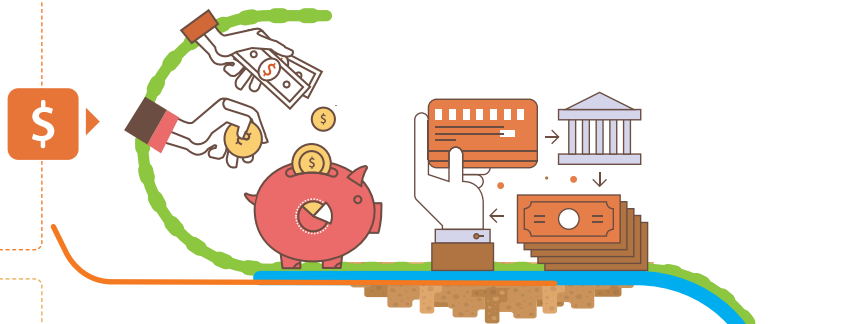


Capitals

For us, to create value is to obtain sustainable results. It is generating recurring net income higher than the cost of allocated capital that remunerate our investors and reflect business risks. We allocate a wide range of capital in our business, which that are related to raise funds and offer products and services, to achieve our goals as an organization and provide differentiation, while also increasing our own capitals. We present below a brief description of the capitals that are most relevant to our business model:

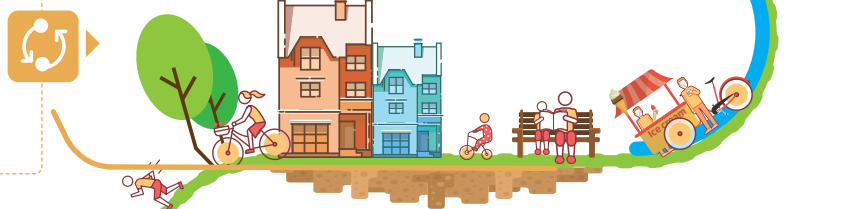
Financial

Composed of the financial resources available and allocated to businesses, our own or third parties, obtained in the form of financial products and services, such as: loan operations, financial investments, deposits and funding, investments, and insurance, pension and capitalization operations.



Social and relationship

Composed of the ethical and transparent relationship with our stockholders, clients, employees, the government, regulatory agencies, and suppliers – essential for maintaining business and our social license. This reflects the ability to share value and enhance individual and collective well-being.



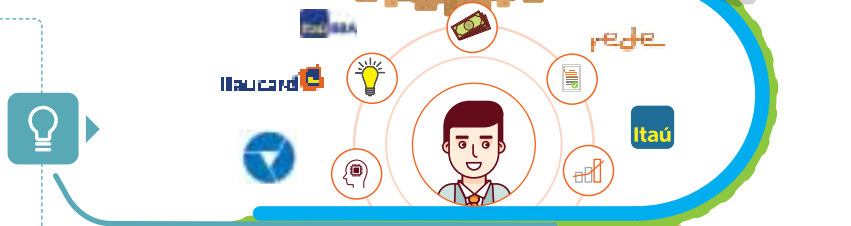
Human

Composed of our employees and their skills, experiences, motivations to innovate and develop better products and services, in an ethical and responsible way, by means of meritocracy, leadership and cooperation.



Intellectual

Composed of the reputation obtained by our brand, our intellectual property and by the ability to develop new technologies, products and services that generate competitive advantages for the continuity of business.



Manufactured

Composed of the equipment and physical facilities, such as branches, ATMs, applications and technology systems – our own, leased or under our control – used in the provision of products and services, and business management.



Natural

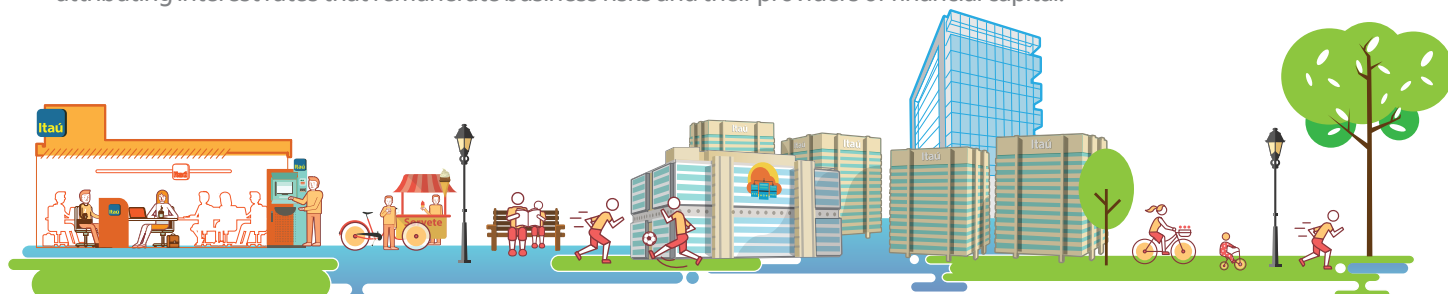
Composed of renewable and non-renewable environmental resources, consumed or affected for the prosperity of business. We are particularly talking about air, water, soil, ores, forests and biodiversity.





Financial capital

The financial capital is undoubtedly one of the most significant capitals in the banking sector. By means of the financial capital, banks are able to perform financial intermediation, raising funds in the market and granting loans to clients and society, attributing interest rates that remunerate business risks and their providers of financial capital.



Origin of financial capital

R\$ billion

Liabilities	2017	2016	2015
Funding from clients	402.9	329.4	292.6
Funding from the Market and Other	884.1	889.0	869.7
Own funds (stockholders)	148.0	134.8	114.1
Total liabilities	1,435.0	1,353.2	1,276.4

Allocation of financial capital

R\$ billion

Assets	2017	2016	2015
Loan operations	465.5	463.4	447.4
Financial investments	273.8	287.7	284.9
Financial assets	493.1	412.8	373.3
Investments and Other	195.3	181.2	162.3
Fixed assets (Manufactured)	7.3	8.1	8.5
Total assets	1,435.0	1,353.2	1,276.4

Main sources of funding

Our current financing strategy is to continue to use all our sources of funding, considering their costs and availability and our general strategy for the management of assets and liabilities.

To fund our operations, we have intensified the use of the liquidity generated by savings and interbank deposits, debt in the interbank market and debt in the institutional market in recent years. Additionally, we use Brazilian debentures subject to repurchase as a source of funding. We also act as a financial agent in borrowing funds from BNDES and FINAME, and onlending such funds at a spread determined by the government to targeted sectors of the economy.

Our ability to obtain funding depends on several factors, including credit ratings, general economic conditions and the investors' perception of emerging markets in general and of Brazil. Our funding strategy was designed to provide increased profitability through higher spreads in our savings deposits and higher fees earned on market funds.

Working capital, raised and managed assets⁽¹⁾

R\$ billion

	2017	2016	2015
Account holders and institutional clients	519.6	517.2	480.7
Onlending	24.2	29.8	38.8
Funds from acceptance and issuance of securities abroad	969.9	814.3	765.1
Technical provisions of insurance, pension plan and capitalization	183.7	156.7	132.1
Total with clients	1,697.4	1,518.1	1,416.7
Interbank deposits	2.2	3.8	14.9
Foreign borrowings through securities	41.9	34.3	24.8
Total funds from clients + Interbank	1,741.5	1,556.2	1,456.4
Free funds and other liabilities	519.8	489.9	488.5
Total working capital, raised and managed assets	2,261.3	2,046.0	1,944.9

(1) Information under Brazilian accounting standards.

Financial funds allocated in our business

Loan operations, net

The composition of our loan portfolio reflects the diversification of our business and internationalization strategy, focused on products of lower risk and more guarantees. In 2017, our loan operations, net of losses, increased 0.5% from the previous year.



↑ **R\$465.5 billion**

R\$463.4 in 2016
R\$447.4 in 2015

Represents
32.4%
of total assets

34.2% in 2016
35.1% in 2015

Allowance for loan and lease losses

We periodically check out any objective evidence that a loan or a group of loans are impaired and the need to recognize impairment for this credit. The provision level is determined based on a number of considerations and assumptions, such as current economic situation, loan portfolio composition, prior experience with loan and lease losses, and assessment of risk associated with loans to individuals. Our process to determine the proper allowance for loan and lease losses includes Management's judgment and the use of estimates. The provision adequacy is periodically analyzed by Management.

Composition of loan operations by segment



Individuals



Latin America



Corporate

Loan portfolio, net (in R\$ Billion)

R\$177.2

R\$168.9 in 2016
R\$172.5 in 2015

R\$132.0

R\$124.4 in 2016
R\$67.6 in 2015

R\$156.3

R\$170.1 in 2016
R\$207.3 in 2015

Allowance for losses (in R\$ billion)

R\$13.0

R\$14.3 in 2016
R\$14.7 in 2015

R\$4.1

R\$2.1 in 2016
R\$0.9 in 2015

R\$10.8

R\$10.6 in 2016
R\$11.3 in 2015

% of Allowance in relation to total loan

6.8%

7.8% in 2016
7.9% in 2015

3.0%

1.7% in 2016
1.3% in 2015

6.4%

5.9% in 2016
5.2% in 2015

Composition of loan portfolio by maturity

4%

Overdue as from 1 day
3% in 2016
4% in 2015

26%

Falling due in up to 3 months
27% in 2016
27% in 2015

24%

Falling due between 3 and 12 months
23% in 2016
23% in 2015

47%

Falling due after 1 year
47% in 2016
46% in 2015

Concentration of loans by debtors (R\$ Billion)

R\$4.1

Largest debtor
R\$3.5 in 2016
R\$4.6 in 2015

R\$20.4

10 Largest debtors
R\$21.6 in 2016
R\$27.2 in 2015

R\$50.1

50 Largest debtors
R\$53.0 in 2016
R\$64.0 in 2015

R\$69.4

100 Largest debtors
R\$72.4 in 2016
R\$85.2 in 2015

Portfolio quality | Internal risk rating (R\$ Billion)

Low
R\$368.3

R\$369.5 in 2016
R\$344.2 in 2015

Medium
R\$76.7

R\$69.8 in 2016
R\$83.4 in 2015

High
R\$18.4

R\$20.8 in 2016
R\$19.5 in 2015

Impairment
R\$30.0

R\$30.3 in 2016
R\$27.2 in 2015

Allocation of allowance for loans and lease losses

Potential 45%

Allowances for loan losses (expected) for Retail operations and allowances for loan losses (potential) for Wholesale operations.

45% in 2016
47% in 2015

Aggravated 27%

Provisions due to worsening of risk above the minimum required by the Central Bank of Brazil for overdue operations and also for provisions for renegotiated loan operations.

23% in 2016
21% in 2015

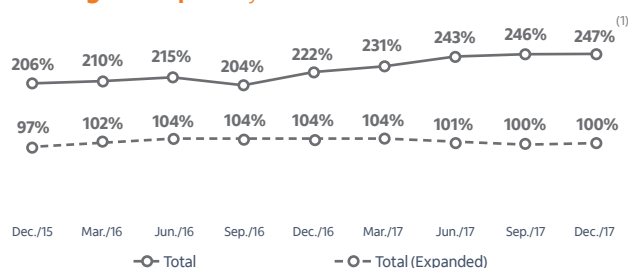
Overdue 28%

As required by the Central Bank of Brazil, it refers to the minimum provision required for loan operations.

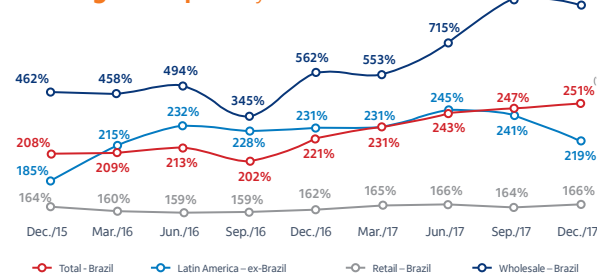
32% in 2016
32% in 2015

Default

Coverage ratio | 90 days



Coverage ratio | 90 days

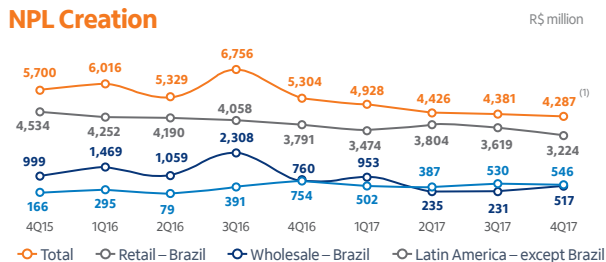


(1) Considering operations acquired from Citibank, the Total Coverage Rate would have been 245%, and Total - Brazil would have been 249%.

The coverage ratio is calculated by dividing the balance of total allowance by the balance of operations overdue for over 90 days. The expanded coverage ratio is calculated from the division of total allowance by the sum of 90 days overdue operations and of renegotiated loan portfolio excluding the double counting of 90 days overdue renegotiated loans.

The balance of total allowance considers the allowance for loan and lease losses and the provision for financial guarantees provided, which in December 2017 totaled R\$1,950 million and is recorded in a liability account pursuant to National Monetary Council (CMN) Resolution No. 4,512/16.

NPL Creation



Note: NPL creation consists in the balance of loan operations that became overdue over 90 days in the quarter.

(1) Considering operations acquired from Citibank, estimated Total NPL Creation would have been R\$4,375 million and estimated Retail - Brazil would have been R\$3,312 million.

Our loan operations are basically exposed to credit and interest rate risks. As part of our risk-mitigating control, we have internal policies establishing guidelines and duties in connection with collateral requirements to increase our recovery capacity in operations exposed to credit risk, among others.

We also use operations with credit derivatives to mitigate the credit risk in our securities portfolios. Our strategy takes into account return rates, underlying risk level and liquidity requirements.

Vision of future (2018)

- Grow from 4% to 7% of our total loan portfolio;
- Maintain our cost of credit between R\$12 billion and R\$16 billion;
- Grow from 5.5% to 8.5% of our service fees and result from insurance; and
- Limit the growth of our non-interest expenses from 0.5% to 5%.



Financial assets



Our portfolio is composed of held-for-trading, available-for-sale and held-to-maturity financial assets and derivative financial instruments, and reflect our conservative management of assets, liabilities and liquidity in local currency. In 2017, our portfolio of financial assets grew 19.5% in relation to the previous year. This increase was basically due to the acquisition of held-for-trading securities and financial assets, which grew 32% in the period.

Composition of portfolio of financial assets (in R\$ billion)

Held for trading ⁽¹⁾	Available for sale	Held to maturity	Derivatives	Other financial assets
R\$271.9	R\$102.3	R\$36.5	R\$22.8	R\$59.6
R\$205.8 in 2016 R\$165.0 in 2015	R\$88.3 in 2016 R\$86.0 in 2015	R\$40.5 in 2016 R\$42.2 in 2015	R\$24.2 in 2016 R\$26.7 in 2015	R\$53.9 in 2016 R\$53.5 in 2015

(1) Includes financial assets designated at fair value through profit or loss.

Held for trading

These are assets recognized at fair value, acquired and accrued for the purpose of selling in the short term. In 2017, financial assets pledged as collateral in these operations totaled R\$30.6 billion (R\$13.0 billion in 2016), and accounted for 11.3% (6.3% in 2016) of total held-for-trading financial assets.

R\$ billion	2017		2016		2015	
	R\$	%	R\$	%	R\$	%
By type of asset						
Investment funds	3.2	1.2	1.2	0.6	1.1	0.7
Brazilian government securities	230.7	85.4	160.0	77.7	117.2	71
Brazilian external debt bonds	4.9	1.2	6.5	3.2	5.0	3.0
Government securities – abroad	4.0	1.5	3.7	1.8	1.1	0.7
Corporate securities	29.1	10.7	34.4	16.7	40.6	24.6
Total	271.9	100%	205.8	100%	165.0	100%

Current: 100% (Non-stated maturity: 4.7; Up to one year: 44.7; From one to ten years: 213.6; After ten years: 8.9).

Available for sale

These are assets that, according to management's understanding, may be sold in response to Market conditions and are classified as financial assets at fair value. In 2017, financial assets pledged as collateral in these operations totaled R\$33.7 billion (R\$17.4 billion in 2016) and accounted for 33.0% (19.8% in 2016) of total available-for-sale financial assets.

R\$ billion	2017		2016		2015	
	R\$	%	R\$	%	R\$	%
By type of asset						
Investment funds	0.3	0.3	-	-	0.2	0.2
Brazilian government securities	26.5	25.9	17.9	20.3	11.8	13.7
Brazilian external debt bonds	12.8	12.5	14.1	16.0	17.3	20.1
Government securities – abroad	24.4	23.9	14.5	16.4	9.9	11.5
Corporate securities	38.3	37.4	41.8	47.3	46.8	54.5
Total	102.3	100%	88.3	100%	86.0	100%

Current: 26%. Non-current: 74%.

Held to maturity

These are assets stated at amortized cost, with respect to which we have the intention and financial ability to hold to maturity. In 2017, financial assets pledged as collateral in these operations totaled R\$1 billion (R\$11.8 billion in 2016) and accounted for 2.7% (29.1% in 2016) of total held-to-maturity financial assets.

R\$ billion	2017		2016		2015	
	R\$	%	R\$	%	R\$	%
By type of asset						
Brazilian government securities	13.7	37.5	12.9	31.9	11.7	27.7
Brazilian external debt bonds	9.0	24.7	12.1	29.7	14.8	35.1
Government securities – abroad	0.5	1.4	0.5	1.3	-	-
Corporate securities	13.3	36.4	15.0	37.1	15.7	37.2
Total	36.5	100.0	40.5	100.0	42.2	100.0

Current: 28%. Non-current: 72%.

Derivatives

These are contracts in which future payments are established, whose amount is calculated based on the amount assumed by a variable, such as an indexes, asset price, foreign exchange rate, interest rate or commodity price. These are classified on the acquisition date in accordance with management's intention to use them as a hedging instrument, as determined by Brazilian regulation.

R\$ billion	2017			2016			2015		
	Assets (A)	Liabilities (L)	Fair Value (A-L)	Assets (A)	Liabilities (L)	Fair Value (A-L)	Assets (A)	Liabilities (L)	Fair Value (A-L)
By type of contract									
Futures	0.2	0.2	-	0.1	-	0.1	0.5	-	0.5
Swaps	9.2	13.7	(4.5)	10.5	13.2	(2.7)	9.1	16.3	(7.2)
Options	3.3	2.8	0.5	4.8	4.6	0.2	5.6	5.8	(0.2)
Forwards (onshore)	6.9	6.3	0.6	5.0	3.5	1.5	3.2	0.8	2.4
Credit derivatives	0.1	0.1	0.1	0.2	0.1	0.1	0.6	0.9	(0.3)
Forwards	3.0	3.7	(0.7)	3.4	2.8	0.6	3.4	3.1	0.3
Check of swap	-	-	-	0.1	0.4	(0.3)	0.4	0.5	(0.1)
Other derivative instruments	0.1	-	0.1	0.1	0.1	-	3.9	3.6	0.3
Total	22.8	26.8	(4.0)	24.2	24.7	(0.5)	26.7	31.0	(4.3)

Other financial assets

These are initially recognized at fair value and subsequently at amortized cost, using the effective interest rate method. They refer basically to loans and receivables operations.

R\$ billion	2017		2016		2015	
	R\$	%	R\$	%	R\$	%
By type of operation						
Receivables from credit card issuers	32.1	53.8	26.1	48.5	25.2	47.0
Insurance and reinsurance operations	1.2	2.1	1.3	2.4	1.4	2.6
Escrow deposits	14.1	23.6	14.2	26.3	13.0	24.3
Negotiation and intermediation of securities	6.2	10.4	6.7	12.4	7.7	14.4
Receivables from services provided	2.8	4.8	2.5	4.6	2.5	4.7
Other operations	3.2	5.3	3.1	5.8	3.7	7.0
Total	59.6	100.0	53.9	100.0	53.5	100.0

Current: 78%. Non-current: 22%.

Financial investments

The portfolio of financial investments is initially recognized at fair value and subsequently at amortized cost, using the effective interest rate method to estimate the cash flows discounted from investments.



In 2017, financial investments pledges as collateral for B3 and BACEN operations totaled R\$3.7 billion (R\$4.3 billion in 2016) and accounted for 1.4% (1.5% in 2016) of total financial investments.

Our financial investments were internally assessed as lower risk. Regarding maturity, our financial investments are mostly short term.

R\$ billion	2017		2016		2015	
Interbank deposits	29.0	10.6%	22.6	7.9%	30.5	10.7%
Securities purchased under agreements to resell	244.7	89.4%	265.1	72.1%	254.4	89.3%
Total	273.7	100%	287.7	100%	284.9	100%

Maturity (current)

Securities purchased under agreements to resell
100%

Interbank deposits
97%

Cash equivalents

Securities purchased under agreements to resell
20.1%

Interbank deposits
52.4%

Other assets

For presentation purposes, we recognize under Other Assets any other financial funds recorded in our balance sheet, which book values are less relevant and do not fall into the aforementioned categories.



R\$ billion	2017		2016		2015	
	R\$	%	R\$	%	R\$	%
Central Bank deposits	98.8	56.4	85.7	52.4	66.6	43.4
Tax assets	41.9	23.9	44.3	27.1	52.1	34.0
Cash and cash equivalents (cash and current accounts)	18.7	10.7	18.5	11.3	18.5	12.1
Other assets	10.5	6.0	10.0	6.1	11.7	7.6
Investments in associates and joint ventures	5.2	3.0	5.1	3.1	4.4	2.9
Other assets	175.1	100.0	163.6	100.0	153.3	100.0

Central Bank deposits

The central banks of the countries where we operate impose a number of compulsory deposit requirements to financial institutions. These requirements are applicable to a wide range of banking operations and activities, such as demand, savings, and terms deposits.

**Non-interest
R\$4.8 billion**

R\$3.0 in 2016
R\$3.8 in 2015

Tax assets

Recognized only in relation to temporary differences and tax losses for offset, to the extent it is deemed probable that it will generate future taxable profit for its use. The expected realization of deferred tax assets is based on projected future taxable profits and other technical studies.

R\$ billion	2015	2016	Realization	Recognition in tax liabilities	2017
Recorded in income	48.9	47.9	(16.2)	14.5	46.2
Recorded in stockholders' equity	4.3	3.0	(1.1)	0.1	2.0
Total	53.2	50.9	(17.3)	14.6	48.2

Investments in associates and joint ventures

These represent investments in companies in which the investor has a significant influence but does not hold control of business. These investments are initially recognized at acquisition cost and subsequently accounted for using the equity method. Investments in associates and joint ventures include goodwill calculated upon acquisition, net of any cumulative impairment loss.

R\$ billion	2017		2016		2015	
	Ownership %	Investment amount	Ownership %	Investment amount	Ownership %	Investment amount
Porto Seguro Itaú Unibanco Holding Participações S.A.	42.9	2.8	42.9	2.6	42.9	2.8
BSF Holding S.A.	49.0	1.6	49.0	1.7	49.0	1.6
IRB – Brasil Resseguros S.A.	11.2	0.4	15.0	0.5	11.2	0.1
Other		0.4		0.3		0.3
Total		5.2		5.1		4.8
Assets		21.5		20.8		20.2
Liabilities		11.1		11.3		11.5
Results		2		1.5		1.8

Exposure of our financial capital to main risks related to business

Our credit risk is submitted to an independent assessment by the main credit rating agencies. They assess our credit quality based on reviews of a wide variety of financial and business attributes. Some of these attributes are risk management processes and procedures, capital strength, profit, financing, liquidity, accounting and governance, in addition to support of the government or group.

Credit Risk

Credit ratings/in April 2018	Fitch Ratings	S&P Global	Moody's
Itaú Unibanco Holding S.A.			
Short term	B	B	NP
Long term	BB	BB-	(P) Ba3
Outlook	Stable	Stable	Stable
Itaú Unibanco S.A.			
Short term	B	B	NP
Long term	BB	BB-	(P) Ba2
Outlook	Stable	Stable	Stable
Itaú BBA International plc			
Short term	-	-	P-2
Long term	-	-	A3
Outlook	-	-	Negative

Quality of financial assets:

- **89.0% of Loan Operations** and other financial assets are categorized as low probability of default in accordance with our internal rating.
- Only **4.8% of the total Loans Operations** is represented by overdue credits not impaired.
- **6.1% of the total Loans Operations** are overdue loans impaired.

Learn more about the credit ratings.

Market Risk

The distribution expected for profit and losses (P&L's – Profit and loss statement) of a portfolio over time may be estimated based on the historical behavior of market risk factors of this portfolio. We call this statistic tool of Itaú Unibanco Consolidated VaR.

In 2017, Average Total VaR in historical simulation represented 0.28% of total stockholders' equity.

VaR by Risk Factor Group	Average			Minimum			Maximum			VaR Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Interest rates	721.0	482.5	363.5	583.6	323.7	314.2	1.311.9	607.4	606.4	764.7	607.4	347.1
Currencies	20.4	18.4	47.1	6.5	6.8	11.3	50.2	33.2	118.6	11.9	17.0	12.3
Shares	45.4	45.2	16.9	38.5	34.0	6.9	54.9	63.3	57.2	46.4	44.3	46.9
Commodities	1.5	1.7	1.8	0.7	0.7	0.8	4.0	4.0	8.5	0.8	0.8	2.1
Effect of Diversification	-	-	-	-	-	-	-	-	-	(451.5)	(339.7)	(204.4)
Total Risk	409.9	236.6	207.0	304.8	155.1	152.3	874.0	341.5	340.7	372.3	329.8	204.0

Liquidity Risk

Pursuant to instructions provided by BACEN Circular Letter Circular No. 3,775, of July 14, banks with total assets over R\$100 billion have sent to BACEN, on a monthly basis, since October 2015, a standardized indicator of short-term liquidity (LCR, i.e. "Liquidity Coverage Ratio"). It is reported on a consolidated basis for financial institutions that are part of the Prudential Conglomerate. The calculation of this indicator follows the methodology established by BACEN, and is in line with the Basel international guidelines.

Information on Short Term Liquidity Ratio (LCR)	2017	2016
	Total adjusted value ⁽¹⁾	
Total High-Quality Liquid Assets ⁽²⁾	187,090	180,957
Total potential cash outflows ⁽³⁾	98,356	85,018
LCR (%)	190.2%	212.8%

(1) Corresponds to the amount calculated after the application of weighting factors and limits established by BACEN Circular No. 3,749.

(2) HQLA - High quality liquid assets: balance in the stock, which in certain cases weighted by a discount factor, of assets that remain liquid in the markets during a stress period, which can be easily converted into cash and that pose low risk.

(3) Potential cash outflows calculated in standardized stress, determined by Circular No. 3,749 (Outflows), subtracted from (i) potential cash inflows calculated under standardized stress, set forth by Circular No. 3,749 and (ii) 75% x Outflows, whichever is lower.



Social and relationship capital

Ethics is present in our business and is reflected in the transparency, respect and honesty in the relationship with our stakeholders, in the quality of our services and products and in the concern with financial performance and environmental and social responsibility.

These ethical principles are also expressed in the internal relationships in which we cultivate environments that provide for the performance of quality and relevant work for those who perform it, for the institution and for society.

With this purpose, our Code of Ethics is in place to guide, prevent and resolve ethical dilemmas and conflicts of interest related to our activities and internal relations. This document along with the Integrity and Ethics Corporate Policy and, in combination with *Nosso Jeito (Our Way)*, helps us in our business, activities and in the decisions we make in the relationship with our main stakeholders:

Our stakeholders



Clients



Stockholders



Employees



Society



Suppliers

The Code reflects our attitudes towards the development of a set of values, corporate culture, beliefs and attitudes adopted at all times by all our employees and management members. Our Code of Ethics is approved by the Board of Directors and applies to all directors, officers and employees of our conglomerate in Brazil and abroad. The Code is also available to all suppliers, service providers and subsidiaries of Itaú Unibanco.

Our Code of Ethics is divided into four basic principles:

Identity

What distinguishes us from the other companies

Interdependence

The engine of social coexistence

Good faith

Trust building trust

Excellence

Continuous search for the highest levels of quality

The role of financial services in society



The financial sector plays a key role for society, serving persons, families, companies, governments and civic institutions. The banking industry performs essential functions, such as economy and investment, protection against risks and support to the creation of new jobs and companies on a sustainable way.

In 2013, the World Economic Forum launched a multi-sector initiative to supplement the regulatory reform process of the financial system, already ongoing, bringing together a wide range of professionals from the financial system, including leaders of financial institutions, economics, academics, executives from commercial companies that depend on financial services and representatives of civil society, including consumer protection bodies and unions.

The purpose was to seek a common vision about what the financial system should offer to society:



Promote financial and economic resilience;



Safeguard savings and integrity of financial contracts;



Facilitate efficient allocation of capital to support economic growths;



Provide broad access to financial products and services;



Enable smoothing of cash flows and consume over time;



Enable payment methods;



Provide financial protection, risk transfer and diversification;



Collect, analyze, and distribute information to improve the economic decision-making process; and



Provide effective markets.

Access the study "The role of the financial services in society", disseminated by the World Economic Forum.



Main stakeholders

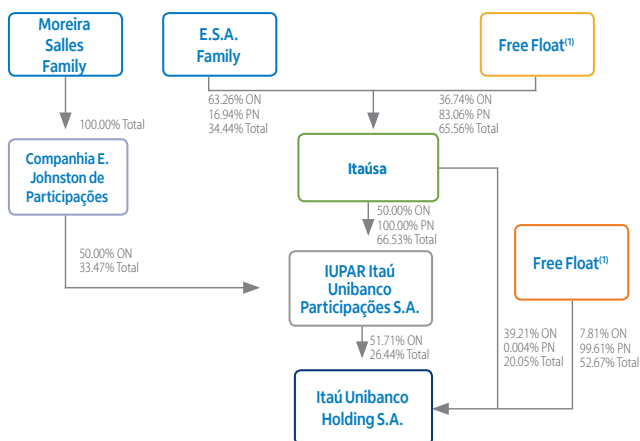
Stockholders



Our capital stock is comprised of common shares (ITUB3) and preferred shares (ITUB4), both traded on B3 (Brasil, Bolsa, Balcão). In the United States, our preferred shares are traded on the New York Stock Exchange (NYSE), as receipts (American Depositary Receipts or “ADSs”).

Our capital is represented by 6,550,514,438 book-entry shares with no par value, divided into:

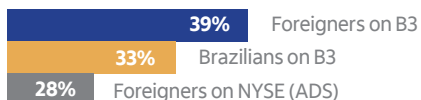
- Common – 3,319,951,112 shares that entitle their holders to one vote in general meetings; and
- Preferred – 3,230,563,326 shares that are nonvoting, but confer the holder priority in the receipt of mandatory dividends and tag-along rights in the event of sale of the controlling stake.



(1) Excludes shares held in treasury and by our controlling shareholders.

Outstanding Preferred Shares

Free Float – at 12/31/2017



Stock Exchange	Ticker	Governance level
	ITUB3	Level 1
	ITUB4	
	ITUB (ADS)	Level 2

Main channels of engagement

Conference Call	In 2017, we held four teleconferences to present the quarterly results.
Apimec	In 2017, we held 16 meetings with the Association of Analysts and Investment Professionals of the Capital Markets (Apimec).
Others	E-mail: relacoes.investidores@itau-unibanco.com.br Investor relations website: www.itau.com.br/investor-relations

Suppliers



We recognize that our suppliers are essential to our business and, therefore, we value and reinforce healthy partnerships, building long-term sustainable relationships.

In 2017, we disseminated new internal policies and restructured the management process of our suppliers and third parties. The purpose was to obtain higher operating efficiency, satisfaction of the departments served, transparency, discipline and improved risk.



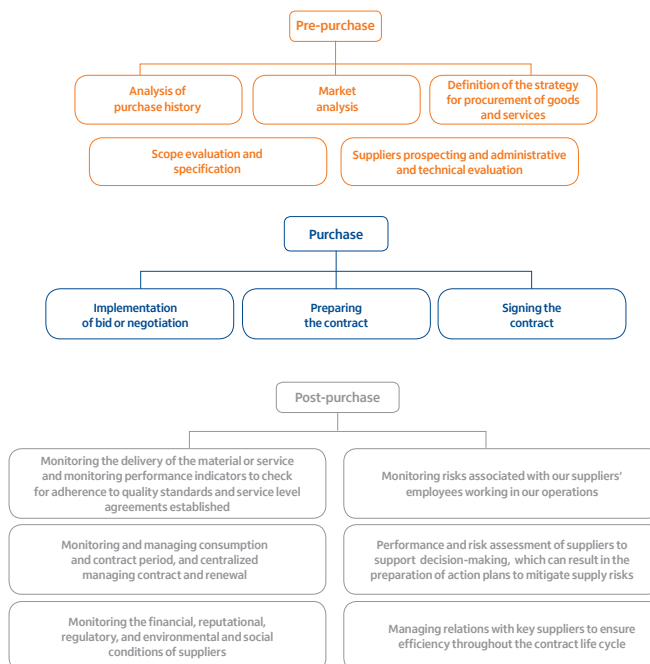
* As a result of the New Procurement Model used, we reviewed the administrative evaluation process focusing on improving the analysis of suppliers and streamlining the process for the involved parties. Upon this review, in which the approval validity is eliminated and the risk of these suppliers is periodically monitored, the volume of approved suppliers ranged by 4,205.

Procurement of goods and services

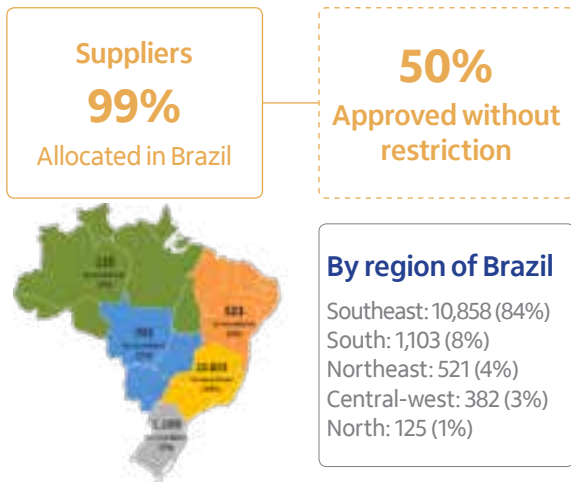
The process for purchasing goods and services is conducted on a centralized basis by the Procurement department, with the involvement of the Contracting and Legal department, among other supporting departments.

The purpose of the Procurement department is to structure the procurement department, aligned with each type of business, and ensure consistent relationship with our suppliers.

This process is composed of three phases: Pre Purchase, Purchase and Post Purchase.



Profile of our suppliers



Suppliers by activity sector

Maintenance	29%
Marketing and Telecommunications	16%
Legal	11%
Training and benefits	11%
Information Technology	10%
Other	23%
Total	100%

Contractual formalization, breaches and penalties

Our supplier contracts include specific clauses about the proper monitoring of environmental and social issues.

In the event of identification of irregularities, action plans can be developed to help a supplier solve the problem or, in certain situations, penalties are applied and they may lead to suspension or termination of the respective contract.

Main engagement channels

Communication channels	Specific website and e-mail for suppliers Reporting channel: aims at ensuring an ethical and transparent relationship with our suppliers
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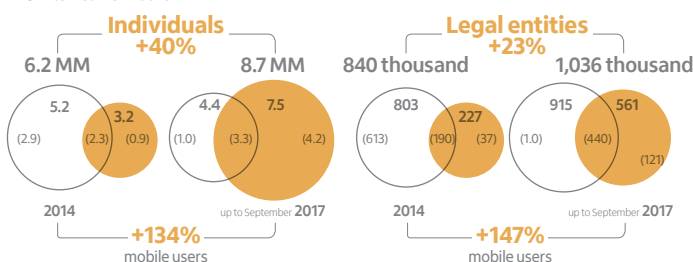
Clients



In a world permeated by continuous digital transformation, our challenge is to monitor changes and meet our clients' needs.

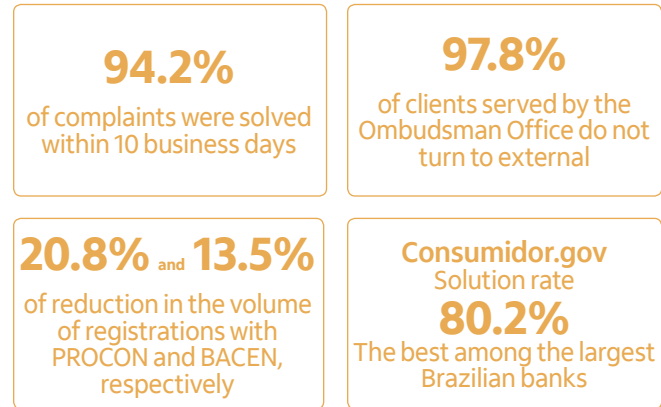
Total clients

○ Internet ● Mobile



Complaint management

The Ombudsman's Office acts as the highest level to solve complaints that were not resolved in our regular channels, with the purpose of finding a definitive solution for them, contributing to a long-lasting and balanced relationship.



Products and services focused on clients

Microcredit

The focus of microcredit operations is to act to increase opportunities of stable jobs and improvement of microentrepreneurs's work conditions. In addition, it is a product that includes clients who were outside the traditional financial system, and it may contribute to strengthen citizenship and wellbeing of the community as a whole.

Itaú Women Entrepreneurs Program

The purpose of this program is to empower the women entrepreneurs in Brazil, so that they can develop their businesses and encourage the power of transformation of people and society.

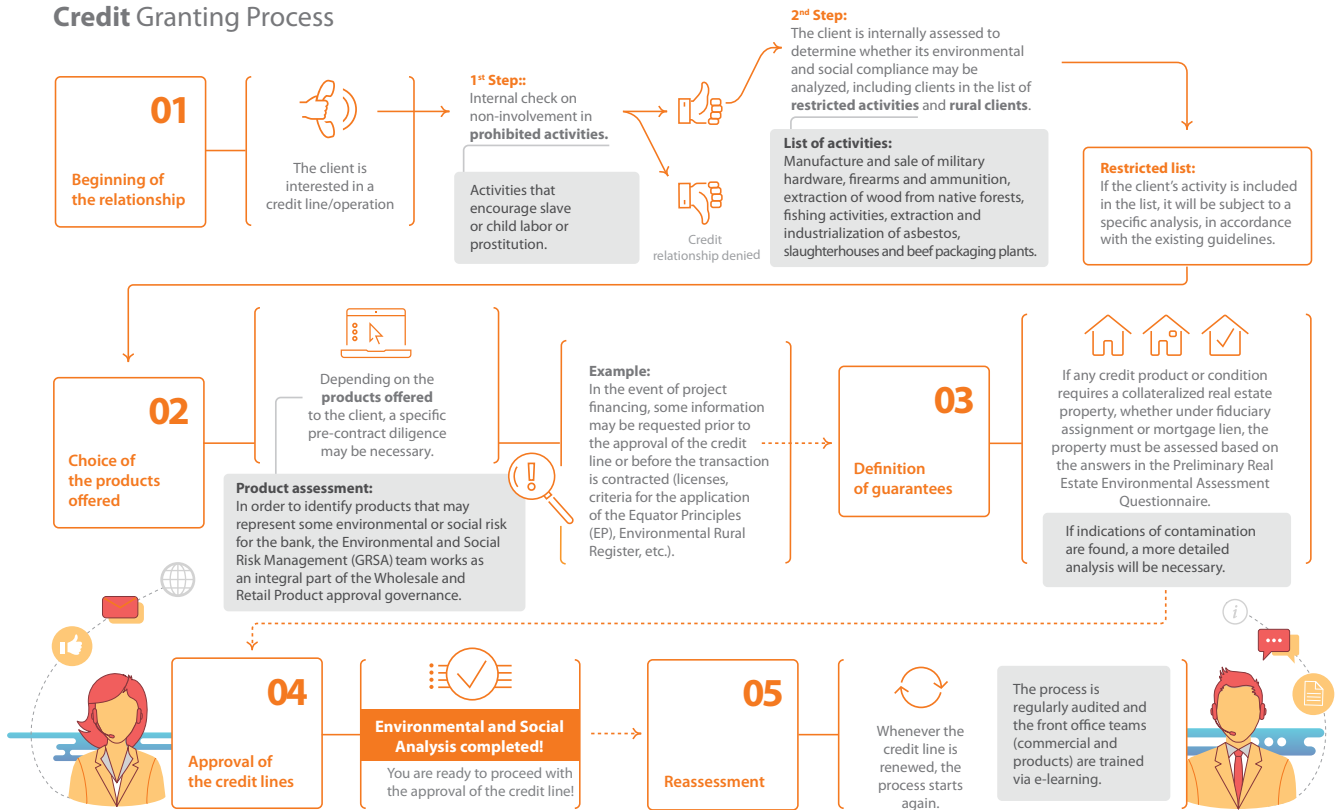
We offer solutions to train, inspire and connect women entrepreneurs in Brazil.

In 2017, we held intensive workshops on financial guidance, in addition to an event to inspire women entrepreneur, broadcasted for over 1,600 viewers.

Representation of women in the corporate client basis

- 54.0%** Microcredit (formalized companies or not formalized with annual revenue of up to R\$120 thousand)
- 38.32%** Companies (annual revenue of up to R\$1.2 million)
- 32.61%** Companies (annual revenue of up to R\$8 million)
- 26.69%** Companies (annual revenue of up to R\$30 million)

Credit Granting Process



Society



Our strategy relates to social development actions, such as financial education, culture, and urban mobility, which are taken to all communities where we operate. The same actions are extended to the media, opinion makers, the market and a number of social organizations.

We also work together with various levels of government to improve public policy models in the numerous countries where we operate.

Private social investment

Our social investments are aligned with our purpose and are primarily focused on education, health, culture, sports and urban mobility.

R\$547.4 million

Invested in **880** social projects

In 2016, R\$473.2 invested in 620 projects
In 2015, R\$547.6 invested in 532 projects

In 2017, we formalized in an internal policy the ruling that all of the investments made by the bank should aim to contribute to the Sustainable Development Goals (SDGs), reaffirming our commitment to the global agenda adopted during the United Nations Sustainable Development Summit in 2015.

Education



Through Fundação Itaú Social, Instituto Unibanco, and partnerships with other Institutes, foundations and civil society organizations, we contribute to improve the quality of Brazilian public education.

In 2017, Fundação Itaú Social started a process to review its organizational structure in search for more effectiveness, thus reinforcing the mission of developing, implementing and sharing social technologies that contribute to the improvement of Brazilian public education.

Approximately 1.5 million people were benefited with these initiatives.

Instituto Unibanco also acts to improve public education in Brazil, focused on Secondary School. To do so, it develops and implements management solutions in the public school system to get better results in youth education.



Culture

Instituto Itaú Cultural acts to map, support and disseminate art and culture in the country, making available an intensive free-of-charge cultural program.

The project reached 30 years and celebrated the landmark of over 9 million of people impacted.

Espaço Itaú de Cinema acts to provide different views of the movies, to develop audiences, and leave a legacy to society, always supporting projects that value and reinforce our commitment to democratization of culture.

We received over 3 million people in our movie theatres.



Urban mobility

Our focus is to promote the bicycle as an active transportation means to improve urban mobility, reduce traffic and emissions of greenhouse gases, and, as a result, improve the quality of life of society.

The bicycle sharing system reached the landmark of 16 million trips and over 2 million registered users.

Escolinha "Bike" (School) aiming at teaching children to ride safely in urban centers.

Over 4,000 young cyclists (2 to 7 years old) formed.



Health and well-being

Associação Itaú Viver Mais (Live Longer) is a non-profit association focused on people over 55 years old. Our purpose to contribute to the quality of life of these people, by providing cultural, physical and social activities in partnership with a supermarket, clubs, shopping malls, and movie theaters.



In 2017, Associação Itaú Viver Mais impacted approximately 4,692 people in 37 places.

Human rights

Our commitment is to protect the fundamental rights inherent to each individual counting on specialized partnerships, incorporation of the best market practices and instructions from bodies that determine social responsibility, such as Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, and the International Labor Organization (ILO).

Financial education

A way of contributing to the development of society is to understand people's needs and to offer knowledge and suitable financial solutions to enable people to have a more balanced relationship with money.

We know that changes come from individual behavior, but we believe that it is our role to guide employees, clients, suppliers, and society. We offer tools for them to make the most suitable financial decisions for their moments in life, and products that permit actual achievements.

Conscious use of money

The purpose of the program is to share knowledge of financial education with youth and adults. In total, it has already impacted over 6,300 people in NGOs and schools all over the country, and involved approximately 1,100 acting volunteers since 2015.

Financial education program for corporate clients

We offer content, videos and talks free of charge to employees of more than 500 corporate clients that have customer site branches (CSBs). Since 2014, the program has impacted more than 24,000 clients and 533 lectures were given throughout Brazil.

Financial Education Integrated with Preventive Action

We focus on credit clients who need financial guidance. With the program, we understand their needs, so we can provide instruction and offer the correct products to reorganize their credit according to their income.

Program for People in Debt

With the purpose of helping people to become free from high indebtedness, we developed solutions that have the power to enable people to recover the balance of their financial lives. In 2017, we integrated part of the offer of financial education courses into an exclusive renegotiation process, using the financial guidance approach.

Government

We seek to work in direct contact with government entities, with the purpose of cooperating with the construction of public policies consistent with the interests of society and the organization.

In terms of strengthening the institutional causes, we made contributions of financial support over 2017, to support projects and activities linked to public organizations and other government institutions.

In compliance with the Brazilian laws and regulations, in 2017 we did not make any donation of funds to political parties or candidates designated for elections.

Tax and fiscal obligations

They refer basically to income tax and social contribution. Tax and fiscal obligations consider, for calculation purposes, the respective bases in accordance with legislation in force for each charge, which, for Brazilian operations, are applicable to all periods presented:

Corporate income tax	15.00%
Additional income tax	10.00%
Social contribution	20.00%
PIS (tax on income)	0.65%
COFINS	4.00%
ISS (service tax)	up to 5.00%

Current obligations approximate taxes to be paid or recovered in the applicable period. Deferred obligations represent the differences between the accounting and tax calculation bases of assets and liabilities at the end of each year.

R\$ billion	2017	2016	Variação (%)
Current	3.2	1.7	88.24%
Deferred	0.4	0.6	-33.33%
Others	4.2	3.4	23.53%

Contingent liabilities and legal, tax and social security obligations

As a result of the ordinary course of our business, we may be a part to legal lawsuits of labor, civil and tax nature. The criteria to quantify contingencies are adequate to the specific characteristics of civil, labor and tax lawsuits portfolios, as well as other risks.

Civil lawsuits arise from claims related to the revision of contracts and compensation for damages and pain and suffering. Labor claims arise from lawsuits in which alleged labor rights specific of the category are discussed, such as: overtime, salary equalization, reinstatement, transfer allowance, pension plan supplement, among others.

Tax and social security lawsuits are those filed to discuss the legality and unconstitutionality of the legislation in force, which are the subject matter of a provision, regardless of the probability of loss.

Tax contingencies correspond 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.

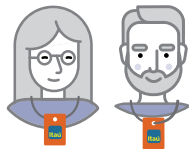
R\$ billion	Civil	Labor	Tax and Social Security	Other	Total
Provisions, contingencies and other commitments					
2017	5.3	7.3	7.0	0.1	19.7
2016	5.2	7.2	8.2	0.3	20.9
2015	5.2	6.1	7.5	0.1	18.9
Off-balance provisions for possible loss at 12/31/2017					
2017	3.5	0.1	19.5	-	23.1
Escrow deposits					
2017	1.4	2.2	5.2	-	8.8



Human capital

Our management model is built by people who are essential for the sustainability of our assets and business. We support diversity and development of skills and competences focused on quality, innovation and client satisfaction, which will contribute to sustainable performance and long-lasting results.

Profile of our diversity



Total employees
↑ 99,332

94,779 in 2016
 90,320 in 2015



Abroad
↑ 13,795

13,908 in 2016
 6,839 in 2015



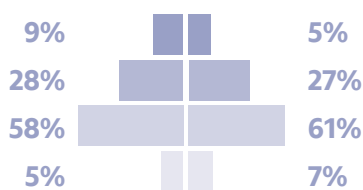
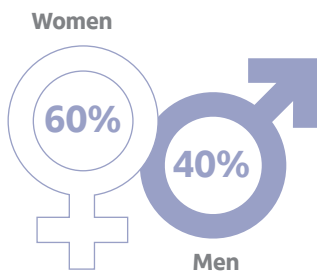
In Brazil
↑ 85,537

80,871 in 2016
 83,481 in 2015

By regions of Brazil – 2017

- 1. South **8%**
- 2. Southwest **82%**
- 3. Central-west **4%**
- 4. Northeast **5%**
- 5. North **1%**

Profile by generation



- Baby boomers (over 52 years old)
- Generation X (between 37 and 51 years old)
- Generation Y (between 22 and 36 years old)
- Millennials (up to 21 years old)



Representation by position and genre⁽¹⁾



13%	15	Executive Board	103	87%
51%	7,084	Management	6,699	49%
53%	14,355	Administrative	12,825	47%
67%	27,860	Commercial and Operational	13,878	33%
45%	62	Trainees	77	55%
58%	2,739	Interns	2,004	42%
71%	1,750	Apprentices	732	29%
60%	53,865	Total ⁽¹⁾	36,318	40%

More diversity



Afro-descendant
↑ 22%
 21% in 2016
 20% in 2015



With visual impairment
0.4%



With reduced mobility
2.7%



With other limitations
1.2%

⁽¹⁾ Employees under management of the People Area (AP) – Human Resources of Itaú Unibanco.

Our profile of diversity

We believe diversity has the power to boost the organization's competitiveness. Having a staff with diversified genders, races, origins, opinions and cultures in the company means broadening perspectives and viewpoints in the decision-making process. We seek to value diversity in our organization by means of specific guidelines, policies, seminars, training and in-house communication.

Diversity, Equity and Inclusion

Women

We conducted actions to incorporate gender issues into the organization's strategy, with the purpose of understanding the women's perception of their own topic. We currently have as guideline to encourage women's career development in the organization, so as to balance their representativeness along our pyramid.

Afro-descendants

We understand how important it is to proceed with the strategy of bringing this topic to open debates in formal forums. Our purpose is focused on boosting the share of black people in the organization staff. In 2017, we held seminars, workshops and meetings with external recruiters to identify trends related to this topic.

People with Disabilities (PWD)

We seek to provide our employees with the best possible accessibility and compatibility resources, according to their respective professional profiles. Our purpose is offering conditions for development with equal opportunities.

Lesbians, Gays, Bisexuals and Transgenders (LGBT)

Our purpose is encouraging an environment of security and respect, where people are free to openly talk about their sexual orientation without fear. In 2017, those in charge of our Governance held a meeting with different audiences to discuss about the LGBT theme, an initiative for exchange of experiences, background and perceptions.

People Management

Attraction, retention and development

The career of our employees is monitored by the Personnel Department, which aims at disseminating the organizational culture, attract, retain and develop the organization's talents, seeking professionals who, besides having the necessary competencies for developing their

activities, are committed to increasing client satisfaction and becoming leaders of the organization in the future.

Our governance carries out actions based on the strategic guidelines determined by the Personnel Committee, which is composed of members of the Board of Directors.

Leadership training

Our strategy for training leaders seeks to ensure the sustainable performance of our business. We believe that a manager with well-developed leading skills can strengthen the team engagement with the bank.

We started comprehensive digital training with national and international instructors. We understand that our leaders must be prepared and sensitized to focus on the bank's sustainability and future. Our program also covers topics such as communication, clients and banking business, and includes lectures with the bank's executives that talk about what is being done internally in each work front.

In addition to corporate training, we offer specific training events aligned with each executive's career stage and customized for the Individual Development Plan.

Itaú Unibanco Business School

Itaú Unibanco Business School works to build learning solutions aligned with Our Way and our strategies, by offering specific training programs covering technical and behavioral topics, through a number of methodologies and media.

We devote ourselves to deepening our understanding about different behaviors and how the financial issue may influence our employees' health and productivity.

Meritocracy

Meritocracy is our way of managing people and differentiating them on the basis of their relative performance. The employee performance evaluation is aimed at evaluating the employee's performance during the year. The deliveries of each employee are evaluated considering the way results were obtained. The grades related to these evaluations are consolidated, so as to relativize the employees' performance in relation to their peers, on a collegiate basis. The offer development opportunities adjusted to the needs of each employee and their role in the continuous search for better opportunities are part of this exercise.



Investment in Personnel

R\$23.3 billion

R\$22.4 in 2016
R\$19.6 in 2015

2017

Compensation	R\$9.2 billion	39.5%
Profit sharing	R\$3.8 billion	16.3%
Benefits	R\$3.4 billion	14.5%
Charges	R\$2.8 billion	12.1%
Other	R\$4.1 billion	17.6%



Training
Approximately
23 hours
by employee

2017

93.7% Employees adhesion rate	+7 thousand Scholarships granted to employees	169 thousand In-person training	977 thousand Distance training
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Turnover
9.1%
10.4% in 2016
10.6% in 2015

2017

6.9% Voluntary	14,145 Hirings	9,454 Dismissals	1.5 Hiring/ dismissal ratio
2.2% Involuntary	9.889 in 2016 6.113 in 2015	10.570 in 2016 9.023 in 2015	

Health and well-being 2017



1 thousand
Nutritional
appointments



9 thousand
Employees
enrolled
at the gym



2 thousand
Adhesions to the
pregnant mothers
support policy



1 thousand
Adhesions to
paternity leave



57 thousand
Flu prevention
vaccine



Absenteeism⁽¹⁾
1.2 em 2017
1.1 in 2016
1.4 in 2015

Fale Francamente (Speak Frankly)

86%
(92% of adhesion)

80% (89% of adesão)
82% (88% of adesão)

Adherence to the Code of Ethics

57 terminations
11 written warnings
77 notices

Ombudsman

773⁽²⁾
complaints

853 in 2016
921 in 2015

39% disrespect
29% noncompliance
with rules
13% intimidation
9% lack of management
effectiveness
10% other

(1) Calculation of absenteeism: (total days of absence due to sick leave in the period / total days worked by the internal audience in the same period) x 100.

(2) 43% Legitimate, 44% Illegitimate and 13% Inconclusive.

Ombudsman

To strengthen our commitment to ethics, we have an Internal Ombudsman channel in place – the Internal Ombudsman’s Office. Its purpose is to help employees resolve interpersonal conflicts and conflicts of interest in the work environment, ethical misconduct and nonconformities with related institutional policies, working with confidentiality, neutrality and independence.

In 2017, the channel completed its 10th anniversary and started working also as the Risk channel under the Risk Culture Program. In order to guide and discipline employees who have not complied with the principles of the Company’s Code of Ethics and rules and to minimize related risks, the Internal Ombudsman’s Office recommends and monitors the implementation of guiding/disciplinary measures to those involved in the complaints investigated and considered legitimate.

Pesquisa Fale Francamente (Speak Frankly Survey)

Conducted annually with all employees in Brazil and International Units, the survey measures the level of staff satisfaction with the organizational environment and people management.

Combating corruption

Based on the best global practices, our purview of corruption covers illegal acts between public and private agents, as well as those involving private agents only.

Our Corruption Prevention Corporate Policy reinforces our commitment to cooperate proactively with local and international initiatives to prevent and combat all forms of corruption. It also sets guidelines for the conception, execution and continuous improvement of the Integrity and Ethics Corporate Program aimed at the development of corruption prevention, monitoring and combating practices, using reporting channels and promoting corruption prevention awareness campaigns and training programs.

In 2017, we maintained the continuous education program particularly for the departments most sensitive to the corruption risk that have contact with the government and suppliers. The percentage of adherence to distance training by employees and Top Management came up to 93% in 2017.

Compensation and incentives

The purpose of fixed compensation is to recognize a professional’s competence and seniority. The variable compensation, in turn, acknowledges the level of dedication, the results achieved and its short, medium and long-term sustainability.

Several benefits are offered to our employees under collective bargaining agreements entered into with labor unions, covering all our employees, with the respective unions of each category. These benefits include meal and food vouchers, monthly staples packages, day-care/nanny costs, transportation vouchers, among others.

Health, safety and well being

We have a specific department for managing, running and developing activities that make an ongoing contribution to occupational safety, and establishes institutional guidelines for issues involving occupational health.

The Internal Accident Prevention Committee (local acronym CIPA) and safety representatives establish the responsibilities and necessary actions to ensure compliance with Ordinances of the Ministry of Labor and Employment.

Occupational health and safety issues are also addressed at collective bargaining agreements with labor unions and the Occupational Safety and Health Sub-Commission of FEBRABAN.

Vision of future (2018)

- Reach 95% of adherence to the instrument of acknowledgement of corporate integrity policies;
- Train 85% of employees on ethics (seminars on ethics for top management);
- Work themes from the customized educational grid with managers of the branch network;
- Develop new online capabilities for employees; and
- Increase employees’ digital engagement in themes involving financial guidance.





Intellectual capital

In a world permeated by continuous digital transformation, our challenge is to monitor changes and meet our clients' needs. An essential part of this transformation is the increasing usage of mobile devices with access to the Internet, which directly reflects on the exponential growth in the use of mobile banking.

Based on a market perception analysis, we have selected some of the initiatives we believe provide us with significant competitive advantages and distinguish us from our competitors.

Maintenance of a solid capital base

We adopt a forward-looking approach regarding capital management, which has enabled us to reach a high capitalization ratio and therefore a greater capacity to provide returns to stockholders. Our capitalization strategy, which is based on diversified sources of revenues, an adequate credit policy and a focus on corporate governance, is reflected in our capital ratios, which provide evidence of our effective loss-absorbing capacity and business continuity-focused planning.

Focus on income from commissions and fees, and results from insurance and less exposure to credit risk

In recent years, we have improved our credit risk management models, economic forecasts and scenario modeling. Through greater selectivity in credit approvals and changes in our loan portfolio mix, we have achieved positive results given the economic scenario in the markets where we operate. We have invested in a pricing model based on risks as applied to our products, thereby providing a more accurate view of the risk-return ratio in different scenarios. This is an essential tool to explore commercial opportunities and simultaneously manage risks.

Large investments in technology

Our intensive use of technology and electronic distribution channels have significantly helped increase the volume of sales of products and services and is one of our top competitive advantages. We prioritize efforts to develop platforms and services that use the best of technology, so that we can simplify and make life easier for everybody engaged with the bank, with a focus on mobility and a convenience.

Premier banking brand in Brazil

We believe that a strong brand impacts a company's results, providing for higher profitability and market share growth, and may reduce certain risks faced by the company, thereby resulting in less volatility in results. Our position in the Interbrand ranking has provided us with local and international recognition and associates our brand to quality and reliability.

Geographic diversification and a large branch network

Our business model has been boosted by our significant presence nationwide and an increased presence abroad, promoting the creation of stable deposits and low-cost financing, and helping us achieve a desirable level of income diversification. Our wide retail network, composed of branches, customer site branches, and ATMs in Brazil and abroad, provide solid recurring results and a large share of fee-based income in our results.

Digital transformation

New technologies are arising and being gradually incorporated into our business. By aligning these trends to our competitive strengths, we seek differentiation in the way we relate with clients and do business.

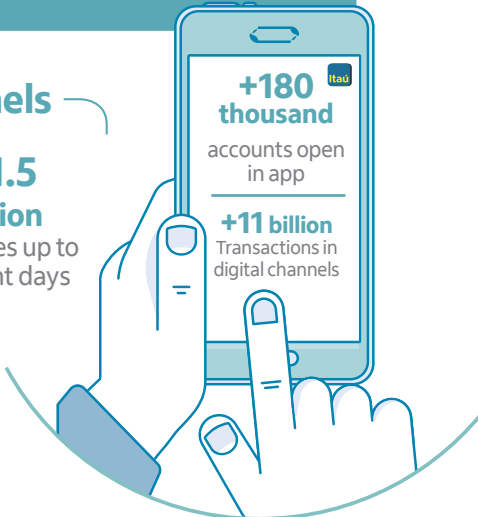
By investing in new technologies aiming at the transformation, we seek the balance between transactions and clients' experiences, constant simulations of attacks and defenses related to cyber risks, and security in the whole technology chain, and protection of our clients' information.

Digital channels

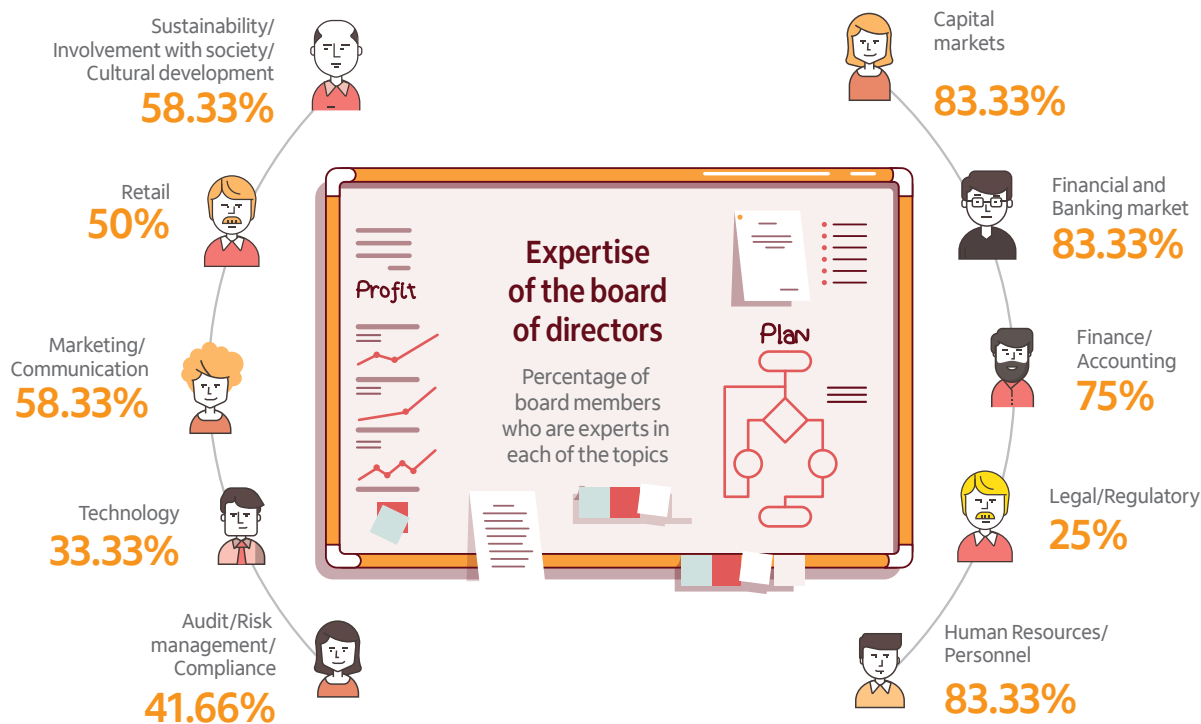
69%
Net income
in 2017

+1.5 billion
accesses up to
present days

↑ 40%
Investments in
Technology
(in 2 years)



The Board of Directors is composed of professionals with outstanding knowledge and experience in different operating areas. Below is a skill matrix with the expertise of our Board of Directors.



Skills and experience



Pedro Moreira Salles
Co-chairman of the Board

Education: He has a Bachelor's degree, magna cum laude, in Economics and History from the University of California, Los Angeles. He also attended the International Relations Master's Program at Yale University and the Owner/President Management (OPM) Program at Harvard University, both in the United States.

History: He held several positions in the Group, among which the Vice-Chairman of the Board of Director (between 2003 and 2017) and Executive Vice-President (between 2008 and 2009) of Itaú Unibanco Holding S.A. He also served as Member of the Board of Directors (between 1989 and 1990), Vice-Chairman of the Board of Directors (between 1990 and 2008), Chief Executive Officer (between 2004 and 2008) and Director Vice-President (between 2008 and 2009) in Unibanco - União de Bancos Brasileiros S.A. He was also member of the Board of Directors of Totvs S.A (between 2010 and 2017); Chairman of the Board of Directors and Chief Executive Officer of Companhia E. Johnston de Participações since 2008; and Chairman of the Steering Committee of FEBRABAN - Brazilian Federation of Banks (since 2017).



Roberto Egydio Setubal
Co-chairman of the Board

Education: He has a Bachelor's degree in Production Engineering from the Engineering School of Universidade de São Paulo (USP), and a Master's degree in Engineering from Stanford University, United States.

History: He held several positions in the Group, including Chief Executive Officer (between 1995 and 2017), Vice-Chairman of the Board of Directors (between 2003 and 2017) of Itaú Unibanco Holding S.A. He is a member of the Board of Directors and Audit Committee of Royal Dutch Shell (since 2017). He is a member of the International Monetary Conference Council (since 1994); He was President of the National Federation of Banks (FENABAN) and Brazilian Federation of Banks (FEBRABAN) (between 1997 and 2001), and President of the Advisory Board of FEBRABAN (between 2008 and 2017); He is a member of the Trilateral Commission of the International Board of NYSE (since 2000), of the China Development Forum (since 2010) and is Co-President of the World Economic Forum (WEF). He is also a member of the Economic and Social Development Council (CDES) of the Presidency of the Republic (since 2016).



Candido Botelho Bracher
Chief Executive Officer

Education: He has a Bachelor's Degree in Business Administration from the School of Business Administration of São Paulo - Getulio Vargas Foundation (FGV).

History: He held several positions in the Group, including Wholesale Banking General Director (between 2015 and 2017), Vice-President (between 2005 and 2015) and Member of the Board of Directors (between 2009 and 2017) in Itaú Unibanco Holding SA. He also served as Vice-Chairman of the Board of Directors (between 2013 and 2015), Chief Executive Officer (between 2005 and 2015) and Vice Chairman (between 2003 and 2005) in Banco Itaú BBA S.A. He was also a member of the Board of Directors (between 2009 and 2014) of BM&F Bovespa S.A. (currently B3 S.A. Brasil, Bolsa, Balcão), Alternate Member of the Board of Directors (between 1999 and 2005) and Member of the Board of Directors (between 2005 and 2013) of Pão de Açúcar - Companhia Brasileira de Distribuição; and Officer and Partner (between 1988 and 2003) in Banco Itaú BBA Creditanstalt S.A.



Manufactured capital

We provide integrated financial services and products for our clients through a variety of distribution channels that offer primarily more comfort, convenience and security to our clients and employees.

Book value of our fixed assets
↓ R\$7,4 billion
R\$8,0 in 2016
R\$8,5 in 2015



Branches and Banking Service Centers

1.2 million m²
Equivalent to **283 Maracanã stadiums**

ATMs

Piled up are equivalent to **217 Empire States**

Relationship with clientes

+ 2 million people per day in our branches

Itaú Digital

17 petabytes of information
9 libraries of **Netflix**

Our administrative buildings and offices have 445 thousand m² of built-up area.

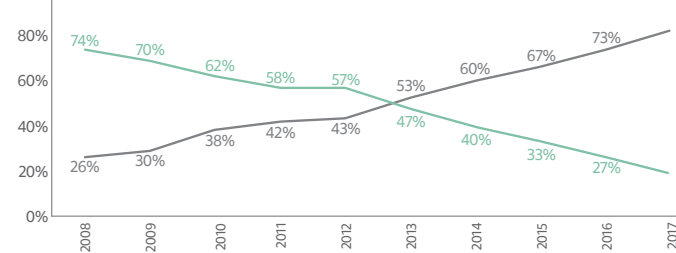
Include commercial buildings in 10 different areas, primarily located in the city of São Paulo.
32% own and 68% leased properties

Technology currently summarizes the backbone of our evolution:

- Over 1,000 APIs (application programming interfaces) developed;
- Involvement in 100% of blockchain orders ongoing in Brazil;
- Consolidation of a private cloud, that already runs dozens of the bank's applications; and
- Use of artificial intelligence to obtain operational efficiency.

We use technology to obtain operational efficiency and understand the clients' behavior.

Volume of transactions (in %)



↑ 20% transactions carried out in the mobile digital channel

Source: Itaú Unibanco Holding and Central Bank.

Vision of future

Our challenge is to speed up the digital transformation process, continuously increasing the productivity of the IT department and fostering a digital mindset in the whole bank, to gain efficiency and improve the user's experience and client satisfaction.

Data Center (Expansion)

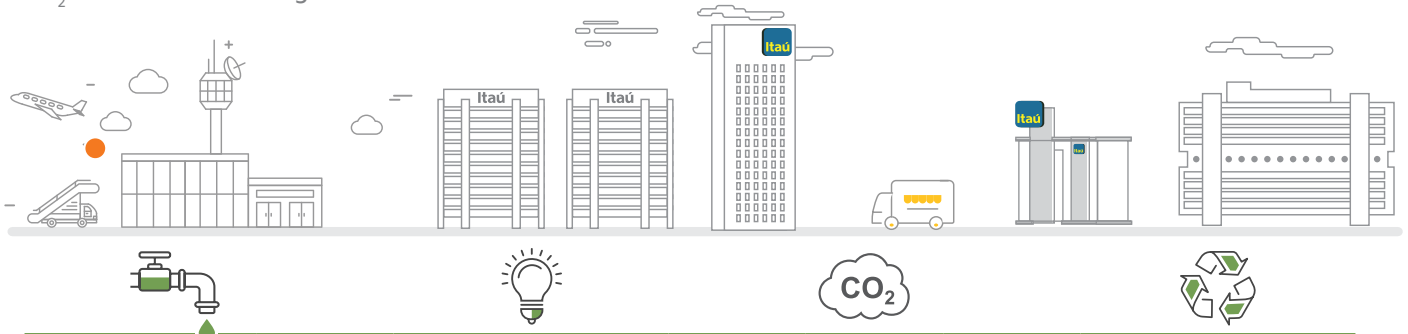
Phase II (2018 to 2020) | Construction of Data Centers 3 and 4, that will represent over 46 thousand m².

Phase III (2023 to 2035) | Construction of two other Data Centers (5 and 6), that will also add 46 thousand m².




Natural capital

We are an agent of transformation and have an important role in sustainable development. As a company of the future, we seek operational eco-efficiency in the creation of value, achieving positive results and encouraging the development of people, society and the countries where we operate. For us, measuring and managing impacts related to our operations is crucial. We assess the environmental performance of our manufactured capital through water and electricity consumption, CO₂ emissions and waste generation.




Consumption and disposal	Water (in m ³)	Energy (in MWh)		Emissions CO ₂ (tCO ₂ e)			Waste (Ton)	
		Renewable	Non-renewable	Scope I	Scope II	Scope III	Landfill, composting and others	Recycling
2017	1.390.142	218.609	351.885	7.720	52.565	169.480	24.596 ¹	795
2016	1.410.592	203.920	409.253	10.895	54.340	99.556	1.532	863
2015	1.472.460	188.823	503.836	9.872	96.154	121.521	1.824	1.431
Target 2017	1.389.968	219.000	363.923	10.422	54.054	-	1.514	-
Target 2018	1.375.653	219.000	360.855	10.414	53.752	-	2.237	-

(1) Data from 2015 consider administrative buildings and technological centers, from 2017 were also considered the network of agencies covering 100% of our facilities in Brazil. It also contains a value of 1,757 (Other waste) equivalent to waste generated in works within our facilities.




We have contingency plans and actions to mitigate and improve efficiency in water consumption in our business.

In 2017, the main initiatives were the installation of flow restrictor devices, rainwater collection and campaigns for conscious use of water.



Investments in an energy matrix from renewable sources to maintain our operations. Energy from biomass plants or wind parks are also used, in a lower scale.


The main actions related to the theme were the installation of LED bulbs and replacement of equipment with high energy consumption.



We continuously invest in projects that contributed to the reduction of our emissions.

Scope 1 covers direct emissions, primarily arising from the combustion of diesel oil.

Scope 2 covers indirect emissions in the consumption of electricity. Scope 3 cover emissions arising from transportation of employees, generation of solid waste and business trips. As from 2017, considers LATAM operations.




We are constantly attentive to initiatives and programs to reduce and ensure the correct allocation of waste. In 2017, we expanded our coverage of waste.

Management, including the branch network. The amount of waste destined for landfills increased in relation to the previous year, which shows a better management and control of the indicators.

Vision of Future (2013-2020)

Reduce consumption


16%



Reduce consumption of

11% Reach PUE **1.60**

96% energy from renewable sources




Reduce emissions Scope I

3%

Reduce emissions Scope II

11%



Reduce the disposal of waste

46%

