

# ITAÚ UNIBANCO HOLDING S.A.

CNPJ 60.872.504/0001-23

A Publicly Listed Company

## ANNOUNCEMENT TO THE MARKET

### Conference Calls of the 4<sup>th</sup> quarter 2017 Result

In accordance with the invitation extended to the market participants and regulators and published in the investor relations website of **Itaú Unibanco Holding** ([www.itaub.com.br/investor-relations](http://www.itaub.com.br/investor-relations)), the company will hold conference calls on February 6, 2018, of the fourth quarter 2017 result. The information and forecasts presented are based on information available up to the time of the events and involve risks, uncertainties and assumptions that may be beyond our control.

We wish to inform that, with respect to the public conference calls, Itaú Unibanco Holding provides:

- On the night of February 5, 2018:
  - The slides that will be presented, both in English and Portuguese (also sent to the Brazilian Securities and Exchange Commission - CVM and to B3);
- Following the scheduled end to the calls (12:30 p.m. in English and 2:00 p.m. in, Portuguese, Brasília time):
  - Audio replays by calling 5511 31931012 or 5511 28204012, the passwords being 3223603# (English) and 5764673# (Portuguese). The replays will be available immediately following the calls until February 12, 2018;
    - The audio formats in the Investor Relations site within two hours; and
  - The transcriptions of the audio replays within a period of five days after the calls.

In order to better serve our investors and shareholders, as of this quarter, we will request the identification of those who join our conference calls on the internet.

The public release of this information provides the market with democratic and equitable access, underscoring our commitment to the transparency of our announcements.

São Paulo, February 5, 2018.

Alexsandro Broedel Lopes

Group Executive Finance Director and Investor Relations Officer



## Conference Call 2017 Earnings Review

### **Candido Botelho Bracher**

President and CEO

### **Caio Ibrahim David**

Executive Vice-President, CFO and CRO

### **Alexsandro Broedel Lopes**

Executive Finance Director and Investor Relations Officer



The merger between Itaú Chile and CorpBanca was concluded on April, 1<sup>st</sup> 2016. As from the second quarter of 2016, Itaú CorpBanca, the company resulting from this merger, was consolidated in our financial statements, as we are the controlling shareholder of the new bank.

**In order to allow comparison with previous periods, we are presenting historical pro forma data, that is, the combined result of Itaú Unibanco and CorpBanca for the periods previous to the second quarter of 2016, in the Management Discussion & Analysis report and in this presentation.**

**The pro forma statements above mentioned were prepared considering all lines of the income statement, including 100% of Itaú CorpBanca's result. The result related to the minority shareholders is shown in the "minority interests in subsidiaries" line, for both CorpBanca and Itaú Chile.**

As the data was prepared to demonstrate, on a retroactively basis, the effect of a transaction occurred in a subsequent date, there are limits inherent to pro forma information. The data was provided for illustration purposes only and should not be taken as a demonstration of the result that would have been achieved if the merger had occurred on a previous date, nor do they indicate any future result of the combined company.

## CORPORATE GOVERNANCE AND SUSTAINABILITY

### PERMEATE ALL EFFORTS ON KEY STRATEGIC OBJECTIVES

Commitment to **permanently improve corporate governance** plays a vital role in protecting stakeholders' interests.

We incorporate sustainability into our strategy through a consolidated governance structure that is integrated with our business, thus making environmental and social issues part of our everyday activities, by incorporating variables on these issues into diverse processes, such as credit granting, investments, insurance activities, contracting of suppliers, and wealth management. We aim at **creating a virtuous cycle on the path towards sustainable performance**, which can only be met by collaborative work involving our main stakeholders: **employees; clients; shareholders and society.**

## TRANSFORMATION

### Client Centricity

to embrace this concept to the fullest in order to always develop **products and a "service culture" focused on client satisfaction and long-term relationships.**



### Digitalization

to speed up our digital transformation process to **increase the productivity of IT area and spread a digital mindset throughout the bank** to improve efficiency, user experience and client satisfaction.



### People Management

to improve our incentive model and evaluation tools **to contemplate the new dynamics of cooperative work**, making them effective to fairly assess individual deliveries within cross-functional teams.



## CONTINUOUS IMPROVEMENT

### Risk Management

to endeavor our efforts to **fully comply with the Risk Appetite guidelines.** Managing risks is the essence of our activity and a responsibility of all employees.



### Internationalization

moving forward in the internationalization process does not necessarily mean to take activities to new countries, but to **reach, in the countries we are present in, the same management quality and results we have in Brazil.**



### Sustainable Profitability

to **continuously increase the efficiency of our operations**, having the ability to identify opportunities to reduce costs, managing investments to gain agility, in addition to efficiently managing capital allocation through adequate cost of equity.



## Recurring Net Income<sup>1</sup>

**Consolidated**  
**R\$6.3 bn** ▲ +0.4% (4Q17/3Q17)  
**R\$24.9 bn** ▲ +12.3% (2017/2016)

**Brazil**  
**R\$6.1 bn** ▲ +2.4% (4Q17/3Q17)  
**R\$24.1 bn** ▲ +13.5% (2017/2016)

## Recurring ROE (p.a.)<sup>1</sup>

**Consolidated**  
**21.9%** ▲ +30 bps (4Q17/3Q17)  
**21.8%** ▲ +160 bps (2017/2016)

**Brazil**  
**23.5%** ▲ +80 bps (4Q17/3Q17)  
**23.2%** ▲ +200 bps (2017/2016)

## Credit Quality (Dec-17)

**Consolidated**  
**NPL 90** ▼ -20 bps (Dec-17 / Sep-17)  
**3.0%** ▼ -40 bps (Dec-17 / Dec-16)

**Brazil**  
**NPL 90** ▼ -10 bps (Dec-17 / Sep-17)  
**3.7%** ▼ -50 bps (Dec-17 / Dec-16)

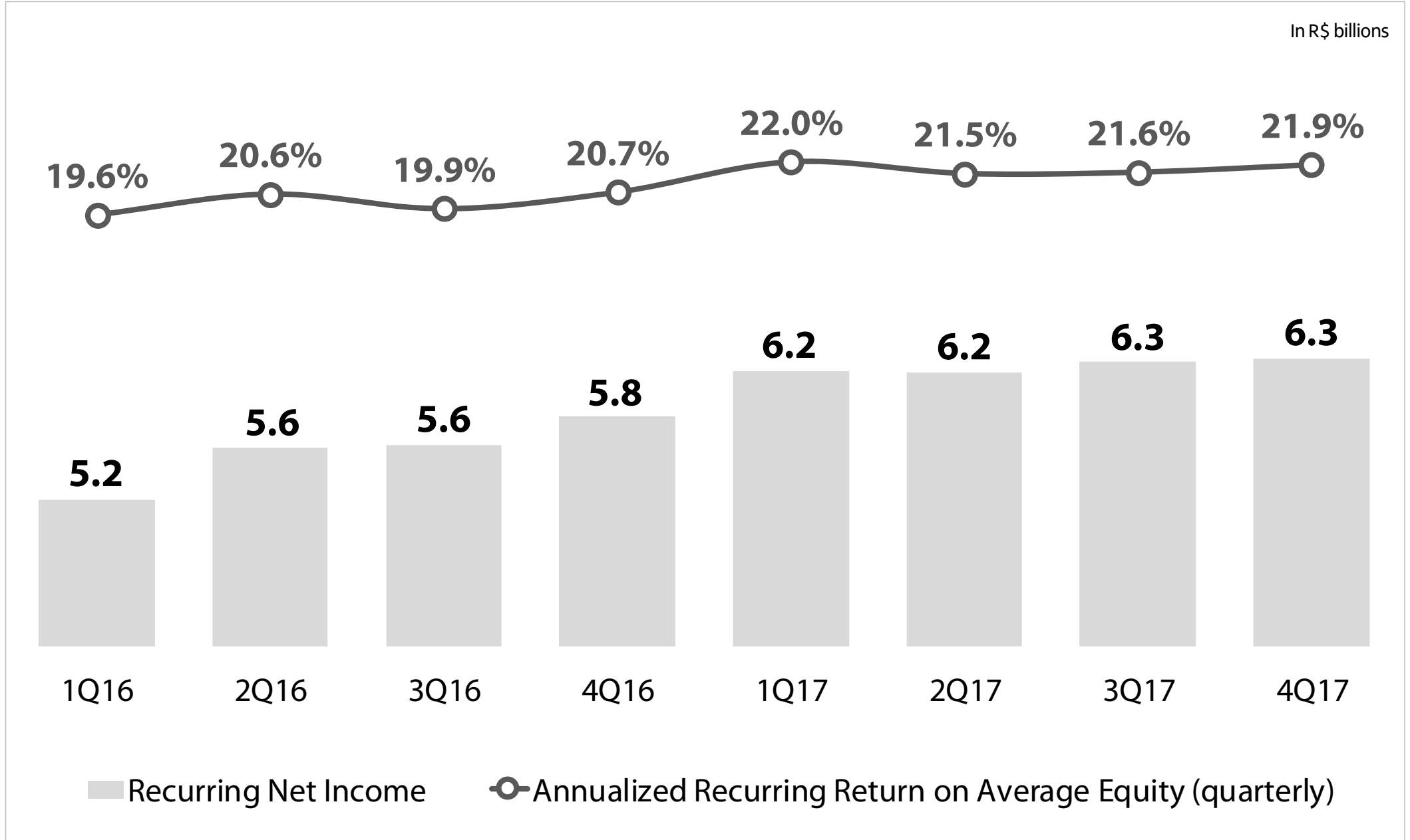
	4Q17/3Q17	2017/2016
● <b>Financial Margin with Clients:</b>	▼ -0.6%	▼ -4.7%
● <b>Financial Margin with the Market:</b>	▲ +5.3%	▼ -10.3%
● <b>Cost of Credit:</b>	▲ +5.1%	▼ -29.6%
● <b>Commissions and Fees and Result from Insurance<sup>2</sup>:</b>	▲ +5.2%	▲ +5.2%
● <b>Non-interest Expenses:</b>	▲ +4.7%	▲ +0.3%
● <b>Credit Portfolio (Financial Guarantees Provided and Corporate Securities):</b>	▲ +3.2%	▼ -0.8%

<sup>1</sup> Consider Citibank's Operations.

<sup>2</sup> Result from Insurance (-) Retained Claims (-) Insurance Selling Expenses.

**Note:** The managerial figures do not consider Citibank's Operations, except where indicated by footnote<sup>1</sup>; Results from Brazil consider units abroad ex-Latin America.

# Recurring Net Income and ROE



In R\$ billions	2017					2016					Δ				
	Consolidated	Credit	Trading	Insurance and Services	Excess Capital	Consolidated	Credit	Trading	Insurance and Services	Excess Capital	Consolidated	Credit	Trading	Insurance and Services	Excess Capital
<b>Operating Revenues</b>	<b>109.0</b>	<b>55.9</b>	<b>1.6</b>	<b>48.7</b>	<b>2.7</b>	<b>111.4</b>	<b>58.2</b>	<b>2.2</b>	<b>48.3</b>	<b>2.7</b>	<b>(2.5)</b>	<b>(2.3)</b>	<b>(0.6)</b>	<b>0.4</b>	<b>0.0</b>
Managerial Financial Margin	68.3	45.4	1.6	18.6	2.7	72.1	48.5	2.2	18.7	2.7	(3.8)	(3.0)	(0.6)	(0.2)	0.0
Commissions and Fees	32.9	10.5	0.0	22.4	-	31.0	9.8	0.0	21.2	-	1.9	0.7	0.0	1.2	-
Result from Insurance <sup>1</sup>	7.8	-	-	7.8	-	8.3	-	-	8.3	-	(0.6)	-	-	(0.6)	-
<b>Cost of Credit</b>	<b>(17.9)</b>	<b>(17.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25.5)</b>	<b>(25.5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.5</b>	<b>7.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Retained Claims</b>	<b>(1.3)</b>	<b>-</b>	<b>-</b>	<b>(1.3)</b>	<b>-</b>	<b>(1.5)</b>	<b>-</b>	<b>-</b>	<b>(1.5)</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>-</b>
<b>Non-interest Expenses and Other Expenses <sup>2</sup></b>	<b>(53.5)</b>	<b>(25.8)</b>	<b>(0.5)</b>	<b>(27.0)</b>	<b>(0.1)</b>	<b>(53.8)</b>	<b>(25.9)</b>	<b>(0.3)</b>	<b>(27.4)</b>	<b>(0.1)</b>	<b>0.2</b>	<b>0.1</b>	<b>(0.2)</b>	<b>0.4</b>	<b>(0.0)</b>
<b>Result from Citibank's Operation</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>-</b>	<b>0.0</b>	<b>-</b>
<b>Recurring Net Income</b>	<b>24.9</b>	<b>8.3</b>	<b>0.7</b>	<b>13.5</b>	<b>2.4</b>	<b>22.1</b>	<b>5.3</b>	<b>1.1</b>	<b>13.6</b>	<b>2.1</b>	<b>2.7</b>	<b>3.0</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>0.3</b>
<b>Average Regulatory Capital</b>	<b>120.2</b>	<b>58.1</b>	<b>2.0</b>	<b>29.6</b>	<b>30.4</b>	<b>111.6</b>	<b>56.4</b>	<b>2.5</b>	<b>31.1</b>	<b>21.5</b>	<b>8.6</b>	<b>1.6</b>	<b>(0.5)</b>	<b>(1.4)</b>	<b>8.9</b>
<b>Value Creation</b>	<b>8.2</b>	<b>0.1</b>	<b>0.4</b>	<b>9.6</b>	<b>(1.8)</b>	<b>4.4</b>	<b>(3.9)</b>	<b>0.7</b>	<b>8.9</b>	<b>(1.3)</b>	<b>3.8</b>	<b>4.0</b>	<b>(0.3)</b>	<b>0.6</b>	<b>(0.5)</b>
<b>Recurring ROE</b>	<b>21.8%</b>	<b>14.3%</b>	<b>35.4%</b>	<b>45.4%</b>	<b>7.9%</b>	<b>20.3%</b>	<b>9.4%</b>	<b>44.4%</b>	<b>43.7%</b>	<b>9.9%</b>	<b>160 bps</b>	<b>480 bps</b>	<b>-900 bps</b>	<b>170 bps</b>	<b>-200 bps</b>

<sup>1</sup> Result from Insurance includes the Result from Insurance, Pension Plan and Premium Bonds Operations before Retained Claims and Selling Expenses.

<sup>2</sup> Include Tax Expenses (ISS, PIS, COFINS and other), Insurance Selling Expenses and Minority Interests in Subsidiaries.

In R\$ billions, end of period	4Q17	3Q17	Δ	4Q16	Δ
<b>Individuals</b>	<b>185.3</b>	<b>179.9</b>	<b>3.0%</b>	<b>183.4</b>	<b>1.0%</b>
Credit Card Loans	63.0	57.2	10.3%	59.0	6.8%
Personal Loans	25.3	26.0	-2.7%	26.3	-3.8%
Payroll Loans	44.2	44.6	-0.8%	44.6	-1.0%
Vehicle Loans	14.1	13.9	1.4%	15.4	-8.4%
Mortgage Loans	38.7	38.3	0.9%	38.1	1.4%
<b>Companies</b>	<b>226.8</b>	<b>223.7</b>	<b>1.4%</b>	<b>243.1</b>	<b>-6.7%</b>
Corporate Loans	165.1	164.6	0.3%	181.5	-9.1%
Very Small, Small and Middle Market Loans	61.8	59.1	4.6%	61.5	0.4%
<b>Latin America</b>	<b>145.6</b>	<b>135.5</b>	<b>7.4%</b>	<b>135.5</b>	<b>7.5%</b>
<b>Total with Financial Guarantees Provided</b>	<b>557.7</b>	<b>539.1</b>	<b>3.5%</b>	<b>562.0</b>	<b>-0.8%</b>
Corporate Securities	36.0	36.1	-0.3%	36.4	-1.1%
<b>Total with Financial Guarantees Provided and Corporate Securities (A)</b>	<b>593.7</b>	<b>575.2</b>	<b>3.2%</b>	<b>598.4</b>	<b>-0.8%</b>
<b>Total with Financial Guarantees Provided and Corporate Securities (ex-foreign exchange rate variation)</b>	<b>593.7</b>	<b>586.0</b>	<b>1.3%</b>	<b>608.6</b>	<b>-2.4%</b>
Citibank Operations (B)	6.4	-	-	-	-
<b>Total with Financial Guarantees Provided and Corporate Securities and Citibank (A + B)</b>	<b>600.1</b>	<b>575.2</b>	<b>4.3%</b>	<b>598.4</b>	<b>0.3%</b>

Note: Excluding the effect of foreign exchange variation, the Corporate Loans portfolio would have decreased 0.7% in the quarter and 9.4% in the 12-month period and the Latin America portfolio would have increased 0.9% in the quarter and 0.5% in the 12-month period.

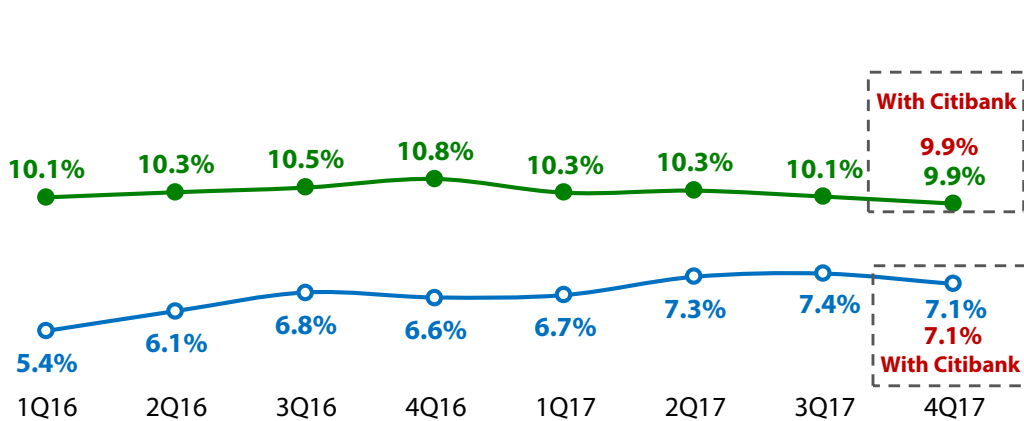


# Net Interest Margin and Financial Margin with Clients

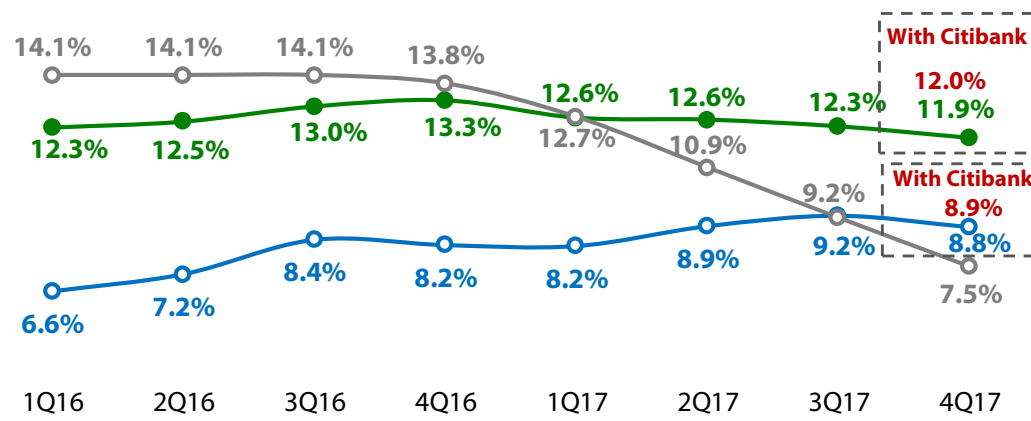


## Annualized Average Rate

Consolidated



Brazil

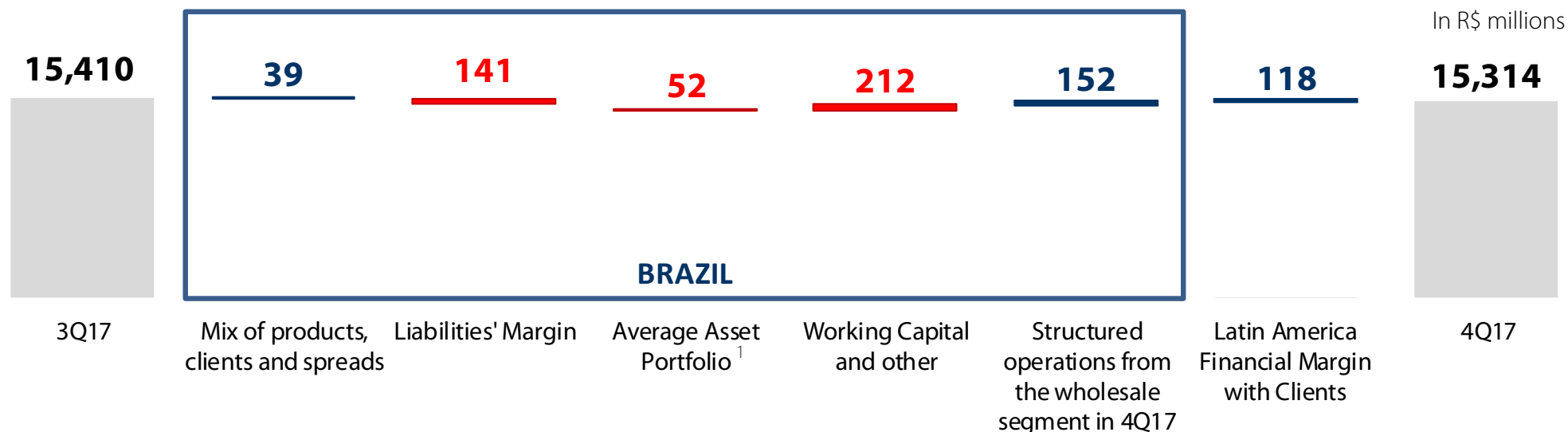


● Annualized average rate of financial margin with clients

○ Annualized average risk-adjusted financial margin with clients

○ CDI (annualized quarterly rate)

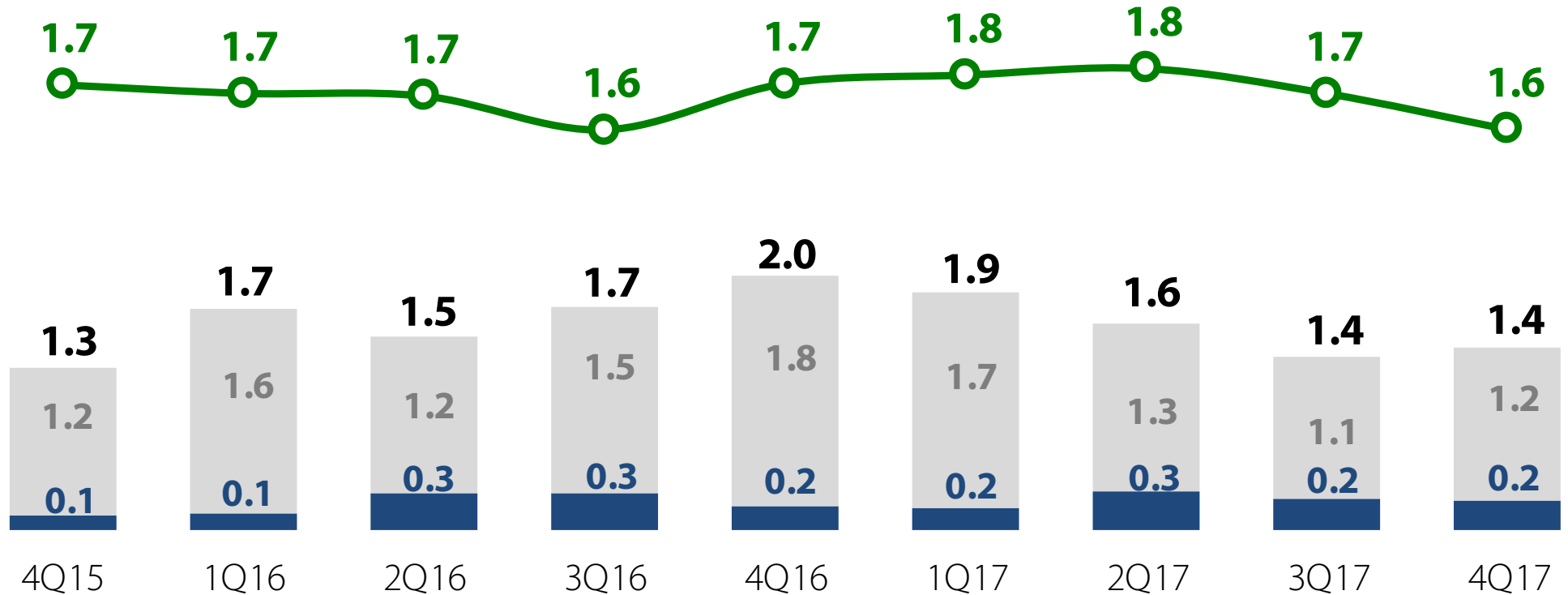
## Change in Financial Margin with Clients



<sup>1</sup> Considers credit and private securities portfolio net of overdue balance over 60 days.

# Financial Margin with the Market

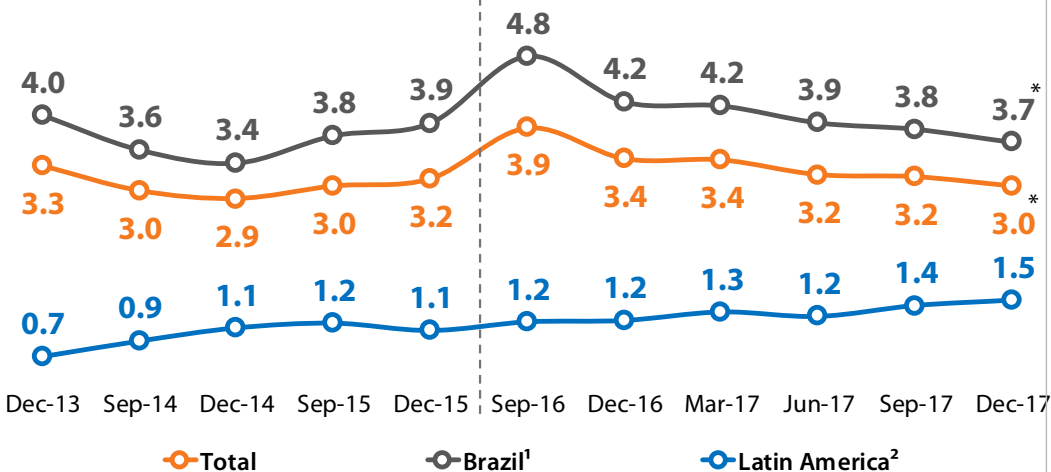
In R\$ billions



- Financial Margin with the Market - Brazil<sup>1</sup>
- Financial Margin with the Market - Latin America<sup>2,3</sup>
- 1-year moving average of Financial Margin with the Market

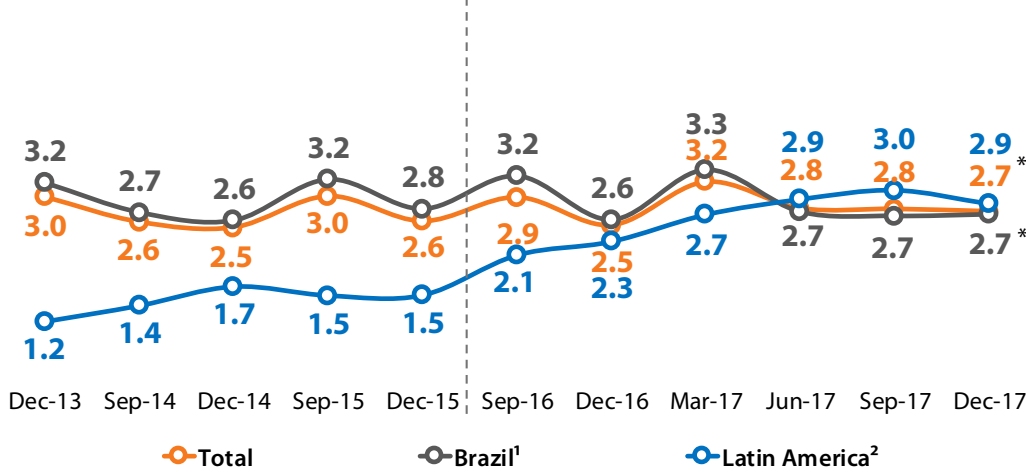
<sup>1</sup> Includes units abroad ex-Latin America; <sup>2</sup> Excludes Brazil; <sup>3</sup> The Latin America pro forma Financial Margin with the Market from 2015 and 1Q16 does not consider CorpBanca's information, which is classified in financial margin with clients.

## 90-day NPL Ratio - Consolidated - %



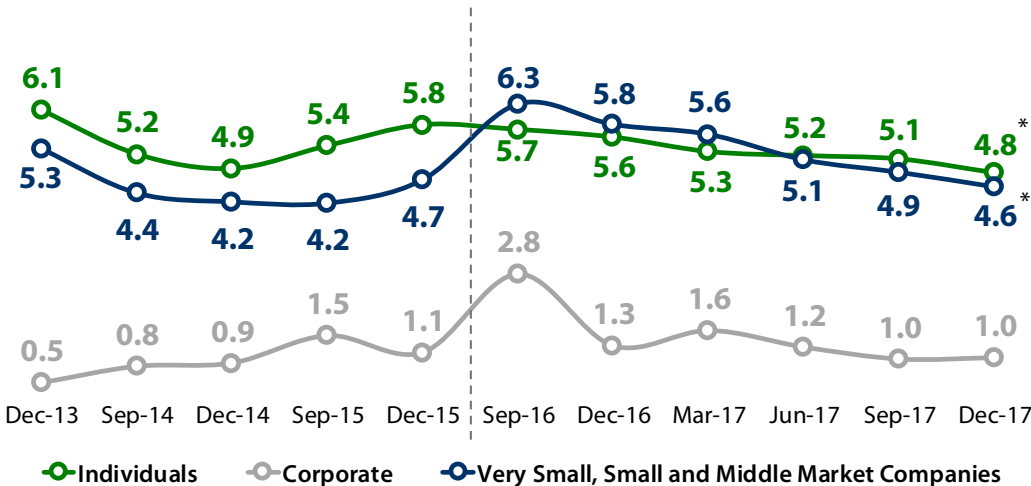
\* Considering the Citibank's operations, the Total 90-day NPL ratio would be 3.1% and the Brazil 90-day NPL ratio would be 3.7%.

## 15 to 90-day NPL Ratio - Consolidated - %



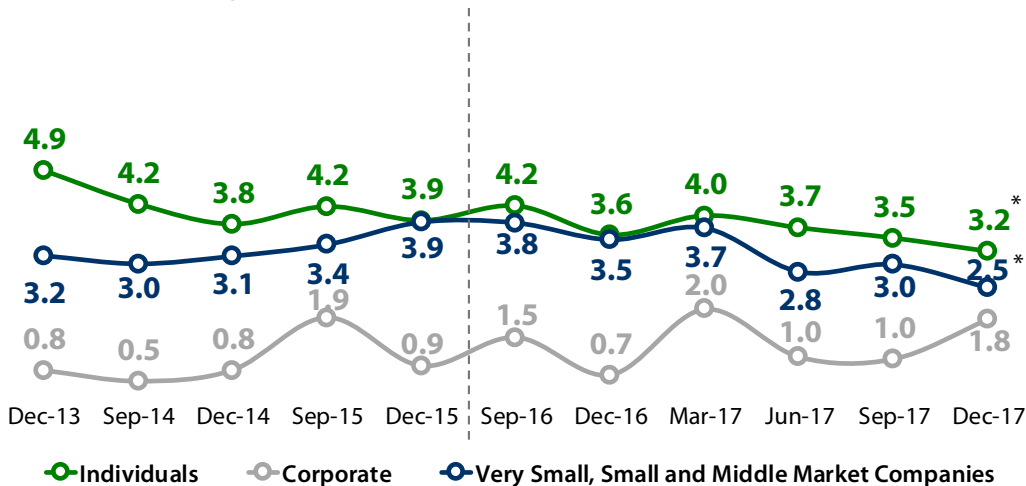
\* Considering the Citibank's operations, the Total 15 to 90-day NPL ratio would be 2.7% and the Brazil 15 to 90-day NPL ratio would be 2.7%.

## 90-day NPL Ratio - Brazil¹ - %



\* Considering the Citibank's operations, the Individuals 90-day NPL ratio would be 4.9% and the SMEs 90-day NPL ratio would be 4.5%.

## 15 to 90-day NPL Ratio - Brazil¹ - %

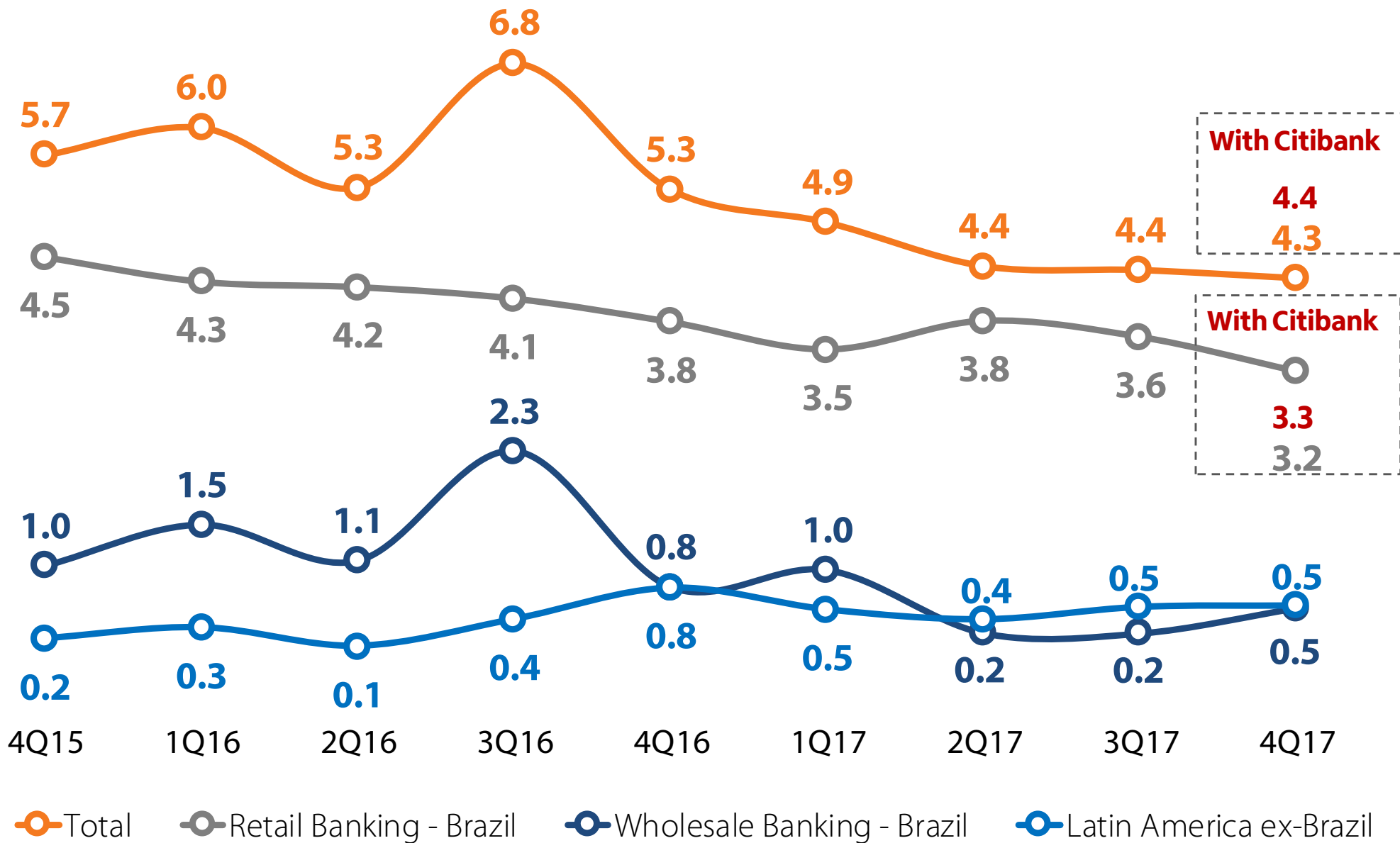


\* Considering the Citibank's operations, the Individuals 15 to 90-day NPL ratio would be 3.3% and the SMEs 15 to 90-day NPL ratio would be 2.5%.

Note: Total and Latin America 15 to 90-day NPL Ratios prior to June 2016 do not include CorpBanca. <sup>1</sup> Includes units abroad ex-Latin America. <sup>2</sup> Excludes Brazil.

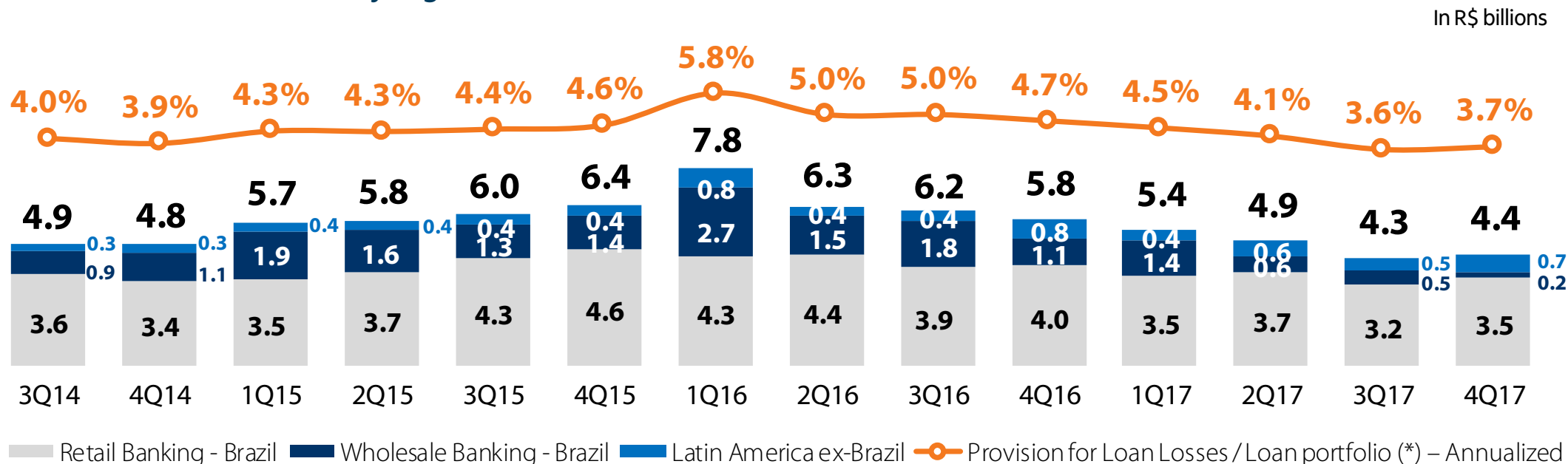
# NPL Creation

In R\$ billions



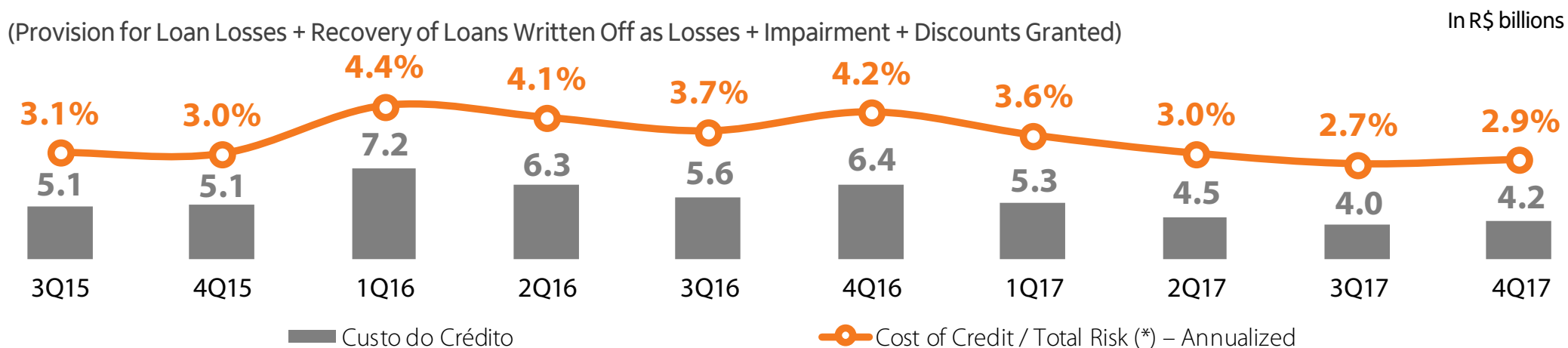
# Provision for Loan Losses and Cost of Credit

## Provision for Loan Losses by Segment



(\*) Average balance of the loan portfolio, considering the last two quarters. Note: Does not consider Citibank's figures.

## Cost of Credit

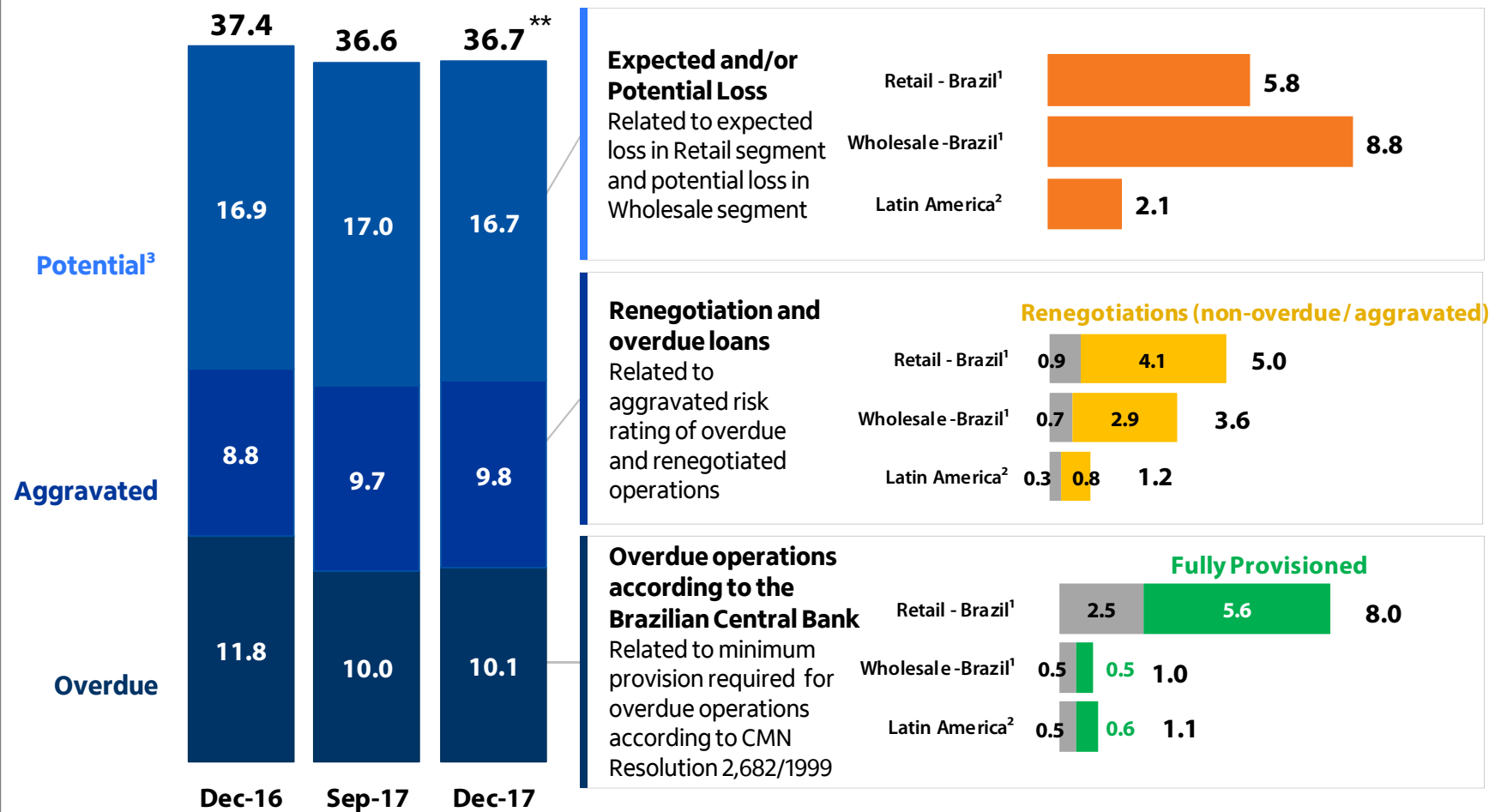


(\*) Average balance of the loan portfolio with financial guarantees provided and corporate securities, considering the last two quarters. Note: Does not consider Citibank's figures.

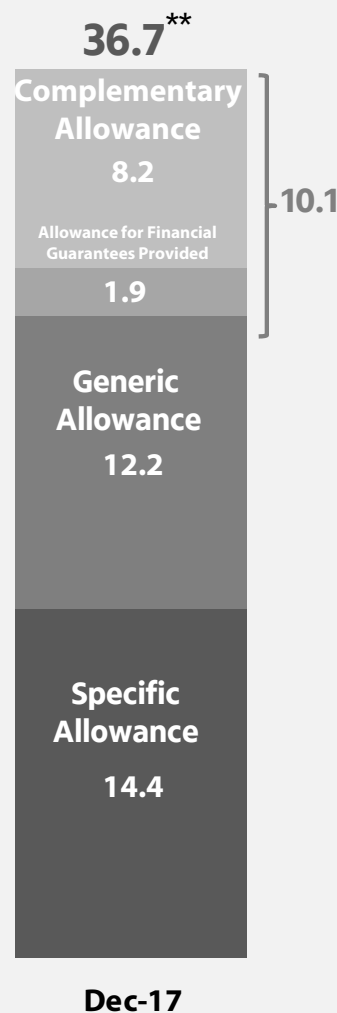
# Total Allowance by Type of Risk – Consolidated

In R\$ billions

## Allocation of Total Allowance<sup>(\*)</sup> by Type of Risk - Consolidated



## Regulatory Breakdown



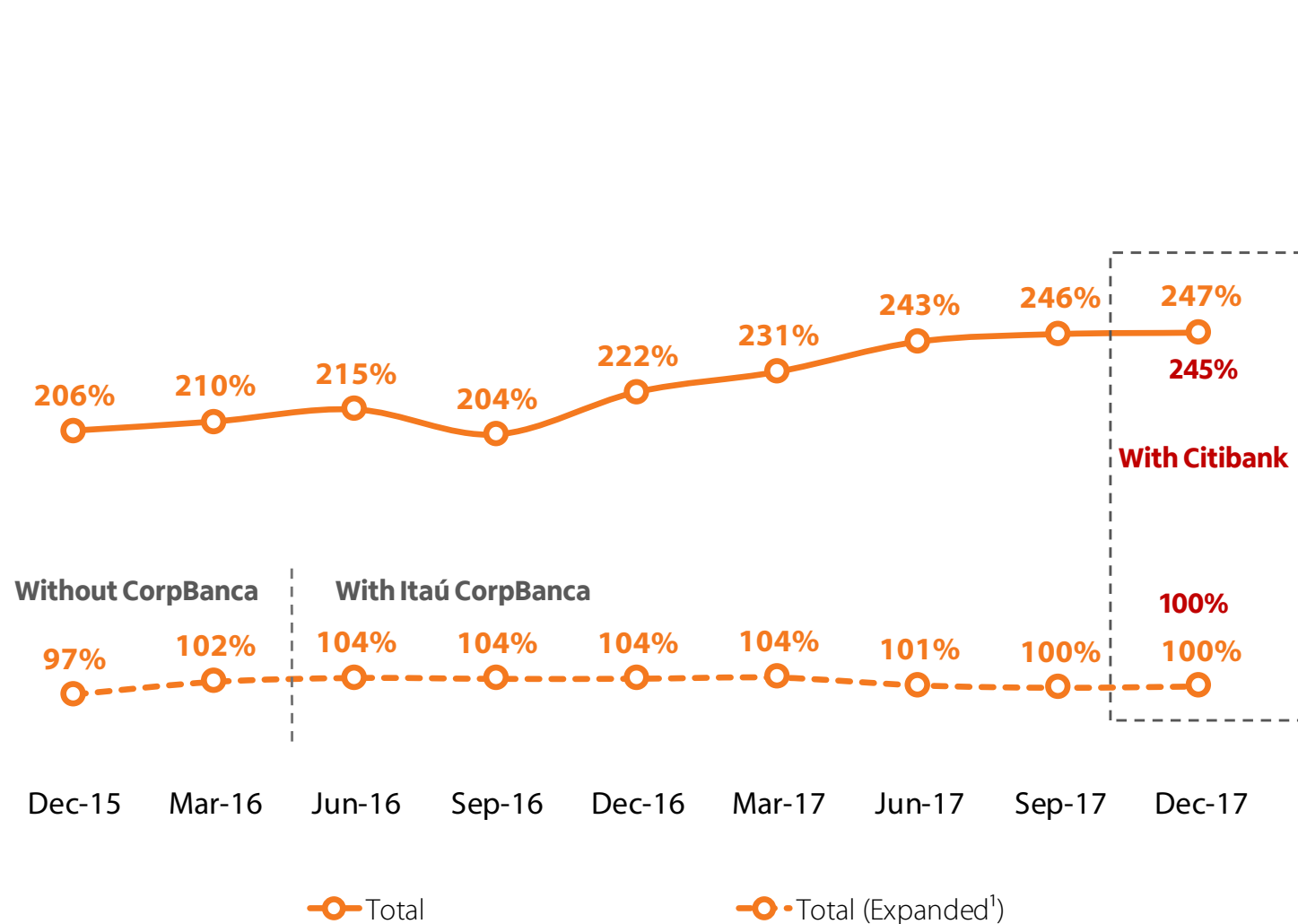
<sup>1</sup> Includes units abroad ex-Latin America. <sup>2</sup> Excludes Brazil. <sup>3</sup> Allowance for potential losses includes the provision for financial guarantees provided.

(\*) Total allowance includes allowance for financial guarantees provided, which is recorded in liabilities as from March 2017, in accordance with CMN Resolution No. 4,512/16.

(\*\*) Including Citibank's Operations, total allowance would be R\$37.3 billion.

# Coverage Ratio (90-day NPL)

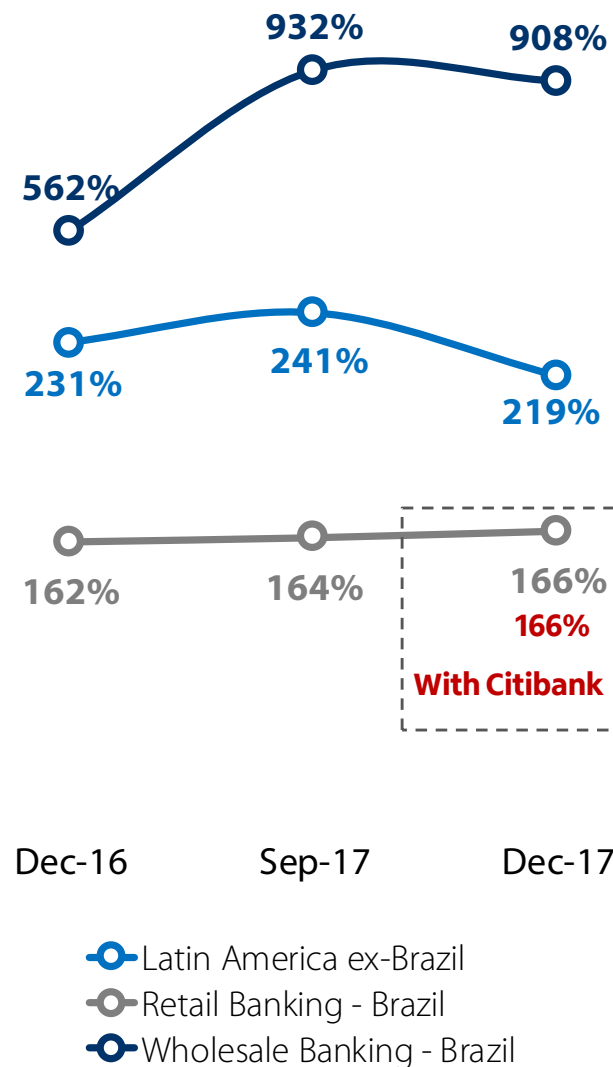
## Coverage Ratio and Expanded Coverage Ratio



<sup>1</sup> Expanded Coverage Ratio is calculated from the division of the total allowance balance\* by the sum of 90 days overdue operations and of renegotiated loan portfolio excluding the double counting of 90 days overdue renegotiated loans. Expanded Coverage Ratio data prior to June 2016 do not include CorpBanca.

(\*) Total allowance used for calculation of the coverage and expanded coverage ratios includes the provision for financial guarantees provided, which is recorded in liabilities as from March 2017, in accordance with CMN Resolution No. 4,512/16.

## Coverage Ratio



# Commissions & Fees and Result from Insurance



In R\$ billions	4Q17	3Q17	Δ	2017	2016	Δ
Credit Cards	3.3	3.1	6.3%	12.4	12.1	1.8%
Current Account Services	1.7	1.7	2.0%	6.8	6.4	5.7%
Asset Management <sup>1</sup>	0.9	0.9	-1.2%	3.5	3.0	17.9%
Credit Operations and Guarantees Provided	0.9	0.8	6.4%	3.4	3.2	4.2%
Collection Services	0.5	0.4	6.2%	1.7	1.6	7.8%
Advisory Services and Brokerage	0.4	0.4	-2.4%	1.4	1.0	38.2%
Other	0.3	0.3	-14.5%	1.1	1.1	4.1%
Latin America (ex-Brazil)	0.7	0.6	6.8%	2.6	2.4	4.9%
<b>Commissions and Fees</b>	<b>8.6</b>	<b>8.4</b>	<b>3.4%</b>	<b>32.9</b>	<b>31.0</b>	<b>6.2%</b>
Result from Insurance Operations <sup>2</sup>	1.7	1.5	15.1%	6.3	6.3	-0.1%
<b>Total</b>	<b>10.4</b>	<b>9.8</b>	<b>5.2%</b>	<b>39.1</b>	<b>37.2</b>	<b>5.2%</b>

<sup>1</sup> Includes fund management fees and consortia management fees.

<sup>2</sup> Result from Insurance includes the Result from Insurance, Pension Plan and Premium Bonds Operations net of Retained Claims and Selling Expenses.

Note: Considering Citibank's Operations, Commissions & Fees and Result from Insurance would be R\$10.5 billion in 4Q17 and R\$39.3 billion in 2017.



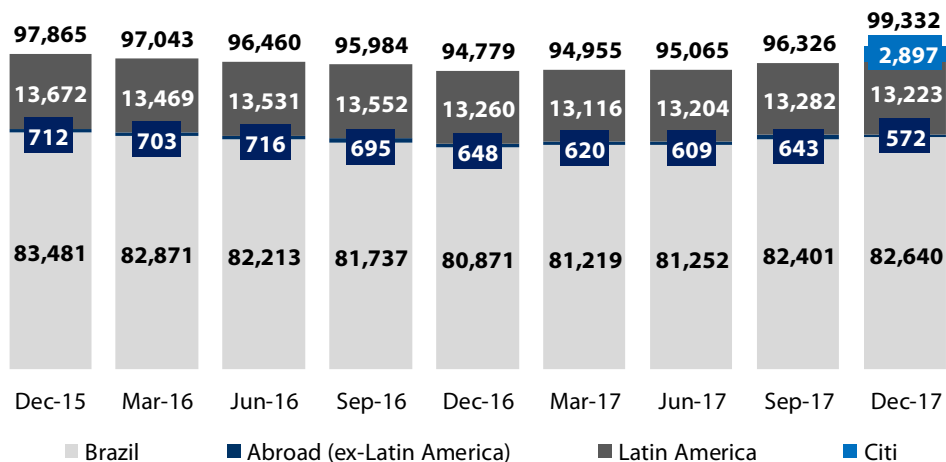
# Non-Interest Expenses

In R\$ billions	4Q17	3Q17	Δ	2017	2016	Δ
Personnel Expenses	(5.4)	(5.0)	7.3%	(20.2)	(19.7)	2.3%
Administrative Expenses	(4.2)	(4.0)	6.3%	(15.9)	(15.8)	0.5%
<b>Personnel and Administrative Expenses</b>	<b>(9.6)</b>	<b>(9.0)</b>	<b>6.9%</b>	<b>(36.1)</b>	<b>(35.6)</b>	<b>1.5%</b>
Operating Expenses	(1.2)	(1.4)	-16.4%	(4.9)	(5.0)	-2.7%
Other Tax Expenses <sup>(1)</sup>	(0.1)	(0.1)	-8.9%	(0.3)	(0.4)	-7.6%
Latin America (ex-Brazil) <sup>(2)</sup>	(1.5)	(1.4)	12.9%	(5.4)	(5.7)	-4.5%
<b>Total</b>	<b>(12.4)</b>	<b>(11.8)</b>	<b>4.7%</b>	<b>(46.7)</b>	<b>(46.6)</b>	<b>0.3%</b>

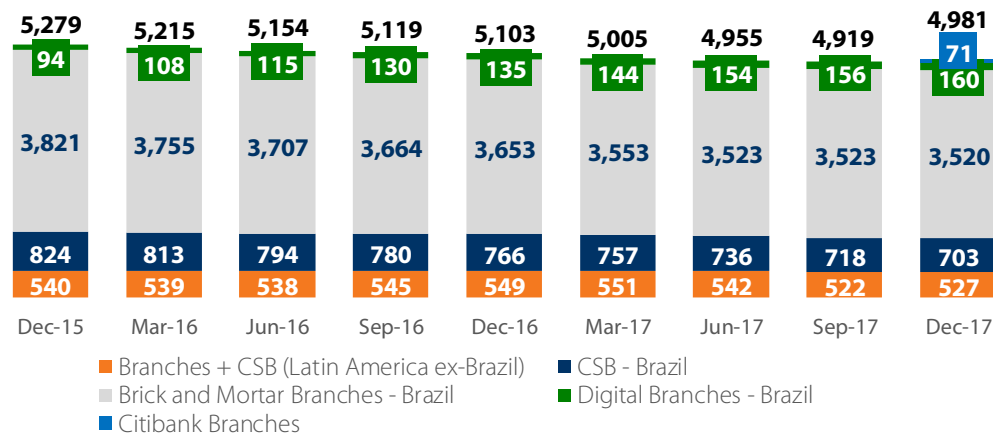
<sup>1</sup>Includes IPTU, IPVA, IOF and other. Does not include PIS, Cofins and ISS; <sup>2</sup> Does not consider overhead allocation.

Note: Considering Citibank's Operations, Non-Interest Expenses would be R\$12.7 billion in 4Q17 and R\$47.0 billion in 2017.

## # Employees



## # Branches and Client Service Branches



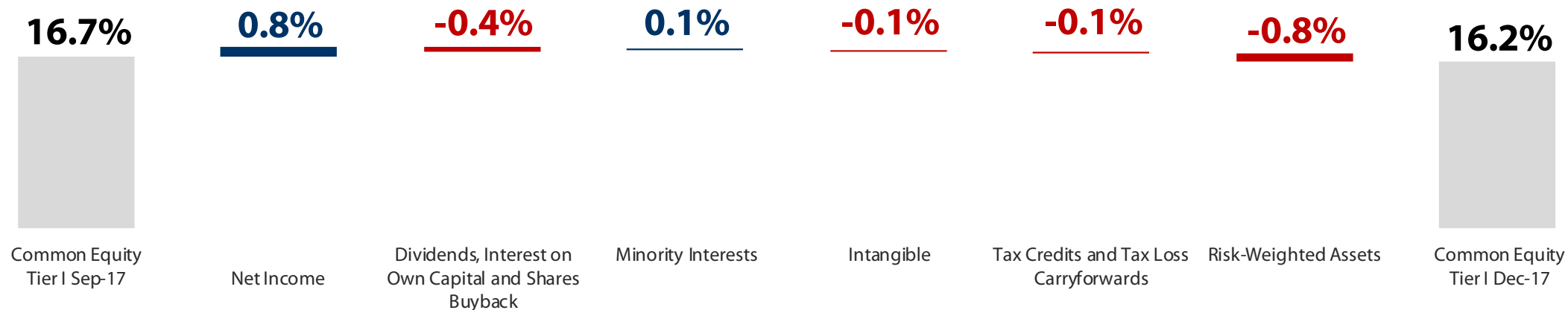
In order to **manage capital efficiently**, aiming at creating value to our shareholders, we announced through a Material Fact disclosed on September 26, 2017, that we intend to:

- Maintain the practice of paying dividends and interest on own capital at **35% of net income**, however we **excluded the maximum limit** previously determined at 45%.
- Set forth, through the Board of Directors, the total amount to be distributed each year considering:
  - the company's capitalization level, according to rules issued by the Brazilian Central Bank;
  - the minimum Tier 1 Capital\* of 13.5% determined by the Board of Directors. We highlight that this ratio must be composed of at least 12% of Core Capital;
  - the profitability in the year;
  - the expectations of capital use based on the expected business growth, share buyback programs, mergers and acquisitions and regulatory changes that may change capital requirement;
  - changes in tax legislation.

Therefore, the percentage to be distributed may change every year based on the company's profitability and capital demands, always considering the minimum distribution set forth in the Bylaws.

\* Taking into consideration the full application of Basel III rules, in addition to the impact from the acquisition of the minority interest of 49.9% in XP Investimentos.

## Changes in the Core Capital Ratio

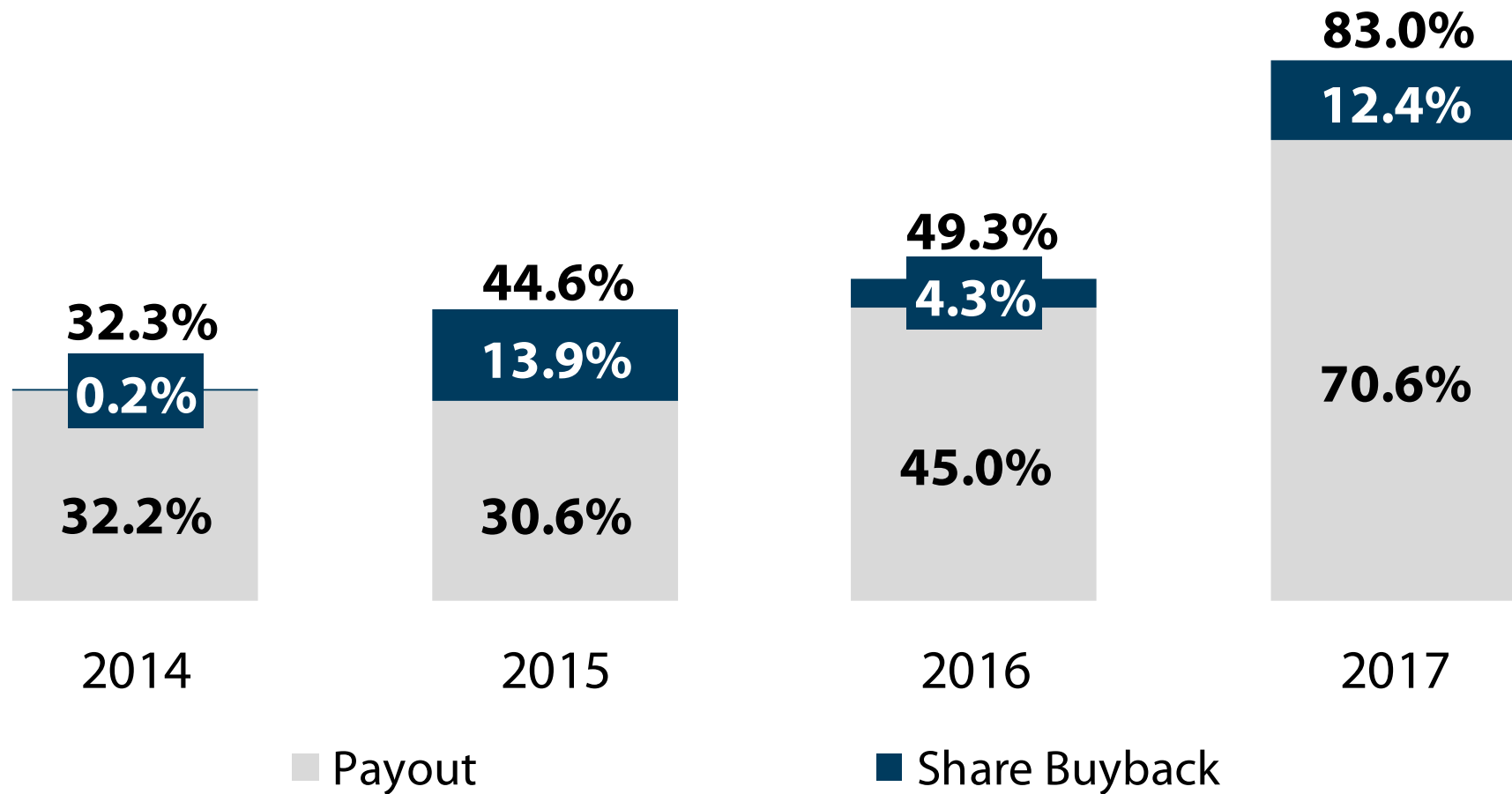


## Full application of Basel III rules | December 31, 2017



<sup>1</sup> Includes deductions of Goodwill, Intangible Assets (generated before and after October 2013), Tax Credits from Temporary Differences and Tax Loss Carryforwards, Pension Fund Assets, Equity Investments in Financial Institutions, Insurance and similar companies, the increase of the multiplier of the amounts of market risk, operational risk and certain credit risk accounts. This multiplier, which is at 10.8 nowadays, will be 12.5 in 2019 and the anticipation of deferred tax assets consumption expected for the first quarter of 2018, <sup>2</sup> Estimated impacts based on preliminary information, pending regulatory approval. <sup>3</sup> The impact of 0.6% represents AT1 issuance pro forma information, which is pending regulatory approval to be considered as Capital Tier I. <sup>4</sup> The additional dividends and interest on own capital in the amount of R\$13.7 billions reserved in stockholder's equity will be paid on March 7<sup>th</sup>, 2018. Therefore, the net payout over the recurring net income is 70.6%. Considering the shares bought back in 2017, the net payout over the recurring net income is 83.0%.

# Payout and Share Buyback



**2017 Dividend Yield\* = 8.0%**

\* Dividend yield considers payout of 83% and the daily closing price average in 2017.

	Consolidated		Brazil <sup>2</sup>	
	Forecast <sup>1</sup>	Actual	Forecast <sup>1</sup>	Actual
<b>Total Credit Portfolio<sup>3</sup></b>	From 0.0% to 4.0%	-0.8%	From -2.0% to 2.0%	-3.2%
<b>Financial Margin with Clients<sup>4</sup> (ex-Impairment and Discounts Granted)</b>	From -4.2% to -0.8%	-4.7%	From -5.2% to -1.8%	-4.4%
<b>Cost of Credit<sup>5</sup></b>	Between R\$15.5 bn and R\$18.0 bn	R\$17.9 bn	Between R\$13.5 bn and R\$16.0 bn	R\$15.8 bn
<b>Commissions and Fees and Result from Insurance Operations<sup>6</sup></b>	From 0.5% to 4.5%	5.2%	From 0.0% to 4.0%	5.2%
<b>Non-Interest Expenses</b>	From 1.5% to 4.5%	0.3%	From 3.0% to 6.0%	0.9%

(1) Considers USD-BRL exchange rate at R\$3.50 in Dec-17; (2) Includes units abroad ex-Latin America; (3) Includes financial guarantees provided and corporate securities; (4) The evolution of the Financial Margin with Clients also considers the reclassification of Discounts Granted to the Cost of Credit line in 2016; (5) Composed of Result from Loan Losses, Impairment and Discounts Granted; (6) Commissions and Fees (+) Income from Insurance, Pension Plan and Premium Bonds Operations (-) Expenses for Claims (-) Insurance, Pension Plan and Premium Bonds Selling Expenses.

2018 forecast considers Citibank's retail operations. Therefore, 2017 income statement basis for 2018 forecast must consider Citibank's figures in all lines of the income statement and also in the credit portfolio.\*

	Consolidated	Brazil <sup>1</sup>
<b>Total Credit Portfolio <sup>2</sup></b>	<b>From 4.0% to 7.0%</b>	<b>From 4.0% to 7.0%</b>
<b>Financial Margin with Clients</b>	<b>From -0.5% to 3.0%</b>	<b>From -1.0% to 2.5%</b>
<b>Financial Margin with the Market</b>	<b>Between R\$4.3 bn and R\$5.3 bn</b>	<b>Between R\$3.3 bn and R\$4.3 bn</b>
<b>Cost of Credit <sup>3</sup></b>	<b>Between R\$12.0 bn and R\$16.0 bn</b>	<b>Between R\$10.5 bn and R\$14.5 bn</b>
<b>Commissions and Fees and Result from Insurance Operations <sup>4</sup></b>	<b>From 5.5% to 8.5%</b>	<b>From 6.5% to 9.5%</b>
<b>Non-Interest Expenses</b>	<b>From 0.5% to 3.5%</b>	<b>From 0.5% to 3.5%</b>
<b>Effective Tax Rate <sup>5</sup></b>	<b>From 33.5% to 35.5%</b>	<b>From 34.0% to 36.0%</b>

(1) Includes units abroad ex-Latin America; (2) Includes financial guarantees provided and corporate securities; (3) Composed of Result from Loan Losses, Impairment and Discounts Granted; (4) Commissions and Fees (+) Income from Insurance, Pension Plan and Premium Bonds Operations (-) Expenses for Claims (-) Insurance, Pension Plan and Premium Bonds Selling Expenses; (5) Considers the constitution of new deferred tax assets at the rate of 40%.

(\*) For further details, please refer to page 14 of the 4Q17 Management Discussion & Analysis.

# Appendix

For comparison purposes, we deconsolidated the effects from Citibank's retail operations in Brazil (Citibank) and we recorded in a specific line in our income statement. Therefore, the information presented in this report does not include Citibank's balances and results, except where indicated.

The analysis of our performance in the fourth quarter of 2017 was carried out taking into consideration the managerial net income presented in the table below.

In R\$ billions	4Q17 Managerial With Citibank	(-) Citibank's Operations Recurring Results <sup>1</sup>	4Q17 Managerial Without Citibank
<b>Operating Revenues</b>	<b>27.8</b>	<b>0.3</b>	<b>27.5</b>
Managerial Financial Margin	16.9	0.2	16.7
Commissions and Fees	8.8	0.1	8.6
Result from Insurance <sup>2</sup>	2.1	-	2.1
<b>Cost of Credit</b>	<b>(4.3)</b>	<b>(0.1)</b>	<b>(4.2)</b>
<b>Retained Claims</b>	<b>(0.4)</b>	-	<b>(0.4)</b>
<b>Other Operating Expenses</b>	<b>(14.4)</b>	<b>(0.3)</b>	<b>(14.0)</b>
Non-interest Expenses	(12.7)	(0.3)	(12.4)
Tax Expenses and Other <sup>3</sup>	(1.7)	(0.0)	(1.7)
<b>Income before Tax and Profit Sharing</b>	<b>8.9</b>	<b>(0.1)</b>	<b>8.9</b>
<b>Income Tax and Social Contribution</b>	<b>(2.7)</b>	<b>0.0</b>	<b>(2.7)</b>
<b>Minority Interests</b>	<b>0.1</b>	-	<b>0.1</b>
<b>Result from Citibank's Operation</b>	-	<b>0.0</b>	<b>(0.0)</b>
<b>Recurring Net Income</b>	<b>6.3</b>	-	<b>6.3</b>
Non Recurring Events	(0.5)	-	(0.5)
<b>Net Income</b>	<b>5.8</b>	-	<b>5.8</b>

The impact on our net income of Citibank's retail operations in Brazil was a loss of R\$21 million in 4Q17.

<sup>1</sup> The consolidation of Citibank began on October 31, 2017, with impact on our net income in November and December 2017

<sup>2</sup> Result from Insurance includes the Result from Insurance, Pension Plan and Premium Bonds Operations before Retained Claims and Selling Expenses.

<sup>3</sup> Include Tax Expenses (ISS, PIS, COFINS and other) and Insurance Selling Expenses.



In R\$ billions	4Q17	3Q17	Δ	2017	2016	Δ
<b>Operating Revenues</b>	<b>27.5</b>	<b>27.0</b>	<b>2.0%</b>	<b>109.0</b>	<b>111.4</b>	<b>-2.2%</b>
Managerial Financial Margin	16.7	16.8	-0.1%	68.3	72.1	-5.3%
Financial Margin with Clients	15.3	15.4	-0.6%	62.0	65.1	-4.7%
Financial Margin with the Market	1.4	1.4	5.3%	6.3	7.0	-10.3%
Commissions and Fees	8.6	8.4	3.4%	32.9	31.0	6.2%
Result from Insurance <sup>1</sup>	2.1	1.9	14.6%	7.8	8.3	-7.0%
<b>Cost of Credit</b>	<b>(4.2)</b>	<b>(4.0)</b>	<b>5.1%</b>	<b>(17.9)</b>	<b>(25.5)</b>	<b>-29.6%</b>
Provision for Loan Losses	(4.4)	(4.3)	3.7%	(19.1)	(26.2)	-27.1%
Impairment	(0.3)	(0.3)	7.8%	(1.1)	(1.9)	-41.9%
Discounts Granted	(0.3)	(0.2)	24.5%	(1.0)	(1.2)	-13.5%
Recovery of Loans Written Off as Losses	0.8	0.8	4.3%	3.3	3.8	-13.2%
<b>Retained Claims</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>16.6%</b>	<b>(1.3)</b>	<b>(1.5)</b>	<b>-14.1%</b>
<b>Other Operating Expenses</b>	<b>(14.0)</b>	<b>(13.5)</b>	<b>3.9%</b>	<b>(53.4)</b>	<b>(53.7)</b>	<b>-0.5%</b>
Non-interest Expenses	(12.4)	(11.8)	4.7%	(46.7)	(46.6)	0.3%
Tax Expenses and Other <sup>2</sup>	(1.7)	(1.7)	-1.7%	(6.7)	(7.1)	-5.1%
<b>Income before Tax and Minority Interests</b>	<b>8.9</b>	<b>9.2</b>	<b>-2.7%</b>	<b>36.3</b>	<b>30.8</b>	<b>18.0%</b>
<b>Income Tax and Social Contribution</b>	<b>(2.7)</b>	<b>(3.0)</b>	<b>-8.8%</b>	<b>(11.3)</b>	<b>(8.5)</b>	<b>32.7%</b>
<b>Minority Interests in Subsidiaries</b>	<b>0.1</b>	<b>0.1</b>	<b>64.5%</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>-5.2%</b>
<b>Result from Citibank's operation</b>	<b>(0.0)</b>	-	-	<b>(0.0)</b>	-	-
<b>Recurring Net Income</b>	<b>6.3</b>	<b>6.3</b>	<b>0.4%</b>	<b>24.9</b>	<b>22.1</b>	<b>12.3%</b>
Non Recurring Events	(0.5)	(0.2)	158.7%	(0.9)	(0.6)	56.9%
<b>Net Income</b>	<b>5.8</b>	<b>6.1</b>	<b>-4.2%</b>	<b>24.0</b>	<b>21.6</b>	<b>11.1%</b>

<sup>1</sup> Result from Insurance includes the Result from Insurance, Pension Plan and Premium Bonds Operations before Retained Claims and Selling Expenses.

<sup>2</sup> Include Tax Expenses (ISS, PIS, COFINS and other) and Insurance Selling Expenses.

# Results – Brazil and Latin America



In R\$ billions	2017			2016			Δ		
	Consolidated	Brazil <sup>1</sup>	Latin America (ex-Brazil) <sup>2</sup>	Consolidated	Brazil <sup>1</sup>	Latin America (ex-Brazil) <sup>2</sup>	Consolidated	Brazil <sup>1</sup>	Latin America (ex-Brazil) <sup>2</sup>
<b>Operating Revenues</b>	<b>109.0</b>	<b>100.0</b>	<b>9.0</b>	<b>111.4</b>	<b>102.2</b>	<b>9.3</b>	<b>-2.2%</b>	<b>-2.1%</b>	<b>-2.9%</b>
Managerial Financial Margin	68.3	62.0	6.3	72.1	65.4	6.7	-5.3%	-5.2%	-5.9%
Financial Margin with Clients	62.0	56.7	5.3	65.1	59.3	5.8	-4.7%	-4.4%	-8.0%
Financial Margin with the Market	6.3	5.3	1.0	7.0	6.1	0.9	-10.3%	-12.9%	7.8%
Commissions and Fees	32.9	30.3	2.6	31.0	28.5	2.4	6.2%	6.4%	4.9%
Result from Insurance <sup>3</sup>	7.8	7.6	0.1	8.3	8.2	0.1	-7.0%	-7.2%	8.2%
<b>Cost of Credit</b>	<b>(17.9)</b>	<b>(15.8)</b>	<b>(2.1)</b>	<b>(25.5)</b>	<b>(23.3)</b>	<b>(2.2)</b>	<b>-29.6%</b>	<b>-32.1%</b>	<b>-2.7%</b>
Provision for Loan Losses	(19.1)	(16.8)	(2.2)	(26.2)	(23.8)	(2.3)	-27.1%	-29.4%	-4.0%
Impairment	(1.1)	(1.1)	-	(1.9)	(1.9)	-	-41.9%	-41.9%	-
Discounts Granted	(1.0)	(1.0)	(0.1)	(1.2)	(1.2)	(0.0)	-13.5%	-18.0%	452.1%
Recovery of Loans Written Off as Losses	3.3	3.1	0.2	3.8	3.6	0.2	-13.2%	-14.3%	10.6%
<b>Retained Claims</b>	<b>(1.3)</b>	<b>(1.2)</b>	<b>(0.0)</b>	<b>(1.5)</b>	<b>(1.4)</b>	<b>(0.0)</b>	<b>-14.1%</b>	<b>-14.9%</b>	<b>16.8%</b>
<b>Other Operating Expenses</b>	<b>(53.4)</b>	<b>(47.3)</b>	<b>(6.1)</b>	<b>(53.7)</b>	<b>(47.3)</b>	<b>(6.4)</b>	<b>-0.5%</b>	<b>0.0%</b>	<b>-3.5%</b>
Non-interest Expenses	(46.7)	(40.8)	(6.0)	(46.6)	(40.4)	(6.2)	0.3%	0.9%	-4.1%
Tax Expenses and Other <sup>4</sup>	(6.7)	(6.5)	(0.2)	(7.1)	(6.9)	(0.1)	-5.1%	-5.7%	22.9%
<b>Income before Tax and Minority Interests</b>	<b>36.3</b>	<b>35.6</b>	<b>0.7</b>	<b>30.8</b>	<b>30.1</b>	<b>0.7</b>	<b>18.0%</b>	<b>18.4%</b>	<b>1.6%</b>
<b>Income Tax and Social Contribution</b>	<b>(11.3)</b>	<b>(11.3)</b>	<b>(0.0)</b>	<b>(8.5)</b>	<b>(8.6)</b>	<b>0.1</b>	<b>32.7%</b>	<b>31.1%</b>	<b>-107.9%</b>
<b>Minority Interests in Subsidiaries</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>0.1</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>0.1</b>	<b>-5.2%</b>	<b>-15.8%</b>	<b>-21.2%</b>
<b>Result from Citibank's operation</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recurring Net Income</b>	<b>24.9</b>	<b>24.1</b>	<b>0.8</b>	<b>22.1</b>	<b>21.2</b>	<b>0.9</b>	<b>12.3%</b>	<b>13.5%</b>	<b>-13.6%</b>
<b>ROE (%)</b>	<b>21.8</b>	<b>23.2</b>	<b>8.2</b>	<b>20.3</b>	<b>21.2</b>	<b>10.6</b>	<b>160 bps</b>	<b>200 bps</b>	<b>-240 bps</b>

<sup>1</sup> Includes units abroad ex-Latin America.

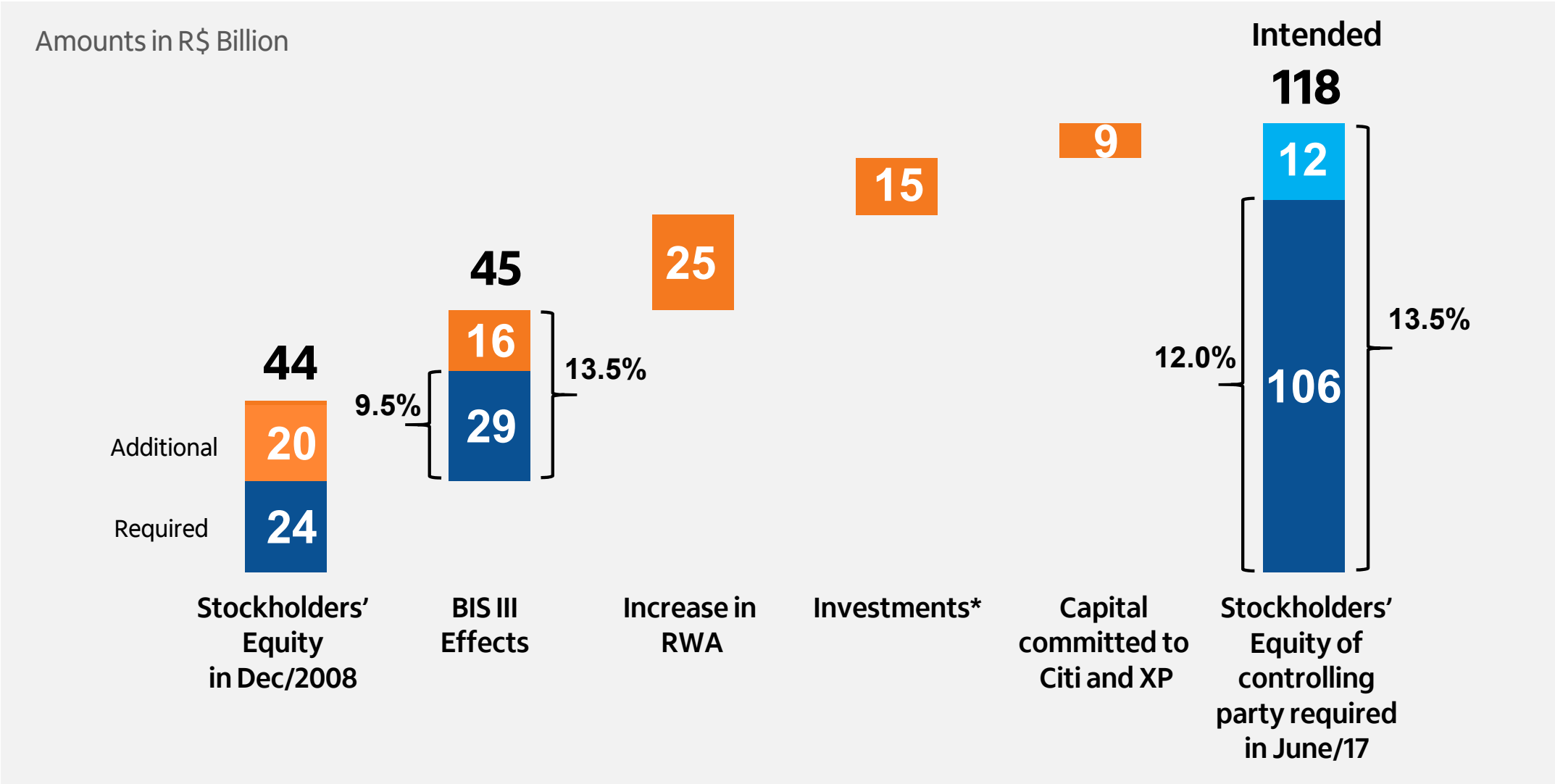
<sup>2</sup> Latin America information is presented in nominal currency.

<sup>3</sup> Result from Insurance includes the Result from Insurance, Pension Plan and Premium Bonds Operations before Retained Claims and Selling Expenses.

<sup>4</sup> Include Tax Expenses (ISS, PIS, COFINS and other) and Insurance Selling Expenses.

## Changes in Capital Requirements

Slide presented at APIMEC – SP meeting on 09/26/2017



\*Main investments: CorpBanca and REDE.

■ Regulatory Capital

■ ITUB Additional



## Conference Call 2017 Earnings Review

### **Candido Botelho Bracher**

President and CEO

### **Caio Ibrahim David**

Executive Vice-President, CFO and CRO

### **Alexsandro Broedel Lopes**

Executive Finance Director and Investor Relations Officer

