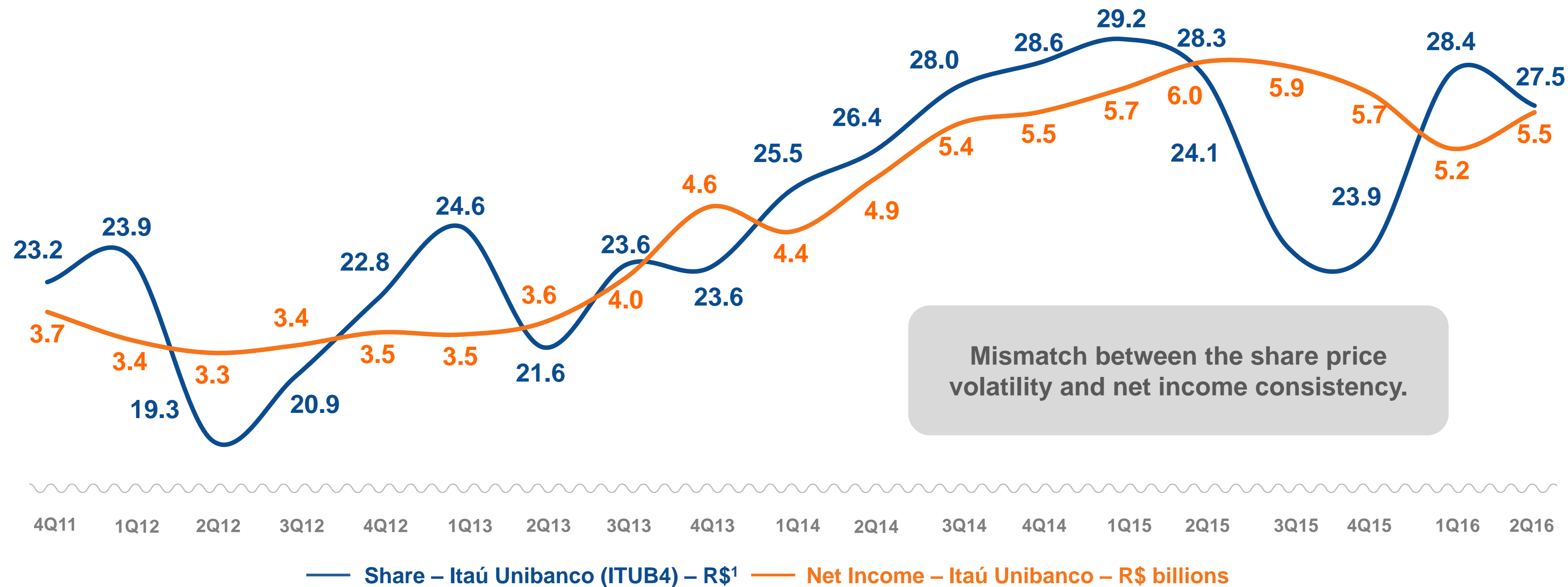
Quarterly Changes in Share Price (ITUB4) – Itaú Unibanco¹ x Ibovespa-ex²

Basis 100– 4Q11



(1) Quoted price adjusted for bonuses granted in the period.
 (2) Recalculated based on the current weights of Ibovespa's theoretical portfolio, except for Itaú Unibanco, Itaúsa, Vale, and Petrobras.
 (3) Recalculated based on the current weights of Ibovespa's theoretical portfolio.

Quarterly Changes in Net Income and Share Price (ITUB4) – Itaú Unibanco

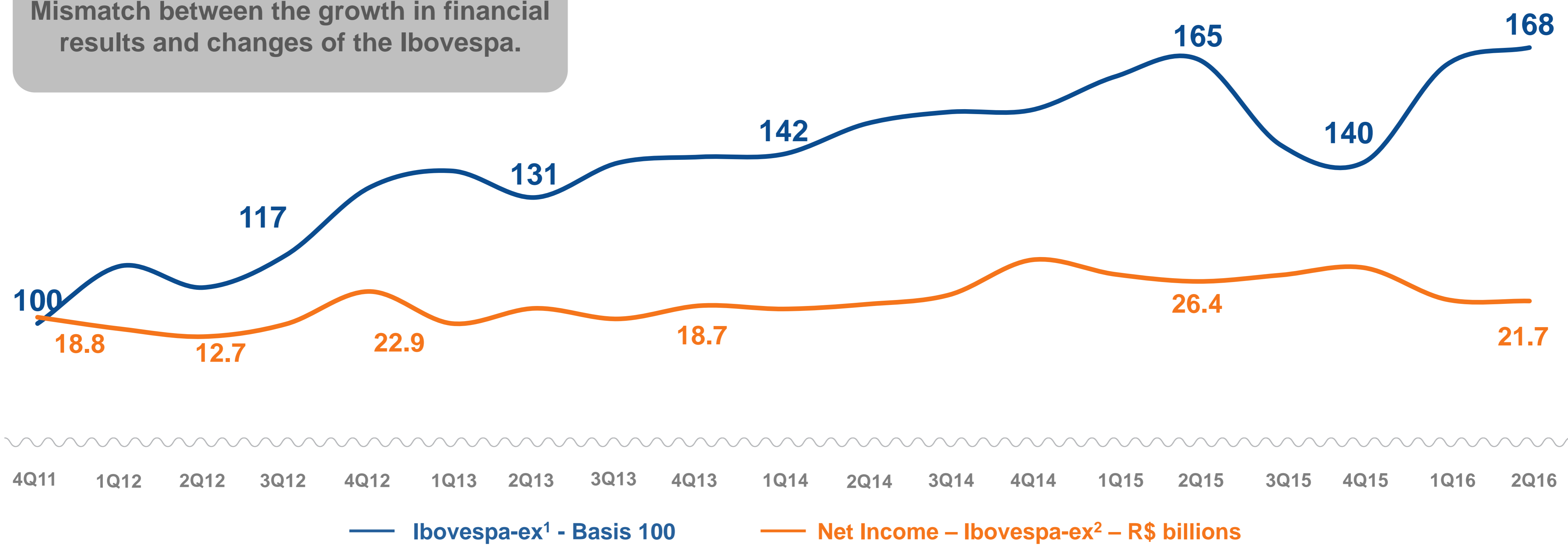


Mismatch between the share price volatility and net income consistency.

(1) Quoted price adjusted for bonuses granted in the period.

Quarterly Changes in Financial Results and Ibovespa - ex

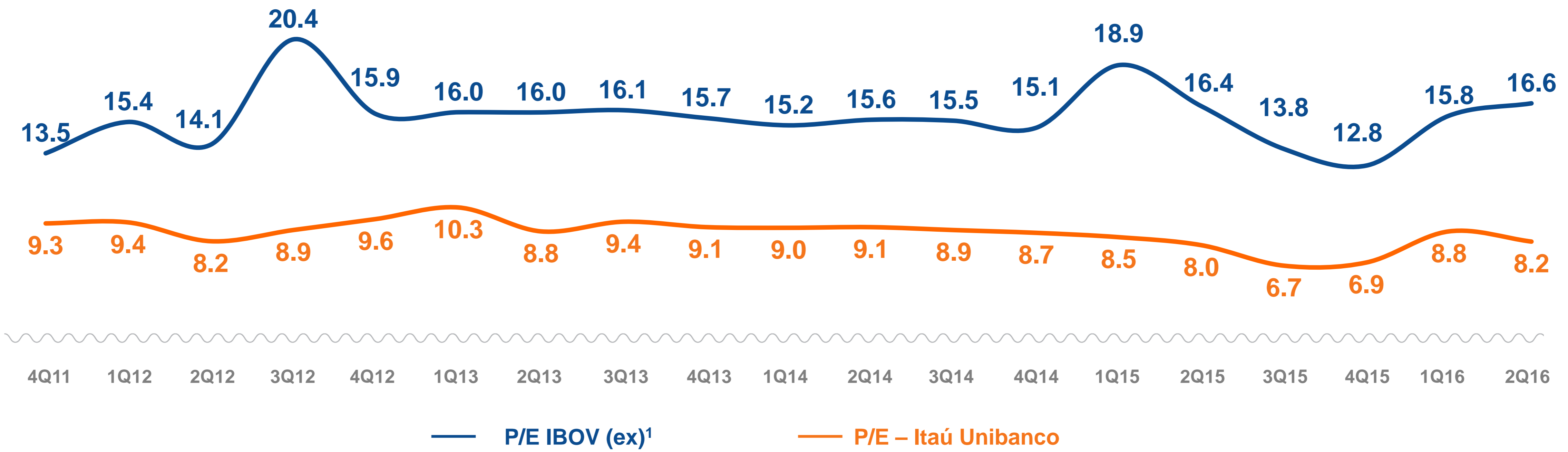
Mismatch between the growth in financial results and changes of the Ibovespa.



(1) Recalculated based on the weights of Ibovespa's theoretical portfolio for the period from September to December 2016, except for Itaú Unibanco, Itaúsa, Vale, and Petrobras.
 (2) Sum of the companies' Net Profits, weighted by their respective weights in Ibovespa's theoretical portfolio for the period from September to December 2016, except for Itaú Unibanco, Itaúsa, Vale, and Petrobras. For purposes of comparison, the figures are shown on a total basis, without weighting.

P/E – Quarterly Changes in Price / Earnings per Share – Itaú Unibanco x Ibovespa-ex¹

Mismatch between P/Es.



(1) P/E based on the net income of each company in the index, according to market consensus, weighed by the weights of the index's theoretical portfolio effective for the period from September to December 2016, except for Itaú Unibanco, Itaúsa, Vale, and Petrobras.
Source: Bloomberg.

Comparison: Performance x Standard Deviation

	Standard Deviation (Jan 12 to Jun 16)		P/E 2Q16 ³	CAGR (Net Income) (4Q11 to 2Q16)
	Net Income* ¹	Share Price**		
GDP and CDS	2.7% (GDP)	2.6% (CDS)	-	-
Itaú Unibanco	6.7%	2.0%	8.2	9.4%
Itaú Unibanco – Credit & Trading	11.9%	-	-	5.1%
Itaú Unibanco – Insurance & Services	6.1%	-	-	16.3%
Ibovespa-ex ²	13.0%	1.1%	16.6	3.2%
Ibovespa	136.0%	1.5%	14.4	-2.4%
Index - Industry (INDX)	34.8%	1.1%	14.9	-1.1%
Index - Basic Materials (IMAT)	265.9%	1.7%	16.0	-11.2%
Index - Electrical Energy (IEE)	279.6%	1.3%	10.4	32.7%
Index - Consumer Goods (ICON)	34.7%	1.1%	17.9	-2.5%
Index - Utilities (UTIL)	373.5%	1.4%	11.0	49.0%
Index - Real Estate (IMOB)	384.8%	1.5%	18.0	-8.3%

* Quarterly ** Daily

1 – Ratios: weighting the Net Income by the weight of each share in their respective theoretical portfolios from September to December 2016.

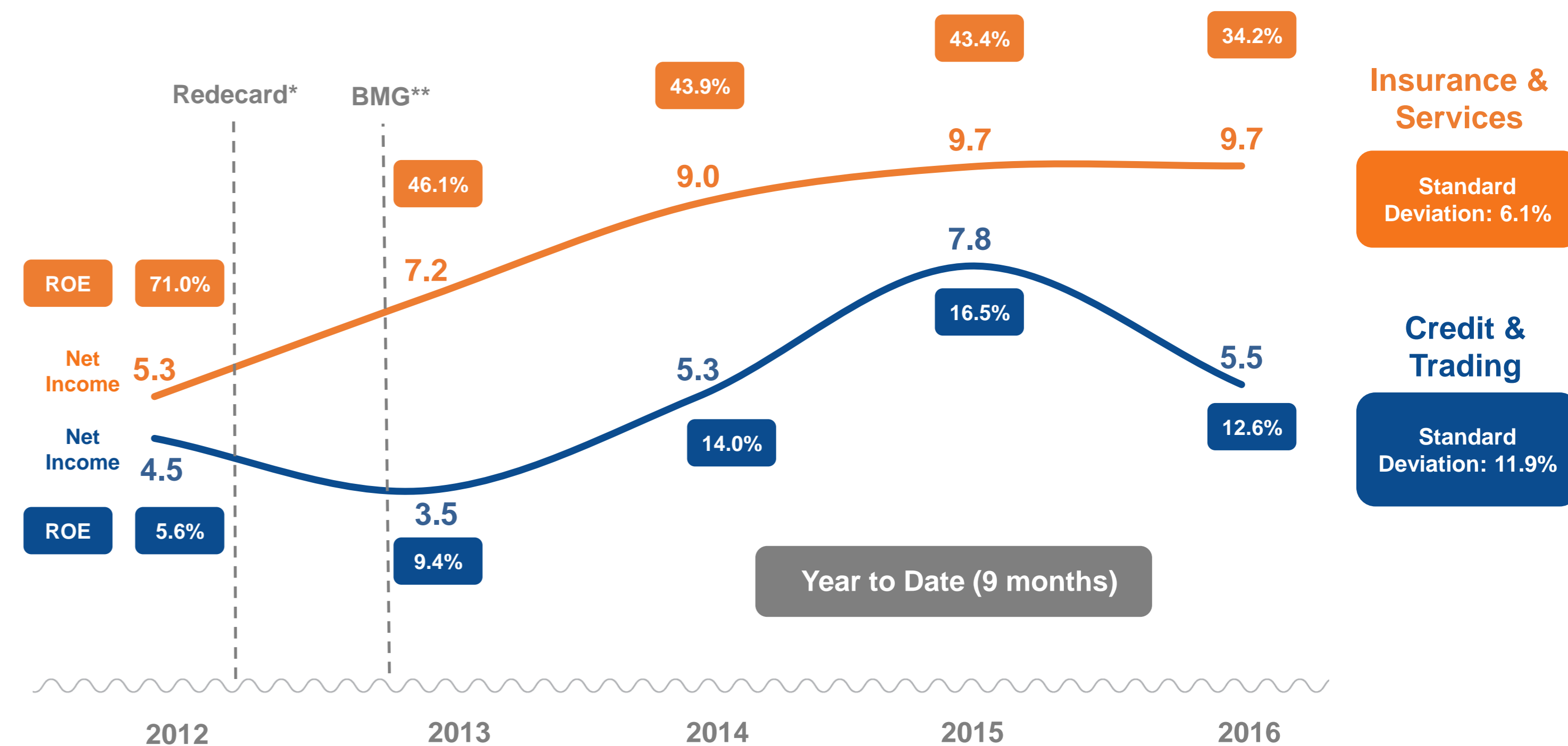
2 – Ibovespa, considering the portfolio for the period from September to December 2016, except for Itaú Unibanco, Itaúsa, Vale, and Petrobras.

3 – P/E based on Bloomberg earnings consensus. The companies' P/Es were weighted by their respective weights for September to December 2016.

In R\$ billions	Jan - Sept 2016			
	Consolidated	Credit & Trading	Insurance & Services	Excess Capital
Operating Revenues	81	45	35	1
Financial Margin	52	38	13	1
Commissions and Fees	23	7	16	0
Result from Insurance	6	0	6	0
Result from Loan Losses	-18	-18	0	0
Claim Expenses	-1	0	-1	0
Non-interest and Other Expenses	-40	-20	-20	0
Recurring Net Income	16.3	5.5	9.7	1.1

Indicators				
➤ Regulatory Capital	115	59	37	19
➤ Recurring ROE	20.0%	12.6%	34.2%	9.6%

Credit & Trading x Insurance & Services



* September, ** April

The business model is not properly priced.



Apimec Cycle 2016

Itaú Unibanco Holding S.A.



Risk Control and Management

Eduardo Vassimon

Executive Vice-President, CFO & CRO

11/17/2016



Agenda

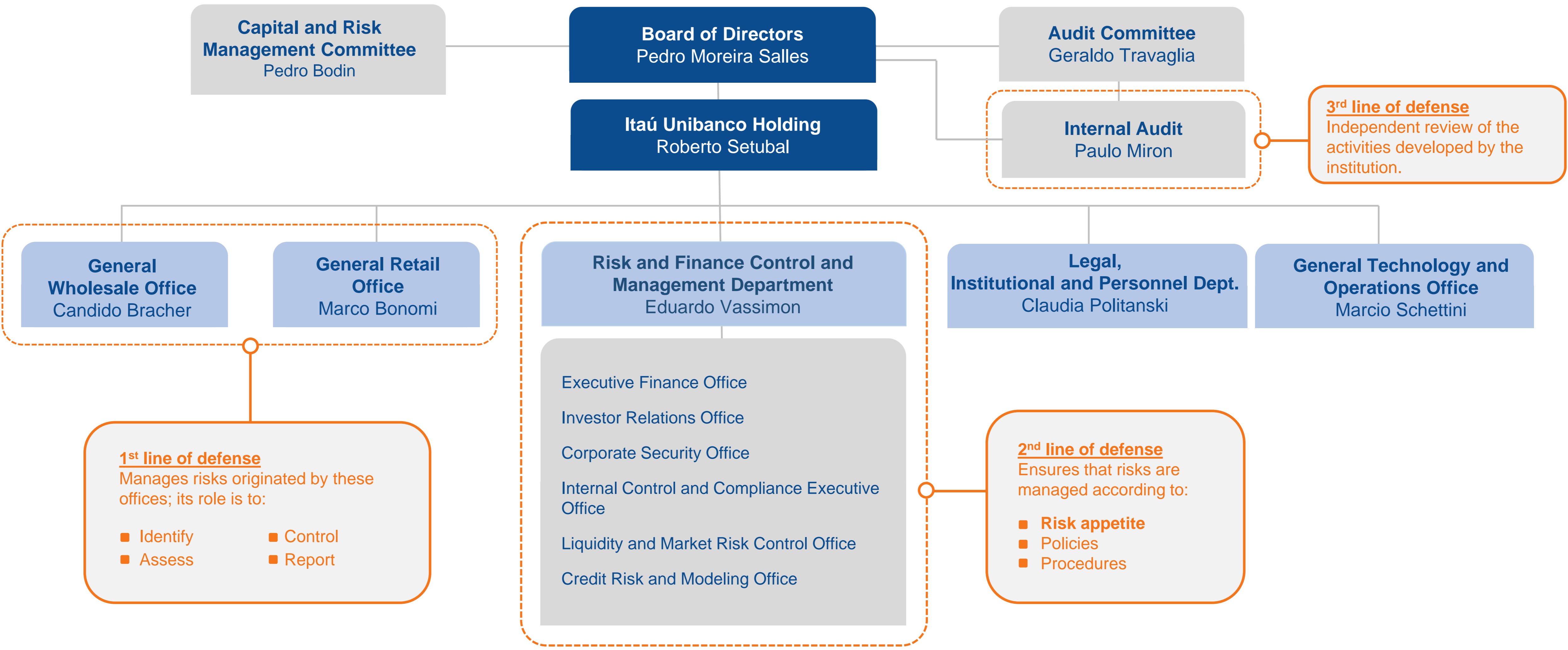
1. **Risk Governance**
2. **Lessons Learned** in Credit Granting
3. **What Has Changed** in the Wholesale Segment
4. **Future** - How We Plan to Grow
5. **Risk Culture**

1

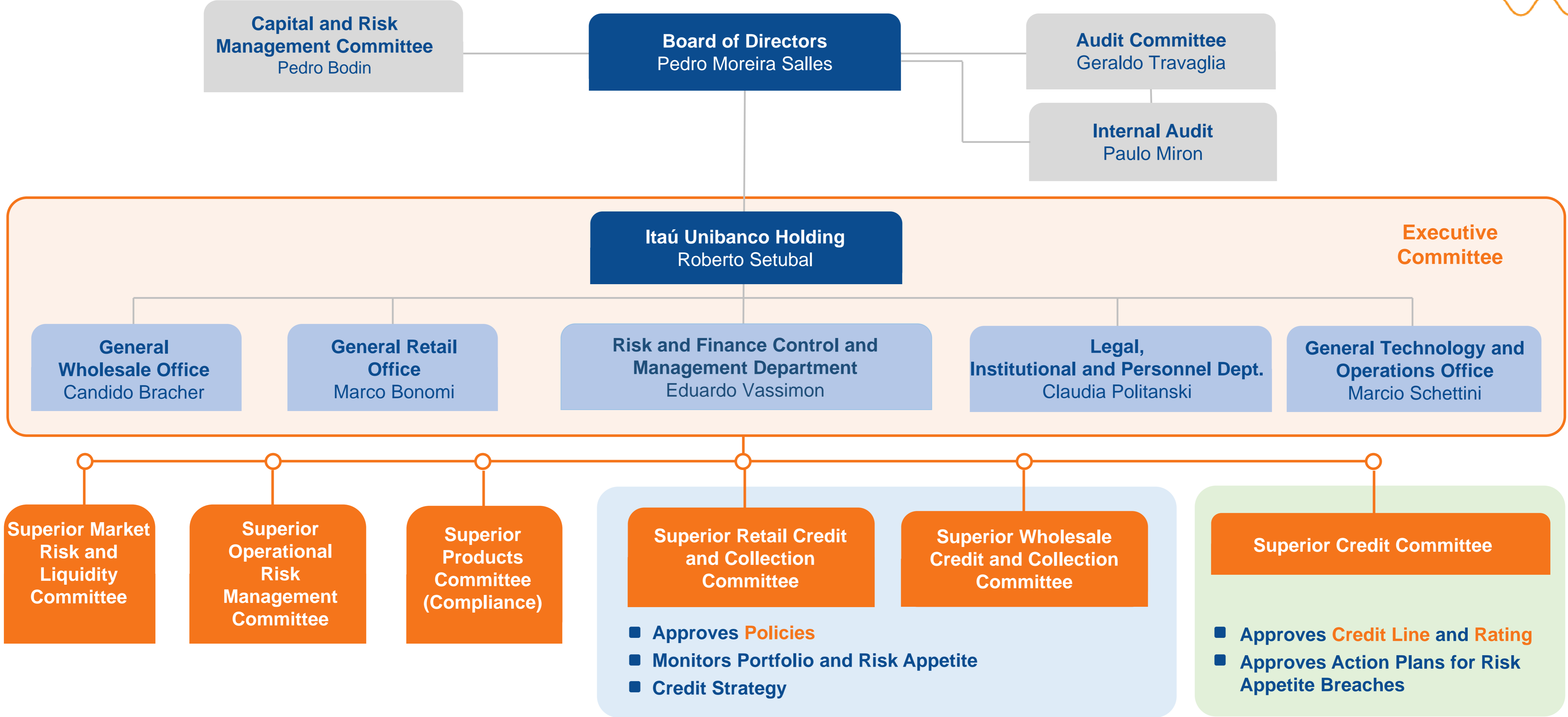
Risk Governance



Risk Management Structure (1/2)



Risk Management Structure (2/2)



Credit Risk Policies Hierarchy

Board of Directors and Capital and Risk Management Committee

- Defines and monitors **Risk Appetite**;
- Approval of **policies, strategies** and definition of **minimum expected return on capital**;
- Improvement of **Risk Culture**.

Executive Committee

- Defines a **Global Policy**;
- Approves policies having the most significant impact on **EC¹** ;
- Monitors **Portfolio** and **Risk Appetite**;
- **Credit Strategy**.

General Office and Risk Dept.

- Defines and approves policies having the **less significant impact on EC¹** .

¹EC = Economic Capital.

Risk Appetite

Defined by the Board of Directors



Credit Metrics

- Concentration by countries
- Highest credit VaR¹
- Concentration by segments
- Exposure by ratings
- Concentration by industry
- Highest exposures
- Maximum PD²

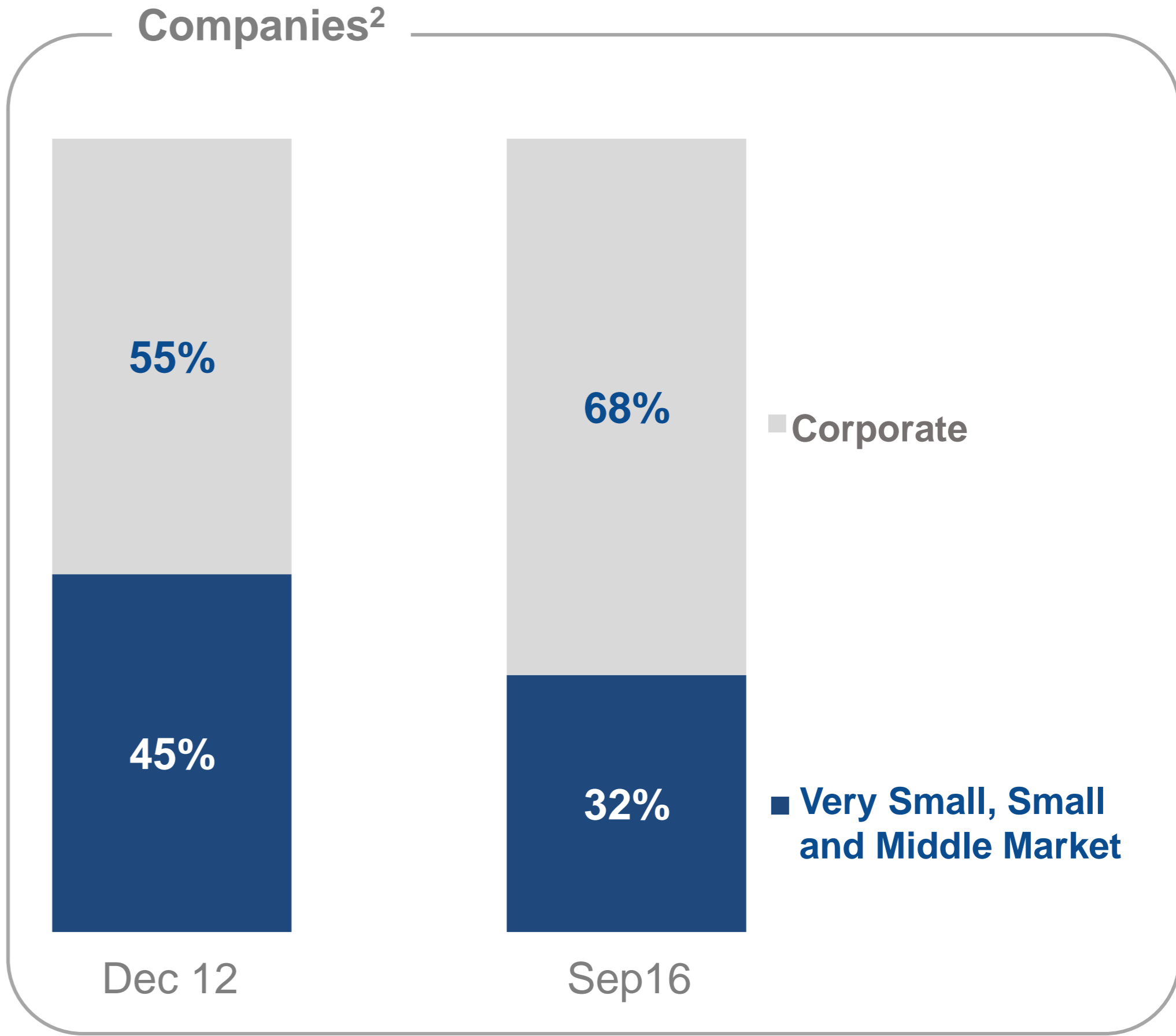
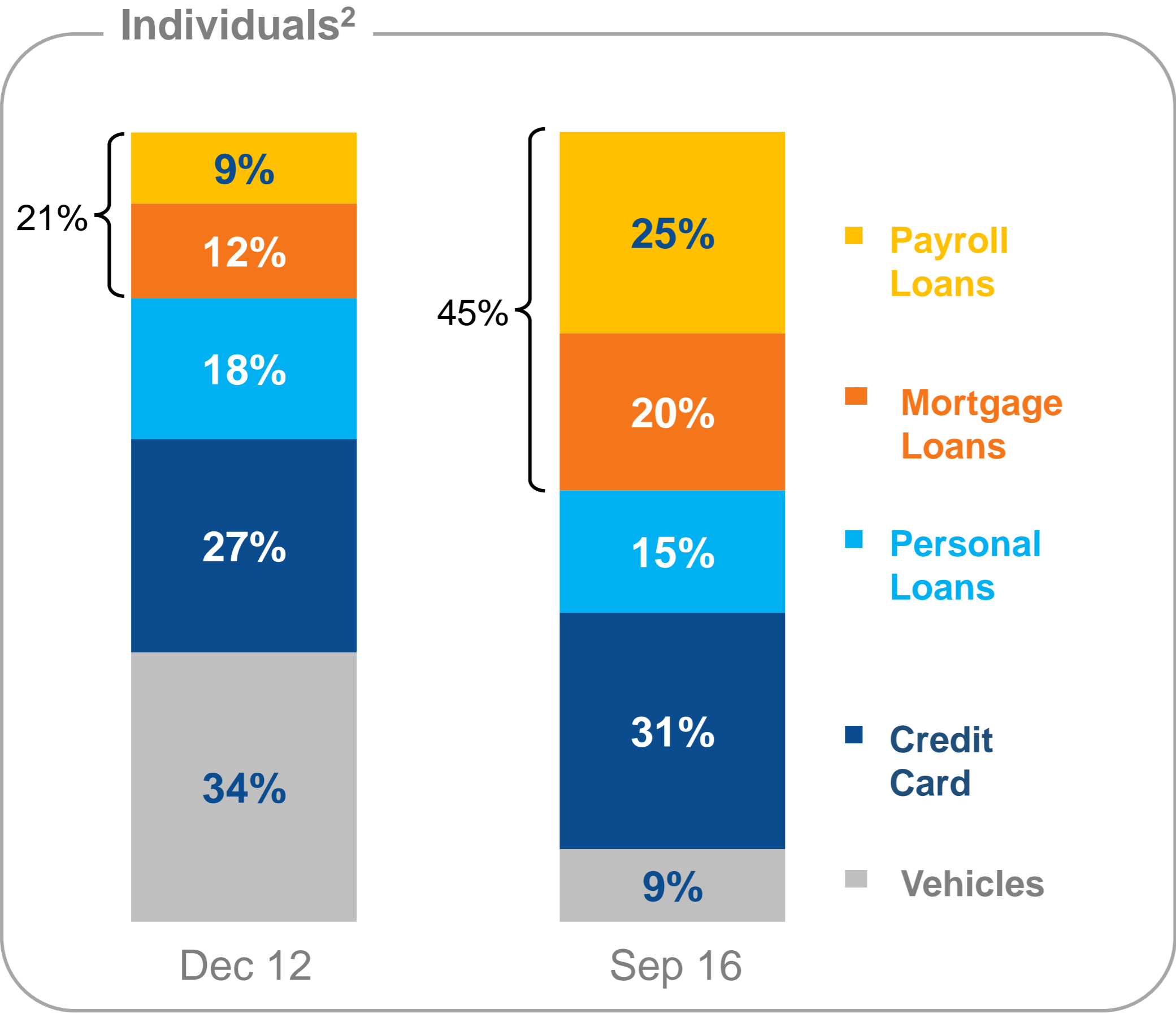
¹VAR = Value at Risk; ²PD = Probability of Default.

2

Lessons Learned in Credit Granting



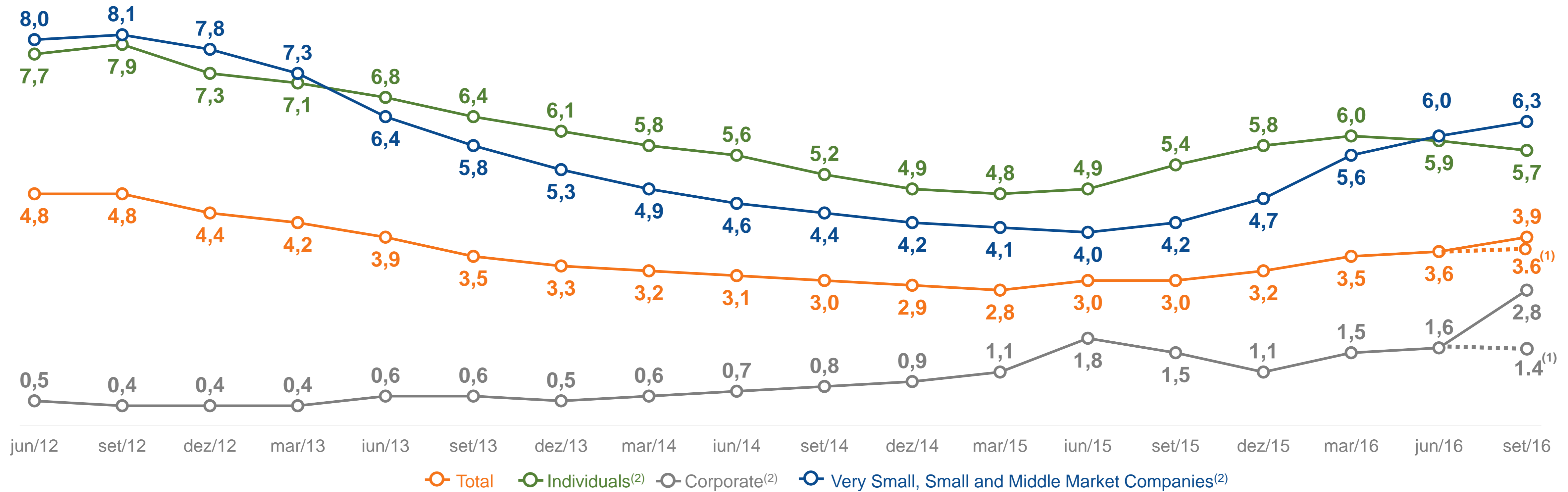
Change in the Mix – Portfolio Performance (Brazil¹)



¹Includes external units ex-Latin America; ²Not including endorsements and sureties.

Evolution of Default

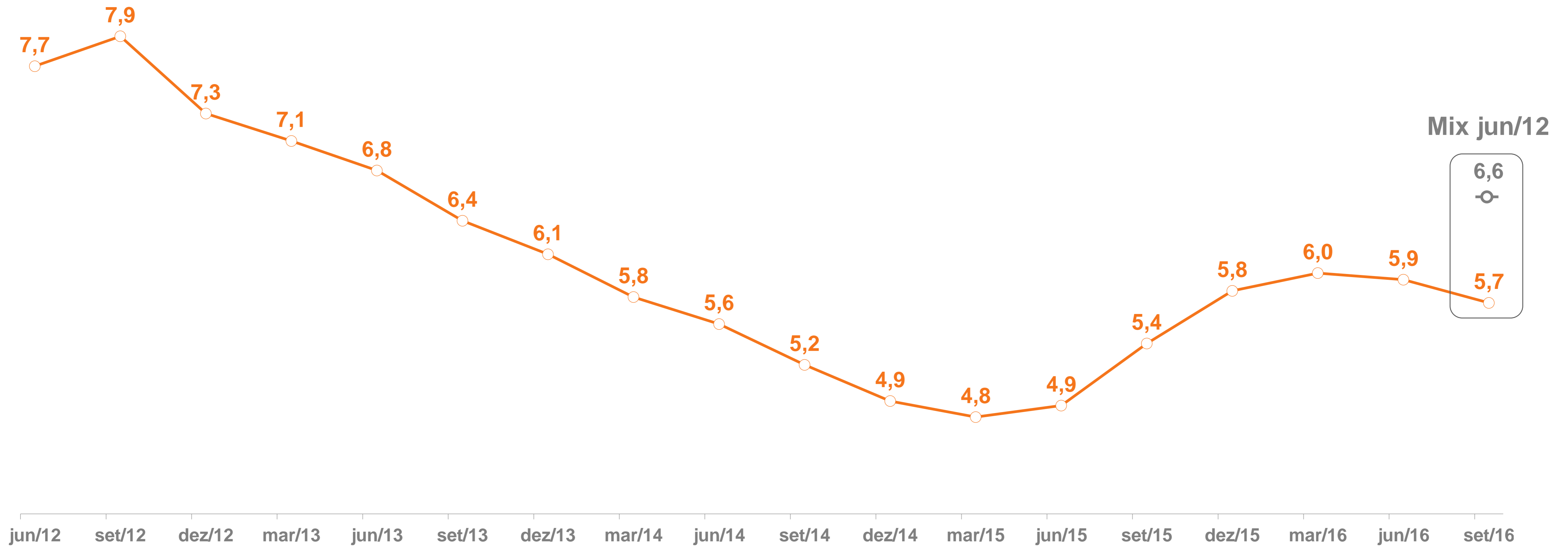
NPL Ratio – Over 90 days (%)



¹Excluding specific economic group effect; ²Brazil only, including external units ex-Latin America.

Evolution of Default – Individuals (Brazil)

NPL Ratio - Over 90 days (%)



Retail Management – Individuals and Small and Medium Companies

STATISTICAL MODELS

POLICY Variables that distinguishes risk	Risk Level													
	Lowest risk								Highest Risk					
	100	100	102	98	114	94	123	89	128	88	148	88	153	88
	100	100	104	101	102	95	101	89	106	90	112	99	124	94
	115	91	115	91	116	92	130	93	148	88	157	81	167	79
	110	91	112	102	114	97	113	92	118	96	121	77	130	91
	114	86	118	87	134	79	136	74	169	72	166	67	179	65
	114	82	122	99	127	85	130	77	142	115	173	73	155	65

Fictitious figures (Basis 100 = lowest risk cell).

Default Rate

116

92

RAROC (Risk Adjusted Return on Capital)

Loss/Revenue

114

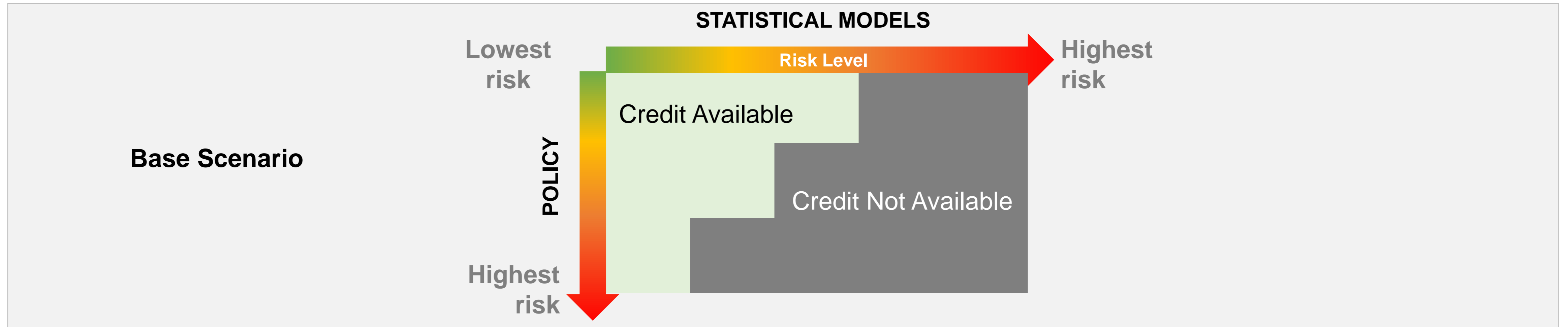
97

ROE (Return on Equity)

Management tool (tightening and easing credit standards)

Data adjusted to expected future macroeconomic scenario

Credit Offer Based on Future Scenario



Positive future expectation



Easing of credit, maintaining the same appetite

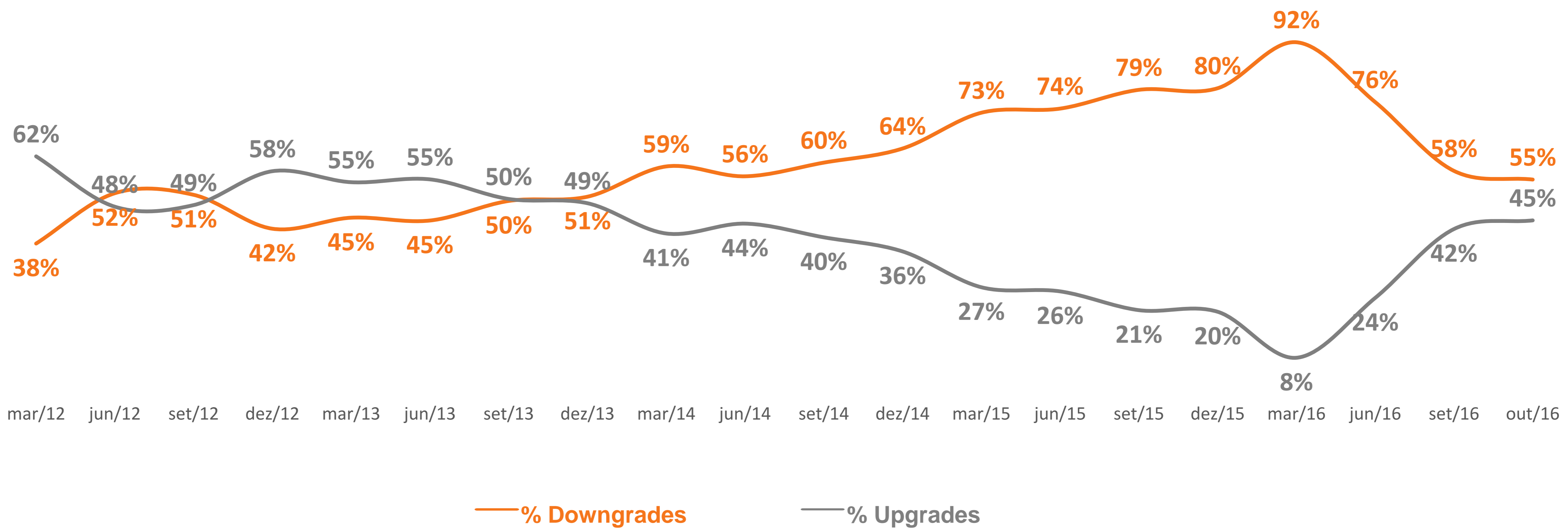
Negative future expectation



Tightening of credit, maintaining the same appetite

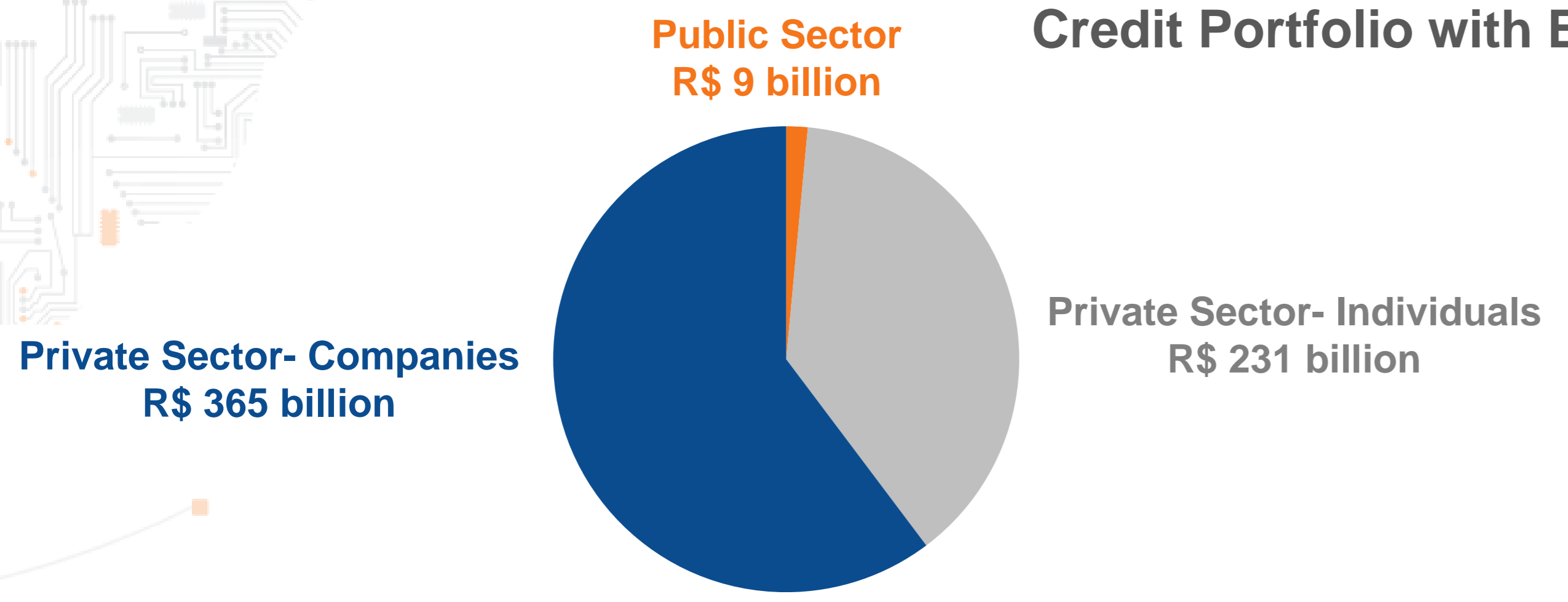
Large Companies Ratings Revised by Credit Committees

3-Months Moving Average

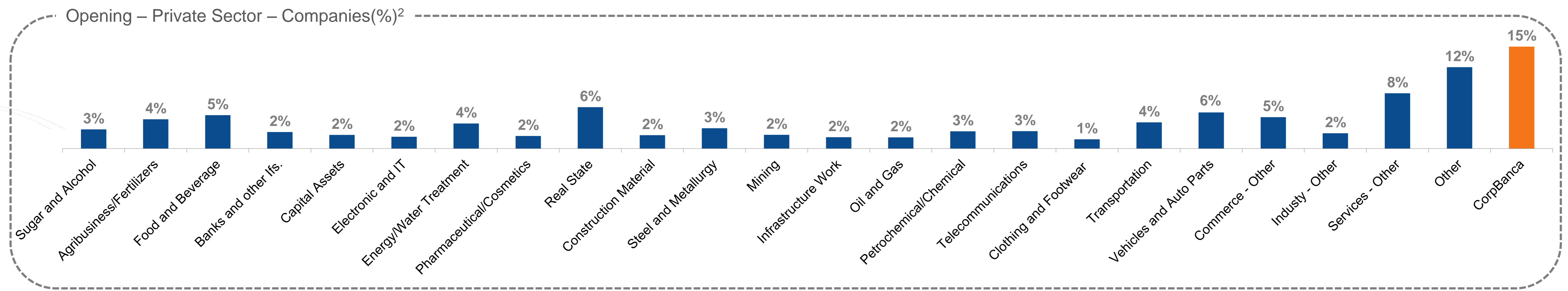


Wholesale – Non-concentrated exposure

Credit Portfolio with Endorsements, Sureties and Private Securities¹



	September 30, 2016	R\$ billion	%
Largest Debtor		8	1
10 Largest Debtors		46	7
20 Largest Debtors		75	11
50 Largest Debtors		119	18
100 Largest Debtors		157	24



¹Includes Debentures, CRI, Commercial Paper and Financial Bills; ²Not including Private Securities.

Lessons Learned in the Wholesale Segment



1

Focus on **reducing volatility** in results

2

New credit granting **policies**

3

Portfolio management with low incentive for high tickets and volatile industries

4

Monitoring and ratings: new tools with market data and timely information

3

What has changed in the **Wholesale** segment

The background features a complex network of thin, light grey lines and thicker, vibrant orange lines. Small grey squares and orange squares are scattered throughout, some connected by thin lines, creating a sense of movement and connectivity. The overall aesthetic is modern and technical.

Evolution of Corporate Clients Business

2014 | 2015

Strategic Revision of *Corporate Banking*

- Redefinition of the value proposition and operating model;
- Re-segmentation of clients (new *CIB*¹ and “*Commercial Banking*”);
- Diagnosis of leverages for maximizing profitability.

¹ *CIB* - Corporate & Investment Banking.

2015 | 2016

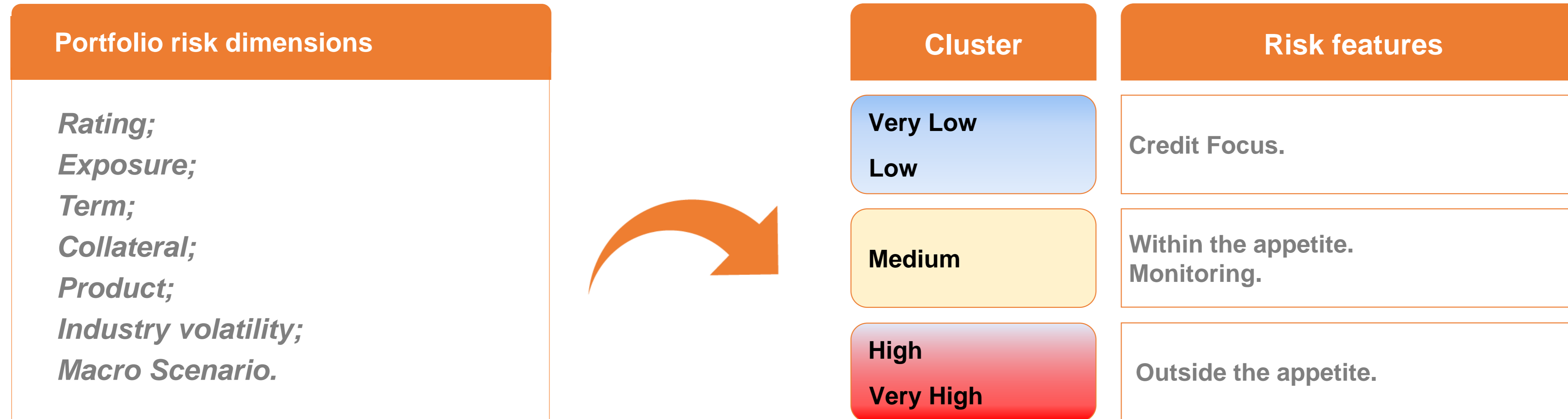
Implementation of the new *Corporate Banking* model

- Credit portfolio management and improvement of governance;
- Better pricing of credit risks;
- Profitability management and cross-sell;
- New trading methods;
- New wholesale policies.

Specialization for *Credit Restructuring and Recovery*

- Segregated management of the commercial and credit departments;
- “Anticipating”: rapid identification and effective addressing;
- Focus on solution and specialization (size and stage).

Credit Portfolio Management



Risk Cluster = Perception of the client's "combined risk"

Impacts: Price | Limits | Portfolio Management

Examples

Credit Portfolio Management

Company 1

- Good Rating
- **Adequate** Exposure
- Adequate Term
- **Financial Collateral**
- **Low** Industry Volatility
- Unfavorable Macro Scenario

Risk Cluster

Very Low

Low

Medium

High

Very High

Low Risk Company – Credit focus

- Possible actions:
- **Increase in credit offer;**
 - **Uncovered loan;**
 - **Spread reduction.**

Company 2

- Good Rating
- **High** Exposure
- Adequate Term
- **Without Collateral**
- **High** Industry Volatility
- Unfavorable Macro Scenario

Risk Cluster

Very low

Low

Medium

High

Very high

High Risk Company – Outside the appetite

- Possible actions:
- **Exposure reduction;**
 - **Collateral required;**
 - **Increased spread.**

4

Future – How We Plan to
Grow

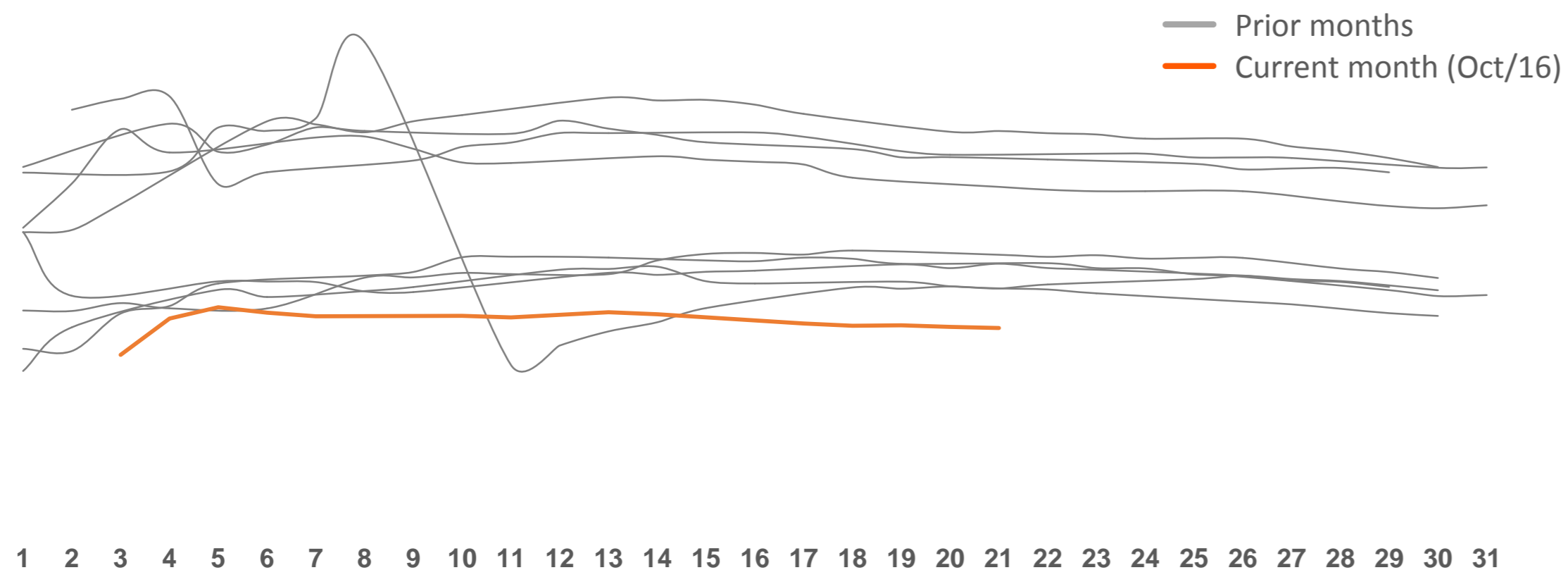
The background features a complex network of thin, light grey lines that form a web-like structure. Overlaid on this are several thicker, vibrant orange lines that create bold, sweeping paths. Small, solid orange squares and grey circles are scattered throughout the composition, often marking the ends of lines or serving as focal points. The overall aesthetic is clean, modern, and dynamic, suggesting a sense of movement and interconnectedness.

Building of scenario based on internal and external indicators

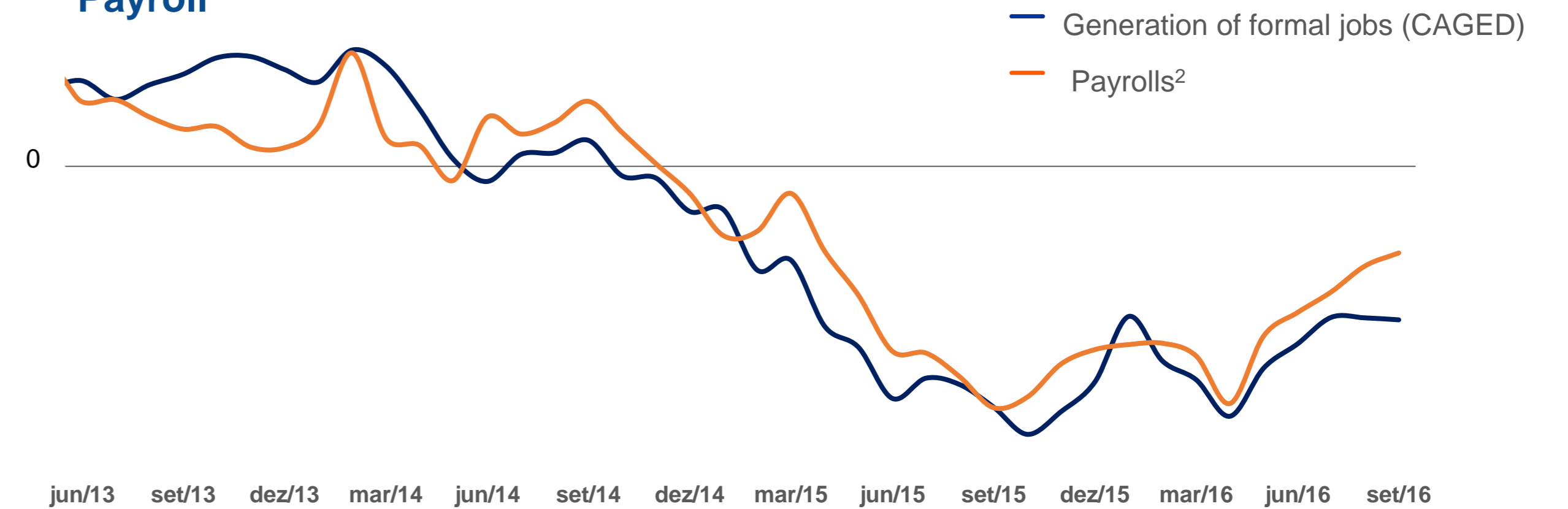
EXTERNAL INDICATORS

- **Confidence indicators**
 - Commerce
 - Consumer
 - Industry
- **Economic indicators**
 - Unemployment
 - GDP
- **Commodities price**
 - Agriculture
 - Mining
 - Energy
 - Oil
- **Etc.**
- **Sales indicators**
 - Vehicles
 - Real Estate (Properties)
 - Industrial production

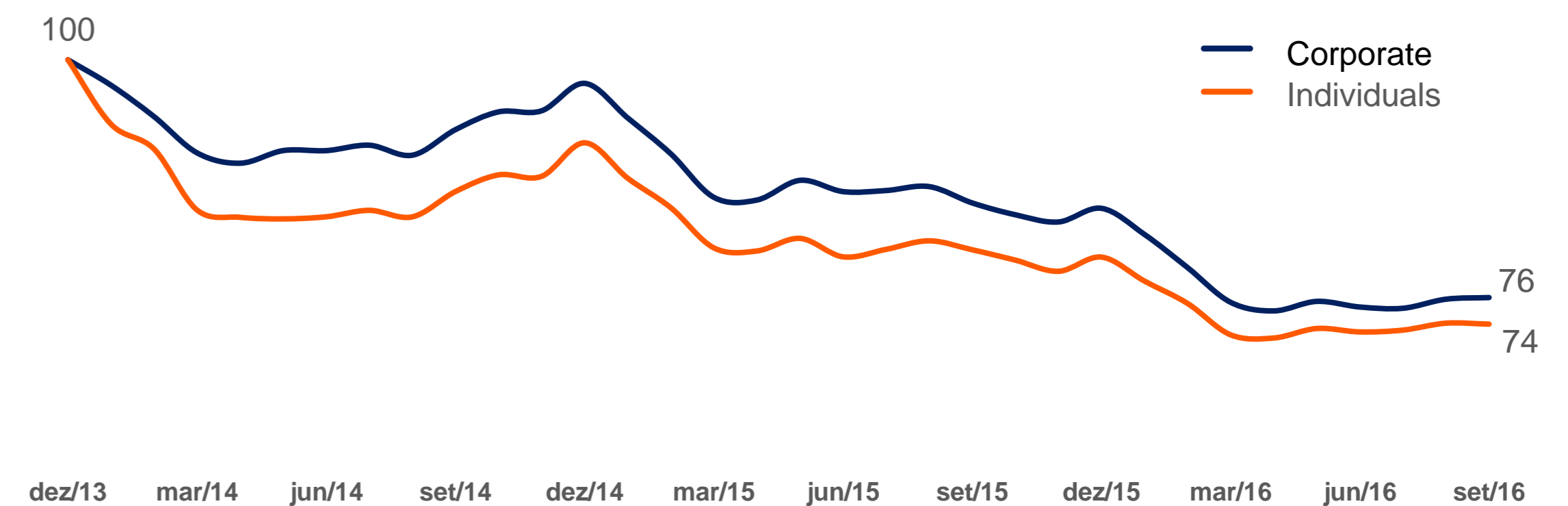
Non-Debit Indicators – Daily¹



Generation of formal jobs (CAGED) x Payroll²

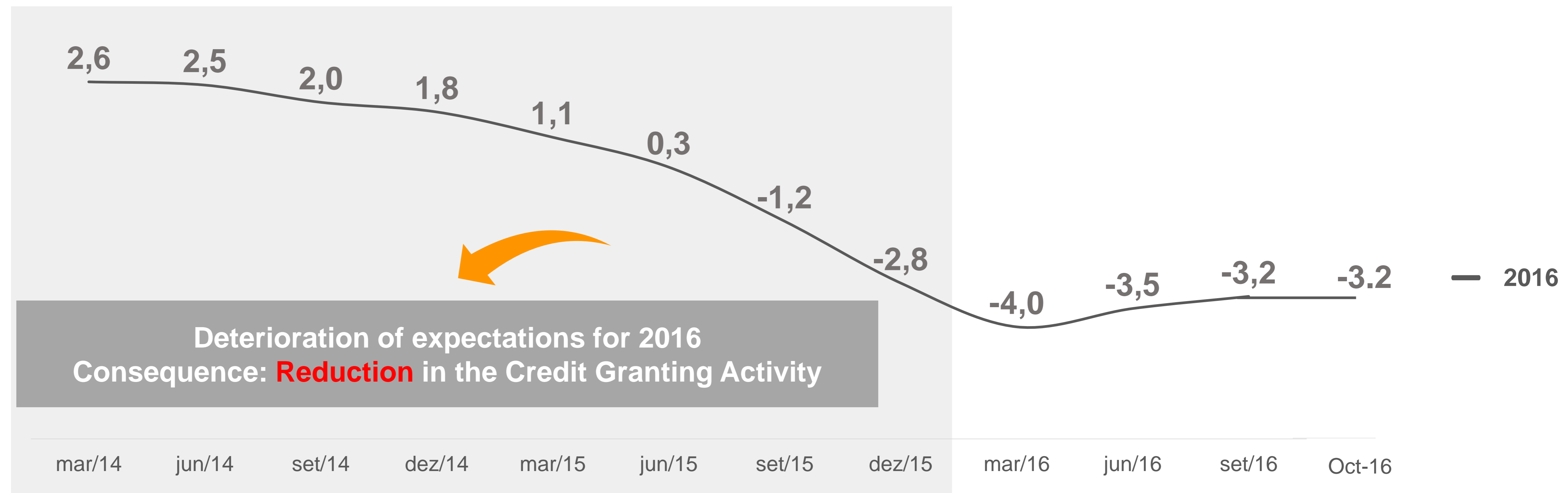


Vital Signs³



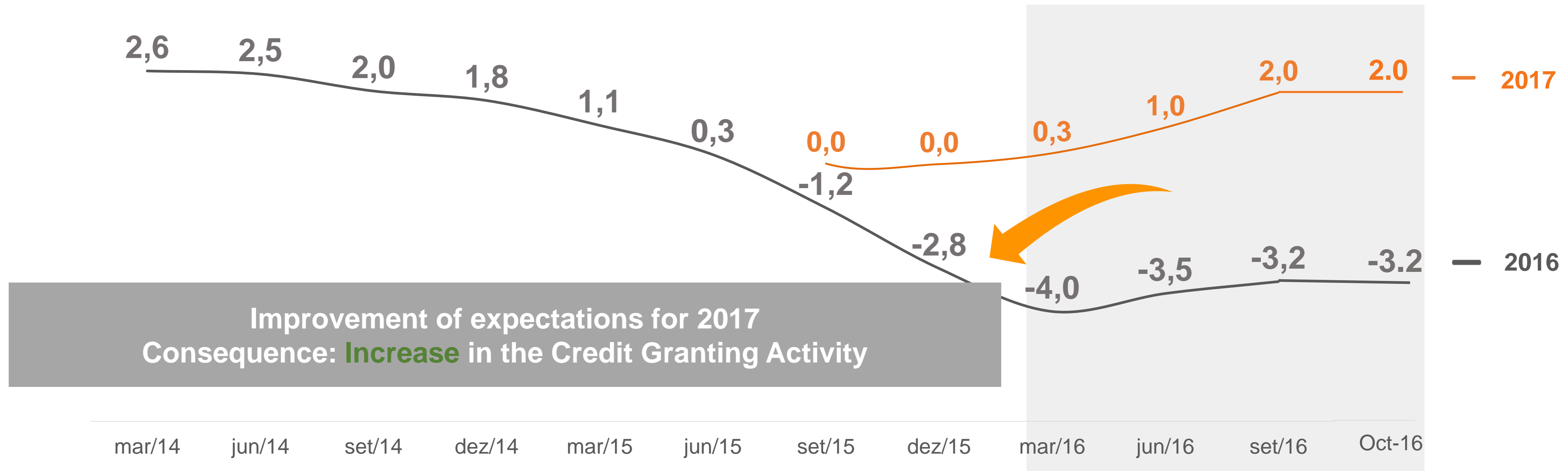
(1) Internal data – non-payment of installments by maturity date (tolerance: 15 days). (2) Internal data – Itaú payment system (3) Total volume of transactions in checking accounts (internal data – Base100 = Dec 2013)

Projection of Variances in GDP (%) for 2016 over time



Source: Macroeconomic Survey - Itaú

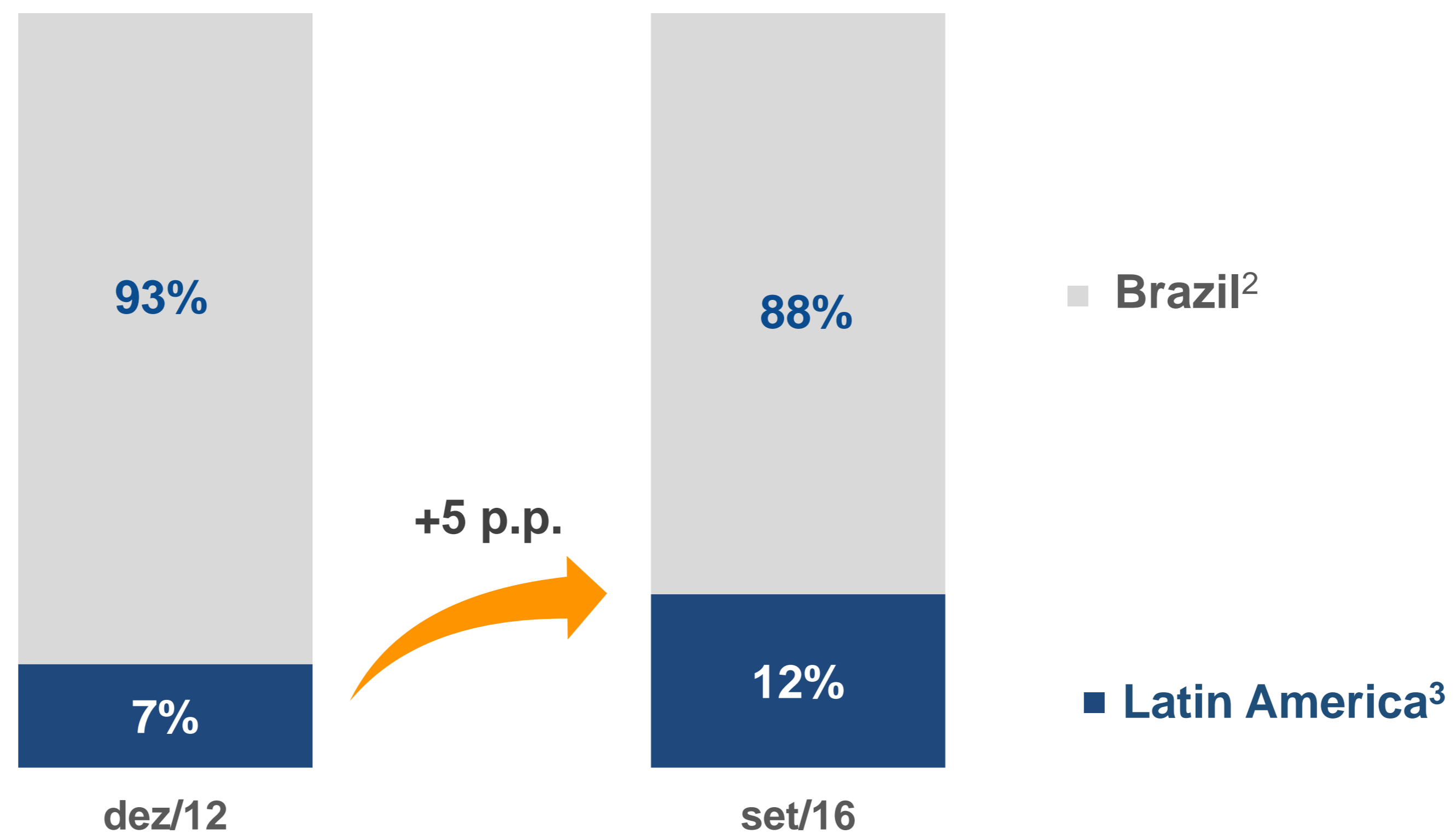
Projection of Variances in GDP (%) for 2016 and 2017 over time



Improvement of expectations for 2017
Consequence: **Increase** in the Credit Granting Activity

Strategy – Regional Diversification

Mix of Credit Products by Region¹



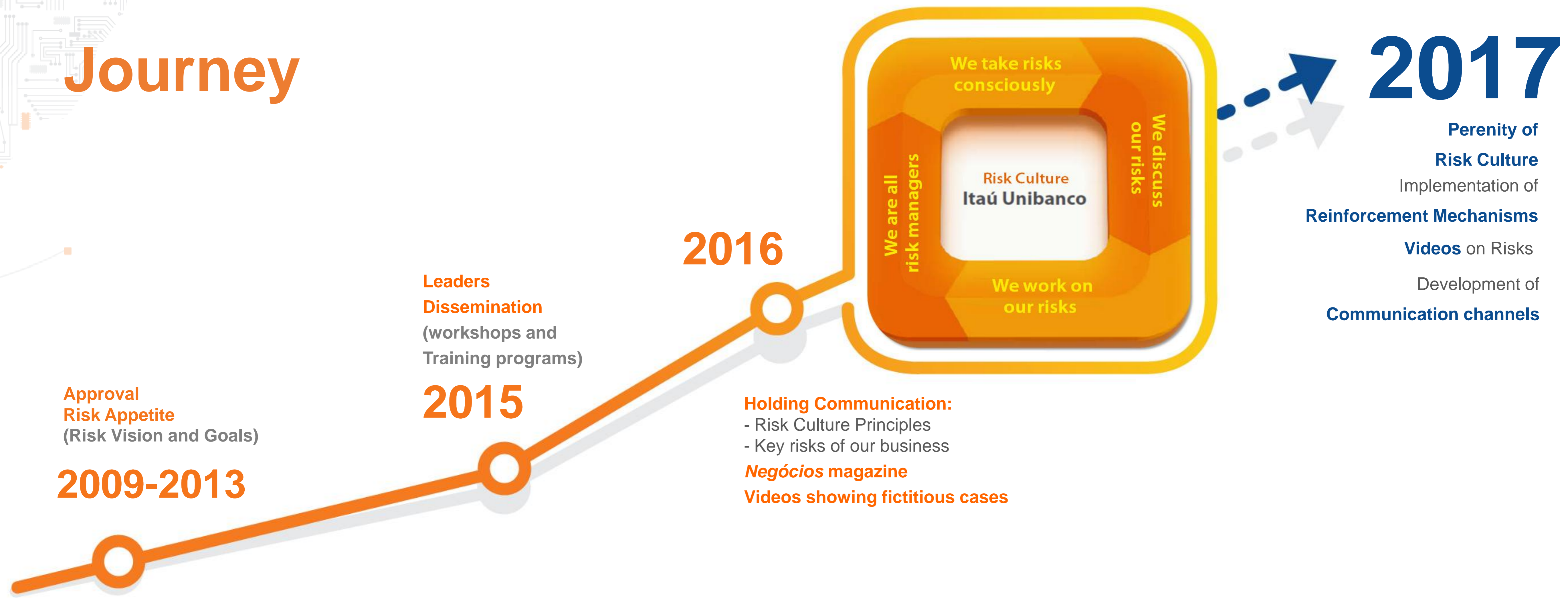
¹Includes endorsements and sureties; ²Includes external units ex-Latin America ; ³Only Itaú Unibanco's equity interest in Itaú CorpBanca as at September 30, 2016 considered.

5

Risk
Culture



Risk Culture Journey



Approval Risk Appetite
(Risk Vision and Goals)

2009-2013

Leaders Dissemination
(workshops and Training programs)

2015

Holding Communication:
- Risk Culture Principles
- Key risks of our business
Negócios magazine
Videos showing fictitious cases

2016

We take risks consciously

We discuss our risks

We work on our risks

We are all risk managers

Risk Culture Itaú Unibanco



2017

Perenity of Risk Culture
Implementation of **Reinforcement Mechanisms**
Videos on Risks
Development of **Communication channels**

Change of Mindset

FROM:

Risk management is **dissociated from the commercial action.**

We do not feel **encouraged to share and discuss** bad news.

Risk management derives from our **adherence to procedures and rules.**

We delegate risk management to **our managers and control departments.**




TO:

Risks are **inherent in our business.**

We discuss our risks **in an open and constructive manner.**

Risk management is a matter of **attitude.**

We take individual and collective responsibility for our risks.



Apimec Cycle 2016
Itaú Unibanco Holding S.A.

Transforming Experiences
Banking in the Digital Age

André Sapoznik

- 1. Digital Journey | Recent Evolution**
- 2. Realities and Bets | Technology Transforming Experiences**
- 3. Itaú's Way of Being Digital**
- 4. Results**

The background features a complex network of thin, light grey lines and dots, with several thicker, vibrant orange lines and shapes overlaid. A large, solid orange horizontal bar is positioned on the left side of the image. The overall aesthetic is modern and digital.

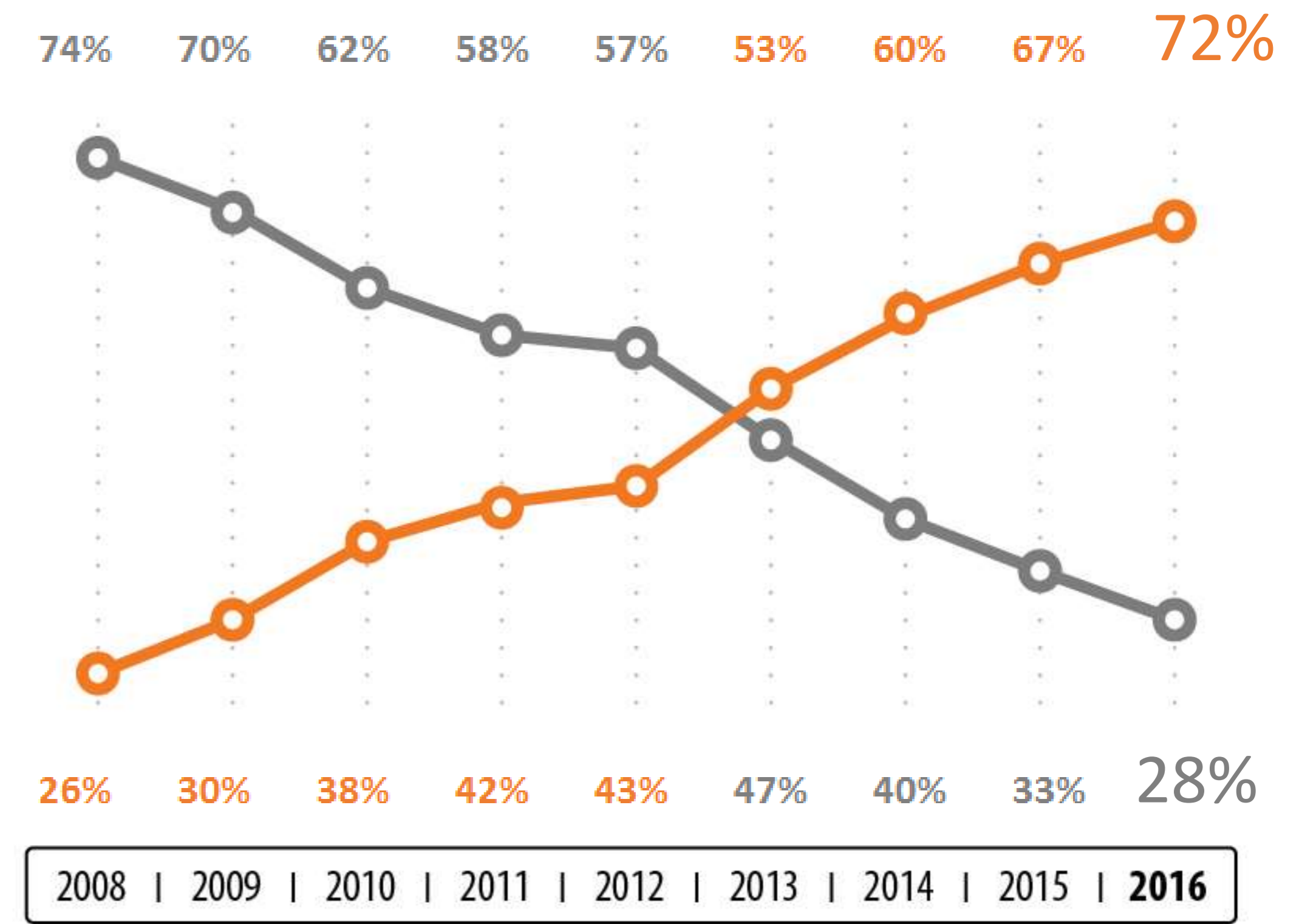
1

Digital Journey | Recent Evolution

The relationship with the bank is becoming more digital_



Itaú's customer transactions

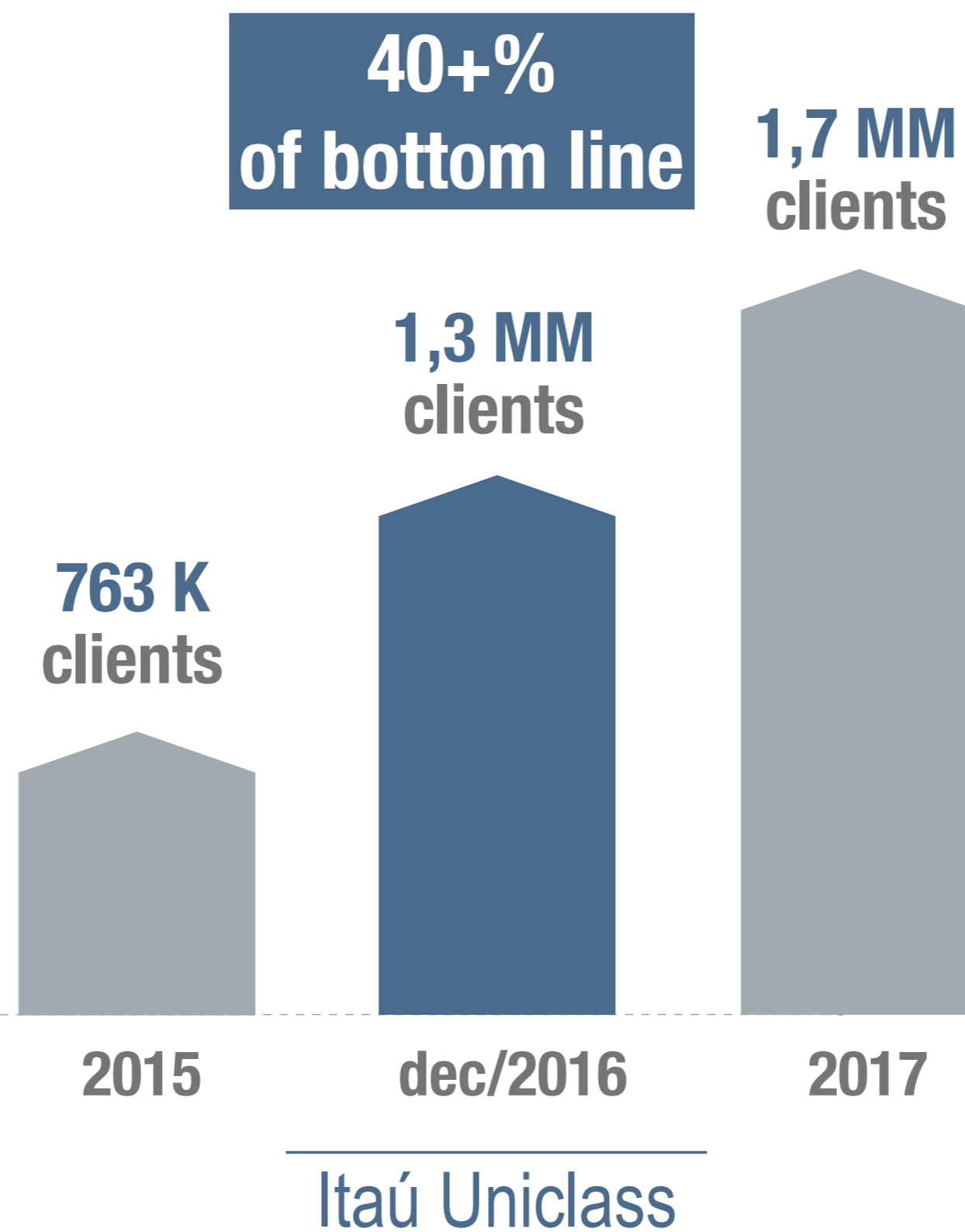
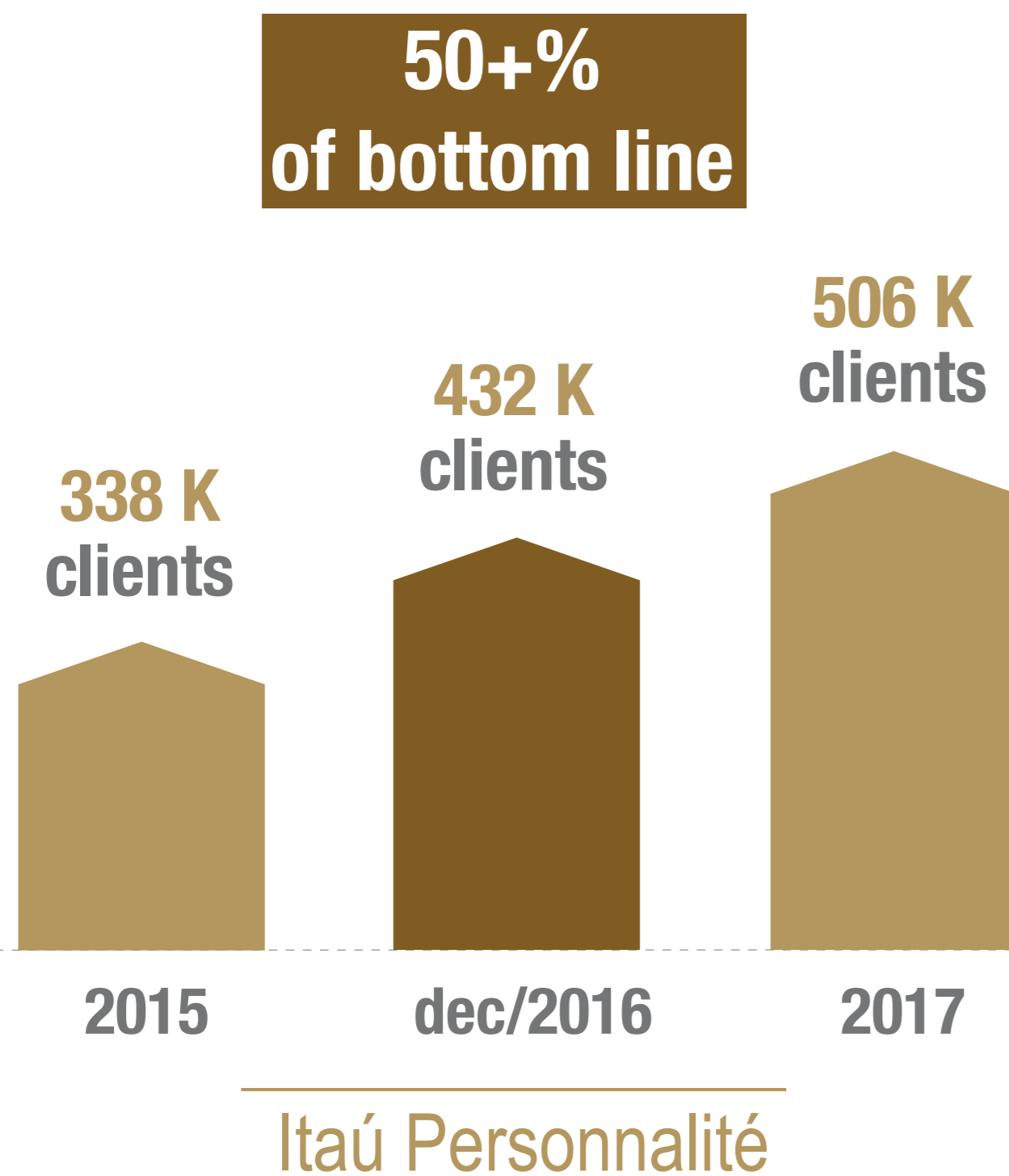


● Traditional channels (branches, ATMs, phone)
● Digital channels (internet and mobile)

Experience_ our relationship managers are becoming more digital

#individuals: digital branches

- Extended hours (7-24h)
- Phone, e-mail, text, chat
- Videoconference FAs



#companies: digital relationship managers

100% of SME managers capable of delivery the whole bank through:



smartphone



tablet



videoconference

for + than **300 K** client companies

However, digital trends evolve exponentially_

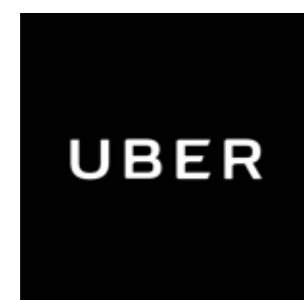
#newwaysof...

01 Doing business

"Asset light" market leaders



Market value
US\$30 Bi



Market value
US\$51 Bi



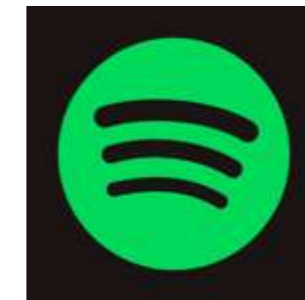
Market value
US\$54,4 Bi

02 Consuming content

Ownership vs Use



More than **190 countries** and
77MM paying subscribers



Reached more than **100MM**
active users, with **40MM**
paying subscribers



Achieved more than **150MM**
daily active users, surpassing
Twitter

03 Experiencing the world

The New Digital and virtual
reality



Personal assistant with more
than **3MM devices sold**



AI messaging software with
5MM downloads in only 8 days



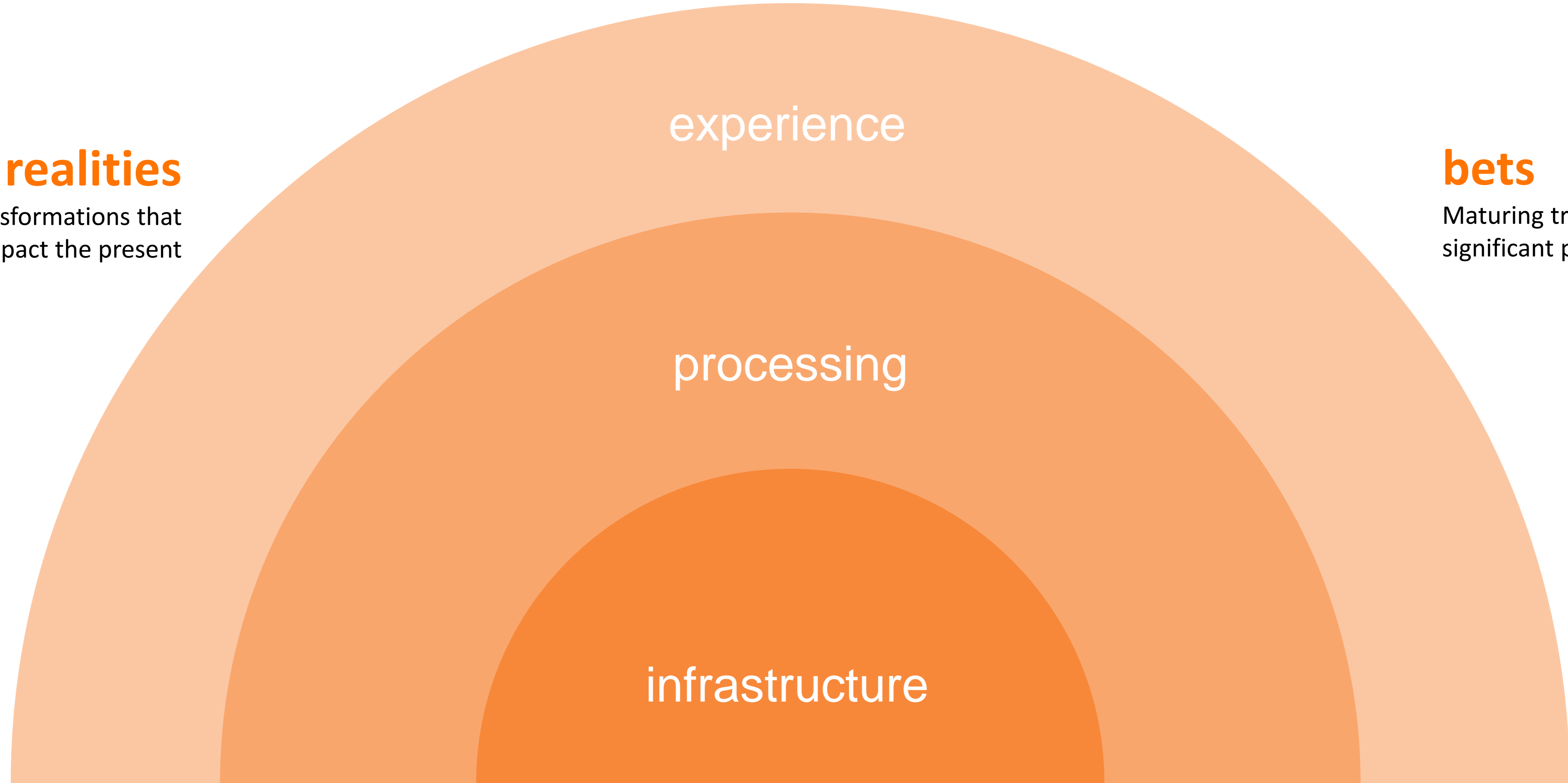
Augmented reality game with
more than **500MM downloads**
all over the world

2

Realities and Bets | Technology Transforming Experiences



3 levels of bank-customer relationship_



realities

Transformations that impact the present

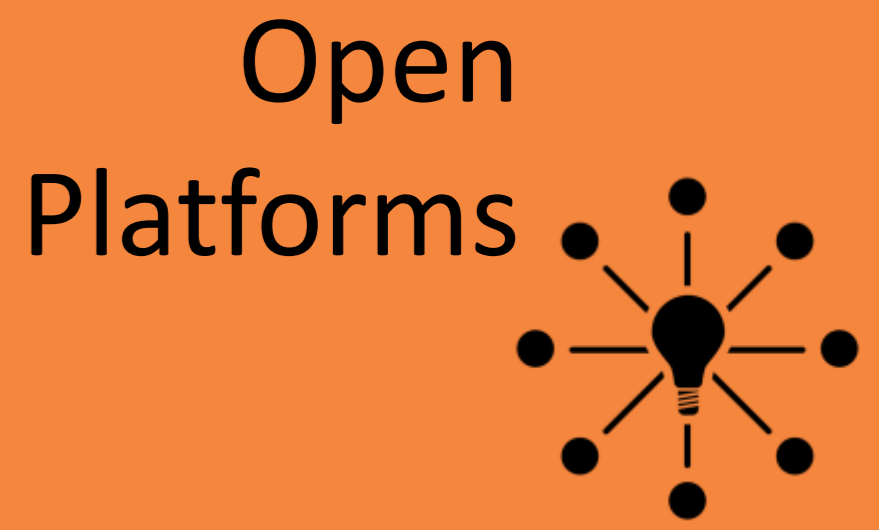
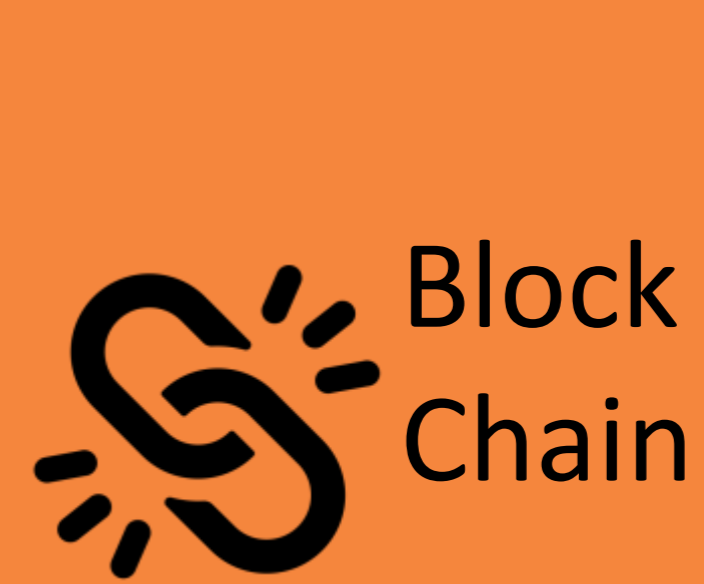
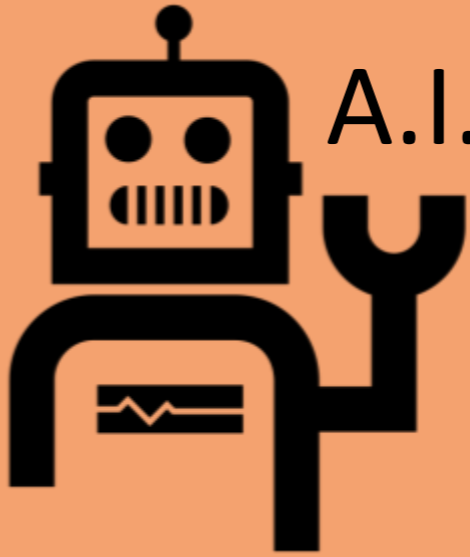
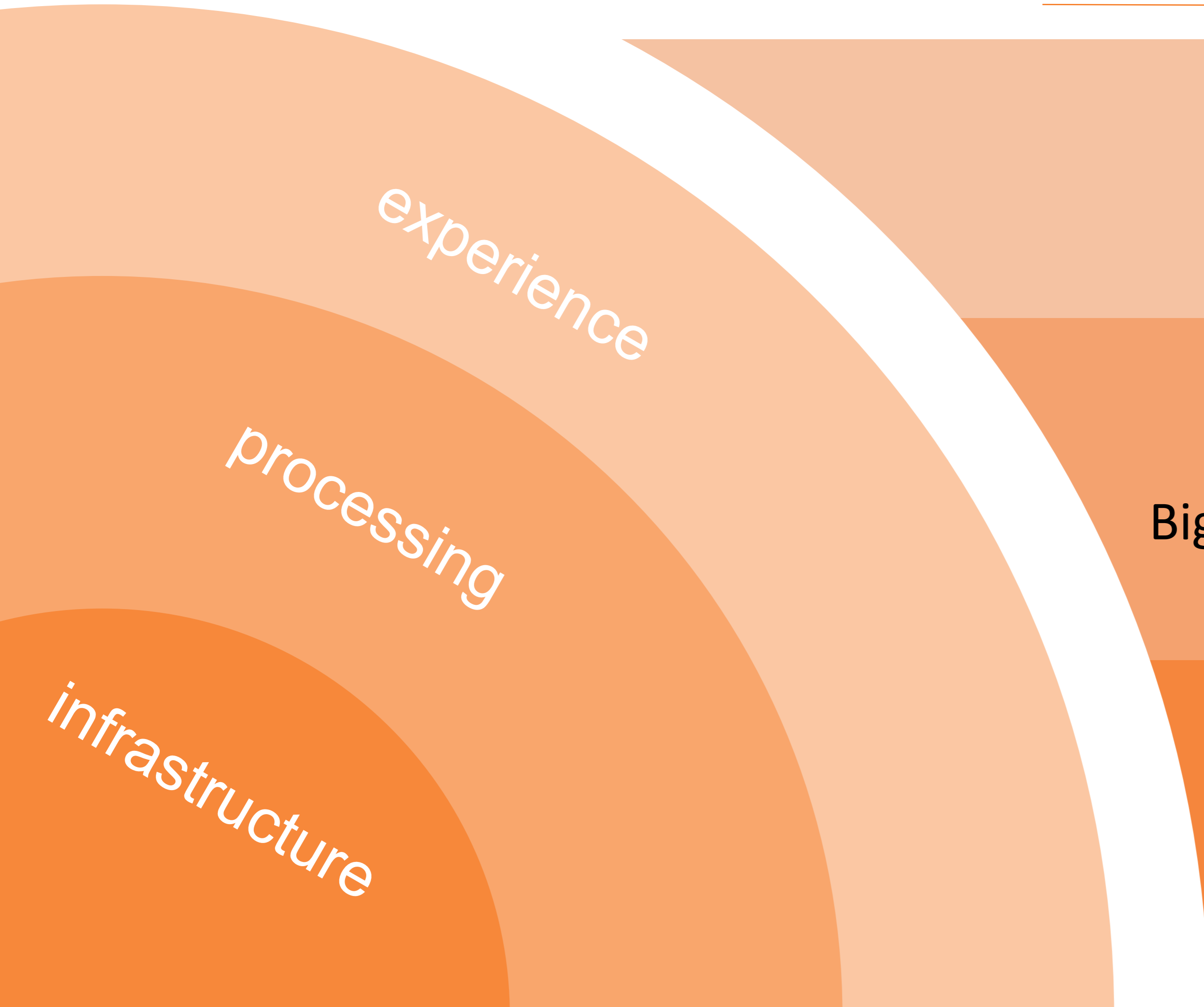
bets

Maturing trends with significant potential impact

6 trends influencing thinking and doing banking_

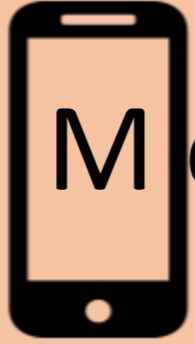
Realities

Bets



Realities

Bets



Mobile
_ **Always on,**
The mobile reality



Digital
Payments



Big Data



A.I.

Open

Platforms



Block
Chain



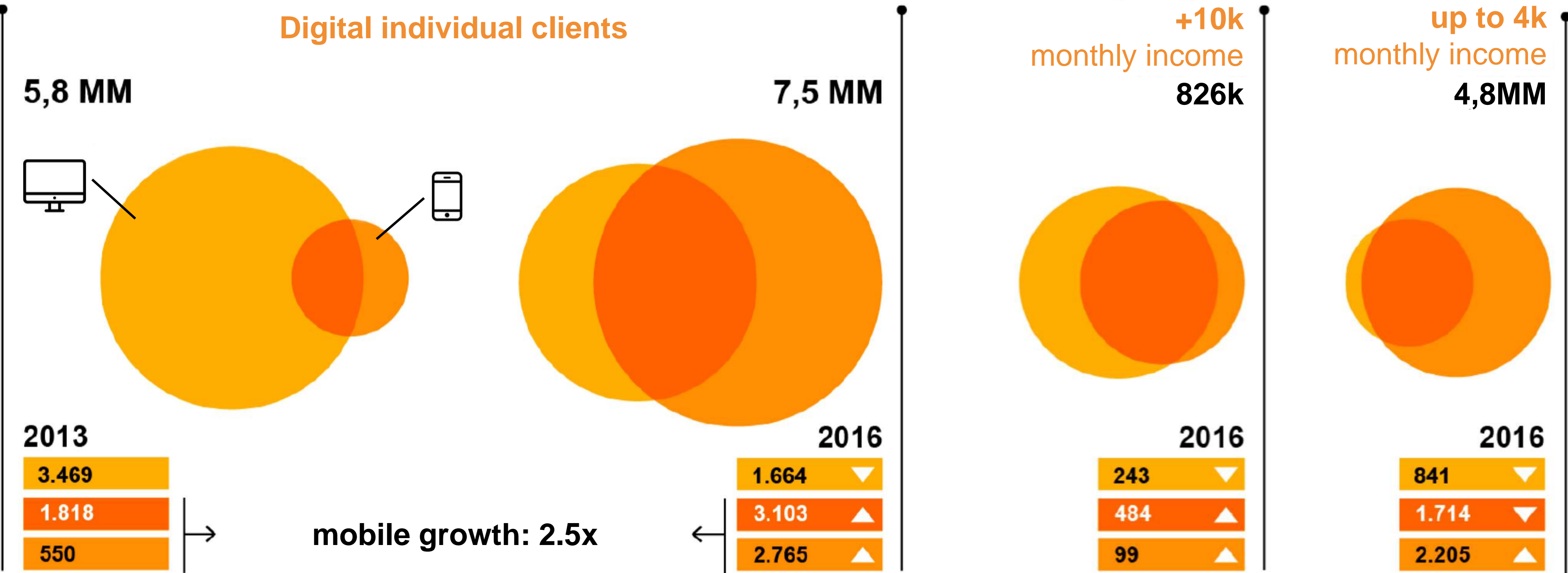
experience

processing

infrastructure

The mobile phenomenon_

Digital individual clients



***“Banking
is no longer
somewhere
you go, it’s
something
you do.”***

Brett King, “Bank 3.0”

1. Ubiquity_

where the client wants
when the client wants
respecting the client’s profile

2. Flawless experiences_

simple, easy and fast
frictionless
constant evolution

3. Digital hi-touch_

whenever the client needs
undertanding the client’s moment
support for complex transactions

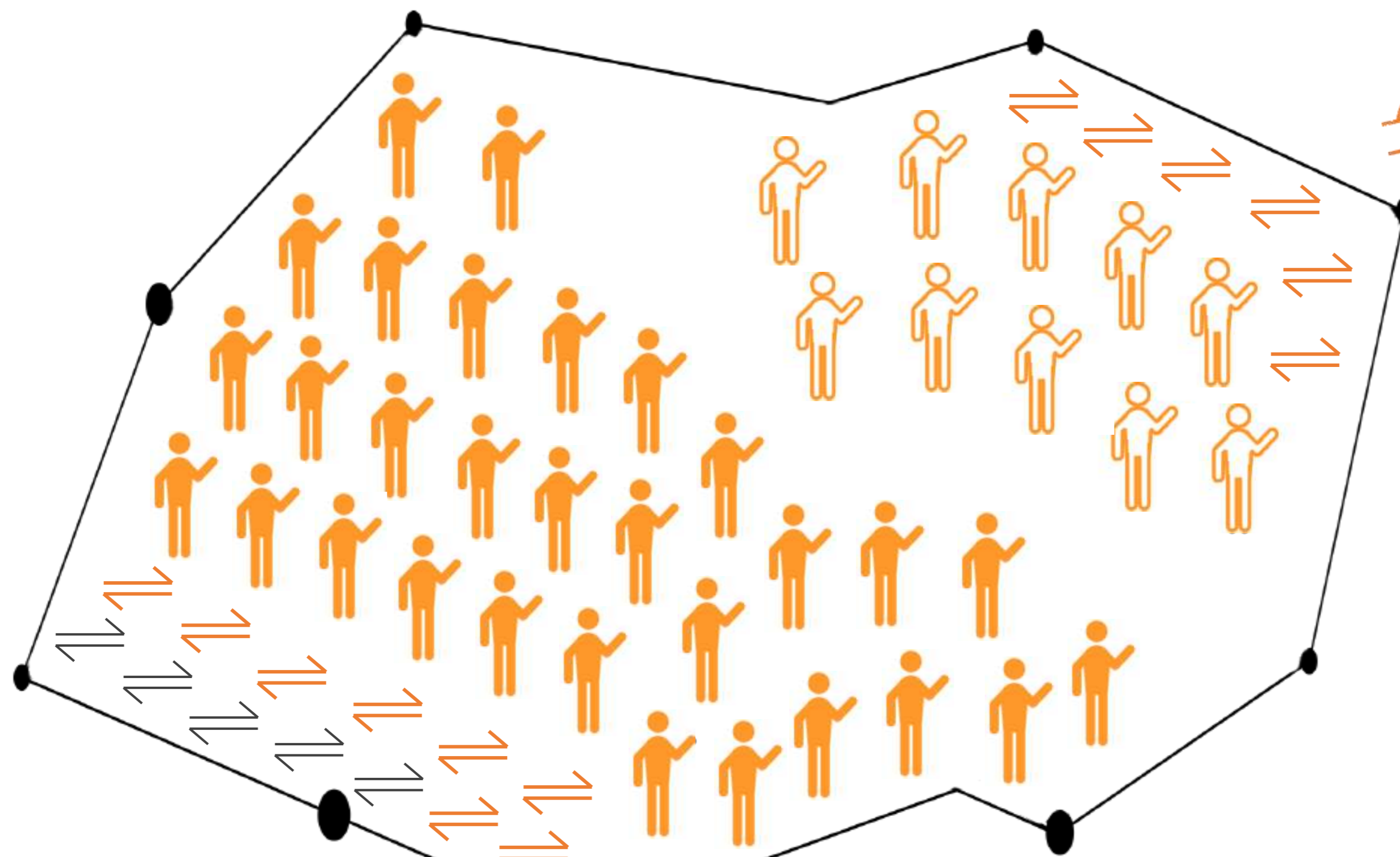
Mobile Ubiquity_ all customers, all journeys

Personal Banking



Itaú App

Evolution of mobile completeness



Light App (2017)
Entry-level and low income solution



Abreconta App
Digital customers acquisition

over 36K accounts in 2 months





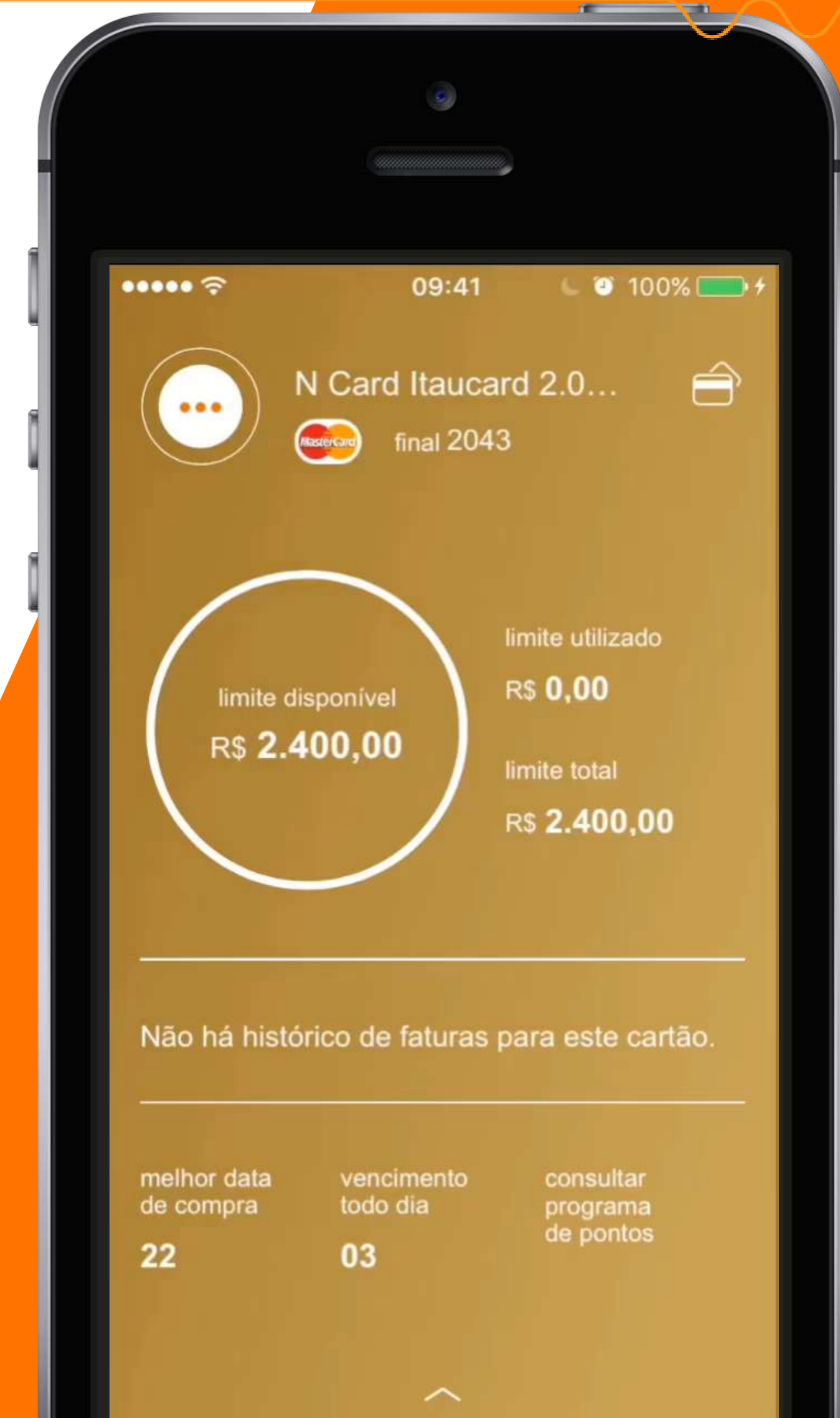
2010
version

2013
version

2016
version

2017
version

New **card-based** architecture



09:41 100%

N Card Itaucard 2.0... final 2043

limite utilizado R\$ 0,00

limite disponível R\$ 2.400,00

limite total R\$ 2.400,00

Não há histórico de faturas para este cartão.

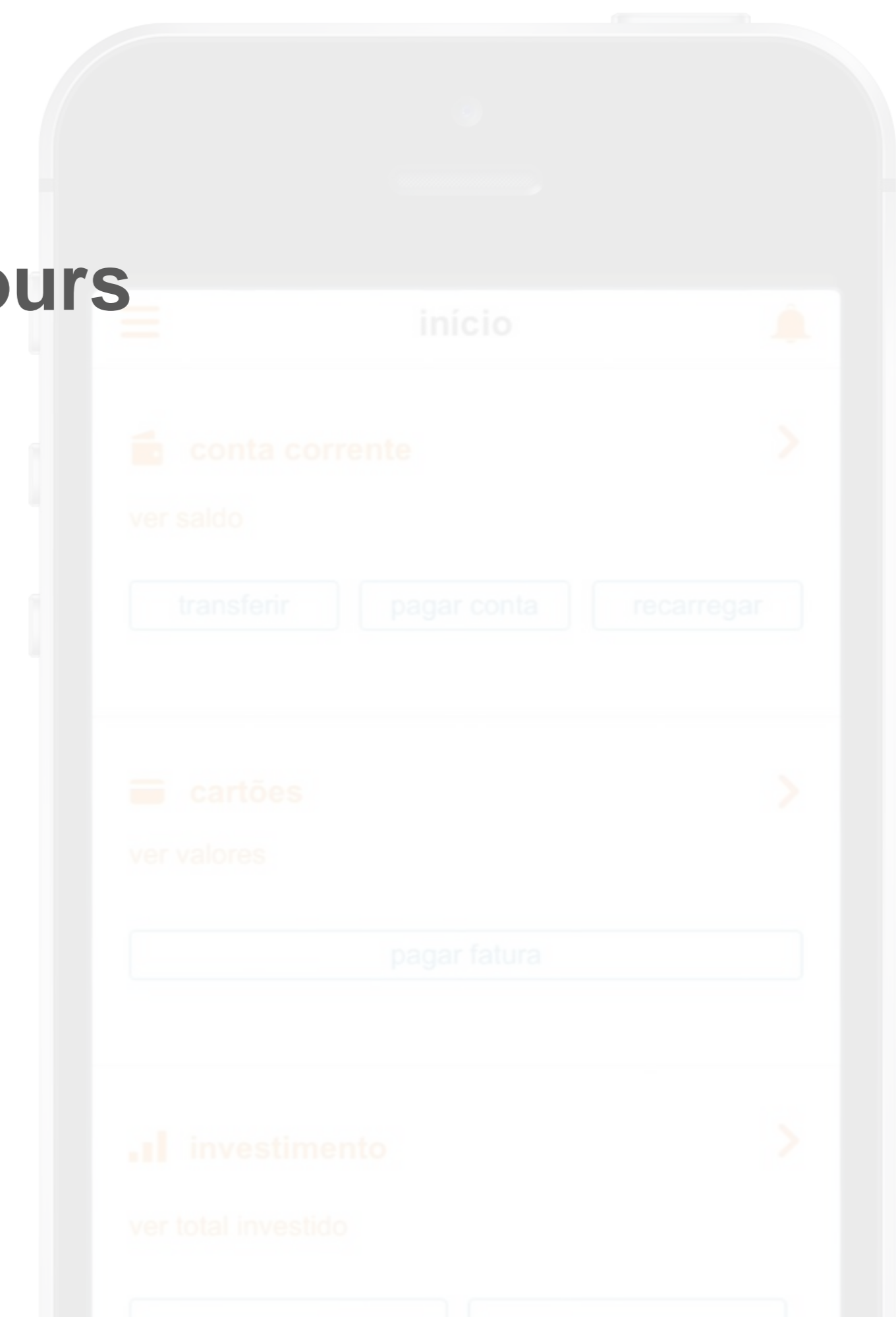
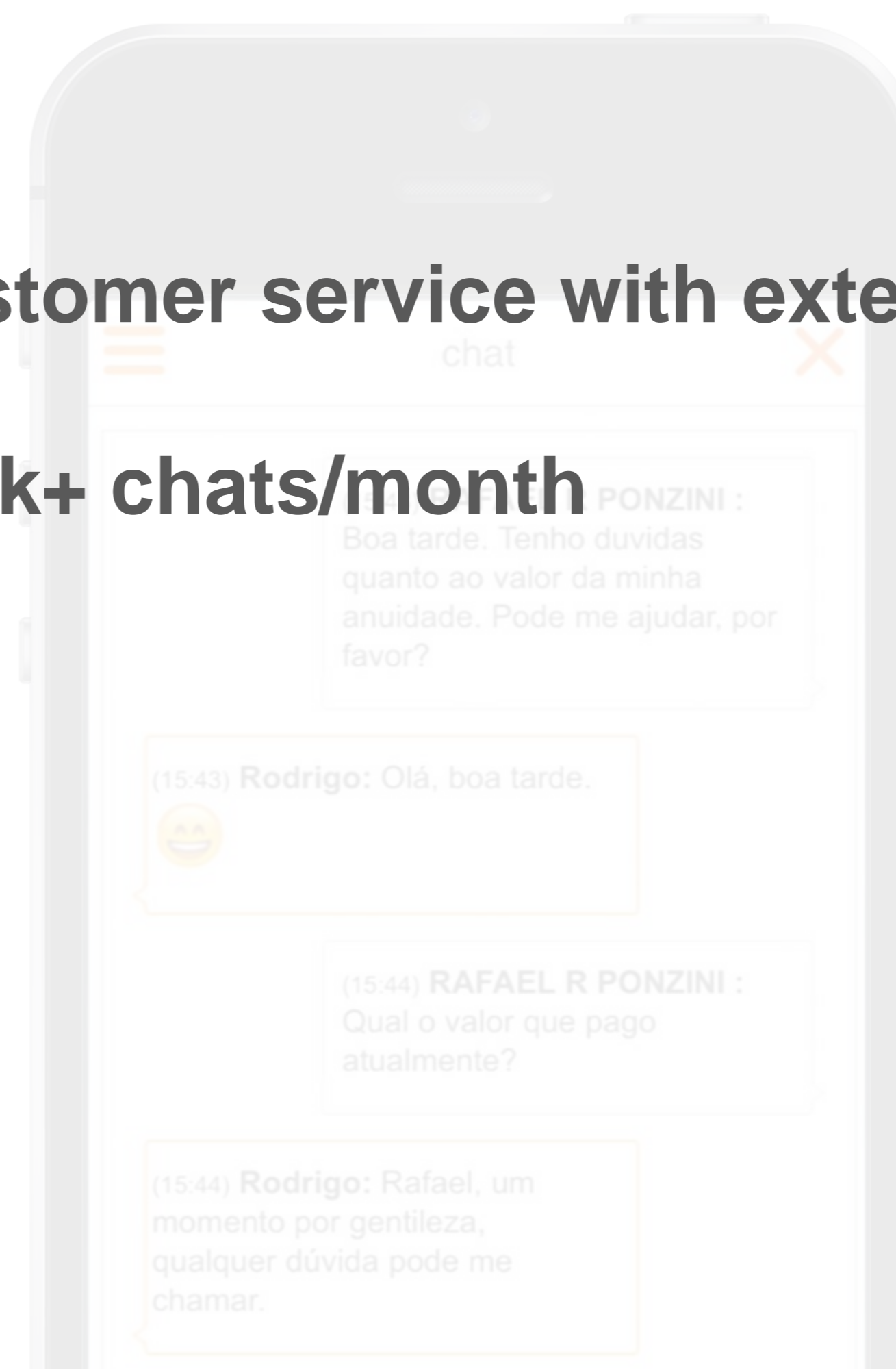
melhor data de compra	vencimento todo dia	consultar programa de pontos
22	03	

_relationship manager chat

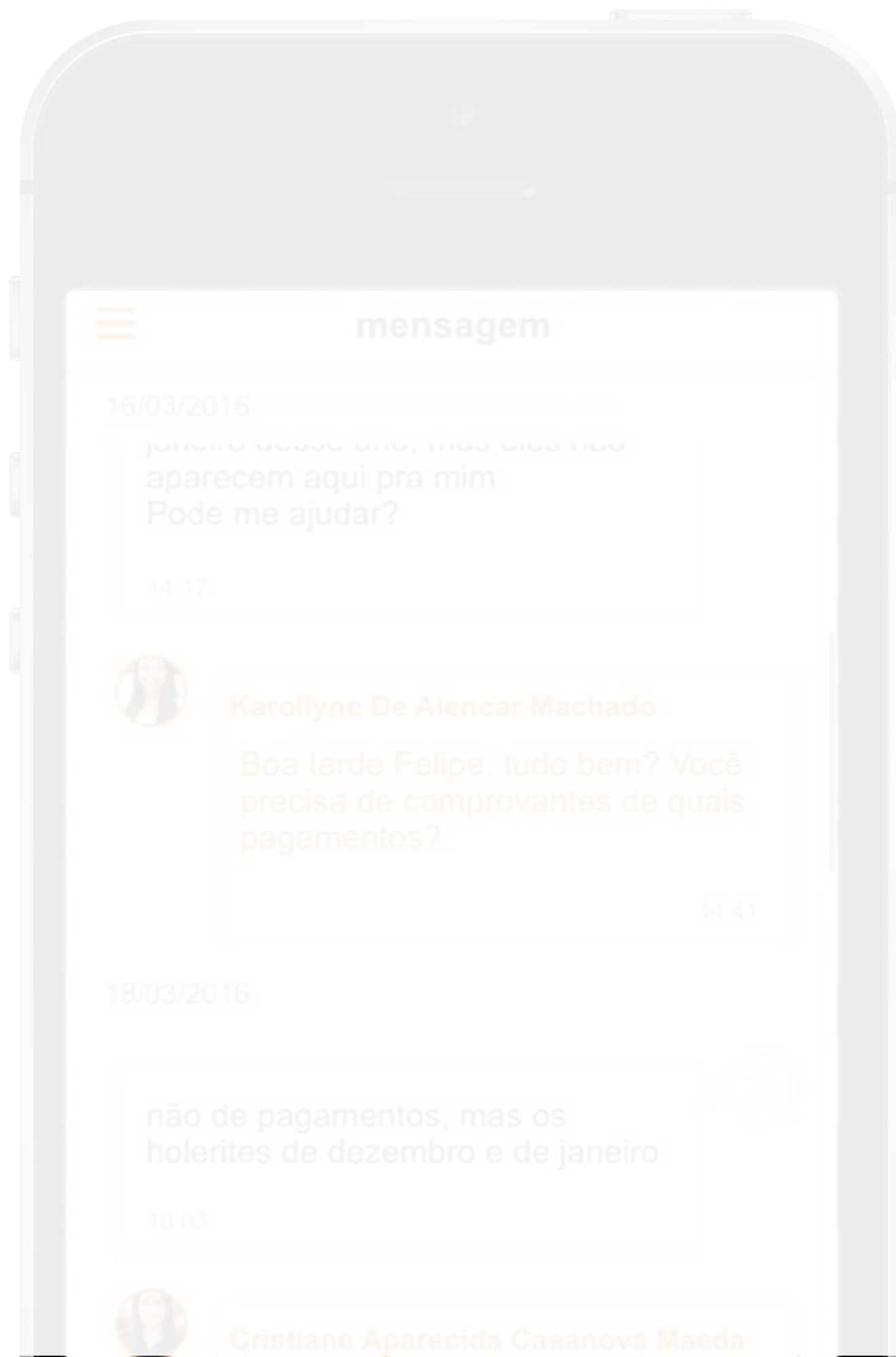


Customer service with extended hours

800k+ chats/month

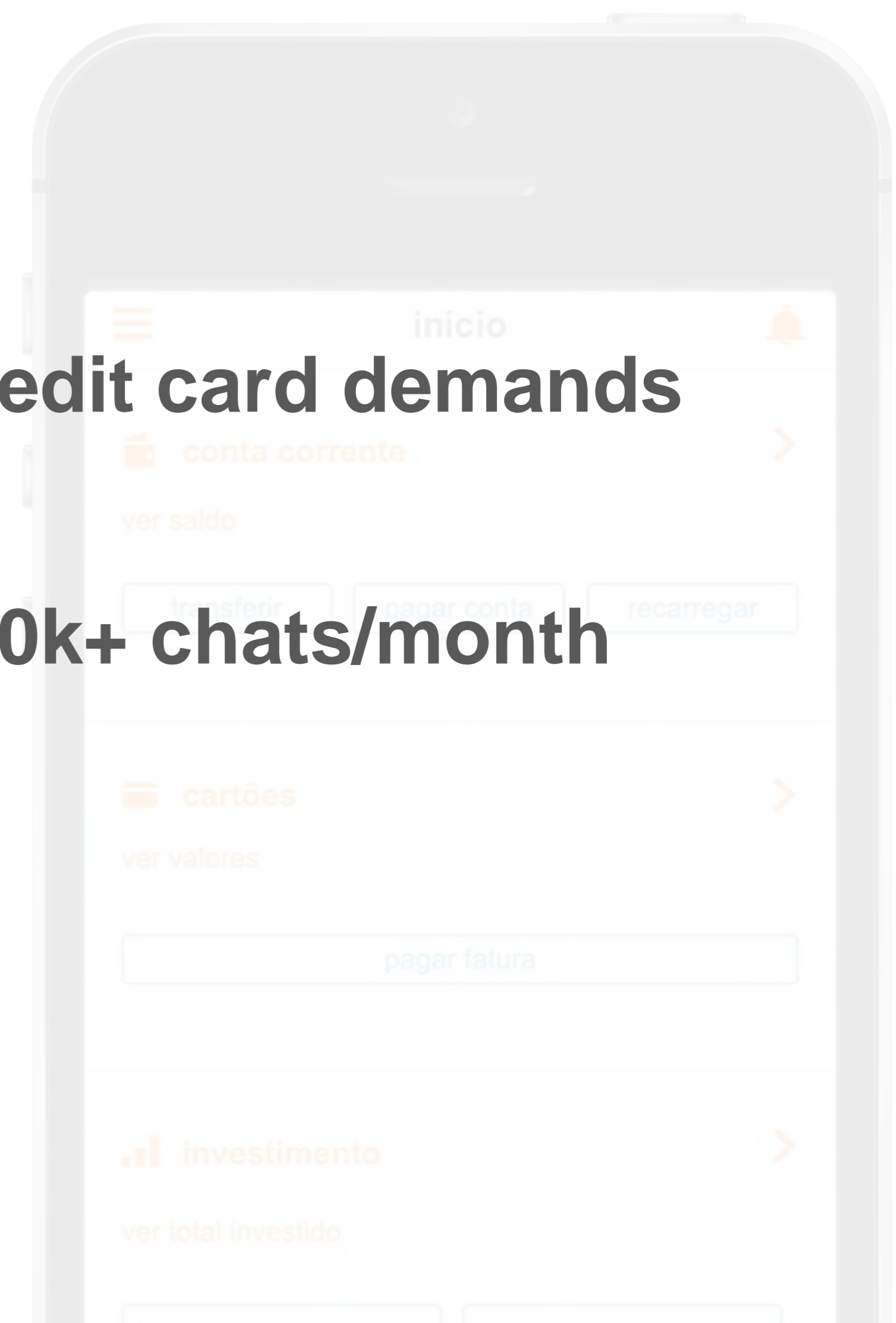


_digital customer service

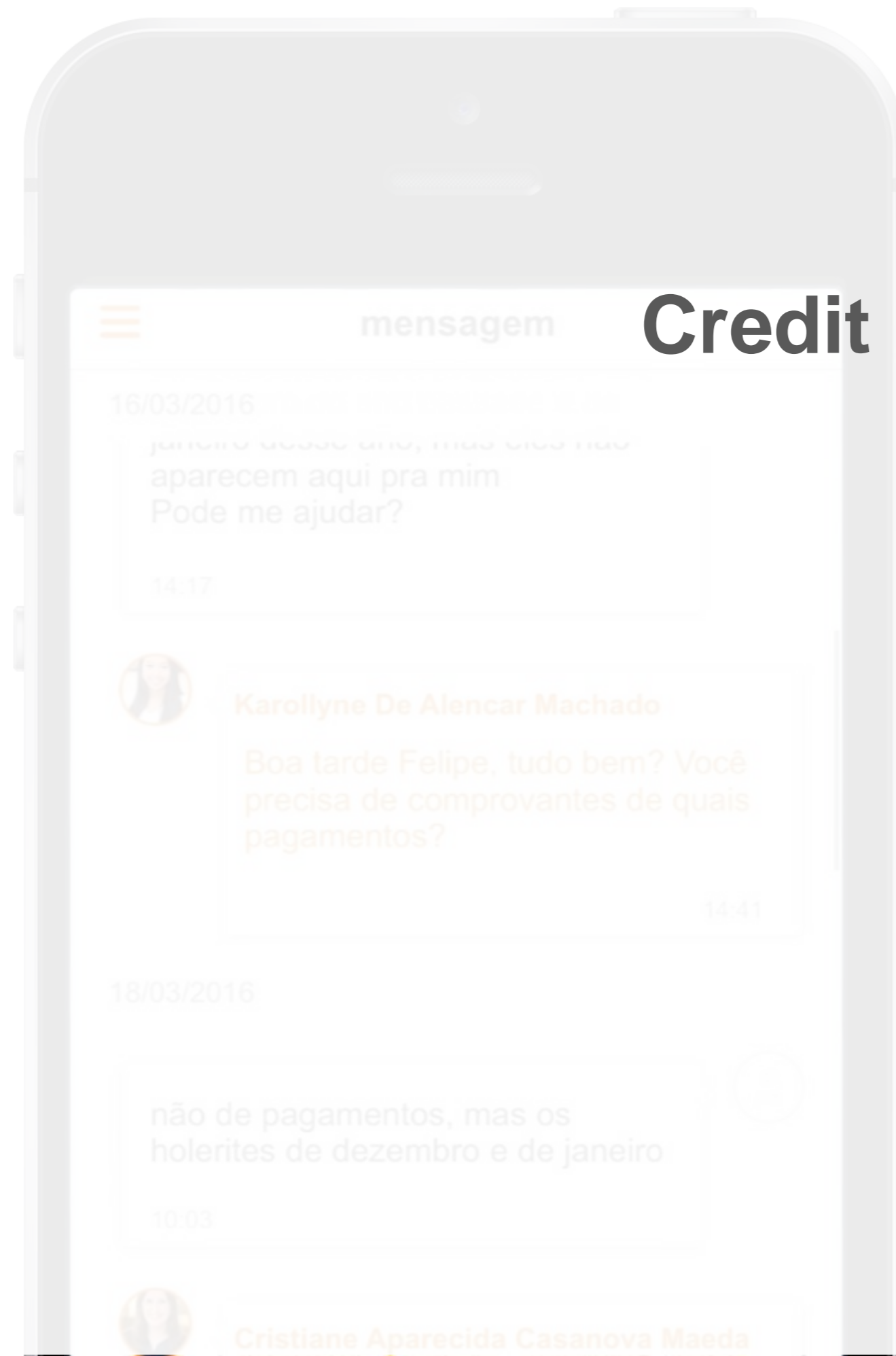


○ Credit card demands

○ 400k+ chats/month



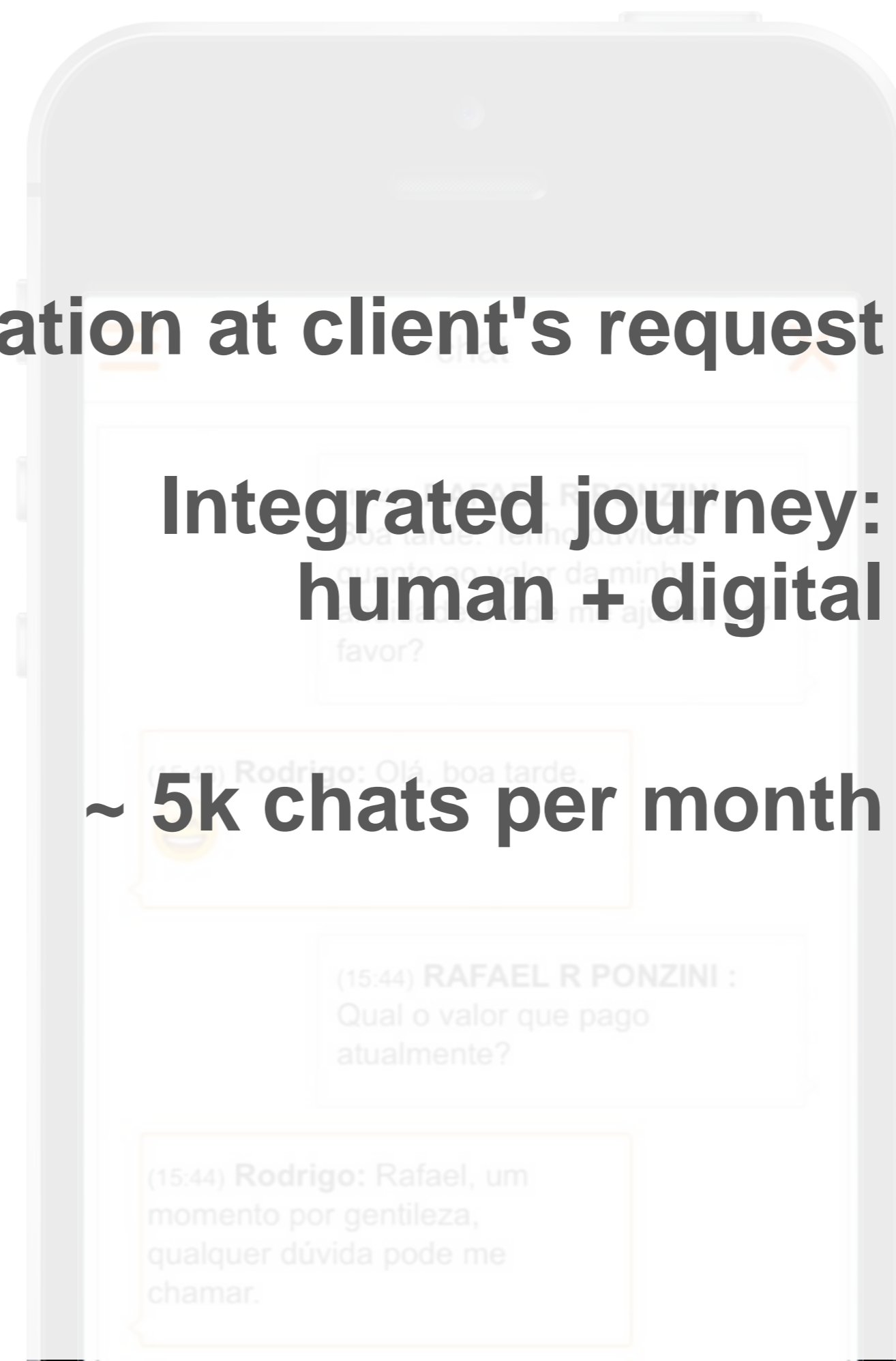
_click to call



Credit renegotiation at client's request

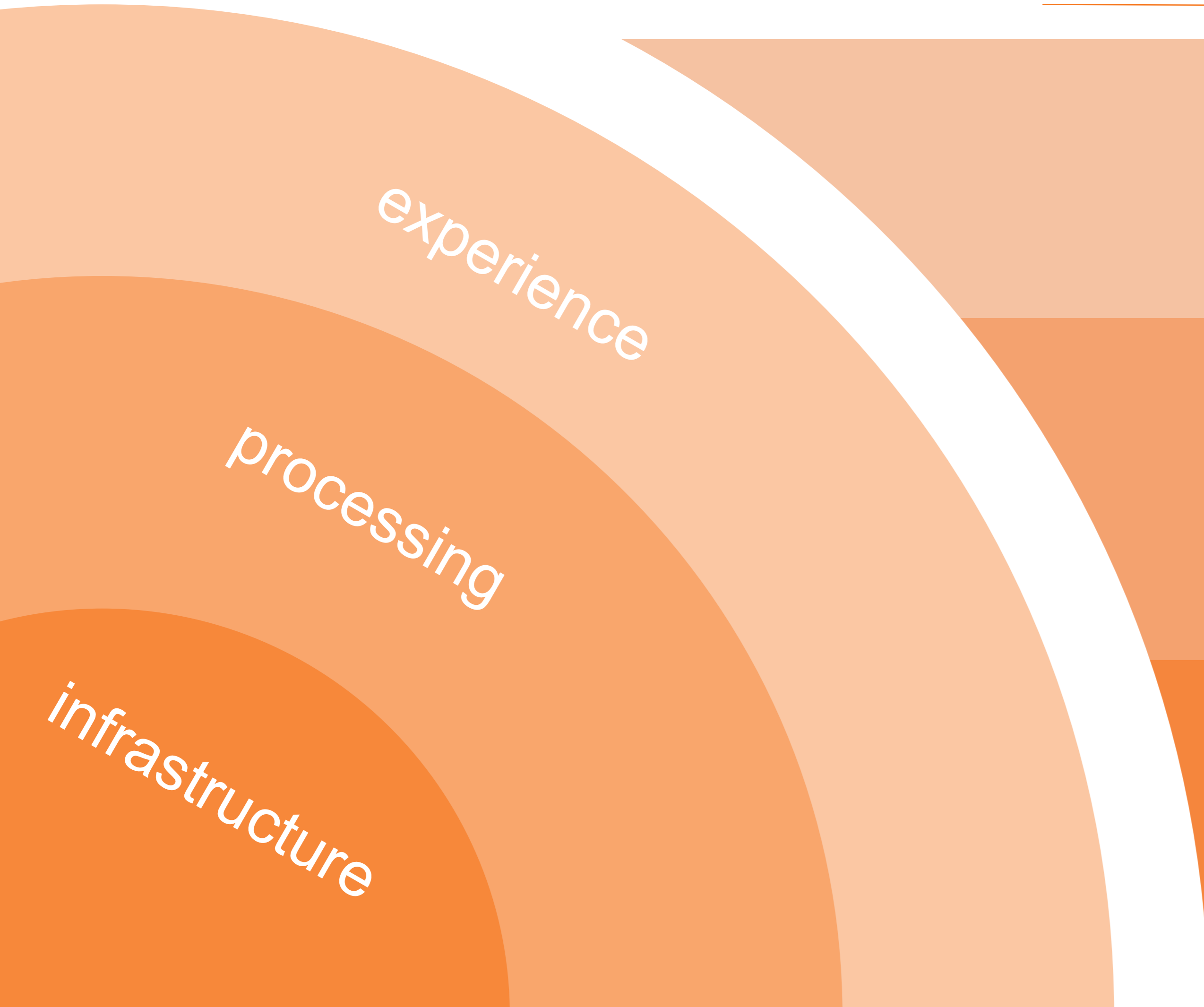
**Integrated journey:
human + digital**

~ 5k chats per month



Realities

Bets



OUR INFORMATION IS
EQUIVALENT TO
800 MILLION
SONGS

27 X SPOTIFY'S
LIBRARY



#monthly...



720+ MILLION
digital channel contacts



1+ BILLION
payment transactions



1+ BILLION
online communications



50+ MILLION
clients impacted

#onsocialnetwork...

110 MM
google searches per year

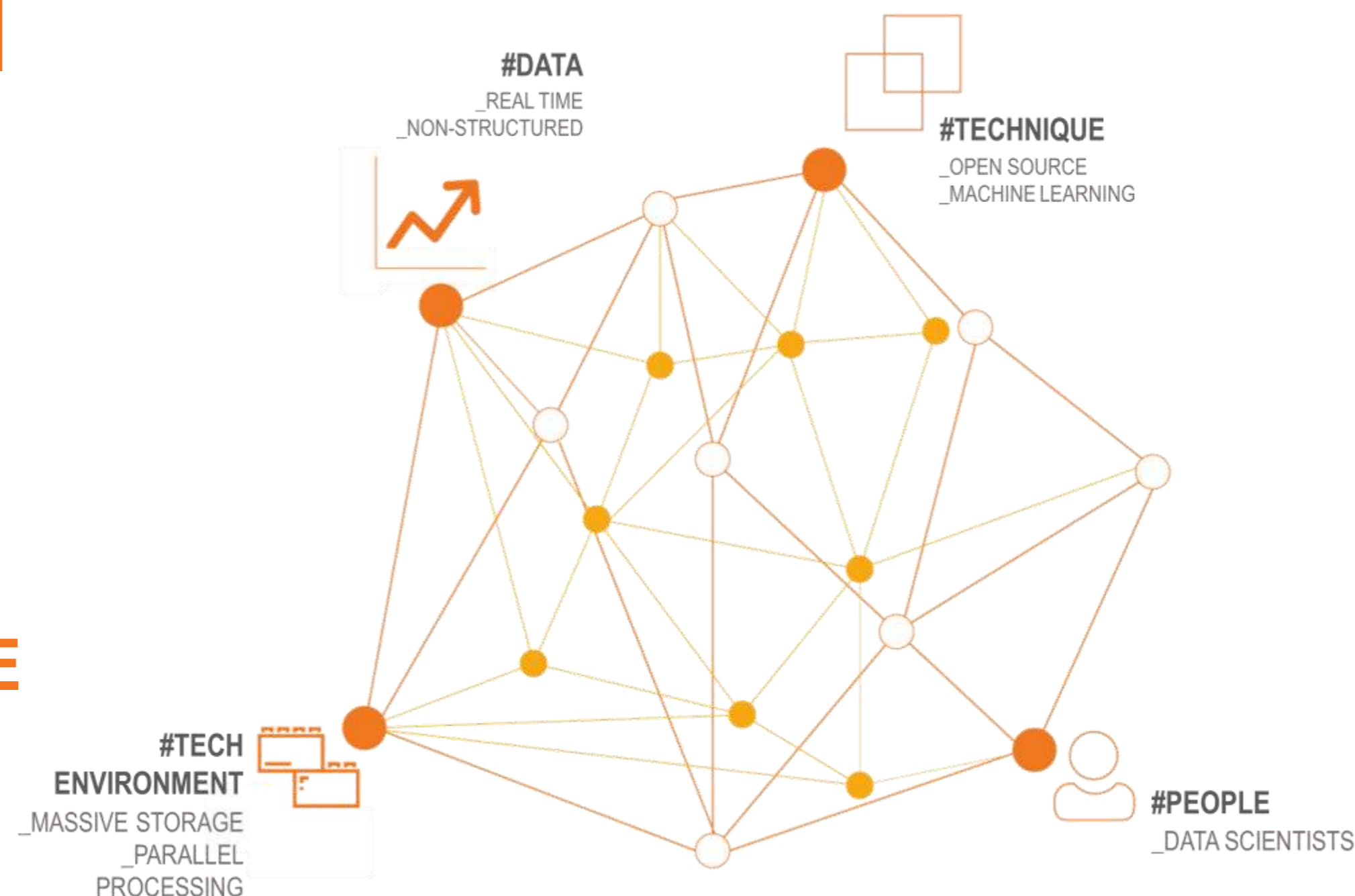
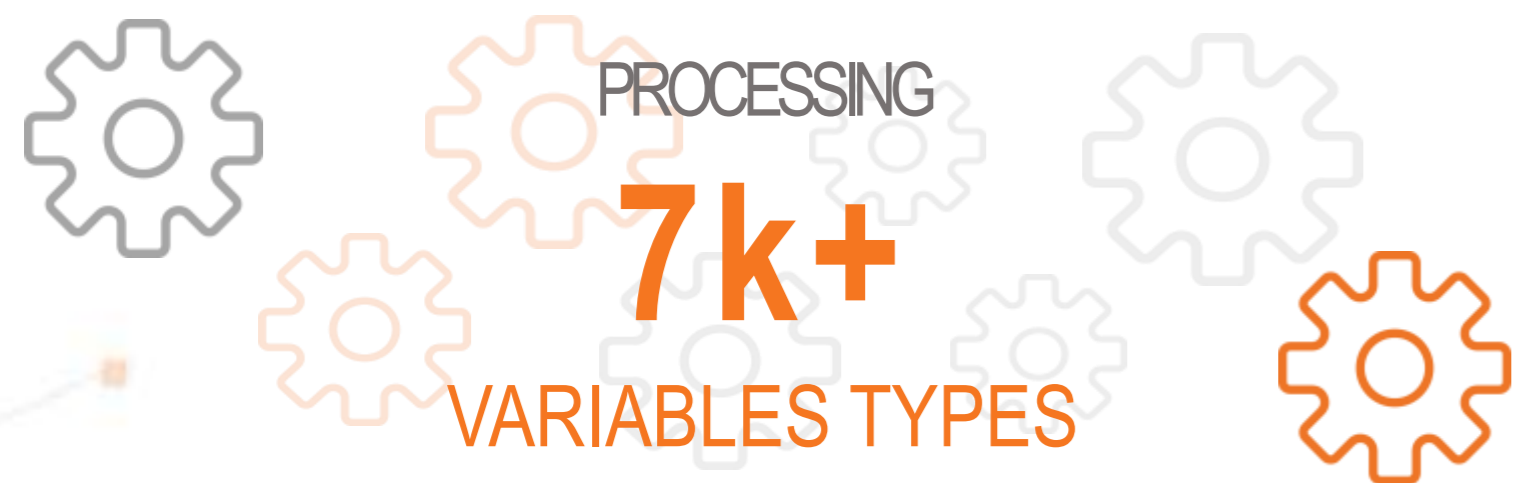
9,5 MM
facebook fans

2,2 BI
facebook impressions

84 MM
facebook users reached

Big data_ transformative results

_PREDICT CLIENT'S LATE PAYMENT

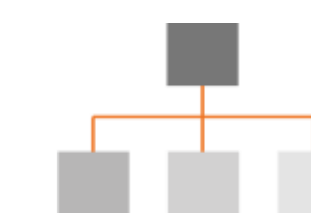


_RIGHT PRODUCT TO THE RIGHT CLIENT

PROCESSING
3+ BILLION
OF PAYMENT
TRANSACTIONS



DEVELOPMENT
TIME REDUCTION
5 MONTHS TO
1 WEEK



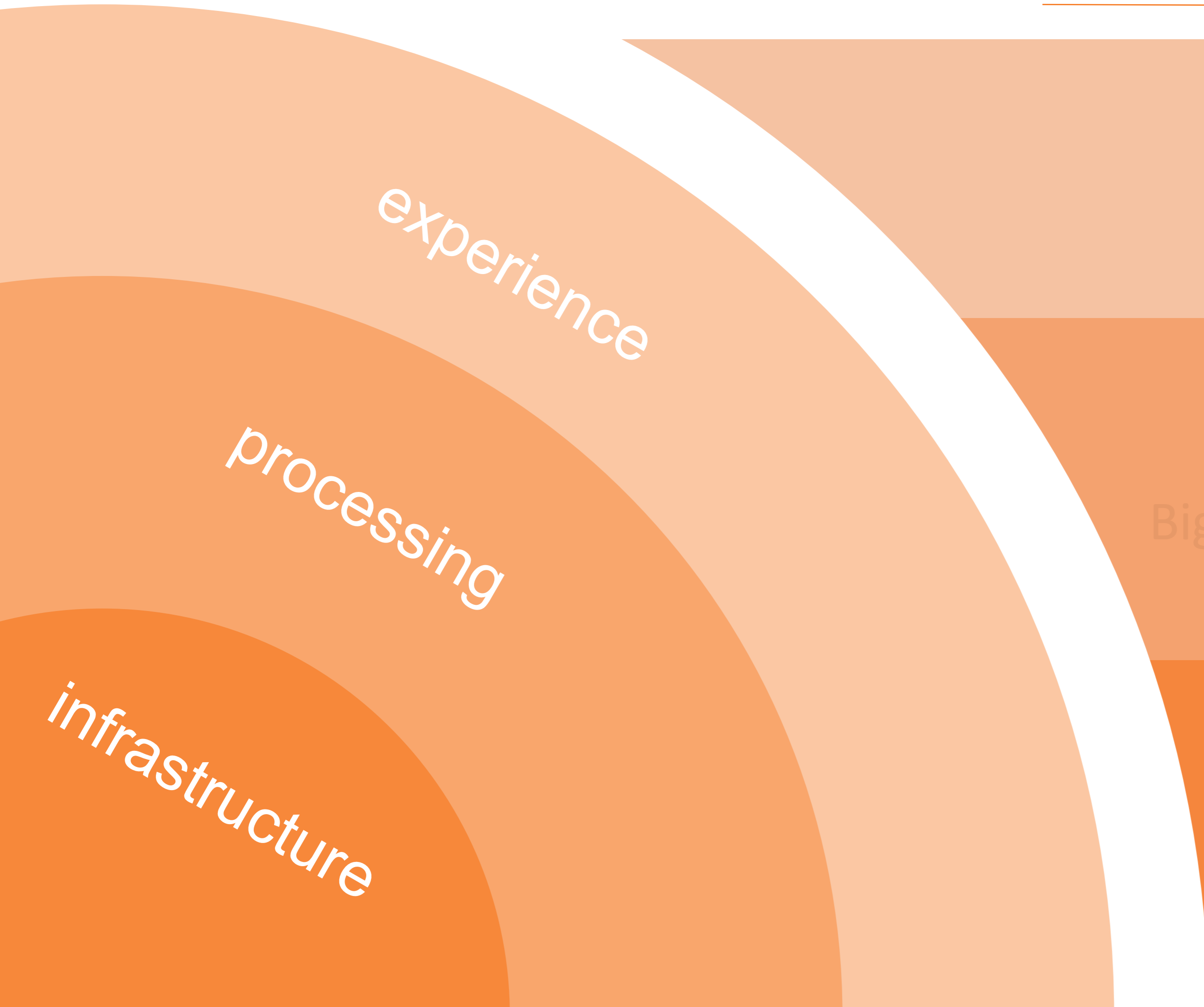
MICROSEGMENTATION
20 CLUSTERS TO
100K+ CLUSTERS



+43%
OF SALES
ASSERTIVENESS

Realities

Bets



**A.I. first
_ the new age**



Cognitive Intelligence_ the future is now

April 2016_ Google DeepMind



- The expectation of the academic community has been exceeded by 10 years

- Go's complexity of plays does not allow statistical performance, it requires intuition to win

Chess
 10^{120}
 possibilities

x

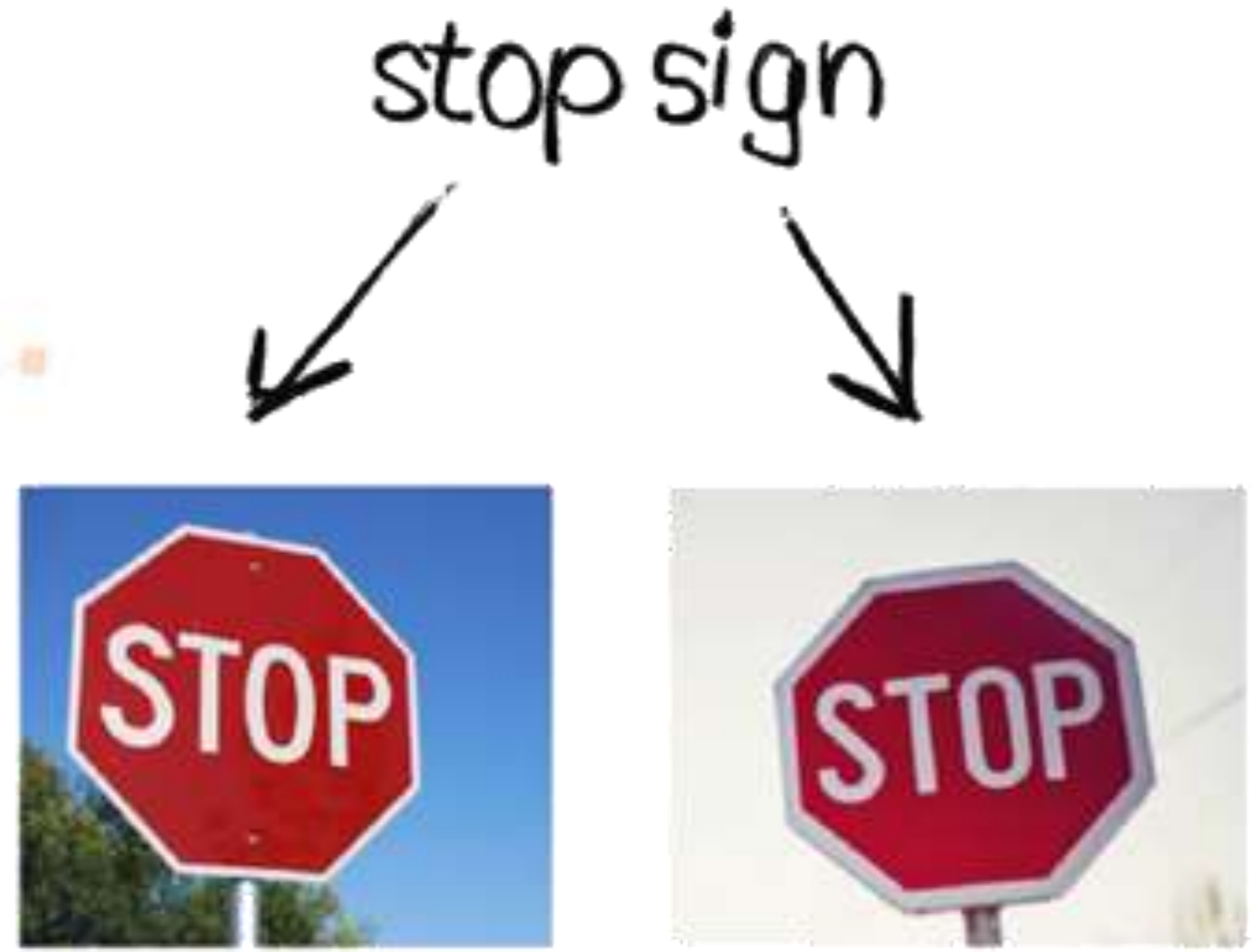
Go
 10^{768}
 possibilities



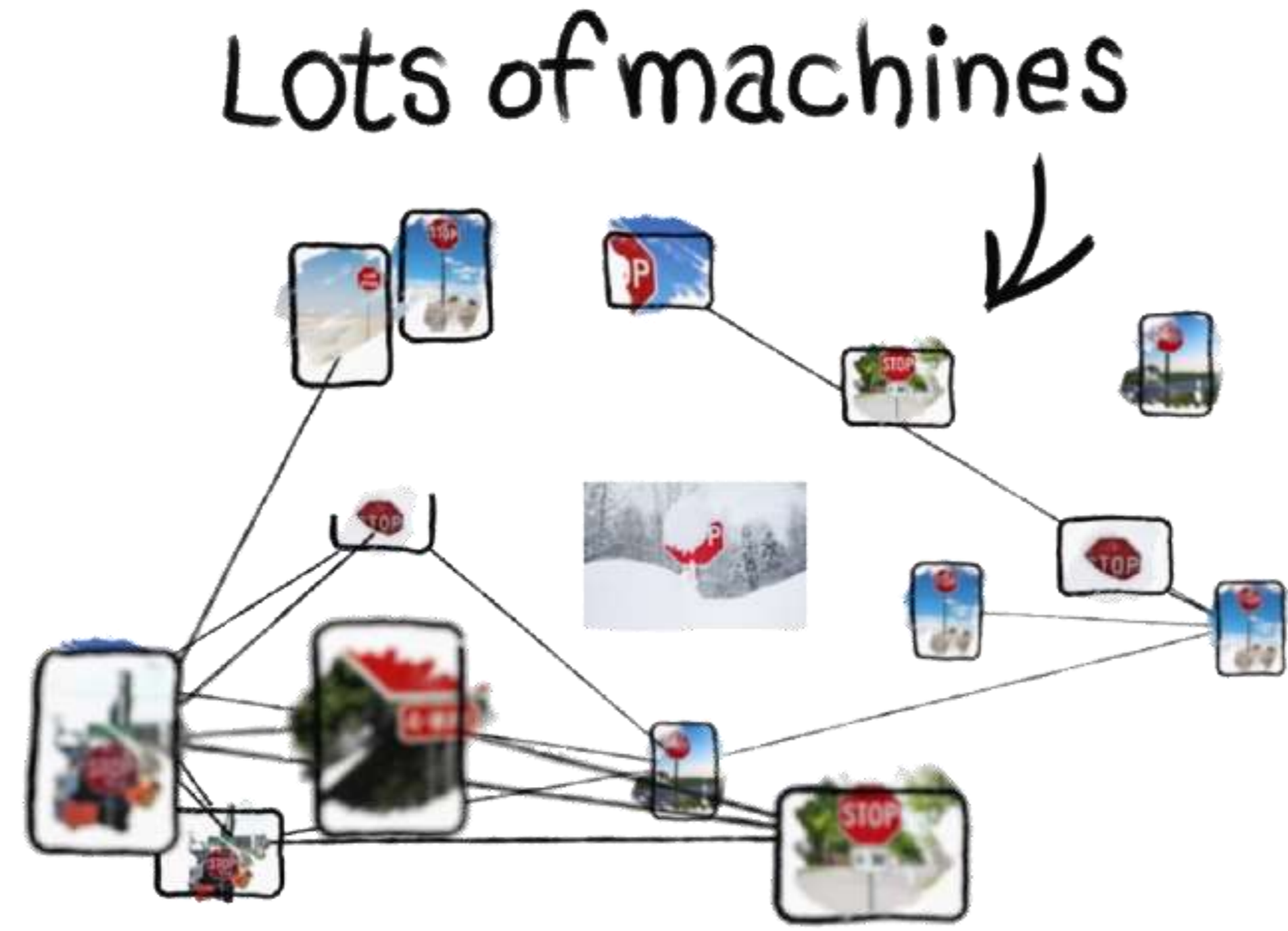
↓
 More than all atoms on earth

New technologies_ exponential learning

Step 1
basic learning



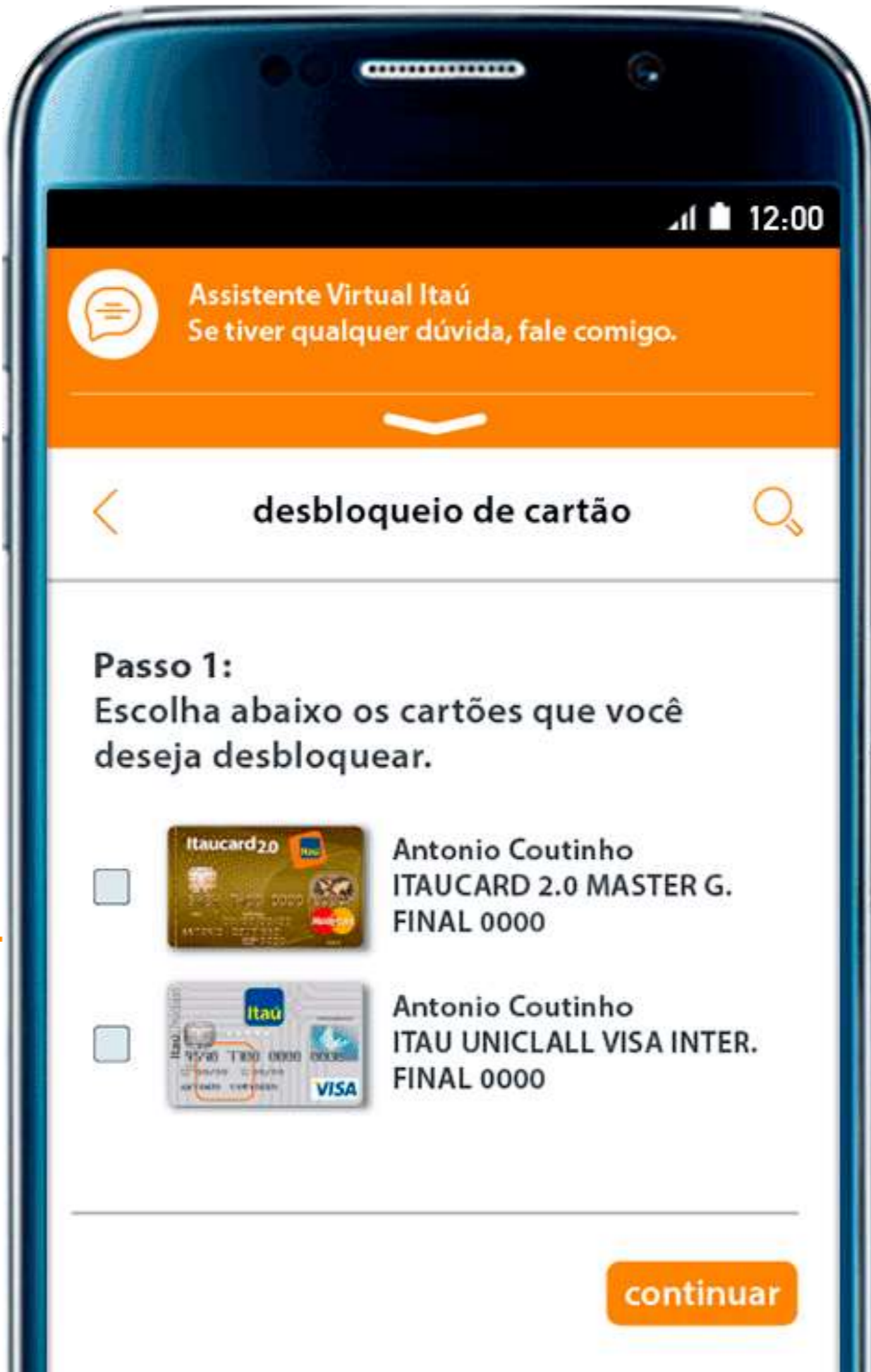
Step 2
interaction with
lots of machines



Step 3
evolved learning

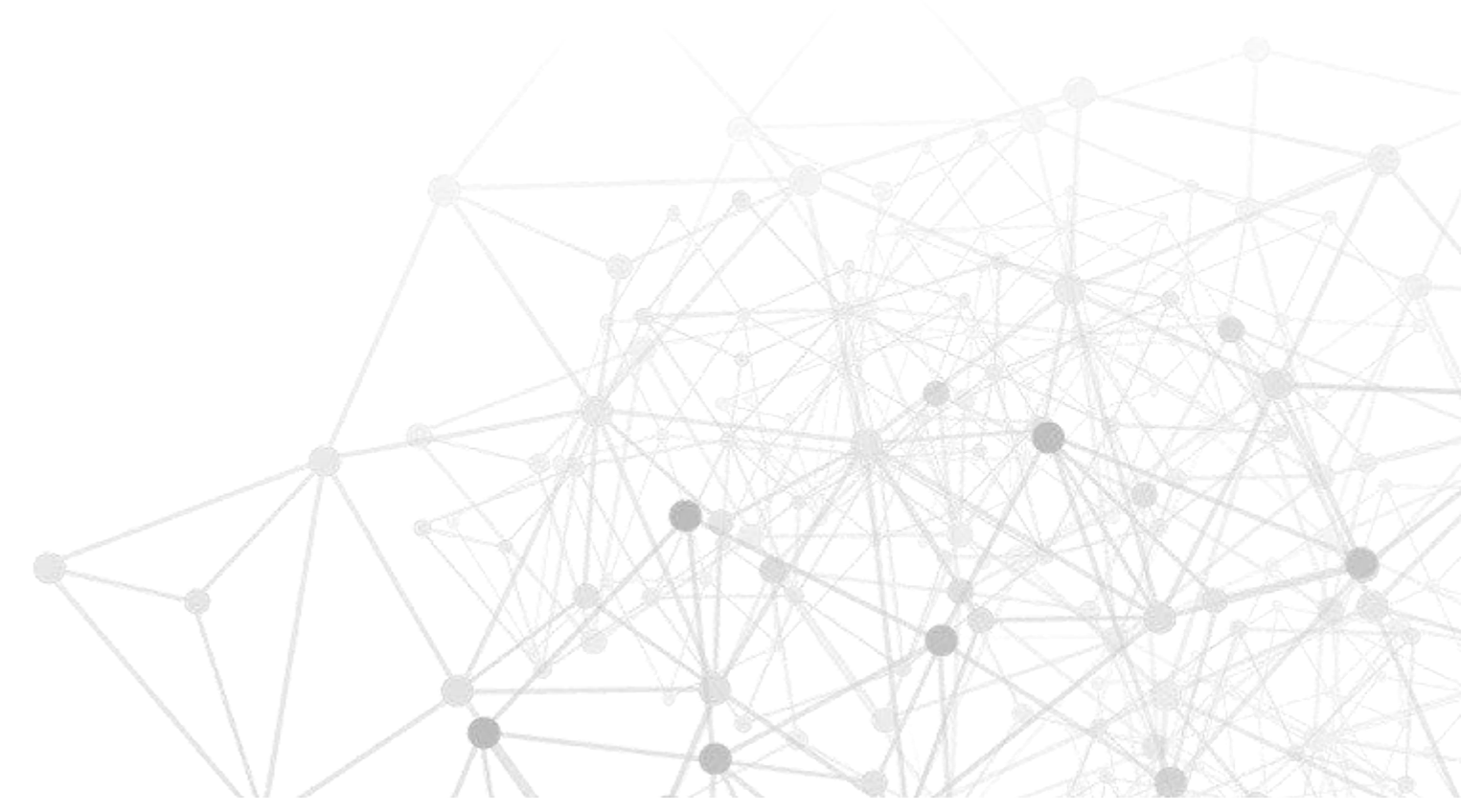


Applied AI _ Itaú's chatbots



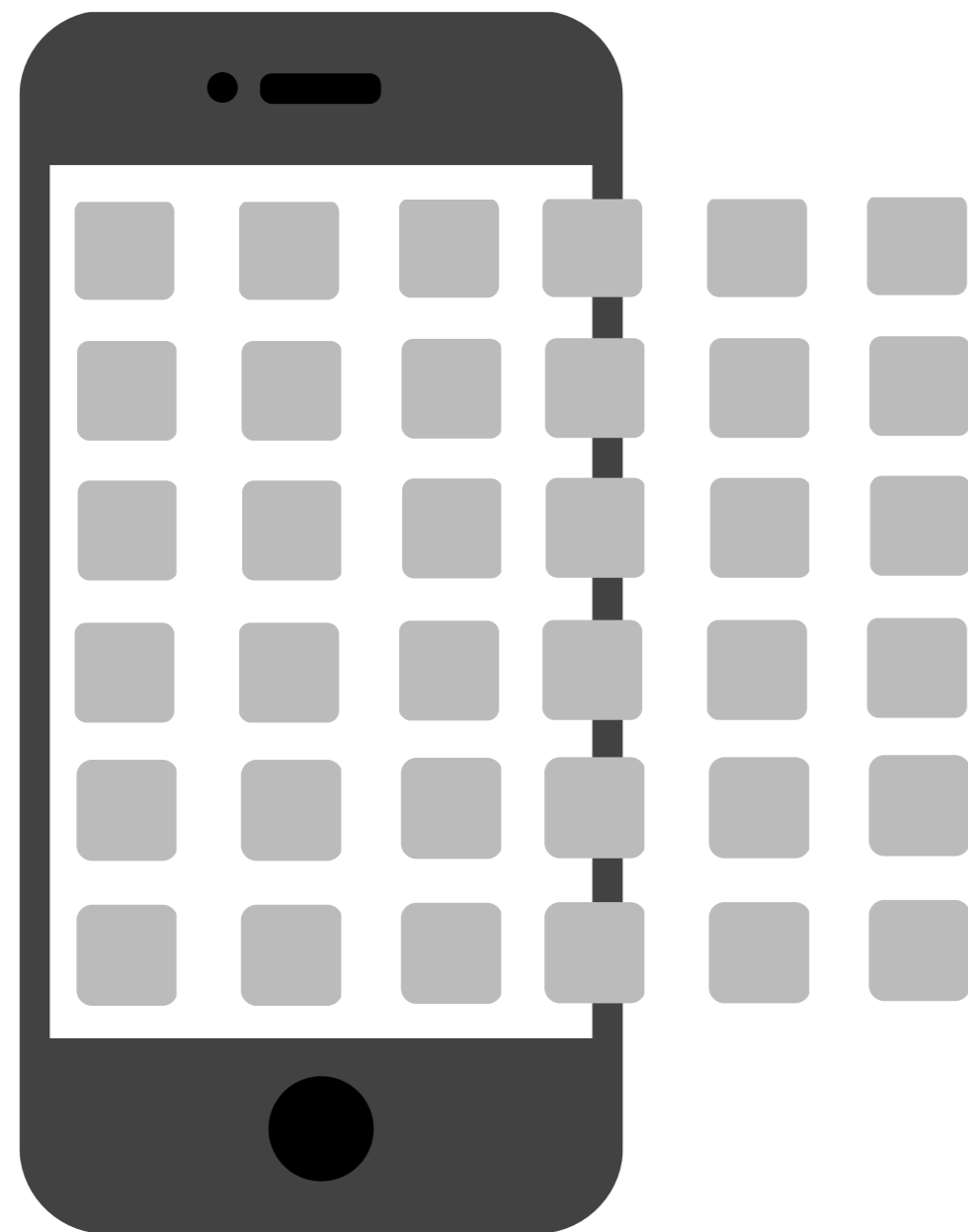
"I don't know" rate of only 3%

10% reduction in call-center contacts



Post-app age_ personal assistants based on AI

App Stores saturation



4MM apps

available in stores

however...

50% of users

don't download any apps

85% of the mobile use

are concentrated in only 5 apps



Google Allo

Other examples:

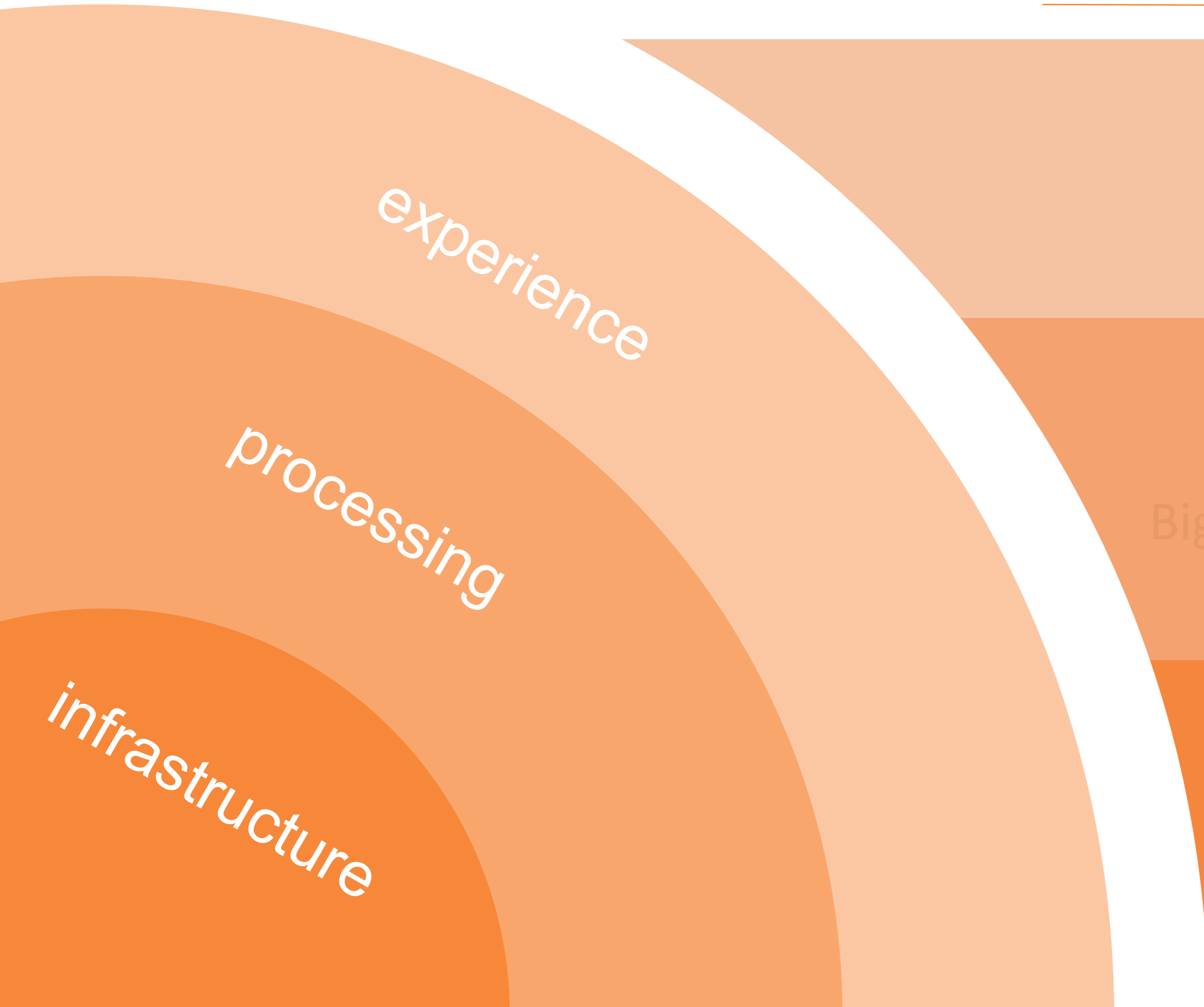


Siri

amazon alexa

Realities

Bets



**Digital payments
_ or the end of payment
experience?**



Digital payments_ many initiatives, early maturity

#modals

#maturity

#marketatlarge

#atitaú



NORTH AMERICA



BRAZIL



EUROPE



ASIA



Online World

On-line purchase with no card number



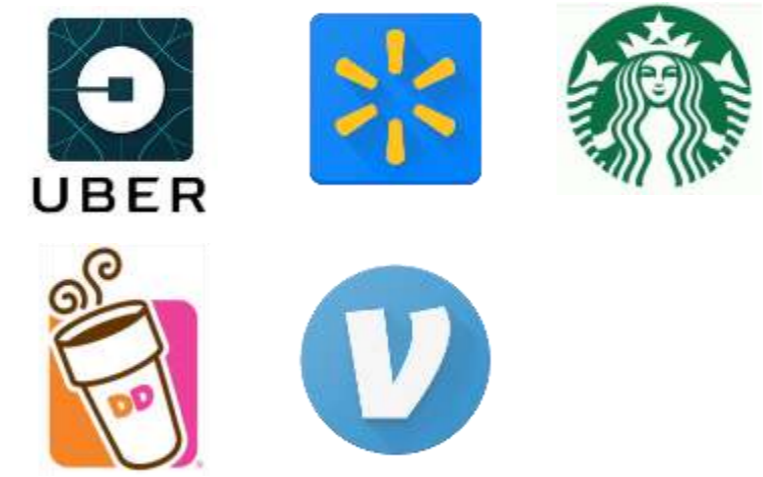
Physical World

Physical purchase with no card requested



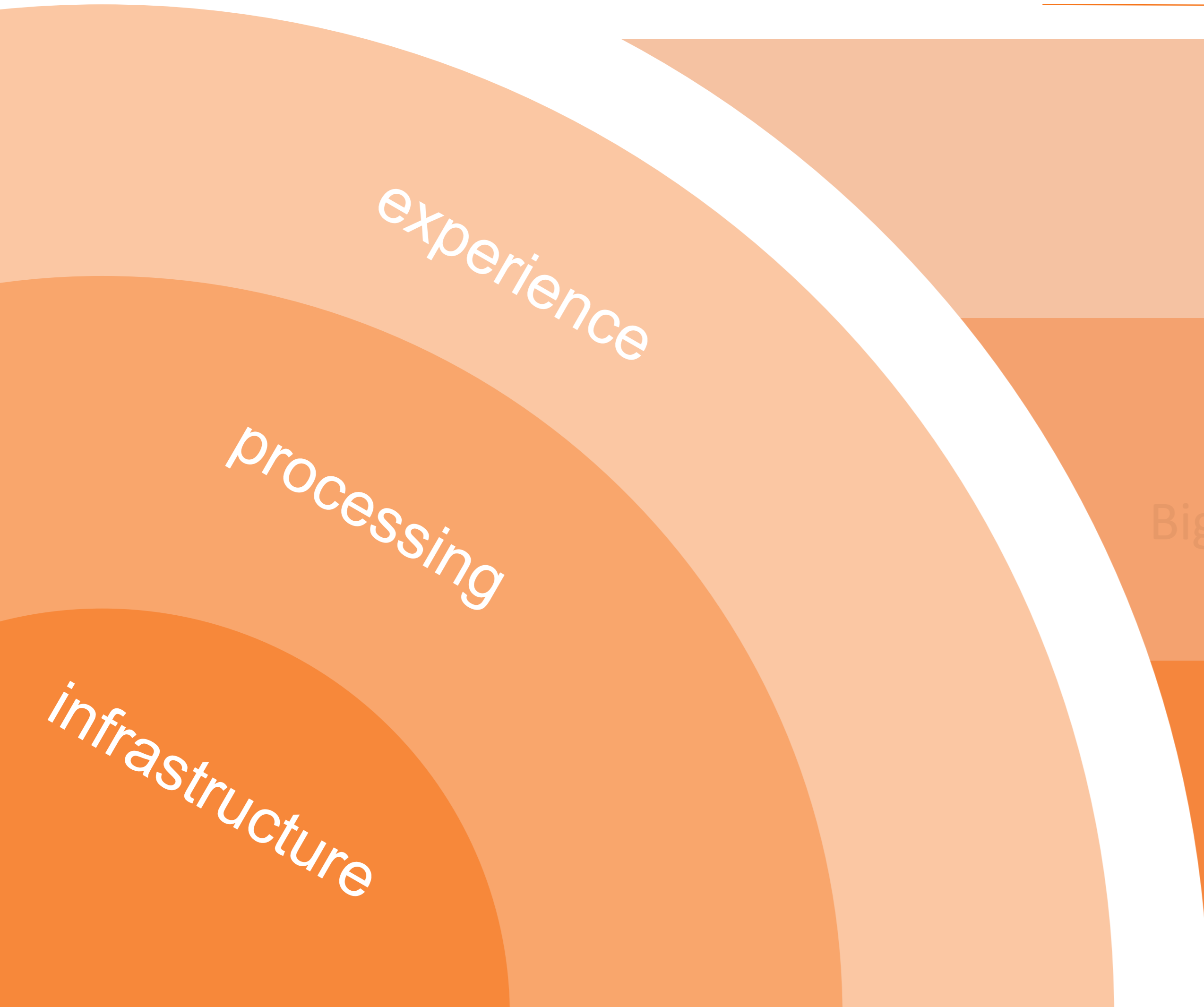
Integrated Payment

Fluid, seamless payment experience

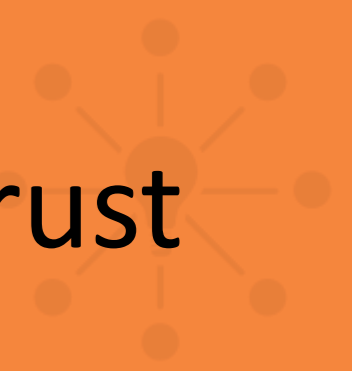


Realities

Bets



Open
Block Chain
 _ **revolution** in trust
 system?



Blockchain_

#itaú's initiatives

Participating in **reference group**

First bank in Latin America
to enter R3 consortium
Currently 75 member banks

✔ **Crossborder Payments**
Internal Efficiency

✔ **Digital KYC**
Security and Fraud Prevention

✔ **Bill Payments**
Simplification

Potential applications

2016

SMART CONTRACT

DIGITAL GOODS TRANSACTION

DATA AND DOCUMENT INTEGRATED REGISTRY

DIGITAL IDENTITY

PAYMENT PLATFORM

P2P INSURANCE

Distributed ledger

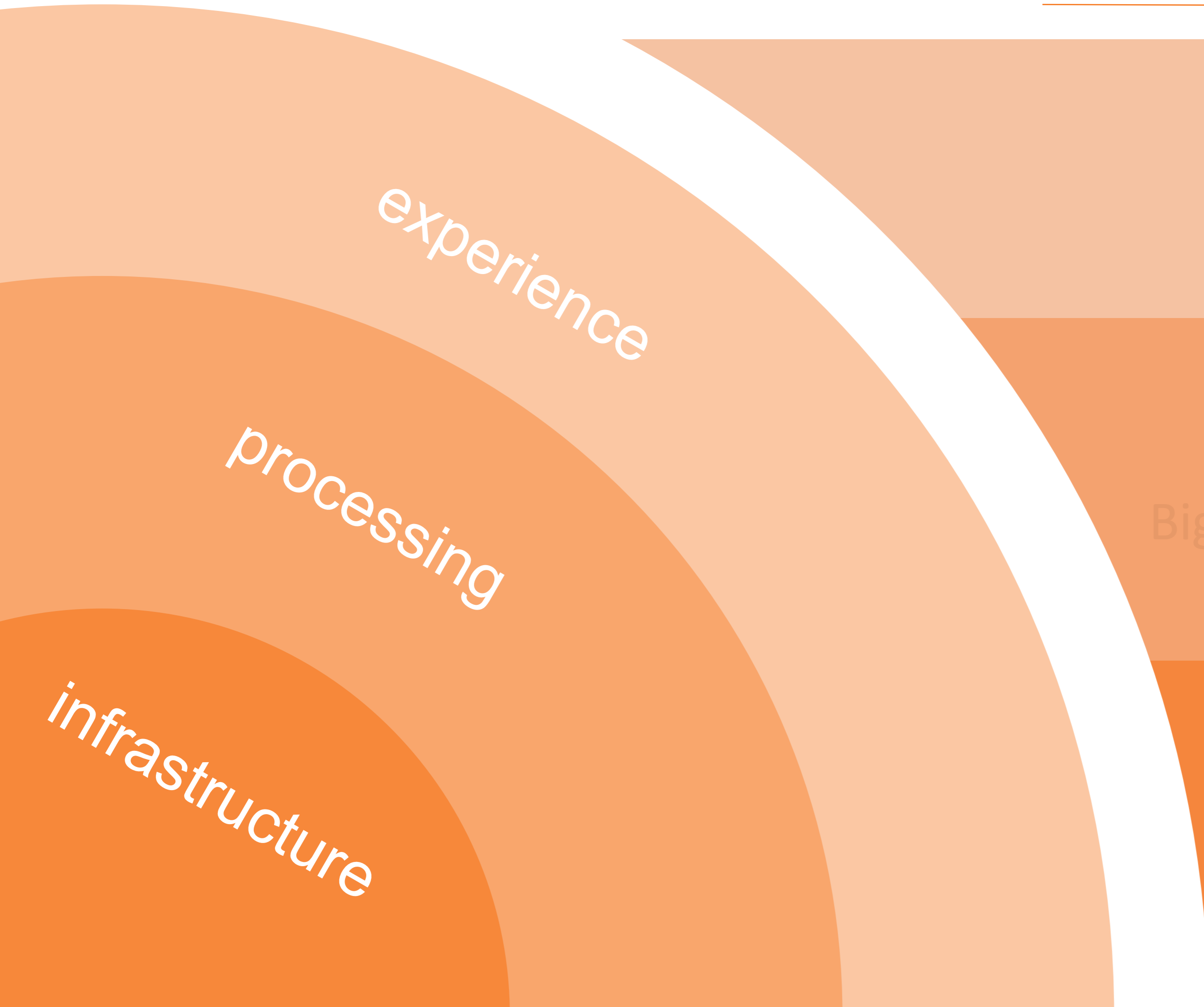
2009

CRYPTOCURRENCY
Bitcoin

BLOCKCHAIN

Realities

Bets

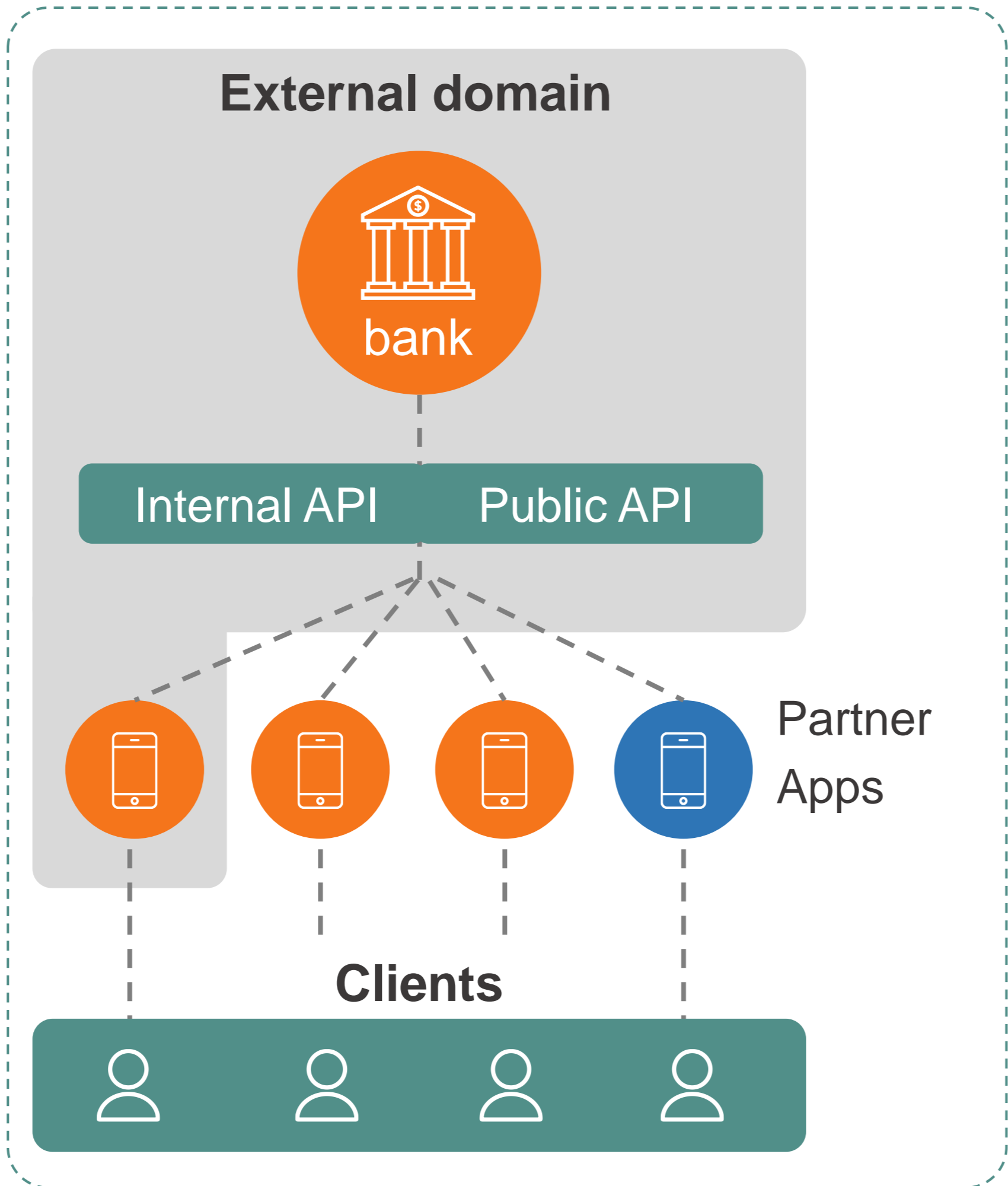
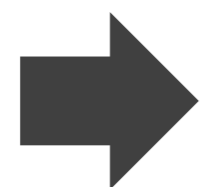
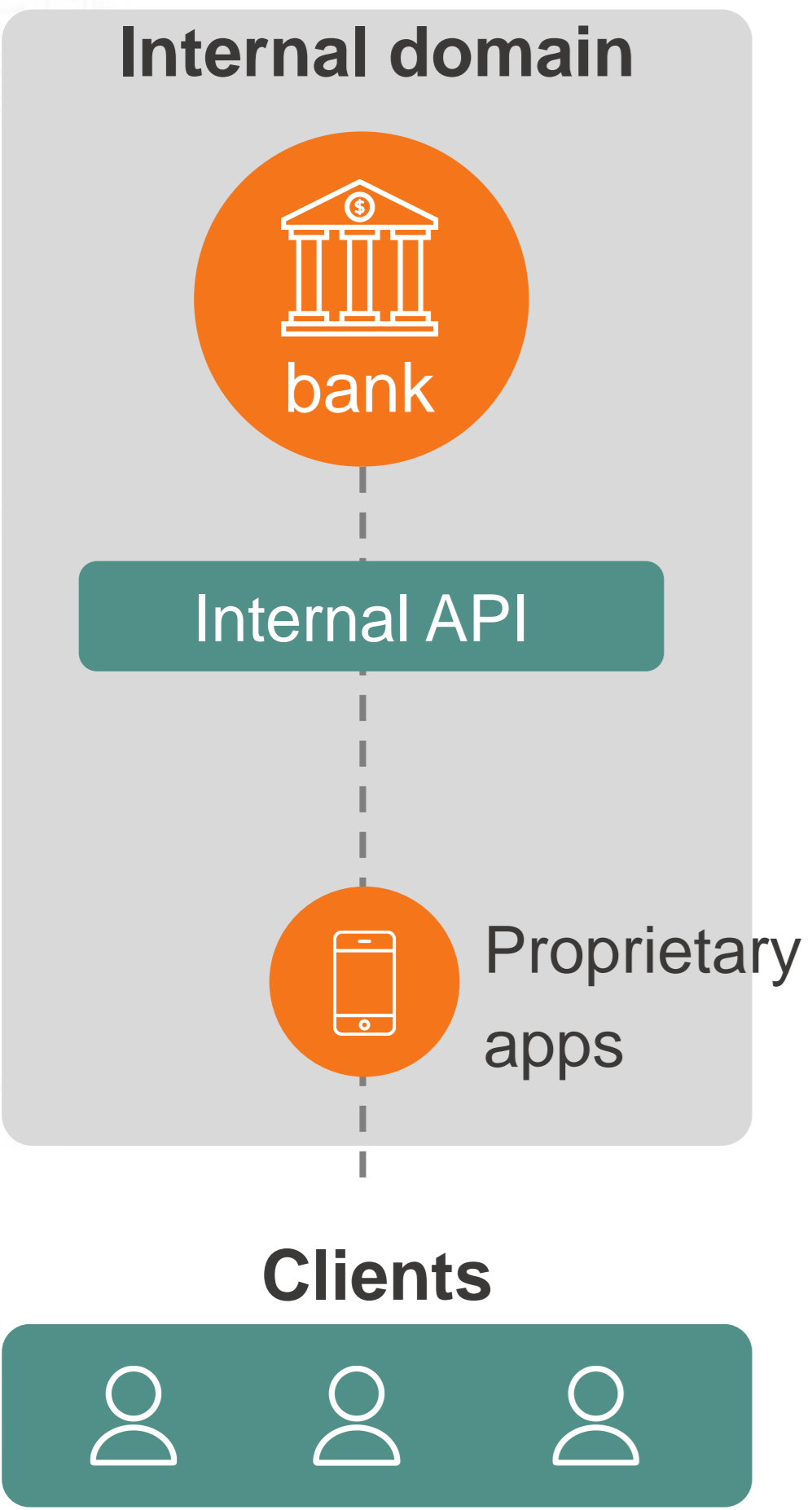


Open Platforms



redefining banking frontiers?

Open Platform_



Platform

- Scale
- Development Cost Reduction
- *Time-to-Market*



Ohpen
Cloud management platform for investment funds and savings accounts



SolarisBank
Use Lego's concept for digital innovation through partners



Mastercard developers
APIs Open Platform to create new solutions

Fonte: zanders

3

Itaú's Way of Being Digital_



Itaú's Way of Being Digital_



#connect



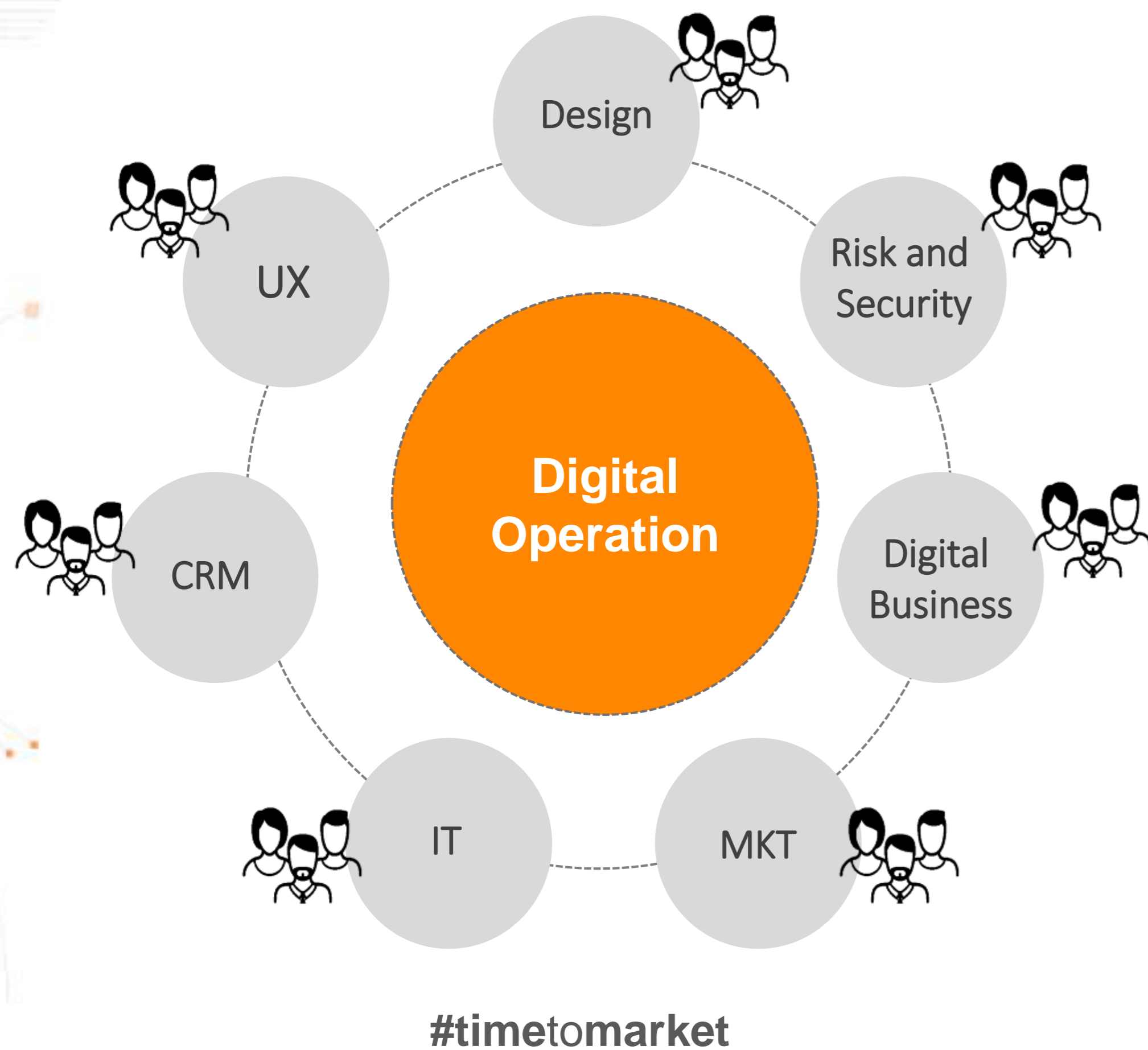
#inspire



#educate

33

_new model, new talent



_new eco-system



58 residents
STARTUPS

780+ EVENTS

R\$ 104 MM
Invested last year

30K attendees
3+ events/day

5 PRIDES

- Visual Identity Awards
- IF Design Awards
- SPARK Awards
- EFinance – Fintech
- Aberje Comunicação

cubo

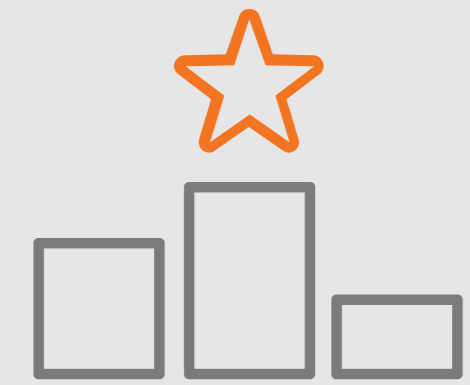
coworking



4

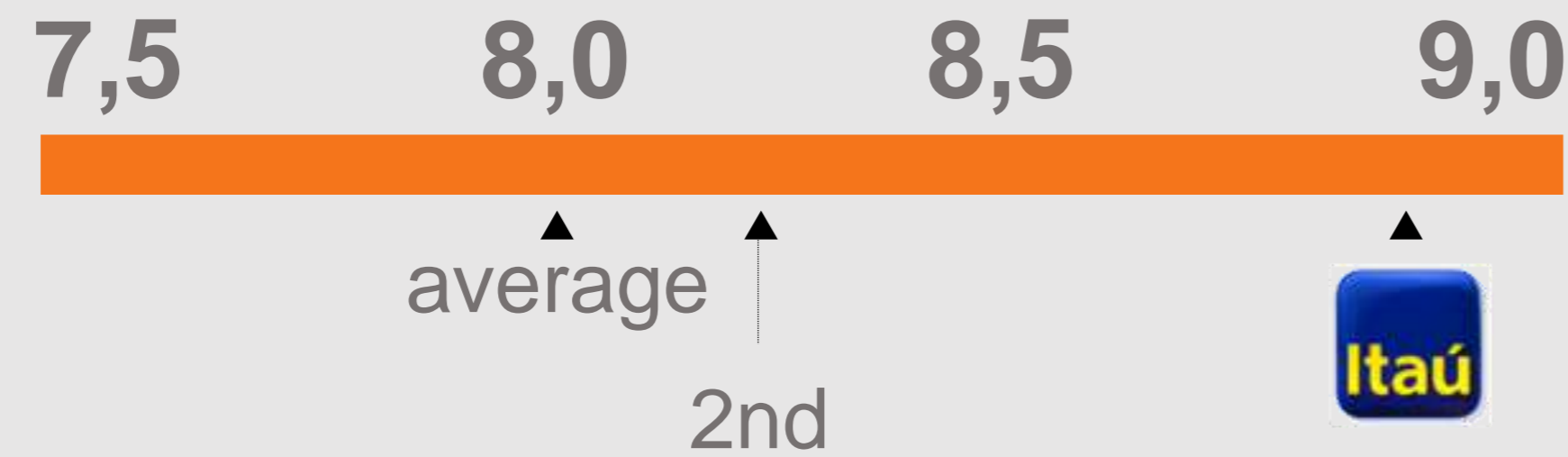
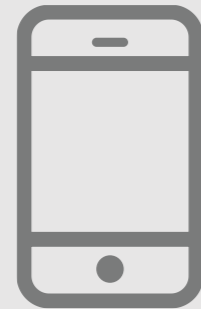
Results_



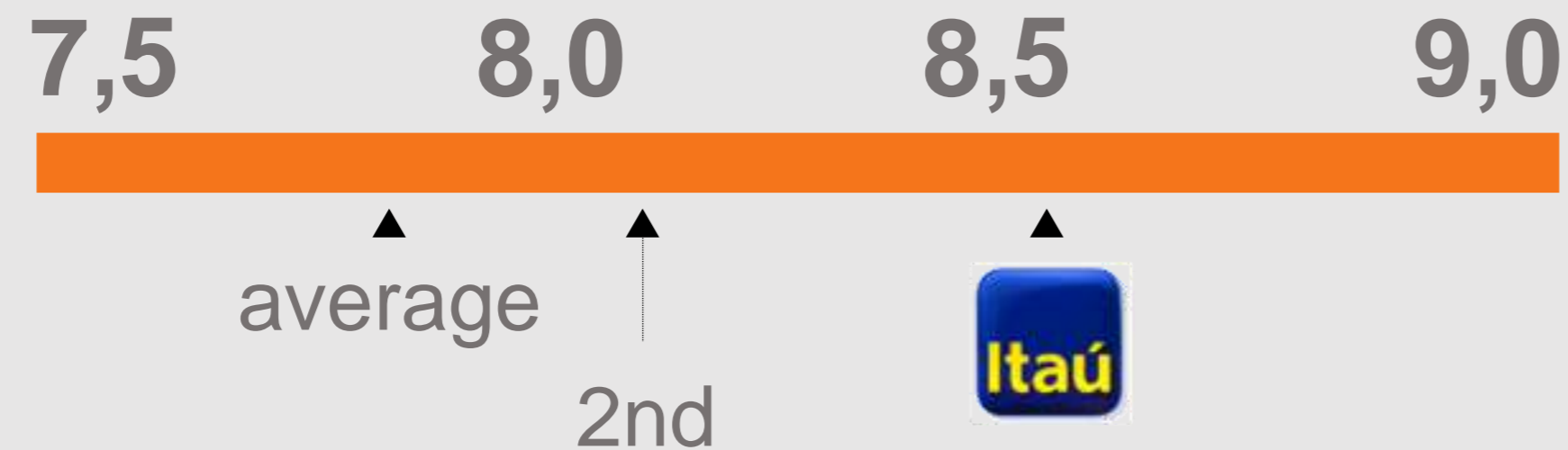


Leadership in digital satisfaction

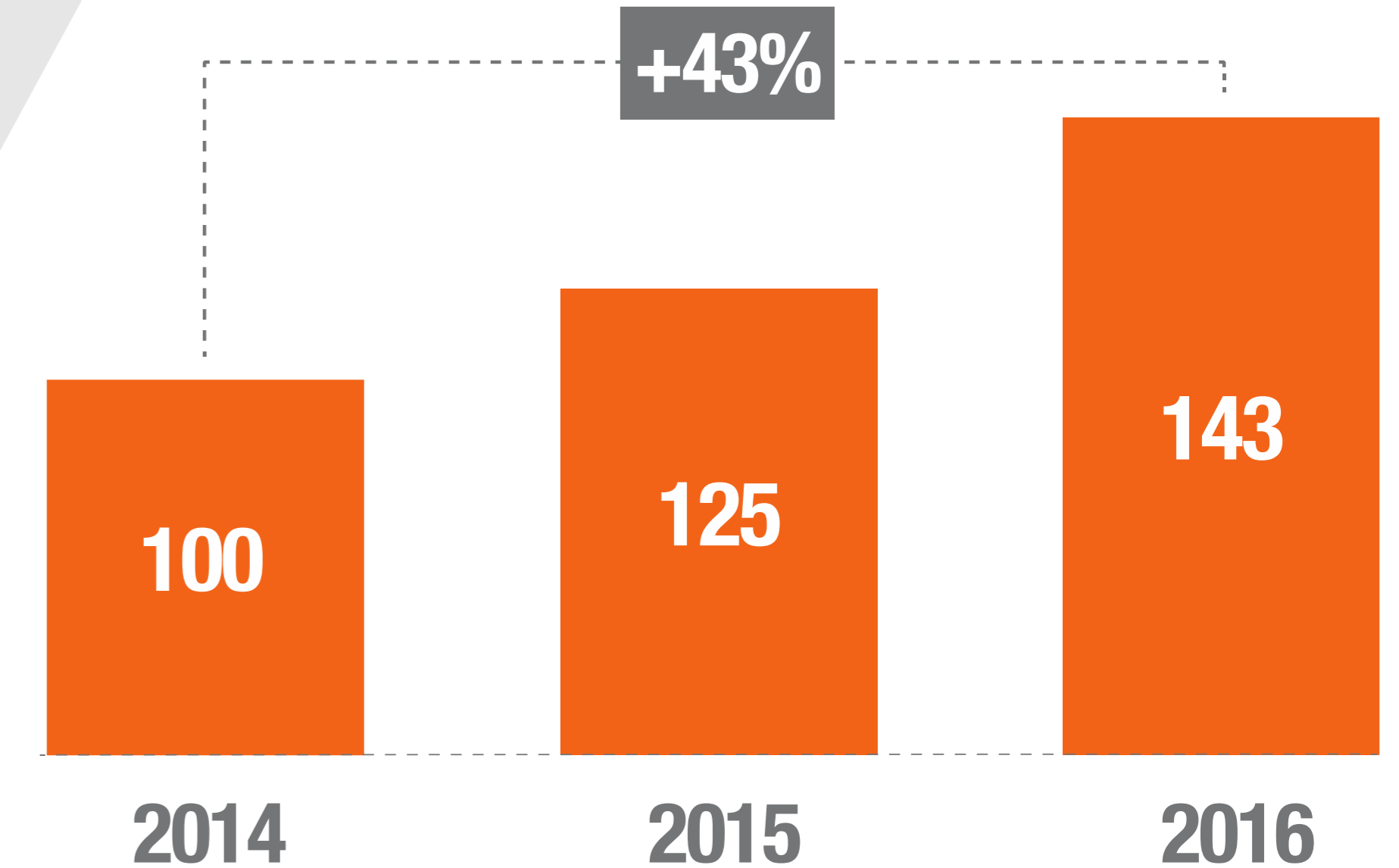
INDIVIDUALS



SME



#net profit mobile + internet



Digital channels' share in retail bank's total net profit increased by **13 pp**, over the last 2 years.

— thank you :)

Transforming Experiences
Business Banking in the Digital Age

André Sapoznik



Apimec Cycle 2016

Itaú Unibanco Holding S.A.



Corporate Governance

Roberto Setubal

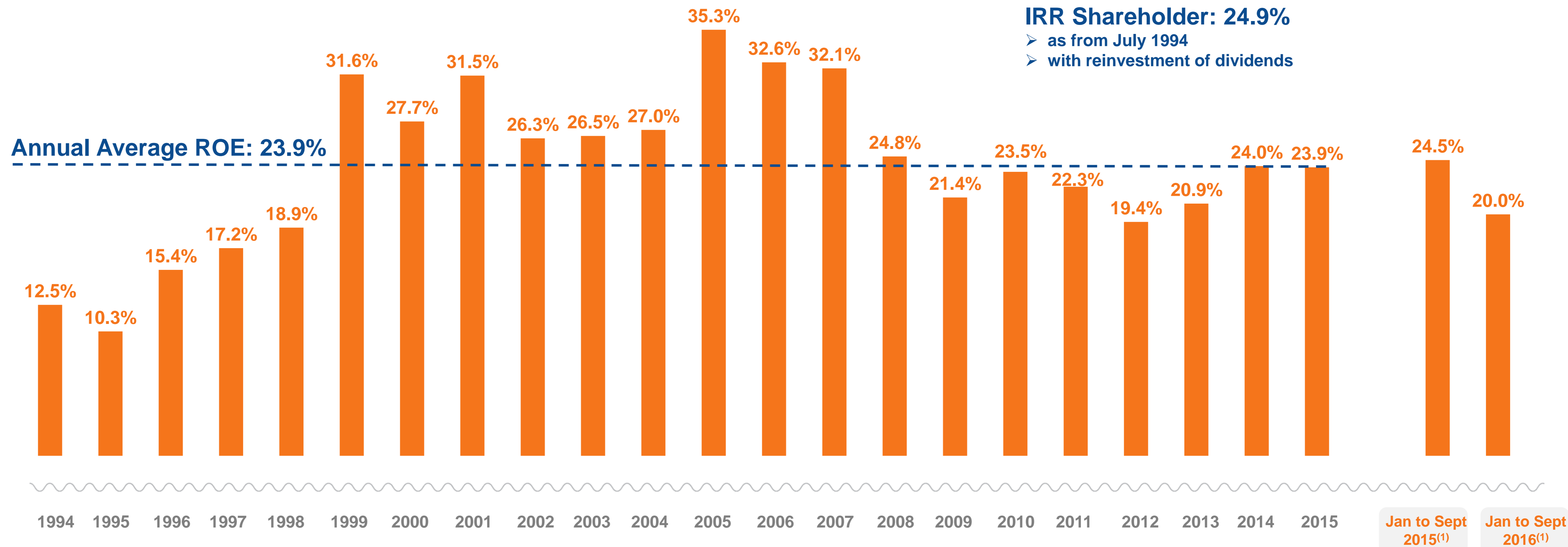
Executive President & CEO

Pedro Moreira Salles

Chairman of the Board of Directors

11/17/2016

Evolution of the Average Return on Equity (ROE)



(1) Pro forma information on Itaú CorpBanca included.

Corporate Governance Objective at Itaú Unibanco

- Create an efficient set of incentives and monitoring mechanisms to ensure that management members' behavior is always aligned with the shareholders' interests;
- CREATION OF LONG-TERM VALUE TO SHAREHOLDERS.

Corporate Governance Objective at Itaú Unibanco

How?

1st – Establishing management bodies and authority levels for proper “checks and balances”.

2nd – Implementing procedures to ensure the Executive Group’ value creation commitment by means of:

- ... Meritocratic culture;
- ... Focus on performance (growth, net profit, value creation, return on equity - ROE, etc...)

IUPAR (Itaú Unibanco Participações) and Itaú Unibanco Governance

IUPAR (Itaú Unibanco Participações)



Itaú Unibanco Board of Directors



Executive Committee

- Alignment and union among shareholders;
 - Group's vision, mission and values;
 - Significant mergers & acquisitions;
 - Nominations to the Board of Directors and CEO;
 - Performance evaluation and admission of family members;
 - Discussion and approval of the long-term strategy;
-
- Definition and monitoring of the company's strategy;
 - Mergers & acquisitions;
 - Monitor the Executive Board's performance;
 - Nomination of executive officers (meritocracy);
 - Budget approval;
 - Definition and supervision of risk appetite and policies relating to the use of capital;
 - Definition and monitoring of incentive and compensation models and goal setting;
 - Supervision of the technology strategy;
 - Definition of meritocracy policies;
 - Supervision of the business operation.
-
- Implementation of Board of Directors' guidelines and goals;
 - Operation of the business and strategy for products and segments;
 - Ensure better allocation and management of financial, operational and human resources;
 - Monitoring of market, credit and operational risks;
 - Operate the Bank with a view to creating value.

Family control

with a strategic
long-term vision

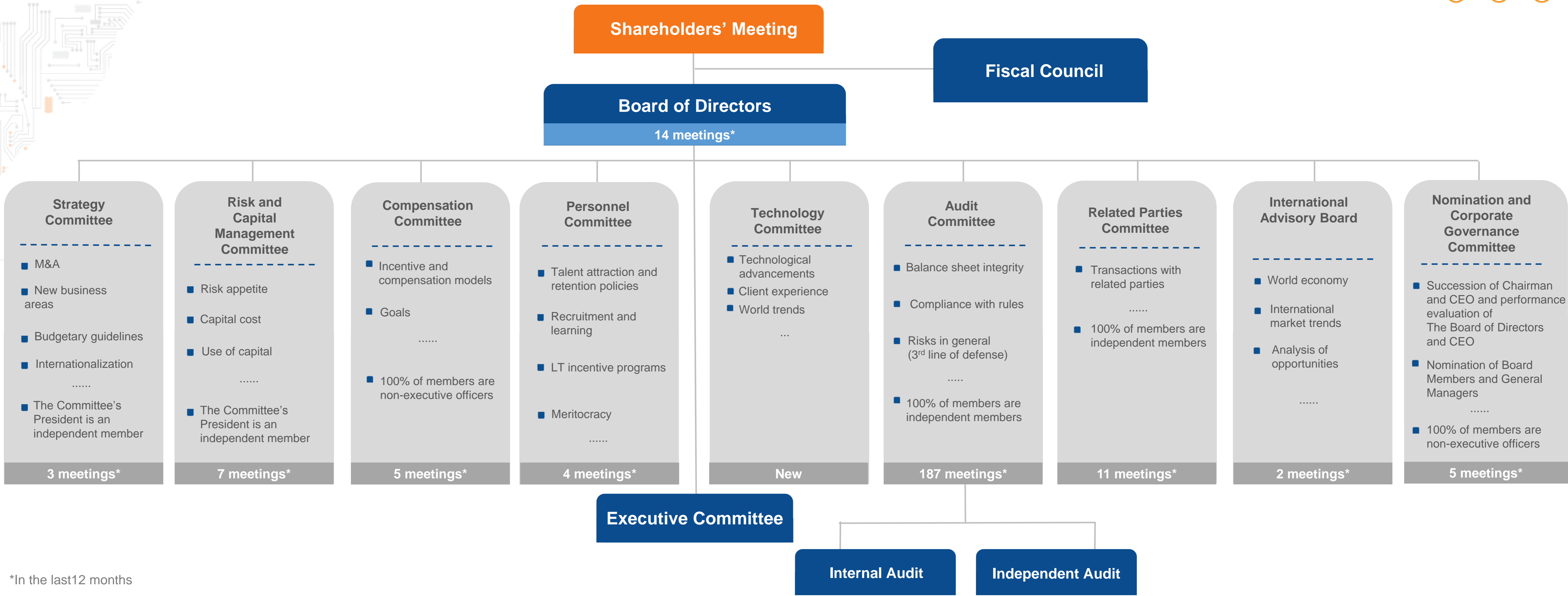
Professional management

Establishment of
operational parameters

Value creation

Implementation of strategy
and day-to-day management

Itaú Unibanco's Governance Structure



*In the last 12 months

Current Board of Directors

Chairman

Pedro Moreira Salles

Vice President

Alfredo Egydio Arruda Villela Filho

Roberto Egydio Setubal

Members

Alfredo Egydio Setubal

Candido Botelho Bracher

Demosthenes Madureira de Pinho Neto

Fábio Colletti Barbosa*

Gustavo Jorge Laboissière Loyola*

José Galló*

Nildemar Secches*

Pedro Luiz Bodin de Moraes*

Ricardo Villela Marino

Out of 12 members:

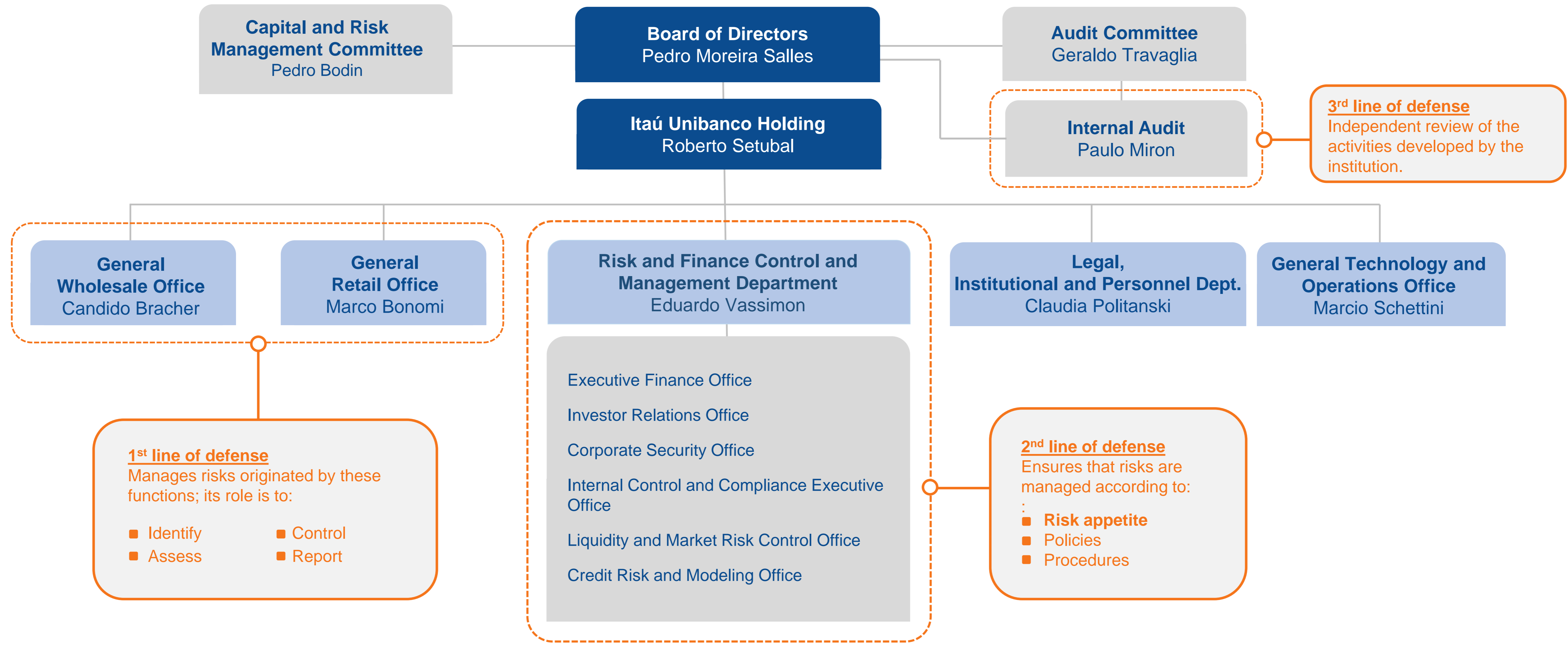
75% are non-executive

42% are independent

Age limit: 70 years.

*independent members.

Risk Management Structure



Corporate Governance Objective at Itaú Unibanco

How?

1st – Establishing management bodies and authority levels for proper “checks and balances”.

2nd – Implementing procedures to ensure the Executive Group’ value creation commitment by means of:

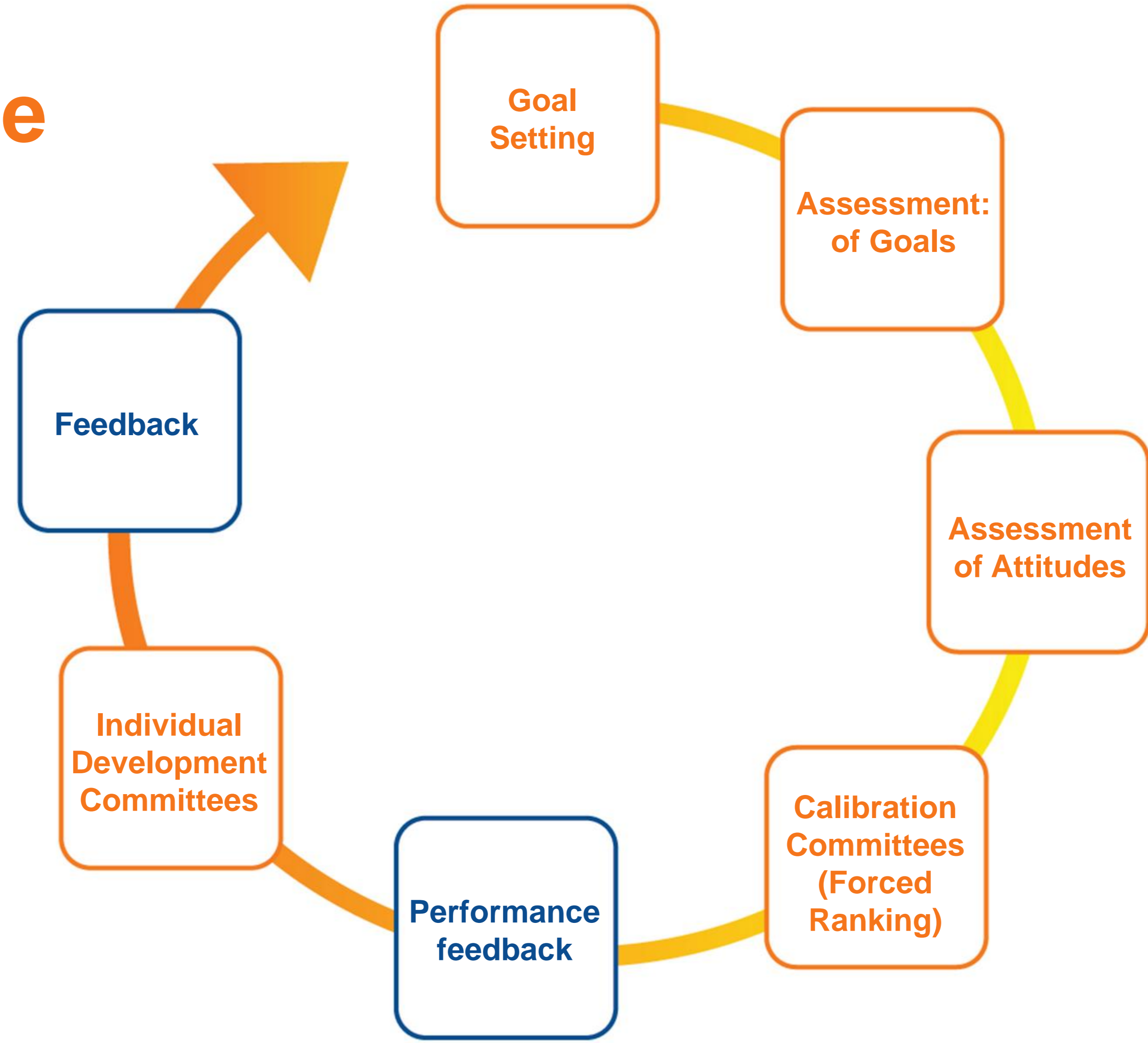
- ... Meritocratic culture;
- ... Focus on performance (growth, net profit, value creation, return on equity - ROE, etc...)

Meritocracy at Itaú Unibanco

Meritocracy: lead with people, recognizing and distinguishing them based on their relative performance.

- Everyone's **right and obligation**.
- Everyone has **clear and challenging** goals.
- **Periodic performance reviews** (at least annually): all employees.
- Alignment with **Our Way**.
- **Forced ranking:** to highlight the top performers.
- Transparent **management process** (at the end of the process, the employee being reviewed should be informed of his/her relative progress).
- Feedbacks to **develop our professionals**.
- **Individual** and relative **assessment**.
- **Promotion, merit, new positions, choice of partners, associates and dismissals** (only the top 30 percent may be promoted to a higher job level)
- The **decision** to promote an employee is made **on a jointly basis**.
- Managers should find room for **the best performing employees to develop their potential**.
- **People have the primary responsibility for their own careers**.

Meritocracy Cycle Executive Board



Meritocracy Cycle – Executive Board

Goal Setting

- Goals aligned with the organization's goals.
- Maximum 10 goals per year.
- Challenges and priorities.
- Quantitative goals should have significant weight.
- Institutional guidelines for setting goals are disclosed to the departments

Behavioral Assessment

FOCUS ON THE CLIENT

HANDLING WITH
PRESSURE

INSPIRING LEADER

CONSTRUCTIVE
DISCONTENTMENT

OWNER ATTITUDE

PEOPLE MANAGEMENT

FOCUS ON
PERFORMANCE

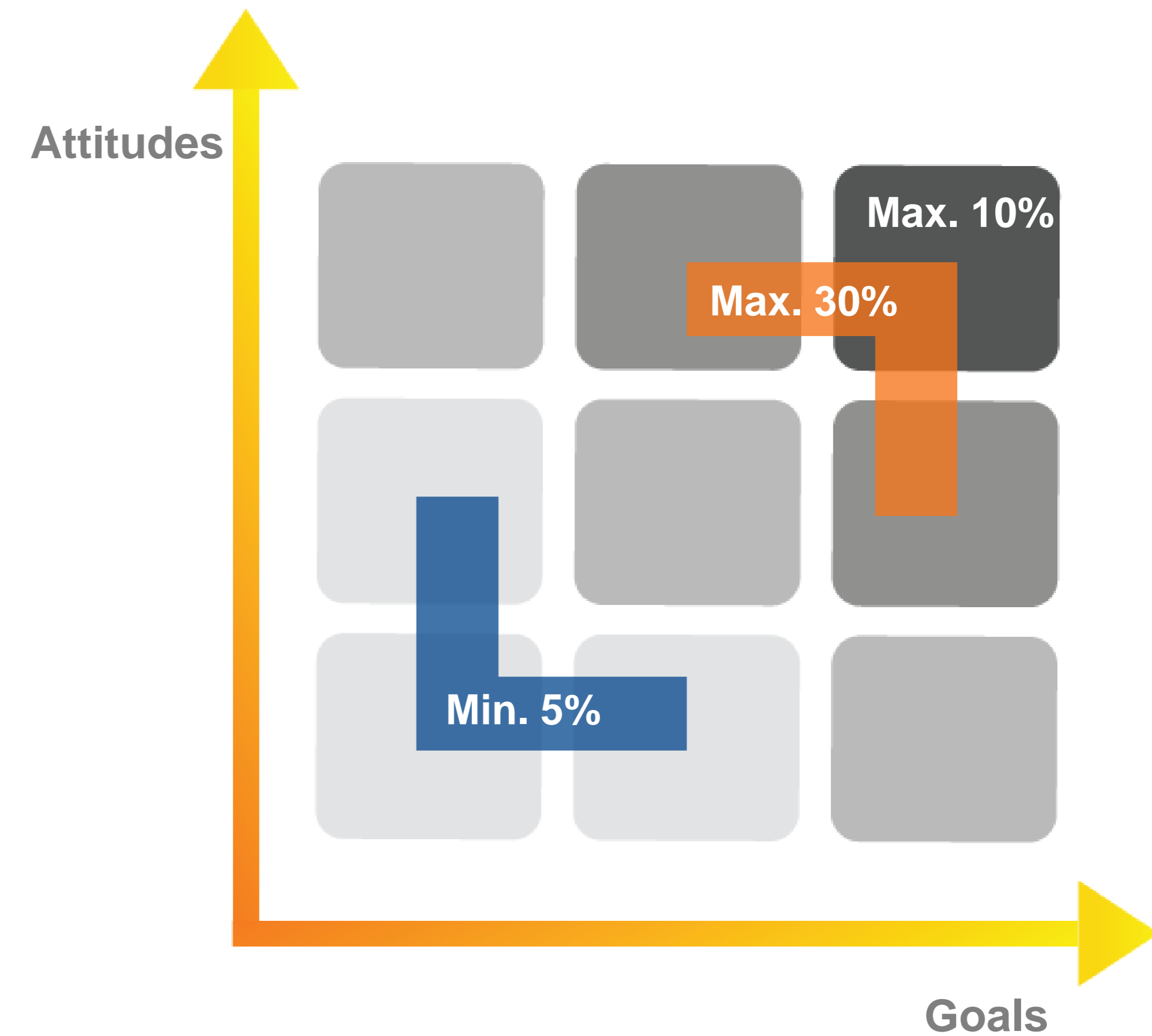
RISK MANAGEMENT

SIMPLICITY


COLLABORATION

Meritocracy Cycle

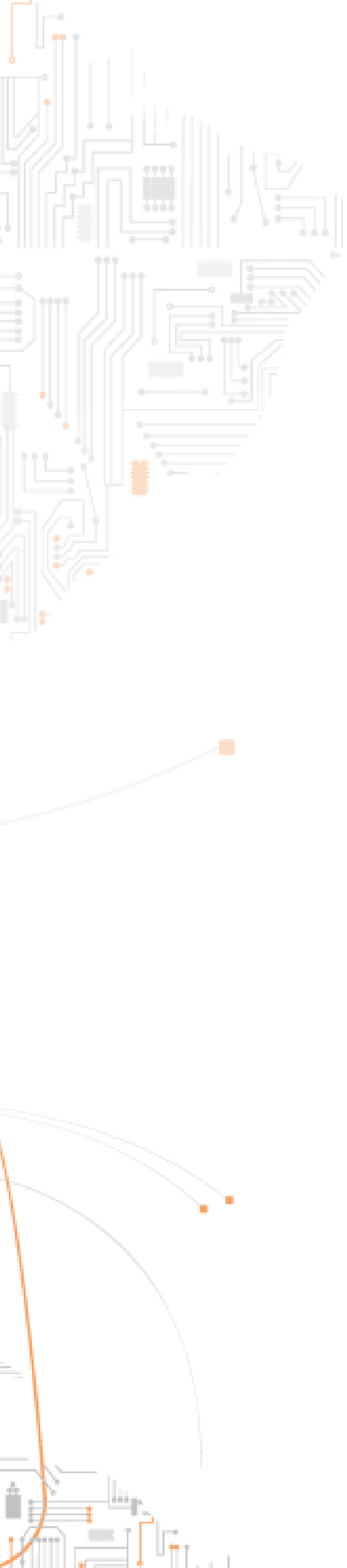
- 2-day Meeting with the Collegiate (approximately 25 individuals).
- Evaluated on a case-by-case basis; reported by a spokesman.
- Final recalibration (Forced Ranking).



Focus on Performance - Incentives

- 
- All businesses have on average 30% of goals in Net Income and VC – Value Creation.
 - All businesses have ROE and RAROC in goals.
 - Everyone at the Bank is assigned cost goals (minimum 10%).
 - Other goals typically considered: client satisfaction, market share, etc.
 - Bonus pool defined based on % of Net Income and % of VC.
 - For Officers half of the bonus is in stock.
 - Partners Program: entirely in stock.

Incentives aligned with the interests of shareholders



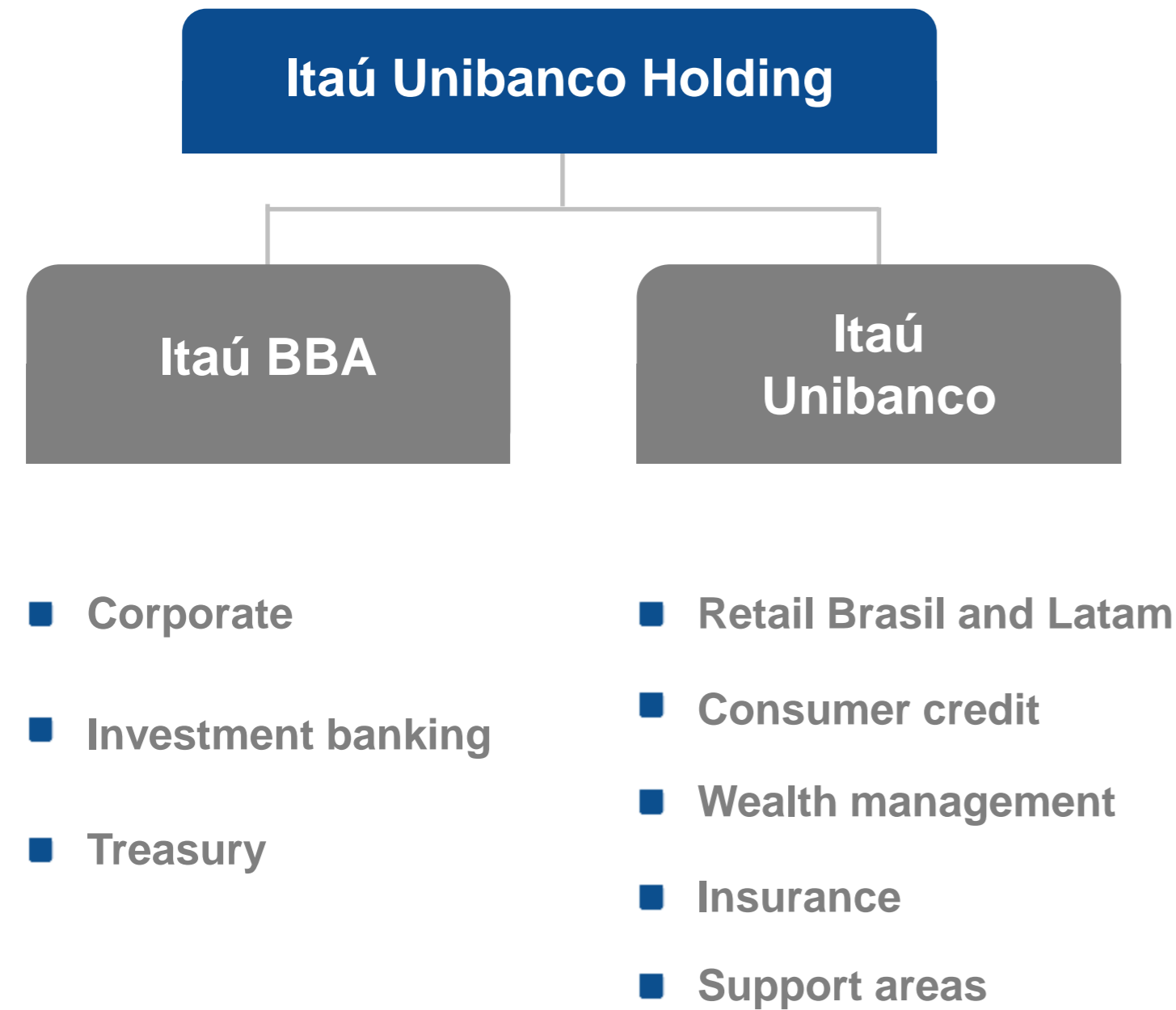
We believe that solid governance, ensuring meritocracy, oriented to long-term value creation, assures the perennity of Itaú's Unibanco strong performance.

The image features a complex abstract graphic design. On the left, a solid orange horizontal bar spans across the page. To its right, a large, rounded rectangular area is defined by a thick orange border. The background is white, overlaid with a network of thin, light grey lines that form various loops and paths. Several small, dark grey squares and circles are scattered throughout this network, acting as nodes or markers. The overall aesthetic is modern and technical, suggesting a process or a system.

Succession Planning

Succession planning and management structure at Itaú Unibanco

2013



Limit age: All - 60 years

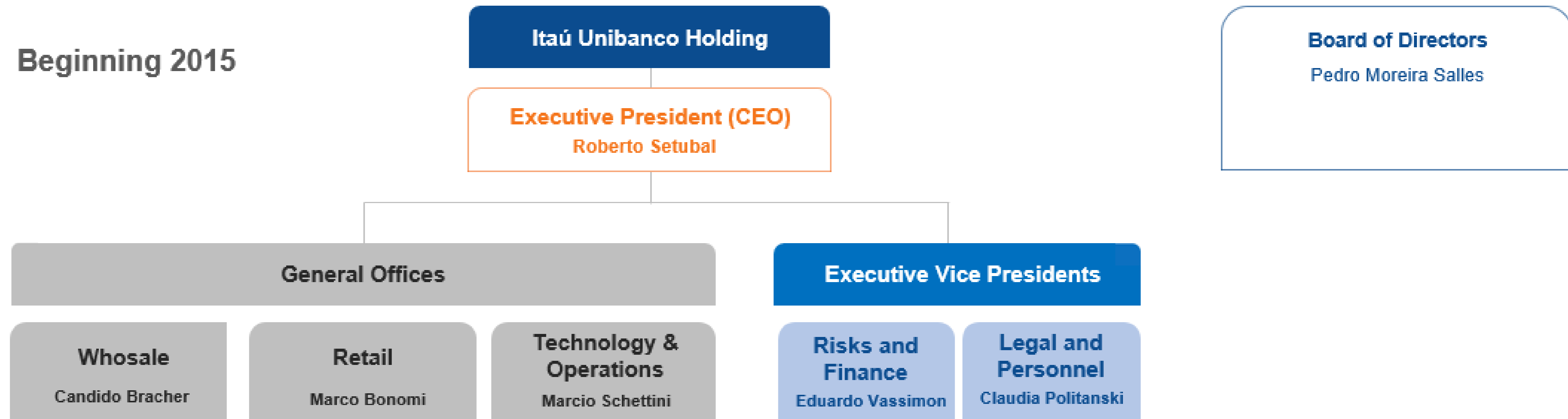


Beginning 2015



Age limit: Itaú Unibanco Holding - 62 years for CEO | Other - 60 years

Succession planning and management structure at Itaú Unibanco



Age limit: Itaú Unibanco Holding - 62 years for CEO | Other - 60 years

Succession planning and management structure at Itaú Unibanco

Announced in
November 2016



Age limit: Itaú Unibanco Holding - 62 years for CEO | Other - 60 years



Apimec Cycle 2016

Itaú Unibanco Holding S.A.



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11/17/2016