In memory of

José Carlos Moraes Abreu

On March 18, 2012 José Carlos Moraes Abreu passed away. He had been the Honorary Chairman of Itaúsa since May 2011.

José graduated in Law from the University of São Paulo in 1944 and went on to devote more than 50 years of his life to the Itaúsa group. He played an extremely important role in the development of Itaúsa - Investimentos Itaú S.A. and its subsidiaries, working with founders Olavo Setubal and Eudoro Villela to help the group overcome major challenges in the financial and industrial sectors.

In addition to his involvement in the growth of Itaúsa and its subsidiaries, José was a member of Brazil’s National Monetary Council (CMN) from 1975 to 1984. He also served on the Itaúsa Board of Directors from May 1966 to April 2011, and was Chairman from September 2008 to April 2011.

At Itaú Unibanco S.A. he was a Board member from 1964 to March 2003, Chairman of the Board in 1985, and Vice Chairman from 1986 to March 2003. He was also President and CEO from March 1983 to June 1990 and Managing Director from 1976 to 1985.

His contribution to the group was invaluable. Throughout his life he was an exemplary banker, as well as a man of superior common sense and business ethics.
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About the Report

As of 2011, the Itaú Unibanco Sustainability Report is only available online.
This Report provides an in-depth look at how Itaú Unibanco conducted its operations in 2011, and our plans for 2012

The Itaú Unibanco Holding S.A. Annual Sustainability Report follows Global Reporting Initiative (GRI) and Brazilian Association of Public Companies (Abrasca) guidelines by comparing the bank’s financial and socio-environmental performance with the ten Principles of the United Nations Global Compact. (Profiles 2.1, 3.5 and 4.12)

This Report meets the GRI A+ application level, consistent with G3.1 guidelines, and presents our management approach, profile items and performance indicators, including by sector. (Profile 3.5)

In this cycle there was a collective effort from our business lines to report the management of financial sector GRI indicators. This information appears in specific chapters in the Report, and shows how the development of our monitoring and management relates to the different reporting stages for each business. Accordingly, each business line provides sector indicators to show their varying levels of compliance with GRI guidelines.

The data in this Report illustrate the organization’s consolidated performance in Brazil and abroad from January 1st to December 31st, 2011. (Profiles 3.1 and 3.8) Consistent with the GRI time frame, within four years we will conduct this same exercise to include every company subject to Itaú Unibanco’s control or where it has significant influence. (Profiles 3.5, 3.6 and 3.7)

From 2009 to 2011 the bank underwent a lengthy series of analyses and reviews to develop and implement a new sustainability strategy even more closely aligned with our business activities. This resulted in the Sustainability Roadmap, which defines three focus areas: Dialogue and Transparency, Financial Education, and Socio-environmental Risks and Opportunities. These are the most significant issues that are material to our business and the areas in which we operate. In late 2011 we presented this strategy to industry specialists. (Profile 4.16) To learn more about how this new strategy was developed, please see the Sustainability Strategy section in this Report. (Profiles 1.2 and 3.5)

Based on AA1000 standards, Itaú Unibanco undertook a process of stakeholder mapping, classification and prioritization. The level of engagement we seek with our strategic relationship groups varies according to the results of the methodologies applied. Our practice focuses on all stakeholders through various engagement tools employed throughout the year. (Profile 4.16) Our stakeholders include employees, customers, shareholders, investors, society, media, community, governments, suppliers, academia, professional groups and non-governmental organizations (NGOs). (Profile 4.14)

The main engagement mechanisms adopted by the bank are information, consultation, negotiation, involvement and collaboration, through means such as: informational materials, presentations, surveys, multi-stakeholder panels and forums or forums for specific groups, dialogues, social media channels, negotiations, focus groups, joint ventures, partnerships, workshops and collaborative processes. Examples of initiatives undertaken during the year appear throughout this Report. (Profile 4.16)

Being transparent and accountable to society is essential for maintaining the trust of all our stakeholders. That’s why this Sustainability Report is published annually (Profile 3.3), and shows our performance from the previous year as well as the outlook for 2012. (Profiles 3.2 and 3.5)

The information was assured by PricewaterhouseCoopers, and the reporting process was verified by BSD Consulting, in keeping with AA1000 standards. A table showing the responses to the GRI indicators appears at the end of the Report. (Profile 3.12)

This Report is the work of hundreds of people who provide information and indicators on the bank’s performance throughout the year. It demonstrates a process of continuous improvement and ongoing development of our management practices. Your comments, questions, criticisms and suggestions are important to us. Please send them to comunicacao.corporativa@itau-unibanco.com.br. (Profile 3.4)

Enjoy the Report!
Message from the Chairman of the Board (Profile 1.1)

Despite adverse global economic conditions, we became one of the world’s ten largest banks by market value

Three years have passed since one of the international financial market’s largest mergers, and I take great pleasure in seeing the many areas and ways in which our daily operations are driven by the combined values of the institutions that make up Itaú Unibanco. The integration has now become so complete and far-reaching that the subject is really only discussed at times like this, when we sit down to review our accomplishments. And I am even more pleased when I realize that despite the uncertainties of economies worldwide, Brazil and Itaú Unibanco continue to provide superior, sustainable performance.

Getting more specific, let’s begin by analyzing the global economy. In 2011, the risk of a disintegrating euro switched for the first time from a taboo subject to a major talking point in official circles, and a key variable to be factored into company and investor planning scenarios. The European crisis moved from the wings to center stage and began threatening economies such as Spain and Italy, whose debts came under severe scrutiny and suspicion, resulting in high interest rates.

In the midst of advances and declines, alarm bells and volatility, and after several emergency summits, the euro...
The bank is committed to having an efficiency ratio of 41% by the end of 2013, and we are well on the way to achieving this goal.
has ranked us among the world’s ten largest banks. However, in absolute terms our share price performance lagged in 2011, closing the year 14.6% below its opening value in local currency terms. In early 2012 the price made a considerable recovery, reflecting the strong fundamentals of the company and the country. Finally, the bank received many awards during the period, chief among them the Financial Times and International Finance Corporation (IFC) Award for Sustainable Bank of the Year.

All these results and achievements were only possible because of the enormous amount of talent in our organization. And so, for Itaú Unibanco to continue being a benchmark in attracting and retaining talent, Roberto Setubal and I have chosen meritocracy as the major theme for our corporate culture project in the coming years.

Much more than a model for career management or the pursuit of excellence, for Itaú Unibanco meritocracy is a matter of survival. As we operate in a market that is strongly determined by the ability of each institution to attract, train and retain talent, this is the approach we have to take, because nothing is more crucial to developing talent and building a unique corporate culture than the practice of continuous, uncompromising meritocracy.

At Itaú Unibanco we believe the people that generate additional value for the institution must always be recognized for their efforts. The ultimate goal of the meritocratic process is to set our unique people apart. When choosing a place to work, talented professionals increasingly look at an organization’s environment, with meritocracy being one of the major prerequisites. And as talent attracts talent, an environment where meritocracy prevails tends to create a virtuous cycle of attraction and workforce development. That’s what we believe, and what we tirelessly work toward.

At the end of the year the Board of Directors began a long and complex review of our organization’s risk appetite. This issue, which is vital to the bank’s future development profile, was discussed at length by the Risk Committee, and its proposal to the Board, which is based on sound processes and methodology, will be the subject of considerable analysis during the first half of 2012.

In closing, I would like to thank all the shareholders, customers, partners and employees of Itaú Unibanco, on whom we rely to build our vision for the future: to be the leading bank in sustainable performance and customer satisfaction.

Pedro Moreira Salles
Chairman of the Board of Directors
Message from the President (Profile 1.1)

With the integration process between Itaú and Unibanco fully completed, in 2011 we focused on increasing our efficiency

We faced many challenges in 2011, which is yet another reason to celebrate our robust portfolio growth and the improving ratio between income and expenses, which helped us post profits of R$14.6 billion. These achievements were coupled with the successful completion of our integration, which could only have been possible with Itaú Unibanco’s many star players, who always play for the team.

Operationally, the merger process between Itaú and Unibanco, which began in November 2008, encountered few problems. From a corporate culture standpoint we were very successful, attaining a high level of motivation within the bank. This is underlined by the findings of Speak Frankly, our internal research survey, which show that from 2009 to 2011 employee satisfaction climbed from 69% to 75%.

Even in a year of high volatility internationally, especially since August, we reaffirmed our commitment to Brazil’s economy through continued expansion of our credit portfolio, and the results we posted during 2011 reflect our obligation to the development of the country.

In 2011 we also advanced our international expansion efforts, which are focused primarily on Latin America.

Above all, we believe it’s impossible to provide good service if we’re not efficient

Roberto Setubal
Our relationships, policies and products will only be sustainable if they are good for our customers, employees, shareholders and the general public

We seek to be the region’s business bank of choice, whether for large local companies, multinational companies with local subsidiaries, or investors in general.

In 2012 we will continue to focus on expanding our business in the Americas, particularly Latin America, whose economies have been quite strong, despite the international crisis. Our regional progress will thus depend in large part on specific acquisition opportunities that arise in Latin America and, eventually, the United States.

With all the integration effort now behind us, in 2011 we set a new goal for the bank to reach in the years ahead: efficiency. Our objective is to achieve an efficiency ratio of 41% by the end of 2013, down from the 47.7% we recorded in 2011. This means we will need to invest R$0.41 to generate R$1 of revenue.

To achieve this result our Efficiency Project is now being implemented across all business areas, and is designed to develop indicators that will help us monitor targets for increased revenues, reduced costs and greater savings.

When we talk about efficiency we are not thinking solely of spending cuts: we want our revenues to grow faster than expenses. Accordingly, we are concentrating our efforts on improving processes and seeking out innovations so the relationships with our customers become increasingly long-term.

Above all, we believe that it’s impossible to provide good customer service if we’re not efficient. By having highly skilled personnel and a focus on meritocracy, as well as better structures and more intelligent processes, we want to become more efficient at quickly and easily offering improved products and services. Only then can we continue growing and creating value for shareholders, customers and society.

We are clearly aware that this position is in stark contrast to our rankings from Brazil’s consumer protection agencies, and so our focus continues to be on reducing the number of complaints registered against the bank. We are dissatisfied and uncomfortable with our performance and are currently working on several quality management programs to improve our standing on complaints and increase customer satisfaction, which are among our most important goals for 2012.

We know that everything the bank does in its daily activities must be sustainable. Due to commitments and practices behind this stance we were recognized as the Sustainable Bank of The Year by the Financial Times and the International Finance Corporation. This result was immensely satisfying, in light of the degree to which these renowned institutions investigated our practices, beliefs and goals, which involved evaluations of our human resources, technology and customer relationships policies, and even how prices, fees, services and interest rates are shown on
our bank statements. In the same vein, for the 12th consecutive year we were part of the Dow Jones Sustainability World Index (DJSI) and the São Paulo Stock Exchange Corporate Sustainability Index (ISE BM&FBovespa).

All this helped us further refine the concept of sustainable performance in 2011. After an extensive internal dialogue process we agreed that our relationships, policies and products will only be sustainable if they are good for our customers, employees, shareholders and the general public. As a result, we redefined three strategic focus areas: Financial Education, Dialogue and Transparency, and Socio-environmental Risks and Opportunities.

I believe that 2012 will be a difficult year due to changes that are occurring in the world, specifically those in Europe. A series of questions and risks arising from these changes may gain international traction and be reflected in Brazil’s economic growth, which should reach approximately 3.5%. However, we expect Brazil to fare well, even with subsequent adjustments to its economy.

Our outlook for Itaú Unibanco is very positive, as 2012 will be the first year our operations will be fully integrated, and we stand even more ready to generate greater value for shareholders, customers and society.

Sincerely,

Roberto Setubal
President and CEO, Itaú Unibanco Holding S.A.
2011 Highlights
In 2011 Itaú Unibanco received the *Financial Times* and IFC Award for Sustainable Bank of the Year
2011 FT/IFC Sustainable Finance Awards

– In June, 2011 we were recognized as Sustainable Bank of the Year by the Financial Times and IFC, the World Bank’s private sector financing arm. Itaú Unibanco has also been on the Dow Jones Sustainability World Index since the DJSI began in 1999.

2011 FT/IFC Sustainable Finance Awards

- In June 2011 Itaú Unibanco was recognized by the Financial Times and IFC, the private sector financing arm of the World Bank, as Sustainable Bank of the Year. Itaú Unibanco was also part of the DJSI, and has been so since the Index began in 1999.

Focus on meritocracy and efficiency

– During the 2011 Leaders Meeting, Roberto Setubal and Pedro Moreira Salles spoke to 12,000 managers about the bank’s new strategic focus areas: meritocracy and efficiency.

New sustainability strategy

– The Executive Committee approved the idea of sustainable performance and the Sustainability Roadmap, which shows how we integrate sustainability with our business strategies.

Transparency 100% Program

– Launched in August 2011, the Transparency 100% Program is designed to make the bank’s communications clearer, simpler and more objective, and to provide more open dialogue with our customers, based on financial education and innovation.

Morro do Alemão branch (RJ)

– In September the bank opened its first branch in the Complexo do Alemão, a community in the northern part of the city of Rio de Janeiro. Beginning in early 2011 we installed five automated teller machine (ATM) kiosks in Rio de Janeiro communities where Pacifying Police Units (UPP) operate, targeting favelas controlled by criminal organizations.

Itaú among the world’s most valuable brands

– Valued by Interbrand at over R$24 billion, Itaú was Brazil’s most valuable brand for the eighth consecutive year. In 2011 Itaú was ranked for the first time by the Financial Times publication BrandZ as being among the world’s 100 most valuable brands.

First electronic bank account

– iConta was designed for customers who only want to use the bank’s electronic channels—Itaú 30 Horas internet banking, telephone (electronic service), mobile, iPad and ATMs. Transactions using the iConta package are unlimited and free.

Urban mobility

– Itaú Unibanco is a partner in the Bike Rio project, whose goals are to encourage the use of bicycles as a non-polluting means of transport, and contribute to urban mobility and physical fitness.
To make our reporting even clearer and more transparent, below are three tables which outline our challenges.

### 2012 Challenges taken on for 2012

<table>
<thead>
<tr>
<th>Challenges</th>
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<tbody>
<tr>
<td>Improve the efficiency ratio by two to three percent by the end of 2013.</td>
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<tr>
<td>Open an Itaú Unibanco branch in every Brazilian city of over 40,000 inhabitants.</td>
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<tr>
<td>Promote the growth of the Itaú Uniclass portfolio from 2.1 million to 2.5 million customers by the end of 2012.</td>
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<tr>
<td>Increase the scale of Itaú Microcredit operations through partnerships, and promote an 80% growth in the customer portfolio.</td>
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<tr>
<td>Reduce credit card fees in the second half of 2012 in response to greater competition in the market.</td>
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<td>Introduce a sustainability ratio and new products related to Itaú BBA’s socio-environmental area.</td>
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<tr>
<td>Strengthen the relationship between Itaú BBA’s socio-environmental area and its clients to add value and reduce risks.</td>
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<tr>
<td>Complete the intranet portal that will combine all current bank portals. In 2011, 40 of the bank’s 200 intranet portals were combined as part of this new single portal.</td>
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<tr>
<td>Complete the modernization of the old Avenida do Estado Data Processing Center. In 2012 a total of 3,000 m² will be renovated, leading to a 43% reduction in electricity consumption at this facility.</td>
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<tr>
<td>Install fingerprint and facial recognition technology systems at 4,380 branches.</td>
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<tr>
<td>Build a sustainability dashboard featuring objectives, targets, action plans and indicators related to the three strategic focus areas of our business sustainability strategy.</td>
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<tr>
<td>Expand the number of telepresence facilities throughout the Mercosul region. The goal is to create five more telepresence rooms and ten more videoconference rooms by the end of 2012.</td>
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<tr>
<td>Open the museum that will house and display Instituto Itaú Cultural’s Brasiliana exhibit and coin collection.</td>
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<tr>
<td>Strengthen partnerships with the general public by focusing on education management and the implementation of intersectoral policies for comprehensive education (school, family and community).</td>
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<tr>
<td>Publicize and encourage the economic assessment methodology for social programs and projects.</td>
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<tr>
<td>Contribute to the further involvement of Itaú Unibanco employees in volunteer activities.</td>
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<tr>
<td>Implement the new sustainability governance in Itaú Unibanco. (Sustainability)</td>
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<tr>
<td>Conduct dialogues with experts and other stakeholders to refine and legitimize the platforms. (Sustainability)</td>
</tr>
<tr>
<td>To meet increasing market competitiveness, lower the fees charged by the Credit cards segment as of the second half of 2012. (Consumer Lending)</td>
</tr>
<tr>
<td>Maintain market share in the Credit cards segment. (Consumer Lending)</td>
</tr>
<tr>
<td>Apply the Japanese Kaizen (zero error) model in all Consumer Lending processes, which will be reviewed and redesigned. (Consumer Lending)</td>
</tr>
</tbody>
</table>
## Challenges

Participate in corporate and financial sector initiatives for Rio+20. (Sustainability)

Launch the Film, Music and Dance encyclopedias and the new website to commemorate the 25th anniversary of Instituto Itaú Cultural. (Instituto Itaú Cultural)

Open the museum which will display the Itaú Cultural Brasiliana collection and coin collection. (Instituto Itaú Cultural)

Promote public showings of the Institute’s collections in more than ten exhibits to be held in Brazil and Latin America. (Instituto Itaú Cultural)

### 2011 Results of the main challenges taken on in 2011.

<table>
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<tr>
<th>Challenges</th>
<th>Results</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Increase Itaú Unibanco’s market share in other areas of South America where it operates (Argentina, Chile, Uruguay and Paraguay).</td>
<td>Met</td>
<td>The bank increased its share of lending in Southern Cone countries. In Argentina its share rose from 1.4% to 1.6% (as of October 2011); in Chile from 3.5% to 3.9% (as of November 2011); in Paraguay from 14.6% to 16% (as of November 2011); and in Uruguay from 8.5% to 9.6% (as of December 2011). In all Latin American countries where the bank operates, its increase in market share exceeded set targets.</td>
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<tr>
<td>Expand the overseas branch network.</td>
<td>Met</td>
<td>We opened 12 branches in Chile, eight in Paraguay and one in Uruguay.</td>
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<tr>
<td>Expand the corporate segment in markets abroad, with a focus on small and medium-sized enterprises (SMEs).</td>
<td>Met</td>
<td>The credit portfolio for small and medium-sized enterprises grew 39.7% in 2011.</td>
</tr>
<tr>
<td>Consolidate our corporate culture.</td>
<td>Partially met</td>
<td>We made advances on this front, but the new culture is still a work in progress.</td>
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<tr>
<td>Strengthen meritocracy in the organization.</td>
<td>Partially met</td>
<td>We had considerable achievements such as the implementation of periodic performance evaluations, which are an important tool for the pursuit of meritocracy. This is one of the strategic issues the entire organization will be working on in coming years.</td>
</tr>
<tr>
<td>Migrate 600 branches to the new visual layout standard.</td>
<td>Partially met</td>
<td>A total of 440 branches migrated to the new visual layout, and we reduced the renovation cost per square meter by 40%. The entire branch network will be renovated by 2013.</td>
</tr>
<tr>
<td>Implement a system-wide evaluation tool for the Know Your Supplier (KYS) procedure, and expand the categories to be assessed.</td>
<td>Met</td>
<td>The Know Your Supplier program helps us minimize the main risks associated with our relationships with companies that are unqualified or suspected of involvement in illegal activity. This system-wide tool was made available and expanded to provide assessments for new categories.</td>
</tr>
<tr>
<td>Complete scheduled alterations to and maintenance of administrative facilities to expand the practices of eco-efficiency (water reuse, efficient use of cisterns, lower electricity use).</td>
<td>Partially met</td>
<td>Currently, 95% of the buildings have been renovated, and all buildings are expected to be completed by mid-2012.</td>
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<tr>
<td>Challenges</td>
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<td>Comments</td>
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<tr>
<td>Maintain Itaú BBA’s growth.</td>
<td>Met</td>
<td>Itaú BBA grew 7.7% in operating income, while its loans, joint obligations and securities portfolio grew 20.3% (net of customers that migrated in 2011). Cash management transactions rose 28%. Itaú BBA’s average return on equity was 25.1%.</td>
</tr>
<tr>
<td>Increase Itaú BBA’s share of fixed income and equities issues in Latin American companies.</td>
<td>Met</td>
<td>Itaú BBA coordinated 19 of 23 public offerings in Brazil in 2011, plus four issues in Latin America (all in Argentina), totaling US$3.8 billion, compared with none in 2010, plus four issues totaling US$400 million, against just one in 2010. The wholesale bank also expanded its research coverage to 82% of the MSCI Latin America. Within the Latam fee pool, it maintained its results and increased its share in revenues originating in the region (its percentage of the fee pool rose from 7% in 2010 to 9.3% in 2011).</td>
</tr>
<tr>
<td>Expand Itaú BBA’s corporate client business.</td>
<td>Met</td>
<td>Itaú BBA brought on 400 clients from Itaú Unibanco and 1,600 groups with sales of R$350 million to R$1 billion. The wholesale bank’s portfolio grew 33%, with exposure at default (EAD) reaching R$28 billion (plus R$6 billion from migrating customers).</td>
</tr>
<tr>
<td>Improve Itaú BBA’s service to ultra large corporate clients.</td>
<td>Met</td>
<td>Itaú BBA redefined its internal customer segmentation in September, 2011, and created the Ultra Large segment to serve 250 groups with annual sales exceeding R$5 billion. This new segment has subsequently grown 8%.</td>
</tr>
<tr>
<td>Implement Green Protocol commitments at Itaú BBA.</td>
<td>Partially met</td>
<td>Itaú BBA is working on the indicators and participates in working groups to review and identify priority issues.</td>
</tr>
<tr>
<td>Itaú BBA to continue as an active member of the Equator Principles Steering Committee.</td>
<td>Met</td>
<td>As a result of Itaú BBA’s active participation and leadership in discussions on the revision of the Equator Principles, in October, 2011 Itaú Unibanco was re-elected as a member of the Equator Principles Steering Committee.</td>
</tr>
<tr>
<td>Conduct Itaú BBA team training in climate change, and develop, in the medium and long terms, mitigation and adaptation instruments and measures, including financing mechanisms.</td>
<td>Met</td>
<td>Itaú BBA participates in the revision of the Equator Principles, acts as a leading emerging markets bank in discussions related to climate change, and contributes to the establishment of effective criteria applicable to Brazil and emerging markets. Additionally, in 2011 Itaú BBA began negotiations internally and with clients to identify carbon credit business opportunities. These revenue-generating possibilities are being studied.</td>
</tr>
<tr>
<td>Promote the international expansion of internal audits, with the strengthening of external structures in Latin America and the review of employee profiles.</td>
<td>Met</td>
<td>We increased the number of visits to various units and held meetings with regulators, executives, the Audit Committee and local audit teams to help strengthen our governance and relationships in various areas, and identify development needs.</td>
</tr>
<tr>
<td>Implement sourcing, analysis and statistical tools to assist internal audits.</td>
<td>Met</td>
<td>A structure that optimizes the use of technology in auditing was implemented, allowing the scope of the work to go beyond its traditional limits to incorporate, among other elements, cyclical and continuous statistical analyses of material risks. This allows the auditor to migrate the operating strategy, based on sample items, to the strategic review of all transactions during an analysis period.</td>
</tr>
<tr>
<td>Challenges</td>
<td>Results</td>
<td>Comments</td>
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<tr>
<td>Expand the automation of internal audit processes.</td>
<td>Met</td>
<td>The ability and extent of audit testing was expanded through the application of database processing tools such as Audit Command Language (ACL) and Statistical Analysis System (SAS). Processes to retain and multiply knowledge in data analyses were implemented to generate audit efficiency gains. For support processes, improvements were made in the audit management system, such as automating the material risks matrix, and operational improvements in the flow of integrated audits, which are focused on business and technology. The audit report is now electronic, generating savings of 34,000 pages per year and reducing delivery costs.</td>
</tr>
<tr>
<td>Create a structure to facilitate project audits, with a focus on evaluating offices and monitoring the company’s critical projects.</td>
<td>Met</td>
<td>We implemented an approach aligned with best practices in project management, which includes assessment analysis of the management of scope, time, human resources, risk, quality, budget, communication, acquisition and integration. Audits were carried out on five projects, plus two on project offices and 13 on project monitoring.</td>
</tr>
<tr>
<td>Increase systematic evaluation of fraud, money laundering, regulatory and image risks.</td>
<td>Met</td>
<td>We audited the unit responsible for the Prevention of Unlawful Acts program and the validation of anti-money laundering sectoral policies, as well as investigative control of suspicious foreign exchange transactions. For the business units we evaluated the performance of sectoral policies and the adequacy of their structures, procedures and regulatory reporting. Regulatory risks are assessed in all studies, and in 2011 we obtained a comprehensive overview of the performance of the corporate area’s Internal Controls and Compliance, based on the findings of routine audits. Assessments of fraud and image risks are within the scope of routine audits on the business units.</td>
</tr>
<tr>
<td>Expand coverage of the Sarbanes-Oxley Act (SOX) in internal audit work routines.</td>
<td>Met</td>
<td>Our synergy with the external auditors for the application of independent audit work was strengthened. The number of SOX controls tested in routine work increased from 436 to 644, a 48% increase. In addition to meeting International Financial Reporting Standards (IFRS) regulations, 138 SOX controls were tested, totaling 782 checks, an increase of 79%.</td>
</tr>
<tr>
<td>Complete the contract review process, and ensure that contracts are written in clear Portuguese.</td>
<td>Partially met</td>
<td>The review of contracts was completed for almost all individual customer service processes. The contract language is now clear, simple and straightforward.</td>
</tr>
<tr>
<td>Expand dispute management model and work more closely with the Federal Attorney General and the judiciary.</td>
<td>Met</td>
<td>We constantly re-evaluated our practices and participated in discussions with the Federal Attorney General and the judiciary on how we could help improve our management. We also proposed alternative, ethical and transparent solutions for resolving large numbers of lawsuits.</td>
</tr>
<tr>
<td>Reduce the number and cost of legal actions.</td>
<td>Partially met</td>
<td>The bank is choosing to defend those cases which can be supported by strong evidence and where there is a good chance of winning, and has set an 80% success rate target for the end of 2012. As the bank is now able to reach more settlements with customers, it is helping the judiciary by reducing the number of cases to be tried. This also helps the financial system by identifying and presenting relevant issues to judges.</td>
</tr>
<tr>
<td>Challenges</td>
<td>Results</td>
<td>Comments</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Develop systems that consume less energy and use fewer physical resources to help make the Data Processing Centers more efficient.</td>
<td>Met</td>
<td>Improvement actions in the development of systems and carefully selected applications that support our businesses allowed the large-scale adoption of virtualized environments, which consequently reduced and/or prevented volume increases in 233 physical servers in the data centers.</td>
</tr>
<tr>
<td>Reassess the application systems, making them more efficient in terms of machinery efficiency, and reducing energy use in consumption of materials like paper.</td>
<td>Met</td>
<td>This is an ongoing program that seeks to reduce energy use by 5% in all applications used at the bank.</td>
</tr>
<tr>
<td>Double the size of the property loans portfolio.</td>
<td>Partially met</td>
<td>As at December 31, 2011 the mortgage lending portfolio reached R$20.1 billion, up 51% year-on-year.</td>
</tr>
<tr>
<td>Expand the Itaú Companies Certification program for the entire Corporate area.</td>
<td>Met</td>
<td>In 2011 we expanded the Itaú Companies Certification (Ciemp) program to the Corporate area’s products team. By the end of 2013 we expect to expand Ciemp to our commercial and operations areas.</td>
</tr>
<tr>
<td>Complete unification of treasury operations.</td>
<td>Partially met</td>
<td>The unification of treasury operations was not completed due to the complexity of the process, which will now be finished in 2013.</td>
</tr>
<tr>
<td>Proceed with implementing the Flow (Fluir) Platform (which reformulates financial processes).</td>
<td>Met</td>
<td>The project proceeded: four products were inserted into the platform in 2011. In 2012 the goal is to have 50% of our products included in the platform.</td>
</tr>
<tr>
<td>Prepare consolidated financial statements under IFRS.</td>
<td>Met</td>
<td>Itaú Unibanco Holding’s statements are released quarterly under IFRS.</td>
</tr>
<tr>
<td>Achieve a higher industry market share and contribute a greater portion of the bank’s income, maintaining the focus on operational efficiency and quality of customer service.</td>
<td>Met</td>
<td>Regarding market share, the Superintendence of Private Insurance (Susep), the agency responsible for disclosing information to the market, has not updated its information since July 2011, making it impossible for us to measure our market share of the insurance industry. In terms of its portion of Itaú Unibanco’s income, the Security Index grew 11.5% from January to September 2010, and 12.9% in the same period in 2011. When we close the fourth quarter we can make an annual comparison. As for service quality, in 2011 we recorded a 19% yearly drop in the number of complaints from insurance customers (except Garantec) received by Procon consumer protection agencies.</td>
</tr>
</tbody>
</table>

**Results**

- Met: 75%
- Partially met: 25%

Total 32 challenges
24 met and 8 partially met
## 2010

### Challenges undertaken in 2010 which were only partially met or not met.

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Results in 2011</th>
<th>Results in 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand programs for the capture and reuse of rainwater.</td>
<td>Partially met&lt;br&gt;The installation of a rainwater capture tank (for use in toilets in Building A at the Tatuapé Administrative Center) was begun.</td>
<td>Met&lt;br&gt;Construction of the water reuse tank began in May 2010, and the system began operating in September 2011.</td>
</tr>
<tr>
<td>Replace the flushing systems at all administrative centers to achieve minimum savings of 20% to 40% in water consumption.</td>
<td>Partially met&lt;br&gt;Facilities at the main administrative centers were upgraded. The new layout features water-saving taps, dual-flush toilets and urinals that use just 0.8 liters per flush.</td>
<td>Met&lt;br&gt;Currently, about 95% of the scheduled renovations to the main buildings have been completed, with the remainder planned for mid-2012.</td>
</tr>
<tr>
<td>Implement an environmental management system for operations.</td>
<td>Partially met&lt;br&gt;The Tatuapé Administrative Center, one of our main administration buildings, is undergoing its International Organization for Standardization (ISO) 14001 certification process. One of the improvements now in place is an Environmental Management System, which controls and measures the use of various resources, as well as the creation of waste material and other items which can impact the environment.</td>
<td>Met&lt;br&gt;- The Environmental Management System meets approximately 200 environmental laws applicable to the building.&lt;br&gt;- Implementation of about 50 regulatory standards (NBRs/NRs).&lt;br&gt;- Management and control of about 60 environmental aspects.&lt;br&gt;- Confirmation of filing of legal documents from applicable environmental agencies.&lt;br&gt;- Implementation of specific goals and objectives.&lt;br&gt;- Gradual elimination of R22 gases which are harmful to the ozone layer.&lt;br&gt;- In-person training for about 1,000 service providers and e-learning training for more than 4,200 employees at the Tatuapé Administrative Center.&lt;br&gt;- Implementation of waste disposal controls.&lt;br&gt;- Installation of a gas emissions scrubber.</td>
</tr>
<tr>
<td>Use recycled water in the cooling towers at those administration buildings which currently do not use this system.</td>
<td>Not met&lt;br&gt;The project is still being studied.</td>
<td>Partially met&lt;br&gt;The Technology Center is in the process of finalizing the implementation of the reuse of water by using treated effluent in the replacement of evaporative losses in five cooling towers. This project will be completed and come into operation in mid-2012.</td>
</tr>
<tr>
<td>Challenges tables</td>
<td>Partially met</td>
<td>Partially met</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Design and install a waste management program to define processes, register occurrences and encourage service providers to improve their practices.</td>
<td>A waste management program was implemented at the Tatuapé Administrative Center to control, monitor and reduce the creation of waste materials and their environmental impacts and ensure suitable waste disposal. We expect these actions to be gradually replicated at other sites.</td>
<td>In 2011, ISO 14001 was implemented at the Tatuapé Administrative Center and the waste management program is part of this system. In the other administration center buildings about 64% of all waste generated was recycled. Other wastes from construction and maintenance are being properly disposed of, such as fluorescent lamps, collection and shredding of documents from the files, collection of class II (individual equipment, etc.) and III (petroleum, oil and lubricants) material at the Rudge Ramos facility, and the collection of class II material at the São Caetano facility and other units.</td>
</tr>
<tr>
<td>Upgrade the Suppliers’ website to include methodologies incorporated after the merger.</td>
<td>We implemented various improvements in the suppliers system, such as new status management and internal supplier registration tools, the inclusion of documents for supplementary analysis, the creation of new information fields —allowing additional analysis— and the development of an automated Pulsed Laser Deposition (PLD) process system. In 2011, we will implement an automated Know Your Supplier evaluation and other improvements.</td>
<td>We completed the implementation of the automated KYS evaluation system. We developed a plan for visits to suppliers and provided a document to the market which allows our main suppliers to map their conduct related to values, transparency and socio-environmental management. We created the Sustainability Dialogue program for engaging with suppliers. In partnership with Labor Relations authorities, we established a more robust plan for periodic monitoring of our labor-intensive categories.</td>
</tr>
<tr>
<td>Reach 80,000 schools and 300,000 educators through the Portuguese Language Olympics – Writing the Future.</td>
<td>The Portuguese Language Olympics – Writing the Future, promoted by Fundação Itaú Social, reached 239,000 educators and 60,000 schools.</td>
<td>As this action occurs every two years, there was no change in the numbers in 2011.</td>
</tr>
<tr>
<td>Expand the Instituto Itaú Cultural virtual databases through the introduction of Film, Dance and Music encyclopedias and a new website, all of which will broaden the reach of the portal through content geared to discussions on Brazilian art and culture.</td>
<td>Instituto Itaú Cultural is studying the release of the Film, Dance and Music encyclopedias. The new site was not launched due to technological development problems.</td>
<td>The new encyclopedias are having their entries written. The site has not been launched due to development problems encountered by the company that was responsible for the new project.</td>
</tr>
<tr>
<td>Transfer technology from the Among Youth program to the Rio de Janeiro Municipal Secretary of Education, to be implemented experimentally in 349 schools in the public school system.</td>
<td>Not met</td>
<td>The technology was applied in the schools, but the transfer has not yet occurred. The Transfer project was designed and its timeframe was set based on a strategy approved by the Instituto Unibanco Board of Directors and Executive Board.</td>
</tr>
</tbody>
</table>

| Results | 55.5% | 33.3% | 11.1% |

Total 9 challenges
5 met and 3 partially met

1 A challenge where an activity is conducted every two years
27/09/1924 founding date

104,542 employees in Brazil and abroad (Profile 2.8)

4,072 full-service branches in Brazil and abroad

912 banking services outlets (PABs)

28,769 ATMs

Note: figures as at December 31, 2011.

Itaú Unibanco shares are traded on the following exchanges:
São Paulo Stock Exchange (BM&FBovespa)
Buenos Aires Stock Exchange (BCBA)
New York Stock Exchange (NYSE)

Principal brand (Profile 2.2)

Other brands (Profile 2.2)

Products and/or services offered by Itaú Unibanco: (Profiles 2.2 and 2.8)

Retail Bank
Microcredit
Small and Medium-sized Enterprises
Credit Cards
Real Estate Finance

Wealth Management and Services
Vehicle Finance
Redecard
Wholesale Bank
Investment Bank

Treasury
Insurance
Pensions
Capitalization
Itaú Unibanco’s broad base of consumer and corporate customers is offered a wide range of banking services through our integrated Retail Bank, Itaú BBA and Consumer Credit segments. (Profiles 2.2, 2.3 and 2.8)

The Retail Bank segment offers a wide range of banking services to a broad base of individuals and companies, including insurance products, pensions and capitalization, credit cards, asset management, loans, and custom products and solutions specifically designed to meet our customers’ needs. This segment is an important source of funding for our operations and generates significant earnings and service delivery. (Profile 2.2 and 2.8)

Itaú BBA is responsible for serving the corporate segment and for investment banking activities. Its management model is based on forming close relationships with clients to meet their needs and offer customized solutions. The corporate service segment includes providing banking services to large companies, while its Investment Bank activities provide funding for this segment through instruments such as fixed income and equities. (Profiles 2.2 and 2.8)

The Consumer Credit segment provides account holders and non-account holders with financial products and services like vehicle financing, credit cards and loans to low-income consumers. (Profiles 2.2 and 2.8)

Itaú Unibanco also has a wide range of overseas operations and has strengthened its international presence with strategically located units in 20 countries and two territories spread across the Americas, Europe and Asia. This allows the bank to create substantial synergies in trade finance and placement of Eurobonds, and offer more sophisticated financial transactions and private banking operations. In the southern hemisphere (Argentina, Brazil, Chile, Paraguay and Uruguay), Itaú Unibanco is a full-service bank, with operations in areas such as retail, corporate, private and institutional client banking. In the northern hemisphere the organisation’s activities are focused primarily on corporate and private banking, with the exception of Japan, which is the only country in the region where we have retail operations. (Profiles 2.2 and 2.8)
Itaú Unibanco operates in 20 countries and two territories

**International Presence by Operating Segment**

<table>
<thead>
<tr>
<th>Country</th>
<th>Retail Banking</th>
<th>Private Banking</th>
<th>Corporate</th>
<th>Institutional Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Bahamas</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>✓ (**)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Argentina</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chile</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Uruguay</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Paraguay</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colombia</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>✓ (***)</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(\*) start-up focused on non-account holders
(***) focused primarily on remittances to Brazil
### Itaú Unibanco Holding S.A. Shareholding Structure as at December 31, 2011 (Profile 2.9)

<table>
<thead>
<tr>
<th>Acionista</th>
<th>Common Shares %</th>
<th>Preferred Shares %</th>
<th>Total shares %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itaúsa (Investments Itaú S.A.)</td>
<td>38.664577</td>
<td>0.003379</td>
<td>19.366274</td>
</tr>
<tr>
<td>Iupar (Itaú Unibanco</td>
<td>51.000002</td>
<td>0</td>
<td>25.542604</td>
</tr>
<tr>
<td>Participações S.A.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock, Inc.</td>
<td>0</td>
<td>6.983355</td>
<td>3.485844</td>
</tr>
<tr>
<td>Others</td>
<td>10.335329</td>
<td>90.519895</td>
<td>50.360630</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>0.000092</td>
<td>2.493371</td>
<td>1.244648</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

In 2011 the bank announced the split and reverse split of Itaú Unibanco Holding S.A.’s shares, as shown below. (Profile 2.9)

<table>
<thead>
<tr>
<th>Initial amount</th>
<th>Resulting amount – After reverse split</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total shares</td>
<td>45,709,361</td>
</tr>
<tr>
<td>Common Shares</td>
<td>22,892,864</td>
</tr>
<tr>
<td>Preferred Shares</td>
<td>22,816,497</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Initial amount</th>
<th>Resulting amount – After split</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Common Shares</td>
<td>22,892,864</td>
</tr>
<tr>
<td>Preferred Shares</td>
<td>22,816,497</td>
</tr>
</tbody>
</table>
### Key Financial Indicators (Profile 2.8)

#### Total Assets (in R$ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>608.3</td>
</tr>
<tr>
<td>2010</td>
<td>755.1</td>
</tr>
<tr>
<td>2011</td>
<td>851.3</td>
</tr>
</tbody>
</table>

#### Net Equity (in R$ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>50.7</td>
</tr>
<tr>
<td>2010</td>
<td>60.9</td>
</tr>
<tr>
<td>2011</td>
<td>71.3</td>
</tr>
</tbody>
</table>

#### Net Income (in R$ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>10.1</td>
</tr>
<tr>
<td>2010</td>
<td>13.3</td>
</tr>
<tr>
<td>2011</td>
<td>14.6</td>
</tr>
</tbody>
</table>

#### Solvency (Basel) Ratio* (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>16.7</td>
</tr>
<tr>
<td>2010</td>
<td>15.4</td>
</tr>
<tr>
<td>2011</td>
<td>16.4</td>
</tr>
</tbody>
</table>

* Consolidated

#### Total Loans, including endorsements and sureties (in R$ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>278.4</td>
</tr>
<tr>
<td>2010</td>
<td>333.4</td>
</tr>
<tr>
<td>2011</td>
<td>397.0</td>
</tr>
</tbody>
</table>

#### Efficiency Ratio (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>42.4</td>
</tr>
<tr>
<td>2010</td>
<td>49.1</td>
</tr>
<tr>
<td>2011</td>
<td>47.7</td>
</tr>
</tbody>
</table>

#### ROE* (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>22.3</td>
</tr>
<tr>
<td>2010</td>
<td>23.5</td>
</tr>
<tr>
<td>2011</td>
<td>22.3</td>
</tr>
</tbody>
</table>

* Average Recurring Return on Equity – Annualized

#### Proprietary Assets and under administration (in R$)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>855.1 billion</td>
</tr>
<tr>
<td>2010</td>
<td>1.0095 trillion</td>
</tr>
<tr>
<td>2011</td>
<td>1.1449 trillion</td>
</tr>
</tbody>
</table>
Distribution of Value Added (DVA)* – 2011 (EC1)

- 32.6% Staff
- 33.2% Reinvested Profits
- 23% Taxes
- 2.5% Third Parties
- 8.7% Shareholder Dividends

*Refers to the direct economic value generated and distributed by the organization, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and the government.

Total distributed in 2011
R$36.8 billion
Overview and Strategies
Efficiency in business and people management
November 2008 saw one of Latin America’s largest-ever banking mergers. Three years on, Itaú Unibanco is now an institution whose values and principles are recognized and admired by the entire market. Additionally, our consolidated organizational culture is now completely focused on achieving our vision: to be the leading bank in sustainable performance and customer satisfaction. (Profile 4.8)

To realize this vision we established Our Way of Making It Happen, a set of ten corporate culture attitudes that guide our teams.

To ensure business longevity we aim to create shared value for our employees, customers, shareholders and society. As a leader in Brazil and Latin America, we must act as a social agent of transformation and use our position of strength and abilities, as well as our technologies and expertise, to mobilize and inspire positive change in society. We can help give sustainability an increasingly fundamental role in financial sector practices.

In 2011 we overhauled various products and placed greater emphasis on financial education initiatives for our employees and customers. We also took on leadership roles in global forums and with projects that address these key issues, such as the Equator Principles and the Basel Accords.

In June 2011 we received the Sustainable Bank of the Year Award from the Financial Times and the IFC, the private sector lending arm of the World Bank. Winning this award reflects our commitment to sustainability, and clearly demonstrates that we are on the right path. However, we are fully aware that many opportunities remain to improve our activities and realize our vision.

To reach this level we have had to follow a path that required analysis, strategic vision, an openness to dialogue and the ability to understand how key global macro trends affect our business. This has allowed us to take a further step toward making sustainability a continuously growing part of the bank’s strategy, as expressed in our vision.

**Meritocracy**

At the 2011 Leaders Meeting, Roberto Setubal and Pedro Moreira Salles shared the bank’s new strategic focus areas meritocracy and efficiency with 12,000 managers from Brazil and the international units.

There are no top quality companies without top quality personnel. That’s why meritocracy is one of our key focus areas. For us, it means to lead people by recognizing and differentiating them according to their relative performance. Based on this belief, we can attract, train and retain talent, maintaining a virtuous circle which is vital to the survival of our organization.

Armed with transparent and objective evaluation criteria, we can fairly compensate those who went beyond what was expected of them (read more on meritocracy in the Employees section).
Efficiency

After two years devoted to the integration process, it is now time to focus even more on cost management as we once again move toward sustainable growth. To become more efficient we use the efficiency ratio, a metric which calculates the relationship between expenses and revenues. In 2010 our efficiency ratio was 49%, which means that for every R$1 we generated in revenue, we invested R$0.49. At the end of 2011 this figure was 47.7%. Our goal is to reach 41% by the end of 2013, a challenge that Itaú Unibanco has taken on in full view of the market and our shareholders. Such an achievement will only be possible through a better, more combined effort of our employees to streamline processes, reduce costs and increase revenues. Currently, Itaú Unibanco has the lowest efficiency ratio among Brazilian banks.

This is why we created the Efficiency Project, whose focus is on creating indicators that will help us monitor the goals of increasing revenue, reducing costs and saving resources. In addition to its activity in each business area, the Efficiency Project is active in corporate packages for the bank’s major expense items, such as personnel, operations, information technology (IT) and telecommunications, materials for mailings, cards and checks, call centers and marketing. Below are some recent results:

Call center package
- Standardization with dissemination of best practices between internal and external centers.
- Migration of customer contacts to less expensive channels (SMS and internet).

Call center expenses per client

Marketing package
- Unification of the brand
- Streamlining and standardization of relationships with suppliers
- Better use of direct mail

Marketing costs by operating income

Mail package
- Reduction of automatic mailings
- Switch to electronic communication with clients
- Better use of post office products

Mailing costs per client
But the Efficiency Project is not just about cutting costs. It’s essential that we review our expenses and assess whether they are really needed. This means we have to think like a business owner, identifying which money is well spent by the bank, so that it generates returns which can ultimately benefit our customers.

**Displaying quality**
- Increasing revenue
- Lowering costs
- Doing more with less
- Streamlining processes
- Having a sense of ownership

### The Itaú Brand

2011 was an important year for consolidating the purpose of our brand: to be an agent of transformation. As market leaders we understand our role and responsibility in changing the lives of our customers, society and country. This can be seen in the way we communicate, the stance we take and our everyday actions.

A strong brand is born within a company, in the hearts and minds of the people that develop it on a daily basis. From the moment they are hired, we seek to engage with our employees to be ambassadors for our brand and everything it represents.

We have developed projects designed to orient our customers to use their money better and use services and loans best suited to their needs. We have brought more transparency to our relationships by rewriting our contracts and account statements, making them more simple and straightforward. The evolution of a brand depends on the values consumers attach to it.

The brand was also recognized outside of Brazil. In 2011 the bank launched its first international campaign, which featured internationally known Latin American personalities such as actress Alice Braga and artist Vik Muniz.

The consistency of the brand-building process with our stakeholders and in all regions where we operate puts us on extremely solid footing for building a global brand with purpose and clearly defined attitudes.

### Efficiency Ratio Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Efficiency Ratio %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>53.1</td>
</tr>
<tr>
<td>2006</td>
<td>51.5</td>
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<td>2007</td>
<td>51.3</td>
</tr>
<tr>
<td>2008</td>
<td>49.5</td>
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<tr>
<td>2009</td>
<td>47.2</td>
</tr>
<tr>
<td>2010</td>
<td>49.1</td>
</tr>
<tr>
<td>9M/11</td>
<td>47.8</td>
</tr>
<tr>
<td>2012</td>
<td>41.0</td>
</tr>
</tbody>
</table>

Goal: 41.0
Sustainability Strategy
Below is a brief timeline showing the development of our sustainability strategy.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
</table>
| 2008 | Merger  
**The partnership begins** – On November 3, 2008, Itaú and Unibanco announced a merger which created the largest privately-controlled financial institution in the southern hemisphere. |
| 2009 | **Essence of Sustainability**  
**Starting point** – Publication of the Essence of Sustainability, featuring eight themes that defined the bank’s sustainability focus. |
| 2009 | **Stakeholder Panels in 2009**  
**Public dialogue** – Evaluation of the Essence of Sustainability in public dialogues with multi-stakeholders, and with specialists and employees. |
| 2010 | **A new bank, a new corporate identity**  
**Leaders Meeting**  
The new bank’s vision and corporate culture are presented, after a process involving over 16,000 staff members. |
| 2010 | **Definition of the brand 05/2010**  
**“Imagine” campaign**  
This campaign defined Itaú as the brand that would represent the company. |
| 2010 | **Integration of Unibanco branches ends**  
**“1+1>2” campaign**  
This campaign marked the end of the process to integrate the Unibanco branches with the Itaú branches. |
| 2010 | **Brand purpose**  
**Agent of transformation**  
At the end of 2010 we introduced the brand purpose: to be an agent of transformation. We see change as an intelligent means to grow, and to promote the development of the groups with which we interact. |
| 2011 | **New positioning of the bank**  
**“As the world changes, Itaú changes with you” campaign**  
This campaign marked a change in the bank’s institutional discourse, with lecturing giving way to conversing. |
| 2011 | **Second Leaders Meeting**  
**Meritocracy and Efficiency**  
This meeting was attended by 12,000 managers from Brazil and our international units, who were presented with the bank’s two new focus areas: Meritocracy and Efficiency. |
Collaborative process to build the new strategy

Workshop and interviews
Process of internal and external consultation plus alignment with senior management, which led to the definition of sustainable performance and the Sustainability Roadmap.

Transparency 100% Program

Focus on the client
A program designed for the bank to communicate with its customers in a simple, innovative way, based always on financial education.

Specialists Panel 2011

New sustainability strategy
In December, 2011 we hosted a panel with experts from various areas to hear suggestions and approve the components of our new Sustainability Roadmap, a strategy that was still under construction.

Approval by the Executive Committee

Sustainability strategy integrated with the business
The Executive Committee approved the definition of sustainable performance, as well as the map that integrates sustainability within the business agenda.

Sustainability Roadmap

Strategic focus areas and enabling fronts
The Sustainability Roadmap has three strategic focus areas, supported by four enabling fronts.

An organization’s sustainability strategy must be a process of continuous development and constant improvement in order to align the demands and expectations of society with the positioning and strategy of the business.

In this sense 2011 was a milestone year for the organization, as we redesigned our business sustainability strategy and renamed it the Itaú Unibanco Sustainability Roadmap. During this process we also established our view of sustainable performance, which is expressed in the bank’s vision.

Definition of sustainable performance and creation of the Sustainability Roadmap (Profile 3.5)

The work undertaken to achieve these two items – the Sustainability Roadmap and the definition of sustainable performance – involved distinct yet complementary steps:

2010
- an analysis of the results of stakeholder panels held in late 2009 to discuss the Essence of Sustainability, which enshrined the bank’s positioning on sustainability at that time;
- interviews with the Chairman of the Board, the CEO, vice presidents and various directors; and

2010/2011
- workshops with representatives from the bank’s business departments;
- approval of the new strategy by a new panel dialogue with outside experts;
- results of the work presented to the directors to ensure integration with our strategic business agenda;
- approval by the Sustainability Committee; and

2011
- an analysis of our vision and corporate culture (Our Way of Making It Happen), the meaning of our brand, the bank’s policies and regulations, plus voluntary commitments and agreements to which we are signatories;
- final approval by the Executive Committee.
Sustainable Performance

For Itaú Unibanco, sustainable performance means creating shared value for employees, customers, shareholders and society to ensure the longevity of the business. Sustainable performance can only be achieved through a series of interlinked factors which bring the expected result, as shown in the figure below:

Society
- Ongoing dialogue to learn expectations
- Partner in the development of people, society and the country
- Be an agent of transformation

Shareholders
- Long-term relationships
- Financial results

Customers
- Balanced relationships
- Financial solutions designed for the life cycle of each client
- Transparency
- Financial education
- Loyalty
- Incorporation of Environmental, Social and Corporate Governance (ESG) criteria in risk assessment and product design

Employees
- Development of people
- Incentives
- Meritocracy
- Corporate culture and environment
Overview and strategies

Employees
Pride in belonging
Everything starts with our employees and how we relate to them. We believe that by promoting the development of people through a robust culture, meritocracy, a good organizational environment and incentive practices that embrace our strategy over the long term, our employees will develop a growing sense of pride in belonging to Itaú Unibanco.

Satisfied employees who identify with the values and strategies of the organization are encouraged to develop and offer solutions which best meet the needs of our clients.

Shareholders
Creation of Shared Value
Having satisfied customers means we can be their bank of choice throughout their lives. This translates into positive financial results for our shareholders, and ensures the continuity of our business in the long run.

But Itaú Unibanco isn’t just about financial results. We also want to create shared value, because value implies a benefit for both parties, even if viewed from different angles. It incorporates our commitments and achievements, which are fundamental for us to remain the bank of choice of our customers.

Customers
Customer Satisfaction
Accordingly, we are on the right path to achieving customer satisfaction. We must promote more balanced and longer-term relationships based on providing transparent information, offering financial solutions designed for the life cycle of each individual client or company, and financial education. Additionally, we must take into account socio-environmental issues in the development of new products and services, and in risk analysis.

Society
This belief in shared value is the cornerstone of our actions on behalf of society. We want to be partners in the development of the people, society and countries where we operate, through an ongoing dialogue that allows us to learn their expectations and act ethically and responsibly in relation to the new challenges they bring, which ultimately makes us agents of transformation.

We believe that this is the right way of doing business, because the longer we remain the company of choice for our stakeholders, the closer we come to achieving sustainable performance.
The Sustainability Roadmap integrates our sustainability strategy with Itaú Unibanco’s business activities. It is based on three main focus areas: Dialogue and Transparency, Financial Education and Socio-environmental Risks and Opportunities. These three focus areas address subjects of strategic and significant importance to society and to the business sector in Brazil and around the world. We established four enabling fronts — structures from within the organization that cut across all units— which act as springboards to integrate and continually deepen the three focus areas for every Itaú Unibanco business activity. These fronts are: Culture, Governance and Management, Incentives and Efficiency.

**Financial Education**
Itaú Unibanco seeks to understand people’s needs so we can provide appropriate financial knowledge and solutions to individuals and companies, and help give them a positive relationship with money.

**Projects underway**
- Transparency 100% Program
- Conscientious Use of Money Program for Employees
  - Staff Members (Brazil and Latin America)
  - Multipliers
- Conscientious Use of Money Program
  - Conscientious Use of Money booklets at the branches
  - New Conscientious Use of Money website
  - Initiatives for Young People
- Projects in the Business Areas
  - Personal Banking
  - Itaú Microcredit
  - Corporate Banking
  - Credit Cards
  - Wealth Management & Services
- Fundação Itaú Social and Instituto Unibanco Ethical Sales
Dialogue and Transparency (Profile 4.16)
Build lasting relationships of trust to strengthen our business and create shared value.

Projects underway
Clients
- Transparency 100% Program
- Client Forum
Ombudsman
- Relationships with Consumer Protection Agencies
- Executives in Action
- Business Community
Shareholders and Investors
- Meetings with analysts and investors, and conducting road shows
- Annual Sustainability Report
Financial Market
- Engagement on the Principles for Responsible Investment
Employees
- Organizational environment survey
- Ombudsman for employees
- Open Doors
- Sustainable Ideas Database
Suppliers
- Engagement with suppliers
- Socio-environmental risk criteria in supplier risks
Positive Agenda with Governmental Bodies
- Agenda for the United Nations Conference on Sustainable Development (Rio+20)
- Social Media (Facebook, Twitter, YouTube and Instagram)
- Itaú Sustainable Finance Program
- Dialogue with specialists
- Reputation and Crisis Management Program

Socio-environmental Risks and Opportunities
Itaú Unibanco seeks business opportunities and the management of socio-environmental risks based on market trends and regulations, as well as customer and society demands.

Projects underway
Credit
- Socio-environmental risk analysis
- Differentiated credit lines
- Sustainability in real estate financing
- Microcredit
Investments
- Principles for Responsible Investment
- Socio-environmental funds
Insurance
- Home insurance with environmental services
- Principles for Sustainability in Insurance
Paperless Itaú
Culture
Overview and strategies

Culture

Itaú Unibanco’s corporate culture, Our Way of Making It Happen, is how we seek to realize our vision: “to be the leading bank in sustainable performance and customer satisfaction”. That’s why it’s essential that all internal culture processes are aligned with our sustainability strategy. As of 2012 these sustainability guidelines will be applied to all our educational programs, especially leadership training. Additionally, sustainability will no longer be a category of the Walther Moreira Salles Award, and sustainable performance will now be one of the analysis criteria for all award categories.

Governance and Management

A sustainability strategy is only effective if it is integrated into the governance processes of the business. For this reason, as of 2012 our sustainability department will be responsible for sustainability governance and participate in the bank’s other governance structures, such as the Service Excellence Committee, the Processes and Products Evaluation Committee and the Product Committee.

Incentives

Performance analysis and variable pay are essential tools for our sustainable performance strategy. Considerable effort has already been devoted to this end by the organization, but there is still some distance to go before we arrive at a model that best reflects our sustainable performance strategy. Key examples include non-tangible components such as customer satisfaction and the organizational environment, which are becoming increasingly important in evaluating the performance of all our managers and the entire commercial team. The weighting of these components ranges from 20% to 50%, depending on the area and hierarchical level.

Efficiency

The Efficiency Project is aligned with our sustainability strategy, as it is based on two pillars: reduced costs and increased revenues. We want to cut unnecessary costs and waste to better use the resources we consume. At the same time, as set out in the sustainability strategy, we seek balanced, long-term relationships with our customers – which is part of the increased revenues pillar – as this is the kind of revenue we seek to attract.
Our new Sustainability Governance structure (Profile 4.9)

The bank’s new sustainability governance model takes effect in 2012, and will be supported by four specific Management Groups: Financial Education, Socio-environmental Risks and Opportunities, Dialogue and Transparency and Volunteer Commitments. (Profile 4.9)

Sustainability Supervision Committee
Composed of members of the Board, it meets annually and provides support for long-term strategies. It is also responsible for monitoring and guiding the sustainability policy, as well as approving Itaú Unibanco’s long-term sustainability strategy. (Profile 4.9)

Executive Sustainability Committee
Responsible for the integration of business strategies with sustainability, and the promotion of shared responsibility among various areas of the organization to incorporate sustainability into our management and corporate culture. Composed of members of the Executive Committee(s), it meets every six months. (Profile 4.9)

Sustainability Committee
Implements the sustainability strategy and ensures its management, as well as monitoring the progress of action plans, the development of indicators and measurement of goals. It has a deliberative role and consists of directors and superintendents from areas involved in the implementation of sustainability strategy-related projects. (Profile 4.9)

Management Group (Focus Areas)
Formed according to the strategic focus areas (Financial Education, Socio-environmental Risks and Opportunities, and Dialogue and Transparency) to manage ongoing projects, as well as to align and share knowledge. Composed of managers and analysts, who meet as needed by each focus area. (Profile 4.9)

There is also a Volunteer Commitments Work Group, comprising the Compliance, Legal, Internal Controls, Government Relations and Sustainability departments, which is designed to manage the approval process for new commitments, evaluate Itaú Unibanco’s adherence to them, and address action plans for any gaps and flaws. (Profile 4.9)
Corporate Governance

Transparency and ethics in our relationships are fundamental to achieving sustainable performance and customer satisfaction
“Be the leading bank in sustainable performance and customer satisfaction.”

Itaú Unibanco’s governance structure comprises Stockholder Meetings and the following bodies: Board of Directors, Executive Board, Fiscal Council and the International Advisory Board, along with six committees which interact directly with the Board of Directors.

To learn more about Itaú Unibanco’s governance policies and practices, please visit: www.itauunibanco.com.br/ri
Menu RI > Corporate Governance.
Shareholding structure at December 31, 2011 (Profile 2.3)

Moreira Salles Family
100% total

Cia. E. Johnston de Participações
50% Common
33.47% total

Egydio de Souza Aranha Family
61.12% Common
17.84% Preferred
34.5% total

Free float*
38.88% Common
82.16% Preferred
65.5% total

Itaúsa
50% Common
66.53% total

IUPAR
51% Common
25.87% total

Itaú Unibanco Participações S.A.

Free float*
38.66% Common
19.61% total

Itaú Unibanco Holding S.A.

Free float*
9.40% Common
99.27% Preferred
53.69% total

* Excluding Parent Companies and Treasury

Average daily trading values (BM&FBovespa + NYSE) (in R$ millions)

CAGR 05-11: 25.88%

CAGR 05-11: 23.26%

CAGR 05-11: 27.67%

Preferred shares issued and outstanding as at 12/31/2011

NYSE (American Depositary Receipts [ADRs])

BM&FBovespa (Common + Preferred)

40% Locally-owned on the BM&FBovespa

39% Foreign-owned on the NYSE (ADRs)

21% Foreign-owned on the BM&FBovespa

2005 2006 2007 2008 2009 2010 2011

185 319 641 874 650 736

106 95 189 242 207 227

95 224 452 632 443 459

189 452 632 559 368 443

15 368 559 650 650 650

227 459 650 736 736 736
Corporate Governance Policy

Approved in August 2011 by the Board of Directors, Itaú Unibanco’s Corporate Governance Policy consolidates the governance principles and practices adopted by Itaú Unibanco Holding S.A. to strengthen and create the best development conditions for the bank and its subsidiaries.

The policy covers the Articles of Incorporation, bylaws governing the Board of Directors and other statutory bodies and committees, the Code of Ethics and other internal regulations. This document also addresses issues such as our regulatory and self-regulating environment, shareholder rights, transparency, socio-environmental responsibility and Itaú Unibanco’s vision.

The guidelines contained in the policy apply to Itaú Unibanco Holding S.A. and its subsidiaries in Brazil and abroad. Their application is also based on transparency and ethical relationships with investors, employees, customers, shareholders, suppliers, governments, non-governmental organizations, media, partners, communities and other stakeholders. Good examples of the measures adopted by the bank are the Conscientious Use of Money campaign and our compliance with the Equator Principles.

The adoption of best practices in corporate governance is an ongoing process and one way to ensure solid, lasting growth for the organization.

Regulations and Policies

One of our most important management policies is the Code of Ethics, which addresses the principles adopted by the bank as well as its overall practices and conduct. This document outlines the basic principles that guide the actions of all our employees. (Profile 4.8)

The Code is now fully implemented and has been distributed to all employees of the organization. In addition, the guidelines of a continuing education program in ethics were disseminated, while another program monitors our compliance with the Code. (Profile 4.8)

Other regulations include:
• Shareholder Dividends Policy;
• Policies for Receiving and Handling Reports;
• Corporate Policy to Prevent and Combat Illicit Acts;
• Corporate Ethics and Anti-Corruption and Bribery Policy;
• Corporate Business Continuity Policy;
• Sustainability Policy;
• Corporate Socio-environmental Risk Policy; and
• Sector socio-environmental risk policies (for the Corporate, Itaú BBA, Itaúcred Vehicles and Real Estate loans segments). (Profile 4.8)

Governance Structures

Itaú Unibanco’s governance structures comprise Stockholder Meetings and the following bodies: Board of Directors, Executive Board, Fiscal Council and the International Advisory Board, along with six committees which respond directly to the Board of Directors, as described below. (Profile 4.1)


Principles of the Code of Ethics

Identity
Align our businesses with the corporate identity, based on the highest ethical standards, a spirit of resilience and respect for sustainability.

Good faith
We act with transparency and take responsibility for our actions and choices.

Interdependence
We are open to dialogue and we interact with our stakeholders in order to share actions and goals for the common good.

Excellence
We provide environments for our employees to deliver high quality work, which creates benefits for them, the institution and society. (Profile 4.8)
Board of Directors

The shareholders of Itaú Unibanco, through the Annual General Meeting held in the first quarter of each year, are responsible for electing the members of the Board of Directors. In 2011 the Board included three independent and nine non-executive members. (Profile 4.3) In general the Board is responsible for establishing the strategy of Itaú Unibanco and its subsidiaries, based on examination of those issues that are significant for the organization, and effectively overseeing its management in the interests of shareholders. The Chairman is the senior representative of the interests of every shareholder, and models our stance on performance, ethics and corporate values. (Profile 4.7) The Board of Directors is evaluated each year to ensure it maintains a balance of skills. Our Board members are aligned with the organization’s values and have the collective ability to further the interests of shareholders, managers and employees, as well as assess the legal and ethical aspects of key issues related to socio-environmental responsibility. The Appointment and Corporate Governance Committee offers methodological and procedural support for the evaluation of the Board, its members, the Chairman, the committees and the Chief Executive Officer. (Profile 4.10) These assessment mechanisms are based on criteria such as value added (whose components include strategy, performance, compliance, people and culture, and management of external relations), operations (including timeliness, proactivity, scheduling, communication channels, performance and independence), and composition. Self-assessments are also performed by each of the bodies, which helps us refine this activity as a development tool. (Profile 4.10) Under the bylaws of the Board, directors must act impartially and abide by the following rules: (Profile 4.6)

- Board members may not participate in discussions on matters in which their interests conflict with those of the organization. Each member must notify the Board of any conflict of interest as soon as the matter is included on the agenda or proposed by the Chairman, and in any event before the start of any discussion on the subject; (Profile 4.6)
- At their first meeting following their election, each Board member must inform the other members of: (a) their principal activities outside the organization; (b) their participation on boards of other companies; and (c) any business relationship with companies in the Itaú Unibanco conglomerate, including as a service provider. Such information shall be provided annually and/or whenever there is a new event that requires such information to be disclosed. Directors may only serve on a maximum of four boards of companies that do not belong to the same group. This limit does not include being a director of charities, clubs or associations, and may only be exceeded upon approval of the Appointment and Governance Committee; (Profile 4.6)
- If the Board member or company controlled or managed by the Board member does business with any company in the Itaú Unibanco conglomerate, the following rules must be observed: (a) the operation must be performed under market conditions; (b) if it does not involve daily operations or provision of services, then opinions must be issued by authoritative sources attesting that the operation was performed under market conditions; (c) the operation must be reported to the Appointment and Governance Committee; and (d) it must be conducted through normally responsible channels in the Itaú Unibanco conglomerate hierarchy. (Profile 4.6)

Committees

The members of the committees are elected by the Board of Directors for a one-year term. The Audit Committee has three to seven members, while the other committees have three to ten members. (Profile 4.1) Under Central Bank Resolution No. 3.921/2010, the Remuneration Committee, which is responsible for carrying out the tasks related to the remuneration policy for directors of the Company, must have one non-executive member. The committees that report to the Board of Directors have members possessing proven knowledge in their field and technical skills consistent with their responsibilities. (Profile 4.7) As the committees provide support to the Board of Directors, the Board continually evaluates their efficiency and suitability. (Profile 4.10)
To learn more about Itaú Unibanco’s corporate governance policies and practices, and to see the backgrounds of the members of the Board of Directors, please visit www.itauunibanco.com.br/ri. (Profile 4.7)
Administration of Itaú BBA S.A.

Our Practices

We are signatories to—and have adopted in our actions—internationally recognized guidelines such as the Global Compact, the Equator Principles, the Global Reporting Initiative, the United Nations Environment Programme (UNEP) Finance Initiative, the Carbon Disclosure Project, the Greenhouse Gas (GHG) Protocol and AccountAbility’s AA1000 standards. In Brazil we have adopted and participate in discussions on key initiatives for the sector, including the Pact for the Eradication of Slave Labor and the Green Protocol. (Profile 4.12)

Our business practices have led to the institution being listed on the DJSI and ISE BM&FBovespa. (Profile 4.12)

In 2011 we instituted a work group from the Sustainability, Compliance, Legal and Government Relations departments to map the bank’s adherence to these commitments and to suggest possibilities for improvement. This group reports to the Sustainability Committee. (Profile 4.12)

To learn more about the Board of Directors, Executive Board, and other Itaú Unibanco and Itaú BBA boards and committees, please visit: www.itauunibanco.com.br/ri Menu RI > Corporate Governance

To view the timeline of Itaú Unibanco’s corporate governance practices, please visit: www.itauunibanco.com.br/ri Menu RI > Corporate Governance
Risk Management
(Profile 1.2)

Itaú Unibanco sees risk management as an essential tool to optimize the use of its resources and select the best business opportunities. This is undertaken by mapping the internal and external events that can affect the strategies of the business units and by supporting and meeting objectives that can impact on the bank’s earnings, capital, liquidity and reputation. (Profile 4.11)

Precautionary principle

Itaú Unibanco applies the precautionary principle to its risk identification processes. The goal is to map the internal and external risks that can affect the strategies of our operations, and to support the business units and their ability to achieve our goals, which allows us to assess and manage possible impacts on the bank’s earnings, capital, liquidity and reputation. Risk management is a fundamental element for the bank to optimize the use of its resources and select the business opportunities for it to obtain the best risk-return ratio. (Profile 4.11)

Risk management permeates the entire organization. Through our various commissions, senior management sets the overall objectives, which are measured in the form of targets and limits for business management risk units. These control units, in turn, support the administration of the bank by using monitoring and risk analysis processes. (Profile 4.11)

This allows us to identify and measure current and potential risks in our operations, approve risk management and control procedures, policies and methodologies consistent with the guidelines of the Board of Directors and bank strategies, and manage our portfolio risk to seek better risk-return ratios. (Profile 4.11)

In addition, the bank is implementing its risk appetite: a set of principles which illustrate the types and levels of risk acceptable to the organization. This management tool is in keeping with international best practices, and further strengthens our governance structure. (Profile 4.11)

To learn more about Itaú Unibanco’s risk management, please visit: www.itauunibanco.com.br/ri Menu RI > Corporate Governance (available in Portuguese only). (Profile 4.11)

Itaú Unibanco’s risk management process:

- Identify and measure current and potential risks in the bank’s operations;
- Approve risk control policies, procedures and methodologies consistent with Board guidelines and bank strategies; and
- Manage the bank’s risk portfolio using the best risk-return ratios.

Risk Categories

Credit risk - the probability of losses associated with the failure by a borrower or counterparty to meet the agreed commitments of their debt, the impairment of a loan due to deterioration in the borrower’s risk rating, reduced earnings or remuneration, and the benefits accruing from renegotiation and recovery costs.

Liquidity risk - the probability of imbalances between negotiable assets and payable liabilities—or mismatches between expenses and income—that may affect our payment capacity, considering the different currencies and settlement terms of the rights and obligations.

Operational risk - the probability of losses resulting from failed, deficient or inadequate internal processes, people and systems, or from external events. This category also includes risks associated with inadequate or incomplete contracts signed by the organization, as well as sanctions due to non-compliance with legal provisions and compensation for damages to third parties arising from our activities.

Underwriting risk - risk arising from adverse economic conditions which are contrary to the expectations of the insurer when preparing its underwriting policy, in addition to uncertainties in estimating reserves.
Centralized Control

Itaú Unibanco’s Operational, Market, Credit, Liquidity and Underwriting risk control structure is centrally organized to ensure that our risks are managed in keeping with set policies and procedures. Centralized control is designed to provide senior management with an overview of the organization’s risk exposure in order to make better and quicker business decisions. The identification, monitoring and mitigation of risks are undertaken to provide supporting information for decisions taken by the four senior commissions shown below.

Senior risk management structure
Crisis and business continuity management

The Itaú Unibanco Business Continuity Program seeks to protect its employees, ensure continuity of critical functions of its business lines, safeguard revenues, and sustain both the stability of the markets in which the bank operates and the trust of its customers and strategic partners in providing products and services.

The program is divided into two main elements:

**Crisis Management** - centralized communication processes and response procedures under which the organization manages business interruption events and other threats to its image and reputation as seen by its employees, customers, strategic partners and regulators. Focus agents — representatives appointed within the business areas — monitor potential problems, crisis resolution, resumption of business and process improvement, in addition to seeking out preventive measures.

**Business Continuity Plans (BCP)** - documentation of procedures and information which have been developed, maintained and consolidated for use in subsequent incidents, allowing the resumption of Itaú Unibanco’s critical activities within suitable time limits and conditions. Putting these plans into action is designed to preserve the integrity of the bank’s people, property, systems, information and, consequently, its reputation.

To keep the program aligned with our business requirements, Itaú Unibanco has a team of professionals dedicated to the creation, implementation, maintenance and management of business continuity guidelines, and related employee training.

The Business Continuity Program relies on the most up-to-date information, techniques and technologies available to keep it current and comprehensive, although it may change if Itaú Unibanco judges it necessary for the protection of all relationship groups and resources involved.


**Socio-environmental responsibility in products and services**

Itaú Unibanco adopts socio-environmental responsibility-related policies and procedures for its products and services, including the following:

- Anti-Corruption and Bribery;
- Personal Gain and Kickbacks;
- Gifts and Contributions;
- Outside Activities;
- Equity in Companies;
- Participation in Recognized Activities and Publications;
- Relationships with Clients and Suppliers;
- Family Relations;
- Communication of Unethical Behavior; and
- Protection of officers and employees who have questions, suspicions or allegations of misconduct. (FS15)

The business and support areas, backed by guidelines set by the Senior Ethics Commission and governance structure, composed of the Ombudsman, company ethics committees and the Inspection office, are responsible for implementing the guidelines defined in the policy. (FS15)
Corporate Policy to Evaluate Products/Operations/Processes
Available to all staff members, this policy establishes a governance standard for assessing new and modified products and processes to ensure that the related plans, decisions and work are consistent with the commercial, managerial and ethical policies and rules established by applicable regulations and senior management to achieve the best financial and market results, based on risk management. (FS15)

This process requires a structured integration of the products and evaluation areas, to form an organized set of activities that together can deliver value for customers and competitive advantages. (FS15)

A governance structure responsible for implementing the guidelines defined in the policy is composed of bodies including the Senior Products Commission, the Products and Processes Evaluation Committee, Compliance and Internal Controls.

Sustainability Policy
Available on the intranet and at www.itau.com.br/sustentabilidade/_arquivos/politica-de-sustentabilidade.pdf, the policy is designed to: (FS1 and FS15)

• affirm our commitment to achieving sustainable development;

• highlight the guidelines that permeate the strategy and management for all our strategic relationship groups; and

• promote innovations, revisions and adjustments in our business activities, based on sustainability. (FS15)

A governance structure, composed of the Sustainability Supervision Committee, the Executive Sustainability Committee, the Sustainability Committee and the specific Management Groups, is responsible for implementing the guidelines defined in the policy. (FS15)

Corporate Socio-environmental Risk Policy
Published in 2011, it offers socio-environmental guidelines for business lending. Drafted by members from those areas affected by its content and approved by the Senior Credit Committee, the policy is available on the intranet and applies to business lending in Brazil. (FS1)

If a client does not submit the documentation required by the policy, the loan will not be approved. Loans can be called in the event of socio-environmental non-compliance. (FS1)

All situations described in the policy are subject to rulings in exceptional cases, as defined in the sector policies for socio-environmental risk and in the business areas manuals. (FS1)

Risk Management and Control Policy
Available to staff members only, this policy establishes the fundamentals associated with the structure and process of risk management and control adopted by Itaú Unibanco, following best practices, standards and applicable regulations. (FS1)

The governance structure, composed of bodies including the Senior Credit Commission, Senior Risk Policies Commission, Senior Audit Operational Risk Commission and the Senior Commission for External Units, is responsible for implementing the guidelines defined in the policy. (Profile 4.9)

Itaú Unibanco adopts policies and procedures related to socio-environmental responsibility for its products and services.
Climate Change (EC2)

Climate change is a component of the strategic focus initiatives of Socio-environmental Risks and Opportunities.

Risks and opportunities related to climate change are addressed in the questionnaires we respond to such as the Carbon Disclosure Project (CDP) and the sustainability indices in which we participate. These tools allow us to identify gaps, which are acted upon in accordance with our sustainability governance.

Climate change studies indicate that the incidence of extreme weather events (such as prolonged droughts and floods) have increased in frequency and intensity in recent years. The National Institute of Special Research (INPE) notes that high-emissions conditions by the end of the century would include the following potential climate change impacts on Brazil:

- increased urban flooding and landslides on hilly terrain;
- food shortages and rising prices;
- poorer quality of water supplied to the population;
- lower levels of rivers, affecting transport and hydroelectric power generation in the Amazon;
- desertification of some areas;
- increased tropical diseases; and
- rising sea levels, affecting coastal areas.

All these situations have socioeconomic consequences and impact directly or indirectly on the activities of a financial institution. This requires us to map these risks and be prepared to deal with them by mitigating operational risk at our facilities, and in the activities of our clients, whose ability to pay may be affected. At the end of 2011 Itaú Unibanco had not yet disclosed the calculations to measure these impacts in financial terms.

With respect to regulations, we contend that we are not currently subject to regulatory risk, as emissions from the financial sector are not significant when compared to industrial companies whose operations generate significant emissions, and who will probably be required to invest in mitigation. In our case, the largest emissions are related to activities we fund, which means we will likely invest more in risk mapping than mitigation.

On the other hand, there are opportunities to develop financial products that help direct funds to a low carbon economy. However, for this market to gain currency, governments need to establish a clear set of long-term rules to facilitate the channeling of monies (see the investors’ statement delivered during the 2011 United Nations Climate Change Conference at: www.unepfi.org/fileadmin/documents/2011InvestorStatementClimateChange.pdf). Otherwise, risk-return on investments will not reach a level similar to that of traditional investing (which is often more carbon-intensive), which will continue to receive the majority of funding.

Internationally, the decision on a possible new climate agreement, which had gained ground after being considered by all countries, has been postponed to 2015. In Brazil, a study by the Institute of Applied Economic Research (IPEA) conducted in 2011 (Climate Change in Brazil: economic, social and regulatory aspects), finds that some of the main obstacles to regulating climate change are the lack of convergence of actions and the timing of measures adopted by federal, state and municipal policies. According to the study, each level of government adopts different strategies and goals, making it difficult to standardize the measures to reduce and monitor GHG emissions. Yet there are some competitive advantages available, such as energy efficiency and clean energy.
Anti-corruption measures (SO2 and SO4)

Risks related to corruption are spelled out in the Corporate Ethics and Anti-Corruption and Bribery Policy. The assessment of these risks occurs during routine monitoring, which in 2011 was applied to Itaú Unibanco S.A., and is conducted by areas including Internal Controls, Financial Controls and Risk Management. Reports of corruption are made to our Ombudsman and Inspection offices.

If an occurrence is identified, the case goes to one of 24 ethics bodies, where it will be assessed by the proper area and then referred to the Ethics Commission for a decision. If there is proof of wrongdoing, possible consequences for employees include dismissal without just cause, dismissal for just cause and criminal prosecution, while suppliers may be reported to the government and have their contracts rescinded.

In 2011 there were no reported or confirmed cases of corruption or bribery, nor were there any lawsuits against the organization or its employees. The management of risks associated with anti-corruption and bribery is applied to every company within Itaú Unibanco Holding S.A. (SO2)
Business (Profile 2.7)
A focus on efficiency and customer satisfaction
In 2011 we posted the largest profit in Brazilian banking history: R$14.6 billion

2011 was a challenging year for Itaú Unibanco’s businesses.

In 2010 Brazil experienced a period of economic growth unseen in recent decades, while the following 12 months brought greater instability due to uncertainties generated by the financial crisis in Europe and rising household defaults. Despite this, we ended the year with growth in every area of activity, better quality products and services and significant progress in management. We posted a record net profit of R$14.6 billion the largest in Brazilian banking history which was 9.7% higher than the R$13.3 billion we reached in 2010.

We began to benefit from the seamless integration of our operations, which was completed in late 2010. After unification our focus shifted to the efficiency of our processes, through which we seek to increase revenues and cut unnecessary expenses. All our businesses have been given this goal as their highest priority, leading the bank as a whole to close 2011 with an efficiency ratio of 47.7%, down from the 49.1% we posted a year earlier.

We will maintain this course in 2012, as we seek to achieve an ambitious efficiency ratio goal of 41% by the end of 2013, meaning that for every R$1 we generate in revenue, we will need to invest about R$0.41. We view efficiency as an essential condition for increasing the quality of our services and displaying the capability our customers expect.

Our branch network has grown, particularly in Brazil’s northeast, and has been modernized through the introduction of a new and more welcoming design, in keeping with the quality service we seek to deliver.

We completely restructured the consumer lending segment, consolidating seven operating platforms into just one, which will result in more efficient services for our 57.8 million (by number of accounts) account and non-account holder customers.

Major changes also took place at Itaú BBA, which handles our large corporate clients. We created a new customer segment, called Ultra Large, that is dedicated to our relationships with Brazil’s largest companies. Itaú BBA also began serving 400 companies that had previously been handled by the small and medium-sized company segment, which serves 1.5 million corporate clients.

During the first half of 2011 we foresaw an increase in defaults among small and medium-sized enterprises. As a result our lending became more restrictive as we chose our borrowers better to ensure the loans were profitable. A similar strategy was used in vehicle financing, which refined its credit assessment models and improved its collections structure, all of which helped it remain the market leader.

Property lending, despite having grown slightly less than expected during the year, posted record gains. Itaú Unibanco continued to lead Brazil’s privately-controlled banks in this segment, making its operation more flexible and uncomplicated, and differentiating itself from the competition through aggressive distribution.

Wealth Management & Services, which handles brokerage, asset and wealth management services, strengthened its positions in Brazil and abroad through private banking operations.

Finally, we expanded our operations in the Southern Cone by entering markets in Peru and Colombia. In the United States, Europe and Asia our offices continue to serve large investors and international companies with subsidiaries in Latin America. We also conducted a major advertising campaign designed to position Itaú Unibanco as the specialist bank for Latin America.

For 2012 we foresee continued global uncertainty, which should extend at least until the end of the first half and may require macroeconomic adjustments on the part of Brazil and Itaú Unibanco. We believe the Brazilian economy is reasonably protected, although likely to be hit by a fall in commodity prices or sharp fluctuations in exchange rates. Regardless of this situation, turbulence in Europe tends to stimulate competition in Brazil and Latin America in general, so growth in this region is likely to outpace the world average, leading to lower spreads.
The general outlook for our operations, however, is growth and significant improvement in the efficiency of processes and services, which should result in greater profitability and customer satisfaction.

**Socio-environmental audit**

Reporting directly to Itaú Unibanco’s Board of Directors, with technical supervision from the Audit Committee, the Internal Audit area works with all our companies, macro-processes and organization-wide processes, as set out in our yearly plan and based on assessment of inherent and residual risks related to the risk levels established. (Profile 4.9 and FS9)

We have a highly trained, dedicated team which is responsible for conducting periodic audits which assess compliance with the Sustainability Policy, under the following criteria: (FS9)

- sustainability strategy;
- structure - governance and management;
- adequacy of representation on, and association with, outside sustainability forums;
- implementation of, and adherence to, commitments and agreements;
- communication and monitoring;
- corporate Socio-environmental Risk Policy; and
- Equator Principles, for project finance only. (FS9)

This audit work is undertaken without the participation of third parties. For the bank’s socio-environmental audits we follow AA1000 standards and the Green Protocol as they apply to the Sustainability Policy. For audits involving the corporate credit and companies segments we use the parameters of the Equator Principles and the socio-environmental risk policies standards employed by Itaú BBA S.A. and the companies areas. (FS9)

The action plan to audit those points classified as very high or high risk is prepared by the area to be audited and approved by the Audit team. Follow-up actions include monthly reporting to the Audit Committee and quarterly reporting to the Senior Audit and Operational Risk Management Commission, which is headed by our CEO. (FS9)

For points with a moderate risk level, the action plan is prepared by the area to be audited and approved by the Internal Controls and Risk Office, which reports quarterly to the Audit Committee to monitor these actions. In both cases, the Audit team assesses the effectiveness of the work undertaken. (FS9)

The Audit team does not issue or approve opinions on the socio-environmental risks involved in analyzing loans. (FS9)

The following are some of the major issues identified in 2011, and the resulting actions taken. (FS9)

**Corporate Sustainability Policy.** As applied, the Corporate Sustainability Policy does not clearly define the roles and responsibilities of management regarding sector practices, nor does it define monitoring at the institutional level. Action: the policy is being revised to set out, in addition to these issues, responsibility levels and the communication process between the structures. (FS9)

**Socio-environmental risk analysis process for corporate lending.**

Outdated criteria were found. Actions completed in January 2011: renewal of identified cases and formalization of the review and revision process of criteria in the staff manual. (FS9)

**Evaluation of socio-environmental risk analysis process for corporate lending at Itaú BBA.** The staff manual was out of date, and did not include area activities. Actions completed in June 2011: revision of procedures manual. (FS9)
In 2011 Itaú BBA was re-elected to the Equator Principles Steering Committee, where it is the only Latin American representative.

Itaú Unibanco also plays a governance role in the following institutions:
- Brazilian Federation of Banks (Febraban);
- Viva o Centro Association;
- Paulista Viva Association;
- Brain;
- Brazilian Association of Public Companies;
- Brazilian Association of Financial and Capital Markets Entities (Anbima);
- National Association of Credit, Finance and Investment Institutions (Acrefi);
- Brazilian Center for International Relations (Cebri);
- Brazilian Institute of Investor Relations (Ibri);
- National Investors Institute (INI); and
- Brazilian Institute of Corporate Governance (IBGC).

In 2011 we also participated in the following activities:
- United Nations Environment Programme - Finance Initiative (UNEP-FI): Global Roundtable in October, as a speaker; as part of the UNEP-FI delegation which presented financial sector issues to help in the preparation of UN missions to Rio+20, in New York; speaker at the roundtable on the financial sector chapter, at the launch of UNEP’s Towards a Green Economy report, in Paris; UNEP-FI Annual General Meeting and UNEP-FI Latin American Task Force meeting, both in Washington;
- Fundação Dom Cabral: Sustainability Reference Center, which promotes research and discussion on sustainable development, and the Center for Responsible Retail Development, whose purpose is to generate knowledge aimed at retail businesses and the components of their supply chains;
- Fundação Getulio Vargas: Activities coordinated by FGV, to promote sustainable finance in Latin America through the Latin America Finance Forum (LASFF);
- Brazilian Network of Signatories to the Principles for Responsible Investment (PRI): we hosted a meeting with brokers and signatories to promote the spread of the PRI and sponsored the annual PRI in Person event, in Paris;
- Brazilian Business Center for Sustainable Development (CEBDS): CTFin, CTGest, CTCom and CT Climate Technical Chambers; Vision 50 workshop; Inclusive Business Forum, which promotes discussion on inclusive business and whose first planned step is to assess sustainable businesses, in partnership with Fundação Dom Cabral and Fundação Avina;
- Climate Finance Visit: Representation of the bank’s Sustainability Superintendency in the Brazilian financial sector delegation, at the invitation of the British Embassy and Fundação Getulio Vargas, to learn good practices related to climate finance, in London. Organizations visited included: HSBC, Deutsche Bank, F&C Asset Management, PwC, the UK Department of Energy and Climate, Lloyds, Sustainable Development Capital LLP, Green Investment Bank and Carbon Tracker;
- Carbon Disclosure Project: CDP Latin America roundtable, with other representatives of Latin American companies, to exchange good practices;
- Partners in hosting Sustainability Week with the Inter-American Investment Corporation (IIC), a multilateral investment institution connected to the Inter-American Development Bank. The event is designed to promote economic development in Latin America and the Caribbean, primarily by financing small and medium-sized private companies;
- Principles for Sustainable Insurance: Participated in the official global consultation process for the Principles, set to be introduced for signing in June 2012, at Rio+20, and supported its development through our representation in the National Confederation of Insurance Companies (CNseg); and
- CNseg Sustainability Working Group, which discusses the inclusion of sustainability in the Brazilian insurance market.
- GHG Protocol: Adapting these standards in Brazil through the Center for Sustainability at Fundação Getulio Vargas (GVces) and the World Resources Institute (WRI), in partnership with the Ministry of Environment, the Brazilian Business Council for Sustainable Development (CEBDS), the World Business Council for Sustainable Development (WBCSD) and 27 founding companies (including Itaú Unibanco) of the GHG Protocol, a tool used to understand, quantify and manage greenhouse gas emissions. Developed in the United States in 1998 by WRI, it is currently the most widely used method by companies and governments to conduct GHG inventories;
- Brazilian Network of the Global Compact, which brings together signatory companies and those wishing to support its implementation;
- SustainAbility Engaging Stakeholders Network: A group of private companies organized by international institutions to share experiences that allow them to foresee and exceed the expectations of their shareholders, employees, suppliers and customers;
Commitments to external initiatives (cont.)

- Febraban Financial Education Program;
- Febraban Environmental Law Working Group;
- Febraban Environmental Technology/Licensing Working Group;
- Workshop on Socio-environmental Policies and Practices in Financial Institutions, organized by the Central Bank of Brazil and Uniethos;
- Equator Principles: Discussion on the consistent application of the Equator Principles by its signatory institutions. Itaú BBA took part in the following working groups, from the perspective of an emerging country: Climate Change, Review of Scope and Social Issues; and
- American Chamber of Commerce (AmCham RJ): Participation in discussions.

Of the above-mentioned associations, we only make financial contributions to the Paulista Viva Association and the Viva o Centro Association.

We consider it strategic to participate in the following associations: UNEP-FI, PRI; Climate Finance Visit; CDP; Sustainability Week IIC; PSI; GHG Protocol; Engaging Stakeholders Network; Febraban Financial Education Program; Febraban Committee on Sustainability and Social Responsibility, Febraban Environmental Law Working Group; Febraban Environmental Technology/Licensing Working Group; Workshop on Socio-environmental Policies and Practices in financial institutions; the Equator Principles; Portuguese Chamber of Commerce in Brazil; São Paulo American Chamber of Commerce (AMCHAM SP); Brazilian Association of Real Estate Loans and Savings Companies (Abecip); Brazilian Association of Leasing Companies (Abel); National Association of Securities Dealers and Brokerage Firms (Ancor); Association of Capital Markets Investors (Amec); Brazilian Association of Technical Standards (ABNT); Brazil Holland Chamber of Commerce (Dutcham Brazil); Brazilian Association of Direct Marketing (Abemad); Brazilian Association of Marketing & Business (ABMN); Brazilian Institute of Capital Markets (Ibmec); Brazilian Association of Quality of Life (ABQV); Brazilian Association of Financial Law (ABDF); and Brazilian Institute of Finance Executives (IBEF).
Commercial Banking (Profile 2.7)

Itaú Unibanco offers banking products and services to individual and corporate clients. This segment includes retail banking, high-income customers, wealth management and services for micro, small and medium-sized enterprises.

In 2011 our credit portfolio totaled R$397 billion, up 19.1% from the previous year.

Retail Banking (Profile 2.7)

In 2011 we experienced our first full year of operation after the complete integration of all Itaú and Unibanco branches. After passing this stage the challenge was to unlock value from the merger, making our operations more efficient and developing stronger relationships with our clients.

During the year we continued to remodel our branch network and strengthen the reach of our points of service with greater presence in the Northeast and entering pacified communities (favelas that have seen a reduction in organized crime following the concerted action of Pacifying Police Units) in the city of Rio de Janeiro. We invested in innovation and technology to streamline our services and expand our range of products. We also achieved productivity gains through the new service model deployed in mid-2010 (Itaú Uniclass and Itaú Business).

Our retail bank operations in Brazil delivered successful results in 2011. We increased our market share in lending by 16.1%, giving us a total portfolio of R$236.4 billion. Our customer base jumped 10% to about 22 million, including approximately 3.5 million savings account holders and 18.5 million current account holders. At year-end we had 4,072 branches, 912 banking services outlets and 28,769 ATMs operating in more than a thousand cities in Brazil and abroad.

Service Points in Brazil*

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
<th>2010</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>113</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>Northeast</td>
<td>333</td>
<td>301</td>
<td></td>
</tr>
<tr>
<td>Midwest</td>
<td>359</td>
<td>357</td>
<td></td>
</tr>
<tr>
<td>Southeast</td>
<td>3,141</td>
<td>3,133</td>
<td></td>
</tr>
<tr>
<td>South</td>
<td>755</td>
<td>754</td>
<td></td>
</tr>
</tbody>
</table>

Total service points: 4,701

*Number of branches and banking services outlets in Brazil only. Does not include Itaú BBA or international units.
In 2012 we are planning further expansion in the state of São Paulo, and the opening of branches in every Brazilian city with more than 40,000 inhabitants. We will also gradually install fingerprint and facial recognition technology in ATMs and branches.

**Segmentation**

Segmentation is another key element of our operations, as it enables us to offer products and services packages geared to each level of income. Customers who earn up to R$4,000 a month, which represents the vast majority of our individual account holders, normally use basic services such as withdrawals, payments, transfers and savings accounts.

Itaú Uniclass is designed for customers who earn from R$4,000 to R$7,000 a month, and offers separate service facilities within the branches (some of which have dedicated tellers and relationship managers, higher credit limits and expert advice. At the end of 2011 we had approximately 2.3 million Uniclass customers, compared to 750,000 a year earlier. Our goal is to reach 2.5 million by the end of 2012.

Our 700,000 clients who earn over R$7,000 a month are served by Itaú Personnalité, which has its own branch network. During 2011 we improved the service model for this segment, which we expect to double in size over the next three years. In the fourth quarter of 2011 we opened 22 new Personnalité branches, for a total of 202 across Brazil.

The services and facilities offered to all our customers include segmented products, which help make it easier to get a loan, and the Credit Adviser, an online service that helps users choose the loan product best suited to their needs or plans, based on their life cycle.

**Products and services with environmental benefits**

Our consumer clients can take out Solar Heater and Home Renovation loans. In 2011, customers seeking to purchase Solar Heater loans represented 0.05% of loans in the environmental products line, against 0.10% in 2010. Home Renovation loans, which are subject to budget approval, represented 99.95% of all loans in the line in 2011. These project-specific loans form a special line, representing 3% of total loans taken out in 2011. (FSB)

We posted an alert on our electronic channels to encourage the exclusive use of a consolidated e-statement. This reduces the environmental impacts of producing and disposing of paper, as well as reducing the use of printer ink and the emissions generated by this process.

In 2012 we began an intensive awareness campaign on the use of paper by encouraging our customers to start using e-statements.

**Transparency**

The commitment to transparency in customer relationships is paramount for us at Itaú Unibanco, demonstrated by the ongoing development based on our goals of simplicity, innovation and financial education of specific wording for different customer profiles, to ensure clients have a better understanding of the bank’s products and services. Examples of projects now in place are: ATM alerts to warn account holders before they go into overdraft; revised account statements; information materials and direct mailings; SMS messages; and a redesigned loan repayment schedule.

To offer the most suitable financial solutions to customers who are heading further into arrears, in 2011 we began using global debt information to set credit limits for Itaú Uniclass and Itaú Personnalité customers. In 2012 we will apply this practice to the rest of our customer base.
Accessibility
We seek to develop service solutions for our visually impaired customers, who currently have approximately 3,000 accounts. We offer the following options for this specific audience:
- information in Braille;
- enlarged characters;
- bank statements.

These options are available to all checking account and credit card holders. (FS14)

Modernization, technology and innovation
The new physical and service model of our Itaú branches—which also includes Itaú Uniclass and Itaú Business—was developed and began being implemented in 2010. The main objective of these changes was to enhance the relationships with our customers by designing brighter, warmer and more modern facilities which bring our staff members into closer contact with our clients.

In 2011 we remodeled about 450 Itaú branches using this new layout, for a total of 1,500 renovated branches. We also developed a specific model for branches in smaller cities, which will be implemented in the first half of 2012, and created an improved standard design for our Itaú Personnalité branches. For 2012 we plan to upgrade a further 500 Itaú branches, and expect to have the entire network renovated by the end of 2013. In 2012 we will be opening 130 new retail branches plus 30 Personnalité branches.

Financial education (FS16)
We provide our employees and customers with educational materials about the conscientious use of credit, which outline our loan products, tools for controlling personal finances, credit counseling, cost control and security. The primary goal is to give financial education on how to reduce a heavy debt load. In 2011 more than 50% of our consumer clients received these informative materials.

The Credit Adviser helps customers decide the best loan for their needs. Another initiative in this line is a loan statement which gives customers a detailed look at their consolidated loans, including start date, interest rate, installments (made and payable), and amount due if paying in advance.

All account holders can access this information through any Itaú Unibanco branch or ATM, as well as via the internet and telephone. The main goal of this initiative is to help clients manage their financial commitments and keep their debts under control. The tool also allows managers to determine the best time to offer a credit product to their customers, based on their profile and life cycle.

In 2011 we launched the Itaú Credit Awareness campaign (“The more you understand, the less you’ll be surprised”). Using only a digital platform, the campaign provides educational information about different types of credit, and the videos have had more than six million views to date. Our branches and banking services outlets also have educational materials on the conscientious use of money, which provide answers to customer questions about financial products.

The expansion of Itaú Uniclass service in the retail network, which began in September 2011, has now reached over 1,300 branches and banking services outlets (equivalent to 26% of the total network), totaling more than 2,700 points of service. We estimate that by the end of the first quarter of 2012 we will have implemented Itaú Uniclass segment service in over 1,500 points of sale, reaching our entire retail network. These customers will have dedicated managers and tellers, higher credit limits, specialized consulting and after-hours manager support by telephone.

Itaú Unibanco also had many innovation and technology accomplishments in 2011, including the introduction of iConta, a 100% electronic checking account designed for people who use channels such as the internet, telephone, mobile phone, iPad and ATMs to manage and conduct their transactions. iConta users are charged no monthly fee, other than a separate fee if they need to use a teller or require other personal service.

We have also developed a mobile solution to make our customers’ lives easier: iToken SMS, which allows them to receive the security code for transactions through their mobile phone.

Our technology advances continued with the phased introduction of fingerprint and facial recognition technology. The application of this mechanism in banking procedures will increase the safety and reliability of customer transactions. We expect all new accounts will employ this technology by mid-2012, and plan to have these devices installed in 70% of our ATMs by 2013.
Microfinance (Profile 2.7)

Itaú Microcredit is one of the segments that best reflects our role as an agent of transformation in society, as it operates in underprivileged areas, providing loans to people with little or no access to traditional lenders. Local entrepreneurs often work long hours, and have no means to get to a bank branch, making it difficult for them to access financial services. (FS13)

The operating methodology is based on a direct relationship between the agent and the micro-entrepreneur, at their place of business. This means the microcredit agent takes the bank to the customer, starting the process of bringing them into the Itaú Unibanco system. We provide credit, insurance and financial education in regions where such services are lacking, and offer guidance to institutions, banks and cooperatives seeking to meet the financial needs of people and companies involved in small-scale enterprise.

At the end of 2011 we employed 119 people in this area, including a field team of 68 microcredit agents and supervisors. Each day the field team covers low-income communities in the metropolitan areas of Porto Alegre, Rio de Janeiro and São Paulo in search of customers who need support to invest in their own small businesses. These potential clients work in the informal economy, and include owners of bakeries, markets, local area network LAN houses (internet access centers) and beauty salons. They are typically lower income individuals, and have minimal schooling.

Our microcredit operations are based on establishing trusting relationships between the business people and the microcredit agents, whose role begins with knocking at the door of a business and speaking to the owner. If they see potential in the business, they recommend the approval of a loan. We call this type of loan, which is handled entirely between the microcredit agent and the borrower, a Level 1 Loan (see box on page 65).

Technology plays a big role within Itaú Microcredit. The use of smartphones keeps the field agents in touch with the central office, allowing them to access the internet and take photos of the documents needed for the credit analysis.

The size of the loans ranges from R$400 to R$10,000 (for the first loan) and R$400 to $14,200 (for renewals), and payments can be made in up to 15 installments. The interest rate drops for each renewed loan, from 4% to 2.8% per month. In 2011 we made more than 6,000 loans totaling over R$20 million, which represents year-on-year increases of 41% and 35%, respectively. Since Itaú Microcredit was created in January 2003, it has made over 35,000 loans, totaling over R$110 million.

Itaú Microcredit also helps small business people who need to upgrade their premises, as we did at the Três Irmãos market in Guarulhos, São Paulo.
Technology plays a big role within Itaú Microcredit. The use of smartphones keeps the field agents in touch with the central office.

Another alliance was formed with Microsoft and the CDI LAN network, a business arm connected with the Committee for the Democratization of Information Technology. Through this partnership we offer loans to participating LAN houses to finance the purchase of Microsoft software, encouraging the legalization of these establishments. This was a pilot project conducted in 2011, which we expect to expand in 2012.

Microcredit agents

Our microcredit agents are typically professional, family people and have two fundamental skills: analytical thinking and identification with the cause of social transformation. Their socioeconomic status is similar to that of their customers in this segment.

After being hired, the agents undergo an extensive training program that lasts about a year and offers classroom modules and practical training in the field. To contribute to the development of these employees, we subsidize their university courses, which is also a retention factor. Our next step is to get closer to the social projects in the communities so we can create a talent pool. (FS4)

In November 2011, through Financeira Itaú CBD S.A. Credit, Financing and Investment (FIC), the wholesale food products chain Assai began offering Itaú Microcredit in 33 of its stores in greater São Paulo and Rio de Janeiro.

Assai’s customers receive product information, and if they are interested in borrowing money they can register right in the store so the bank’s central office can contact them. The potential for new business is promising, as the majority of Assai’s customers are small business people.

Partnership with the Assaí chain
Over the next five years Itaú Microcredit wants to become one of Brazil’s largest microcredit operators

This training program enables each agent to conduct socioeconomic checks of their clients, and then provide them with information about financial education and make them aware of their loan obligations. The agents are responsible for guiding and monitoring the spending of the loans.

In 2012 we distributed the Entrepreneur Handbook, a tool that will help micro-entrepreneurs to control the sales and expenses of their business, as well as organize their activities, schedule the right time to buy new merchandise, make an inventory and identify their best customers and suppliers.

To simplify the marketing of this product we began using the Itaú Microcredit brand instead of Microinvest in our promotional materials and field agent identification. This change should bring several benefits to our operations, as the Itaú brand lends credibility and a sense of belonging to microcredit team members.

During the first half of 2012 we plan to consolidate this new business model so that Itaú Microcredit can reach its production and scale targets while maintaining a portfolio quality consistent with international industry standards and introduce new microfinance products, particularly life, personal accident and property microinsurance.

Although we had not yet reached our production goals in 2011, we turned our focus to developing the means to increase our market share by a factor of 2.5 over the next three years. From the second half of 2012 we also expect to grow the scale of our lending to reach a 30% increase over our 2011 customer base.

For Level 2 Loans, our goals include growing the portfolio by strengthening the microfinance sector through the exchange of knowledge, and providing more funding.

Bases for expansion

Over the next five years Itaú Microcredit wants to become one of Brazil’s largest microcredit operators. Accordingly, we are continuously investing in training our professionals, in addition to acquiring and developing technological systems and suitable communication platforms for this audience.

We have also strengthened the synergies between Itaú Microcredit and the bank’s other business units. Based on the premise that microfinance is the gateway to providing financial services to the lower income market, we are developing other products to meet the needs of this group. A good example is Itaú Microcredit Protection insurance, which is offered to all micro-entrepreneurs at no additional cost (see box on page 67).
Socio-environmental Risks and Opportunities

The International Finance Corporation, the private sector financial arm of the World Bank, supported Itaú Microcredit by suggesting minimum criteria based on those of the Equator Principles for the credit policy. All Itaú Microcredit employees have access to our lending policy through printed manuals. We conduct periodic audits of Itaú Microcredit’s operations and internal and external processes to ensure the policies are being applied. (FS1, FS2 and FS15)

We only finance activities that meet socio-environmental standards, excluding those which, among other things:

- use exploitative labor, such as slave, forced or child labor; and

- produce or market illegal products, weapons and ammunition, tobacco, wildlife or products governed by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), radioactive materials, deforestation equipment, pharmaceutical products and products containing polychlorinated biphenyls (PCBs), or pesticides and herbicides subject to international bans. (FS1 and FS2)

Loans can only be offered to micro-enterprises that have a positive impact on the community and follow sustainable practices. Before the loan is approved, the microcredit officer makes an overall assessment of the business, identifying key issues regarding the loan, and whether it complies with the Itaú Microcredit business policy and existing laws. If any deviation from the agreed terms appears after the loan is granted, the agent has the responsibility to guide the client and ensure the loan is not renewed until the borrower comes into line with the policy. (FS1 and FS2)

### Level 1 Loans (FS7)

Level 1 Loans are provided for a mixture of working capital, upgrades and fixed assets and are designed for formal or informal city-based small business people involved in small-scale activities. Qualified borrowers must be aged 18 or older, own or be a partner of the business, have maximum sales of R$240,000 per year, and have run the business for at least one year to qualify for working capital loans, and at least two years for the other loan types. A bank account and formal guarantees are not required.

- Minimum, first loan: R$400
- Maximum, first loan: R$10,000
- Minimum renewal: R$400
- Maximum renewal: R$14,200
- Minimum of four installments, up to a maximum of 15
- Fees: interest, credit opening fee TAC and financial operations tax (IOF) (interest rate drops upon renewal)
- 6,086 loans (borrowers) in 2011
- Total amount loaned in 2011: R$20,200,124

### Level 2 Loans (FS7)

Level 2 Loans provide credit to micro-entrepreneurs through public interest civil society organizations registered with PNMPO. Loans are granted on a shared basis: the microfinance institutions which grant the loans transfer the receivables portfolio to Itaú Unibanco, and in return receive the repayments in advance. These are treated as demand deposits, in accordance with Central Bank Resolution No. 4000 of August 25, 2011.

The method for analyzing the partner institutions has been developed exclusively by Itaú Unibanco to serve this sector. Through the Microfinance Institutions Relationship and Support Program, we held meetings with partner institutions in an effort to exchange knowledge and best microfinance practices. We worked with the executives and boards of these institutions to discuss action plans and planning for use of the funding provided by Itaú Unibanco. (FS5)

The results of the program demonstrate its importance for maintaining the sustainable development of partner institutions and, consequently, the quality of our portfolio. (FS5)
We provide Level 1 Loans (made directly to micro-entrepreneurs) and Level 2 Loans (made indirectly to micro-entrepreneurs through specialized institutions).

Both of these loan types are classified as oriented productive microcredit, as they contribute to the socioeconomic inclusion of formal and informal city-based lower income micro-entrepreneurs who do not have access to traditional lines of credit, and encourage the development of productive activities. (FS7 and FS13)

In 2011, Itaú Microcredit, through its own agents (Level 1 Loans), served the following municipalities:

**Rio de Janeiro:** Rio de Janeiro, Duque de Caxias, Petrópolis, Piabeta, Piabeta (Magé), Guia de Pocobalba, Belford Roxo, Mesquita, Nilópolis, Nova Iguaçu, Queimados, São João do Meriti and Japeri;

**Rio Grande do Sul:** Porto Alegre, Canoas, Guajuiras (Canoas), São Leopoldo, Sapucaia do Sul, Esteio, Novo Hamburgo, Gravataí, Viamão, Alvorada, Caxias do Sul, Santa Cruz do Sul and Santo Ângelo; and

**São Paulo:** São Paulo, Barueri, Carapicuíba, Cotia, Diadema, Itapevi, Jandira, Mauá, Osasco, Santo André, São Bernardo do Campo, Vargem Grande Paulista, Santana de Parnaíba, Taboão da Serra, Embu, Itapecerica da Serra, Guarulhos, Ferraz de Vasconcelos, Poá and Itaquaquecetuba.

For Level 2 Loans, Itaú Unibanco worked indirectly in various municipalities in Rio Grande do Sul, Santa Catarina, Paraná, Minas Gerais, Pernambuco and Paraíba.

Combined, Level 1 and Level 2 Loans have the potential to be applied nationwide.
Microcredit
Borrower Insurance (FS7)

This type of insurance, launched in December 2011, is included in the loan package and comes at no additional cost to the client. The product is designed for our Level 1 borrowers. It is limited to R$15,000 of protection, and lasts for the same term as the loan. In 2011, 435 clients benefited from this insurance.

Benefits: In the event of a borrower’s death, the outstanding balance is forgiven, and the family receives R$3,000 towards funeral expenses plus R$400 for food hampers, provided in four equal payments.

We seek low indebtedness for our customers (Level 1), sustainable growth for our partner institutions (Level 2), and the socioeconomic development of the regions where we operate, in addition to generating employment, income and improvement in the quality of life of the micro-entrepreneurs. (FS13)

Controls are used to protect clients from over-indebtedness, such as the requirement to submit certain documents, the setting of limits (R$10,000 for the first loan, for example), and lending criteria whereby a borrower seeking working capital must have worked in the business for at least one year, and two years for other loan types. The credit analysis model also allows safe lending, within the client’s ability to pay. (FS1 and FS2)

To monitor how the loan is being spent, the agent visits the business approximately 15 days later. A close relationship with the borrower and guidance are some of the tools used to promote social development and financial support for small business people. We host breakfasts (where we explain the product and our role in the community) and recreational activities such as a board game on financial education (with bank employees volunteering to play this game with community members). Monitoring the loan is as important as the previous stages of sourcing, analyzing and approving. We also offer two service channels to our clients: Itaú Unibanco SAC Customer Support and Itaú Microcredit Central. (FSS)

Impact assessment (EC9 and SO1)
In 2011, 47.3% of Itaú Microcredit's loans were renewed, each of which required the agent to perform a new socioeconomic check of the customer, while the credit desk analyst made a quick assessment of the financial and social impacts generated from the previous loan.

We have several documented cases of borrowers who were able to expand their business and move into our higher income customer portfolio, and who are now served by the bank’s premium segments. Video testimonials provided by some of our customers can be viewed at www.itau.com.br/microcredit.

There are also two channels available for customers to contact us: Itaú Unibanco SAC Customer Support (0800 728-0728) and Itaú Microcredit Central (4004-1937). Thanks to regular, productive contact with their personal loan officers, our clients end up dispensing with previous means to solve their problems. (SO1)

Impacts observed include:

• borrowers have the opportunity to improve their socioeconomic conditions through the loan, insurance and orientation package (income generation, employment and social mobility); and
• educational mentoring, which includes financial education and monitoring from the loan agent, enhances the skills of micro-entrepreneurs (such as guidance on cash flow, economic cycle, and separating personal and business expenses).
We seek low indebtedness for our customers, sustainable growth for our partner institutions, and the socioeconomic development of the regions where we operate.

There are no microfinance market benchmarks for indirect economic impacts. In 2012 we intend to study the use of indicators compatible with those from Mix Market (www.mixmarket.org), an international microfinance benchmarking organization, to identify a peer group compatible with Itaú Microcredit and monitor the resulting indicators. (EC9)

Although we do not have a quantitative assessment of social impacts, we do have a qualitative assessment made by loan officers and supervisors who closely follow the development of their clients during visits and credit renewals. However, this information has not yet been compiled into a database.

We also began work on identifying individual micro-entrepreneurs in regions with the greatest opportunities for microcredit geomarketing mapping which will bring us more knowledge about the regions where we operate. In addition, indicators to measure the social impact of our products will be developed in the second half of 2012.
Small and medium-sized enterprises

Our SME segment serves companies with annual revenues of up to R$300 million. In addition to relationship managers who act as financial advisers, our clients in this segment are served by a team of product specialists with expertise in assets, cash management, foreign trade, insurance, investments and derivatives, and benefit from our highly interconnected branch network and advanced technology.

We finance the development of small and medium-sized companies, which is one of Brazil’s most important sectors for the growth of the economy and job creation.

To better serve our clients and create steady, long-term conditions for growth, in 2011 we hired 1,452 employees and opened 64 physical points of service.

We made use of opportunities to meet the demands of sectors with huge expansion potential, such as foreign trade, by developing a range of products and services to help importers and exporters in their regular business and to make foreign exchange (forex) operations easier. This was borne out by growth in the use of electronic solutions such as Exchange Online, which rose 80.2% over 2010, and Comexpress, an international business management application which climbed 52.3% in the same period.

Another highlight during the year was the launch of the Progress Project, designed for Itaú Unibanco and Itaú BBA clients that are connected with the Petrobras suppliers chain. Through this project, which is a joint venture between Petrobras and various Brazilian banks, Petrobras suppliers get their credit backed by the receivables from their goods and services contracts. These contracts are part of the supplier chain and are registered in the Progress Project portal. They add transparency to the business relationship and reduce the lending risk and, consequently, the borrowing cost.

Internally, we expanded the Itaú Business Certification (Ciemp), an employee certification program geared to commercial client product and service knowledge, based on factors such as sustainability, culture and ethics. By the end of 2013 we expect to expand the Ciemp program to all commercial and operations teams.

Support for small and medium-sized enterprises

- **Itaú Companies Seminar**: seminars that address issues such as personnel and financial management, technology, marketing, macroeconomics and taxation. These events are part of the Itaú Companies business advisory program, which delivers key content and information for the development of our clients. In 2011 we held nine events in five regions around the country, with the participation of nearly 2,000 customers.

- **Vision of Success Project**: in 2011 Itaú Companies formed a partnership with the Inter-American Development Bank and the Endeavor Brazil Institute to create the Vision of Success Project. This initiative allows small and medium-sized enterprises to be selected to participate in this unique, subsidized program for technical training and business management. The goal is to promote entrepreneurship starting at the “base of the pyramid”, which is made up of the C, D and E economic classes. The Korean government, through the Korea-IIC SME Development Trust Fund, is supporting this project with a technical assistance grant of US$500,000, while local counterpart funds total a further US$500,000.

- **Itaú Companies Seminar**: seminars that address issues such as personnel and financial management, technology, marketing, macroeconomics and taxation. These events are part of the Itaú Companies business advisory program, which delivers key content and information for the development of our clients. In 2011 we held nine events in five regions around the country, with the participation of nearly 2,000 customers.

- **Vision of Success Project**: in 2011 Itaú Companies formed a partnership with the Inter-American Development Bank and the
The segment serves 1.5 million small and medium-sized enterprises with annual revenues of up to R$300 million.

**Socio-environmental Risks and Opportunities**

Since 2007 we have been evaluating the socio-environmental risk in lending to small and medium-sized enterprises, based on the Sector Socio-environmental Risk Policy. During its development, this policy underwent an evaluation from external stakeholders, consistent with AA1000 standards. *(Profile 4.16 and FS1)*

In 2011 this policy was revised to reflect our institutional policy, namely, the Itaú Unibanco Holding S.A. Socio-environmental Risk Policy, which is not publicly available. *(FS1)*

To perform a socio-environmental risk analysis, we employ tools such as the Prohibited List, the Restricted List, socio-environmental categorization, self-reporting socio-environmental questionnaires, sector guidelines, checklists specific to certain sectors, customer visits and an external communication channel (Contact Us). *(FS1, FS2 and FS3)*

Customers are categorized according to the socio-environmental risks associated with their sectors of economic activity. From this categorization we make an analysis of socio-environmental risk for lending to companies considered A (high risk potential) and B (medium risk potential), and whose current loans from the bank amount to R$5 million or more. *(FS2)*

As a reflection of the suitability of the Itaú Unibanco Holding S.A. Socio-environmental Risk Policy, in 2011 we began using a specific checklist to analyze companies with loans of R$1 million or more and whose operations are on the Restricted List, given the critical nature of these sectors. This new procedural rule seeks to expand the number of companies that must undergo this type of risk analysis. *(FS2)*

During the analysis process, when potential risks are identified, the technical team may conduct site visits or request further information from the company. Inquiries are made through the monitoring of the analysis area, and when the problems identified cannot be rectified via the action plan, the loan will be refused. Customers are tested regularly, while the socio-environmental risk analysis is valid for up to two years. *(FS3)*

We do not lend to companies that have involvement with the activities which appear on the Prohibited List. We periodically check updates for employers registered with the...
Itaú Unibanco Holding S.A.  
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Ministry of Labor and Employment, in accordance with Interministerial Administrative Order No. 2, of May 12, 2011. (FS1)

To identify child labor and prostitution, we monitor the news media. When a case is identified, the loan is refused. (FS2 and FS3)

The socio-environmental risk analysis process is constantly re-evaluated within the credit cycle, so that we can cover an increasing number of analyzed companies, focusing primarily on those that operate in industries with potential involvement in the activities and classes that appear on the restricted and prohibited lists. (FS3)

Aspects such as managing impacts on biodiversity and climate change are also included in socio-environmental risk analysis tools. (EN14)

Our socio-environmental risk analysis process for small and medium-sized enterprises received its ISO 9001 certification in June 2010. The recertification procedure is performed every three years.

Training

The socio-environmental risk analysis team is composed of professionals with multidisciplinary training. To ensure the team stays updated and has the necessary knowledge for its activities, in 2011 it was given an in-company course in Environmental Law in partnership with Fundação Getulio Vargas. (FS4)

The technical analysis team also took part in training on socio-environmental risk management systems, which is held annually by the Inter-American Investment Corporation. In 2011 the training program was held in El Salvador with support from Itaú Unibanco. The team was also provided with courses by the International Finance Corporation, including the Community of Learning, on the New IFC Performance Standards.

Commercial business managers constantly take refresher courses on various aspects of lending. This training covers social and environmental issues as well as analysis procedures relating to the Sector Socio-environmental Risk Policy. During the year the business managers also received various publications on the topic. (FS4)

We also offer e-learning distance training on socio-environmental risk, which can be accessed by all Bank employees.

Helping client companies improve their management

In 2011 we held the sixth edition of the Extreme Makeover Project, in partnership with Microsoft and Pequenas Empresas Grandes Negócios magazine. The project selects three companies to offer free technical, financial and socio-environmental consulting, based on their profile and opportunities for action. (FS5)

The goal of the project is to help small businesses make good use of technology and finance to modernize, improve management and increase efficiency. It is also designed to increase profitability and show that any company, regardless of size, can be more efficient and sustainable. Through the project, we analyze the businesses and offer recommendations on financial management, governance, business, the environment, employees, customers, competitors, suppliers, society and the government. We also gave presentations on financial education to employees of participating companies. (FS4)

Another initiative is the Sustainable Management Advisory Project, whose goal is to bring a pioneering solution to the Brazilian financial market to micro and small companies facing an adverse credit situation. For these customers, a change in the financial management of the company not only means they can honor their debts to the bank, but also ensures the company’s very survival. (FS16)

The project provides theoretical knowledge of management and financial controls, and access to management consultants who specialize in micro and small businesses, allowing customers to evolve the management of the business to create more value. The main objectives are to improve business management in companies, and increase their credit recovery efficiency and customer loyalty. (FS16)

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Socio-environmental decisions issued in 2011 for small and medium-sized enterprises

<table>
<thead>
<tr>
<th>Socio-environmental categorization</th>
<th>Favorable socio-environmental decision</th>
<th>Unfavorable socio-environmental decision</th>
<th>Change of practices</th>
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In 2011, 1,688 companies participated in the program. There was an 18% increase of customers that managed to restructure and honor their debt, totaling R$5.26 million, while the financial rate of return for Itaú Unibanco reached 646%. (FS16)

**Products with a socio-environmental focus**

- **Inter-American Investment Corporation Socio-environmental Financing.** Financing of small and medium-sized companies with good business practices, applying the eligibility criteria of the IIC and our socio-environmental risk analysis. In February we raised another US$280 million for the IIC, the largest amount yet provided by the IDB for a Latin American bank. Added to the US$50 million we raised in 2006, a total of US$330 million of financing has been made available for these companies. (FS8)

- **ABC Program (National Economic and Social Development Bank – BNDES Agro Line).** Financing projects that seek to reduce greenhouse gas emissions from agriculture, farming and deforestation, or to promote the expansion of cultivated forests and the reclamation of degraded areas. In December 2011 we made our first investment under this program. (FS8)

- **Environmental Working Capital*.** Loans to companies that want to improve their processes, products and services while minimizing their impacts on the environment. (FS8)

- **Environmental Compror*.** Credit line to customers (buyers) who wish to finance the purchase of goods and services with their suppliers (sellers). Client companies must be committed to a variety of environmental goals, including preservation of natural resources, energy efficiency and effluent treatment. (FS8)

- **Automatic BNDES Procopa and BNDES Automatic Hotels*.** Special loans to businesses such as inns, hotels and resorts, which can be used for construction, expansion and modernization of their hotel chains, in view of the two major events that Brazil will host in the coming years: the 2014 FIFA World Cup™ and the 2016 Olympic Games™. Hotels which are certified by the Inmetro Sustainability Management System for Hotels, or as level “A” in energy efficiency by Procel Edifica, receive special terms and interest rates. (FS8)

- **Special conditions and BNDES Emergency Reconstruction Program for the State of Rio de Janeiro (PER-RJ).** For businesses and micro-entrepreneurs located in municipalities affected by the natural disasters which occurred in January 2011, resulting in the Rio de Janeiro state government declaring a state of emergency. By May 2011, 98 loans had been made by Itaú Unibanco through PER-RJ. In addition to the BNDES program, we offered those customers special conditions for products, credit and collections. Key benefits included extension of the term for revolving loans, cancellation of collection actions, renegotiation of debts with more flexible and tailored conditions, and extension of leasing terms. (FS13)

In 2011, 100% of the products and projects for small and medium-sized enterprises which underwent the governance process were approved. This process includes an analysis of the following components: economic and environmental sustainability, legal, information security, prevention of money laundering and tax. This information is evaluated to assist and support the decisions to approve or reject governance processes and products. (FS15)

* We do not disclose the total value of products and services or the total value of the business line as we consider this to be strategic information. (FS8)
Credit cards1 (Profile 2.7)

Through the operations of Itaucard, Hipercard, joint ventures and partnerships with major national retailers, we offer a broad portfolio of credit cards to about 34.3 million account and non-account holders. Total transactions reached R$154.2 billion in 2011, up 20.3% from 2010, allowing us to maintain our leadership in the Brazilian cards market.

During 2009 and 2010, 80% of our efforts were concentrated on the integration of the seven platforms that operated in the pre-merger era. This process was set as a priority, as it would allow us to standardize and simplify processes and provide the basis to pursue increased operational efficiency. It was a highly complex integration process, involving the review and standardization of activities and the creation of a structure to cover administrative aspects such as accounting, processing, customer service and logistics.

After spending two years being totally focused on integrating our operations with the migration of seven processing platforms to a single more complete and robust platform, in 2011 we shifted our priorities to reviewing the business model, seeking to increase efficiency and develop our position in relation to quality of products and services.

Revision of the business model and a focus on efficiency

The review of the business model was primarily to reassess the commercial agreements we had with some of our partners. We elected to maintain alliances only with those companies which offered strategic advantages, national presence, a high volume of transactions and significant reach. Once we had pared our partnerships list down, we began strengthening our relationships with these customers by improving the quality of the products and services available to them.

This new way of conducting business resulted in changes in our personnel at all levels, from the boardroom to the back office. The transparency with which we conducted this process was based on meritocracy, which prevented our Speak Frankly survey from being negatively affected.

Even with the highly complex changes that occurred during the restructuring process of the area, the number of customer complaints made to Procon consumer protection agencies remained basically unchanged from 2010, actually showing a slight decrease (read more in the Customers section).

With transactions worth R$154.2 billion in 2011, up 20.3% from 2010, we maintained our leadership in the Brazilian cards market.

1 not including the number or value of Personal Loan or Direct Consumer Loan products. The figures presented here are for account and non-account holders, and are for demonstration purposes only.
In December 2011 we began implementing the Kaizen method for management quality and continuous improvement in all our processes. We expect that from 2012, thanks to the project’s operational stability and universalized service channels, we will be able to substantially change our customers’ perception about the quality of our products and services.

Other efficiency-related actions were also taken throughout 2011, such as closing our airport lounges and Itaucard outlets, as well as reducing paper consumption in the production of our booklets, newsletters and brochures.

With regard to improving the quality of customer service, our key project is Everything for Everyone. Currently in the early stages of implementation, it is designed to provide universal service for any type of transaction, whether at the branches and ATMs or at the many points of sale of our partners, a benefit unheard of in the Brazilian market. We expect that by the end of 2012 all our customers will be able to perform any type of transaction through all the channels we offer.

To make the Everything for Everyone project possible, for a year and a half we used our Itaucard outlets as a space to map 100% of the demands, requests and problems presented by our customers. Once assembled and collated, this massive file of information allowed us to start putting the project into operation.

**Transparency and financial education**

We seek to maintain balanced, long-term relations with our customers by offering products suited to their life cycle. Accordingly, we invest in improving our communication with them, and helping them manage their finances properly so they avoid excessive debt.

The Transparency 100% Program (see details in the Clients chapter) is designed to make it even easier for customers to understand our products and services, and know the details of the products they are buying so they can use them safely.

The following are examples of actions we have implemented to provide more transparency to our customers:

- redesign of account statements, credit card bills, direct mailings and newsletters;
- simplified contracts and more informative bills, which in April 2011 became a legal requirement under Central Bank of Brazil Resolution 3919, although we started providing these a year earlier; and
- SMS alerts about credit card transactions.

Other actions taken throughout the year demonstrate our commitment to engage with employees and customers in decision-making. We have adopted a Pricing Policy which establishes a procedure to be followed for approving and changing fees and rates for credit cards. All new fees must be reviewed and approved by a specific Committee. The approval criteria include the responsible supply of products and a fair price charged to customers. (FS15)

In 2011 our customers participated in the process of adding new benefits to Itaucard cards. Through the “Benefits Made by You” promotion, thousands of people sent in suggestions about the types of benefits that they would like to have on their credit and debit cards. The result was the inclusion of 50% discounts on theater tickets. Using Facebook, customers also helped to create the characteristics and benefits of the new Itaucard Pão de Açucar cards.

Following Central Bank of Brazil Resolution 3919, we offer a basic credit card geared to low-income consumers. This product can only be used to pay for essential services (card transactions and paying bills), and has the lowest rates among all our cards.

**Debt renegotiation**

In 2011 we led the move to reduce interest rates on credit cards by offering and advertising Installment Billing to our individual clients. The goal is to provide alternative financing with lower interest rates to customers who are having difficulty paying the full amount owed. The product consists of a line of credit to finance the bill, payable in four to 24 fixed installments, at lower interest rates. (FS7)
Real estate (Profile 2.7)

In recent years, real estate activity in Brazil has grown substantially, driven by the country’s rising employment, income and credit supply. In 2011 real estate lending in Brazil increased 30% year-on-year, reaching R$117 billion, or 4.1% of GDP, according to the São Paulo Construction Industry Union (Sinduscon-SP). In 2012 this market is expected to be worth R$152.1 billion.

Brazil’s housing deficit, combined with real estate lending as a relatively low percentage of GDP, points to tremendous potential for long-term growth. Accordingly, Itaú Unibanco restructured its activities for the area and has played an important role in the growth of real estate credit in recent years, becoming a leader among domestic privately-controlled banks. By year-end we had a 17.8% market share worth R$21 billion in property financing. Our real estate lending portfolio reached R$13.5 billion, up 66.7% year-on-year.

As Itaú Unibanco’s consumer clients represent 70% of total loans, we rely on our large base of account holders and wide service network to steadily increase our market share. Currently, 85% of our real estate borrowers are account holders, and 50% of our real estate lending is done through the branches, with a minimum down payment of 20% and a 30-year term. The other half of our real estate lending is conducted through our nationwide partners.

The key differential of our real estate lending is the continuous availability to assess loan requests, even on weekends and holidays. Another major advantage offered by Itaú Unibanco is the responsiveness of our loan approval office, which gives instant answers to 70% of all requests through a high performance computerized system. In 2011 we improved this system even more, and now an average of just 13 days is needed to transfer the monies to a client’s current account, compared to the market average of approximately 40 days. This performance was achieved through investing in system upgrades, improving processes and reducing the amount of paperwork required for approvals.

At the end of 2011 we had a 17.8% market share worth R$21 billion in property financing

Socio-environmental Risks and Opportunities

Commercial real estate lending is done through the Empresário Plan, a credit line available to companies in the construction sector (developers and builders) for residential and commercial projects. Funding is granted upon approval of the borrower’s credit, the project design and documentation, through legal analysis of the guarantees as well as the builder, borrower and others involved in the financing.

The Empresário Plan is subject to the Itaú Unibanco Real Estate Credit Socio-environmental Policy, which is implemented to mitigate potential risks of liability or breach of environmental laws related to the socio-environmental aspects of the project being financed. Available on the bank’s intranet, the policy applies to the funding of any prospective construction projects in Brazil. (FS1 and FS2)

The policy uses three questionnaires that address the socio-environmental aspects of the company, project and property. The results are evaluated, and where there is a financial, environmental, or image risk, the proposal is submitted for analysis by the relevant areas. After this we may request additional documents to continue the lending process or to release the first tranche. Based on the risk presented, we may refuse the loan or the development project itself. (FS1 and FS2)
In addition to the questionnaires, the contracts have a clause designed to reinforce the National Environment Policy (Decree 99.274/1990 and Law 9.605/1998), and the wording of the Federal Constitution, which includes the following aspects:

• child labor;
• local traditional communities, indigenous peoples and quilombolas (descendants of escaped slaves);
• impacts on biodiversity (extractive reserve or wildlife refuge);
• impacts on water sources and mangroves; and
• impacts on water bodies or drainage (catchment of rainwater for use in the project; landfills in which waste from the project is deposited; installation of separate water meters; fixtures that help reduce water use; and a hydraulic system which includes water recycling). (FS1)

As part of the lending process we also hire an engineering firm to inspect the project when the funding begins. An engineer goes to the site and performs a Technical Feasibility Study of the project, which assesses the value of the units, as well as the validity of the guarantees used to prepare the financing contract. The project’s own engineer completes the questionnaire about the property, which provides our engineer with information on the history of the property and neighboring properties (if there is/was any type of industry, gas station, landfill, junkyard or disposal of liquid effluent, etc.), and details on any water body and vegetation on the site. (FS3)

Monthly inspections are conducted, with the release of monies being tied to the results of this monitoring. Information, approvals and reports are filed and tracked. Our engineer may also take pictures of any problem areas, which are then posted into the system and may be consulted at any time. In case of problems, an action plan is developed, and when necessary, our legal department may take appropriate action. (FS3)
We work all over Brazil with construction firms and contractors of every size

About 40 offices and five employees (commercial lending engineers) participate in this process. All are equipped with a manual for completing the questionnaires, which is updated whenever there are improvements to the questionnaires and/or processes.

We do business all over Brazil with construction firms and contractors of every size. Our lending policy adopts the World Bank classification for determining which sectors and regions have high socio-environmental impact potential. (FS6)

The application of the Itaú Unibanco policy falls under the responsibility of the Real Estate Credit unit, which is overseen by the Real Estate Credit Commission, which has the power to release subsequent monies, and refuse or demand certain conditions. (FS1)

In 2012, in association with the Vanzolini Foundation, we will create a certification system for companies that meet rules to be formulated by Itaú Unibanco. (FS1)
Itaú Unibanco’s Wealth Management & Services (WMS) area offers a unique portfolio of products and services which includes wealth management solutions, credit for future projects, financial advice for businesses and succession planning. WMS considers the objectives and needs for each stage of our clients’ lives.

In 2011 we were recognized in Brazil and abroad for our private banking operations, which are positioned at the top of our service structure to individuals. Itaú Asset Management is Brazil’s largest privately-controlled institutional asset manager, and leads the corporate, private and high-income retail segments. In capital markets we held events with investors from all over Brazil and achieved significant results in custodian services, which ended the year with a total of R$823 billion in assets and a 25.2% market share. During the year we redoubled our efforts at efficiency through strengthening innovation processes, which led to the launch of differentiated products and services in the market.

To serve large foreign institutional investors we have offices in New York, London, Dubai, Tokyo and Hong Kong, as well as Latin America. Our professionals possess a superb knowledge of institutional investors in these regions, which helps us identify the best investment opportunities in Latin America.

### Asset management

We are active in the fixed income, credit, institutional, equities, multimarket and indexed fund segments. At the end of 2011 Itaú Unibanco’s funds were being distributed in Brazil through 20 major institutions, amounting to R$286.2 billion under management, and a 14.8% market share, based on rankings from the Brazilian Association of Financial and Capital Markets Entities.

To keep pace with the substantial growth of Brazil’s investment fund market in recent years, we have tailored products and services with different characteristics for each segment. Based on technology and innovation, the challenge is to streamline our processes without compromising risk control.

### It Now – Itaú’s family of ETFs

In 2011 we started offering exchange-traded funds (ETFs) under the It Now brand. The IFNC It Now Fund, for example, tracks the Financial Index of the BM&FBovespa, which measures the performance of stocks of banks and various financial services, pension and insurance companies. After a competition held by the São Paulo Stock Exchange, we were selected to manage the fund for three years.

We also launched the IMAT (basic materials) and IDIV (dividends) ETFs, both based on BM&FBovespa indices. It Now IMAT replicates the basic materials index, composed of companies from the mining, chemical, steel and metallurgy sectors, while It Now IDIV follows the dividends index, comprising companies with the best return on dividends measured over the 24 months prior to portfolio selection.
Two other prominent ETFs are in the socially responsible investments niche, which includes companies recognized for best socio-environmental practices and corporate governance. This is the case with the BM&FBovespa's Business Sustainability Index (ISE) and Corporate Governance Index (IGTC), which now have ETFs managed by Itaú Unibanco, after a competition held in 2011.

The expansion of the It Now family through these two products has helped foster the market for funds that consider the socio-environmental performance of invested companies, while the ISE and IGCT indices continually encourage companies to adopt stricter environmental, social and corporate governance criteria.

**Socio-environmental funds**

**Itaú Eco-change Fund** – the Eco-change family is composed of DI (indexed to Brazil’s daily reference rate) and fixed income funds, which transfer 30% of their management fees to projects from nonprofit organizations that seek to reduce greenhouse gas emissions. From 2009 to 2011 we transferred R$1.7 million to programs in 12 institutions working in the areas of energy efficiency, renewable energy, waste management and forestry (native forest recovery or reduction of deforestation). In addition, Itaú Asset Management is a signatory-investor in the Carbon Disclosure Project (www.cdproject.net). (FS8)

**Social Excellence Fund (FIES)** - created in 2004, this fund invests in socially responsible companies. Its investment policy covers companies listed on the ISE, and the use of positive and negative filters to limit its investment universe, based on analyses conducted by the product and fund management areas and the FIES Advisory Board (see our policy on the Brazilian Securities and Exchange Commission (CVM) website at http://www.cvm.gov.br). If a socio-environmental or corporate governance risk is identified, the Board determines whether to maintain or remove that company from the fund’s portfolio. Through this fund we offer a product that invests only in companies with recognized sustainability practices. (FS1, FS7 and FS11)

From 2004 until the end of 2011, the Social Excellence Fund disbursed R$16.6 million to social programs for 97 NGOs, investing in the training of over 15,000 children and teenagers and about 1,500 educators. During this period it contributed to the creation of a social network that fosters the ongoing exchange of knowledge between these organizations, in addition to supporting the United Nations Children's Fund (UNICEF) in Brazil. The fund also raised more than R$2.2 million for children and adolescents by incorporating the Unibanco Private Social and Unibanco Social Multigestor II funds. (FS7)
Itaú Personnalité Future DI Social Fund - created in 2009, this fund transferred about R$197,000 to the Futura TV channel between 2010 and 2011, representing 30% of its management fees. Futura is an initiative developed by the Globo Television Network to contribute to social development by educating viewers on relevant issues such as health, work, education, environment and civic responsibility. (FS7)

Socio-environmental Risks and Opportunities

In 2008 Itaú Asset Management became a signatory to the Principles for Responsible Investment. The PRI is an initiative of institutional investors, created in partnership with the United Nations to help guide the financial and capital markets toward integrating environmental, social and governance issues into their investment processes. (FS1)

Since 2010 Itaú Asset Management has had its own methodology to identify Environmental, Social and Governance risks that may impact the market value of its invested companies. Where applicable, the value of the identified risk is built into the investment process. Currently, only equity funds with active management apply this type of evaluation processes. The integration of these variables into the investment process does not necessarily translate into the exclusion of any particular sector or company. (FS2 and FS11)

In 2011 we continued the process of discussing the relevance of ESG issues in Itaú Asset Management’s investment processes. We conducted training sessions for our products and portfolio management areas as well as Itaú Unibanco’s sustainability area.

In addition, the Proxy Voting Policy (available at www.itau.com.br), approved by the Itaú Asset Management Strategic Committee, mentions the consideration of issues related to best corporate governance and socio-environmental practices. This policy, consistent with the Anbima code of best practices, underlines our duty to act in the interests of clients by seeking to have a positive influence on the management of companies throughout the country. In 2011 we attended 40 shareholders’ meetings of our invested companies. The decision to vote lies with the managers, in keeping with the fund investment policy and its fiduciary duty. A record of our managers’ votes is available for three months on the Itaú Unibanco site. (FS12)

Responsible Investment

Itaú Asset Management was the only Brazilian institution to sponsor the annual meeting of the signatories to the UN’s Principles for Responsible Investment, held in September in France. The event was attended by CEOs, investment directors and executives from the world’s largest institutional investment and asset management companies.

We also promoted and hosted an event for brokers active in research and PRI signatories in Brazil. The goal was to discuss the role of brokers in the incorporation of ESG issues into their analysis. The event was attended by 70 representatives from more than 20 brokerage firms. The inclusion of ESG issues in the analyses conducted by the brokerage firms is crucial for their integration into the general philosophy of investment.

One of the major initiatives undertaken by the bank after joining the PRI in 2008 was the formulation of a methodology for integrating ESG issues into the evaluation of invested companies. This initiative was praised by PRI Chairman Wolfgang Engshuber during a visit to Itaú Asset Management, which demonstrates the success of our efforts.

In 2011 we also participated in the Emerging Markets Disclosure Project engagement initiative in partnership with PRI signatories. This action is designed to spread awareness about the importance for investee companies to report their ESG issues. (FS5)
Investor profile analysis

To prevent clients from taking risks beyond their ability and investment wishes, the Brazilian Association of Financial and Capital Markets Entities has recommended its members adopt an investor profile analysis process when selling high risk products (equity funds, multimarket funds, private credit funds, spot market and derivatives). This analysis assesses the personal characteristics of the investor, based on their level of experience, and real or perceived financial understanding of the investment products. (Profile 4.12 and FS15).

Our assessment procedures go beyond the Anbima investor profile analysis. We intend to comply with the suitability rules by providing a customized financial advisory service and managing a portfolio profile tracking process. (FS15)

When clients invest in risky products, we check to see if they have the appropriate profile. If not, we ask them to complete an electronic questionnaire which analyzes whether their profile is conservative, moderate, bold or aggressive, and if their portfolio is appropriate. Clients can see their profile information at any time through the service channels, and receive a monthly portfolio statement containing alerts of possible differences between their profile and their investments. (FS15)

Financial Education (FS16)

Investing in the financial education of current and potential investors plays a key role in helping them choose the best products, plan their finances and be able to save and invest part of their income. The following are the main financial education programs we provide for investors.

- **Itaú Corretora Chat.** Weekly chats, available through the Itaú Corretora (our securities brokerage arm) site for clients and non-clients, which provides answers to personal finance questions on matters such as family income and investments. In 2011 about 600 people took part in 28 chat sessions.

- **“How Long Until I Make R$1 million?” Simulator.** Developed in association with Veja magazine, this simulator guides and motivates discussion on the components of family/personal budgets. The simulator, which is available on the internet (www.quantotempoateummilhao.com.br), received approximately 3,400 visits in 2011.

- **TV Itaú Corretora.** Transmits online programs featuring financial education content (financial planning, guidance, stock markets reviews) and animations in 55 videos. It is available on the internet and had about 82,000 page views in 2011.

- **Itaú Corretora Learning Sessions, and Investshop’s ‘How to Invest’.** These are designed to answer personal finance questions in areas such as investments, the equity market and trading flows. The Itaú Corretora sessions received about 110,000 client visits, while Investshop had approximately 23,000 customer visits.

- **Branch TV.** A 30-second video about the different types of investment goals is presented on digital TV at 56 branches. From December 14, 2011 to January 3, 2012 it was shown 25 times per hour.

- **Lectures on personal finance for recently hired disabled employees.** In 2011 we gave two lectures to 101 staff members.

- **Investment and pension education and communication campaign.** This includes videos, tutorials and simulators available through the Itaú Invista channel on YouTube, which provides clients and non-clients with content about investments and personal finance for their life cycle and goals. The site received approximately two million page views during the year.

- **Lectures.** Designed for various relationship groups, such as visitors and participants at ExpoMoney (a financial education and investments fair), employees of partner companies, education conferences (São Paulo and Salvador), university students, and selected Uniclass and Personnalité segment managers and clients. These lectures educate the public on the different types of savings needed for specific life cycles and goals. During the year approximately 5,000 people attended these presentations.
Private banking

Itaú Private Bank is the largest private bank in Latin America and the leader in the Brazilian market. Clients with minimum investments of R$3 million receive professional management of their assets and customized investment solutions in Brazil and abroad. In addition to offices in the country's main cities, Itaú Private Bank is located in Switzerland, Chile, Paraguay, Uruguay, the USA, Bahamas and the Cayman Islands.

Long-term relationship

Itaú Private Bank was a pioneer in Brazil in introducing the concept of wealth management: a differentiated service model that offers far more than just everyday banking needs and investment possibilities in Brazil and abroad. Our wealth management focuses on each client, taking into account their goals and needs during their life cycle.

Itaú Private Bank helps our clients maintain their assets and entrepreneurship by offering them a unique portfolio of products and services that features solutions for investment management, credit for future projects, advice for their companies and succession planning. Each proposal goes through a rigorous review process conducted by a multifunctional group to ensure the viability of the project.

Proximity

Our private banking clients have at their disposal the entire Itaú Unibanco structure for their business activities. The front line of our operation is formed by private bankers whose mission is to understand the profile of each client and offer the best solutions for their needs. This service quality model relies on a small number of clients per banker, allowing Itaú Private Bank to really know its clients and the source of their assets. Through their bankers, clients have access to a wide range of support services, as well as specialized professionals, a commercial and banking analysis team and the entire Itaú Unibanco structure.

Itaú Private Bank positions itself as more than a bank. By constantly seeking tailored solutions, we are a true partner of each client.

Itaú Corretora

In 2011 Itaú Corretora (the bank's brokerage arm) had to adapt to a less buoyant business environment than in the previous year. Nevertheless, through the BM&FBovespa, we traded R$191.4 billion in equities with individual clients, institutional investors and companies.

During this period, Itaú Corretora ranked fifth among domestic brokerage firms, with a 5.9% market share in terms of volume. In the futures market Itaú Corretora ended 2011 with a 7.9% market share, reaching R$100.7 million in contracts traded, a 21.4% increase from 2010.

In 2011 we redesigned our customer service by creating a template aligned with the Retail Bank’s hiring processes. We also created specific, robust platforms for large-scale operators. This new model will be implemented in 2012, and should provide greater efficiency and agility to our operations, resulting in benefits for our clients.

Other highlights include the centralization of service at our trading facilities in São Paulo, and being chosen by the Brazilian Securities and Exchange Commission as the only company in the domestic market whose customers can register electronically.

Finally, after a few pilot projects were tested in 2010, we introduced Brokerage Day at our Personnalité branches. Through this initiative, managers invite clients to talk about the stock market, alternative investments, and the economy, among other topics. Our goal is to bring information to investors so they can make more informed decisions.

In 2012 we intend to maintain our market share growth, supported by successful relationship-building efforts such as Brokerage Day.
Consumer credit (Profile 2.7)

Our Consumer Credit segment is targeted to customers that are non-account holders. It combines operations for credit cards and financial services offered through retail partners, plus vehicle financing and leasing.

In 2011 these segments were impacted by structural changes to the economy which began occurring at the end of 2010, after the federal government announced its first macro-prudential measures, which increased borrowing costs. In tandem with this, defaults rose more than expected, while Brazil’s economic growth underperformed during the year.

To address these conditions, while seeking to maintain growth of the loan portfolio and profitability, we adopted a more cautious lending approach and invested even more in innovation and technology. This allowed us to achieve greater efficiency and deliver higher quality products and services to our customers.

During the year we signed an agreement with Ideal Invest to help grow the student loans market in Brazil. The Pravaler program, which is managed by Ideal Invest, will now handle our university student loans, which were previously the responsibility of Itaú’s University Student Credit area. However, students with loans from Itaú Unibanco will still be able to renew them directly with the bank.
Vehicle Finance

Brazil’s motor vehicle sales in 2011 fell short of industry forecasts due to the impact of the government’s macro-prudential measures to restrict credit and cool down consumer demand. In December 2010, banks were told to increase their minimum capital requirements for personal loans with terms in excess of 24 months, while in April 2011 IOF on personal loans doubled from 1.5% to 3%.

Faced with these conditions, and to stay ahead of the competition, we changed our credit policy in early 2011. Our lending became even more cautious in the second quarter, as defaults began to rise. We serve commercial and consumer clients through the financing and leasing of cars, trucks and motorcycles.

To make better loans we reviewed our lending models, and invested in systems and the upgrading of our staff skills. At the same time, with a focus on keeping the business profitable, we strengthened our collections activities by working on improving relationships with our 3.9 million customers. Among those borrowers who are in arrears, we have the additional challenge of strengthening relations with customers who are non-account holders.

The refinement of our lending models and improved collection procedures proved to be a successful strategy, and were combined with more efficient administrative and support areas thanks to our efforts to centralize and optimize their structures. Thanks to these measures we achieved a satisfactory level of profitability and, despite a more conservative lending policy, we ended the year with a 32.8% market share, which was a 1% drop from 2010 but still good enough to keep Itaú Unibanco as the domestic leader.

According to the National Association of Vehicle Manufacturers (Anfavea), auto sales in Brazil increased 3.3% from 2010, helping our vehicle finance portfolio to finish the year at R$64.9 billion. This made the portfolio third largest among all Itaú Unibanco credit segments, behind only large enterprises and small and medium-sized enterprises. Our financing, leasing and Finame operations of heavy vehicles totaled R$8.4 billion, while new financing and leasing of vehicles reached R$27.4 billion.

Despite obstacles presented by the market, in 2011 we financed one in every four car loans, making us the Brazilian leader in vehicle purchase credit.

Online products and services offered by the vehicle financing segment

<table>
<thead>
<tr>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>- financing: direct consumer loans, with payment plans for up to 60 months, including IOF tax;</td>
</tr>
<tr>
<td>- leasing: lease plans for 24 to 72 months, with no IOF tax;</td>
</tr>
<tr>
<td>- self-financing: personal loans with plans for up to 48 months.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Online services</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Information about financing or leasing contract;</td>
</tr>
<tr>
<td>- Copy of bills (with one or more payments due);</td>
</tr>
<tr>
<td>- Issue of copy of overdue bill;</td>
</tr>
<tr>
<td>- Request to replace vehicle in current contract;</td>
</tr>
<tr>
<td>- Request to transfer name of contract holder;</td>
</tr>
<tr>
<td>- Profile updates.</td>
</tr>
</tbody>
</table>
Socio-environmental Risks and Opportunities

We have adopted a policy to assess the socio-environmental risks and impacts of the activities of companies requesting vehicle financing. Applied throughout Brazil, the policy seeks to establish guidelines and tools for assessing socio-environmental risks in credit analysis; support internal sustainable development programs and actions; provide guidelines for training sales and commercial credit staff; and help corporate clients to improve their socio-environmental practices. (Profile 4.8, FS1 and FS2)

Our socio-environmental risk analysis is applied according to the socio-environmental classification of the company and the risk level agreed upon with the institution (greater than R$5,000,000), using the following criteria: Risk A: when the current risk to Itaú Unibanco, plus the value of the proposed transaction, is equal to or greater than R$1,000,000; and Risk C: for companies classified as C, whether account holders or not, there is no need for a socio-environmental risk analysis. (FS2)

Through research, we can discover important information about the socio-environmental risk of each borrower. For example, we access the Ministry of Labor blacklist for companies using forced or slave labor, and search the internet by typing the company name along with the words “slave labor,” “degrading labor,” “child labor,” “environment,” “contaminated area” and “environmental crime”, among others, to compile news and information related to these topics. (FS2)

In addition to this process, Risk A companies must answer a socio-environmental questionnaire, within the set assessment parameters. (FS2 and FS3)

All information obtained, together with other credit factors, supports the approval or denial of a loan, giving us greater security in our credit decision-making. For Risk A and B companies, if we identify possible significant risks we may refuse to lend, or in cases where the loan has been approved, we submit it to the Credit Commission. For companies in risk group C, whether account holders or not, there is no need for a socio-environmental risk analysis. (FS1 and FS2)

There are also customers that appear on the Restricted List, which is not an impediment, but the loan must be approved by the Credit Commission. The Restricted List includes companies operating in the following sectors:

- Production of, or trade in, ammunition and explosives;
- Production of, or trade in, lumber or forest products from native forests;
- Fishing activities;
- Production, trade and use of radioactive materials;
- Extraction, processing, marketing and transportation of asbestos/amianthus; and
- Trade in wild animals or their by-products. (FS1 and FS2)

We do not lend to companies on the Prohibited List which appear in the following categories:

- Activities that directly or indirectly encourage prostitution;
- Companies that use child labor in a detrimental or exploitative manner; and
- Companies included in the national registry of employers who have kept workers in slave-like conditions, in accordance with Ministry of Labor and Employment Ordinance No. 540 of October 15, 2004. (FS1 and FS2)

We work nationwide with companies of every size and in virtually every segment. We assess socio-environmental risk only at the time of the loan application, so that our credit products are installment-based, and not revolving. (FS6)
The following tables describe our various loan portfolios.

### Portfolio by sector \(^1\) (FS6)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Portfolio value (in R$ millions)</th>
<th>% of business line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>4,573.17</td>
<td>47</td>
</tr>
<tr>
<td>Construction materials</td>
<td>614.05</td>
<td>6.31</td>
</tr>
<tr>
<td>Light and heavy vehicles</td>
<td>442.41</td>
<td>4.55</td>
</tr>
<tr>
<td>Food – Industry</td>
<td>436.85</td>
<td>4.49</td>
</tr>
<tr>
<td>Other</td>
<td>3,662.72</td>
<td>37.65</td>
</tr>
</tbody>
</table>

\(^1\) Total value of the business line: R$9.7 million (total of Itaucred commercial vehicles portfolio).

### Portfolio by region (FS6)

<table>
<thead>
<tr>
<th>Region</th>
<th>Portfolio value (in R$ millions)</th>
<th>% of business line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast</td>
<td>4,296.48</td>
<td>44.16</td>
</tr>
<tr>
<td>South</td>
<td>3,149.03</td>
<td>32.37</td>
</tr>
<tr>
<td>Midwest</td>
<td>810.96</td>
<td>8.34</td>
</tr>
<tr>
<td>Northeast</td>
<td>1,000.61</td>
<td>10.28</td>
</tr>
<tr>
<td>North</td>
<td>418.06</td>
<td>4.30</td>
</tr>
<tr>
<td>n/a</td>
<td>54.06</td>
<td>0.56</td>
</tr>
</tbody>
</table>

### Portfolio by size \(^1\) (FS6)

<table>
<thead>
<tr>
<th>Size</th>
<th>Portfolio value (in R$ millions)</th>
<th>% of business line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro enterprise (R$0 to R$2,400,000)</td>
<td>4,737.60</td>
<td>1.87</td>
</tr>
<tr>
<td>Small enterprise (R$2,400,001 to R$16,000,000)</td>
<td>3,354.78</td>
<td>7.56</td>
</tr>
<tr>
<td>Medium-sized enterprise (R$16,000,001 to R$90,000,000)</td>
<td>1,255.18</td>
<td>21.66</td>
</tr>
<tr>
<td>Large enterprise (above R$90,000,001)</td>
<td>254.73</td>
<td>68.71</td>
</tr>
<tr>
<td>n/a</td>
<td>126.92</td>
<td>0.20</td>
</tr>
</tbody>
</table>

\(^1\) Total value of the business line: R$9.7 million (total of Itaucred commercial vehicles portfolio).

The Socio-environmental Risk Policy is available on the intranet to Itaú Unibanco staff members. Employees involved in the lending process were trained during the policy implementation process. (FS1 and FS4)
Redecard (Profile 2.7)

Redecard is a subsidiary of Itaú Unibanco and one of the leaders in electronic payments in Brazil. It is responsible for the approval, capture, transmission, processing and settlement of credit and debit card transactions. It also handles prepayments of receivables to clients, check queries, provision of terminals and the capture and processing of benefit vouchers and private label cards.

In 2011 Redecard completed its first year of operating in an open, more competitive market. During the period it strengthened its corporate values and customer focus initiatives related to services strategy, geographical expansion and new segments. This allowed us to consolidate the network services model to deliver value to customers and implement a new segmentation structure focused on operational excellence and cost control.

To prepare ourselves for the new market conditions, we increased our processing capacity, expanded the range of card brands and implemented management improvements consistent with Itaú Unibanco’s goal of greater efficiency.

In 2011 the value of credit and debit card transactions grew 25.2% year-on-year, while net income reached R$1,404.3 million, up 0.3% from 2010. These results reflect our discipline in maintaining our revenue lines, controlling costs and expenses and increasing the efficiency ratio, while at the same time investing in improving service quality.

Another highlight for Redecard in 2011 was being included for the third consecutive year in the ISE and DJSI, both of which track companies recognized as industry standard setters for their socio-environmental management and corporate governance.
Itaú BBA (Profile 2.7)

The principal activities of our wholesale bank —Itaú BBA— are related to serving large companies in Brazil and abroad whose annual revenues exceed R$150 million. Itaú BBA also acts as an investment bank and performs institutional treasury management for several business areas of Itaú Unibanco, and is responsible for ensuring the bank’s liquidity, coordinating macroeconomic research and tapping debt/equity markets on its behalf, among other activities.

To operate in a competitive environment and maintain our profitability and growth goals, we created a new client segmentation structure to serve the market’s largest organizations, which we call Ultra Large.

For this new group of clients, comprising about 240 companies whose annual revenues exceed R$5 billion, a unique platform was designed to increase the frequency of service and devote the necessary time to assist in the undertaking of complex, large-scale activities.

This change in our structure also benefited those clients in the segment just below Ultra Large, known as Large Corporate, as we now can focus more on their needs. This segment features approximately 600 companies whose annual revenues range from R$1 billion to R$5 billion.

For the Corporate segment (companies with annual revenues from R$150 million to R$1 billion), in 2011 we brought on board just over 400 clients previously served by the small and medium-sized enterprises structure, and began offering them products and services best suited to their needs.

To support this new segmentation and the growth of our client base, we invested in new systems and upgrading our technology infrastructure, including the expansion of our database network capacity, new videoconferencing systems and improvements to the contingency site.

As a result, operating income rose 7.7%, while our loan portfolio and joint obligation base grew by 21.3%, both in relation to 2010. Our income in 2011 reached R$2.6 billion, while return on allocated capital reached 25.1%.

In the investment banking segment, we increased our participation in fixed income and equity issues for Latin American companies, reaching the goal we had set for the year.

We simplified the operating structure of the treasury operations area by integrating the Proprietary and Flow desks and refined the operational control and security mechanisms, which improved middle office and back office efficiency.

With respect to project finance, our work follows the guidelines of the Equator Principles created in 2003 and with which compliance is voluntary that establish best practices for responsible investments. We have been signatories to the Principles since 2004, and were the first financial institution from an emerging country to put the Principles into practice. Accordingly, project finance proposals are subject to a socio-environmental risk assessment.
Results

In equities we coordinated 19 of the 23 public offerings made, which totaled R$13.5 billion, or 83% of total transactions and 87% of total trading volume. This helped us consolidate our leadership in the market, based on the December 2011 origination rankings from the Brazilian Association of Financial and Capital Markets Entities. Additionally, we provided financial advisory services to 38 mergers and acquisitions, ending the year ranked second in volume by Thomson Reuters, for an overall total of R$22.8 billion during the year.

In fixed income we participated in the placement of debentures, promissory notes and securitizations totaling R$15.1 billion. In the Anbima fixed income distribution ranking, Itaú BBA maintained the top position with a 29% market share. Among international fixed income issues, we acted as joint bookrunner for R$3.1 billion of offerings, reaching second place in the December 2011 Bloomberg ranking of Brazilian corporate issues.

Itaú BBA was the leading investment bank in Brazil in revenues in 2011, according to Dealogic (a global and regional investment bank platform), making this the first time that a Brazilian bank had achieved this status.

In derivatives, the Central Depository and Settlement for OTC, Securities and Derivatives (CETIP) ranked Itaú BBA first in organized over-the-counter-transactions. We work closely with our clients to provide protection against exposure to foreign currencies, interest rates and commodities.

During the year, 71 projects were executed by our project finance team, totaling investments of R$87.1 billion.

In 2011, transactions in the cash management segment grew 28% year-on-year.

Internationalization

During the year Itaú BBA also took key steps in its internationalization efforts, concentrating most of its European operations in London. The bank also maintains offices in Lisbon, Frankfurt, Paris and Madrid.

Our internationalization strategy is also focused on Latin America, where we intend to be the bank of choice for large local companies, multinational companies with subsidiaries in the region and investors in general.

In Latin America we are present in Argentina, Chile and Peru. In addition, we obtained authorization from the Central Bank of Brazil to enter the Colombian market, and in 2012 we were approved by the Colombian authorities to open a representative office in that country. Itaú BBA was also chosen by the Ipsos Institute as Chile’s best wholesale bank.
In other overseas markets, such as Europe, the USA and Asia, our focus is on building relationships with the offices of companies that have subsidiaries in Latin America, and serving the world’s 700 largest international investors through the placement of securities issued by Latin American firms.

**Outlook**

In 2012 we intend to broaden our new segmentation structure, continue our internationalization process and strengthen our position in Colombia. With our institutional treasury, we are prepared to increase our capital requirements as stipulated by the Central Bank of Brazil. We also expect growth in project finance and will seek to expand our cross-selling activities.

**Socio-environmental Risks and Opportunities**

Itaú BBA was a pioneer among Brazilian financial institutions in developing a system to assess socio-environmental lending risks, and has constantly increased its understanding of this issue and its practical application to our day-to-day business.

In recent years we have also increased our ways of generating value for clients by anticipating demands related to risks and identifying socio-environmental business opportunities. One example is the provision of advisory services and information to clients so they are better prepared to meet the demands of socio-environmental criteria when conducting business with financial institutions and development banks.

Our socio-environmental advisory service is also active in project finance, helping equip clients with all the socio-environmental information required during the negotiation process. This has led to positive results, such as a low number of projects with negative lending criteria.

Itaú BBA applies socio-environmental risk analysis to loans involving large companies in the Corporate and Investment Banking (CIB) sector located in all five of Brazil’s geographic regions. We specialize in this sector, as it represents 96% of Itaú BBA’s portfolio and includes large-scale project finance. (FS6)

### Portfolio by sector (FS6)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Portfolio value (in R$ millions)</th>
<th>Business line value (in R$ millions)*</th>
<th>Sector % of business line</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIB</td>
<td>128,237</td>
<td>133,395</td>
<td>96%</td>
</tr>
<tr>
<td>Treasury</td>
<td>5,158</td>
<td>133,395</td>
<td>4%</td>
</tr>
</tbody>
</table>

* This indicator is for Brazil as a whole, due to the need to divide by region. Abroad, the figure is R$12,015 million, which generated the R$145,410 million reported in FS7 and FS8.

### Portfolio by region (FS6)

<table>
<thead>
<tr>
<th>Region</th>
<th>Portfolio value (in R$ millions)</th>
<th>Business line value (in R$ millions)*</th>
<th>Sector % of business line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwest</td>
<td>3,703</td>
<td>133,395</td>
<td>3</td>
</tr>
<tr>
<td>South</td>
<td>15,905</td>
<td>133,395</td>
<td>12</td>
</tr>
<tr>
<td>Southeast</td>
<td>85,880</td>
<td>133,395</td>
<td>64</td>
</tr>
<tr>
<td>Northeast</td>
<td>6,770</td>
<td>133,395</td>
<td>5</td>
</tr>
<tr>
<td>North</td>
<td>2,820</td>
<td>133,395</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>18,318</td>
<td>133,395</td>
<td>14</td>
</tr>
</tbody>
</table>

* This indicator is for Brazil as a whole, due to the need to divide by region. Abroad, the figure is R$12,015 million, which generated the R$145,410 million reported in FS7 and FS8.
To guide our socio-environmental risk assessment, in 2011 we developed and approved the Itaú BBA Socio-environmental Risk Policy, in order to meet Itaú Unibanco’s new corporate Socio-environmental Risk Policy, which was updated in 2011 to reflect the specific characteristics of our industry. Both policies cover six major components: prohibited activities, restricted activities, real estate collateral, environmental permits for projects, financing for biotechnology projects and contract clauses. (FS1)

Approved by the appropriate areas, the new sector policy applies to loans made in Brazil to Itaú BBA’s Brazil-based clients. It is primarily designed to address potential image risks, such as legal and credit, that may be related to lending. It also applies international risk analysis standards such as the Equator Principles. The following are the six major components the Itaú BBA Socio-environmental Risk Policy. (FS1)

- **List of prohibited activities.** Itaú BBA does not lend to companies involved in activities that encourage prostitution, that illegally use child labor, or that are in the national registry of employers who have kept workers in conditions similar to slavery, in accordance with Ministry of Labor and Employment and the Department of Human Rights Interministerial Ordinance No. 2 of May 12, 2011 (known as the Dirty List). To verify the occurrence of these cases, we conduct periodic searches of the news media for any involvement of clients with the List of Prohibited Activities, as well as the Dirty List. If an occurrence found is considered a risk, and/or if any client appears on the Dirty List, we will take steps to suspend the credit limit. (FS2 and FS3)

- **List of restricted activities.** Itaú BBA will lend to clients with operations in the following areas, if they meet specific guidelines, as these activities carry a high socio-environmental risk potential: production of, or trade in, firearms, ammunition and explosives; logging and lumber production and manufacturing of charcoal from native forests; fishing activities; and the extraction and manufacturing of asbestos/amianthus. In such cases we analyze the client’s compliance with the applicable sector policy and issue an opinion to support the decision of the appropriate Credit Committee. Monitoring is conducted when the credit limit is renewed, either semi-annually or annually, as applicable. (FS2 and FS3)

- **Analysis of contamination and legal reserve for real estate collateral.** Itaú BBA’s acceptance of collateral on real estate lending is preceded by a contamination risk analysis and verification of legal reserves and updated farmland registration. (FS2)

- **Adaptation of clauses in loan and financing agreements.** Based on the guidelines of the Itaú Unibanco Socio-environmental Risk Policy, Itaú BBA’s loan and financing agreements must contain, in addition to an environmental compliance statement from the borrower, the possibility of suspended loan repayments and calling of the loan, as well as specific contractual socio-environmental obligations for project finance contracts, where applicable. (FS2)

- **Requirement for a Biosafety Quality Certificate issued by the National Biosafety Technical Commission.** When the financing is related to research in genetically modified organisms. (FS2)
- Request for an environmental permit applicable to the financing of projects, as follows:

(i) For long-term financing of corporate finance projects:

<table>
<thead>
<tr>
<th>Corporate finance projects completed in Brazil in 2011 (using Socio-environmental Risk Policy criteria)</th>
<th>Number of projects</th>
<th>Total investment total (in R$ millions)</th>
<th>Itaú BBA participation (in R$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Categorization of corporate finance projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>2</td>
<td>1,005.7</td>
<td>286.5</td>
</tr>
<tr>
<td>B</td>
<td>8</td>
<td>2,216.1</td>
<td>626.1</td>
</tr>
<tr>
<td>Industrial sector of corporate finance projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sugar and ethanol</td>
<td>2</td>
<td>403.2</td>
<td>156.2</td>
</tr>
<tr>
<td>Energy</td>
<td>2</td>
<td>797.4</td>
<td>245.3</td>
</tr>
<tr>
<td>Publishing</td>
<td>1</td>
<td>49</td>
<td>12.6</td>
</tr>
<tr>
<td>Food and beverage</td>
<td>1</td>
<td>101</td>
<td>60.6</td>
</tr>
<tr>
<td>Pulp and paper</td>
<td>1</td>
<td>852.9</td>
<td>235</td>
</tr>
<tr>
<td>Sanitation</td>
<td>1</td>
<td>152.8</td>
<td>51.5</td>
</tr>
<tr>
<td>Health</td>
<td>2</td>
<td>865.5</td>
<td>151.5</td>
</tr>
<tr>
<td>Location of corporate finance projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South</td>
<td>2</td>
<td>953.9</td>
<td>295.6</td>
</tr>
<tr>
<td>Southeast</td>
<td>8</td>
<td>2,267.7</td>
<td>617</td>
</tr>
<tr>
<td>Total corporate finance projects</td>
<td>10</td>
<td>3,221.8</td>
<td>912.6</td>
</tr>
</tbody>
</table>

1 Commercial Credit Socio-environmental Risk Policy.
2 Categorization based on Commercial Credit Socio-environmental Risk Policy.
Note: Corporate finance projects are not normally approved as specific loans, but whose parameters fall within current limits.

In 2011, no loans were canceled due to socio-environmental issues related to project financing.

Learn more:

Financing of projects equal to or greater than R$10 million must also meet the Equator Principles criteria for assessing risks and impacts on issues considered sensitive worldwide, such as biodiversity and climate change, based on International Finance Corporation Performance Standards for Environmental, Health and Safety Guidelines. Whenever possible, a screening is conducted beforehand, based on the project’s socio-environmental macro aspects, which is considered in decisions made by the appropriate Credit Committee. Compliance with the Equator Principles guidelines is assessed during the approval process and throughout the term of the financing. This allows us to conduct periodic monitoring of the execution of the action plan (attached to the contract), on a mandatory or voluntary basis by an independent consulting firm, as required by the Equator Principles. Monitoring of the projects occurs at least once a year, which may include visits to the site in addition to document evaluation. For any pending items in relation to the plan, the adoption of corrective measures may be discussed with the client, as provided in the contract. (FS2 and FS3)
(ii) For short-term financing (bridge loan) and granting a structured guarantee for projects:

<table>
<thead>
<tr>
<th>Other operations related to contracted financing of projects in Brazil in 2011</th>
<th>Bridge Loan</th>
<th>Project Guarantee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of operations</td>
<td>7</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td><strong>Value of operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total investment (in R$ millions)</td>
<td>9,626.7</td>
<td>9,385</td>
<td>19,011.7</td>
</tr>
<tr>
<td>Itaú BBA participation (in R$ millions)</td>
<td>1,550.6</td>
<td>1,390</td>
<td>2,940.6</td>
</tr>
<tr>
<td><strong>Categorization(^1) of operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>B</td>
<td>7</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>C</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Location of operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midwest</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Northeast</td>
<td>3</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>North</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Southeast</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>South</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Brazil(^2)</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Sector of operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Energy</td>
<td>7</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Logistics</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

\(^1\) Categorization based on Commercial Credit Socio-environmental Risk Policy.

\(^2\) Projects located in more than one region of Brazil (e.g. infrastructure projects, capital expenditure (capex) of a retail chain, etc.).
Other operations related to financing of projects approved by Itaú BBA in 2011, but not yet completed¹

<table>
<thead>
<tr>
<th></th>
<th>Bridge loan</th>
<th>Project guarantee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of operations approved (not yet contracted)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of projects</td>
<td>12</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Value of operations approved (not yet contracted)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of Itaú BBA² participation approved (in R$ millions)</td>
<td>3,499.7</td>
<td>1,812</td>
<td>5,311.7</td>
</tr>
<tr>
<td>Location of operations approved (not yet contracted)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midwest</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Northeast</td>
<td>5</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>North</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Southeast</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>South</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Brazil³</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Sector of operations contracted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Mining</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Sanitation</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

¹ Completion did not occur in 2011, for various reasons.
² If the amount was in another currency, the exchange rate on the date of final approval was used.
³ Projects located in more than one region of Brazil (infrastructure projects, capex for a retail chain, etc.).

Learn more

In the cases shown in the table above, applicable aspects of environmental law and occupational health and safety, including working conditions and relationships with the community and affected populations, are noted when the loan is contracted. (FS2)
(iii) For project finance:

### Project Finance contracted in 2011 (under Equator Principles criteria)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of projects completed</th>
<th>Total investment (in R$ millions)</th>
<th>Itaú BBA participation (in R$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>2</td>
<td>1,422.3</td>
<td>817</td>
</tr>
<tr>
<td>B</td>
<td>4</td>
<td>3,689</td>
<td>675</td>
</tr>
</tbody>
</table>

### Sector of project finance contracted

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number</th>
<th>Total investment (in R$ millions)</th>
<th>Itaú BBA participation (in R$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>2</td>
<td>232.3</td>
<td>63.2</td>
</tr>
<tr>
<td>Mining</td>
<td>2</td>
<td>1,422.3</td>
<td>817</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>2</td>
<td>3,456.8</td>
<td>611.8</td>
</tr>
</tbody>
</table>

### Location of project finance contracted

<table>
<thead>
<tr>
<th>Location</th>
<th>Number</th>
<th>Total investment (in R$ millions)</th>
<th>Itaú BBA participation (in R$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>2</td>
<td>3,456.8</td>
<td>611.8</td>
</tr>
<tr>
<td>South</td>
<td>1</td>
<td>120.3</td>
<td>25.8</td>
</tr>
<tr>
<td>Northeast</td>
<td>1</td>
<td>112</td>
<td>37.4</td>
</tr>
<tr>
<td>North</td>
<td>1</td>
<td>487.1</td>
<td>193.6</td>
</tr>
<tr>
<td>Chile</td>
<td>1</td>
<td>935.1</td>
<td>623.4</td>
</tr>
</tbody>
</table>

**Total project finance contracted**

Total: 5,111.3 R$ 1,491.9 R$

---

1. Project finance as defined by the Basel Accords at [http://www.bis.org/publ/bcbs107.pdf](http://www.bis.org/publ/bcbs107.pdf).
3. Projects in more than one region of Brazil (infrastructure projects, etc.).
4. If the amount was in another currency, the exchange rate on the date of final approval was used.

### Project finance approved by Itaú BBA, but not yet contracted in 2011 (under Equator Principles criteria)

<table>
<thead>
<tr>
<th>Sector of project finance approved (not yet contracted)</th>
<th>Number of projects approved but not yet contracted</th>
<th>Itaú BBA participation approved (in R$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>1</td>
<td>120</td>
</tr>
<tr>
<td>Logistics</td>
<td>1</td>
<td>464</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>1</td>
<td>467.6</td>
</tr>
</tbody>
</table>

### Location of project finance approved (not yet contracted)

<table>
<thead>
<tr>
<th>Location</th>
<th>Number</th>
<th>Itaú BBA participation approved (in R$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>2</td>
<td>931.6</td>
</tr>
<tr>
<td>Northeast</td>
<td>1</td>
<td>120</td>
</tr>
</tbody>
</table>

**Total project finance approved (not yet contracted)**

Total: 1,051.6 R$

---

1. Project finance as defined by the Basel Accords at [http://www.bis.org/publ/bcbs107.pdf](http://www.bis.org/publ/bcbs107.pdf).
2. Completion did not occur in 2011, for various reasons.
3. If the value is in another currency, the exchange rate on the date of final approval was used.
4. Projects in more than one region of Brazil (infrastructure projects, etc.).

Learn more

The same aspects assessed above are considered for this type of financing. However, the analysis is also conducted at least once a year during the term of the loan, through the establishment of monitoring and/or mitigation measures in the Socio-environmental Monitoring Plan (attached to the contract). For any pending items in relation to this Plan, the adoption of corrective measures may be discussed with the client, as provided in the contract. (FS2, FS3 and FS5)

Equator Principles

Created in 2003, the Equator Principles are a set of non-binding socio-environmental criteria and guidelines to be followed by signatory banks to identify and assess socio-environmental risks and impacts in project finance.


The main aspects to be considered by the signatories of the Equator Principles in project finance lending are those set by the eight IFC Performance Standards, namely:

- **Social and Environmental Management System;**
- **Labor and Working Conditions:** criteria to be followed to promote fair treatment, non-discrimination and equal opportunities, among others; (FS2)
- **Indigenous Peoples:** criteria to be followed in the treatment of indigenous peoples and traditional communities, such as complete respect for human rights, aspirations, culture and means of subsistence; (FS2) and
- **Land Acquisition and Involuntary Resettlement:** criteria to be followed to compensate for the loss of possessions and improve or restore living standards of dislocated peoples, among others; (FS2)
- **Biodiversity Conservation and Sustainable Management of Living Natural Resources:** criteria to be followed to avoid or minimize adverse impacts on biodiversity, such as interfering with natural habitats, promote the survival of endangered or seriously endangered species as defined by the International Union for Conservation of Nature (IUCN) Red List and sustainably manage renewable natural resources; (FS2 and EN14)
- **Resource Efficiency and Pollution Prevention:** determines that environmentally sensitive receptors should be considered when designing the project, and that effluents should be monitored over the life of the project;
- **Community Health, Safety, and Security:** establishes that the client should avoid or minimize the project’s negative impacts on soil, water and other natural resources used by the communities affected; (FS2)
- **Cultural Heritage protection**

Until 2010 Itaú Unibanco chaired the Equator Principles Steering Committee, and in 2011 achieved its goal of using its active participation in the Committee as a means to spread the reach of best practices for risk assessment in emerging markets, particularly in Latin America.
Employee training

Itaú BBA’s socio-environmental risk analysis team is multidisciplinary, consisting of professionals from a wide variety of backgrounds (engineers, lawyers, business administrators, geographers and environmental managers). During 2011 all team members participated in various courses, training sessions, lectures, forums and discussion groups that added to their skillset, in line with the abilities, area of work and activity of each analyst within the team. (FS4)

The seven team members attended a total of about 400 hours of training, including: (FS4)

- Community of Learning on the new IFC Performance Standards, organized by the IFC, in Washington;
- Brazil Business and Biodiversity Workshop, organized by the Life Institute;
- Biodiversity for Banks Workshop, organized by the World Wildlife Fund, Equator Principles, Business and Biodiversity Offsets Programme and Citibank, in Washington;
- Brazil Windpower 2011, organized by ABEÊólica, in Rio de Janeiro;
- Annual Meeting of the International Hydropower Association, in Foz do Iguaçu; and
- 4th Pre-Salt & Deepwater Brazil Forum, organized by the International Quality and Productivity Center.

In 2011 we also provided in-person training sessions to present the new policy to employees in the credit, commercial and products teams. We also provided employees at our Itaú Unibanco units in Chile and Argentina with training on the Equator Principles and their application criteria. (FS4)

Engagement actions

In 2011, of the 2,298 economic groups which are active Itaú BBA clients with an approved credit limit, 173 (8%) were evaluated by the Socio-environmental Risk Assessment team.

This interaction with clients goes beyond the process of analyzing socio-environmental risk. In 2011 we developed actions to expand our relationships with clients in order to identify socio-environmental business opportunities. (FS5)
In 2011 we took on a leading role among banks from developing countries in discussions on climate change and indigenous peoples

We also conducted road shows with clients in the sugar cane ethanol sector to share the expertise of our employees about the relationships with environmental groups. This also helps clients meet the requirements of financial institutions and development banks. (FS5)

As a result of these interactions we found that our clients are building, during this relationship, an increasingly robust management system consistent with best practices. (FS5)

We also interacted with other financial institutions to exchange experiences, share best market practices and jointly develop new socio-environmental risk management and analysis guidelines, to achieve a consistent application of common standards for voluntary compliance. (FS5)

In 2011, to reinforce its leadership in sustainability and to strengthen its relationships with other financial institutions, clients with projects in infrastructure sectors, specialized consultants, law firms and other stakeholders, Itaú BBA promoted an event titled “The Financial market and the socio-environmental issue: Prospects for Emerging Economies”.

This event, which was supported by the IFC and featured the presence of the Chairman of the Equator Principles Steering Committee, presented the new IFC Performance Standards. Their application to energy sector projects, the extractive industry (mining, and oil and gas), and agribusiness was discussed in a roundtable format. (FS5)

We took on a leading role among banks from developing nations in conducting discussions on topics relevant to the process of revising the IFC Performance Standards and Equator Principles, such as climate change and indigenous peoples. We brought the reality of challenges in developing countries to these discussions. (FS5)

We also took part in discussions on the Green Protocol with the Ministry of Environment, Ministry of Finance, National Bank of Economic and Social Development (BNDES), the Central Bank of Brazil and Febraban. (FS5)

In addition, Itaú BBA was the only privately-controlled bank to participate in the workshop organized by the National Confederation of Industries (CNI) to discuss actions to implement Brazil’s National Policy on Climate Change. Representatives from various industrial sectors, as well as the Ministry of Industry and Technology, Ministry of Finance and BNDES, took part in this workshop. Itaú BBA attended to identify possible ways to use lending to help its clients with the actions they will need to take. (FS5)

In 2011 we also made presentations at various events, including some outside of Brazil, totaling about 140 hours. We were also panelists at the UNEP FI 2011 Global Roundtable event, talking about the new economy, which was organized by the UNEP FI in Washington. (FS5)

Products with socio-environmental benefits

BNDES on-lending – The many operations we conducted through BNDES on-lending include:

• BNDES Finem with sub-loans for social investments. (FS7)

These investments are designed to raise the level of corporate social responsibility, as well as the coordination and strengthening of public policies developed at the municipal, state and federal levels. In 2011, three operations were carried out, totaling approximately R$491.6 million, with specific sub-loans for social investments. (FS7)

• BNDES Finem with sub-loans for environmental investments.

These investments use sub-loans for reforestation, environmental compensation and/or environmental projects. In 2011 we executed two operations, totaling approximately R$176.6 million with specific sub-loans for environmental investments. (FS8)

• BNDES Automatic for reforestation projects. In 2011 we financed four projects, totaling about R$21.5 million. (FS8)

• Rural Credit for reforestation. During the year we granted 92 loans with a total value of R$2,320,000. (FS8)
The amount involved in the BNDES Finem operations with social sub-loans equaled 0.34% of Itaú BBA's domestic and international portfolio in 2011. If we add in the environmental investments this figure rises to 0.48% of our portfolio. (FS7 and FS8)

**Biodiversity impact management**
The Itaú BBA Socio-environmental Risk Policy confirms the mandatory application of the Equator Principles criteria, which require an analysis of aspects related to biodiversity conservation, including the evaluation of the changes and/or destruction of natural and/or modified habitats, the conservation of critical habitats and areas protected by law, and the impact of introduced species. (EN14)

Additionally, to support this policy we developed sector guidelines that must be met for lending to clients who conduct fishing activities, logging and lumber production and the manufacturing of charcoal from native forests.

Biodiversity impacts are considered when the credit assessment begins, and continue until the expiration of the contracts to finance the projects. (EN14)

**Climate Change (EC2)**
Climate change is also connected with the eight International Finance Corporation Performance Standards (through Standard 3 - Resource Efficiency and Pollution Prevention), and are addressed in the guidelines for lending to companies that are active in logging and lumber production, as well as the manufacturing of charcoal from native forests. These guidelines were developed in light of the fact that deforestation is the prime contributor to the worsening of climate change in Brazil. (EC2)

In 2011 Itaú BBA began speaking with staff and clients about identifying and analyzing opportunities for the development of pioneering, carbon credits-based products that could generate income for the bank. Given the importance of wind power in developing a cleaner economy, we are also increasing our loans for this type of activity. In 2010 we invested over R$100 million in wind power projects, while in 2011 this number rose to over R$1 billion in contracted loans. (EC2)

To add value and reduce risks, in 2012 we plan to further strengthen relations with the socio-environmental areas of our corporate clients. We also intend to approach the commercial areas to identify business opportunities with a socio-environmental connection.

In 2011 Itaú BBA began discussions to develop profitable carbon credits-based products
Insurance, Pensions and Capitalization

As in Itaú Unibanco’s other business lines, in 2011 the insurance, pensions and capitalization segment focused on improving quality and operational efficiency, a process that involved simplifying our products and processes, strengthening relationships with consumer protection agencies, and increasing our revenues from fund management.

In 2011 our total assets reached R$84.3 billion, up 23% from last year, while technical reserves rose 23.7% to R$73.8 billion (excluding the operations of overseas units and our 30% equity stake in Porto Seguro).

Insurance

We operate in the personal and corporate insurance sector. We provide products and services dedicated to projects in industries such as construction, chemical and petrochemical, electric power, infrastructure, transport and aviation. We also work with small and medium-sized enterprises, where we are focused on simplifying our product portfolio to better meet our clients’ needs, including property and group life insurance products.

For consumer clients we offer life, personal accident, borrower protection, travel and extended warranty insurance.

At year-end we enjoyed a 10.1% domestic market share, with R$6.218 billion in premiums written, based on information from the Superintendence of Private Insurance. If we include our 30% stake in Porto Seguro (an insurer), we reached R$8.466 billion in premiums.

During the year we reviewed our products and contracts to achieve two main objectives: make them easier to understand for our customers by using everyday language and shorter executive summaries; and improve the effectiveness of our sales by offering the right type of coverage for each profile, which leads to fewer cancellations and a lower cost of sales. We also focused on greater use of technology by adopting online policies, which helped reduce excessive consumption of paper.

We also introduced the Itaú Travel Insurance policy, which provides protection to domestic and international travelers. Wherever they are, policyholders have at their disposal a 24-hour call center with service in Portuguese. A unique benefit of this product is medical or hospital expense reimbursement (international plan only). The policy is available to all our account holders, regardless of age, and can be purchased via direct debit at any of our branches or through Itaú Bankline.

Garantec is an Itaú Unibanco subsidiary brand that works with Brazil’s major retail chains in the extended warranty market. During the year it began collecting parts replaced during repairs for eventual reuse. Collected at eco-points (used for the sustainable collection of batteries) in more than 40 locations, this initiative prevented these materials from being thrown into the trash, helping reduce the risk of soil contamination and extend the useful life of landfills. In 2011 Garantec continued to lead the market with a 59.2% share, based on figures from Susep.

In 2011, total assets from the Insurance, Pensions and Capitalization segment reached R$84.3 billion, up 23% from a year earlier.
Begun in 2009, these efforts have been expanded to encourage the proper collection of smaller electronic equipment which is broken or unused, as well as replaced parts. In 2011 we tripled our results from 2010, collecting 12,000 products and eight metric tons of replaced parts.

In 2012 we will continue our efforts to achieve operational efficiency and service quality through improved controls and simplification of products and contracts. We also want to increase our participation in the corporate segment, and in support of this we will introduce a socio-environmental policy designed to allow us to work more closely with our clients by helping them manage their risks.

In addition to these actions, we have provided other products which generate social benefits, including: *(FS7)*

**• Group Life and Collective Personal Accident Insurance.** Designed for public and private companies, industrial sectors, trade and services, it provides employees, partners and owners with the following benefits: food hamper in the event of death of the policy holder, funeral assistance, and Stay Well (psychological and financial counseling). Under the APC School policy, in the event of accident it provides services such as transportation and remedial tutoring for the student. *(FS7)*

**• Financial Protection Insurance (Borrower, Educational, Microcredit and Breach of Agreement).** Available to customers who take out a loan, financing or monthly payment commitment at Itaú Unibanco. Provides full or partial settlement of debt for the following coverage: involuntary loss of employment for registered workers, temporary or total disability for self-employed or professional workers, permanent total disability due to accident, and death. *(FS7)*

**• Life Insurance for Women.** Available to female Itaú Unibanco account holders, its major differentiator is coverage for diagnosis of cancer. Part of the proceeds from the sale of the product is transferred to the Brazilian Institute for Cancer Control (IBCC). *(FS7)*

Our commercial business insurance portfolio is primarily for the cyclical and non-cyclical consumption sectors, although we also have a substantial share of the construction, transportation and finance sectors. *(FS6)*

<table>
<thead>
<tr>
<th>Sector</th>
<th>Portfolio value (in R$ millions)</th>
<th>Insurance area share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyclical consumption</td>
<td>271.78</td>
<td>26.8</td>
</tr>
<tr>
<td>Non-cyclical consumption</td>
<td>152.08</td>
<td>15</td>
</tr>
<tr>
<td>Construction and transport</td>
<td>120.79</td>
<td>11.9</td>
</tr>
<tr>
<td>Finance and other</td>
<td>89.77</td>
<td>8.9</td>
</tr>
<tr>
<td>Basic materials</td>
<td>49.38</td>
<td>4.9</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>20.82</td>
<td>2.1</td>
</tr>
<tr>
<td>Industrial goods</td>
<td>14.86</td>
<td>1.5</td>
</tr>
<tr>
<td>Petroleum, gas and bio-fuels</td>
<td>9.31</td>
<td>0.9</td>
</tr>
<tr>
<td>Information technology</td>
<td>8.22</td>
<td>0.8</td>
</tr>
<tr>
<td>Public utilities</td>
<td>5.93</td>
<td>0.6</td>
</tr>
<tr>
<td>Other¹</td>
<td>269.32</td>
<td>26.6</td>
</tr>
</tbody>
</table>

¹ Includes associations, unions, services, government and other unclassified sectors.
Our commercial products portfolio is concentrated in Brazil’s Southeast and South regions, which take up 89% of our business (78% and 11%, respectively).

**Climate Change**

Our insurance operation considers climate issues in underwriting and in the development of new products. For example, through our contacts in the international insurance and reinsurance markets we are developing relationships with specialized research centers and reinsurers worldwide that have experience with climate change. (EC2)

Changes that may arise as a result of climate change represent potential risks in our line of business. They can directly or indirectly influence claims related to marketed products and affect the ongoing activities of our insured clients, particularly large corporations. (EC2)

With respect to the market for major risks, we are active in studying and managing the risks and opportunities associated with climate change in those portfolios with major exposure to insured risk. Extreme weather events can impact large customers with significant assets and property to protect. We provide these clients with insurance solutions and our expertise in risk management. (EC2)

Our role is to help reduce risks, mitigate the effects and adapt our current and future customers to confront operational vulnerabilities linked to climate change. (EC2)

Events such as natural disasters, hurricanes, typhoons or tropical cyclones can cause significant physical changes in business routines, particularly for large companies, and have a direct financial impact on the profitability of our insurance portfolios. Material damage, for example, can result in claims as we cover the losses caused by natural events, as with our basic Named Risk policy, which covers property damage due to fire, even if caused by lightning. (EC2)

In addition to these risks, there are also opportunities. Through our knowledge we can assess new technologies, products and services that can be developed and offered to clients to mitigate risks and help them in certain management aspects. Areas such as carbon credits, renewable energy, sustainable forest management strategies, climate vulnerability of farming and urban planning, among others, are opportunities to develop and strengthen our role. (EC2)

The routines of our clients may also be impacted by regulatory changes such as Brazil’s National Policy on Climate Change, which provides guidelines for the reduction of greenhouse gas emissions. This policy requires adaptation by our customers, opening the door to investments in modernization, plus opportunities including engineering risk insurance and guarantee insurance. (EC2)

In the case of technological change, we base our strategy on the hypothetical case of an insured company that learns of a new technology to monitor and measure more precisely the water level of the river flowing next to its property, and subsequently invests in and adopts this technology to reduce the response time set out in its evacuation plan in case of flooding. (EC2)

At Itaú Seguros (our insurance arm), climate modeling is a crucial element, and including it within the operation allows us and our clients to confront and be prepared for existing and emerging sustainability-related issues in the insurance industry. (EC2)
Although Itaú Seguros does not have a formally established policy with socio-environmental components, depending on the product type and value at risk, a third-party risk inspector will assess the property of the insured to check if it falls within our accepted insurance limits, based on the state of the property, the neighborhood, whether there is anything adjacent which might affect the property, and whether climate change is affecting the customer’s activities. (FS1)

With regard to social aspects, the Code of Ethics establishes a Social Responsibility Policy, on behalf of customers and employees, which requires excellence in the provision of services, and to fight to eradicate child, forced and slave labor.

We use the guidelines of the Guide for Underwriting Environmental Civil Liability Insurance. Designed for large companies, our Environmental Civil Liability Policy covers risks arising from sudden or gradual environmental pollution events which may cause damage to the environment, public health or other areas. This policy seeks to assure the client and society that there will be sufficient funds to carry out the legal duty to pay compensation or repair damage to the environment and third parties affected by the client’s activities, when this environmental civil liability is required under the policy’s terms and conditions. (FS1)

The insured will be covered for expenses to adopt the measures necessary to control the environmental consequences of an accident, in order to minimize damage to third parties, public health and the environment, including actions to contain, collect, neutralize, treat and dispose of the waste generated in the accident. It also covers the environmental restoration of the areas and property impacted, under the conditions and procedures established by applicable environmental law. (FS8)

The Guide for Underwriting Environmental Civil Liability Insurance provides analysis guidelines characterizing the risk location, environmental law aspects, hazard identification, risk and accident scenarios and risk management measures. One of the criteria set out in the analysis applied to any application for insurance, regardless of the value of the insured amount requested by the customer is a check of the Ministry of Labor’s Dirty List. There are also contractual provisions stating that the insurer will declare early termination of the policy should the insured, or its manager, be found legally guilty of slave or child labor. (FS2)

During the process, if we gauge the information to be sufficient we will proceed with offering the coverage. If we consider it insufficient we may ask the applicant for further information and details of the socio-environmental aspects identified during the analysis and carry out an on-site risk inspection, or decide the risk is too great and not provide the coverage requested. (FS2)

Accordingly, we can reject the application, offer unrestricted coverage, offer restricted coverage, or offer coverage whereby we monitor the implementation of recommendations made to the client, among other possibilities. (FS2)
Contractual agreements made with the clients are monitored annually and when renewing the contract, during the period in which the risk is being covered. We may also conduct monitoring visits. Additionally, the insured is obligated to disclose any material changes to us, such as the non-renewal of environmental permits. (FS3)

Any breach of contractual obligations may result in losing the right to benefit from the coverage. Non-compliance may be subject to negotiation between the insured and the insurer, which will help the insured to resolve the situation by providing recommendations to be adopted. (FS3)

In 2011 we wrote 13 policies and conducted approximately 30 transactions (including additions), representing 0.40% of our R$1,375 million insurance business. (FS8)

Quality products

Consistent with the Corporate Policy for Assessing Products/Operations/Processes, every Itaú Unibanco product must undergo a certification process and receive a stamp of compliance. Once introduced, the new products must have their governance evaluated with respect to legal, regulatory, tax and other issues. (FS15)

The policy offers a framework for the administration of the products/operations/processes, sets out the responsibilities of the product areas and Itaú Unibanco evaluators, and establishes guidelines for proper risk management. The document also identifies whether the product complies with the laws and regulations of the Superintendence of Private Insurance and consumer protection agencies, whether there is an image risk to the insurer, whether there are direct impacts on customers, and whether the product adds value to the insurer.

The policy is available for access by all Itaú Unibanco employees. Regarding product descriptions, there are materials available through Itaú Bankline for the general public and more detailed information in a digital library available to employees.

This policy is carried out through the governance process of products and processes.

Staff training

In 2011 we focused our efforts on the strategic repositioning and 2012 relaunch of Environmental Civil Responsibility Insurance, and the development of employees in the environmental underwriting unit, which is responsible for implementing the Underwriting Guide. After the redesigned product is relaunched, we will assess the training needs and the ways to implement them. (FS4)

Engagement with stakeholders

During the year we also conducted engagement actions with clients and insurance brokers, seeking to address key environmental risks, environmental legislation, laws that mention environmental civil liability insurance and the importance to clients and other stakeholders of monitoring these issues and assessing the potential influence on their industrial and commercial operations. (FS5)

We also gave a presentation in October at the IX International Seminar of Risk Management, organized by the Brazilian Association of Risk Management (ABGR). Our objective was to share aspects of environmental risk management and Brazilian environmental law that address this issue, and relate them to insurance instruments such as environmental civil liability coverage. The presentation covered the following topics:

- Environmental Risks – General overview and specific details;
- National Environmental Policy (Federal Law No. 6.938/1981);
- National Policy for Solid Waste (PNRS) (Federal Law 12.305/2010);
- São Paulo State Law No. 13.577/2009 - Prevention and Management of Contaminated Sites; and
- Government Bills and Environmental Insurance. (FS5)

At least 50% of our environmental risk portfolio clients and about 500 brokers (10% of our total) took part in the event. The presentation was warmly received by the organizers and participants, who sought out our employees present to answer questions about our environmental civil liability insurance. (FS10)

Clients can communicate with our brokers through an efficient and transparent relationship channel, which offers clear rules and products suited to each client type. We identify brokers that have the right profile to work with Itaú Unibanco, strengthen our ties with them through meetings, and provide business partnership benefits which can help increase their sales. We closely follow all sales and claims figures.

In addition, we exchange experiences with reinsurers and co-insurers business partners in a structured consortium through conventions, training sessions, visits and participation in the design of the reinsurance contracts. These are important partners who share the risk with the insurer. Together, we develop the conditions needed to keep us ahead of the competition, and offer customers suitable, fairly-priced products. (FS5)
Pensions (EC3)

We offer a wide range of pension products designed for specific customer profiles. A good example is Flexprev MultiPerformance, which was launched in 2011, and is an actively managed multimarket fund which invests in fixed income and equities. We also offer the Flexprev Price Index, whose portfolio consists primarily of inflation-linked bonds with a maturity of five years, and which posted a 16.44% return during the year, helped by falling interest rates. The Turbo Flexprev RF invests in post-fixed, fixed-rate and price index-linked government securities. This product is designed for clients seeking returns higher than those of other traditional conservative pension plans.

Another highlight during the year was in pensions for underage clients, whose monies are invested by the parent, or adult responsible, in a pension plan for future education. These plans’ reserves grew 24% against the market in 2011. The Stages of Life plan has an investment mix which varies over time, increasing its fixed income allocation and gradually becoming more conservative and less risky in later years.

Specialized financial advice is also a key component for serving commercial clients. By developing and maintaining close relationships with the human resources departments of these companies, we can offer ideal solutions for corporate pensions.

Capitalization

The process of simplifying and improving our communication with clients led Itaú Unibanco to reshape its strategy for selling capitalization products (an investment vehicle unique to the Brazilian market, combining the features of an annuity with a bonus component). To operate more transparently and consequently broaden demand, capitalization products are now marketed to those who like to compete for prizes, rather than as an attractive form of investment.

In 2011 we distributed R$31.5 million in sweepstakes prizes to 2,119 customers. Net income reached R$449 million, an increase of 71.82% over 2010, while technical provisions totaled R$2.847 billion at year-end.

We also donated a percentage of the proceeds to the Disabled Children’s Assistance Association (AACD), which during the year received a total of R$3.204 million from our capitalization sales.

In 2011, net income from capitalization reached R$449 million, an increase of 71.82% from 2010.
International Business

Our international activities primarily support Brazilians with operations abroad. Following is a review of our overseas business units.

**Latin America**

Itaú Unibanco is the largest financial institution in Latin America. We have operations in seven countries plus Brazil.

Latin America is growing faster than the global average, and the region is also a priority in our international expansion plans due to the geographical and cultural proximity its countries share with Brazil. We want to be recognized as “the Latin American bank,” and the region’s leading bank for every type of financial service to consumers and companies.

The growing expansion of Brazilian companies in the region supports our strategy of building a customer base from which we can start or expand our operations.

In 2011, through Itaú BBA, we opened an office in Peru and laid the groundwork for a facility in Colombia, which opened in March 2012, after the bank received local regulatory approval.

In Mexico we began issuing Itaucard cards in partnership with mobile operator Movistar, the result of an agreement signed in December 2010, which gives Itaú Unibanco the exclusive right to issue credit cards to over 17 million Movistar customers. In the Southern Cone countries where we have operations, our performance was strengthened by the opening of 23 new branches, the offering of new services in Argentina, the establishment of strategic alliances—such as those carried out with mobile operators in Uruguay and Paraguay—and new ventures in Chile, with the acquisition of HSBC’s high net worth individual client business and the creation of a joint venture with Munita, Cruzat & Claro (MCC), a wealth management specialist. In all these countries we garnered an increased market share, lent more than our competitors, and made greater inroads to serving small and medium-sized enterprises (see separate country results below).

Our Mercosul loan portfolio (Argentina, Chile, Uruguay and Paraguay) grew 43% from 2010 to 2011, reaching a balance of R$19.2 billion.

For consumer clients we offer services for travelers through promotions in cities such as Punta del Este, Buenos Aires, Valle Nevado and Florianópolis (for non-Brazilians). We reached the milestone of one million credit cards issued in Latin American countries and are leaders in this segment in Paraguay and Uruguay. In Chile we are the fourth largest credit card operator, and we are also present in Argentina and Mexico.

We also made great strides in management by improving our risk control mechanisms at every branch, thanks to investments in the audit and compliance structure. Our focus on innovation processes, designed to increase customer satisfaction, was also the subject of workshops to exchange ideas and develop new projects, such as OCA Cel, an innovative payment method deployed in Uruguay for payments via mobile phones.

Internally, we increased our staff interchange through programs like Job Swap and International Assignment, in which employees are temporarily seconded to projects carried out by Itaú Unibanco external units. We also brought the senior executives of Itaú Unibanco in Argentina, Chile, Paraguay and Uruguay to attend the Leaders Meeting held in São Paulo in February 2011, and later held similar meetings in those countries. On the cultural front we continued to spread Our Way of Making It Happen abroad and to promote meritocracy as a core value of our labor relations, with adaptations for local evaluation mechanisms.

**Argentina**

In Argentina the Itaú Unibanco network features 81 branches and 1,566 employees, offering consumer client products and services such as savings accounts, personal loans and credit cards, while commercial clients benefit from financing, syndicated loans and treasury products including derivatives and foreign exchange.

In 2011 we moved our country headquarters in Buenos Aires to the Puerto Madero district. This modern facility offers greater comfort and reflects our workplace environments in Brazil, whose open offices encourage interaction and transparency.

We also created the Orange Line, which provides convenient service units to Brazilians visiting neighboring countries. With bilingual attendants, the Orange Line helps solve problems such as lost or stolen cards through direct links with our head offices in Brazil.

Itaú Unibanco’s total assets in Argentina reached R$3.4 billion at December 31, 2011, thanks in part to the 60% year-on-year growth of the loan portfolio. Our market share in lending in Argentina rose from 1.5% to 1.6% in the same period.

Banco Itaú Argentina also was ranked among the ten best bank brands in credit cards and insurance, based on research conducted by brand strategy consulting firm I+E.
Chile

In Chile we serve corporate and medium to high net worth individual clients. In addition to retail our operations include stock brokerage, insurance and mutual fund management. At year-end we had 2,334 employees in the country, plus a network of 88 branches.

During the year we signed a number of agreements that have strengthened our position in Chile. In March, Itaú Unibanco partnered with Brazil’s National Bank of Economic and Social Development to promote Brazilian-made goods in Chile. In August we joint ventured with MCC, a local wealth management firm, to serve high net worth individuals. Finally, in September we acquired HSBC Chile’s high net worth individual portfolio, which brought us US$20 million in credit, four more branches and about 4,000 new customers.

In lending, our market share in Chile rose from 3.4% to 3.9%. As at December 31, 2011 our total assets in the country amounted to R$16.7 billion.

In 2011 Banco Itaú Chile was the top ranked bank in Customer Service Quality, based on a survey conducted by Ipsos, the financial services industry’s leading metric for service quality.

Paraguay

Itaú Unibanco’s operations in Paraguay serve 283,000 consumer and commercial clients through 27 branches and 650 employees.

In 2011 we faced the challenge of consolidating the Itaú brand to replace Interbanco, which had represented our assets in Paraguay up until 2010, when we decided to reposition ourselves in the local market. These efforts were successful and the Itaú name was taken up well, as shown by our market share, which rose from 14.1% to 16.2%.

As at December 31, 2011 our total assets in the country reached R$3.7 billion, up 63% year-on-year, putting us at the top of the asset rankings.

In 2011 Banco Itaú Paraguay received the award for Best Foreign Exchange Providers from Global Finance, and in mid-2012 won the BID Beyondbanking award, for its financial education initiative “Learning economics and finance in 60 seconds”. This award recognizes financial institutions in Latin America and the Caribbean for sustainable initiatives covering environmental, social and corporate governance issues.
Uruguay

In Uruguay Itaú Unibanco has 22 branches and 628 employees. The main products we offer are savings accounts, credit cards, loans, cash management, investment services, treasury products and pension funds. Our credit card company, OCA, is the segment leader, with 405,000 customers, 21 service outlets and 471 employees.

In 2011 our activities included conducting promotions in Punta del Este, during which visiting Itaú Unibanco clients enjoyed discounts at the city’s restaurants and shopping malls, and the launch of OCA Cel, a platform that allows users to pay for services like taxis, parking, meal deliveries and theater tickets through their mobile phones. All that’s required is for the customer to purchase credits and send an SMS to a registered vendor. This initiative was a pioneer in the Uruguayan market and has been demonstrated in other countries. We are currently evaluating the feasibility of its application to new markets and types of services.

Banco Itaú Uruguay was also ranked first in billings among Visa credit card issuers.

As at December 31, 2011 our total assets in Uruguay had risen 35% year-on-year to reach R$4.8 billion. A key factor in this growth was the 54% increase in the loan portfolio, which reached US$2.2 billion at year-end. Our share of the lending market climbed from 12.4% to 15.5% among private banks, and we received the Best Sub-Custodians Bank award from Global Finance magazine.

Europe, Caribbean and Miami

Our European banking activities under the Banco Itaú BBA International S.A. structure are developed in Portugal, Switzerland, Luxembourg and the UK, and outside of Europe in Miami, the Cayman Islands and the Bahamas. Our focus in these regions is primarily on corporate and investment banking, capital markets and private banking, in close cooperation with our institutions and areas in Brazil that coordinate these activities. At the end of 2011, Banco Itaú BBA International’s assets totaled R$14.9 billion, while assets under management from the private banking segment reached R$23.5 billion.

Products and services for foreign institutional clients

We offer foreign institutional clients a complete package of products and services including asset management, custody, alternative investments, private equity funds and equities, plus fixed income and treasury products. Clients are served by relationship managers in New York, London, Hong Kong, Tokyo and Dubai and by specialized product teams.

Outlook for 2012

For 2012 we anticipate improving macroeconomic conditions and expect to continue offering more products and services to consumer and commercial clients. We expect to maintain our growth strategy in Latin America to definitively establish Itaú Unibanco as the region’s biggest and best bank by focusing on five central pillars: service quality, efficiency, greater scale and increased market share, all of which are based on proper risk and compliance control.

International campaign

To help make our brand better known abroad, in 2011 Itaú Unibanco conducted its first major international advertising campaign.

The “Itaú. The Global Latin American Global Bank” campaign used internationally known Latin American personalities such as actress Alice Braga, artist Vik Muniz and Argentine polo player Nacho Figueras. Advertisements were placed in airports, newspapers and magazines in Europe and the United States as part of our plan to position Itaú Unibanco as the financial institution to choose when doing business in Latin America.
Relationships
Balanced, long-term relationships improve business and help achieve sustainable performance
Transparency and openness to dialogue with all stakeholders is a cornerstone of Itaú Unibanco’s management approach, as it allows the bank to build lasting relationships and create shared value through our business activities.

When we strengthen relationships with our market, we discover opportunities to improve strategies, to better establish business priorities in our management and to be an agent of transformation. Accordingly, Itaú Unibanco undertakes engagement activities with all our strategic relationship groups. (Profile 4.14)

We have identified these groups through every relationship we have established. Based on the guidelines of AA1000 standards, we underwent a process of mapping, classifying and prioritizing stakeholders, and set a desired engagement level for each group. (Profile 4.15)

The ways we maintain relationships with our stakeholders and develop and use our reporting tools are constantly evolving. Through them we learn the demands of our market, which we seek to translate into improved products, services and processes.

With respect to the relationships with our employees, in 2011 we structured even clearer tools and methods to assess their performance. Based on meritocracy we sought to more accurately appraise the performance of our teams and recognize those that excelled in their areas.

Over the years we have also invested to give shareholders more rapid and efficient instruments for disclosing our results and the risks and opportunities in the market.

And, mindful of the possibilities brought by new technologies, we have opened online relationship channels through our participation in social networks.
Shareholders

Itaú Unibanco is a public company which trades its common (ITUB3) and preferred (ITUB4) shares on the São Paulo Stock Exchange, and share deposit certificates (CEDEARs and ADRs) on the Buenos Aires and New York stock exchanges, respectively. (Profile 2.6)

Timely, accurate disclosure of material facts about the bank is required by law, but we have gone further than that and developed an innovative way to report our indicators and results, such as by providing transparency through the immediate disclosure of share repurchases. (Profile 4.16)

In 2011 we held 22 public meetings in partnership with the Association of Capital Market Analysts and Investment Professionals (Apimec), and eight teleconferences with investors and capital market professionals. In total, over 4,300 people followed these events in person or on the internet. Additionally, we took part in 13 financial education fairs (ExpoMoney), which were attended by approximately 50,000 participants.

Between roadshows and conferences we took part in 26 events in Brazil and abroad, meeting with investors in the United States, Europe, Asia, the Middle East and Latin America. In February 2011 we also staged our first Investors Day, an annual event attended by over 150 institutional investors.

All material information for analysts and investors is provided on the Investor Relations website (www.itauunibanco.com.br/ri), which is available in English, Portuguese and Spanish. Each day the site receives about 7,000 visits. The site also gives access to the bank’s quarterly and annual reports.

Itaú Unibanco was the first Brazilian bank to have an Investor Relations profile on Twitter (@itauunibanco_ri), one of today’s most widely used social networks. This profile has more than 4,500 followers and is an important channel for reporting information related to the bank.

News releases and material facts are also sent by e-mail to approximately 8,000 registered recipients, while the Shares in Action newsletter, which comes out after the release of our quarterly results, provides details to 70,000 subscribers, including shareholders, analysts and other interested parties.

Shareholders and governance

Every shareholder, whether minority or not, can make recommendations and receive advice through Contact Us, a feature available on the Itaú Unibanco Investor Relations website. (Profile 4.4)

Minority shareholders jointly representing 10% or more of the voting shares are entitled to elect one member to the Board and an alternate to the Fiscal Council. (Profile 4.4)

Having independent members on the Board of Directors is designed to protect the interests of the organization and our minority shareholders, and allow the healthy exchange of ideas different to those of the directors nominated by the control block. (Profile 4.4)
Clients

Itaú Unibanco’s vision is to be the leader in sustainable performance and customer satisfaction. The process of achieving this begins with delivering products and services that are tailored to our clients’ immediate and future needs, backed up by transparent information, financial education and the building of balanced, long-term relationships. This in turn can allow us to become the financial institution of choice throughout our customers’ lives. It also generates financial results for our shareholders through long-term, sustainable performance.

Transparency 100% Program

One of our priorities in 2011 was to improve relations with our customers based on the clarity, transparency and timeliness of the information we provide.

Through the Transparency 100% Program, consolidated in 2011, operational changes were made to write our contracts in clear, everyday language, replace technical terms in bank and billing statements, send out SMS alerts about certain credit card transactions, and send e-mail alerts when customers are about to go into overdraft. These actions are examples of initiatives we have implemented to make all communication with our customers simple, objective, clear and transparent through every relationship channel. (PR3)

This program also extended its activities to redesigning our products, such as insurance, pensions and capitalization. We repositioned capitalization, which is now marketed as a sweepstakes product, suitable for those who like to compete for prizes, and not as an investment option. This is a way of offering the right product to the right customers in a clear and transparent fashion.

The results of these initiatives have already become apparent, but they will be expanded in coming years and as new adjustments are made to meet the demands of our clients and the consumer protection agencies that represent them.

Through the Transparency 100% Program, we are redoubling our commitment to be the most sustainable bank for our clients, based on the help we have received from Brazil’s many consumer protection groups.

The Transparency 100% Program’s actions were divided into five fronts:

<table>
<thead>
<tr>
<th>Front</th>
<th>Description</th>
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<tbody>
<tr>
<td>Credit Awareness: Preventing excessive debts</td>
<td>Helping clients avoid going deeper into debt, through financial education for their daily lives.</td>
</tr>
<tr>
<td>Special attention to customer segments</td>
<td>Actions created especially for different relationship groups, using language geared to their profile and focused on the responsible use of financial products and services.</td>
</tr>
<tr>
<td>Transparent information</td>
<td>New information and more useful bank statements, written in simpler language, making them easier for customers and consumers to understand.</td>
</tr>
<tr>
<td>Greater security</td>
<td>Providing services that deliver more security and peace of mind to our customers’ and consumers’ banking activities.</td>
</tr>
<tr>
<td>Working with consumer agencies</td>
<td>Gaining knowledge from an open, constructive and transparent relationship with consumer protection agencies.</td>
</tr>
</tbody>
</table>
Continuous improvement agenda

Based on customer input regarding the major issues arising from our internal assistance channels, in addition to comments and data provided by consumer protection agencies, we have identified opportunities to improve our products, services and processes. This represents the development of an institutional continuous improvement agenda.

These improvements include:

• **Executives in Action Program**: designed to provide Itaú Unibanco executives the opportunity to share the customer experience by personally monitoring the service process and participating in resolving problems. In 2011 our target groups were vice presidents, directors and superintendents. In 2012 this initiative will be extended to managers and coordinators and will become part of the training process for the organization’s new executives.

• **1st Consumer Rights Debates Forum – Consumer Protection Agencies and Itaú Unibanco**: the goal of this Forum was to elevate the debate between the bank and the heads of Brazil’s leading consumer protection groups. A total of 11 meetings were attended by more than 200 officials from various agencies around the country, including the Department of Consumer Protection and Defense (DPDC), the Central Bank of Brazil, the Judiciary, the Federal Attorney General, public defenders, state and local Procon offices, state attorneys, the media and other civil consumer protection groups, plus Itaú Unibanco executives from all our business areas. The second Forum will occur in 2012.

The voice of the client (Profile 4.16)

The voice of the client is a motivating factor for innovating and improving the products, services and customer service offered by Itaú Unibanco. In 2011 we redesigned the loan repayment schedule. Working together, the bank and its customers created a superior format for presenting this information, which is now a clear, simple and objective statement written in everyday language. (PRS)

Another important initiative to strengthen the dialogue with our customers and listen to their suggestions and criticisms is the Customer Forum, which seeks to improve the quality of our customer service, products and services. Customers from various segments of the bank are randomly selected and invited to participate in regular meetings with our executives over a one-year period. The groups consist of ten clients, who have the opportunity to speak openly about their perceptions of our products, services and customer service. The resulting transparency, dialogue, interaction and closeness has led to the implementation of improvements and generated an understanding which is increasingly aligned with customer expectations and needs. (PRS)

Based on the premise of strengthening the bonds with our customers, in 2011 we launched a Facebook profile and increased our use of Twitter by sharing institutional information and hearing what the customers have to say. We also offer tutorials with advice on how best to use products like automatic loans, overdraft and vehicle finance.

An important initiative to strengthen the dialogue with our customers is the Customer Forum, which seeks to improve the quality of our customer service, products and services.
Staff communication geared to the client

Internal communication is a strategic pillar to help us spread a corporate culture which is geared to the customer. For this reason, throughout 2011 we developed several quality service and customer satisfaction-based actions for our employees, including the Consumer Day and Customer Day staff campaigns, held in March and September, respectively. (PR5)

An important staff communication channel is the monthly Itaú Unibanco Magazine, which features major projects and activities developed on behalf of our customers.

We also undertook the “Would you be your own client?” endomarketing campaign, which was designed to get our employees thinking about how best to make our customers satisfied.

The rules of conduct in the Everyone for the Customer Guide, launched in 2010, have also been an important tool to help shape the bank’s relationships with its clients.

In 2011, the publicizing of these rules of conduct and the recognition of the various approaches to practicing them brought us significant progress in consolidating a client-oriented culture, focused on customer satisfaction and quality service. The Everyone for the Customer award is a key tool in this effort.

Everyone for the Customer Guide – seven rules of conduct

- Treat the customer the way you would like to be treated.
- Always do the right thing. People follow examples.
- Listen carefully to the client. Always learn from this experience.
- Learn the needs of the customer and surpass them, going beyond what’s expected.
- Mistakes happen. Ensure that a solution will be delivered quickly, carefully and politely.
- Always seek out the best option for the customer and the bank. It will be good for everyone.
- Be clear, precise and transparent when communicating with the customer.

This award is part of our strategy to value, recognize and publicize good employee practices that are focused on solving customer problems and increasing customer satisfaction and service quality. It also leads employees to think about their actions and how small changes in attitude can have a profound impact on our customer relationships.

The award is open to all bank areas and allows each employee to recognize and nominate a work partner or any other colleague that has been directly or indirectly singled out for their conduct in customer satisfaction. Those employees with the most outstanding conduct are rewarded with a bursary to further their professional development.

Service channels such as the Speak to Us site, branches, call centers, SAC Customer Service and the Ombudsman are open to suggestions and complaints, and must always be transparent and looking to resolve problems so that clients have their needs properly met without having to resort to consumer protection agencies. In addition to improving transparency in our relationships with customers, Itaú Unibanco develops initiatives for improving and standardizing its service processes regardless of the channel used to provide a positive customer experience. (PR5)
Ombudsman

The Itaú Unibanco Ombudsman is the channel that specializes in serving customers who have registered a complaint through the available channels and were not satisfied with the solution offered. It identifies and proposes improvements to the products, services and quality of service, which helps strengthen our relationship with our customers. It is also responsible for handling complaints from the Central Bank of Brazil, the Procon consumer protection agencies, the media and other consumer defense groups.

The Ombudsman also offers a service called Procon Phone, a free telephone channel for Procon’s specialized employees. It handles complaints, requests or questions submitted to Procon by bank clients or users. It is the most efficient means of handling the complaints submitted by the Procon, as it allows us to resolve most of them at one time.

In 2011 the Ombudsman was recertified under ISO 9001 by the International Organization for Standardization, which underscores the Ombudsman’s commitment to service excellence.

Public commitment to customer satisfaction (PR5)

Compliance with the second edition of the Public Indicators Project, released by the Department of Consumer Protection and Defense, has also brought about progress towards the bank’s goals: increased rate of conflict resolution in the first phase of a customer complaint (consisting of previous notifications or Letters of Preliminary Information), and in conciliation hearings, as well as fewer complaints directed to Procon.

The bank also took part in the first edition of the project, and in 2011 achieved good results in conflict resolution during the preliminary complaint phase, achieving an 85.5% success rate, against the projected figure of 83%.

With respect to increasing the proportion of agreements in relation to substantiated complaints, we had a 67.9% success rate, which was just 0.1% short of our target.

We had sought a 6% decrease in the number of complaints directed to Procon, but instead this figure rose 16%, a situation that will require our considerable attention and effort to rectify.

Morro do Alemão Branch (RJ)

On September 29, 2011, after installing ATMs in other pacified communities of the city of Rio de Janeiro, Itaú Unibanco opened its first branch in the community of Morro do Alemão, in the northern part of the city.

Earlier in the year, the bank installed five ATM kiosks in communities of Rio de Janeiro where Pacificying Police Units operate. Their subsequent substantial use demonstrates the demand for banking services from local residents and business people. In the Cidade de Deus community alone, monthly average transactions were 25% higher than at ATMs installed in the busy Conjunto Nacional building at the corner of Paulista and Augusta avenues in downtown São Paulo. (FS13)
We were the only financial institution to formally establish in conjunction with Procon São Paulo a commitment to reduce the incidence of Preliminary Information Letters and substantiated complaints (unresolved after the first intervention by Procon). Both targets were exceeded, placing us not only in an excellent position among other banks, but also among all suppliers taking part in the program.

Preliminary Information Letters dropped 23%, compared with our goal of 20%, while substantiated complaints fell 52%, against a targeted 20% decrease.

In 2012 Itaú Unibanco renewed its public commitments with consumer protection agencies to reduce the total number of complaints made against the bank and increase its resolution rate for registered complaints.

These actions come under the office of the Relationship Adviser, which works with Procon consumer protection agencies in 33 cities in Brazil. The Adviser represents the bank in the routing of complaints to help our staff meet Procon expectations. (Profile 4.17)

### Itaú Unibanco in the 2011 Procon-SP and Central Bank complaints rankings

In the 2011 Procon São Paulo complaints ranking the bank dropped from second place in 2010 (when it registered 1,708 complaints), to third (1,383 complaints). This 19% year-on-year reduction in the total number of substantiated complaints made to Procon-SP came in the midst of a 23% surge in the number of complaints for the industry as a whole, which points to the success of our strategy. Our improvement process is continuous, with goals and results being part of a larger agenda we have developed to help better serve our customers. We have to continue investing in improving our services and reducing failures at a faster rate than the banking sector is expanding. To demonstrate that we are focused on minimizing complaints and increasing customer satisfaction, we have made public commitments with Fundação Procon-SP to improve in these areas (see above).

In the cumulative monthly rankings published by the Central Bank of Brazil, Itaú Unibanco remained in second place in the number of complaints classified as customer reports, registering 4,480 such complaints, a 63% increase over the 2,830 which were filed in 2010. Of these, 48% (or 2,153) were considered substantiated.

### Total complaints directed to the Central Bank of Brazil - 2011 (PR4)

<table>
<thead>
<tr>
<th>Month</th>
<th>Substantiated</th>
<th>Unsubstantiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>143</td>
<td>158</td>
</tr>
<tr>
<td>February</td>
<td>249</td>
<td>163</td>
</tr>
<tr>
<td>March</td>
<td>182</td>
<td>210</td>
</tr>
<tr>
<td>April</td>
<td>148</td>
<td>176</td>
</tr>
<tr>
<td>May</td>
<td>153</td>
<td>168</td>
</tr>
<tr>
<td>June</td>
<td>167</td>
<td>209</td>
</tr>
<tr>
<td>July</td>
<td>159</td>
<td>198</td>
</tr>
<tr>
<td>August</td>
<td>204</td>
<td>204</td>
</tr>
<tr>
<td>September</td>
<td>191</td>
<td>200</td>
</tr>
<tr>
<td>October</td>
<td>170</td>
<td>181</td>
</tr>
<tr>
<td>November</td>
<td>164</td>
<td>207</td>
</tr>
<tr>
<td>December</td>
<td>223</td>
<td>253</td>
</tr>
<tr>
<td>Total</td>
<td>2,153</td>
<td>2,327</td>
</tr>
</tbody>
</table>

### Total complaints 2010/2011 (PR4)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substantiated</td>
<td>2,153</td>
<td>1,432</td>
</tr>
<tr>
<td>Unsubstantiated</td>
<td>2,327</td>
<td>1,398</td>
</tr>
<tr>
<td>Total complaints</td>
<td>4,480</td>
<td>2,830</td>
</tr>
</tbody>
</table>
Security is one of the most important attributes in the banking industry. When placing their funds in a financial institution, customers must have the confidence that their assets and information are protected. We seek to anticipate customer needs and deliver information not normally provided by most banks.

Over the years we have developed expertise in engaging with our stakeholders on security risks and protection measures. We have identified concerns and demands from customers and society about more information and awareness on the issue.

Accordingly, we developed the Greater Security Program to promote behavioral change and reduce fraud and illegal acts by disseminating safe practices for the personal and professional lives of employees, customers and the general public. The program covers numerous aspects of corporate security, including information security, crisis management, physical security, prevention of fraud and money laundering, and social media security.

Actions undertaken in 2011 include:
- Safe Use of the Internet Workshop, developed in partnership with Fundação Itaú Social, to introduce “Security on the Internet” to NGOs and adolescents at public schools. The workshop employs a dynamic gameplay using a jury format that encourages discussion of risky situations commonly encountered by adolescent internet users;
- creation and dissemination of the Cyber Guide for employees and the general public. The guide provides kids aged 10 to 16 with advice on surfing the web, including safe navigation of the internet, plus sending and receiving e-mails and using social networks;
- restructuring the Greater Security site (www.itau.com.br/seguranca), to provide safety information when traveling, in traffic, while shopping and for online dangers and risks to children, plus tips related to banking security;
- distance learning course, a fun and dynamic way to learn about banking security, focused on customer education and reduction of bank fraud, available on the Greater Security site;
- Greater Security Day – an action held annually for employees that deal with corporate security-related issues;
- safety campaign for employees of our branch network, using e-learning, live events and other communication vehicles; and
- presentations on awareness, the environment and digital communication given to employees in Brazil and at our international units (Chile, Argentina, Uruguay, Paraguay, the United States, Bahamas and the Cayman Islands).

These actions generated a number of key results, including:
- Greater Security Day: visits to the campaign’s minisite rose 400% to 180,000;
- Greater Security institutional site: the most-visited area of the Itaú Unibanco website, after the homepage;
- Social media: security has become the second-most shared topic on Itaú Unibanco’s Twitter page, helping decrease electronic fraud;
- Cyber Guide: 10,200 guides requested by employees to share with relatives and the public; and
- Safe internet use workshops: 91% approval rating from kids aged 10 to 16 from public schools and NGOs that took part in the workshops offered by our 70 volunteers.

In 2012 we plan to:
- hold a Greater Security Day (annual);
- consolidate the Greater Security Program for customers;
- create the Greater Security Program for commercial clients;
- increase the number of safe internet use workshops; and
- provide the Greater Security site in Spanish and English, for the units abroad that wish to use it.
Customer health and safety (PR1)

For the safety of customers at our points of service and branches, we assessed the impact on security in the following areas:

- products and services (safety of property at points of sale relating to surveillance and security equipment);
- development of the idea of the product or service offered;
- development/operation; and
- use and service.

Our security policy procedures include: an analysis of the layout of those points of sale (branches/banking services outlets/loan offices) which are opening shortly or under construction or renovation, for the installation of safety devices and a risk analysis of the points of sale, to improve security measures.

Actions on this front included:

- self-monitoring center;
- real-time download of video from the branches;
- enhanced security system which eliminates the use of revolving doors at some locations;
- investment in greater security than required by law; and
- presentations to branch employees.

In 2011 we began improving safety equipment and the process of managing third-party access to the branches.

We also created and implemented a security policy for employees and service providers at our points of sale. The policy is conveyed by various means, including printed regulations, a safety manual, DVD, presentations and internal communications.

We invested in assessing the impacts of security to comply with Federal Law 7.102/83 (which regulates financial institutions and whose supervisory body is the federal police), state and local legal requirements, the relationships with Department of Public Safety agencies (federal, civil and military police) and our internal policies.

In our research and development, certification, marketing and promotion, as well as storage, distribution, supply, disposal, and reuse or recycling activities, there is no significant impact on health and safety.

Financial education

Through the Conscientious Use of Money Program, we help in the financial education of individuals and companies so they can enjoy healthier finances, better understand their rights and obligations and avoid excessive debt. The program consists of several initiatives for our different relationship groups (see indicator FS16 in the GRI Cross-Reference Table), including a site with tips on the subject and a family budget simulator. In 2011 we also provided the Getting out of the Red and Family Budget guides in one thousand branches. (FS16)

Customer surveys

We use surveys, the call center and Customer Forums (regular meetings between groups of customers and bank executives) to learn more about the satisfaction level of our customers. Since 2010 we have also carried out the semi-annual National Quantitative Market Vision Survey, which assesses the overall satisfaction of our customers and those of the competition, and identifies the key attributes of the banking relationship. The survey is conducted by phone, without the bank identifying itself, with customers who hold assets with us and other institutions. (PR5)

In 2011 we found that our consumer and commercial clients (companies whose sales exceed R$500,000 per year) had the highest average score of overall satisfaction, with rates remaining stable from the previous year. Based on these results we draw up action plans to maintain and constantly improve these levels of satisfaction. (Profile 4.17 and PR5)
Since 2008 we have also been conducting monthly or semi-annual research in all our branches to measure customer satisfaction at the points of sale, depending on the client profile. In addition, a quantitative survey uses a random sample to assess customer satisfaction via Itaú Bankline, ATMs and the phone. (PR5)

Communication and marketing
As part of our goal to always act in an ethical and transparent manner, we have drawn up a number of internal regulations to guide our marketing efforts, such as the Code of Ethics, Our Way of Making It Happen (Corporate Culture), the Corporate Information Security Guide, Crisis Management and the Business Continuity Guide. (Profile 4.8 and PR6)

We also adhere to various self-regulating codes for the financial services industry, such as those from the Central Bank of Brazil, the Superintendency of Private Insurance, the National Self-Regulating Council (Conar), the Brazilian Federation of Banks, the Brazilian Association of Credit Card and Services Companies (Abecs), and the Consumer Defense Code (CDC). (Profile 4.12 and PR6)

We continuously monitor our compliance with these standards through market research, customer service channels and management in conjunction with our Internal Controls, Compliance, Legal and business areas. We do not sell products that are the subject of public controversy or of which our stakeholders are not in favor. (PR6)

Fines
In 2011 we had 2,329 administrative fines imposed on the bank for non-compliance with laws or regulations concerning the provision and use of products and services. Of these, eight were considered significant (greater than R$500,000), totaling R$24.9 million, all of which are pending decision. (PR9)

The most common types of fines were for service time as provided by municipal law, password-issuing facilities at the branches, and non-attendance at hearings. Among these were six fines totaling R$23.2 million regarding the Itaú Unibanco clock installed at the top of the Conjunto Nacional building on Avenida Paulista in downtown São Paulo, under the Clean City Law. (PR9)

In 2010, of the 1,613 administrative fines, two were significant, representing R$2.9 million. These were related to the alleged sending of unsolicited cards, and were levied by Procon Minas Gerais, in the amount of R$1.9 million, and Procon São Paulo, for R$1 million. (PR9)

One explanation for the increase in administrative fines between 2010 and 2011 is our increased reporting scope. In 2011 we incorporated the fines resulting from our branch operation in addition to penalties for supplying products and services. (PR9)

With respect to litigation, we reduced our risk from R$19.3 million in 2010 to $13.8 million in 2011. We currently have 19 cases with significant fines pending decision. In 2010, 23 cases were considered significant. (PR9)

There have been no decisions regarding non-compliance with regulations and voluntary codes related to marketing, including advertising, promotion and sponsorship. However, in 2011 a civil suit was filed with the Legislative Assembly of Rio de Janeiro for the alleged illegality of a nationally-aired television commercial showing the benefits of an Itaucard credit card. (PR6)

At a March 3, 2012 session of the Board of Ethics Special Appeals Chamber, Conar unanimously found the “World’s Most Sustainable Bank” advertisement to be compliant, and subsequently dismissed this case against Itaú Unibanco. (PR6)
Employees

Itaú Unibanco has 104,542* employees in Brazil and abroad, and thanks to the initiatives, actions and commitment of these people we have achieved success in our business and operations, and become Brazil’s largest bank and the world’s eighth largest bank, both by market value.

The development of these professionals and the recognition of their efforts are extremely important for us to create an environment that encourages our people to strive for innovation and customer satisfaction.

This is why in 2011, after establishing and circulating our corporate culture, known as Our Way of Making It Happen, we began analyzing our employees’ qualities, based on meritocracy and efficiency. In 2012, in addition to advancing along these two lines, we will continue consolidating our corporate culture. (Profile 4.8)

*not including directors, trainees, interns and outsourced workers.

Meritocracy

Meritocracy is one of the strategic issues for the entire organization to work on in the years ahead.

Given this goal, assessing the attitude and performance of each staff member becomes a key tool to determine promotions, recognition and awards. Meritocracy means recognizing and differentiating people according to their relative performance. It is one of our fundamental beliefs, and a right and duty of everyone within the organization.

Every employee receives a performance appraisal at least once a year. These assessments cover the goals proposed, results and methods used, because although it is important to reach a goal, every action must be based on Our Way of Making It Happen. Decisions regarding promotions and new goals are then made by the Appraisal Committee.

At the end of the appraisal process each employee receives individual feedback which details their strengths and weaknesses in relation to other team members. In addition to ensuring transparency in the management process, this mechanism encourages employees to improve their skills and pursue continuous professional development.

Meritocracy means recognizing and differentiating people according to their relative performance, and is one of our fundamental beliefs and a right and duty of everyone within the organization.
Principles of meritocracy at Itaú Unibanco

1) Meritocracy is a fundamental belief of Itaú Unibanco, and its widespread practice is the right and duty of every employee.

2) Employees should set clear and challenging goals for themselves and their teams so their differentiated performance can be properly recognized.

3) Periodic performance appraisals are one of the most important meritocracy tools at Itaú Unibanco, and should be conducted at least once a year for every employee.

4) Performance appraisals must consider employee achievements during the evaluation period, and be aligned with Our Way of Making It Happen, because the “how” is just as important as the “what.”

5) The appraisal procedure must be completely transparent to every employee, with the results measured in a forced performance curve (an assessment tool to evaluate the performance of each individual in a department or team against that of their colleagues).

6) To ensure transparent management procedures, employees must always be told their relative position at the end of the appraisal process. The appraisal process requires transparent and honest feedback on employee performance: the “what” and “how”.

7) It should point out strengths and weaknesses, potential, and career possibilities based primarily on professional development.

8) Any decision on a promotion, merit-based raise, opportunities for new positions, choice of partners, associates or severance must be based on an employee’s individual and comparative appraisal.

9) Leaders must identify and offer opportunities to those employees with the highest appraisals so they can fully develop their potential within the institution.

10) All employees are responsible for their own careers, and must always make themselves aware of, and strive for, the best professional opportunities within the institution.

100% of the bank’s employees have agreed-upon goals.
Approximately 45,000 employees, including leaders and team members, were evaluated under Strategic People Planning.
Approximately 13,200 promotions and commendations were given out in 2011.

Periodic performance appraisals are one of Itaú Unibanco’s most valuable meritocracy tools.

In the 11th edition of the Walther Moreira Salles Award, 1,327 entries were submitted and 39 people were recognized.
Our Way of Making It Happen

In 2010 Itaú Unibanco reached a milestone with the launch of *Our Way of Making It Happen*, a set of ten principles that guide all our relationships. This tool is one of the bases for evaluating meritocracy in relation to employee performance, as it reveals the directions to be taken as we seek out efficiency and good results. *(Profile 4.8)*

To make the appraisal process clearer and more transparent for our employees, we stepped up efforts to circulate and discuss the *Our Way of Making It Happen* principles. In late 2010 we began holding *Our Way of Making It Happen* workshops, which were designed for senior executives to convey the ideas to their teams. The workshops continued into 2011, when they were conducted by area superintendents. We also carried out *Our Way of Making It Happen* Dynamics —activities designed to deepen the understanding of the principles— as well as workshops for leaders from our retail and central administration areas. In total we held over 100 meetings attended by more than 2,000 staff members.

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**Our Way of Making It Happen**

*(Profile 4.8)*

- Everyone for the Customer
- A Passion to Perform
- Ethical and Responsible Leadership
- Star Players who Play for the Team
- Focus on Innovation and Innovation in Focus
- Processes Serving People
- Agile and Uncomplicated
- Always Play by the Rules
- A Shine in Your Eyes
- Dream Big
### All employees, by job type, employment contract, region and gender (LA1)

The table below shows information on all Itaú Unibanco Holding employees in Brazil and abroad. (LA1)

<table>
<thead>
<tr>
<th>Category</th>
<th>2010 Total</th>
<th>Brazil</th>
<th>Abroad</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>190</td>
<td>159</td>
<td>17</td>
<td>176</td>
</tr>
<tr>
<td>Management</td>
<td>15,853</td>
<td>14,799</td>
<td>839</td>
<td>15,638</td>
</tr>
<tr>
<td>Administration</td>
<td>52,616</td>
<td>51,226</td>
<td>3,192</td>
<td>54,418</td>
</tr>
<tr>
<td>Production</td>
<td>39,403</td>
<td>32,233</td>
<td>2,253</td>
<td>34,486</td>
</tr>
<tr>
<td>Trainees</td>
<td>168</td>
<td>140</td>
<td>0</td>
<td>140</td>
</tr>
<tr>
<td>Apprentices</td>
<td>2,014</td>
<td>2,094</td>
<td>0</td>
<td>2,094</td>
</tr>
<tr>
<td>Interns</td>
<td>1,534</td>
<td>1,386</td>
<td>54</td>
<td>1,440</td>
</tr>
<tr>
<td><strong>Total (not including third parties)</strong></td>
<td><strong>111,778</strong></td>
<td>102,037</td>
<td>6,355</td>
<td>108,392</td>
</tr>
</tbody>
</table>

**Third parties** *(Profile 2.2)*

| **Total (including third parties)** | **143,405** | **133,746** | **6,355** | **140,101** |

1. The following subsidiaries - Itaú BBA, Redecard, Itaú Corretora, SFR and Previtec - are included in indicators LA1 and LA13, as they manage their own employees.

2. Includes units in Brazil and abroad.

**Third party** is any party that is not part of the staff of Itaú Unibanco. They may work in any area of the organization, but do not report to any hierarchical level within it. They report to their own employer (contracted company).

During the year we decreased our staff size by 3,498 people, from 108,040 in December 2010 to 104,542 at the end of 2011. These terminations occurred after a restructuring of poorly-performing operations. To minimize the impacts of these changes we set up an employee outplacement center, through which 1,646 people were relocated within the bank. To ensure this process was conducted with maximum transparency we worked closely with the labor unions involved.

### Employees by region and gender (LA1)

<table>
<thead>
<tr>
<th>Country</th>
<th>Management</th>
<th>Administration</th>
<th>Production</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
<td>Men</td>
<td>Women</td>
<td>Men</td>
</tr>
<tr>
<td>Brazil</td>
<td>6,447</td>
<td>8,352</td>
<td>29,602</td>
<td>21,624</td>
</tr>
<tr>
<td>Abroad</td>
<td>236</td>
<td>603</td>
<td>1,530</td>
<td>1,662</td>
</tr>
</tbody>
</table>

The following table pertains to employees who have indefinite contracts. For type of employment, the only category that includes part-time employees is Production, while the other categories show employees that work full-time. (LA1)
### Other contract types (LA1)

<table>
<thead>
<tr>
<th>Executive</th>
<th>Trainees</th>
<th>Apprentices</th>
<th>Interns</th>
<th>Other (specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women</strong></td>
<td><strong>Men</strong></td>
<td><strong>Women</strong></td>
<td><strong>Men</strong></td>
<td><strong>Women</strong></td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>12</td>
<td>147</td>
<td>45</td>
<td>95</td>
</tr>
<tr>
<td>Abroad</td>
<td>1</td>
<td>13</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

In 2011 we considered only those employees covered by Human Resources to be separated by region, which had a total of 94,240 of our own employees. For third parties there were no changes. (LA1)

### Own and third-party employees, by region (LA1)

<table>
<thead>
<tr>
<th>Region</th>
<th>Own 2010</th>
<th>Third-party 2010</th>
<th>Own 2011</th>
<th>Third-party 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>9,341</td>
<td>4,009</td>
<td>8,306</td>
<td>3,171</td>
</tr>
<tr>
<td>Southeast</td>
<td>81,269</td>
<td>24,026</td>
<td>74,981*</td>
<td>24,606</td>
</tr>
<tr>
<td>Midwest</td>
<td>3,962</td>
<td>1,146</td>
<td>4,081</td>
<td>1,204</td>
</tr>
<tr>
<td>Northeast</td>
<td>6,530</td>
<td>2,149</td>
<td>5,637</td>
<td>2,354</td>
</tr>
<tr>
<td>North</td>
<td>1,214</td>
<td>297</td>
<td>1,235</td>
<td>374</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102,316</strong></td>
<td><strong>31,627</strong></td>
<td><strong>94,240</strong></td>
<td><strong>31,709</strong></td>
</tr>
</tbody>
</table>

* Not including the following companies based in Southeast Brazil: Itaú BBA, Redecard, Itaú Corretora, Previtec and SFR.

### Own employees, by age group* (LA1)

<table>
<thead>
<tr>
<th>Region</th>
<th>Women</th>
<th>Men</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Under 30</td>
<td>30 - 50</td>
<td>Over 50</td>
</tr>
<tr>
<td>South</td>
<td>1,927</td>
<td>2,623</td>
<td>369</td>
</tr>
<tr>
<td>Southeast</td>
<td>17,277</td>
<td>24,165</td>
<td>2,418</td>
</tr>
<tr>
<td>North</td>
<td>419</td>
<td>307</td>
<td>7</td>
</tr>
<tr>
<td>Northeast</td>
<td>1,714</td>
<td>1,656</td>
<td>105</td>
</tr>
<tr>
<td>Midwest</td>
<td>1,157</td>
<td>1,136</td>
<td>87</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,494</strong></td>
<td><strong>29,887</strong></td>
<td><strong>2,986</strong></td>
</tr>
</tbody>
</table>

### Employees, by category (LA13)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>%</th>
<th>2011</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>190</td>
<td>0</td>
<td>176</td>
<td>0</td>
</tr>
<tr>
<td>Management</td>
<td>15,853</td>
<td>14</td>
<td>15,638</td>
<td>14</td>
</tr>
<tr>
<td>Administration</td>
<td>52,616</td>
<td>47</td>
<td>54,418</td>
<td>50</td>
</tr>
<tr>
<td>Production</td>
<td>39,403</td>
<td>35</td>
<td>34,486</td>
<td>32</td>
</tr>
<tr>
<td>Trainees</td>
<td>168</td>
<td>0</td>
<td>140</td>
<td>0</td>
</tr>
<tr>
<td>Apprentices</td>
<td>2,014</td>
<td>2</td>
<td>2,094</td>
<td>2</td>
</tr>
<tr>
<td>Interns</td>
<td>1,534</td>
<td>1</td>
<td>1,440</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>111,778</td>
<td>100</td>
<td>108,392</td>
<td>100</td>
</tr>
</tbody>
</table>

### Employees, by gender (LA13)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>%</th>
<th>2011</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>64,978</td>
<td>58</td>
<td>62,544</td>
<td>58</td>
</tr>
<tr>
<td>Men</td>
<td>46,800</td>
<td>42</td>
<td>45,848</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>111,778</td>
<td>100</td>
<td>108,392</td>
<td>100</td>
</tr>
</tbody>
</table>

### Employees, by gender and job level (LA13)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>%</th>
<th>2011</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>13</td>
<td>7</td>
<td>177</td>
<td>93</td>
</tr>
<tr>
<td>Management</td>
<td>6,572</td>
<td>41</td>
<td>9,281</td>
<td>59</td>
</tr>
<tr>
<td>Administration</td>
<td>29,932</td>
<td>57</td>
<td>22,684</td>
<td>43</td>
</tr>
<tr>
<td>Production</td>
<td>26,153</td>
<td>66</td>
<td>13,250</td>
<td>34</td>
</tr>
<tr>
<td>Trainees</td>
<td>53</td>
<td>32</td>
<td>115</td>
<td>68</td>
</tr>
<tr>
<td>Apprentices</td>
<td>1,430</td>
<td>71</td>
<td>584</td>
<td>29</td>
</tr>
<tr>
<td>Interns</td>
<td>825</td>
<td>54</td>
<td>709</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>64,978</td>
<td>58</td>
<td>46,800</td>
<td>42</td>
</tr>
</tbody>
</table>
Executive - Proportion of Women

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>7%</td>
</tr>
<tr>
<td>2011</td>
<td>9%</td>
</tr>
</tbody>
</table>

Management - Proportion of Women

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>41%</td>
</tr>
<tr>
<td>2011</td>
<td>43%</td>
</tr>
</tbody>
</table>

Production - Proportion of Women

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>66%</td>
</tr>
<tr>
<td>2011</td>
<td>65%</td>
</tr>
</tbody>
</table>

Administration - Proportion of Women

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>57%</td>
</tr>
<tr>
<td>2011</td>
<td>57%</td>
</tr>
</tbody>
</table>

Trainees - Proportion of Women

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>32%</td>
</tr>
<tr>
<td>2011</td>
<td>32%</td>
</tr>
</tbody>
</table>

Apprentices - Proportion of Women

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>71%</td>
</tr>
<tr>
<td>2011</td>
<td>71%</td>
</tr>
</tbody>
</table>

Interns - Proportion of Women

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>54%</td>
</tr>
<tr>
<td>2011</td>
<td>53%</td>
</tr>
</tbody>
</table>

Total - Proportion of Women

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>58%</td>
</tr>
<tr>
<td>2011</td>
<td>58%</td>
</tr>
</tbody>
</table>

Total employees, by age group (LA13)

<table>
<thead>
<tr>
<th>Employees, by age group</th>
<th>2010</th>
<th>%</th>
<th>2011</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td>45,823</td>
<td>41%</td>
<td>42,751</td>
<td>40%</td>
</tr>
<tr>
<td>30 - 50</td>
<td>58,232</td>
<td>52%</td>
<td>57,834</td>
<td>53%</td>
</tr>
<tr>
<td>Over 50</td>
<td>7,723</td>
<td>7%</td>
<td>7,807</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>111,778</td>
<td>100%</td>
<td>108,392</td>
<td>100%</td>
</tr>
</tbody>
</table>

- Under 30: 40%
- 30 - 50: 53%
- Over 50: 7%
### Employees, by age group and job level (LA13)

<table>
<thead>
<tr>
<th>Employees by age group</th>
<th>Under 30</th>
<th>30 - 50</th>
<th>Over 50</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>0</td>
<td>112</td>
<td>78</td>
<td>190</td>
</tr>
<tr>
<td>Management</td>
<td>1,163</td>
<td>12,703</td>
<td>1,987</td>
<td>15,853</td>
</tr>
<tr>
<td>Administration</td>
<td>17,106</td>
<td>31,645</td>
<td>3,865</td>
<td>52,616</td>
</tr>
<tr>
<td>Production</td>
<td>23,841</td>
<td>13,769</td>
<td>1,793</td>
<td>39,403</td>
</tr>
<tr>
<td>Trainees</td>
<td>166</td>
<td>2</td>
<td>0</td>
<td>168</td>
</tr>
<tr>
<td>Apprentices</td>
<td>2,014</td>
<td>0</td>
<td>0</td>
<td>2,014</td>
</tr>
<tr>
<td>Interns</td>
<td>1,533</td>
<td>1</td>
<td>0</td>
<td>1,534</td>
</tr>
<tr>
<td>Total</td>
<td>45,823</td>
<td>58,232</td>
<td>7,723</td>
<td>111,778</td>
</tr>
</tbody>
</table>

### Employees, by age group (2010)

<table>
<thead>
<tr>
<th>Employees by age group</th>
<th>Under 30</th>
<th>30 - 50</th>
<th>Over 50</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>0</td>
<td>126</td>
<td>50</td>
<td>176</td>
</tr>
<tr>
<td>Management</td>
<td>1,131</td>
<td>12,616</td>
<td>1,891</td>
<td>15,638</td>
</tr>
<tr>
<td>Administration</td>
<td>19,192</td>
<td>31,277</td>
<td>3,949</td>
<td>54,418</td>
</tr>
<tr>
<td>Production</td>
<td>18,758</td>
<td>13,811</td>
<td>1,917</td>
<td>34,486</td>
</tr>
<tr>
<td>Trainees</td>
<td>140</td>
<td>0</td>
<td>0</td>
<td>140</td>
</tr>
<tr>
<td>Apprentices</td>
<td>2,094</td>
<td>0</td>
<td>0</td>
<td>2,094</td>
</tr>
<tr>
<td>Interns</td>
<td>1,436</td>
<td>0</td>
<td>0</td>
<td>1,440</td>
</tr>
<tr>
<td>Total</td>
<td>42,751</td>
<td>57,834</td>
<td>7,807</td>
<td>108,392</td>
</tr>
</tbody>
</table>

### Total Afro-Brazilian employees * (LA13)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>9,849</td>
<td>8,553</td>
</tr>
<tr>
<td>Men</td>
<td>6,162</td>
<td>5,863</td>
</tr>
<tr>
<td>Total</td>
<td>16,011</td>
<td>14,416</td>
</tr>
</tbody>
</table>

*As a proportion of total employees (LA1)
### Afro-Brazilian employees, by job level *(LA13)*

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women %</td>
<td>Men %</td>
</tr>
<tr>
<td>Executive</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Management</td>
<td>0.32</td>
<td>0.45</td>
</tr>
<tr>
<td>Administration</td>
<td>2.68</td>
<td>2.37</td>
</tr>
<tr>
<td>Production</td>
<td>5.58</td>
<td>2.58</td>
</tr>
<tr>
<td>Trainees</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Apprentices</td>
<td>0.17</td>
<td>0.07</td>
</tr>
<tr>
<td>Interns</td>
<td>0.06</td>
<td>0.03</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8.81</td>
<td>5.51</td>
</tr>
</tbody>
</table>

### Total disabled employees *(LA13)*

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>2,020</td>
<td>2,332</td>
</tr>
<tr>
<td>Men</td>
<td>2,093</td>
<td>2,310</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,113</td>
<td>4,642</td>
</tr>
</tbody>
</table>

* As a proportion of total employees – 94,240

### Disabled employees, by job level *(LA13)*

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women %</td>
<td>Men %</td>
</tr>
<tr>
<td>Executive</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Management</td>
<td>0.01</td>
<td>0.03</td>
</tr>
<tr>
<td>Administration</td>
<td>0.54</td>
<td>0.59</td>
</tr>
<tr>
<td>Production</td>
<td>1.26</td>
<td>1.26</td>
</tr>
<tr>
<td>Trainees</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Apprentices</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Interns</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1.81</td>
<td>1.87</td>
</tr>
</tbody>
</table>

* As a proportion of total employees – 94,240
By law, a minimum of five percent of our employees must be disabled, and in 2011 we were in compliance with this quota, considering our subsidiaries administered by Itaú Unibanco Human Resources, but not including Redecard, Itaú BBA, Itaú Corretora, SFR and Previtec.

### Turnover rate (LA2)****

<table>
<thead>
<tr>
<th>Turnover*</th>
<th>Terminations**</th>
<th>Turnover rate** (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
<td>Men</td>
</tr>
<tr>
<td></td>
<td>Under 30</td>
<td>30 - 50</td>
</tr>
<tr>
<td>South</td>
<td>836</td>
<td>310</td>
</tr>
<tr>
<td>Southeast</td>
<td>2,777</td>
<td>2,181</td>
</tr>
<tr>
<td>North</td>
<td>135</td>
<td>41</td>
</tr>
<tr>
<td>Northeast</td>
<td>965</td>
<td>245</td>
</tr>
<tr>
<td>Midwest</td>
<td>272</td>
<td>84</td>
</tr>
<tr>
<td>Total</td>
<td>4,985</td>
<td>2,861</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Turnover*</th>
<th>Hirings</th>
<th>New Hirings Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
<td>Men</td>
</tr>
<tr>
<td></td>
<td>Under 30</td>
<td>30 - 50</td>
</tr>
<tr>
<td>South</td>
<td>562</td>
<td>129</td>
</tr>
<tr>
<td>Southeast</td>
<td>4,287</td>
<td>1,044</td>
</tr>
<tr>
<td>North</td>
<td>170</td>
<td>10</td>
</tr>
<tr>
<td>Northeast</td>
<td>436</td>
<td>92</td>
</tr>
<tr>
<td>Midwest</td>
<td>398</td>
<td>68</td>
</tr>
<tr>
<td>Total</td>
<td>5,853</td>
<td>1,343</td>
</tr>
</tbody>
</table>

* Reporting companies: Itaú, Finjustina Part, Hipercard, iCarros Ltda., Itaú Seguros, Itaú Unibanco Holding, Itaú Unibanco, Itauleasing, Itauprev, Itauese Segurança, Kinea, Luizacred, Marcep, Megabonus, Microinvest, Orbitall, Pro-Imóvel, Provar Negócios and Trishop
** Terminations covers firings and layoffs, retirement and death.
*** Based on total employees covered by Human Resources at the end of 2011, or 94,279 employees (94,240 +39 expatriates).
**** It was not possible to compare the 2010 figures with those of 2011 due to the difference in historical calculation and scope between the years. In 2010, turnover was calculated as the total number of terminations as a share of the average number of employees during the year. In 2011 this calculation was based on all employees at the end of the period. With respect to scope, in 2011 we did not include companies whose human resources are managed by Itaú Unibanco Holding, namely: Itaú BBA, Itaú Corretora, Redecard, Previtec and SFR.
Return to work and retention rates after maternity/paternity leave, by gender (LA15)

<table>
<thead>
<tr>
<th>Total employees connected with maternity/paternity leave*</th>
<th>With right to leave**</th>
<th>Took leave</th>
<th>Returned to work after leave ended***</th>
<th>Returned to work after leave ended and remained employed 12 months after returning</th>
<th>Retention rate of employees that returned to work after leave ended (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>2,718</td>
<td>2,718</td>
<td>2,715</td>
<td>2,576</td>
<td>99.89</td>
</tr>
<tr>
<td>Men</td>
<td>966</td>
<td>966</td>
<td>894</td>
<td>872</td>
<td>92.55</td>
</tr>
</tbody>
</table>

* As this is a new G3.1 indicator, no data was provided for previous years.
** Includes leave for maternity, adoption and abortion.
*** Not including employees terminated just one or two days after returning to work.

All accidents are investigated by the Workplace Safety and Medical area and analyzed by Social Pensions, following which the appropriate measures are taken.

In 2011 a total of one male and two female Itaú Unibanco employees were killed while commuting to/from work.

Injury, work-related illness, days lost and death rates (LA7)

<table>
<thead>
<tr>
<th>Health and safety rates *</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injuries rate**</td>
<td>0.75</td>
<td>0.95</td>
</tr>
<tr>
<td>Days lost rate***</td>
<td>279.78</td>
<td>362.14</td>
</tr>
<tr>
<td>Work-related illness rate</td>
<td>0.7</td>
<td>0.84</td>
</tr>
<tr>
<td>Absenteeism rate</td>
<td>0.90</td>
<td>1.12</td>
</tr>
</tbody>
</table>


All data are stored in Itaú Unibanco Human Resources internal systems (Ponto Eletrônico, SAP, SIGP and FPW), where they are retrieved for statistical use. There was no difference in the calculation of the indicator from 2010 to 2011.

The information is stored in internal systems, where we use it to create statistics. The data was retrieved from Itaú Unibanco Human Resources internal systems, namely: Ponto Eletrônico, SAP, SIGP and FPW.

** Includes deaths during the period.
*** To calculate days lost the bank considered “days” to be “scheduled business days”. Includes absences of greater than 15 days due to work-related illness or workplace accident. Third-party service providers not included.
Talent management (LA11)

We consider talented employees as those with exemplary performance in adhering to our values and corporate culture (Our Way of Making It Happen), and exceptional service delivery. The management of such talents occurs in an integrated fashion at every stage: hiring, training and development, performance appraisals and consequence management.

We develop programs designed to attract and train high-potential talent, which are our major sources to meet the demands of leadership over the medium and long terms. They may be domestic (interns and trainees) or international (Master of Business Administration (MBA) Recruiting, Master’s Abroad Sponsorship Program, International Assignment and Job Swap).

With a focus on attracting talent in the market, the MBA Recruiting program seeks to draw, for full-time and summer job positions, high-potential professionals who are completing their MBA and Master’s at the best universities in the United States and Europe. The program provides an overview of the bank’s operations, allowing the improvement of management skills and encouraging innovation.

The professionals hired for full-time positions are invited to join the organization’s leadership personnel. The students selected for three-month summer jobs develop projects focused on certain areas of the conglomerate, while we evaluate these people for a possible full-time position at the end of the period.

In 2011 the selection process for both programs was redesigned and we held the first recruitment session, with visits to various business schools. Our executives visited 11 universities, gave talks on the different business areas, brought us closer to students, and interviewed about 80 candidates. This type of action resulted in closer ties with the universities and helped us create exposure for the Itaú brand abroad.

Other opportunities were explored, such as sponsoring academic centers for lectures and conferences, hosting presentations from universities regarding MBA programs, and visits to Brazil by overseas students interested in knowing more about Itaú Unibanco’s activities in this sector.

The Master’s Abroad Sponsorship Program seeks to develop our high-potential employees, in order to prepare them to assume future leadership positions. Participants are given an incentive to take a one or two-year academic MBA or executive MBA at top universities in the United States and Europe.

In addition to developing managerial skills, international experience gives our people a view of the global business context, and by exchanging experiences they can learn the best management practices to be applied to the bank. Throughout this training, which is a period of unpaid leave, each participant has a mentor whose mission is to keep them updated on the organization and increase their expectations for improvement and career development.

In 2010, six professionals were awarded this sponsorship. In 2011 the selection process had several stages: nominations, assessments, interviews with partners and associates, and approval by the Executive Committee. Of the 22 people nominated, ten were selected to receive the sponsorship.
In 2011 we began a new program for the professional development of our staff members: Job Swap

In 2011 we began a new program for the professional development of our staff members: Job Swap. This program prepares professionals for an international mobility profile and develops them for future leadership positions through opportunities to work from three to six months at our international units.

During the program staff members work in areas similar to their regular jobs, giving them the opportunity to participate in strategic projects for the unit. We conduct development actions such as intercultural training and monitoring of daily activities to assist in the adaptation and understanding of behavior in different environments, including other values, habits and ways of thinking. In addition, we evaluate the progress of the employee in the local language. In 2011, while still a pilot project, five employees were sent abroad: one each from Chile, Argentina and Brazil, and two from Paraguay. In 2012 we have 16 Job Swap projects confirmed, and a further 16 in development.

A long-term action with an international focus is International Assignment, which, like Job Swap, is designed to develop an international mobility profile. In this program the employee spends one to four years in an international unit, becoming part of the local staff team. In 2011 one employee took part, while in 2012 three more staff members are scheduled to be sent abroad.

We have also several programs which develop the skills of our employees, including:

- Unpaid leave with a guaranteed job upon return. Any employee may request leave for personal reasons, provided that the grounds are deemed acceptable by the area director;

- Company-sponsored outplacement services, and assistance in transitioning to retirement, typically for managerial and executive level employees;

- Retraining course (reimbursement of up to R$974.06) to banking area employees (the collective bargaining agreement does not specify courses, so all types are permitted, including crafts and cooking); and

- Retraining for those wishing to continue working in the banking area.
The following are other programs developed by the bank that contributed to the development of employees and spurred our efficiency efforts in 2011:

Agir (Itaú Management Action). A program which targets the commercial and operational teams by establishing performance indicators and processes in areas such as income generation and increased efficiency. In 2011 the program was modified to better determine the performance of area directors and frontline staff by giving greater weight to indicators of customer satisfaction and fewer Procon and Central Bank complaints.

Leaders Meeting. The second edition of the Leaders Meeting program was held in São Paulo and attended by about 14,000 managers, who were shown how and why meritocracy and efficiency were chosen as priorities by Itaú Unibanco. During the event CEO Roberto Setubal and Chairman Pedro Moreira Salles stressed to the managers the importance of both issues to the development of the organization, and the dissemination of our values as key tools to help us achieve our vision.

Open Doors. In operation since 2010, this program allows employees to meet with department presidents and vice presidents, and make unsolicited comments and suggestions for improvements to their respective areas. Open Doors is an important channel to help spread our corporate culture and strengthen our values. In 2011 we held 12 Open Doors meetings attended by 172 employees. A total of 34 improvements suggestions were accepted.

Second Leaders Meeting – Participants*

Managers by region – Brazil and Itaú Latin America

* Figures for all invitees.
Click Knowledge. This is a new platform we have developed for distance education learning and employee training. After a two-year process to incorporate the latest technology, this tool allows users to navigate in a friendlier environment to print certificates from courses they have taken, and to share knowledge gained. They can also quickly and easily search for available learning opportunities and participate with experts in specially created forums for each area.

Education and training (LA8)

We have developed actions and programs focusing on education for health and training, counseling and prevention of risks to our employees and their families, and in some cases the surrounding communities. We also offer treatment for employees and their dependents. These initiatives include:

Health Time program
Through our Health Education efforts we convey scientific information to employees on topics related to physical, psychological, social and organizational health care. In 2011 we used our various staff communication channels for monthly discussions on the following subjects: “Increased risk of dengue fever”, “Holidays”, “Dimensions of Life”, “Spirituality: fad or need?”, “Understanding food labels”, “Has the family changed?”, “Psychotherapy for what?”, “Heart health”, “Anxiety: Control is a must”, “News in the fight against AIDS” and “Joining a group is healthy”. The popular Health Time booklet was incorporated into Itaú Unibanco Magazine, and now appears as a monthly article under this title. An online booklet is also available for download on the intranet, and posters are sent to all branches and banking services outlets, where it might be difficult to access the intranet. For the visually impaired we have an audio version of this booklet. We also put on a fun, interactive event at our main administrative centers, called “The good side of stress is preventing it”.

Prevention of mental disorders
We began providing mental health care in late 2011, with psychological assistance to support and guide our employees in the workplace. This service can be used at any time or through a referral from the health care staff in our medical clinic. Free sessions with psychologists who specialize in stress management and depression are offered at our Jabaquara administrative centers, which have about 10,000 employees, and at the Tatuapé and Vila Leopoldina service centers, which employ 5,000 and 4,000 people, respectively. All these facilities are located in the city of São Paulo.

Dimensions of Life test
The self-assessment “Dimensions of Life” test, which has been available on the intranet since May 2011, is designed to evaluate an individual health profile based on physical, emotional, social, professional and financial aspects. The results are presented in a graph, allowing employees to plan improvements which can better balance these elements. By year-end the test site had registered over 8,000 visits.

Health Debates
Formerly part of the Women’s Health program, Health Debates expanded its scope to address mental health more directly and with all employees. The discussions took place in the auditorium of our largest unit, in the Jabaquara neighbourhood of the city of São Paulo, and were broadcast live online to provide widespread access to our employees at other centers. An edited version was available on the internet for three months. In 2011, the discussions covered the following topics:

In the Open Doors program, staff members meet with department presidents and vice presidents, and make comments and suggestions for improvements to their respective areas.
• “Spirituality: fad or need?” - With the participation of psychiatrist Alexander Moreira-Almeida and Dominican friar Frei Betto, and chaired by journalist Ernesto Paglia. A total of 160 employees attended in person, and 1,171 watched via the internet, while 480 employees requested a DVD of the event;

• “Anxiety: Control is a must” - With the participation of psychiatrist Marcio Bernik and chaired by journalist Lorena Calabria. 140 employees attended in person, 1,109 watched over the internet, and 307 employees requested the DVD of the event.

Lung and mouth cancer - I Want to Quit Smoking Program
Meeting a 2011 goal, the I Want to Stop Smoking program, which supports and treats those who wish to quit smoking, underwent evaluation. The satisfaction rate among group participants was 83%, and 92% for those in individual treatment.

The demand for individual treatment shows that the decision to offer the two formats, based on the diversity of employees, was correct. Individual and group treatment participants have free access to medicine, which helps them adhere to the program and ensure the success of the initiative.

In 2011, 127 employees took part in the program, 73 of whom completed one year of treatment. Of these, 22 quit smoking (30% success rate). Participants are considered to have stopped smoking only when they have quit for longer than a year.

STDs/AIDS
Keeping our commitment to address this issue on the corporate agenda, on December 1 World AIDS Day & the “News in the fight against AIDS” article appeared in Itaú Unibanco Magazine. This article discussed the “Be Aware” rental DVD, which is about safe sex for young people, the latest research, combating prejudice and a brief history of the bank’s program, which began in 1987. Since day one this initiative has ensured full confidentiality, privacy, non-discrimination and maintenance of medical and psychosocial benefits.

Common Cold + H1N1 flu - Vaccination at the workstation
Of 101,763 eligible employees, 48,570 (48%) were vaccinated against seasonal colds and H1N1 flu between May and June 2011. This figure was lower than the 60.3% recorded in 2010, despite our offer to provide a vaccination at individual workstations or by reimbursement.

Meningitis Vaccination
In September 2011, due to the occurrence of localized outbreaks of meningitis, we offered guidance and logistical assistance for vaccinations against meningitis C in Itaberaba, Bahia. In October, we provided meningitis C vaccinations to employees in Ouro Branco, Conselheiro Lafaiete and Congonhas, all in the state of Minas Gerais.

High Blood Pressure Campaign
The “High Blood Pressure Blitz” campaign was conducted at our main administrative buildings, where we checked the blood pressure of employees and outsourced workers in the workplace, in order to warn them about this silent disease. In 2011 the scope of the campaign increased significantly and reached 67.3% of the target population. We performed 23,537 measurements, reaching our target for 2011, conducting 12 courses for women and their partners. All 1,436 participants approved highly of the course, giving it an average satisfaction rating of 99.6%. Offered to employees in greater São Paulo, Rio de Janeiro, Belo Horizonte and Curitiba, the course is conducted by a multidisciplinary team and covers key aspects of pregnancy, with a focus on family dynamics. Those without access to the classroom can request a textbook put together by the team members. In 2011 we sent out 404 of these books to employees.

Women’s Health Program
This program covers the specific health needs that arise at different stages of a women’s life and the diseases that can be prevented or treated early. Its actions include:

– Cervical and Breast Cancer - Women’s Clinic. Examinations for early detection of human papillomavirus (HPV) infection and the prevention of cervical and breast cancer, with the ease of having gynecological tests and appointments in the workplace. In 2011, 1,947 employees were treated by the “Women’s Clinic” and 41 cases of HPV infection were detected, of which 11 showed cellular changes in the cervix caused by HPV. Even considering the cost of examinations under the health plan, which is not high, a study conducted in 2011 showed a 35% reduction in costs due to the Itaú Unibanco campaign, in addition to the intangible advantage of providing staff members with access to an essential service, right in the workplace.

• Problems in pregnancy and childbirth - Baby on Board Course. We exceeded our target for 2011, conducting 12 courses for women and their partners. All 1,436 participants approved highly of the course, giving it an average satisfaction rating of 99.6%. Offered to employees in greater São Paulo, Rio de Janeiro, Belo Horizonte and Curitiba, the course is conducted by a multidisciplinary team and covers key aspects of pregnancy, with a focus on family dynamics. Those without access to the classroom can request a textbook put together by the team members. In 2011 we sent out 404 of these books to employees.

• Books. Sent all over Brazil to employees who request it, Secrets for a Beautiful Baby is a book focused on child development and is designed to guide parents with children aged one or younger, while the Pregnancy Manual gives advice to expecting parents. In 2011 a total of 401 of these books were distributed.
The Nutrition Program promotes a healthier lifestyle and helps employees make choices that will improve their quality of life

- Early weaning and post-partum depression - Baby at Home. As a continuation of the Baby On Board program, in 2011 we began offering the Baby at Home program, which focuses on child health and helping the families of our employees with newborn children. First introduced to employees in the city of São Paulo, it provides home visits by nurses specializing in the post-partum period, who evaluate the needs of the baby and family and answers questions relating to breastfeeding, early infant care and development expectations for newborns. In cases of post-partum depression, the nurses provide expert guidance, and, if necessary, can help with referrals to services such as Be OK and/or the health plan. In December 2011 a total of 27 house calls were made, while the goal for 2012 is to help at least 700 families.

Childhood Accidents - First Aid Course

During the Baby on Board course, employees who were parents or soon-to-be parents wanted to know more about first aid for babies, so in 2011 we began offering a course on this subject, which had a 99.5% satisfaction rating among participants. In the classroom courses, held at our Jabaquara facility in the southern part of the city of São Paulo, 188 people took part. We also sent out 672 brochures and 1,159 course content DVDs requested by employees all over Brazil.

WMSDs – Workplace Gymnastics Program

Designed specifically for the more than 7,730 operators, attendants and analysts at all our call centers in Rio de Janeiro and São Paulo, this program is designed to handle work-related musculoskeletal disorders. To date 93% of these people (7,180 staff members) have signed up, but only 26% (1,910 employees) have taken part, taking an average of four gymnastics classes per month, although a minimum of eight per month are offered.

Nutrition Program

Designed to promote a healthier lifestyle and help our employees make choices that improve their quality of life, this program also guides participants on the treatment of diseases that can be controlled or cured by clinical follow-up. Additionally, we offer a nutrition program that addresses topics such as:

- Chronic diseases and pregnant women - Clinical nutritional care. At our clinics serving the largest number of employees, we offer clinical care to improve nutritional treatment for employees with chronic diseases and to prevent problems in pregnant women. In 2011 we conducted 2,332 examinations of 626 employees, and achieved an average satisfaction rating of 95.8%. We found a higher incidence of support for the treatment of high cholesterol (21%), monitoring of pregnant women (13%) and the treatment of diabetes/high blood sugar levels (11%). In 2011 the examinations were better attended, with 2.3% fewer absences during the year. To support the doctors’ work at the clinics, we created a booklet on gastritis and acid reflux disease, which offers patients specific nutritional guidelines for these diseases.

- Healthy Eating - Light meal workshops. Sessions lasting 2.5 hours, after working hours, for groups of 50 people. Employees learn to make 29 healthy recipes. Workshops were conducted in four administrative centers in São Paulo and Rio de Janeiro for 942 participants, who gave the course a 99.7% satisfaction rating.

- Weight loss and health. The partnership between the bank and Weight Watchers made it more affordable for our employees to participate in our weight loss program. Sessions organized by the group are focused on helping participants lose weight while staying healthy. In 2011 the partnership expanded throughout Brazil, helping a total of 453 staff members, up from 176 in 2010.

- “Nutrition for a better quality of life” lecture. We have a number of employees concerned just with weight loss. For these people we put on the “Nutrition for a better quality of life” lecture, which was attended by 162 staff members.

Chemical Dependency – It Depends on You program

Implemented in 2010, this intranet program provides information about chemical dependency (including alcoholism), support channels for internal and external treatment, e-learning geared to the development of each employee, and the Depends on You booklet. The goal is to encourage employees to seek help for their problems, and enable managers to better handle situations in the workplace.
Financial Education (FS16)

To offer suitable products and services to our customers, our teams need a clear awareness of financial education, and apply it to their personal and professional lives. This allows us to spread the topic, which is one of key elements of our Sustainability Map, inside and outside the bank.

The following are some of our financial education programs and initiatives:

• Financial Education Program for Employees. To help employees make more informed financial choices and apply the conscientious use of money to their daily professional and personal lives. In 2011 the program consisted of three e-learning modules, monthly articles in the magazine and staff portal, a chat and 11 presentations at various units. Over 80,000 people signed up for the e-learning course, which was available to all 94,279 staff members. We also educated 200 multipliers (employees trained to speak on the topic inside and outside the bank). Participation in the program is voluntary.

• Conscientious Use of Money game in needy communities. We trained 777 employees who volunteered to play the Conscientious Use of Money game, which helps bring financial education to young people in underprivileged areas. We introduced the game on 29 occasions, directly impacting 550 people, including employees, local residents and their relatives.

Average hours of training per year

In 2011 we invested approximately R$114 million in staff training* (LA10)
Performance analysis

All of our 94,279 Brazil-based employees (38,906 men and 55,373 women) are evaluated under a performance appraisal model. Of this total: (LA12)

- approximately 53,000 are in the Performance Management Program;

- while the others are evaluated in programs such as AGIR (branch network and commercial areas) or by self-evaluation programs, depending on the specific nature of the business. (LA12)

The scoring model for the results is designed to assess individual performance, based on predefined targets. It is based on a Balanced Scorecard, in which directors and superintendents set their goals for the following areas: Financial, Customer Satisfaction, Process and People Management. From these goals the model is applied to other levels of the organization (managers, coordinators, specialists and teams). (LA12)

All of our employees are evaluated under a performance appraisal model

Proportion of base salary and pay between Women and Men, by functional category and by operations in key locations (LA14)

<table>
<thead>
<tr>
<th>Base salary Women/Men*</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>0.99</td>
<td>1.01</td>
</tr>
<tr>
<td>Management</td>
<td>0.94</td>
<td>0.94</td>
</tr>
<tr>
<td>Administration</td>
<td>0.97</td>
<td>0.94</td>
</tr>
<tr>
<td>Production</td>
<td>0.96</td>
<td>0.93</td>
</tr>
<tr>
<td>Trainees</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Apprentices</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Interns</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

*Proportion between the base salary for women and the base salary for men in each functional category.
## Pension Plans (EC3)*

<table>
<thead>
<tr>
<th>Pension Plans</th>
<th>PAC</th>
<th>Itaú Unibanco DC</th>
<th>LAM/DB</th>
<th>LAM DC</th>
<th>FRANPREV</th>
<th>Plan 002</th>
<th>Intelligent Future</th>
<th>Basic</th>
<th>UMS</th>
<th>Plan I</th>
<th>Plan II</th>
<th>Plan I</th>
<th>Plan II</th>
<th>Plan</th>
<th>Plan</th>
<th>Plan</th>
<th>Itaú DB</th>
<th>Itaú DC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of participants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>1,708</td>
<td>16,373</td>
<td>24</td>
<td>25</td>
<td>382</td>
<td>1,669</td>
<td>8,402</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>7</td>
<td>1,569</td>
<td>24</td>
<td>505</td>
<td>0</td>
<td>1,962</td>
<td>1,561</td>
<td>746</td>
</tr>
<tr>
<td>Assisted</td>
<td>3,905</td>
<td>3,137</td>
<td>3</td>
<td>4</td>
<td>271</td>
<td>2,724</td>
<td>526</td>
<td>7</td>
<td>332</td>
<td>0</td>
<td>547</td>
<td>5,208</td>
<td>1</td>
<td>1,397</td>
<td>1,185</td>
<td>107</td>
<td>110</td>
<td>70</td>
</tr>
<tr>
<td>Self-sponsored</td>
<td>1,604</td>
<td>2,394</td>
<td>7</td>
<td>5</td>
<td>51</td>
<td>297</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>0</td>
<td>5</td>
<td>95</td>
<td>26</td>
<td>70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associated (DBP)</td>
<td>941</td>
<td>615</td>
<td>24</td>
<td>13</td>
<td>19</td>
<td>11</td>
<td>956</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>200</td>
<td>18</td>
<td>0</td>
<td>963</td>
<td>1,016</td>
<td>249</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In option phase</td>
<td>475</td>
<td>666</td>
<td>3</td>
<td>47</td>
<td>30</td>
<td>1,005</td>
<td>7</td>
<td>337</td>
<td>25</td>
<td>0</td>
<td>71</td>
<td>0</td>
<td>5</td>
<td>54</td>
<td>64</td>
<td>164</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>8,625</td>
<td>21,385</td>
<td>61</td>
<td>47</td>
<td>760</td>
<td>4,751</td>
<td>10,989</td>
<td>7</td>
<td>337</td>
<td>25</td>
<td>554</td>
<td>6,913</td>
<td>25</td>
<td>1,930</td>
<td>3,211</td>
<td>2,777</td>
<td>1,299</td>
<td></td>
</tr>
</tbody>
</table>

### Obligations of the employer

- Defined Benefit Pension Plan (DB)
- Other type of benefit

### Actuarial liability (in R$ millions)

- **Plan PAC**: Rs 4,147.57
- **Plan Itaú Unibanco DC**: Rs 4,306.54
- **Plan LAM/DB**: Rs 13,74
- **Plan LAM DC**: Rs 11,62
- **Plan FRANPREV**: Rs 188,70
- **Plan 002**: Rs 1,536,81
- **Plan Intelligent Future**: Rs 722,77
- **Plan Basic**: Rs 1,06
- **Plan UMS**: Rs 38,80
- **Plan Plan has no actuarial commitments**: Rs 1,510,00
- **Plan Plan assets (in R$ millions)**: Rs 3,339,00
- **Plan Coverage**: 100%

### Calculation base of estimate and date of estimate

- **Specific study (Actuarial assessment)**, as at 31/12/2011

### Coverage

- **The fund has 100% coverage under the plan.**

### % of salary contributed

- **Plan PAC**: 0%
- **Plan Itaú Unibanco DC**: 1.17%
- **Plan LAM/DB**: 8.88%
- **Plan LAM DC**: 0.39%
- **Plan FRANPREV**: 1.46%
- **Plan 002**: 2.72%
- **Plan Intelligent Future**: 7%
- **Plan Basic**: 7.83%
- **Plan UMS**: 0.27%
- **Plan Plan I**: 7.40%
- **Plan Plan II**: 6.54%
- **Plan Plan I**: 4.91%
- **Plan Plan II**: 9.14%
- **Plan Plan Plan**: 1.86%
- **Plan Plan Plan**: 1.86%
- **Plan Plan Plan**: 1.86%
- **Plan Plan Plan**: 1.86%
- **Plan Plan Plan**: 1.86%
- **Plan Plan Plan**: 1.86%
- **Plan Plan Plan**: 1.86%

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*For the fund’s full coverage there are deficit amortization agreements with the sponsor, applied to: UBBPrev – June 2009, BANorth – December 2011, and BEMGEPREV – December 2011. The PAC, FRANPREV, Basic, and Itaú DB plans are by compulsory contributions; all others are by voluntary payment.*
Health and safety

All of Itaú Unibanco’s 21 administrative centers have an Internal Accident Prevention Commission (CIPA), covering 33% of our employees, or 31,641 people of our total 2011 workforce of 94,240 employees. Under Brazilian law, CIPAs are installed only in units with more than 100 employees. (LA6)

These commissions meet monthly to discuss issues related to workplace safety, and discuss and suggest accident prevention measures. The number of representatives from each CIPA depends on the number of employees at the administrative center. Half of the CIPA members are elected for a 12-month term, while the other half are nominated by the employer. All members participate in a CIPA classroom training course, taught by an accident specialist or workplace safety engineer. (LA6)

Although they do use the CIPAs, our branches have a workplace safety manager, as required by law. This employee holds the positions of Operations Manager and Head of Service and conducts an annual e-learning training, which addresses the basics of health and safety at work, such as assessing the conditions of the furnishings and work environment to prevent accidents and protect the health of employees. This training is given whenever there is a promotion or a hiring of new employees for the positions mentioned. (LA6)

Some issues related to employee health and safety are covered by union agreements, including: (LA9)

- a multidisciplinary team to discuss accident prevention policies, education campaigns and information on AIDS (CCT 2011/12); (LA9)

- a joint commission between banks and employers to discuss health procedures provided in the Medical Control and Occupational Health Program, as well as exams and Internal Accident Prevention Week (Sipat) (CCT 2011/12). (LA9)

Anti-discrimination measures

In 2011 a total of 32 discrimination cases were reported: five for sexual harassment, 24 for moral harassment, one for discrimination and two for moral and sexual harassment. All the cases have been analyzed, and one is still in progress. This increase in cases from 2010, when there was just one instance of discrimination, is due to the new classification system we have adopted, which now covers two types of discrimination: moral and sexual. Cases that were previously only classified as harassment are now classified as discrimination. (HR4)

All occurrences were reviewed and resolved internally through redress procedures, based on psychological and institutional support to the discriminated employee, and no legal proceedings were required. Itaú Unibanco has policies and practices that prohibit acts of discrimination and prejudice. (HR4)

We have a reporting channel that exists to handle each case separately. In 2011 we carried out a prevention campaign, encouraging people to talk to the Ethics and Ombudsman’s Office for advice and answers. (HR4)

When a report is made, a series of measures is taken. If it is a repeat incident (where the same individual(s) involved were previously reported), the senior manager and Human Resources are notified and given suggestions on the next steps to be taken, and on monitoring the measures adopted. (HR4)

If the case is not a repeat incident, the manager and Human Resources are notified that the Ombudsman will intervene (on-site, if necessary). The result may be job termination for the offender (for more serious cases), transfer to a different department or location, or a disciplinary action, based on RP29 (Itaú Unibanco Policy for the Application of Disciplinary Measures). All employees will be informed of such cases, and directed on how to act should this happen to them. (HR4)

We also offer the Stay OK program, which provides employee counseling. This is a personal support program available to all bank employees and their dependents (spouse, children, parents and siblings), providing a comprehensive support structure which includes psychologists, social workers, lawyers, nutritionists, physical therapists and a personal trainer. If there is a need for more personalized treatment, we have a network of accredited professionals that offer special rates to employees and their families. (HR4)

The service is arranged by phone at 0800 773-2930, 24 hours a day (including weekends, in case of emergency), and is fast, free and confidential. (HR4)

Employees at certain administrative centers may also receive visits from a social worker. (HR4)
Recognition

One of the ways we demonstrate meritocracy at Itaú Unibanco is to recognize and reward employees who display exceptional performance, innovative ideas and best practices. Our main forms of recognition are:

Walther Moreira Salles Award
The 11th edition of the Walther Moreira Salles Award, held in 2011, saw the entry of more than 1,300 projects (three times more than last year) in five categories: Efficiency, Innovation, Quality Service, Sustainability and People Management. The winners, chosen after evaluation stages and a secret ballot by members of the Executive Committee in the final stage, were:

- Efficiency Category: Physical Migration of the Branches
- Innovation Category: OCA Cel - Payments and Inquiries by mobile phone
- Sustainability Category: Building Sustainability with the Customer
- Quality Service Category: Best Forex Bank in Brazil
- People Management Category: Waldemar Wiltemburg dos Santos

These teams and employees conducted projects which achieved superior results during the year, and which were fully aligned with Our Way of Making It Happen.

The award ceremony took place at Sala São Paulo, and the winners received trophies and Itaú Unibanco stock.

Partners and Associates Program
Launched in 2010, this is an innovative project that seeks to recognize exceptional employees for their consistent, positive leadership and commitment to the values of the bank. The partners and associates are elected after a thorough evaluation process, and may invest part of their bonus winnings in Itaú Unibanco Holding stock, for which they will receive share certificates. Two aspects are strongly considered in the decision-making: achievement of agreed-upon goals, and alignment with Our Way of Making It Happen. In 2011 we elected 20 associates and seven partners.

Ethics and respect

Transparency in the relationships with our employees is also ensured by mechanisms that help build a workplace environment governed by clear codes of conduct and ethics, and that offers fair opportunities and permanent communication channels to assist in conflict resolution. The main channel is the Ethics and Ombudsman’s Office, which is focused on providing guidance and counseling to employees regarding ethical dilemmas and relationship conflicts.

To help spread the bank’s Code of Ethics and explain the role of the Ethics and Ombudsman’s Office, in 2011 we held an Ombudsman and Ethics Week, as well as chats, e-learning sessions for managers and presentations. For branch teams we provided a Chat with the Ombudsman. Each year the Ethics and Ombudsman’s Office handles over 2,000 queries and reports.

Another important tool in this process is the annual Speak Frankly workplace survey, which in 2011 reached every employee in Brazil and abroad and had a record response rate of 89%. Prepared in partnership with the Great Place to Work Institute, the survey’s information is completely confidential, which allows participants to comment on issues important to us, such as meritocracy. After the survey is done the results are circulated to all areas. Work groups may then be formed to act on any improvement opportunities identified.

Internal Climate Survey – Speak Frankly

<table>
<thead>
<tr>
<th>Year</th>
<th>CV +2</th>
<th>MV +4</th>
<th>CV +0</th>
<th>MV +2</th>
<th>CV +2</th>
<th>MV +3</th>
<th>CV +4</th>
<th>MV +7</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>67%</td>
<td>67%</td>
<td>69%</td>
<td>71%</td>
<td>69%</td>
<td>73%</td>
<td>76%</td>
<td>83%</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td>69%</td>
<td>71%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Until 2009 the survey was conducted every two years.
The support and recognition of our actions to improve the relationships with our employees can be seen through the awards we receive every year. In 2011 we were recognized as one of the best companies to work for in surveys conducted by Você S/A, Exame and Época magazines. We were also listed for the fifth consecutive year in the Young Persons’ Dreams survey, conducted by consulting firm Cia de Talentos.

**Employees and governance**

Our employees have access to the corporate e-mail addresses of the members of the Board of Directors, and can use the services of the Ethics and Ombudsman’s Office, which handles ethical dilemmas, conflicts of interest and reports of unethical behavior by working with the area and management concerned. *(Profile 4.4)*

We are constantly reviewing our communication practices and improving the channels our employees use to contact senior management. *(Profile 4.4)*

**Local hiring**

Although we do not have a company-wide policy to fill positions by residents of the communities in which we operate, Itaú Unibanco is active in hiring locally, especially with Itaú Microcrédito, due to its operations and strategy profile. *(EC7)*

Of the 13,924 members of senior management who work at our head offices in the city of São Paulo, 81.84% of those at the coordination, management and superintendency level come from the local community, or São Paulo itself. *(EC7)*

### Members of senior management from the local community *(EC7)*

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total members of senior management</td>
<td>15,853</td>
<td>13,924</td>
</tr>
<tr>
<td>Members of senior management from the local community</td>
<td>12,999</td>
<td>11,396</td>
</tr>
<tr>
<td>% of senior management from the local community</td>
<td>82</td>
<td>81.84</td>
</tr>
</tbody>
</table>

* Not including the following companies: Itaú BBA, Itaú Corretora, Redecard, SFR, Previtec and the international units.
Society

As a leader in the Brazilian market and with a strong presence in Latin America, Itaú Unibanco seeks to act as an agent of transformation. We maintain a constant dialogue with society in order to understand its needs and expectations, and partner in the development of the citizens, people and countries where we operate.

The several initiatives we promote in society and our institutional messages exemplify this belief, and also seek to inspire people and influence society to create and practice behavior that we believe are beneficial to all. More than just promoting our strategies or celebrating our specific results, we want a large-scale reproduction of our vision of sustainability and principles throughout Brazil, a culturally rich country with excellent prospects for growth in coming years.

Partnerships and benefits

In our relationship strategy with government institutions, over the years we have invested in partnerships to benefit the residents of the country’s largest cities.

In Rio de Janeiro, for example, in partnership with the city and technology firm Serttel, the bank sponsors the Bike Rio program, which focuses on mobility and reducing carbon emissions. This program provides bicycles that can be used from 6am to 10pm, in one-hour blocks. Users must register and pay a monthly fee of R$10, or R$5 per day, and wait 15 minutes before starting a new rental period. (EC8)

We invest in sponsorships which help value Brazilian culture, such as supporting the arts and the country’s most popular sports

In São Paulo, activities developed in partnership with the city resulted in the renovation of Mayor Mario Covas Municipal Park, an urban green space located on Avenida Paulista, as well as the Manequinho Lopes greenhouse nursery in Ibirapuera Park, one of the city’s largest green areas. (EC8)

Itaú Unibanco is also responsible for maintaining Lina and Paul Raia Park, located near our head offices, and the Green Overpass in Pinheiros district, which is used by about 5,000 pedestrians every day. This is the first project of its kind in São Paulo. The maintenance of the overpass is supported by a partnership between the city and the bank—which was recently renewed for another three-year period—and involved a sustainable revitalization such as the use of green roofing, recycled rubber flooring to help the visually impaired, and elevators for those with limited mobility. (EC8)

Incentives and sponsorships

We invest in sponsorship activities related to the appreciation of Brazilian culture, such as support for the arts and the country’s leading sports. In 2011 we became the main sponsor of Rio de Janeiro’s Rock in Rio music festival, as a way of building bridges with the general public (whether customers or not) and to promote the event’s message of encouraging innovative approaches that can change society.

We were also the first company to become a sponsor of the 2014 Soccer World Cup, which will be held in Brazil, and are now the Official Sponsor of Brazilian Beach Soccer.
We also encourage initiatives all across the country. At Lagoa Rodrigo de Freitas, the picturesque lake in Rio de Janeiro, in partnership with the city of Rio and the NGO Arte, Vida e Esporte, we sponsored the “Lake in Shape” project by installing ten stretching stations along the lake’s bike and jogging path. We also support the street Carnaval in Rio de Janeiro and Paraty International Literary Festival (FLIP). In Bahia we are active sponsors of the Salvador Carnaval, while in southern Brazil we support initiatives like the Curitiba Theater Festival and the Joinville Dance Festival. We also support several tennis events, such as the Sony Ericsson Open and Itaú Masters Tour tournaments, as well as the Itaú Students Cup and the Itaú Training Center/Tennis Institute.

### Club A

Itaú Unibanco works with approximately four and a half million retired customers, many of whom benefit from Club A, which offers free sports and cultural activities.

Club A is a recreational and entertainment club for senior citizens. It is a nonprofit association which promotes interaction and the valuing of retirees. It was designed to bring together special people with rich life experience and knowledge, stories to tell, and a willingness to find ways to appreciate their golden years.

It is also a meeting venue and special space for interaction, where retirees can expand their relationships with people who share their interests, as well as take part in social actions and other activities that allow them to adopt new ways to act and react to life. This new behavior is developed through the participation of members in social, recreational, leisure and cultural activities that bring joy, energy and action to encourage a sense of solidarity and citizenship. Today, we have approximately 6,000 members.

Club A operates various facilities in the states of São Paulo, Rio de Janeiro and Rio Grande do Sul, and its projects are supported by the Ministry of Culture and the Ministry of Sports, which gives greater credibility to the Club A Association.
Financial Education (FS16)

One consequence of shared value is a relationship from which all parties benefit (win-win). By spreading our knowledge of financial education we can enable customers to make more informed choices, as well as contribute to the development of people and countries where we operate.

The following are some of the key programs and initiatives we undertook to bring financial education to the general public in 2011.

Educational presentations at Expo Money. We participated in the 13 Expo Money events in 2011, giving lectures on topics such as the family budget, financial planning and other themes. Expo Money is a financial education and investment fair for all interested, from novices to experts. On average, 150 people attended each presentation, while an average of 40 people attended each of our 30 mini-lectures.

Lectures for various companies, events and opinion maker meetings. Educational lectures, which address issues like the family budget, sufficient savings and life events. The objective is to bring financial education to employees of partner companies that operate in the production, administrative or commercial sectors.

Sponsorship and dissemination of financial education content to young people. Sponsorship, lectures, guides and display spaces with simulation games at Expo Y, in São Paulo. Presentations and sponsorship of the Financial Education Challenge stock exchange simulation games, held in the states of Santa Catarina, São Paulo and Rio de Janeiro. The goal is to offer content about financial education to university students who are entering the banking system and learning how to manage a budget. Around 2,000 young people were reached.

Credit Awareness Education and Communication campaign. Between September and November 2011 we provided six tutorials on YouTube, educating people about when and when not to use each credit product and the importance of having financial planning. The tutorials had 7.7 million views.

Investments and Pensions education and communication campaign. We provided tutorials, simulations and games on the YouTube Invest channel to educate people on the savings needed for each life event and goal. These tutorials had 2.3 million views.

New Conscientious Use of Money site. This site, launched in December, offers content about financial education so that anyone can have information on how to manage a budget. We offer seven guides (Getting out of the Red, Use Your Money Well, Family and Money, Bank Account and Debit Card, The Best Loan for You, Purchase and Save, and Time to Invest), a new family budget simulator which can also be downloaded, articles, videos, radio spots and a financial education dictionary. By January 5, 2012 there had been over 100,000 visits.

Radio spots. We provide radio segments that were played on local radio stations, as well as articles which appeared in print and electronic media. The releases contain quick, valuable tips, while the articles go into further detail. We recorded five radio releases, reaching 984 markets, and we produced six articles.

During the year we also conducted a number of financial education programs for university students, including:

Words of Wisdom video. We released 16 videos lasting about two minutes each, giving tips and guidelines for planning personal finances, using animation and infographics to pass on our adviser’s information.

Financial Education lecture series. We gave four series of lectures at universities and one series for bank employees, all of which were broadcast online on the University Student Fan Page.

My Money Guru (webseries). From the 135 young people who submitted videos of themselves to participate in this project, three were chosen. The winners were accompanied during their daily routine by consultant Gustavo Cerbasi, who created personal financial planning for their specific goals. As a result the project was released as a nine-episode webseries, available on the University Student Fan Page.
Community

Although Itaú Unibanco’s reach is now nationwide, through its branches and other relationship channels, we can act more strongly as agents of transformation in the communities where we operate, using a larger, more focused structure. To achieve this we began identifying local needs and opportunities in those regions where we have major operational facilities, which allows us to draw up action plans together with local civic leaders and public authorities. (EC8 and SO1)

In 2011 we employed this performance model in Jabaquara, a district in the southern part of the city of São Paulo, which is home to the Itaú Unibanco Business Center. Discussions and meetings with residents and regular visitors to the district identified the need for investments to improve public safety equipment, such as patrol cars and police stations. (EC8 and SO1)

In December 2011 we also attended a public hearing in Mogi Mirim, a city near São Paulo, to discuss the installation of our new Technology Center in the city. At this meeting, which took place in the Mogi Mirim city hall, we presented the entire project and its economic and socio-environmental impacts to invited representatives from the public sector and the media, as well as local community and religious leaders. Various civic departments also took part, including Environment and Urban Planning, as well as Elektro and SAEE, which are the local electricity and water utilities. (EC9 and SO1)

At present we have not completed the design of our community development programs or the specific stakeholder engagement plan. (EC9 and SO1)

The bank’s new Technology Center will cover more than 800,000 square meters and will house the information we store. We also expect the data center to bring the municipality technological advances and greater energy capacity through local government investment, as well as socioeconomic development for the people of Mogi Mirim.

By helping increase the quantity and quality of information about our operating model and the capacity of local communities to interact and maintain the benefits generated by government initiatives and policies —regardless of political party— we have managed to start building a structured dialogue channel with these people. This has strengthened our ability to generate shared value, based on sustainable business.

Through the Itaú Volunteering Program, our employees can take part in company activities like the Conscientious Use of Money Workshop and the Safe Use of the Internet Workshop.
In the years ahead, as a result of the experiences and results gained through our strategic plan developed in São Paulo, we intend to expand our operations to those communities—in Brazil and abroad—where we have our largest operational facilities. In 2012 we will also formalize our internal policy of specifying donations made to local projects and continue to seek out ways to create a social development network in conjunction with local leaders.

**Action in crisis situations**

In early 2011, cities in the mountainous regions of Rio de Janeiro state were hit by heavy rains which caused mudslides, toppled homes and left scores of people dead. This unprecedented tragedy set off an immediate reaction by bank staff members, who used their crisis management experience to provide aid by bringing food, water and medicine to affected employees as well as their relatives and neighbors.

Less than a week after relief efforts began, overseen by our Crisis Management team, the bank announced that all 459 employees who worked in the region had been contacted and helped. In addition, we were the first bank to re-open its local branches for business, and these units also received donations for the homeless. We also eased our lending and collection policy so that local residents could resume their personal and business activities.

We raised approximately R$2.3 million (through an account opened up on behalf of the Rio de Janeiro State Social Assistance Fund) and 10.5 metric tons of donations, including food, clothing, toys and cleaning supplies, plus 3,800 liters of water. The money was used to purchase furniture and appliances for the 2,000 registered families staying in shelters.

The same strategy was adopted in the state of Paraná, where rains caused havoc in the capital city of Curitiba and other cities. In partnership with the Paraná Civil Defense Volunteer Program (which is part of the Paraná State Secretary of Health and Social Well Being), local Itaú Unibanco branches received 21 metric tons of food, clothing, cleaning supplies and medicine, which were distributed to the homeless.

After the earthquake and tsunami which ravaged Japan in March, Itaú Unibanco set up a Tactical Crisis Committee to assess the emergency situation and create an action plan to provide assistance to employees and ensure the continuity of our business in that country.

Among the measures we adopted to deal with the disaster in Japan was the creation of a direct line to social workers in Brazil to provide care in Portuguese, English and Japanese to our 69 employees and their families there. In partnership with the Federation of Japanese Provincial Associations in Brazil and the Japanese Red Cross, we also created a mechanism for sending supplies and medicines. We exempted fees for remittances from clients in Brazil for deposits, donations and medical treatment for residents in Japan.

After heavy rains hit the mountainous regions of Rio de Janeiro in 2011, Itaú Unibanco brought food, water and medicine to its affected employees as well as their relatives and neighbors.
Itaú Unibanco Holding S.A.  
Annual Sustainability Report 2011

Itaú Volunteering

Fundação Itaú Social, in partnership with Instituto Unibanco, mobilizes and coordinates a network of employees who are or would like to be volunteers. In addition to staff members and their families, the program includes the participation of retirees.

Volunteers have the opportunity to become involved in company activities, which can be methodologies developed using our own competencies like the Conscientious Use of Money Workshop and the Safe Use of the Internet Workshop, or Fundação Itaú Social or Instituto Unibanco programs such as the Portuguese Language Olympics - Writing the Future and Studying is Worth it.

Another important means of publicizing and promoting our actions is through the Itaú Unibanco Volunteer Portal (www.ivoluntarios.org.br), a social network where volunteers register their projects, publish reports and post volunteer opportunities. In 2011 the network had more than 700,000 visits, and ended the year with 6,644 users.

Greater Security Program

This program is designed to promote knowledge and awareness of security for our employees, customers and the general public in order to reduce fraud and illegal acts and make our daily lives more secure.

After identifying our target relationship groups, we develop communication actions specific to each, taking advantage of our internal knowledge and experience based on efficiency and innovation.

The following are actions taken by the Greater Security Program in 2011:

- restructuring of the Greater Security site (www.itau.com.br/seguranca), featuring redesigned content on banking security and new content including personal safety and electronic security for customers and the general public;

- creation of a distance learning course providing a fun and dynamic way to learn about banking security related to our branches, internet banking, ATMs and telebanking - with the goals of educating our customers and reducing fraud;

- a security campaign on how the branch network needs to prepare our employees to reduce the incidence of fraud; and

- Greater Security Day, a yearly security event at Itaú Unibanco, which in 2011 was completely digital. To strengthen the campaign we conducted two presentations: one with Marcelo Tas (for employees of the Business Center), and one with the vice president of IBM Security (for senior management).
Suppliers

To achieve sustainable performance and ensure that we generate shared benefits, Itaú Unibanco contributes to the development of a value chain that strives for excellence and respect in the treatment of its suppliers.

With a focus on dialogue and transparency, we have invested in tools and skills to evaluate and improve the performance of companies that sell products or provide services to the bank. The first workshops we held in 2011 involved 65 partners, which was an important step for explaining our operating model and principles, in addition to new risk assessment and procurement procedures. We currently have 107,000 suppliers across the country, 5,600 of which we use on a recurring basis. (Profile 4.16)

Supplier evaluation and selection (EC6)

For communication with our current and potential suppliers, Itaú uses www.itau.com.br/fornecedores, a channel that allows us to share our practices and policies. One of our primary goals is to have transparent relations with the supplier market, which is why our portal provides relevant information such as the Itaú Unibanco Code of Ethics, our supplier screening and hiring procedures, and our sustainability strategy. (Profile 4.8)

A company is free to apply to be our supplier, but it has to go through a due diligence process, and prior to any evaluation must agree with our practices and policies, which are designed to help ensure our suppliers comply with laws applicable to their field of expertise, as well as labor relations and tax requirements.

When choosing suppliers we look at factors such as financial health, environmental and social performance (compliance with current legislation regarding labor and environmental issues and respect for human rights), technical skills (experience, references and innovation), cost and performance efficiency. (EC6)

To participate in the selection process, suppliers must first be approved. The screening process evaluates their compliance with legal requirements to minimize risks including establishing relationships with companies that are suspected of involvement in money laundering and illegal activities, financial problems or unsustainable practices. (EC6)

Checking a supplier’s financial status is important to not put the bank at risk. It also helps mitigate social and economic losses (mass layoffs, for example) for all parties involved (society and the supplier’s employees). (EC6)

In 2011 we consolidated the implementation of the Know Your Supplier procedure. This process establishes conditions to register suppliers, and covers all the necessary assessments to accurately ensure, at any time, that we are sure of who we are doing business with, and that they are suitable partners for the bank.

After all analyses are completed, should a legal breach or violation be discovered, we will launch an internal investigation. If a violation is found, penalties may be imposed, although we first try to help the supplier to solve the problem. Failing that, the supplier contract may be suspended or rescinded.

To communicate with our current and potential suppliers we have a web portal that allows us to share our practices and policies.
In addition to the assessment conducted during the screening process, our contracts provide specific provisions for monitoring of labor relations. For example, when requested, a supplier is required to deliver specific documents (staff roster, payroll, proof of benefits and tax deductions). The contracts also have standards for occupational safety and medical care. Although Itaú Unibanco does not have a specific policy that gives preference to local suppliers those who issue invoices from the same state in which they supply goods or services the regionalization of hiring occurs when the local market is able to provide products and services, which makes the procurement process even more efficient. (EC6)

Of the total amount we spent on purchases from suppliers in 2011, 73% went to local suppliers, and 27% to non-local. (EC6)

In 2011, 73% of total expenses for suppliers was spent locally, against 27% for non-local suppliers. (EC6)

### Purchases from local suppliers, by region (in %) (EC6)

<table>
<thead>
<tr>
<th>Region</th>
<th>Base: 2010</th>
<th>Base: 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwest</td>
<td>77</td>
<td>71</td>
</tr>
<tr>
<td>Northeast</td>
<td>94</td>
<td>96</td>
</tr>
<tr>
<td>North</td>
<td>91</td>
<td>97</td>
</tr>
<tr>
<td>South</td>
<td>91</td>
<td>73</td>
</tr>
<tr>
<td>Southeast</td>
<td>72</td>
<td>85</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>73</td>
</tr>
</tbody>
</table>

**Total = 73**

2010: 76
Human rights policies and practices

The risk of child, forced or slave-related labor and other human rights violations can occur in labor-intensive activities such as building and equipment maintenance, cleaning, construction, or electrical and water works, all over Brazil. (HR2, HR6 and HR7)

Of all the companies that had a relationship with the bank in 2011, approximately 5,600 are recurring suppliers and have gone through the screening and approval process, while 2,308 suppliers were considered significant due to the risk of human rights violations, forced and child labor, or annual billing of more than R$1 million. (HR2)

The previous year, of the 103,459 companies that were related to the bank, 2,405 suppliers were significant. Over 3,000 companies passed the evaluation process, including all those considered significant. (HR2)

In 2011, as in 2010, there were no identified cases of violation of human rights, child labor or young workers exposed to hazardous work, forced labor or slave-related labor in the operations of Itaú Unibanco’s significant suppliers. (HR2, HR6 and HR7)

With a supplier base of this size, it is essential to have an operating model that enables and ensures the circulation of best management practices, respect for human rights, compliance with labor laws and environmental preservation. This is done through a centralized purchasing and supplier management area, whose goal is to guarantee that the acquisition processes for products and services needed by the bank are conducted efficiently, ethically, effectively and free of legal or operational risks that may affect the performance of our business and the satisfaction of our customers.

The application of the Procurement Policy allows a careful selection of suppliers and the subsequent monitoring of the implementation of required practices. (HR2)

We have implemented several preventive actions and procedures to mitigate these risks and minimize the number of occurrences. We offer open telephone, website and e-mail contact and communication channels, through which anyone can register complaints, suggestions and questions. The service these channels provide is critical, and if we are made aware that a supplier may be violating human rights laws, or have received information to this effect, we initiate an internal investigation. If a violation is found, penalties may be imposed, although we first try to help the supplier solve the problem. Failing that, the supplier contract may be suspended or rescinded. (HR2)
Our supplier assessment process has undergone significant improvements and renewed its ISO 9001 certification in 2011. It also provides for the use of contracts that requires aspects such as the absence of child and forced labor, health and safety, freedom of association and affiliation with trade unions of various categories, diversity, hours of work and suitable pay, plus more humane disciplinary practices and respect for the environment. (HR2, HR6 and HR7)

The approval process is renewed periodically, and all suppliers that wish to be approved must agree with the Itaú Unibanco Code of Ethics, which is available on our suppliers portal and addresses social and environmental criteria. (HR2, HR6 and HR7)

In addition to the approval process and signing of the contract, there is a monitoring process for labor intensive suppliers, which seeks to identify inconsistencies and/or violations such as labor relations requirements. This allows us to work together with the company to plan out any redress and settlement of disputes, which subsequently helps them avoid problems in continuity of service or possible breach of contract. (HR7)

After evaluation, suppliers considered critical are classified on our risk matrix, so that managers have an overall view of the companies we use. This matrix provides an analysis of financial aspects as well as criteria related to the identification of social risks. (HR2, HR6 and HR7)

Firms categorized as medium or high risk respond to a questionnaire designed to assess their compliance with our social responsibility practices, as previously detailed. (HR2, HR6 and HR7)

When a current bank supplier may be displaying discrepancies or non-compliance, we initiate an action plan to correct the problems or replace the supplier. (HR2, HR6 and HR7)

In 2011 we continued the contractors control project begun in 2010, through which information on supplier employees is mapped to help mitigate risks in areas such as labor relations and child and slave labor. (HR2, HR6 and HR7)

### Safety practices

Our security teams are formed by outsourced service providers. As required by law, these professionals take a training course, followed by a refresher course every two years. Both courses cover aspects of human rights and human relations in order to prepare them for contact with the public. (HR8)

In addition, we have created a booklet and video to educate these personnel on our security policy. These materials cover issues such as politeness, respect, non-discrimination and caring for people with disabilities, and are distributed to the companies which provide the service, for use when training the security guards. (HR8)
Government

By developing close relationships with public organizations in the three branches of government — executive, legislative and judicial — and building partnerships with each, Itaú Unibanco can encourage sustainability in sectors that can generate benefits for society.

With this objective, the bank has continually reviewed its practices and held discussions with bodies such as the Federal Attorney General and the judiciary to learn how we can help improve our management and, based on ethics and transparency, propose improvements for resolving class action lawsuits.

**Dialogue with the Legislative and Executive Branches** *(Profile 4.16)*

We also follow the actions of the Legislative and Executive branches at the federal, state and municipal levels, and contribute to discussions on bills that may have significant impacts on the sectors in which we operate. Our strategy is to employ transparent and ethical behavior to assist the public authorities in better assessing the demands of communities and creating legal mechanisms that strengthen the relationship between business and the general public.

Our main focus is to promote the development of the entire financial sector, which is one of the most regulated in Brazil, by contributing to the creation of public policies. Accordingly, we have developed a government dialogue strategy which has been approved by industry groups such as the Brazilian Federation of Banks and the National Council of Financial Institutions (CNF), both of which include our competitors. *(SO5)*

**Significant financial assistance received from government**

In 2011 we received a total of R$116,865,108.04 in incentives under the Workers’ Food Program, for donations to the Fund for Children and Adolescents, for cultural projects (Rouanet Law for Cultural Support - art. 18:25 Law 8383/91), sports sponsorship and extension of maternity leave. In 2010 this figure was R$61,722,894.77. Two factors were behind this increase: the tax base of the companies that made donations, and the value of donations they made. *(EC4)*

**Contributions to political parties, politicians or related institutions**

Itaú Unibanco’s support for candidates who participate in political campaigns is provided according to the principles and values of transparency and ethics on which the activities of the organization are based. To ensure this process is conducted properly we created the Political Assessment Committee, composed of Board members and bank executives, as well as a specific policy for donations to political campaigns. *(SO6)*

Our policy states that all funding is directed only to candidates. We do not donate to party committees, political parties or intermediaries. Amounts allocated for political campaign contributions strictly comply with the laws governing such donations. *(SO6)*

As there were no elections in 2011, we did not make any contributions. In 2010 the bank’s donations totaled R$23.7 million, which were distributed to candidates from all regions of the country. *(SO6)*

**Incentives received from the government, by category** *(EC4)*

<table>
<thead>
<tr>
<th>Category</th>
<th>2010 (in R$)</th>
<th>2011 (in R$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations to the Fund for Children and Adolescents</td>
<td>5,952,435.86</td>
<td>14,652,397.77</td>
</tr>
<tr>
<td>Workers’ Food Program</td>
<td>5,939,271.22</td>
<td>9,992,528.16</td>
</tr>
<tr>
<td>Rouanet Law for Cultural Support</td>
<td>24,717,398.72</td>
<td>76,370,461.78</td>
</tr>
<tr>
<td>Sports project sponsorships</td>
<td>6,017,696.52</td>
<td>14,931,571.82</td>
</tr>
<tr>
<td>Extension of maternity leave</td>
<td>515,035.86</td>
<td>918,148.51</td>
</tr>
<tr>
<td>Other*</td>
<td>18,581,056.58</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>61,722,894.77</td>
<td>116,865,108.04</td>
</tr>
</tbody>
</table>

*Comprises investments in audiovisual activities (R$539,000) and from other group companies, primarily Redecard.*
Media and opinion makers

To be an agent of transformation and give our sustainable performance model greater exposure, Itaú Unibanco understands that it needs to maintain open and transparent relationships with the media and other opinion makers: we listen to their needs and influence them positively to discuss issues that can contribute to the development of society.

One of the most successful strategies in this area is to hold meetings and workshops where we can provide important information on issues that help everyone understand how the financial sector works and its implications for our globalized world. (Profile 4.16)

In 2011 we hosted events that covered issues such as the Basel Accords and the opportunities the 2014 FIFA Soccer World Cup will bring to micro, small and medium-sized companies in Brazil. Journalists and other interested parties took part in the World Cup discussions, which will also be held in 2012. Another highlight was Itaú Unibanco's participation in a news conference for the FIFA World Cup qualifying draw, an event which will take place in Rio de Janeiro. Additionally, our chief economist, Ilan Goldfajn, gave a group of about 50 journalists from around the world a presentation on the economic impacts the World Cup will have on Brazil.

We also gave journalists a finance training session on index funds, in partnership with BM&FBovespa, and a seminar on franchises for the business community and journalists who cover this topic. In addition, media representatives from nine states (Acre, Amapá, Goiás, Rio Grande do Sul, Piauí, Paraíba, Bahia, Pernambuco and Amazonas), participated in a training course on Brasil Hoje, a tool developed by Fundação Itaú Social to broaden the understanding of the results of Brazil’s schooling assessments, such as the Basic Education Quality Index, the Brazil Test evaluation and the National High School Exam (Enem).

In 2011 we also organized a meeting where Itaú Unibanco executives provided 20 journalists from major media outlets around the country the opportunity to learn more about the projects we have undertaken to benefit our customers. These opinion makers saw first-hand how these projects have improved the dialogue and transparency we have with our clients.

In early December we held the fifth edition of the press trip, in which journalists from Latin America, the United States, UK and Japan were brought to Brazil to participate in various meetings with our executives, to participate in the Apmec SP meeting, to see the construction underway at Maracanã Stadium, and to visit our branch and microcredit operations in the Complexo do Alemão neighbourhood of Rio de Janeiro. The press trip resulted in strengthening of the bank’s international reputation.

On the reactive front, our permanent dialogue, combined with our communication strategies, allows us to properly handle requests from communication vehicles and consumers who publish content on blogs and websites. From the media alone we received about 1,800 requests for information in 2011. Through this structure we can support changes in bank practices, products and services. A concrete example is the new communication approach of our capitalization product, which now focuses on bonus draws and prizes.

For our communication strategy to succeed we have an internal team of media relations specialists, and a specific area on our website (www.itau.com.br/impressa), which provides every press release issued during the year, organized by month. Journalists can use the site to request assistance with their reporting and get answers about our business areas, management, financial results and social investment activities.

Crisis Management

Itaú Unibanco’s place in Brazil’s financial system necessitates its responsibility to ensure business continuity, even in atypical situations. For us, achieving a differentiated position in risk management is a priority. Among the initiatives that display this focus in our work is the Corporate Crisis Management Program, which completed its third year of operation in 2011, and has established itself as one of the most important institutional tools for managing the bank’s sustainable performance and reputation.

Its multidisciplinary management model is structured on three levels: strategic, tactical and operational. Focus agents, who are appointed to act in crisis resolution and assist in resumption of business, are key elements of the program, which is premised on creating coordinated action to respond to emergency situations to prevent harm to people or finances, as well as any damage to Itaú Unibanco’s reputation.

In times of crisis, quick and assertive responses are essential to preserve our image. To constantly reinforce this guiding principle, in 2011 we held the second meeting of our focus agents. The event, which was held at the Itaú Unibanco Business Center, was attended by 130 people, including focus agents and managers. During the meeting the main elements of the program were discussed and agreed upon through the presentation of national and international case studies.
Social and Cultural Investments
Being an agent of transformation for society
Our strategic vision goes beyond business goals and objectives, and focuses increasingly on Itaú Unibanco becoming a true social agent of transformation.

Our commitment to education goes beyond financial support. We take the best management and planning practices, plus the experience and technologies we’ve developed, and deliver all of it to schools. We do this through partnerships with governments by influencing public policies and helping ensure their resulting benefits are delivered faster to a growing number of people. (SOS)

In addition to helping children and young people have access to quality basic education, it’s important to encourage critical thinking for the formation of citizens who are aware of their role in society, and we accomplish this through our investment in culture.

Our social and cultural investments are coordinated and managed by three institutions: Instituto Itaú Cultural, Fundação Itaú Social and Instituto Unibanco. These organizations have different projects, objectives and goals, but act in a complementary manner, and have been responsible for significant advances in areas including the education of children and adolescents, development of civic responsibility, and Brazilian art and history appreciation. (EC8)

In 2011 our social and cultural investments reached R$293.8 million, while funding devoted to education and culture totaled R$184.2 million. (EC8)

During the year we invested a further R$54.8 million in another 66 projects in eight Brazilian states through the Rouanet Law for Cultural Support. (EC8)

Through the Sports Incentive Law we allocated R$12 million to 13 projects related to high performance sports, sports education, participation and recreation in 12 states. (EC8)

The following table shows the main cultural and social investments made in 2011 by Fundação Itaú Social.
**Investments made by Itaú Unibanco in actions of public benefit (ECB)**

<table>
<thead>
<tr>
<th>Institution*</th>
<th>Main theme</th>
<th>Projects in 2011</th>
<th>Scope</th>
<th>Description and impacts</th>
<th>Investment (in R$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundação Itaú Social</td>
<td>Education Administration</td>
<td>Series of debates on education administration</td>
<td>National, annual</td>
<td>Fundação Itaú Social program with two focus areas: intervention, and producing studies on education administration.</td>
<td>262,000</td>
</tr>
<tr>
<td>Fundação Itaú Social</td>
<td>Education Administration</td>
<td>Excellence in education administration</td>
<td>National, annual</td>
<td>Fundação Itaú Social program focused on continual training of municipal administrators for more effective management in providing quality education.</td>
<td>3.1 million</td>
</tr>
<tr>
<td>Fundação Itaú Social</td>
<td>Education Administration</td>
<td>Improving public schooling</td>
<td>National, annual</td>
<td>Fundação Itaú Social program focused on continual training of municipal administrators for more effective management in providing quality education.</td>
<td>1 million</td>
</tr>
<tr>
<td>Fundação Itaú Social</td>
<td>Education Administration</td>
<td>Portuguese Language Olympics – Writing the Future</td>
<td>National, annual</td>
<td>Public education policy of the federal government, conducted in partnership with Fundação Itaú Social. Designed to help train teachers to improve the quality of reading and writing instruction in Brazil’s public schools.</td>
<td>5 million</td>
</tr>
<tr>
<td>Fundação Itaú Social</td>
<td>Education Administration</td>
<td>Brazil Today</td>
<td>National, annual</td>
<td>Fundação Itaú Social program based on the development of tools and skills to facilitate and improve the administrators’ analyses and vision of the social conditions of their cities, using a database system with various Brazilian social and educational indicators.</td>
<td>657,000</td>
</tr>
<tr>
<td>Fundação Itaú Social</td>
<td>Education Administration</td>
<td>Assessment and learning</td>
<td>Espírito Santo, Goiás, Tocantins and Paraná, annual</td>
<td>Fundação Itaú Social program that seeks to help expand the use of evaluation as one of the strategies to improve the quality of primary education. It helps create and provide teaching systems and schools with a set of standards for assessment and learning.</td>
<td>800,000</td>
</tr>
<tr>
<td>Comprehensive Education</td>
<td>Comprehensive education policies</td>
<td>National, annual</td>
<td>Partnerships with Secretaries of Education to structure comprehensive education policies and train professionals to implement them.</td>
<td>1.2 million</td>
<td></td>
</tr>
<tr>
<td>Comprehensive Education</td>
<td>Urban Youth</td>
<td>National, annual</td>
<td>Fundação Itaú Social program that helps in the overall development of young people that live in large urban centers.</td>
<td>4.4 million</td>
<td></td>
</tr>
<tr>
<td>Comprehensive Education</td>
<td>Itaú-UNICEF Award</td>
<td>National, annual</td>
<td>Fundação Itaú Social program conducted in partnership with UNICEF, designed to identify, recognize, promote and encourage the work of NGOs that contribute to public education and social assistance policies for the comprehensive schooling of children and adolescents that live in vulnerable conditions.</td>
<td>14.6 million</td>
<td></td>
</tr>
<tr>
<td>Evaluation of Social Projects</td>
<td>Economic assessment of social projects</td>
<td>National, annual</td>
<td>Fundação Itaú Social program to provide broader access to evaluation training to improve social actions. It offers courses on the economic evaluation of social projects, as well as other strategies on the dissemination and deepening of the issue.</td>
<td>3.5 million</td>
<td></td>
</tr>
<tr>
<td>Institution*</td>
<td>Main theme</td>
<td>Projects in 2011</td>
<td>Scope</td>
<td>Description and impacts</td>
<td>Investment (in R$)</td>
</tr>
<tr>
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<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Social</td>
<td>Child</td>
<td>National, annual</td>
<td>Fundação Itaú Social program designed to mobilize society to ensure the rights of children and adolescents, using the Itaú network to mobilize employees, clients, partners and the community.</td>
<td>19.7 million</td>
<td></td>
</tr>
<tr>
<td>Mobilization</td>
<td>Itaú</td>
<td>National, annual</td>
<td>Itaú Volunteering program that mobilizes employees, retirees and invited groups to participate in social activities.</td>
<td>2.1 million</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>Mobilization</td>
<td>National, annual</td>
<td>Fundação Itaú Social program that supports local public demands made through the Itaú network.</td>
<td>3.4 million</td>
<td></td>
</tr>
<tr>
<td>Mobilization</td>
<td>Community, Present!</td>
<td>National, annual</td>
<td>City School Apprentice Association is a Civil Society Organization of Public Interest that experiments with, applies and spreads the idea of community education. It supports the Center for Apprentice Training and the Neighborhood Schools Experience publication.</td>
<td>187,500</td>
<td></td>
</tr>
<tr>
<td>Partnerships</td>
<td>Futura Channel</td>
<td>National, annual</td>
<td>Active in making social responsibility more appreciated by broadcasting public utility campaigns and providing information on and conducting education actions. The Futura Channel’s programming is used in social institutions all over Brazil. Fundação Itaú Social has been a partner since the channel began in 1997.</td>
<td>2.7 million</td>
<td></td>
</tr>
<tr>
<td>Partnerships</td>
<td>Vitae Partners</td>
<td>São Paulo, annual</td>
<td>Vitae Partners Technical/Agri-technical Training and Support Program, which is conducted through annual project competitions. It began in 1996 to help improve technical training in high school.</td>
<td>800,000</td>
<td></td>
</tr>
<tr>
<td>Partnerships</td>
<td>Fundação Victor Civita</td>
<td>National, annual</td>
<td>Fundação Victor Civita seeks to help improve the quality of schooling in Brazil by training and supporting elementary school teachers. Its partnership with Fundação Itaú Social consists of support for the production and circulation of studies and research in the area of education.</td>
<td>190,000</td>
<td></td>
</tr>
<tr>
<td>Partnerships</td>
<td>Literacy Solidarity Program</td>
<td>Minas Gerais, annual</td>
<td>Developed by the Literacy Solidarity Program Association, it is designed to reduce high rates of illiteracy and increase the amount of schooling available for youths and adults in Brazil.</td>
<td>81,000</td>
<td></td>
</tr>
<tr>
<td>Partnerships</td>
<td>Urban Centres Platform (UNICEF)</td>
<td>Rio de Janeiro and São Paulo, annual</td>
<td>The Urban Centers Platform helps ensure the rights of children and adolescents in major urban centers.</td>
<td>600,000</td>
<td></td>
</tr>
<tr>
<td>Partnerships</td>
<td>Education and Social Vulnerability</td>
<td>National, annual</td>
<td>A partnership with Fundação Tide Setubal to study the impact of location on education.</td>
<td>68,000</td>
<td></td>
</tr>
</tbody>
</table>

* Itaú Unibanco does not invest in services and infrastructure for public benefit on a pro bono basis. All investments made by Fundação Itaú Social and Instituto Itaú Cultural are through commercial arrangement, while the institutional investments made by Instituto Unibanco are in the form of cash.
Social

Fundação Itaú Social

Education is a fundamental element for the development of Brazilian society. Among Brazil’s social tensions, it is the one that most directly impacts people’s relationship with the bank. Accordingly, Fundação Itaú Social (the “Foundation”), founded in 2000, operates in ways that support programs for improving public policies in education, developing the technologies and methodologies that can be replicated on a large scale through partnerships with local, state and federal governments, as well as mechanisms for the systematic evaluation of social projects.

With national reach, the Foundation focuses its social investments in four areas: Education Administration, Comprehensive Education, Reading and Writing, and Economic Evaluation of Social Projects. It is also dedicated to integrating and organizing the social mobilization of employees, and requests for support of projects developed in the communities and received by local agencies and other relationship platforms nationwide.

In 2011 Fundação Itaú Social was the only Brazilian institution invited to take part in the Innovation Fair at the meeting of the United Nations Economic and Social Council, held in July in Geneva, Switzerland. The event was attended by 600 participants from around the world, and the theme was education. This stimulated discussion on experiences that contribute to the achievement of the Millennium Development Goals and the Education for All agenda, which are UN commitments.

All of the Foundation’s programs promote the development of local communities, based on their needs. More details appear below. (EC8 and SO1)

Education Administration

Education administration is a key area for the implementation of measures to facilitate the improvement of student learning. After all, this is the main reason for school education. It involves not only the administrative aspects of compliance, but also the management of human resources, materials and education in all spheres of public educational policies, whether in the Department of Education, intermediate structures such as school boards and secretariats, or even in a school’s daily routine. (SO5)
By bringing together a series of educational aspects, the field of management is currently one of our biggest challenges to improving the quality of public education. These are challenges that underscore the importance of investing in training educators, which leads to greater capability to plan and carry out educational policy, by focusing on innovation and better management structures.

In this environment, the Foundation believes that social alliances gain ground as they increase the likelihood of obtaining support from different social sectors such as governmental and non-governmental organizations, and increase the possibility of executing plans through local, state and federal governments.

Through the Portuguese Language Olympics - Writing the Future, Fundação Itaú Social invests in training educators to improve practices for teaching writing skills.

The Portuguese Language Olympics are developed in partnership with the Ministry of Education and involve teachers, students and the communities where the country’s public schools are located.

Since 2010 we have been evaluating the impacts of the first edition of the Olympics. We found positive impacts on students’ average scores in the Poem event (0.923 points = 48%) and use of language (representing 20% of the total score) in the Opinion Article (0.057 points = 1.1%). Scores in the Poem event rose, while the impact on Opinion Article scores is only noteworthy in light of the number of proposed teacher workshops held, and the submitting of texts to the next stage of the competition.

The core of education administration is made up of the following programs: Improving public schooling, Excellence in Education Administration, Series of debates on education administration, Assessment and Learning, Brazil Today and the Portuguese Language Olympics - Writing the Future.

To learn more about Fundação Itaú Social, visit: www.fundacaoitausocial.org.br/

### Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil Today</td>
<td><a href="http://www.brasilhoje.org.br">http://www.brasilhoje.org.br</a></td>
</tr>
</tbody>
</table>

### Comprehensive Education

The spreading of knowledge accumulated by humanity is not enough to prepare an individual for current and future personal and social challenges. The constant search for the meaning, understanding, intervention and transformation of our situation brings challenges that go beyond a mere association with knowledge.

This is why we need to offer opportunities to the younger generation to help them develop their creative potential and interact socially in an independent and constructive manner. Comprehensive education can respond to these demands, based on recognizing every aspect of a child, adolescent or young person — emotional, physical, intellectual and ethical — and by sharing this schooling experience with various groups, partners and physical facilities.

Comprehensive education is described as a learning mosaic and recognizes the numerous opportunities a school, family, community and city can offer. This mosaic takes on a unified form when it is conveyed and integrated by a clear educational goal which ties together time, space and content, and delivers a curriculum open to the many challenges encountered when seeking to provide training to all children and young people for a dignified life in society.

To contribute to the expansion and consolidation of comprehensive education, Fundação Itaú Social has developed various social initiatives, such as the Itaú-UNICEF Award and the Urban Youth Program, and established partnerships with departments of education nationwide to help structure comprehensive education policies and training for educators to implement these projects. (SOS)
The Itaú-UNICEF Award, a pioneering project which began in 1995, seeks to mobilize, innovate, lead and bring visibility to the work of nonprofit civil society organizations, in conjunction with public education and social assistance policies, to conduct socio-educational activities and deliver comprehensive education to children, adolescents and young people.

The discussions promoted by the Itaú-UNICEF Award have influenced public policies for comprehensive education, particularly through the Ministry of Education’s More Education Program, and the Integrated School of Belo Horizonte, as well as other experiences described in the 2011 book Trends in Comprehensive Education.

Fundação Itaú Social works in partnership with departments of education to help expand and improve the provision of comprehensive education. In Belo Horizonte (MG), through the Integrated School Program, a partner since 2004, the Foundation not only helps to train educators, NGO managers and municipal departments of Education and Social Assistance, but also helps them to evaluate the initiative, which serves 47,000 students in 147 public schools. In the state of Goiás, in addition to technical support for training and monitoring of 400 managers from 120 state schools offering a full-time curriculum, the Foundation helped restructure the state’s comprehensive education model, which includes a new and more diverse curriculum with greater integration of basic classes and complementary activities. In Rio de Janeiro the Foundation participated in establishing the new seven-hour schooling program for 91 full-time public schools, as well as guidelines for its implementation. (SO5)

The ninth edition of the Award, held in 2011, received a record 2,922 project submissions, which were organized by regional bases: São Paulo, Ribeirão Preto, Belo Horizonte, Rio de Janeiro, Goiânia, Belém, Curitiba and Fortaleza. Finalists were chosen after a selection process and technical visits, and the 32 eventual regional winners received R$20,000 each. Those organizations responsible for the four winning projects (micro, small, medium and large) were presented with their awards at the national level, while the overall national winner was the Green Life Project, from Crato, in the state of Ceará. (SO5)

The Urban Youth Program is for young people aged 15-21 who live on the outskirts of Brazil’s big cities. It operates in conjunction with government agencies (at the municipal and state levels), technology centers, NGOs based in the areas where the program operates, and advisers who specialize in various areas of technological production.

Its goal is to broaden the socio-cultural horizons of young people living in vulnerable conditions in order to help them undergo individual and collective change. To accomplish this we offer them training programs that give them opportunities to explore, experiment, circulate and produce in their city. This helps them to stay in school, or go back to school, and gets them involved with new learning processes. It also facilitates their access to and enjoyment of the city’s cultural assets, which increases the range of skills and abilities necessary for public life and the working world.

To help expand and consolidate comprehensive education, Fundação Itaú Social develops projects such as the Itaú-UNICEF Award and the Urban Youth Program.
The sixth edition of the program began in São Paulo in November 2010 in the Lajeado and São Miguel Paulista districts in the eastern part of the city, plus Grajaú and Ipiranga/Heliopolis in the south. The training of 960 young participants in this edition involved strategies of exploration, experimentation, production and expression.

In the second half of 2011, the Urban Youth Program expanded its operations to the mining town of Pouso Alegre, and now includes 500 kids enrolled in the first year of public high school.

The Urban Youth Program/Youth Savings is a joint initiative of the government of Minas Gerais and Fundação Itaú Social. (SOS)

To learn more about Fundação Itaú Social, please visit: www.fundacaoitausocial.org.br/.

### Activities

|---------------------------------------|------------------------------------------------------------------|

### Evaluation of Social Projects

What is the impact of our social actions? What would have happened to the beneficiaries of our social programs if they hadn’t received our help? And what is the economic return on their lives compared to the investment made by organizations that develop the programs? To answer these two questions and to calculate a project’s social return, the Foundation developed the Economic Evaluation of Social Projects.

Created in partnership with the bank’s risk management and financial control area, this assessment tool helps us improve the management of projects and resource allocation, in addition to providing more effective accountability to investors, participants and society as a whole. This allows us to help strengthen social policies through the use of econometric methodologies for assessing projects and training managers. (SOS)
To spread the culture and practice of assessment, the program offers a course in the Economic Assessment of Social Projects, which presents the main concepts and basic tools needed to measure the impact and calculate the economic return, through classroom and practical training.

In addition to courses, the program includes seminars that offer the opportunity to discuss methods and assessments with experts and representatives from the public and third sectors. In 2011 we conducted four regional workshops on the subject, held in Salvador, São Paulo, Goiânia and Curitiba, plus an international seminar in Rio de Janeiro. We also released the impacts of our programs through reports provided on the Foundation website. (SO1, SO5 and EC9)

Social mobilization
We encourage our teams to be committed to the community by helping more than 100,000 employees around the country to engage in social actions. In keeping with the aim of these teams to ensure sustainable performance, Fundação Itaú Social invests in structured social mobilization and qualified engagement through social activities, primarily in the areas of volunteering and ensuring the rights of children, adolescents and young people.

Itaú Child
To mobilize society to guarantee the rights of children and adolescents, the Itaú Child program places the entire network at the service of this social cause, and mobilizes employees, customers, partners and the community. The program follows the Child and Adolescent Statute, and seeks to make various groups understand this law and put it into practice.

In 2011 the program invested in national mobilization to teach children by encouraging adults to read to children aged five and under. Parents, educators, volunteers from social organizations and others who joined the mobilization had free access to the three books in the Itaú Children’s Book Collection. To support this initiative the bank provided three million books.

Another important project involved over 4,000 libraries, schools and social organizations, as recommended by Itaú Unibanco employees, which carried out reading activities. Each received a donation of one hundred titles to enhance their collections.

Itaú Child also publicizes the process which allows a portion of an individual’s or company’s income tax payable to be allocated to programs and projects for children and adolescents.

Itaú Child is currently a partner with 31 Municipal Councils for the Rights of Children and Adolescents (CMDCAs), which operate in all five regions of Brazil. Each municipal partner has an organized group of up to 15 volunteer employees who mobilize their colleagues around the country to contribute to CMDCA-associated initiatives.

In 2011 approximately 12,000 Itaú Unibanco employees allocated about R$1,300,000 to Funds for Child and Adolescent Rights program partners, an amount 30% higher than in the previous year. (EC4)

Community, present!
The Community, present! program is designed to encourage the Itaú Unibanco service network to work more closely with its local communities by supporting key social projects developed by organizations located near the branches.
Instituto Unibanco, created in 1982, has directed the focus of its strategic operations to developing and schooling Brazil’s young people by improving teaching levels in public high schools.

Through the program we support actions in the education and public health areas, including those that provide child education, social and educational extracurricular activities, digital inclusion, training of young people for work and expansion of health services for local residents.

This support is made possible through the involvement of branch managers who understand the social context of the communities where they work. They identify, refer and monitor the projects supported, while the Community, present! program assists this process by providing a structured process for Fundação Itaú Social to evaluate project requests. In 2011, 93 projects were supported, directly benefiting more than 70,000 people.

Instituto Unibanco

The ability to enter the formal labor market, increase income and enhance social development depends heavily on the level of education attained by each individual as they grow up. Instituto Unibanco, created in 1982, has directed the focus of its strategic operations to developing and schooling Brazil’s young people by improving teaching levels in public high schools. These initiatives, as well as the development of new technologies and educational methodologies, are aligned with Itaú Unibanco’s principles of working in partnership with the government and investing in improving public policies. (S05)

Instituto Unibanco projects are developed in urban areas which have a large number of high school-age children, and currently work with over 90,000 students across the country. Its objectives include lowering dropout rates, improving the administration of public schools, teacher training and developing new methods to evaluate and upgrade Brazil’s public schools. (S05)

Youth with a Future

Instituto Unibanco is a partner with the Ministry of Education (MEC), the Secretary of State for Strategic Affairs of the Presidency (SAE) and six Brazilian states to institutionalize the Youth with a Future program as federal and state public policy. The projection is that the initiative will benefit high school students in 4,117 schools in Brazil over the next five years. Beginning in 2012 the program’s technology will be transferred to public school networks in the states of Ceará, Goiás, Mato Grosso do Sul, Minas Gerais, Pará and São Paulo. (S05)
This technology transfer is the result of integrating the Youth with a Future program with the Ministry of Education's Innovative High School project, which promotes a process of change in Brazil's public high schools. (SO5)

The Ministry of Education will become a partner in this process by transferring funds directly to the schools, while Instituto Unibanco will be responsible for training and technical support. The State Secretaries of Education will implement the project in their schools. Between 2012 and 2014 an estimated three million students from three thousand public schools in Brazil will benefit, thanks to an extended reach and increased performance of public schooling policies in those states. (SO5)

To learn more about the Youth with a Future Program, please visit: http://ww2.itau.com.br/institutounibanco/pages/Proj_JovemDeFuturo.aspx.

Methodologies

Our methodologies are instruments designed to intervene in specific aspects of the personal or school lives of young people to help them get better results at school. Instituto Unibanco's methodologies are tested in pilot schools through strict monitoring and supervision, after which they are redesigned for greater application under the administration of the public school networks.

Instituto Unibanco's methodologies include programs like Among Youth, Young Scientist, Building the Future and Studying is Worth it.

To learn more about Instituto Unibanco's methodologies, go to: http://ww2.itau.com.br/institutounibanco/pages/Proj_Metodologias.aspx.

Indirect economic impacts and impact assessment of Instituto Unibanco projects

Our projects do not necessarily address the priorities of stakeholder agendas, but collectively they help improve performance rates at participating schools. They establish benchmarks to show the correlation between education and economic development, and create confidence in the ability to transform a public school. The model whereby a school has autonomy in managing its resources and training its administrators for results leads to success in the schooling sector through the creation of this new approach. (EC9 and SO1)

We undertake no specific activity to identify indirect economic impacts of Instituto Unibanco projects. However, there are studies that establish a correlation between education and economic development. The following are impacts observed in the regions where we operate, between 2009 and 2011: (EC9 and SO1)

- improvement in school management;
- completion of high school generates a 20% increase in income for young people, which impacts on total family income;
- with our support, schools are able to enter into partnerships with other institutions and create a network of relationships between schools, which often act in isolation; and
- improvement of the schooling environment. (EC9 and SO1)

Financial Education (FS16)

The Financial Education in Schools project developed by Instituto Unibanco offers tools to students in their second year of high school so they can think ahead, plan their personal finances and build a long-term vision, allowing them to stop thinking in just the very short term.

Composed of two books and a teaching video, the material covers aspects of civic responsibility such as paying taxes and preserving the public good, the impact of actions on the environment and, primarily, the formation of a responsible vision of the future. This educational approach is the main difference between our nationwide program and those of other countries.

In 2011 we trained 1,223 multipliers (representatives of the departments of education or teachers), from 873 schools in the states of São Paulo, Ceará, Tocantins, Rio de Janeiro and the Federal District. In total, 15,386 students were impacted by the project. This action is directly linked to the National Strategy for Financial Education (Enef); Itaú Unibanco is part of the Financial Education in Schools Committee.
Cultural

Instituto Itaú Cultural

Since its creation in 1987, Instituto Itaú Cultural (the “Institute”) has played a pivotal role in the study, preservation and dissemination of Brazilian art.

The bank held 14 exhibits of its own pieces last year: Itaú Brasiliana Collection (in Fortaleza, Brasília and Curitiba); Modernist Photographs (Belém, Paraguay and Mexico City); Brasiliana Flora and Fauna (Chile, Argentina, Uruguay and Paraguay); Egypt as viewed by Napoleon (Memory Space); Cybernetic Art – Instituto Itaú Cultural Art and Technology Collection (Porto Alegre); and 1911-2011 – Brazilian Art and After, in the Itaú Collection (Belo Horizonte and Rio de Janeiro). By year-end these exhibits had been viewed by about 322,000 visitors.

In 2011 the Institute welcomed over 200,000 visitors to its São Paulo headquarters, while its website was accessed about 12.7 million times. Additionally, 369 events were developed and we distributed 23,470 products of the 20 lines we launched. The Directions program received 2,891 submissions in the Visual Arts, Education, Culture and Art, and Cultural Journalism categories, 79 of which were selected.

In 2011 Itaú Unibanco invested R$53.3 million in the Institute, comprising R$29.7 million under Article 26 of the Rouanet Law for Cultural Support, plus R$23.6 million in funding without this tax incentive. (EC4)

Brasiliana Collection

The Brasiliana collection was created by Itaú’s former president, Olavo Setubal. It is managed by the Institute and features over 2,130 pieces and 5,000 images, including books, paintings, manuscripts and objects acquired without using any tax incentives. Offering a superb look at Brazil’s art history, it is currently the country’s largest private collection, preserving and displaying high quality and important Brazilian works of art.

In 2012 the touring Brasiliana collection will continue with ten more shows, while a new museum will open at the Institute’s headquarters, displaying pieces from the collection as well as the Itaú Coin Collection, which features over 6,800 coins, medals and decorations.

Instituto Itaú Cultural in Ibirapuera Park

Consistent with the strategy of forming partnerships with federal, state and municipal governments so that Itaú Unibanco’s social investments can influence the transformation of Brazilian society, in 2011 the bank took over the management of the Ibirapuera Auditorium, located in the most popular park in the city of São Paulo.

Under this public-private partnership, the Institute will use its experience in culture management to maintain, develop and host musical shows in the Auditorium. It will also be responsible for managing the Auditorium’s music school, which provides approximately 160 students (aged nine and up) with five-year music programs.

By taking on the management of the city’s Ibirapuera Auditorium, the Institute is continuing its efforts to offer widespread access to culture by developing activities — without the use of tax incentives — in a civic facility open to everyone, regardless of social class or education level.
From August to December 2011, we put on 58 shows in the auditorium, plus 76 presentations seen by approximately 66,300 people.

“Mamaço”

In March 2011 a mother was prevented from breastfeeding her baby at an Instituto Itaú Cultural exhibit. This unfortunate episode was due to a misinterpretation of the Institute’s rules, which prohibit the eating of food near the artwork. This led to an online social media protest, followed by mothers demonstrating outside the Auditorium. As Instituto Itaú Cultural respects and fully supports the legitimate cause of fighting discrimination against breastfeeding in public places, the Institute immediately recognized its error, revised its internal procedures and welcomed the on-site demonstration by engaging the mothers in a frank and open dialogue.

Instituto Itaú Cultural’s conduct in this case led the institution to receive the Brazilian Association of Business Communication (Aberje) award in the crisis management category.

Celebrating 25 years of Instituto Itaú Cultural

In 2012 the Institute will celebrate its 25th anniversary. To commemorate the occasion we will be launching a new website, while the Film, Dance and Music encyclopedias will have more content, interactivity and easier access.

The Instituto Itaú Cultural website features information about the Institute and its events, but is also an important source for researching Brazilian art and culture. It receives about one million visits each month, most of which are for the Art and Technology, Visual Arts, Brazilian Literature and Theater encyclopedias.

In 2012 we will be presenting the 14th edition of the Directions Program, which supports national artistic production in its various expressions and in different regions of the country. Throughout its history, Directions has mobilized artists, specialists, researchers and partner institutions to support strengthening civic responsibility and the varied characteristics of the Brazilian people, using culture as a guide. The products generated by the program are distributed free of charge to cultural and educational institutions and are made available to television broadcaster partners, as well as through the Institute’s website.

The Music for Children project, presented by Brazilian band Mawaca at Instituto Itaú Cultural, is designed to awaken the senses in children by expanding their musical repertoire and stimulating musical creativity and expression.
The Environment
Conscientious and efficient use of natural resources
Itaú Unibanco has continually invested in programs and initiatives to reduce the impact of its products and services in the use of natural resources. Among other objectives, these measures are designed to increase the efficiency of our internal processes to reduce energy and water use, waste paper and greenhouse gas emissions. To achieve these goals we have developed new technologies and worked on optimizing the use of machinery and software through constant improvement of the mechanisms and processes the bank uses in its various activities. (EN26)

**Green IT**

In 2011 one of the major achievements within the Itaú Unibanco Green IT program was the renovation of 880 m² of area at our primary data center, on Avenida do Estado in downtown São Paulo. This redesign began in 2008 and has already resulted in a 43% reduction in energy consumption, due to energy efficiency practices in the facilities, better use of space, upgraded IT equipment technology and virtual servers. The project, which is critical to the bank’s central operations, includes improvements to the ventilation system, less reliance on air conditioning, installation of insulated walls and an upgrading of wiring systems. (EN5)

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**Selected Data Processing Center facts and figures**

- **2 million per hour or 560 per second** is the average number of transactions processed by the data center, which equals 1.5 billion per month.
- **80% increase** of the total gain in electricity capacity as a result of the modernization (from 3.6 mW to 6 mW).
- **4.8 billion songs in mp3 format** (songs of 5 megabytes each) is equal to the total amount of data stored at the facility (24 petabytes* on discs and tapes).
- **4,348** is the total number of servers in the bank’s data centers.

*A petabyte is the unit used to measure our current data storage capacity, and is equal to one quadrillion bytes (1,000,000,000,000,000).*
Green IT Committee

Itaú Unibanco created the Green IT Committee in 2008 to identify, map and measure our IT area’s economic and socio-environmental opportunities. The Green IT Committee has also been active in the proper disposal and reuse of waste generated by renovations undertaken at various bank facilities. The modernization of the data center, for example, generated two metric tons of waste wiring, which were disposed of with help from specialized companies.

In 2011 alone we collected and discarded 5,357 metric tons of waste electronic equipment such as computers, printers and monitors from the bank’s administration center, data centers, branches and storage depots. This was sent to partner companies who recycled approximately 96% of the materials, including the plastic, steel, metal and other components. (EN22)

Environmental Certifications

In April 2011 Itaú Unibanco Chile opened its new Operations Technology Center in Santiago. The building is totally ecological and has a Leadership in Energy and Environmental Design (LEED) certification granted by the U.S. Green Building Council, which certifies the use of environmentally-friendly mechanisms for water and energy use, among other engineering innovations. The six-story, 5,200 m² building, whose overhaul required an investment of R$15 million, houses our technology, operations and back office areas, and also features 1,500 m² of gardens.

To be certified, the redesigned building was equipped with a series of devices that deliver a 50% reduction in electricity and nearly 75% less water use compared to traditional buildings. We also installed systems for water reuse and waste separation for recycling.

The floors of our new headquarters in Chile were also designed to follow a new architectural idea used in Brazil, which eliminates partitions and individual rooms to allow a better use of interior spaces and promote more communication between staff teams. Approximately 20% of our work force in Chile is based in the new building. (EN26)

Another key achievement was the implementation of ISO 14001 at our Tatuapé Administrative Center in São Paulo. With respect to the waste management system, in 2011 we recycled about 79% of total waste generated by this facility, and about 64% of all waste generated by the other central administration buildings. We are also properly disposing of waste from works and maintenance, such as fluorescent lamps, document collection and shredding, collection of class II and III material at the Rudge Ramos unit, and collection of class II material at the São Caetano unit, all in São Paulo.

Preservation Area

The Fundação Itaúclube has a protected area, located within the Guarapiranga Country Club in São Paulo, covering 7,601 square meters of built area on 73,276 m² of land, all for use by Itaú Unibanco employees. Located in a watershed protection area which also surrounds a reservoir, the club's property is of extreme importance to the region. Its conservation value is regulated by Law No. 13.885/04, which covers the Master Land Use Plan of the M’Boi Mirim sub-prefecture, and its zoning for Leisure and Tourism, which sets rules for the use and division of urban land in a mandatory preservation area. (EN11)

In 2011 we collected and discarded 5,357 metric tons of waste electronic equipment from the bank’s administration center, data centers, branches and storage depots.
Water
In 2011 our administrative buildings and branches withdrew 2,014,171 m³ from water sources, which represents a 3% decrease from 2010. Of this total, 1,915,881 m³ was supplied by water utility companies, and 98,290 m³ from wells under the Raposo Administrative Center, which are in the process of obtaining approvals from the Department of Water and Electricity (DAEE), and the well under the ITM Administrative Center, which has a DAEE approval. (EN8)

The amount of water for reuse increased 9% over the same period, totaling 44,536 m³, and came from: (EN10)
- the Torre Eudoro Vilela Business Center: 12,338 m³ water was collected from the bathrooms; and
- the Raposo Administrative Center: the water used in the building is diverted for treatment and reused for discharges and irrigation. In 2011, 32,198 m³ of water was reused. (EN10)

Total consumption, including water from utility companies, withdrawn from artesian wells and for reuse, fell 3% to 2,058,707 m³. All water withdrawn from wells and supplied by utilities is discharged into the domestic sewage system and then treated by the utility companies.

<table>
<thead>
<tr>
<th>Water consumption (m³/yr)</th>
<th>Administrative buildings</th>
<th>Branches</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public supply</td>
<td>710,381</td>
<td>713,148</td>
<td>1,281,160</td>
</tr>
<tr>
<td>Artesian wells</td>
<td>89,803</td>
<td>98,290</td>
<td>0</td>
</tr>
<tr>
<td>Total water withdrawn* (EN8)</td>
<td>800,184</td>
<td>811,439</td>
<td>1,281,160</td>
</tr>
<tr>
<td>Water for reuse (EN10)</td>
<td>40,929</td>
<td>44,536</td>
<td>0</td>
</tr>
<tr>
<td>Total consumed = total discharged** (EN21)</td>
<td>841,113</td>
<td>855,975</td>
<td>1,281,160</td>
</tr>
</tbody>
</table>

* Itaú does not use surface water (rivers, lakes), nor does it collect rainwater or water from other organizations.
** The bank’s water consumption not does significantly affect its water sources, as the administration buildings and branches use water only to meet the basic needs of their employees, as well as for cooling and general cleaning. Discharged water flows to sewage treatment facilities, and does not significantly affect water bodies or habitats. (EN9 and EN25)

Energy and emissions
Itaú Unibanco’s activities do not require the same amount of energy as certain industrial sectors; however, we do contribute to global warming through greenhouse gas emissions.

In 2011 we continued developing our GHG inventory, consistent with the Greenhouse Gas Protocol, which is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions.

To minimize our contribution to the greenhouse effect we have implemented measures to directly or indirectly reduce GHG emissions associated with our activities. As the emission sources affected by these measurements are part of our emissions inventory, the figures from other sources included in the calculation mask the real effectiveness of the reductions achieved. The measures we have implemented include: (EN18)
• selective refuse collection at our administrative facilities, which reduces the generation of methane from decomposing waste in landfills;

• initiatives associated with our Green IT Committee, which reduce energy consumption by implementing energy efficiency measures such as exchanging monitors for models which use less electricity; and

• installation of telepresence rooms for videoconferencing, which reduces emissions associated with staff travel. (EN29)

\[ \text{Learn more about our telepresence rooms} \]

Although staff travel is a low impact factor in Itaú Unibanco’s greenhouse gas emissions, we have invested in telepresence rooms to improve communication between our areas and reduce travel needs. (EN18 and EN29)

Our telepresence facilities are equipped with high resolution screens, cameras and audio equipment, which allow us to conduct highly realistic distance meetings inside and outside Brazil, making the bank’s processes even faster.

In 2011 we installed seven telepresence rooms and seven videoconferencing rooms, adding to the nine telepresence rooms we had in operation in 2010, giving us a total of 16 telepresence facilities now at our disposal. One of Itaú Unibanco’s goals is to increase the number of telepresence rooms in the Mercosul region and expand their access to a greater number of employees in Brazil. (EN18)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct energy consumption</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-renewable sources</td>
<td>61,980</td>
<td>70,472.3</td>
</tr>
<tr>
<td>Renewable sources</td>
<td>1,372</td>
<td>71,844.3</td>
</tr>
<tr>
<td>EN4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect energy consumption</td>
<td>2,152,018</td>
<td>2,208,433</td>
</tr>
<tr>
<td>EN16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total direct and indirect GHG emissions</td>
<td></td>
<td>30,645.4</td>
</tr>
<tr>
<td>EN17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other relevant indirect GHG emissions</td>
<td></td>
<td>178,653.9</td>
</tr>
<tr>
<td>EN18</td>
<td>Initiatives to reduce GHG emissions and reductions achieved</td>
<td>See paragraph above</td>
</tr>
<tr>
<td>EN19</td>
<td>Emissions of ozone-depleting substances</td>
<td></td>
</tr>
<tr>
<td>R22</td>
<td>1.7</td>
<td>6.7</td>
</tr>
<tr>
<td>R141b</td>
<td>0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>R22</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>R141b</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>EN20</td>
<td>NOx, SOx, and other significant air emissions</td>
<td></td>
</tr>
<tr>
<td>NOx</td>
<td>50,126.9</td>
<td>51.9</td>
</tr>
<tr>
<td>SOx</td>
<td>3,420.1</td>
<td>3.4</td>
</tr>
<tr>
<td>TOC</td>
<td>4,859.3</td>
<td>4.9</td>
</tr>
<tr>
<td>PM</td>
<td>4,859.3</td>
<td>3.5</td>
</tr>
<tr>
<td>CO</td>
<td>11,191.3</td>
<td>11.8</td>
</tr>
</tbody>
</table>

Based on EN20 calculations

<table>
<thead>
<tr>
<th>Ozone-depleting substances (EN29)</th>
<th>ODP (CFC-11 equivalent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R22</td>
<td>0.055</td>
</tr>
<tr>
<td>R141b</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Source: Montreal Protocol
Saving energy

The actions we have undertaken to reduce energy consumption include:

(ENS)

- renovation of bank buildings and branches – all renovations of Itaú Unibanco facilities involve more energy-efficient materials, such as:
  - more efficient lighting and reflecting blinds, which help reduce heat and a reliance on air conditioning;
  - less environmentally-harmful material (new carpets whose manufacturing process generates fewer greenhouse gas emissions);
  - water-saving bathroom fixtures, dual-flush valves and urinals that use 0.8 liters of water per flush; and
  - LEED certification standards used in the construction of the new Tatuapé Administrative Center building, which is still under design.

- Eco-efficiency project in the branch network – designed to identify and implement eco-efficiency actions which reduce water and electricity consumption, leading to more efficient cost controls and a change in attitude among managers and employees, making them disseminators of good practices (including in the home), in keeping with the bank’s vision. Results of this project include:
  - water: 7.8% reduction from the amount projected in our water budget; and
  - electricity: 3.6% reduction from the amount projected in our energy budget, or 592,53 tCO₂e avoided.

- Responsible Printing project – designed to modify the service delivery model in the printing and copier segments, resulting in better processes and less use of resources. (ENS)

- renovation of our installed printer base;
- availability of double-sided printing and more economical methods of using printer ink and toner;
- less paper use;
- less electricity use;
- Energy Star-certified printers (25% more efficient than conventional printers); and
- fewer GHG emissions.

During the year we also conducted training and information activities for employees at our main administrative buildings on the proper use of this printing equipment. These activities resulted in:

(ENS)

- reduced energy consumption – replacements and fewer printers (from 2,932 to 1,855, a 63% drop); and
- reduced paper consumption – greater control of output and awareness of users (printed sheets per month dropped 9.17%, from 12 million to 10.9 million. (EN26)

Conversion to e-products and services: (EN6 and EN26)
- Paperless Itaú – a campaign begun in early 2012 to encourage some services to convert to e-services and eliminate unnecessary paper use. By the end of the first quarter of 2012 over 600,000 clients had cancelled the issuing of printed materials such as statements and bills;
- Sustainability Counter – for each currency exchange contract signed online through Itaú 30 Horas, we calculate the number of sheets of paper saved, along with the GHG emissions avoided in the production of those sheets. The counter shows our commercial clients how much paper has been saved and its equivalent in carbon dioxide (CO₂) avoided. Since we launched our online contracts in 2009, over 6.2 million sheets of paper have been saved, while over 24,800 kg of CO₂e were not emitted into the atmosphere.
- substitution of the printed Withdrawal Limit (LIS) and Guaranteed Accounts reports – an estimated monthly savings of over 335,000 sheets of paper;
- incentive to receive the Monthly Consolidated Statement via PDF through Itaú Companies Online – approximately 100,000 clients have accepted this option;
- implementation of new Account Opening Application, which has resulted in Itaú Unibanco using over 7 million fewer sheets of paper related to opening accounts; and
- simplification of Personnalité Forex forms, leading to a reduction of about 1,840,000 sheets of paper, or 80% of annual consumption. (EN6)

- new data center: (EN7)

Thinking of the future of our operations, quality of service, security and greater efficiency, in 2008 we began a program to renovate and modernize our primary data center.

Under the program, the data center will remain in full operation during the renovation, using criteria based on best market practices for increasing the electrical density of buildings (W/m²), which directly contribute to greater energy and cooling efficiency, lower costs and operational risks, and better use of the physical space.

Since the modernization program began in 2008, the bank has improved its electricity efficiency by around 43%, compared to the legacy environment, thanks to energy efficiency practices in the facilities, better use of space, technological upgrades for IT equipment and virtual servers. Our power usage effectiveness has also improved, dropping from 2.14 in 2001 and 1.73 in 2007, to 1.65 in 2011. (EN7)
Materials used

The amount of materials used by Itaú Unibanco in 2011 (11,652 metric tons of paper) was lower than in 2010 (48,428 mt), due to expanded mapping of material consumption throughout the organization, as well as a change in methodology. In 2010 we disclosed the amount of paper purchased, while in 2011 we reported the amount of paper used. We also overestimated the use of A4 paper in 2010, counting rolls and forms as A4, when in fact their volume, weight and cost are much higher than those of A4. The current value reported includes information from branches about IT equipment and plastic used for debit and credit cards. As Itaú Unibanco's core business is providing services, the use of all materials is considered indirect. (EN1)

One of the elements that has improved the mapping of material consumption was the Responsible Printing project. This new service model for printing documents in Itaú Unibanco's central administration facilities makes employees responsible for deciding whether and how much to print, which improves our control over this material. Paper consumption management is also a factor for Itaú Unibanco partners that provide printer maintenance and support services, as they keep track of the materials they use and then forward this information to us. We have a total of four outside suppliers who manage 12 sites throughout Brazil, as well as our internal graphics department. The amount of materials used by our partners varies from area to area. With Consumer Credit, for example, half of the paper is consumed by third-party suppliers. In 2011, internal graphics printed 57% of our bills and 6.4% of our letters. In 2009 this area received its Forest Stewardship Council (FSC) certification for bank printing, and in 2010 for checkbooks.

The bank’s IT equipment was monitored under a project developed to replace cathode ray tube (CRT) monitors with more energy efficient liquid crystal display (LCD) models. As a result of this process, the unit responsible for user service and support now oversees all computer equipment, which gives us greater control over energy consumption.

There is no measurement of consumption of recycled materials. However, to minimize impacts on the consumption of materials, some areas have adopted the use of certified materials. Consumer Credit has decided, after conducting environmental impact analyses, to use certified products instead of recycled materials. Accordingly, all its billing statements are now issued on FSC-certified paper. This measure verifies that the wood used to manufacture the paper comes from forests whose management meets sustainable standards. (EN2)

Mitigation of environmental impacts

The following are the ways that Itaú Unibanco reduces paper consumption: (EN26)

- **Retail Banking: Paperless Campaign** - encouraging and promoting the use of online consolidated statements, this service is available to account holders who currently receive their statements by mail.

- **Small and Medium-sized enterprises**:
  - **Companies Area** – an incentive campaign (via warnings and messages) to receive the consolidated monthly statement in PDF format. By the end of 2011 approximately 100,000 customers had already opted for this service, at an average of 12,000 clients per month.

- **Companies Area**: a new Account Opening Application form, which has reduced the number of printed sheets per account opened by more than 75%. We have saved over seven million sheets of paper.

- **Companies Area**: replacement of LIS and Guaranteed Accounts reports with query tools. There is no further need to print and distribute these reports to the branch network. This project generates estimated savings of more than 335,000 sheets of paper per month.

- **Companies Area**: Itaú Comexpress Sustainability Counter – for each currency exchange contract signed online through Itaú 30 Horas, we calculate the number of sheets of paper saved, along with the GHG emissions avoided in the production of those sheets. The counter shows these figures to our small and medium-sized commercial clients. Since we launched our online contracts in 2009, over 6.2 million sheets of paper have been saved, while over 24,800 kg of CO2e were not emitted into the atmosphere.

- **Microcredit**: microfinance agents are concentrated geographically to improve their productivity and customer service and reduce the need to travel (using urban transit) in the regions where they operate.

- **Microcredit**: e-documents deliver savings in copying, printing, paper and filing.

- **Insurance**: the e-Policy, a project begun in 2011 and whose implementation should occur in 2012, focuses on transactions with consumer and commercial clients.

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Itaú Unibanco Holding S.A.
Annual Sustainability Report 2011
### Weight of materials, by metric ton (EN1)

<table>
<thead>
<tr>
<th>Use of materials (mt)</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checks¹</td>
<td>764</td>
</tr>
<tr>
<td>Mailings</td>
<td>4,513</td>
</tr>
<tr>
<td>A4 rolls – branches</td>
<td>4,111</td>
</tr>
<tr>
<td>Other types of paper</td>
<td>2,264</td>
</tr>
<tr>
<td>Total paper²</td>
<td>11,652</td>
</tr>
<tr>
<td>IT equipment³,⁴</td>
<td>235.75</td>
</tr>
<tr>
<td>Plastic (PVC)⁵</td>
<td>254</td>
</tr>
<tr>
<td>Total material consumed</td>
<td>12,142</td>
</tr>
</tbody>
</table>

¹ For the calculation we multiplied the average amount of printed sheets and checkbooks produced, by the average weight of a sheet of paper (6.584 g). We also factored in the weight of letter-size paper (4.8 g).

² The paper consumed by Itaú Unibanco is used for credit card bills, password letters, collection letters and other customer correspondence.

³ Materials from non-renewable sources.

⁴ The amount of IT equipment (monitors, desktop and notebook computers) was tabulated monthly, while materials were separated by type. The total value of material consumed was calculated by multiplying the average weight of each piece of equipment by type, by the amount tabulated.

⁵ Plastic is used to manufacture credit cards. We multiply the number of cards issued during the year by the average weight of a card (five grams). All figures are under the responsibility of the management of Planning and Control of Tangible Logistics Production. The card body is made of polyvinyl chloride (PVC) and other elements are added, such as a magnetic stripe (iron oxide), a hologram and signature panel (polyester).

### Total weight of waste, by type and disposal method (EN22)

<table>
<thead>
<tr>
<th>Waste, by destination (mt)</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste (mt)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-hazardous waste</td>
<td>13,902</td>
<td>12,396.89</td>
</tr>
<tr>
<td></td>
<td>239.57</td>
<td>2,487.75</td>
</tr>
<tr>
<td>Hazardous waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 units of TV tubes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>70,968 light bulbs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,901 cartridges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-specified waste</td>
<td></td>
<td>6.7</td>
</tr>
<tr>
<td>Waste, by destination (mt)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-hazardous waste</td>
<td></td>
<td>12,396.89</td>
</tr>
<tr>
<td>Composting</td>
<td>216.2</td>
<td>351.44</td>
</tr>
<tr>
<td>Recycling</td>
<td>7,836.7</td>
<td>10,282.09</td>
</tr>
<tr>
<td>Landfill⁶</td>
<td>2,045</td>
<td>1,549.06</td>
</tr>
<tr>
<td>Industrial landfill</td>
<td>76</td>
<td>214.30</td>
</tr>
<tr>
<td>Incineration</td>
<td>80</td>
<td>-</td>
</tr>
<tr>
<td>Auction</td>
<td>20,624 units</td>
<td>-</td>
</tr>
<tr>
<td>Hazardous waste</td>
<td></td>
<td>2,487.75</td>
</tr>
<tr>
<td>Recycling</td>
<td>235.81</td>
<td>70,968 light bulbs</td>
</tr>
<tr>
<td>Landfill</td>
<td>0.55</td>
<td>0</td>
</tr>
<tr>
<td>Heat reduction</td>
<td>0.83</td>
<td>0.7</td>
</tr>
<tr>
<td>Industrial landfill</td>
<td>2.4</td>
<td>2.6</td>
</tr>
<tr>
<td>Reuse</td>
<td>15 units</td>
<td>-</td>
</tr>
<tr>
<td>Non-specified waste</td>
<td></td>
<td>6.7</td>
</tr>
<tr>
<td>Non-specified destination</td>
<td></td>
<td>6.7</td>
</tr>
</tbody>
</table>

⁶ In 2011 the amount of waste sent to landfills was reduced due to increased use of composting of leftover food from cafeteria trays.

⁷ The waste laboratories are run by a company which specializes in the heat reduction process. After this process the material is sent to a sanitary landfill as common waste (non-infectious).
**Impacts of transport**

The transport of Itaú Unibanco employees, waste, pouches, cargo and materials results in impacts on the environment through atmospheric emissions and from energy use, although these impacts have only minimal significance. To mitigate these impacts we optimize and reduce transport by measuring the distance traveled along each route. (EN29)

We control and monitor the emissions from our electricity generators (stationary units which burn diesel oil) and mobile sources (vehicles which use diesel fuel), whether they belong to us or to third-party service providers. (EN29)

To carry out this monitoring we use the Ringelmann ring, a graphic scale for colorimetric visual evaluation, which helps us identify emission levels from mobile or stationary sources. (EN29)

One example of our actions is the transport of employees to and between administrative centers:

* availability of vans that circulate between the centers, facilitating employee transport, avoiding the unnecessary use of taxis and consequently decreasing CO₂ emissions;
* optimization of transport routes used by employees to travel between administrative buildings, which helped improve efficiency; and
* conducting a campaign to encourage the use of vans instead of taxis, when employees travel between the administrative centers. (EN7)

These actions have involved endomarketing actions, improvements in the quality of the vans, and the circulating of reports to bank managers.

**Environmental investments**

In 2011 Itaú Unibanco invested R$6,376,394.55 for the treatment and disposal of waste and treatment of emissions, and a further R$1,010,494.28 in prevention and environmental management, totaling R$7,386,888.83. This figure was 66% higher than in 2010, as during the year we invested in retrofitting air conditioners, purchasing equipment to minimize the emissions of pollutants, and designing and installing telepresence and videoconferencing facilities in Brazil and abroad, in addition to expenses on a gas scrubber and the installation of a sewage treatment unit in one of the main administrative buildings. (EN30)

**Investments in waste disposal, emissions treatment, prevention and environmental management (in R$)** (EN30)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Waste disposal and treatment of emissions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste treatment and disposal</td>
<td>1,516,945.88</td>
<td>344,301.55</td>
</tr>
<tr>
<td>Treatment of emissions*</td>
<td>1,379,373.71</td>
<td>6,032,093</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>2,896,319.59</td>
<td>6,376,394.55</td>
</tr>
<tr>
<td><strong>Prevention and environmental management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third-party environmental management services**</td>
<td>47,500</td>
<td>208,596.48</td>
</tr>
<tr>
<td>Third-party certification of management systems</td>
<td>365,688.66</td>
<td>25,150</td>
</tr>
<tr>
<td>Staff involved with general environmental management activities</td>
<td>-</td>
<td>20,000</td>
</tr>
<tr>
<td>Extra expenses to install cleaner technologies</td>
<td>1,130,700</td>
<td>756,747.80</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>1,543,888.66</td>
<td>1,010,494.28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,440,208.25</td>
<td>7,386,888.83</td>
</tr>
</tbody>
</table>

* Includes investments in a gas scrubber, retrofit of air conditioners, installation of telepresence rooms and the purchase of five units to minimize pollution emissions, through the use of a catalyst.
** Preparation and audit of GHG inventory.
Awards and Recognition (Profile 2.10)
Selected awards and recognition received by Itaú Unibanco in 2011

Performance and efficiency

• For the sixth consecutive year Itaú Unibanco received the Top Consumer Certificate – Excellence in Consumer Relations and Respect for the Environment, from Consumidor Teste magazine.

• Best Latin American Bank and second largest in the region in Latin America’s 25 Best Banks survey, conducted by América Economia magazine. Selection criteria included Capital Adequacy, Asset Quality, Management, Profit and Liquidity.

• Highest ranked Brazilian bank among Safest Emerging Market Banks, as chosen by Global Finance magazine, which lists the Ten Safest Banks in Latin American Emerging Markets.

• Under the Paulista Management Quality Award, from the Paulista Institute of Management Excellence, Itaú Asset Management won the State Government’s Trophy (Medium-sized Companies) in the Level III category. Under the same award the bank’s Local Custodian Unit (DSMC) received the silver medal in the Level II category.
• Itaú BBA was recognized by Latin Finance magazine as Best Investment Bank for Brazil.

• In the Valor Brazilian Multinationals ranking, by Valor Econômico/Sobeet, Itaú Unibanco came in 35th place.

• Third place in the banks category and 16th overall in the Exame IBRC Customer Service ranking, chosen by the Ibero-Brasileiro Institute of Customer Relations (IBRC) and Exame magazine.

• Recognized in the Promotional Marketing category of the Lide Business Marketing Award, presented by the Business Leaders Group and Editora Referência, for Itaucard’s “Itaú Pays Half” campaign. Itautec also won the award in the Institutional Marketing category for its campaign in partnership with the Ayrton Senna Institute.

• Winner in the Best Corporate Governance in the Banking Sector category, as ranked by IstoÉ Dinheiro magazine’s ‘Best of’ issue.

• 2011 Personal Investments Guide: The best investments in the country and the highest yield of any brand, chosen by Exame magazine, recognized Itaú Unibanco in two categories: Best Fund Manager in Index Funds, and Best Manager of Multimarket Funds that invest in Interest Rates and Currencies.


• Featured in the banks category in the Multichannel Relationship Quality Award, presented by Consumidor Moderno magazine and Izo Brasil Consulting.

• First place for the second consecutive year on the list of the 50 largest banks by assets in Exame magazine’s annual Biggest and the Best ranking. Also ranked third on the list of the 100 largest public companies by market value.

• IR magazine, a global publication for investor relations, in partnership with PR Newswire and Iibri, awarded Itaú Unibanco the Grand Prix in the Best Investor Relations Program category, for large cap companies.

• Roberto Setubal, President and CEO of Itaú Unibanco, was named Banker of the Year by Euromoney magazine at the Euromoney Awards for Excellence. This was the first time the CEO of a bank in an emerging market had received this award. Itaú Unibanco was also named Best Bank in Latin America for the fourth time and Best in Brazil for the 13th time.

• Listed in Brazil’s State Agency ranking as an institution that makes accurate projections for the country’s key economic indicators.

• In the Consumidor Moderno Award for Excellence in Customer Service, presented by Consumidor Moderno magazine, Itaú Unibanco was recognized in the Credit Cards category.

• The Top of Mind Internet Award, presented by internet provider UOL in partnership with the Datafolha Institute, honors those brand names in various categories that are most remembered by consumers. Itaú Unibanco won in the banks category.

• American firm NICE Systems, a leading solutions provider, named Itaú Unibanco in its NICE Customer Excellence Award: Best User of the World’s Most Popular Call Center Management Tool.

• For the third consecutive year the bank won the Top Hospitalar Award in the Financial Services category.

• Selected for the third consecutive time as Best Foreign Exchange Bank by Global Finance magazine.

• For the second consecutive year, Itaú Unibanco received awards in various categories at the Brazil Insurance Awards, presented by Editora Brasil Noticias. In 2011 we featured in Best Overall Performance, Best Performance and Highlights/Sales Leader.

• For the fifth consecutive year, Itaú Unibanco received the Euromoney magazine Award in the Best Managed Companies in Latin America Survey. Competing in the Banking and Finance sector, the bank was awarded in the Most Convincing and Coherent Strategy category.

• Chosen by UK magazine Global Custodian as Best Brazilian Custodian.

• Named by Euromoney magazine as providing the Best Private Banking Services Overall in Brazil and Best Private Banking Services Overall in Peru.

• Global Finance magazine presented Itaú BBA with the Best Trade Finance Banks Award in the Best Trade Finance in Brazil category.

• Selected for the third consecutive time as Best Private Bank in Latin America.

• Selected by The Banker and Professional Wealth Management magazines as Best Private Bank in Brazil and Best Private Bank in Latin America. Bank in Latin America.
Sustainability

• Recognized as one of the 20 benchmark companies in sustainability in Brazil in the 12th edition of the Exame Sustainability Guide, and the only financial institution selected.

• Winner of the Sustainable Bank of the Year, at the 2011 Sustainable Finance Awards, presented by the Financial Times and the International Finance Corporation, the World Bank’s financial arm for the private sector.

• Selected for the 12th consecutive year to be on the Dow Jones Sustainability World Index. Itaú Unibanco is the only Latin American bank to have been part of this Index since its inception in 1999.

• Época Climate Change Award in the Services category, presented by Época magazine.

• Included in the IstoÉ Dinheiro magazine ranking of the 50 companies that combine sustainability with financial health.

• Placed 18th in the international ranking of the Top 1,000 Sustainable Companies, compiled by American firm Justmeans. Itaú Unibanco was the highest ranked Brazilian company on this list.

Information Technology/Internet

• Winner of the Info Award, presented by Info/Exame magazine in the Most Connected Bank category. Alexandre de Barros, vice president of technology at Itaú Unibanco, was chosen as Best Chief Information Officer.

• At the Cantarino Brasileiro Banking Report Awards, Itaú Unibanco received awards for Best Data Center, Best Mobile Banking Service, Best Tablet Service, and Financial Personality in IT (Luis Rodrigues).

• Winner of the Datacenter Dynamics Datacenter Leaders Award.

• Recognized in five e-Finance Award categories, presented by Financial Executives magazine: Best and Most Innovative Service Center; World’s Fastest Cash; iPad Application; WMS Technological Upgrade; and IT Professional of the Year (Alexandre de Barros, vice president, Technology).

Human Resources

• One of the 150 Best Companies to Work For in Brazil, as ranked by Você S/A and Exame magazines.

• Named one of the Best Workplaces by the Great Place to Work Institute and Época magazine survey. The bank was also awarded in the Most Sought After Companies to Work For and the Company that Hires the Most People categories.

• Ricardo Marino, vice president of Itaú Latin America, was recognized as a Leader of Humanity by the International Foundation of Young Leaders.

Voted one of the 20 most admired companies by HRs in Brazil, in the second national HR Management magazine survey.

• In the tenth edition of the Young Persons’ Dreams survey, conducted by consulting firm Cia de Talentos, the bank was named for the fifth time as one of the most desired companies to work for. It placed sixth in the ranking, and was the only financial institution among the ten companies selected.
Brand and Reputation

- Listed in the top 15 for Brazil’s Most Prestigious Firms Award, presented annually by Época Negócios magazine in partnership with the Troiano Branding Group.

- Itaú Unibanco was listed among the ten most valuable brands in the Brazilian market, as ranked by Brand Finance/Superbrands.

- In 2011 Itaú Unibanco was named second of the top 10 for Brazil’s Most Admired Companies in Brazil Award, presented by Carta Capital magazine. Itaú Unibanco won in the Retail Bank category and was named Brazil’s sixth most admired company in the country. Roberto Setubal was chosen as Brazil’s fifth most admired executive.

- Extra Point Trophy winner, presented by the Paulista Supermarkets Association for Best Industry Advertisement.

- In the Best Companies which Communicate with Journalists Awards, presented by Business Communication magazine in partnership with UK consulting firm BDO, Itaú Unibanco was ranked first by consulting firm Interbrand as the Most Valuable Brand in Brazil.

- Most Admired Companies in Brazil Award, presented by Carta Capital magazine. Itaú Unibanco won in the Retail Bank category and was named Brazil’s sixth most admired company in the country. Roberto Setubal was chosen as Brazil’s fifth most admired executive.

- In the Object of Desire Brands survey conducted by Consumidor Moderno magazine in partnership with Shopper Experience, Itaú Personnalité was recognized as a leading brand in the High Net Worth Banking category and won in the Private Banks category.

- In the Best Companies which Communicate with Journalists Awards, presented by Business Communication magazine in partnership with UK consulting firm BDO, Itaú Unibanco was ranked first by consulting firm Interbrand as the Most Valuable Brand in Brazil.

- In the Ranking of the World’s 100 Most Valuable Companies, compiled by the Financial Times, Itaú Unibanco placed third among the best Latin American companies.

- Winner of the Intangibles Brazil Award (GDP), presented by Grupo Padrão/DOM Strategy Partners, in the Corporate Governance category. The bank also placed second in the Reputation Index, an overall reputation ranking prepared by Grupo Padrão.

- Brazilian Business Communication Association (Aberje) Award in the Communication in Business Crisis category, for the entry “Mamaço Itaú Cultural – from a Lemon to Lemonade: How transparency, responsiveness, recognition of its own mistakes and support of a legitimate cause changed the course of an image crisis for Instituto Itaú Cultural”.

- In the ranking of the World’s 100 Most Valuable Companies, compiled by the Financial Times, Itaú Unibanco placed third among the best Latin American companies.

-Winner of the Intangibles Brazil Award (GDP), presented by Grupo Padrão/DOM Strategy Partners, in the Corporate Governance category. The bank also placed second in the Reputation Index, an overall reputation ranking prepared by Grupo Padrão.

- Fernando Chacon, Executive Director of Marketing of Itaú Unibanco, was honored with the Marketing Professional Award in the São Paulo and Brazil categories, presented by Marketing magazine in partnership with the Brazilian Marketing Academy (ABM).

- In the ranking of Most Valuable Brands in Brazil, conducted since 2006 by IstoÉ Dinheiro magazine in partnership with BrandAnalytics, the bank placed second, becoming the most valuable financial institution brand in the country.

- Recognized for Best Marketing Strategy in the banking category, in the eighth edition of the Grandes Sacadas de Marketing Award.

- In the ranking of Most Valuable Brands in Brazil, conducted since 2006 by IstoÉ Dinheiro magazine in partnership with BrandAnalytics, the bank placed second, becoming the most valuable financial institution brand in the country.
# GRI Cross-Reference Table

(Profile 3.12)

Itaú Unibanco’s Sustainability Report is based on the Global Reporting Initiative Standard Disclosures and Reporting Principles, version 3 (G3).

<table>
<thead>
<tr>
<th>Standard Disclosures</th>
<th>C</th>
<th>C+</th>
<th>B</th>
<th>B+</th>
<th>A</th>
<th>A+</th>
</tr>
</thead>
<tbody>
<tr>
<td>G3 Profile Disclosures</td>
<td>Report on: 1.1; 2.1 - 2.10; 3.1 - 3.8, 3.10 - 3.12; 4.1 - 4.4, 4.14 - 4.15</td>
<td>Report on all criteria listed for Level C, plus: 1.2; 3.9, 3.13; 4.5 - 4.13; 4.16 - 4.17</td>
<td>Same as requirement for Level B</td>
<td>Management Approach Disclosures for each Indicator Category.</td>
<td>Report on each core G3 and Sector Supplement Indicator with due regard to the Materiality Principle by either: (a) reporting on the indicator, or (b) explaining the reason for its omission.</td>
<td></td>
</tr>
<tr>
<td>G3 Management Approach Disclosures</td>
<td>Not required</td>
<td>Management Approach Disclosures for each Indicator Category.</td>
<td>Report on a minimum of 20 Performance Indicators, including at least one from each of: Economic, Environmental, Human Rights, Labor, Society, Product Responsibility.</td>
<td>Report on each core G3 and Sector Supplement Indicator with due regard to the Materiality Principle by either: (a) reporting on the indicator, or (b) explaining the reason for its omission.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</td>
<td>Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.</td>
<td>Report on a minimum of 20 Performance Indicators, including at least one from each of: Economic, Environmental, Human Rights, Labor, Society, Product Responsibility.</td>
<td>Report on each core G3 and Sector Supplement Indicator with due regard to the Materiality Principle by either: (a) reporting on the indicator, or (b) explaining the reason for its omission.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Standard Disclosures: Profile

### Strategy and Analysis

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Page/Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Message from the President and Chairman of the Board.</td>
<td>6 and 9</td>
</tr>
<tr>
<td>1.2</td>
<td>Key impacts, risks and opportunities.</td>
<td>5, 14 and 48</td>
</tr>
</tbody>
</table>

### Organizational Profile

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Page/Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Name of reporting organization.</td>
<td>Itaú Unibanco Holding S.A.</td>
</tr>
<tr>
<td>2.2</td>
<td>Primary brands, products, and/or services.</td>
<td>23, 24 and 123</td>
</tr>
<tr>
<td>2.4</td>
<td>Location of organization headquarters.</td>
<td>Praça Alfredo Egídio de Souza Aranha, n° 100, Torre Olavo Setubal – São Paulo (SP), Brasil.</td>
</tr>
<tr>
<td>2.6</td>
<td>Nature of ownership and legal form.</td>
<td>111 Itaú Unibanco Holding S.A. is a publicly-traded company.</td>
</tr>
<tr>
<td>2.7</td>
<td>Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).</td>
<td>25, 54, 59, 62, 73, 75, 78, 83, 87 and 88</td>
</tr>
<tr>
<td>2.8</td>
<td>Scale of the reporting organization.</td>
<td>23, 24 and 27</td>
</tr>
</tbody>
</table>
2.9 Significant changes during the reporting period regarding size, structure, or ownership. 26
2.10 Awards received in the reporting period. 178

### Report Parameters

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Page/Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Reporting period.</td>
<td>5</td>
</tr>
<tr>
<td>3.2</td>
<td>Date of most recent previous report.</td>
<td>5 The previous Report was released in early 2011.</td>
</tr>
<tr>
<td>3.3</td>
<td>Reporting cycle.</td>
<td>5</td>
</tr>
<tr>
<td>3.4</td>
<td>Contact point for questions regarding the report or its contents.</td>
<td>5</td>
</tr>
<tr>
<td>3.5</td>
<td>Process for defining report content.</td>
<td>5, 34 and 37</td>
</tr>
<tr>
<td>3.6</td>
<td>Boundary of the report.</td>
<td>5 and 25</td>
</tr>
<tr>
<td>3.7</td>
<td>Specific limitations on the scope or boundary of the report.</td>
<td>5</td>
</tr>
<tr>
<td>3.8</td>
<td>Basis for reporting</td>
<td>5</td>
</tr>
<tr>
<td>3.9</td>
<td>Data measurement techniques and calculation bases.</td>
<td>The measurement techniques, calculation bases and assumptions used in compiling the indicators and other information in the report primarily follow GRI G3.1 guidelines for sustainability reports, unless otherwise indicated in the footnotes to the indicators.</td>
</tr>
<tr>
<td>3.10</td>
<td>Explanation of the effect of any re-statements of information provided in earlier reports.</td>
<td>There were no re-statements during the reporting period.</td>
</tr>
<tr>
<td>3.11</td>
<td>Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.</td>
<td>Change in methodology: in 2010, for the Indicator EN1 we reported the amount of paper purchased; in 2011 we reported the amount of paper used.</td>
</tr>
<tr>
<td>3.12</td>
<td>Table identifying the location of the Standard Disclosures in the report.</td>
<td>5 and 182</td>
</tr>
<tr>
<td>3.13</td>
<td>Policy and current practice with regard to seeking external assurance for the report.</td>
<td>5</td>
</tr>
</tbody>
</table>

### Governance, Commitments, and Engagement

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Page/Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Governance structure of the organization, including committees under the Board of Directors.</td>
<td>45 and 46 <a href="http://www.itauunibanco.com.br/ri">www.itauunibanco.com.br/ri</a></td>
</tr>
<tr>
<td>4.2</td>
<td>Whether the Chairman of the Board is also an executive officer.</td>
<td>The Chairman of the Board is not the CEO of the organization or an executive director.</td>
</tr>
<tr>
<td>4.3</td>
<td>Number and gender of members of the Board that are independent and/or non-executive members.</td>
<td>45</td>
</tr>
<tr>
<td>4.4</td>
<td>Mechanisms for shareholders and employees to provide recommendations or direction to the Board.</td>
<td>111 and 143</td>
</tr>
<tr>
<td>4.5</td>
<td>Linkage between compensation for members of the Board, senior managers, and executives.</td>
<td>Itaú Unibanco emphasizes variable pay, which represents a significant part of total compensation paid to the directors. The Remuneration Committee, created to discuss the compensation of the bank’s top executives, seeks to follow best domestic and international governance practices, as well as ensure the balancing of the institution’s risk management practices. The Appointment and Corporate Governance Committee is responsible for procedures to assess the performance of the Board. The annual remuneration of the members of the Board of Directors is composed of (i) fixed monthly fees, (ii) a long-term incentive compensation plan (for the granting of stock options), and (iii) a benefit plan. The stock option plan, in addition to attracting, motivating and integrating the directors in the development process of the institution for the medium and long terms, allows the valuing of their work and dedication through shares in the company. In addition, the plan aligns the interests of the directors with those of the company, in that they share risks and gains through the share price. The key performance indicators the organization uses to establish variable pay are Operating Managerial Income (OMI), and Value Creation (OMI less Cost of Capital).</td>
</tr>
<tr>
<td>4.6</td>
<td>Processes in place for the Board to ensure conflicts of interest are avoided.</td>
<td>45</td>
</tr>
<tr>
<td>4.7</td>
<td>Process for determining the composition, qualifications, and expertise of the members of the Board and its committees.</td>
<td>45 and 46</td>
</tr>
</tbody>
</table>
| 4.8 | Statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | 30, 44, 85, 119, 120, 122 and 150
The Itaú Unibanco Code of Ethics was created during the year, based on internal discussions (with about 700 managers and their teams), as well as by meeting benchmarks from companies in various countries. |
| 4.9 | Procedures of the Board for overseeing the organization’s identification and management of economic, environmental, and social performance. | 40 and 56 |
| 4.10 | Processes for evaluating the Board’s own performance. | 45 and 46 |
| 4.11 | Whether and how the precautionary approach or principle is addressed by the organization. | 48 |
| 4.12 | External economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | 5, 47, 81 and 119 |
| 4.13 | Memberships in associations and/or national/international organizations. | 57 |
| 4.14 | List of stakeholder groups engaged by the organization. | 5 and 110 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | 110 |
| 4.16 | Approaches to stakeholder engagement. | 5, 38, 70, 111, 113, 150, 154 and 155
This information is available in the Sustainability Strategy chapter and is based on the results of a discussion panel with specialists held on December 9, 2011. |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement. | 116 and 118
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<td>Materials</td>
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<td>Biodiversity</td>
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<td>Emissions, effluents and waste</td>
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<td>Compliance</td>
<td>94</td>
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<td>Transport</td>
<td>173 and 177</td>
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<td></td>
<td>Labor/management relations</td>
<td>142</td>
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<td>Occupational health and safety</td>
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<td></td>
<td>Training and education</td>
<td>50, 64, 71, 80 and 85</td>
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<td></td>
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<td>197 and 198</td>
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<td></td>
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<td>138</td>
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<td>HR</td>
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<td>Freedom of association and collective bargaining</td>
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<td>Child labor</td>
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<td></td>
<td>Forced and compulsory labor</td>
<td>199</td>
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<td></td>
<td>Security practices</td>
<td>200</td>
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<td>Indigenous rights</td>
<td>76</td>
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<td></td>
<td>Assessment</td>
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<td></td>
<td>Remediation</td>
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<td>SO</td>
<td>Local community</td>
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<td></td>
<td>Corruption</td>
<td>198</td>
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<td>Public policy</td>
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<td></td>
<td>Anti-competitive behaviour</td>
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<td></td>
<td>Compliance</td>
<td>17 and 119</td>
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<tr>
<td>PR</td>
<td>Customer health and safety</td>
<td>199</td>
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<td></td>
<td>Product and service labelling</td>
<td>199</td>
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<td></td>
<td>Communication and marketing</td>
<td>199</td>
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<tr>
<td></td>
<td>Customer privacy</td>
<td>199</td>
</tr>
<tr>
<td></td>
<td>Compliance</td>
<td>199 and 200</td>
</tr>
</tbody>
</table>
## Performance Indicators

### Economic performance

<table>
<thead>
<tr>
<th>Indicador</th>
<th>Description</th>
<th>Page/Response</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>EC1</strong></td>
<td>Direct economic value generated and distributed.</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The model used follows the rules of the Brazilian Securities Commission. Contributions to foundations and institutes are disclosed in Note 22 – Supplementary Information (items “e” to “j”) and in the Management Discussion and Analysis.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EC2</strong></td>
<td>Financial implications and other risks and opportunities due to climate change.</td>
<td>52, 79, 99 and 102</td>
<td>7</td>
</tr>
<tr>
<td><strong>EC3</strong></td>
<td>Coverage of defined benefit plan obligations.</td>
<td>105 and 139</td>
<td></td>
</tr>
<tr>
<td><strong>EC4</strong></td>
<td>Significant financial assistance received from government.</td>
<td>154, 164 and 167</td>
<td></td>
</tr>
</tbody>
</table>

### Market Presence

<table>
<thead>
<tr>
<th>Indicador</th>
<th>Description</th>
<th>Page/Response</th>
<th>Global Compact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EC5</strong></td>
<td>Ratio between standard entry level wage by gender and local minimum wage.</td>
<td>In 2011 the lowest salary for full-time employees of both genders was R$622 per month. In 2010 this figure was R$510. In each case the values were equal to the national minimum wage for those periods. All companies covered by Human Resources were considered significant and incorporated into data assessment.</td>
<td>1</td>
</tr>
<tr>
<td><strong>EC6</strong></td>
<td>Policy, practices, and proportion of spending on locally-based suppliers.</td>
<td>150 and 151</td>
<td></td>
</tr>
<tr>
<td><strong>EC7</strong></td>
<td>Local hiring.</td>
<td>143</td>
<td>6</td>
</tr>
</tbody>
</table>

### Indirect Economic Impacts

<table>
<thead>
<tr>
<th>Indicador</th>
<th>Description</th>
<th>Page/Response</th>
<th>Global Compact</th>
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</thead>
<tbody>
<tr>
<td><strong>EC8</strong></td>
<td>Impact of infrastructure provided primarily for public benefit.</td>
<td>144, 147, 157, 158 and 160</td>
<td></td>
</tr>
<tr>
<td><strong>EC9</strong></td>
<td>Significant indirect economic impacts.</td>
<td>68, 147, 164 and 166</td>
<td></td>
</tr>
</tbody>
</table>

### Environmental performance

### Materials

<table>
<thead>
<tr>
<th>Indicador</th>
<th>Description</th>
<th>Page/Response</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>EN1</strong></td>
<td>Materials used by weight or volume.</td>
<td>175 and 176</td>
<td>8</td>
</tr>
<tr>
<td><strong>EN2</strong></td>
<td>Percentage of materials used that are recycled input materials.</td>
<td>175</td>
<td>8 and 9</td>
</tr>
</tbody>
</table>

### Energy

<table>
<thead>
<tr>
<th>Indicador</th>
<th>Description</th>
<th>Page/Response</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>EN3</strong></td>
<td>Direct energy consumption by primary energy source.</td>
<td>173</td>
<td>8</td>
</tr>
<tr>
<td><strong>EN4</strong></td>
<td>Indirect energy consumption by primary source.</td>
<td>173</td>
<td>8 and 9</td>
</tr>
<tr>
<td></td>
<td>All energy purchased by the bank comes from utility providers, and in Brazil there is no law requiring distributors to use a specific energy source.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EN5</strong></td>
<td>Energy saved due to conservation and efficiency improvements.</td>
<td>170 and 174</td>
<td>8</td>
</tr>
<tr>
<td><strong>EN6</strong></td>
<td>Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.</td>
<td>174</td>
<td></td>
</tr>
<tr>
<td><strong>EN7</strong></td>
<td>Initiatives to reduce indirect energy consumption and reductions achieved.</td>
<td>174, 175 and 177</td>
<td></td>
</tr>
</tbody>
</table>
Water

EN8  Total water withdrawal by source.  
     172  
     8 and 9

EN9  Water sources significantly affected by withdrawal of water.  
     172  
     The bank's water consumption not does significantly affect its water sources, as the administration buildings and branches use water only to meet the basic needs of their employees, as well as for cooling and general cleaning.  
     8

EN10 Percentage and total volume of water recycled and reused.  
     172  
     Recycled/reused water as a percentage of all water consumed (EN8), was 2%.  
     8

Biodiversity

EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.  
     171  
     8

EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.  
     As most of Itaú Unibanco's activities take place in urban areas, we do not monitor the impacts of our activities on biodiversity.  
     8

EN13 Habitats protected or restored.  
     As most of Itaú Unibanco's activities take place in urban areas, we do not currently have any protected or restored habitats.  
     -

EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.  
     As most of our activities take place in urban areas, we do not employ a strategy to mitigate impacts on biodiversity. This issue is addressed in our policies, assessments and monitoring when lending to commercial clients.  
     -

EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.  
     As most of our activities take place in urban areas, we do not have a system for monitoring endangered species.  
     -

Emissions, effluents and waste

EN16 Total direct and indirect greenhouse gas emissions by weight.  
     173  
     8

EN17 Other relevant indirect greenhouse gas emissions by weight.  
     173  
     8

EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.  
     172 and 173  
     7, 8 and 9

EN19 Emissions of ozone-depleting substances by weight.  
     173  
     8

EN20 NOx, SOx, and other significant air emissions by type and weight.  
     173  
     The company does not have significant emissions of persistent organic pollutants, volatile organic pollutants or hazardous air pollutant, or smokestack or leakage emissions.  
     8

EN21 Total water discharge by quality and destination.  
     172  
     8

EN22 Total weight of waste by type and disposal method.  
     171 and 176  
     Itaú Unibanco does not send its waste for reuse, recovery, incineration, underground injection, or storage on bank property.  
     8

EN23 Total number and volume of significant spills.  
     Given the nature of the bank's business, our activities do not generate significant spills.  
     8
| EN24 | Hazardous waste transported. | All hazardous waste transported is waste generated by Itaú Unibanco. We transported 2,487.75 metric tons of our waste to companies that specialize in treatment and disposal. | - |
| EN25 | Water bodies and habitats affected. | Discharge is handled by sewage treatment stations, and does not significantly affect bodies of water or habitats. | - |

**Products and services**

| EN26 | Mitigation of environmental impacts of products and services, and extent of impact mitigation. | 170, 171, 174 and 175 Due to the nature of our business, the bank does not generate significant impacts through its use of water. | 7, 8 and 9 |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed. | N/M | 8 and 9 |

**Compliance**

| EN28 | Significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | In the past two years there were no significant fines (greater than R$500,000) or non-monetary sanctions for non-compliance with laws and regulations. | 8 |

**Transport**

| EN29 | Significant environmental impacts of transporting products and other goods and materials, and transporting members of the workforce. | 173 and 177 | 8 |

**Overall**

| EN30 | Total environmental protection expenditures and investments by type. | 177 There were no operations or incidents that required remedial expenses or investments. | 7, 8 and 9 |

**Social Performance – Labor Practices and Decent Work**

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<tr>
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<tr>
<td>Employment</td>
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</tr>
<tr>
<td>LA1</td>
<td>Total workforce by employment type, employment contract, and region, broken down by gender.</td>
<td>123 and 124</td>
<td>-</td>
</tr>
<tr>
<td>LA2</td>
<td>Total number and rate of new employee hires and employee turnover by age group, gender, and region.</td>
<td>129</td>
<td>6</td>
</tr>
<tr>
<td>LA3</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees.</td>
<td>139</td>
<td>-</td>
</tr>
</tbody>
</table>

| Labor/Management Relations | | | |
| LA4 | Percentage of employees covered by collective bargaining agreements. | All employees based in Brazil are covered by collective bargaining agreements. | 1, 2 and 3 |
| LA5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. | Collective agreements and internal policies do not set a minimum notice period for informing workers of structural, procedural or other changes that directly or indirectly influence their daily work. However, the bank does give sufficient advance notice, based on the amount these changes will impact on the lives of the employees. In 2011 there were no cases of significant change. | - |
### Occupational Health and Safety

<table>
<thead>
<tr>
<th>LA6</th>
<th>Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.</th>
<th>141</th>
<th>1, 2 and 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA7</td>
<td>Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender.</td>
<td>130</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>We have not appointed anyone to oversee this data for outsourced services, which is why we have not reported any injury, work-related illness, lost days, absenteeism or death rates related to contract workers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA8</td>
<td>Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.</td>
<td>134</td>
<td>1</td>
</tr>
<tr>
<td>LA9</td>
<td>Health and safety topics covered in formal agreements with trade unions.</td>
<td>141</td>
<td>1</td>
</tr>
</tbody>
</table>

### Training and Education

| LA10 | Average hours of training per year per employee, by gender, and by employee category. | 137 | 6 |
| LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | 131 | - |
| LA12 | Percentage of employees receiving regular performance and career development reviews, by gender. | 121 and 138 | - |

### Diversity and Equal Opportunity

| LA13 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. | 125, 126, 127 and 128 | 1 and 3 |
| LA14 | Ratio of basic salary and remuneration women to men by employee category, by significant locations of operation. | 138 | 1, 2 and 3 |
| LA15 | Return to work and retention rates after parental leave, by gender. | 130 |   |
### Occupational Health and Safety

<table>
<thead>
<tr>
<th>Indicator LA6</th>
<th>Description</th>
<th>Source(s)</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td>141</td>
<td>1, 2 and 3</td>
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<td>130</td>
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<tr>
<th>Indicator LA8</th>
<th>Description</th>
<th>Source(s)</th>
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<td>Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator LA9</th>
<th>Description</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and safety topics covered in formal agreements with trade unions.</td>
<td></td>
<td>141</td>
</tr>
</tbody>
</table>

### Training and Education

<table>
<thead>
<tr>
<th>Indicator LA10</th>
<th>Description</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average hours of training per year per employee, by gender, and by employee category.</td>
<td></td>
<td>137</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator LA11</th>
<th>Description</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.</td>
<td></td>
<td>131</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator LA12</th>
<th>Description</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of employees receiving regular performance and career development reviews, by gender.</td>
<td></td>
<td>121 and 138</td>
</tr>
</tbody>
</table>

### Diversity and Equal Opportunity

<table>
<thead>
<tr>
<th>Indicator LA13</th>
<th>Description</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.</td>
<td></td>
<td>125, 126, 127 and 128</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator LA14</th>
<th>Description</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of basic salary and remuneration women to men by employee category, by significant locations of operation.</td>
<td></td>
<td>138</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator LA15</th>
<th>Description</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return to work and retention rates after parental leave, by gender.</td>
<td></td>
<td>130</td>
</tr>
</tbody>
</table>
### GRI Indicators – Disclosure on Management Approach

**HR10** Operations subject to human rights reviews and/or impact assessments.

In 2011 there was no analysis or assessment in the bank’s units focused on verifying human rights issues.

**HR11** Grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.

Itaú Unibanco provides the Ombudsman channel to record reports from employees via telephone and e-mail, including cases dealing with human rights. In 2011 there were no complaints filed regarding this issue.

### Social Performance – Society

<table>
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<tr>
<th>Indicator</th>
<th>Description</th>
<th>Page/Response</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SO1</strong> Percentage of operations with implemented local community engagement, impact assessments, and development programs.</td>
<td>68, 147, 164, 166 Our head offices are located in the city of São Paulo, a major urban center. The vast majority of our operations also take place in urban areas and, due to the bank’s nature and size we do not cause significant adverse impacts on local communities. Accordingly, there is no mapping of this type of impact.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Corruption</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SO2</strong> Percentage and total number of business units analyzed for risks related to corruption.</td>
<td>53</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>SO3</strong> Percentage of employees trained in organization’s anti-corruption policies and procedures.</td>
<td>The issue of corruption is regulated by the Itaú Unibanco Code of Ethics and the Corporate Ethics and Anti-Corruption and Bribery Policy (HF-5). We did not conduct training on this issue for bank employees and managers in 2011.</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>SO4</strong> Actions taken in response to incidents of corruption.</td>
<td>53</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>Public Policy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SO5</strong> Public policy positions and participation in public policy development and lobbying.</td>
<td>154, 157, 161, 162, 163, 164, 165 and 166</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>SO6</strong> Contributions to political parties, politicians, and related institutions by country.</td>
<td>154</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>SO7</strong> Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.</td>
<td>There were no anti-competitive legal actions during the reporting period.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Compliance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SO8</strong> Significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.</td>
<td>There were no significant fines related to the administration, judicial and arbitration areas, nor were there any non-monetary sanctions.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>SO9</strong> Operations with significant potential or actual negative impacts on local communities.</td>
<td>Our head offices are located in the city of São Paulo, a major urban center. The vast majority of our operations also take place in urban areas and, due to the nature and size of our bank branches we do not cause significant adverse impacts on the local community. Accordingly, there is no mapping of this type of impact.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>SO10</strong> Prevention and mitigation measures implemented with significant potential or actual negative impacts on local communities.</td>
<td>Our head offices are located in the city of São Paulo, a major urban center. The vast majority of our operations also take place in urban areas and, due to the nature and size of our bank branches we do not cause significant adverse impacts on the local community. Accordingly, there is no mapping of this type of impact.</td>
<td>-</td>
<td></td>
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</tbody>
</table>
## Social Performance – Product Responsibility

### Customer Health and Safety

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Page/Response</th>
<th>Global Compact</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR1</td>
<td>Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.</td>
<td>117 and 118</td>
<td>1</td>
</tr>
<tr>
<td>PR2</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.</td>
<td>In 2010, there was no reported case of non-compliance regarding the health and safety of the bank's products and services. In 2011, 168 cases were registered, of which 111 were dismissed (the bank was not fined) and 57 resulted in fines. The main occurrences included: 25 cases of alarm systems which were ineffective, inefficient or not installed; eight cases of overt and insufficiently armed security personnel; seven cases where the certification was out of date; and six cases of preventing or hindering access to federal police agents.</td>
<td>-</td>
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</table>

### Product Responsibility

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Page/Response</th>
<th>Global Compact</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR3</td>
<td>Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.</td>
<td>The indicator is quite unsuited to the financial services sector, and is therefore not applicable to our business.</td>
<td>8</td>
</tr>
<tr>
<td>PR4</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.</td>
<td>The indicator PR4, which correlates with PR3, is not applicable to our business. As such, the Clients chapter transparently shows the numbers of customer complaints, with significant information on the context of our business activities.</td>
<td>-</td>
</tr>
<tr>
<td>PR5</td>
<td>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.</td>
<td>113, 114, 115, 118 and 119</td>
<td>-</td>
</tr>
</tbody>
</table>

### Communication and Marketing

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Page/Response</th>
<th>Global Compact</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR6</td>
<td>Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.</td>
<td>119</td>
<td>-</td>
</tr>
<tr>
<td>PR7</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.</td>
<td>The Superintendence of Private Insurance, National Self-Regulation Council at a March 3, 2012 session of the Board of Ethics Special Appeals Chamber, unanimously found the “World’s Most Sustainable Bank” advertisement to be compliant. During the reporting period a civil suit was filed with the Legislative Assembly of Rio de Janeiro for the alleged illegality of a nationally-aired television commercial showing the benefits of an Itaucard card.</td>
<td>-</td>
</tr>
<tr>
<td>PR8</td>
<td>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.</td>
<td>The information required for this indicator is sensitive, restricted and confidential, and accordingly is not publicly disclosed.</td>
<td>-</td>
</tr>
</tbody>
</table>

### Compliance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Page/Response</th>
<th>Global Compact</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR9</td>
<td>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.</td>
<td>119</td>
<td>-</td>
</tr>
</tbody>
</table>
## Financial Services Sector Supplement

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Page/Response</th>
<th>Global Compact</th>
</tr>
</thead>
<tbody>
<tr>
<td>FS1</td>
<td>Socio-environmental policies applied to business lines</td>
<td>51, 67, 70, 71, 76, 77, 79, 80, 85, 86, 91 and 103</td>
<td></td>
</tr>
<tr>
<td>FS2</td>
<td>Procedures for assessing screening socio-environmental risks in product lines.</td>
<td>67, 70, 71, 76, 80, 85, 91, 92, 94, 96 and 103</td>
<td></td>
</tr>
<tr>
<td>FS3</td>
<td>Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.</td>
<td>70, 71, 77, 85, 91, 92, 96 and 104</td>
<td></td>
</tr>
<tr>
<td>FS4</td>
<td>Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.</td>
<td>64, 71, 86, 97 and 104</td>
<td></td>
</tr>
<tr>
<td>FS5</td>
<td>Interactions with clients/investees/business partners regarding socio-environmental risks and opportunities.</td>
<td>65, 67, 71, 80, 96, 97, 98 and 104</td>
<td></td>
</tr>
<tr>
<td>FS6</td>
<td>Percentage of the portfolio for business lines by specific region/size (ex. micro/ SME/large) and by sector.</td>
<td>77, 86, 90, 91 and 101</td>
<td></td>
</tr>
<tr>
<td>FS7</td>
<td>Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose.</td>
<td>65, 66, 67, 74, 79, 80, 98-99 and 101</td>
<td></td>
</tr>
<tr>
<td>FS8</td>
<td>Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose.</td>
<td>60, 72, 79, 98, 99, 103 and 104</td>
<td></td>
</tr>
<tr>
<td>FS9</td>
<td>Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>FS10</td>
<td>Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.</td>
<td>97 and 104</td>
<td></td>
</tr>
<tr>
<td>FS11</td>
<td>Percentage of assets subject to positive and negative environmental or social screening.</td>
<td>79 and 80</td>
<td></td>
</tr>
<tr>
<td>FS12</td>
<td>Voting policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>FS13</td>
<td>Access in areas of economic disadvantage, by type.</td>
<td>62, 66, 72 and 115</td>
<td></td>
</tr>
<tr>
<td>FS14</td>
<td>Initiatives to improve access for people with disabilities to the financial services.</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>FS15</td>
<td>Policies for the proper development and sale of financial products and services.</td>
<td>51, 67, 72, 74, 81 and 104</td>
<td></td>
</tr>
<tr>
<td>FS16</td>
<td>Initiatives to improve financial education, by type of beneficiary.</td>
<td>61, 71, 72, 81, 118, 137,146 and 166</td>
<td></td>
</tr>
</tbody>
</table>

**KEY**

- **Full**: Fully Reported
- **Partial**: Partially Reported

**Reason for omission**

- **N/M**: Not Material
- **N/A**: Not Applicable
- **N/D**: Restricted, confidential, strategic and non-disclosable information
- **None**: Not Reported
GRI Indicators Disclosure on Management Approach

Like all aspects of sustainability at Itaú Unibanco Holding S.A., our management approach to economic, environmental and social issues is aligned with the bank’s Sustainability Policy, which is enshrined in Permanent Regulatory Circular HF-27. The creation of the Policy involved our employees, customers, suppliers and sustainability experts, as well as an evaluation of domestic and international commitments, particularly those that link sustainable development to market mechanisms and put forth best practices for financial sector institutions (see the Sustainability Strategy chapter and http://ww2.itau.com.br/sustentabilidade).

The many internal policies described in this Report demonstrate our thorough commitment to manage the bank’s impacts in the following areas: economic, environmental, employment, human rights, product responsibility and society.

Economic and environmental management approach

Given the nature of financial services, the most significant environmental impacts do not occur directly through our operations, but indirectly through our business: credit, financing, investments and insurance. Accordingly, we report the economic and environmental impacts jointly, due to the similarity of their content.

We have worked incessantly to improve those processes and products that may have a significant influence on addressing the economic and environmental challenges posed by climate change, the cycle of poverty, and the preservation of biodiversity and natural resources.

Throughout 2011 we revised our Socio-environmental Risk Policy, which covers lending to commercial clients. It supports our socio-environmental risk analyses, which include factors such as: prohibited lists, restricted lists, socio-environmental categorization, queries to offices such as the Federal Attorney General, self-reporting socio-environmental questionnaires, sector guidelines (forestry and agriculture, in particular), customer visits, application of environmental legislation, public information, hiring of outside consultants and our external communication channel (Contact Us). This process allows us to identify the socio-environmental management practices of each company we analyze.

Biodiversity-related risks are considered when we approve or renew credit limits to companies that engage in activities associated with fishing, or the logging and production of lumber and charcoal from native forests. These include, for example, monitoring their levels of compliance with the principles and criteria of the Forest Stewardship Council, or their plans to obtain this certification, in addition to compliance with the laws of the countries where they operate, plus any treaties and international agreements signed by these countries, such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Since 2004 we have applied the criteria of the Equator Principles when analyzing project finance proposals whose total value is equal to or greater than US$10 million. The Equator Principles require the analysis of aspects related to biodiversity conservation such as the alteration and/or destruction of natural and/or modified habitats, the conservation of critical habitats and areas protected by law, and the impact of the introduction of exotic species.

Climate change is addressed in Itaú Unibanco’s sustainability strategy. It focuses on socio-environmental risks and opportunities, on the basis that the economic and socio-environmental impacts of climate change will be felt in the medium term. In 2011 we were part of the working group which revised the International Finance Corporation performance standards, and we participated in reviewing the Equator Principles (to which we are signatories), in our role as the leading bank in emerging markets.

We also raised US$35 million in IFC funding to invest in sustainable projects such as cleaner production, environmental quality certification and energy efficiency. This contract
was signed in the second half of the year, and we have already made the first project disbursement.

We also offer microcredit lines that encourage and leverage small businesses and contribute to poverty reduction. Productive microcredit provides access to loans for micro-entrepreneurs, drives the generation of income and, thanks to the financial education we offer, increases the security and sustainability of the clients, who come to understand a little more about cash flow cycles, profits and losses.

Our employees regularly participate in classroom training and e-learning on the new policy, risk analysis processes, financial education and other topics.

We hold public meetings with those relationship groups who are impacted by our activities, and monitor issues of concern to the government and civil society. The latter is conducted by monitoring the press, social media, prospective legislation, public hearings and the minutes of Congressional committees, among other activities.

We also support projects to train young people and increase their access to cultural assets, as well as a series of actions for the public good, as effective social and cultural initiatives can help break the cycle of poverty.

In 2011 we developed a work front focused on urban mobility, which began with the sponsorship of the Bike Rio project. In partnership with the city of Rio de Janeiro and Sertel (which provides the program's technology and management), bicycles are available for hire at 60 locations around the city. To strengthen the program we partnered with the NGO Active Transportation to develop alternative bike routes and conduct research and traffic education campaigns.

With respect to the environmental impact of our facilities, we have implemented eco-efficiency measures such as reducing water and energy consumption. Our primary challenges are related to the large number of branches, as well as the nationwide dispersion of this network and our administrative facilities, which are critical to the success of measures that result in the reduced use of materials, water and energy.

Several areas of the bank have established procedures for the purchase, use and disposal of equipment and materials. When equipment such as computers, monitors, printers, document readers, scanners and personal identification number units reaches the end of its useful life, it is sent to approved suppliers for dismantling and disposal. These companies receive random visits by a bank representative who monitors this process. We also replaced and reduced 36% of our installed printer base, which is part of a related project to automate our manual controls for creating electronic files, and speed up the disposal of outdated technology.

We have significantly reduced the amount of paper we use by offering online insurance policies, cutting the amount of mail sent to customers, and encouraging them to opt to receive bank statements online instead of in the mail. To further reduce paper use and printing we have an ongoing systemic process to issue statements less frequently than our current quarterly basis.

To increase awareness among our employees, we conducted campaigns and provided a range of training sessions, including monthly meetings on the “employee as the owner of the business” philosophy.

The following are our goals for 2012:

• promote the growth of our microcredit portfolio to help in the development of those communities in greatest need and which have no access to the traditional financial system;

• disburse all of the IFC funding to finance sustainable projects;

• complete the Insurance Risk Policy proposal;

• collect more than 1.2 metric tons of material through the Ecoponto collection facilities;

• install water and energy-saving devices in the branches and save R$12 million in electricity consumption expenses, and establish ideal resource consumption indicators for the branches;

• place the Greenhouse Gas Inventory Data Collection Procedures Manual on the intranet;

• implement measures to improve conscientious printing such as a ticketing system, solutions embedded in the business areas, e-learning for printing and a sustainable printing screensaver;

• complete the development of a system which prevents bank statements from being issued more frequently than at present; and

• help promote lower energy use at our branches by replacing CRT monitors with more efficient LCD models.
Social management approach – Employment practices

Our strategy to encourage diversity is based on three principles: fair competition regardless of differences; ensuring of equal opportunities for all in an environment of mutual respect; and heterogeneity. The application of these principles is carried out through various projects and programs, specifically: the Apprentice Program, Internships, Inclusion Program for People with Disabilities, Trainees, Career Opportunity Program (internal), Personnel Hiring, and the Staff Relocation Center.

Meeting the quota for hiring people with disabilities is one of our biggest challenges. In 2011 we developed various actions for this purpose, in particular the Attracting and Training of People with Disabilities program, whose introduction was publicized through media vehicles such as subway advertising, NGOs, universities and LinkedIn, resulting in approximately 2,900 applicants. We also created specific training for new employees to educate them on the banking market and administrative areas. As a result of these combined efforts, during the year we hired 529 people with disabilities, a category which now totals 4,642 employees.

The bank’s future goals for diversity include: implementation of a new personnel management system (People Soft); redesign of our diversity strategy fronts such as maintaining the quota and placing greater emphasis on cultural aspects; a new approach for internal transfers; and the internship program for Afro-Brazilians, under which we expect to hire 40 interns in 2012, in keeping with applicable affirmative action regulations.

Our staff relocation model presents us with certain challenges, such as tailoring it to specific business and employment categories, maintaining the working environment at the time of the transfer, and correctly identifying the profile/potential of people for vacant positions, which are not always sufficient for the number of people available.

We also apply the following policies directed at health and safety: a smoke-free environment, occupational medical exams, sick leave, vocational rehabilitation, Internal Accident Prevention Commission, Workplace Safety Representative and staff exercises. Our strategy is based on a continuous improvement cycle, in which we identify the needs, determine what will be done, create and implement an action plan, monitor its performance, and make modifications and improve processes where required.

We analyze our employees’ health indicators obtained through: periodic examinations, certified absences of under 15 days, National Institute for Social Security (INSS) leaves of absence, workplace visits, participation in health and quality of life programs, surveillance data for epidemics (and for diseases which are endemic in certain locations of the country), ergonomic assessments of workstations and the Environmental Risks Prevention Program, which is a database warehouse and statistical database modeling of sick leave, helping us generate epidemiological information for taking preventive actions.

Our biggest challenge in this area is the bank’s ability to take these preventive actions to its almost 5,000 different locations. Despite this, we did meet several goals, including: percentage of medical examinations taken, vocational rehabilitation program and return to work, check-ups for executives, preparation of the Environmental Risks Prevention Program, seasonal flu and H1N1 vaccinations and medical examinations for women (preventive gynecological care in our health care clinics).

In the future, we intend to create an Ergonomics Committee, complete the database warehouse with health information, and design and implement a corporate health policy, among other goals.

With respect to suppliers, our procurement and outsourced services policies are developed in conjunction with the relevant areas, based on the risks involved in the operation. Our contracting process undergoes an annual ISO 9001 certification, which was completed again in 2011.

We also employ a market assessment procedure which allows us to understand how other companies approach this issue and for us to share good practices. The opportunities identified are also considered in periodic reviews.

Our internal portal also provides periodic information on how managers should proceed when making any agreements on behalf of the bank.

Itaú Unibanco’s policies feature a series of mechanisms related to labor issues, including: centralized purchasing by the senior level responsible; clear and objective definition of the stages of the contracting process; establishment of responsibility for each area involved in the contracting; supplier evaluation model using a category risk matrix; contract management model; approval regulations; and activities and management of third parties. In addition, before the contract is closed, the manager must ensure that all contractual obligations have been met and that severance pay and other charges have been made, including assurances that where the services include labor, the supplier has fulfilled its legal obligations to its third-party personnel.
We write contracts that require companies to fulfill their tax, civil, pension and labor obligations. Suppliers are also required to provide, upon request, specific documents (staff roster, payroll, copy of benefits and tax payments). Each contract also has an attachment containing occupational safety and medical care standards.

In the area of socio-environmental responsibility, suppliers are required to conduct their business in a manner consistent with ethics and social responsibility, and in compliance with applicable legislation, particularly those regulations related to environmental preservation and respect for constitutional social rights.

We may conduct audits of suppliers and, should any breaches or violations be found, particularly with regard to labor issues, penalties may be imposed, although we first try to help the supplier resolve the problem. Failing that, the supplier contract may be suspended or rescinded.

Itaú Unibanco's size and the number of suppliers who provide services for us are constant challenges. To ensure our supplier policies are properly disseminated and complied with, we carry out internal and external dialogues.

In 2012 the bank achieved several of its planned goals: we instituted monthly analyses of labor-intensive suppliers; we provided the Know Your Supplier program, which helps us minimize the main risks associated with our relationship with companies that are unqualified or suspected of involvement in illegal activity; and we obtained favorable responses to our sustainability model and relationship guidelines through a dialogue program with our suppliers.

Social Management Approach – Human Rights

The Itaú Unibanco Code of Ethics enshrines respect for human rights; the adoption of policies and practices that actively help prevent, combat and eradicate child, forced and slave labor; the commitment to curb any form of discrimination, harassment, disrespect, exploitation and prejudice; and the right to free union association and collective bargaining. The Code also governs all of the bank’s internal and external relationships, including suppliers.

The main elements of our human rights policies and practices are geared toward our employees and suppliers, and particularly our security service providers.

To ensure that our staff members enjoy full freedom to make suggestions, express their dissatisfaction or report any abuse, the bank provides a specific reporting channel. All complaints are reviewed and monitored until their resolution, which may result in termination for the offender, transfer to a different department or location, or disciplinary action under the Itaú Unibanco Policy for the Application of Disciplinary Measures. All employees will be informed of such cases.

As a benefit to employees and their dependents, we offer the Stay OK program, which helps us minimize the main risks associated with our relationship with companies that are unqualified or suspected of involvement in illegal activity; and we obtained favorable responses to our sustainability model and relationship guidelines through a dialogue program with our suppliers.

With respect to suppliers, any company or person can access the Code of Ethics through the www.itau.com.br/ri portal, which provides information on our supplier screening and contracting procedures, our sustainability strategy, and an area for comments. We also have telephone and e-mail channels dedicated to handling requests, collecting suggestions and receiving complaints or reports. All responses are monitored by independent areas.

To submit to an assessment, companies must agree with our compliance policies and practices related to the legal status of their business activities, as well as employment and tax obligations.

During the evaluation process, companies categorized as medium or high risk for human rights violations undergo a thorough approval process, which includes answering a questionnaire which evaluates their practices and their commitment to abolishing child and forced labor, health and safety, freedom of association and the right to collective bargaining, non-discrimination, respect for working hours, remuneration, disciplinary practices and communication channels. After hiring, we conduct periodic visits to check their compliance with these social practices and certify the information analyzed in the initial approval process.

After our analyses are completed, should a legal violation be found, penalties may be imposed, although we first try to help the supplier resolve the problem. Failing that, the supplier contract may be suspended or rescinded.

Providers of security services are required to comply with the law and ensure their security professional have the emotional stability to perform their duties. We conduct regular meetings with these companies where they provide us with performance indicators of their employees.

Security service providers receive a booklet and video for use when training their security guards. These materials help align the companies with our security policy, and cover issues such as politeness, courtesy, respect and non-discrimination.
With information security, companies whose categories are considered critical receive regular visits where we classify them based on a number of technical criteria. These evaluations establish plans for us to work with the supplier to settle outstanding issues or non-compliance. This process helps ensure the confidentiality of our information and the growth of our suppliers.

Our goals for the future include:

- during 2012 we will analyze a portion of our suppliers through an independent audit in order to verify that our controls and assessments are effective and contribute to the development of our partners;
- we plan to expand the dialogue with our suppliers and conduct workshops with more companies, whether small enterprises or large corporations; and
- we will create a sustainability matrix, through which we can categorize our suppliers and establish specific actions for apparent risks. This will allow us to reach a greater number of companies and give us a more comprehensive result. We also plan to get an ISO 9001 recertification for the area.

Social Management Approach – Society

Our sustainability strategy calls for us to be an agent of transformation by partnering in the development of individuals, society and the country, as well as building relationships with each through ongoing dialogue. Guided by this policy, we conduct public discussions with those groups interested in our activities, and we monitor civil society movements to learn the expectations of our different relationship groups. We also closely follow the legislative and executive branch process at the federal, state and municipal levels.

The relationships between employees, and with their communities and other stakeholders, falls under the Itaú Unibanco Code of Ethics and our policies on Ethics and Anti-corruption and Bribery, and the Donation or Sale of Disposable Goods and Sponsorships, the latter of which was revised in 2011. The Code, policies, and related guidelines and procedures are systematically circulated to employees, suppliers and partners, and can all be viewed at www.itau.com.br/ir.

The Ethics and Ombudsman area has a channel specifically for receiving, analyzing and dealing with reports from managers and employees regarding misconduct under the Itaú Unibanco Code of Ethics and Our Way. In 2011 we identified sales procedures that referred to the shortcomings of our competitors, a practice which is not permitted by our internal guidelines. We spoke with the commercial areas involved, giving them clear guidance on the importance of incorporating respect for competitors into their staff training.

In 2012 we will begin the process of revising the Itaú Unibanco Code of Ethics and further refining our corporate guidelines on human rights and the establishment of partnerships with the supply chain. We will also expand the monitoring of compliance with these guidelines, which is currently a major challenge.

Other challenges are related to: monitoring of the executive and legislative branches, given the large amount of information to be analyzed and the considerable potential impacts due to the numbers of people involved in decision-making; and engagement with civil society, due to a historical lack of participation in the decision-making process on issues relevant to society.

Another area of activity that brings benefits to society is our microfinance business line. Microcredit is related to identifying opportunities and actions which broaden the positive impacts within the communities where we operate. Our main difficulty is to create and maintain an open and trusting relationship with the client. An agent that works in a region with no history of microcredit has to overcome the distrust of the community, understand the potential of the region and create a positive culture related to the product. Our Level 2 microcredit loans bring us closer to the customers and lead to a greater exchange of good practices between Itaú Unibanco and the borrowers. In 2012 we plan to increase the supply of such products, gain more knowledge about microfinance operations in regions where we do not operate, and try to use workshops to train our customers on the assessment indicators we employ.

In addition to relationship actions and products designed to bring social benefits such as microcredit we have initiatives specifically geared to promoting culture and supporting social projects.

In 2011 Instituto Itaú Cultural increased the number of cultural events offered free to the public, in addition to creating an innovation area. We do this through social agents, partner organizations, artists, educators, intellectuals, NGOs and various types of multipliers. We also entered into a five-year, public-private partnership to manage the Ibirapuera Auditorium, a facility owned by the city of São Paulo. Instituto Itaú Cultural will not use culture-related tax incentives
Social Management Approach – Product Responsibility

Our vision of being leaders in sustainable performance and customer satisfaction means we have the responsibility and commitment to ensure customer privacy and the safety of the products we offer. In addition to meeting applicable legal requirements and being compliant with regulatory agencies such as the Central Bank and the Superintendence of Private Insurance, we adhere to various self-regulating market codes, including the National Self-Regulation Council, the Brazilian Federation of Banks, the Brazilian Association of Credit Card and Services Companies, and the Consumer Defense Code.


Our internal rules appear in the corporate portal and staff booklets, and on the corporate website when they are public information. External rules are monitored and have internal controls. Every employee signs codes of conduct and terms of commitment to information protection. Any non-conformity or need for adaptation, and the respective action plans, are properly registered.

Based on these guidelines, we develop and improve our products through greater customer safety and more transparent contracts. The creation or modification of products/processes and the handling of legal requests or business actions are subject to a governance process, which allows them to be presented, evaluated and approved or rejected.

The evaluation process is designed to identify the risk of causing moral or financial damage to the customer or the bank itself, and considers aspects such as socio-environmental, fiscal, tax, legal, information security and the prevention of money laundering. This process also contributes to the development of innovative products for the market, which are tailored to the needs of our target consumers and offered to them in a clear and objective manner.

Our interactions with customers include the call center, branches, stores and the Itaú Unibanco Ombudsman system, all of which ensure optimal development and maintenance of our products, operations, processes and services. We meet all regulatory requirements related to the development and sale of products, such as real total cost, minimum type size for contracts, rules for fee collection and issues with a direct focus on customer satisfaction. We present all necessary information to the client when purchasing any products and services, and often this information exceeds what is legally required.

We have internal processes that analyze the results of our own service channels, the filing of complaints, after-sales service and communications from consumer protection agencies (Procon and the Central Bank). These processes help us identify opportunities for improvement and preventing recurrences. We conduct regular monitoring and reporting of corrective actions in a forum with key leaders.

As part of our Transparency 100% Program, we show clients how to avoid going into excessive debt. We continue using traditional methods to spread our message, but we also use digital means to create greater consumer involvement. Our campaigns for this medium alone had over 20 million views in 2011.
All television commercials are pre-tested before going on air and tested afterward to measure their results (using quantitative and qualitative criteria). We also analyze the result expected in conjunction with the sponsorship actions, as well as the cost of using all types of media.

With respect to customer privacy, in addition to observing the Principles of Information Security, the Code of Ethics and internal guidelines circulars, we undertake continuous surveillance of compliance issues and maintain a specific structure to prevent leakage of information and violation of customer privacy.

The evaluation of our adherence to these guidelines and procedures is done through the Compliance Project, which also facilitates the implementation of action plans for achieving compliance and improving controls. We follow a systematic approach to keep us informed of the following aspects: industry standards; requirements set at the Febraban self-regulation forum; competitiveness and market trends research; lending policies; operational strategies; and monitoring of the credit arrears portfolio and other indicators and market forecasts.

We monitor legislation and the market through business analysis and by participating on committees with regulators and industry representatives, and by monitoring legal, actuarial and product information and advertising. These practices improve our ability to make decisions about risks and opportunities.

Our greatest challenges are: dealing with the proliferation of information and clarification of all details; aligning the areas related to these processes; developing policies for new products, processes, operations and services that are not specifically regulated; and adapting our processes and systems to meet statutory deadlines, given the considerable number of recent changes in the regulation of some products.

Our achievements in 2011 include: exceeding our target of a 20% reduction in all cases with Procon-SP; completing the unification of all Itaú Unibanco operating systems; lowering interest rates on installment payments; providing better information to customers about debt; increasing the supply of microfinance products; expanding our financial education training for employees with the Conscientious Use of Money course; offering greater security to customers through the development and improvement of products; and setting stricter penalties for third-party security agencies whose personnel were involved in situations of risk through imprudence or ineptitude.

Our future challenges include: optimizing resources and reducing costs; seeking financial efficiency and efficient processes; continuing to value our employees through meritocracy; maintaining a focus on lowering interest rates (revolving and installment); lowering the number of complaints received internally (SAC and Ombudsman) and made externally (civil lawsuits, Central Bank, Procon); improving customer satisfaction ratings; providing customers with better communication and explanations/guidance on debt; implementing an integrated risk methodology; expanding the dialogue with our suppliers; and analyzing partners through an independent audit to verify the effectiveness of our controls and assessments and whether they are making a positive contribution to the development of our partners.
Itaú Unibanco Assurance Statement

BSD Consulting performed an independent audit of the preparation process for the Itaú Unibanco 2011 Annual Sustainability Report. From August 2011 to July 2012, BSD Consulting will monitor, on an ongoing basis, the sustainability management and preparation processes for the 2011 Sustainability Report. This review process is intended to provide Itaú Unibanco stakeholders with an independent opinion on the quality of the Report, stakeholder engagement processes, compliance with AA1000AS Standard (2008), and the continuity of the bank’s sustainability management processes.

Independence
We operate independently, and no BSD employee has any professional consulting relationship or other commercial ties with Itaú Unibanco. BSD Consulting (Brazil) is licensed by AccountAbility as an assurance provider (AA1000 Assurance Licensed Provider), under registry number 000-33.

Our Expertise
BSD Consulting is a company which specializes in sustainability. The work was conducted by a team of individuals who are trained and experienced in independent auditing procedures.

Responsibilities of Itaú Unibanco and BSD
All content of the Annual Sustainability Report, engagement processes and definition of materiality is the responsibility of Itaú Unibanco. The evaluation of the content of the Report and its application to any specific GRI application level were outside the remit of BSD Consulting.

Scope and Limitations
The scope of our work includes the information contained in the Itaú Unibanco 2011 Annual Sustainability Report and its reporting period. The review process was conducted in compliance with AA1000 Assurance Standard (2008), Type 1, which provides a moderate level of assurance. This process includes the assessment of adherence to three principles: Inclusion, Materiality and Responsiveness.

Methodology
• The AA1000 process audit approach consisted of:
  • Understanding the creation of the new Sustainability Roadmap;
  • Monitoring the expert engagement panel;
  • Interviews with managers and employees at the corporate and branch network level to assess the approach for the most material challenges;
  • Analysis of internal documents and minutes for confirmation of information presented in the Report, and to show the decision making process for material issues; and
  • Analysis of the perception of managers and employees about the commitments made by the bank through the Sustainability Policy.

Key Findings
The BSD Consulting audit found that in 2011, Itaú Unibanco consolidated its sustainability strategy by applying an internal and external evaluation process that replaced the previous Essence of Sustainability with the new Sustainability Roadmap, which is aligned with the bank’s new vision of Sustainable Performance. This new concept brought greater clarity to staff members and all stakeholders on the bank’s position on sustainability. The challenge for the next management cycle is the development of indicators and targets from the Sustainability Roadmap, and improvement of processes in relevant areas such as supplies, products and branches. It is important to consider the bank’s performance in Brazil and abroad. Our findings are summarized under the following three AA1000AS principles.

Key Findings on Compliance with AA1000AS Standard (2008)
Inclusion - discusses the participation of stakeholders in the development of a transparent and strategic sustainability management process

Sustainability Roadmap: The process of preparing the Sustainability Roadmap was conducted through the extensive participation of employees and included consultations with outside experts. The bank considered the assessments collected during the engagement process regarding the Essence of Sustainability and released the new Roadmap internally, leaving external disclosure for the 2011 Sustainability Report and other channels, such as the 2012 website.
Resumption of the AA1000ES process: The bank resumed the engagement process based on the AA1000ES standard, constituting a first step in evaluating its stakeholder mapping based on the criteria of this standard. This allowed it to create a clearer basis for defining the levels of commitment required to manage relationships with stakeholders. To complete the process, Itaú Unibanco will need to further analyze the expectations of different stakeholders and systematize its existing forms of engagement to cover any gaps in the management of relationships with stakeholders.

Sustainability Policy: The Sustainability Policy did not change in 2011 and still does not address all stakeholders of the bank, such as shareholders and investors. In light of the new Sustainability Roadmap and analyses made in the mapping of its stakeholders, we suggest a broad review of the Policy, with stakeholder engagement as a priority.

“Everyone for the customer”: In 2011 the bank continued to implement its Everyone for the Customer guide, which involved employees to seek out improvements in resolving customer service-related problems. However, the problems of credit card holders still take up an extensive amount of branch employee time. Back office deficiencies should be worked on to ensure more effective solutions to these problems. During the review process, it became apparent that a sizeable opportunity exists for enhancing the publicizing of sustainability to the service areas.

Environmental Management: With the LEED certification of its administrative headquarters in Chile, Itaú Unibanco implemented the concept of sustainable construction in its international operations. In Brazil, there is considerable potential to progress with the implementation of sustainability in the construction and renovation of branches, which in general has already shown good results in environmental management, contributing to energy savings and more efficient water use.

Governance Review: With the changes set out in the bank’s sustainability governance, more effective policy implementation was assured. Of particular note is inclusion of sustainability in the process for developing new products.

Materiality (or relevance): - addresses matters necessary for stakeholders to draw conclusions on the financial, social and environmental performance of the organization

Greater focus: With the eight subjects covered in the Essence of Sustainability now reduced to three strategic focus areas (Financial Education, Socio-environmental Risks and Opportunities, and Dialogue and Transparency), the bank demonstrated a greater emphasis on matters directly related to its business. This will help focus efforts on its key sustainability-related challenges.

Strategic Goals: The 2011 Sustainability Report brings accountability to the goals established for the year and presents new targets. However, the setting of goals should be aligned with the bank’s new sustainability strategy. We recommend that strategic goals and operational targets be separated to allow better monitoring of performance, and avoid the excessive presentation of targets. A smaller number of relevant targets which are aligned with the strategy of the Report will allow users to monitor the development of the bank over time.

Strategic Challenges: Among the three defined strategic focus areas, we evaluated the evolution of the bank’s financial education initiatives and the integration of existing Dialogue and Transparency and Socio-environmental Risks and Opportunities efforts. In the latter, greater weight has been placed on risk assessment, which is becoming increasingly consolidated, both in the evaluation of the client portfolio and the supplier chain. There is also growth potential in creating new opportunities, such as providing and promoting socio-environmental products like the bank’s contribution to the implementation of socio-environmental practices among its suppliers.

Responsiveness - addresses the actions taken by the organization regarding the specific demands of stakeholders

Socio-environmental risk evaluation: The socio-environmental risk assessment process has been consolidated, and has received quality certification. This lets the bank ensure that the implementation of its Socio-environmental Credit Policy was developed through an extensive stakeholder engagement process.

Product Development: The sustainability area's participation in the development of new products demonstrates the bank’s commitment to integrate sustainability into its business, which could result in significant innovations.

Financial Education: The bank’s Financial Education program has had a positive impact on its employees and their families. The bank also makes this information available to its customers, but in many cases the goals of selling products is at odds with its approach to providing financial education to clients. The dilemma should receive more attention so as not to harm the strategic value of this focus area.
External communication and internal implementation of the policy: Itaú Unibanco maintained a proactive stance in communicating its sustainability initiatives to outside groups and received recognition as Sustainable Bank of the Year by the Financial Times. This leveraged the treatment of sustainability in its communications with staff members and shareholders. However, we found that the disclosure of the Sustainability Policy should be expanded to ensure its implementation at all levels of the bank. The revised Policy will be an opportunity to meet this challenge and ensure its understanding and application at all levels, particularly in the branch network.

São Paulo, April 16, 2012
BSD Consulting (Brasil)
Independent auditor’s limited assurance report on the annual Sustainability Report for 2011

To the Board of Directors
Itaú Unibanco Holding S.A.

Introduction
We have been engaged to provide limited assurance on the annual Sustainability Report for 2011 of Itaú Unibanco Holding S.A. (the “Bank”), for the year ended December 31, 2011.

Management’s responsibility for the annual Sustainability Report
The management of Itaú Unibanco Holding S.A. is responsible for the preparation and presentation of the annual Sustainability Report for 2011, in accordance with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3.1). This responsibility includes designing, implementing and maintaining internal control over the proper preparation and presentation of the annual Sustainability Report for 2011.

Responsibility of the auditor
Our responsibility is to express a conclusion on the information disclosed in the annual Sustainability Report for 2011 of Itaú Unibanco Holding S.A. for the year ended December 31, 2011, based on the work performed.

Procedures Applied
We conducted our work in accordance with the Brazilian Accounting Standard NBC TO 3000, “Assurance Engagements Other than Audit and Review”, issued by the Federal Accounting Council (CFC). This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the annual Sustainability Report for 2011 of Itaú Unibanco Holding S.A. does not comply, in all material respects, with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3.1).

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. Consequently, we were unable to express, and we do not express, a reasonable assurance opinion on the annual Sustainability Report which was the object of our work.

The procedures selected depend on the independent auditor’s judgment, including the evaluation of risks that the annual Sustainability Report does not significantly meet the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3.1). Within the scope of our work, the procedures conducted included the following, among others: (i) planning the work, taking into consideration the materiality and the volume of information presented in the annual Sustainability Report for 2011; (ii) obtaining an understanding of the internal controls; (iii) examining, on a test basis, evidence that supports the quantitative and qualitative data in the annual Sustainability Report for 2011; (iv) understanding of the procedures and calculation methodology for the consolidation of indicators; (v) comparing, on a sampling basis, the indicators disclosed in the annual Sustainability Report for 2011 with the quantitative and qualitative data; (vi) interviewing the members of management responsible for the information through visits to the Bank’s administrative unit; and (vii) comparing information of a financial nature with that in the accounting records.
Scope and limitations
The objective of our work was to evaluate whether the data included in the annual Sustainability Report for 2011 of Itaú Unibanco Holding S.A., with respect to obtaining qualitative information and measuring and calculating quantitative information, are presented in accordance with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3.1). Opinions, historical information, descriptive information and information resulting from subjective evaluations and evaluation of legal compliance of the information included in the Sustainability Report for 2011 were not included in the scope of the work performed. Additionally, we point out that the information relating to certain indicators with technical measures may present variations, since the accuracy depends on the nature of the indicator and is subject to the method used as reference.

Conclusion
Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the annual Sustainability Report for 2011 of Itaú Unibanco Holding S.A., for the year ended December 31, 2011, does not comply, in all material respects, with the criteria described above (Scope and limitations).

São Paulo, April 26, 2012.

PricewaterhouseCoopers
Independent Auditors
Chartered Accountant 25P000160/O-5

Manuel Luiz da Silva Araújo
Chartered Accountant 1RJ039600/O-7 “S” SP
Statement

GRI Application Level Check

GRI hereby states that Itaú Unibanco Holding S.A. has presented its report “Annual Sustainability Report 2011” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 14 May 2012

Nelma Arbex
Deputy Chief Executive
Global Reporting Initiative

The “+” has been added to this Application Level because Itaú Unibanco Holding S.A. has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.
Credits

Publication and Overall Coordination:
Itaú Unibanco Public Relations and Recognition
Itaú Unibanco Superintendency of Corporate Communication

Coordination of Indicators:
Itaú Unibanco Superintendency of Sustainability

Editorial Coordination:
Report Comunicação

Editorial and Graphic Design:
Report Comunicação

Translation:
Montreal Consultants

Photos:
Leonardo Wen and Itaú Unibanco image bank