



Conference Call  
**3<sup>rd</sup> quarter 2019 Earnings Review**

**Candido Botelho Bracher**

President and CEO

**Milton Maluhy Filho**

Executive Vice-President, CFO and CRO

**Alexsandro Broedel**

Executive Finance Director and Head of Investor Relations



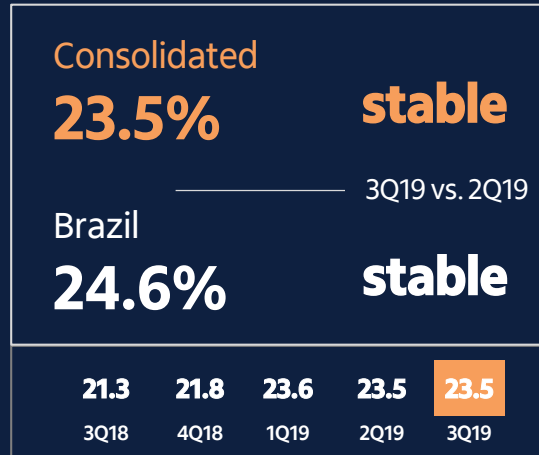
# Highlights

3<sup>rd</sup> quarter 2019

## Recurring Net Income



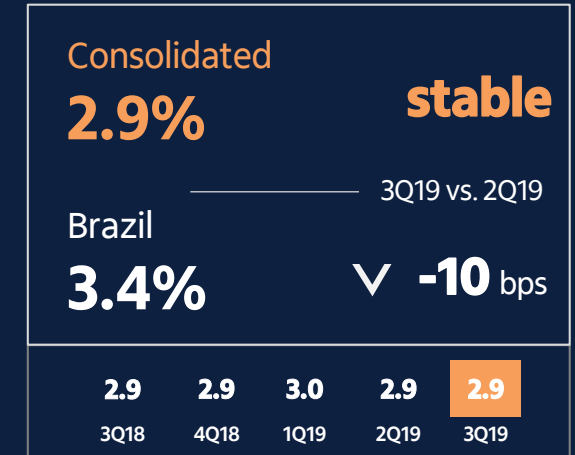
## Recurring ROE



## Credit <sup>1</sup>



## NPL 90 days



## Financial Margin with Clients



## Commission, Fees and Insurance Results <sup>2</sup>



## Cost of Credit

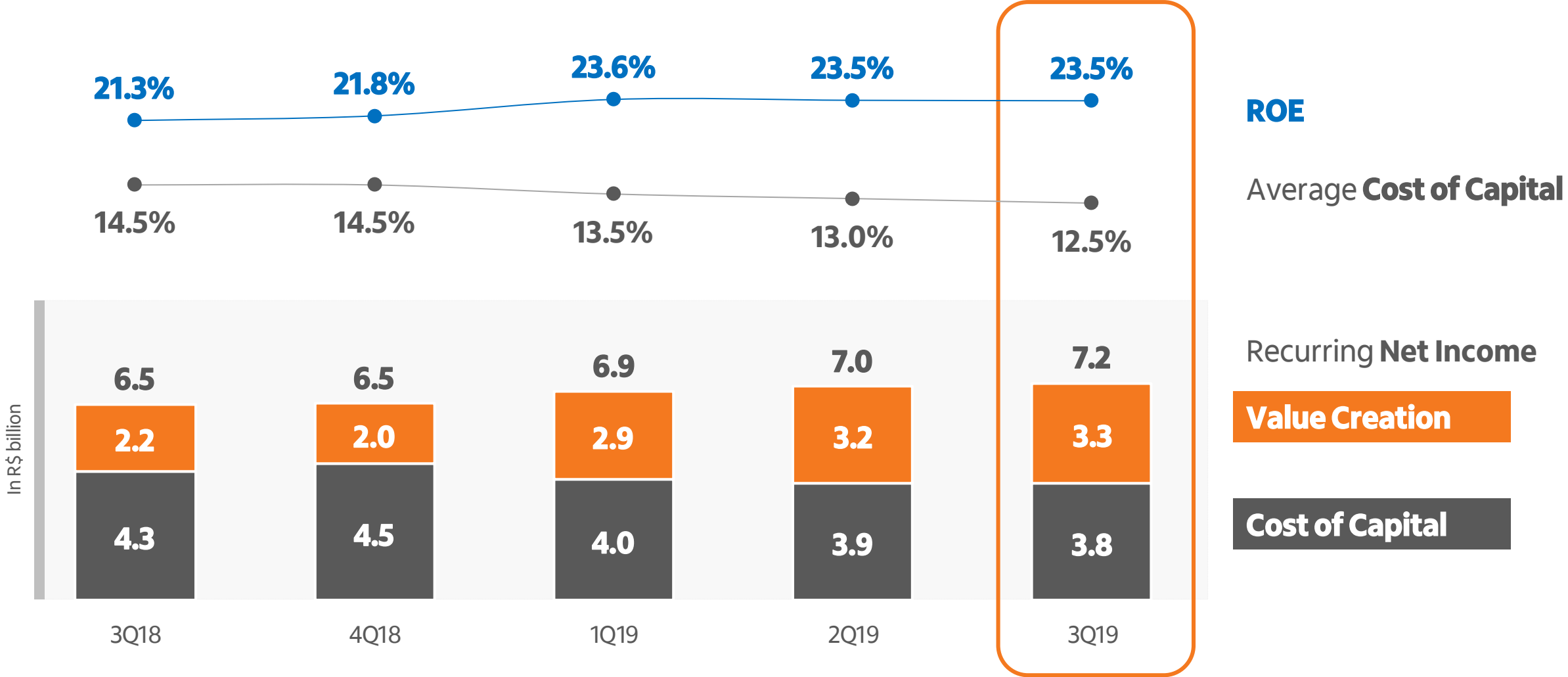


## Non-Interest Expenses



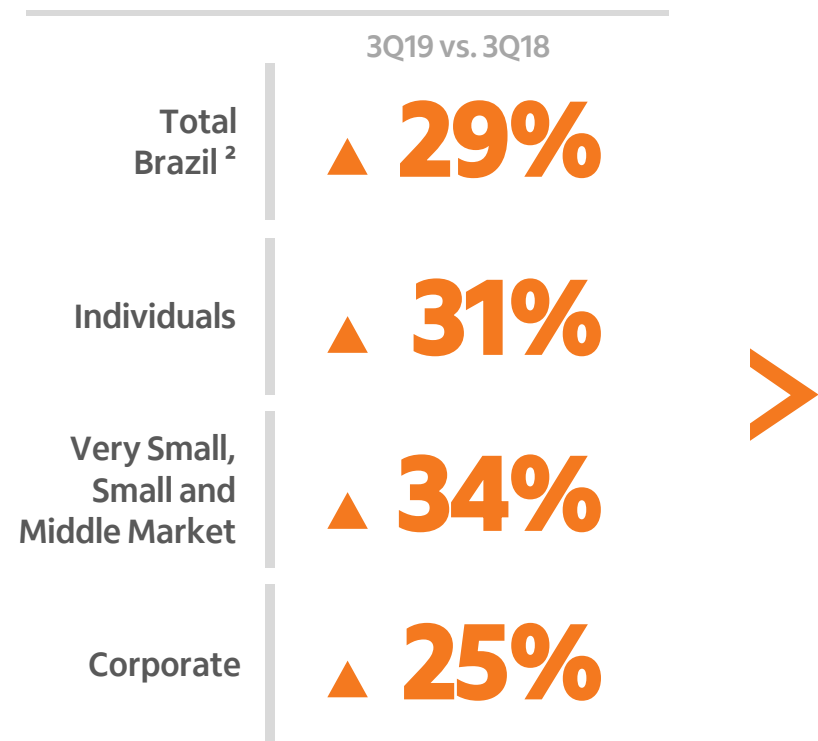
(1) Total with Financial Guarantees provided and Corporate Securities; (2) Revenues from Insurance (-) Claims Expenses (-) Insurance Selling Expenses.

# Recurring Net Income and Value Creation

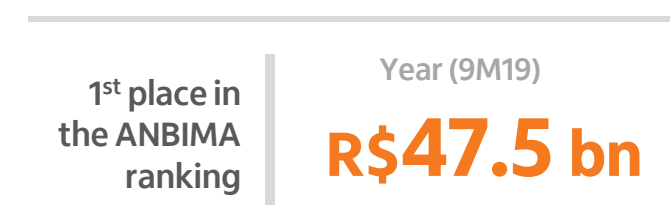


# Credit by Client profile or Product

## Credit origination<sup>1</sup>



## Private securities issuance<sup>3</sup>



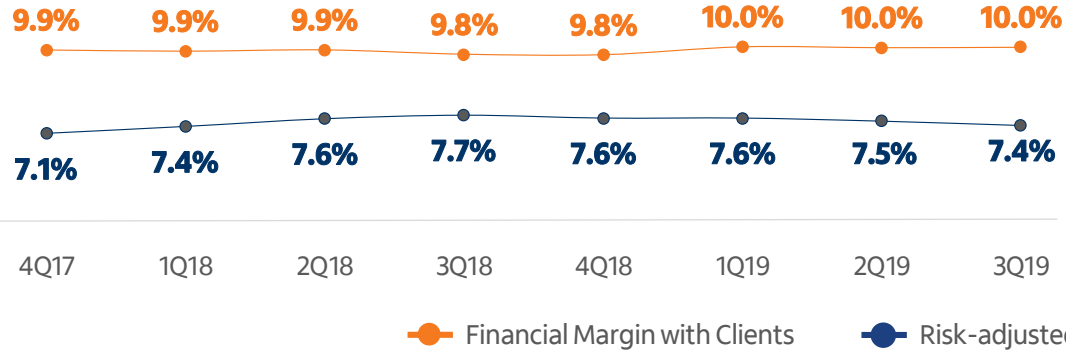
In R\$ billions, end of period	3Q19	2Q19	Δ	3Q18	Δ
<b>Individuals</b>	<b>229.7</b>	<b>222.3</b>	<b>3.3%</b>	<b>200.0</b>	<b>14.9%</b>
Credit Card Loans	83.3	79.3	5.1%	68.7	21.4%
Personal Loans	34.2	32.8	4.5%	28.9	18.5%
Payroll Loans	49.3	49.1	0.5%	46.0	7.4%
Vehicle Loans	18.0	17.2	4.5%	15.2	18.0%
Mortgage Loans	44.8	44.0	2.0%	41.2	8.7%
<b>Very Small, Small and Middle Market Loans</b>	<b>84.0</b>	<b>78.1</b>	<b>7.6%</b>	<b>67.5</b>	<b>24.5%</b>
<b>Individuals + Very Small, Small and Middle Market Loans</b>	<b>313.8</b>	<b>300.4</b>	<b>4.5%</b>	<b>267.5</b>	<b>17.3%</b>
<b>Corporate Loans</b>	<b>204.2</b>	<b>193.6</b>	<b>5.5%</b>	<b>196.3</b>	<b>4.1%</b>
Credit Operations	157.0	151.4	3.7%	159.9	-1.9%
Corporate Securities	47.3	42.2	12.1%	36.3	30.1%
<b>Total Brazil</b>	<b>518.0</b>	<b>494.0</b>	<b>4.9%</b>	<b>463.7</b>	<b>11.7%</b>
<b>Latin America</b>	<b>171.0</b>	<b>165.7</b>	<b>3.2%</b>	<b>172.7</b>	<b>-1.0%</b>
<b>Total with Financial Guarantees provided and Corporate Securities</b>	<b>689.0</b>	<b>659.7</b>	<b>4.4%</b>	<b>636.4</b>	<b>8.3%</b>

Note: Does not consider origination of Credit Card, Overdraft, Debt Renegotiation and other revolving credits. (1) Average origination per working day in the period, except for private securities issuance. (2) Does not include private securities issuance. (3) Source: ANBIMA (Brazilian Financial and Capital Markets Association). Considers total volume of fixed income and hybrid private securities issuance arranged by Itaú Unibanco on the local market (includes distributed volumes).

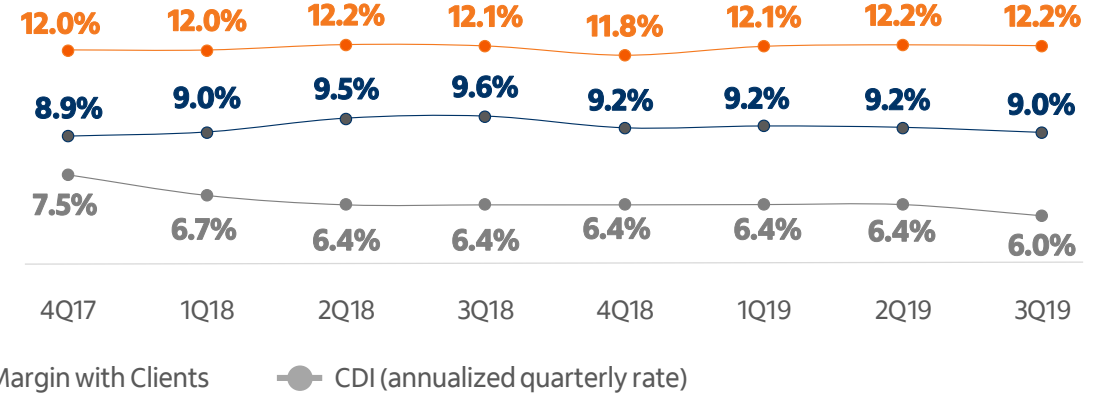
# Financial Margin with Clients

## Annualized Average Rate

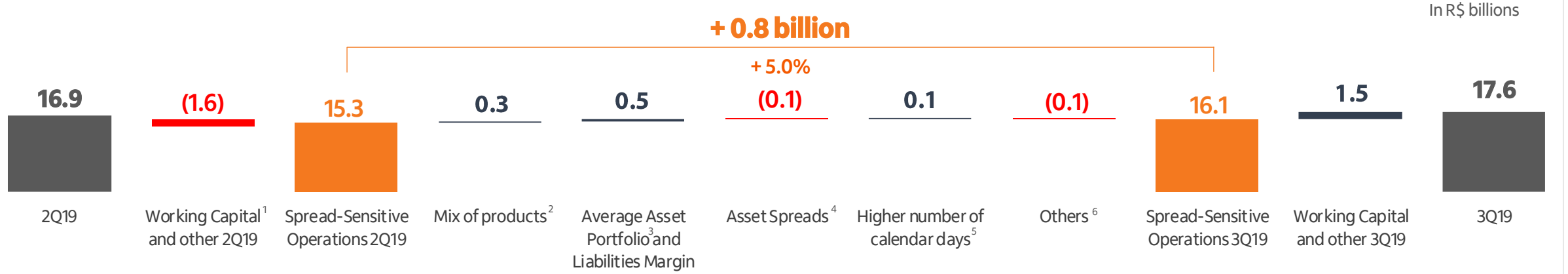
### Consolidated



### Brazil

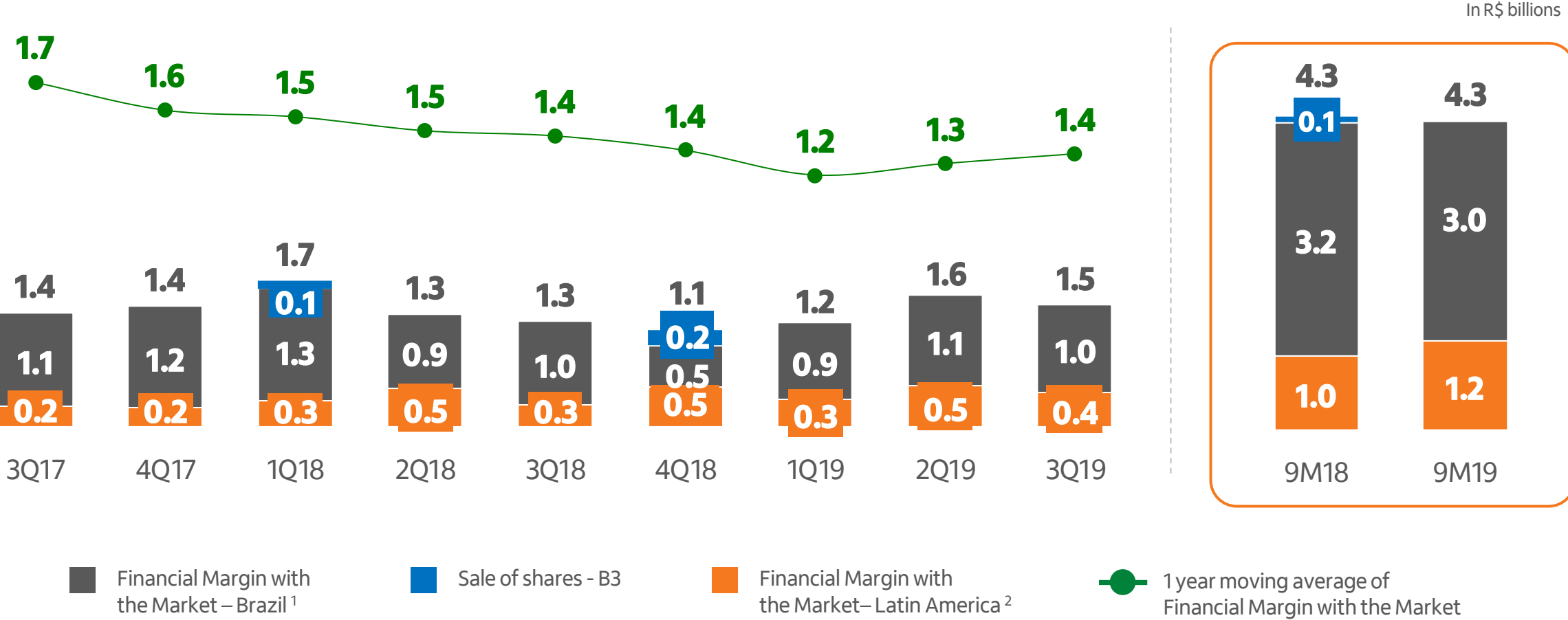


## Change in Financial Margin with Clients



(1) Includes capital allocated to business areas (except treasury), and the corporation working capital. (2) Change in the composition of assets with credit risk between periods in Brazil; (3) Considers credit and private securities portfolio net of overdue balance over 60 days in Brazil; (4) Spreads variation of assets with credit risk between periods in Brazil; (5) In Brazil; (6) Includes Latin America (ex-Brazil) spread-sensitive operations and structured operations from the wholesale segment.

# Financial Margin with the Market

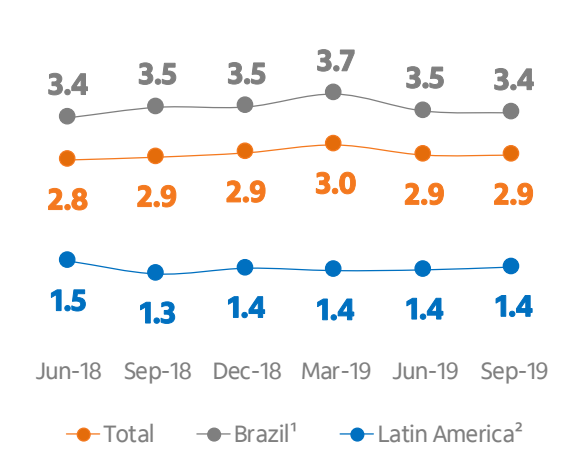


(1) Includes units abroad ex-Latin America; (2) Excludes Brazil.

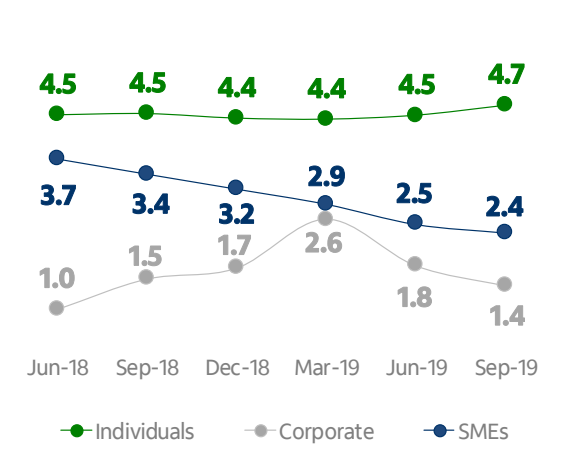
# Cost of Credit and Credit Quality

## NPL Ratio

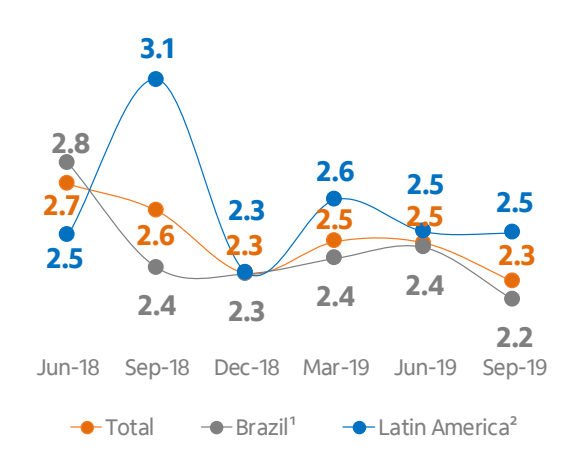
Consolidated (90 days) - %



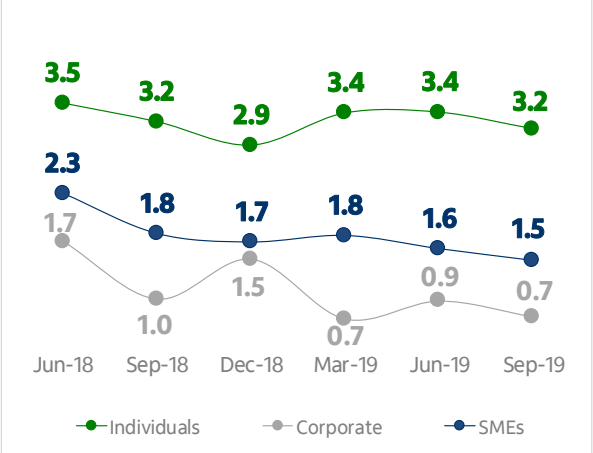
Brazil (90 days) - %



Consolidated (15-90 days) - %



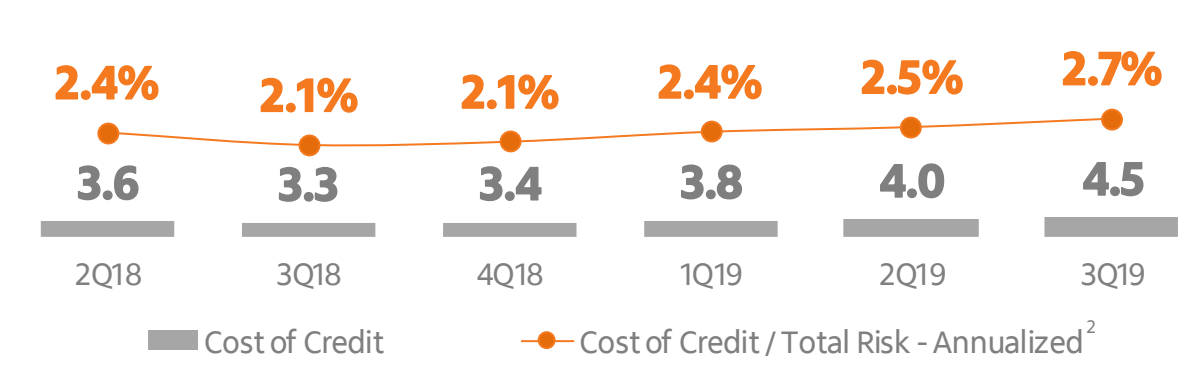
Brazil (15-90 days) - %



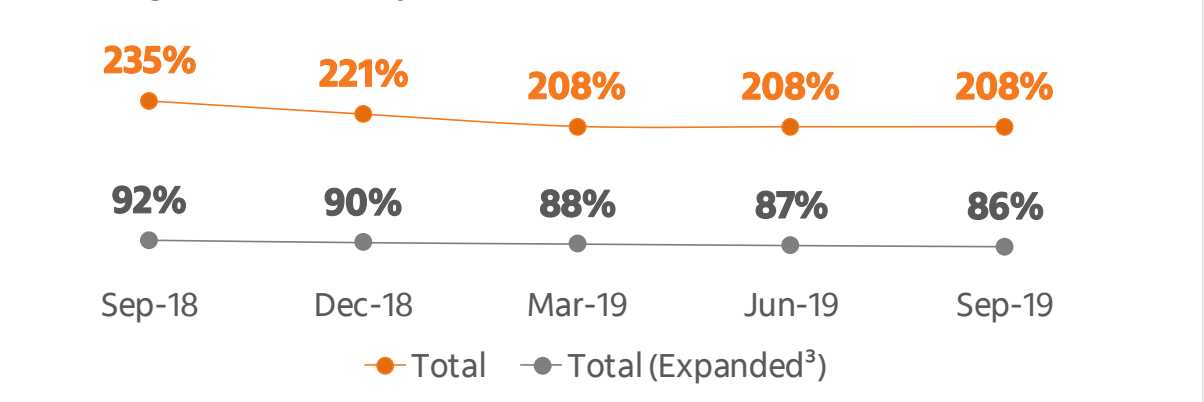
<sup>(1)</sup> Includes units abroad ex-Latin America; <sup>(2)</sup> Excludes Brazil.

## Cost of Credit <sup>1</sup>

In R\$ billions

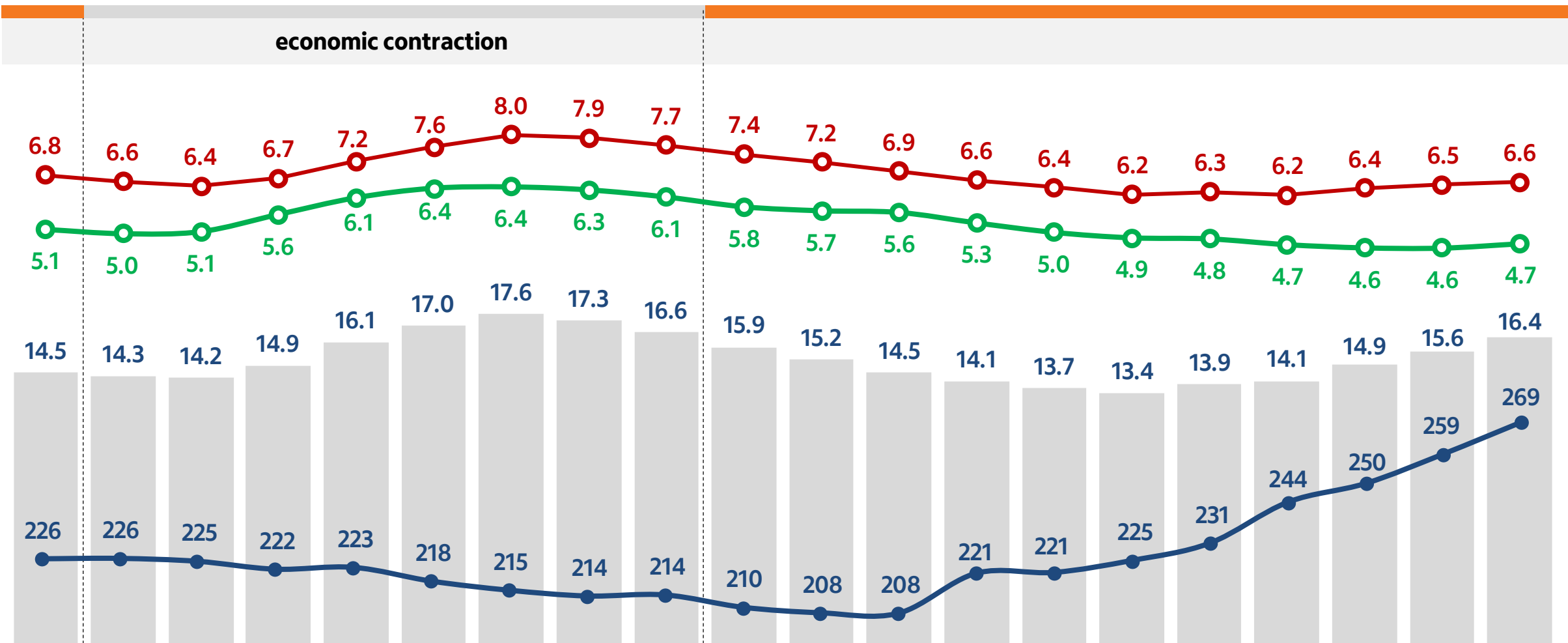


## Coverage Ratio (90-day NPL) - %



(1) Provision for Loan Losses and + Recovery of Loans written-off as Losses + Impairment + Discounts Granted; (2) Average balance of the loan portfolio with financial guarantees provided and corporate securities, considering the last two quarters; (3) 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.

# Retail Bank - Cost of Credit and Credit Quality



Dec-14 Mar-15 Jun-15 Sep-15 Dec-15 Mar-16 Jun-16 Sep-16 Dec-16 Mar-17 Jun-17 Sep-17 Dec-17 Mar-18 Jun-18 Sep-18 Dec-18 Mar-19 Jun-19 Sep-19

- Trailing 12 months Retail Banking Provision for Loan Losses (R\$ Bn)
- 90-day NPL - Retail Banking (%)
- Annual Retail Banking Provision for Loan Losses / Average Portfolio (%)
- Credit Portfolio - Retail Banking (R\$ Bn)



# Commissions and Fees and Result From Insurance Operations

In R\$ billions	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
Credit and Debit Cards	3,2	3,2	0,1%	3,4	-5,5%	9,7	10,0	-3,0%
Card Issuance	2,3	2,2	1,5%	2,2	2,7%	6,7	6,3	6,1%
Acquiring	0,9	1,0	-3,3%	1,2	-20,8%	3,0	3,7	-18,5%
Current Account Services	1,9	1,8	3,2%	1,8	3,1%	5,6	5,5	1,7%
Asset Management <sup>1</sup>	1,4	1,3	8,3%	1,1	28,7%	3,7	3,2	16,5%
Advisory Services and Brokerage	0,7	0,6	14,1%	0,3	150,4%	1,7	1,0	65,3%
Credit Operations and Guarantees Provided	0,6	0,7	-8,3%	0,6	0,1%	1,9	1,9	-1,9%
Collection Services	0,5	0,5	2,0%	0,5	5,6%	1,5	1,4	2,9%
Other	0,3	0,3	6,2%	0,2	18,2%	0,8	0,8	4,0%
Latin America (ex-Brazil)	0,7	0,7	-2,8%	0,7	-4,6%	2,2	2,1	2,0%
<b>Commissions and Fees</b>	<b>9,3</b>	<b>9,1</b>	<b>2,2%</b>	<b>8,6</b>	<b>7,3%</b>	<b>27,0</b>	<b>25,9</b>	<b>4,1%</b>
Result from Insurance Operations <sup>2</sup>	1,6	1,7	-6,0%	1,5	3,6%	4,9	4,8	1,9%
<b>Total</b>	<b>10,8</b>	<b>10,7</b>	<b>1,0%</b>	<b>10,2</b>	<b>6,8%</b>	<b>31,8</b>	<b>30,7</b>	<b>3,8%</b>

(1) Includes fund management fees and consortia management fees; (2) Result from Insurance includes the Revenues from Insurance, Pension Plan and Premium Bonds Operations net of Retained Claims and Selling Expenses; (3) Does not include Latin America (ex-Brazil).

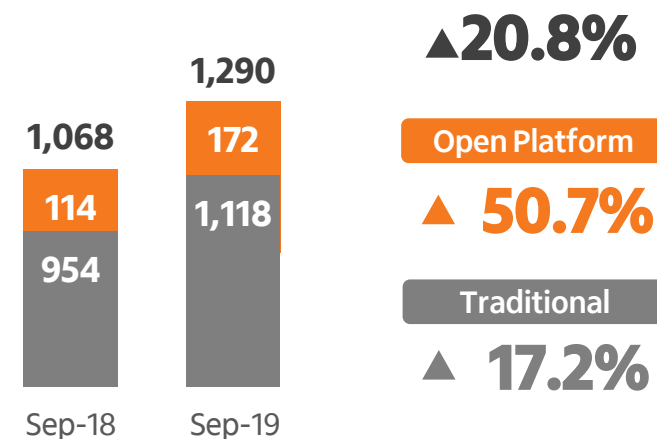
## Current Account Holders

Annual increase in the number of Individuals account holders.

▲ **9%**

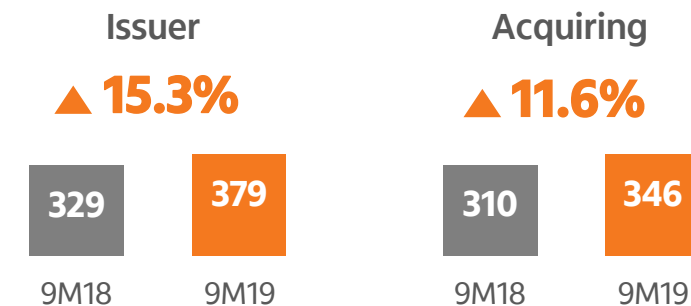
## Assets Under Administration <sup>3</sup>

In R\$ billions



## Total Payment Volume (TPV) - Cards

In R\$ billions



# Clients

We are a bank with **55 million clients**



**Clients more satisfied**

## Individual account holders<sup>1</sup>



**openings**

+ 43% accounts opened compared to 2016



**closures**

- 29% closures and inactive accounts compared to 2016, in line with the improved credit quality of our portfolio

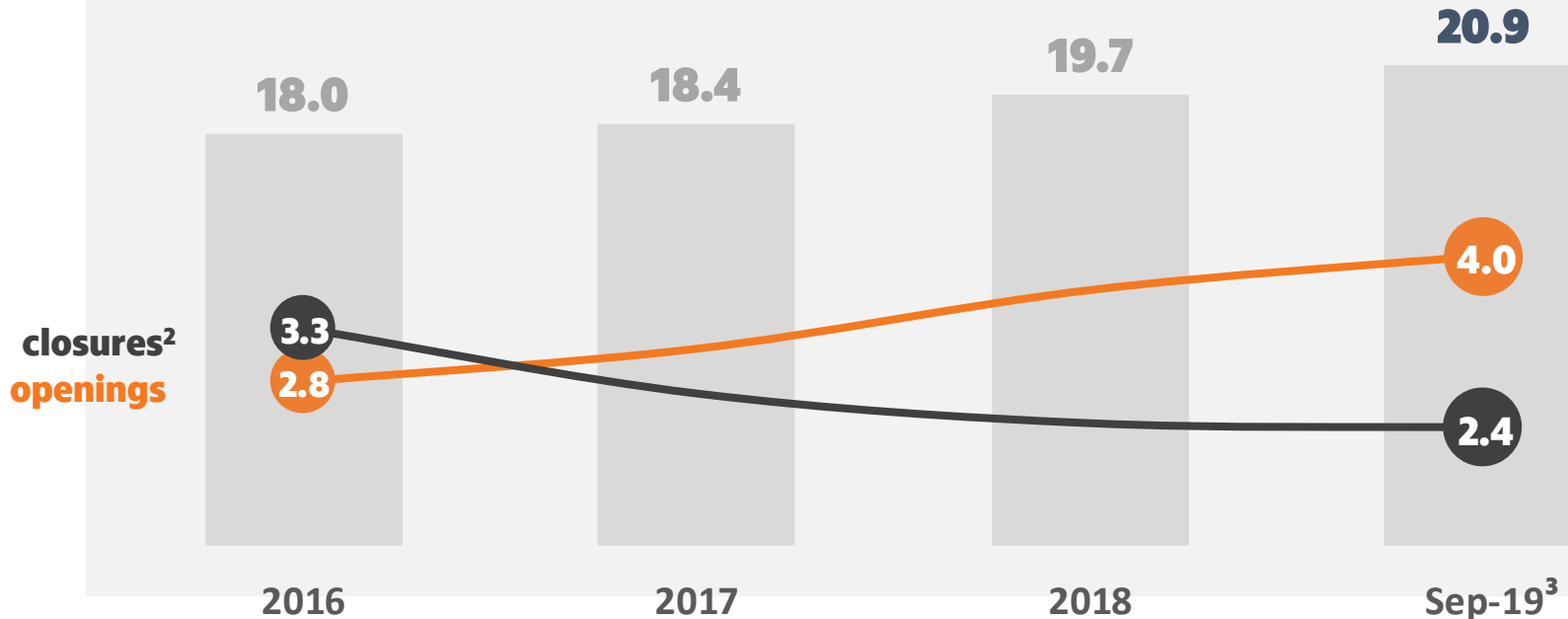


**8 points Global NPS**

in the last 12 months

## Total

**80% are more than 5-year-old accounts**



**New account holders**

**55% are under 30 years old**

(1) Individual account holders does not include savings accounts, salary accounts and INSS(Social Security National Institute) accounts; (2) Includes closures and inactivation discounted from reactivation; (3) Individual account holders in September 2019 and closures and openings from the last 12 months.

## Non-Interest Expenses

In R\$ billions	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
Personnel Expenses	(5.6)	(5.5)	1.6%	(5.4)	4.2%	(16.5)	(15.7)	5.1%
Administrative Expenses	(4.2)	(4.2)	-1.5%	(4.2)	-0.1%	(12.5)	(12.2)	2.5%
Operating Expenses	(1.3)	(1.2)	10.3%	(1.3)	2.8%	(3.6)	(3.7)	-2.8%
Other Tax Expenses <sup>1</sup>	(0.1)	(0.1)	-11.7%	(0.1)	1.9%	(0.3)	(0.2)	10.0%
Latin America (ex-Brazil) <sup>2</sup>	(1.6)	(1.6)	-0.4%	(1.7)	-6.4%	(4.8)	(4.8)	0.0%
<b>Total</b>	<b>(12.8)</b>	<b>(12.7)</b>	<b>1.0%</b>	<b>(12.6)</b>	<b>1.2%</b>	<b>(37.6)</b>	<b>(36.6)</b>	<b>2.8%</b>

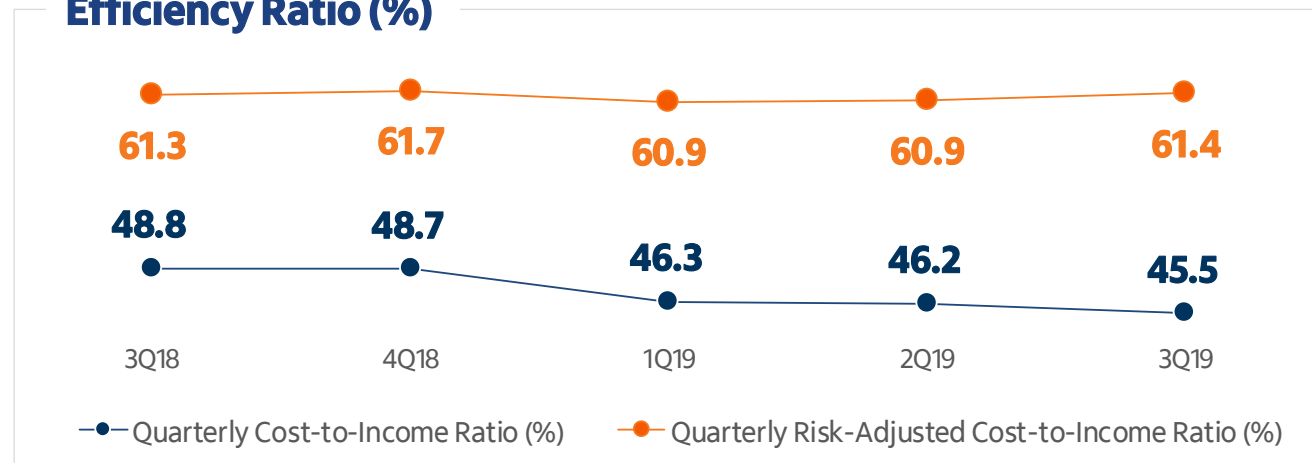
(1) Includes IPTU, IPVA, IOF and other. Does not include PIS, Cofins and ISS; (2) Does not consider overhead allocation.

## Voluntary Severance Program

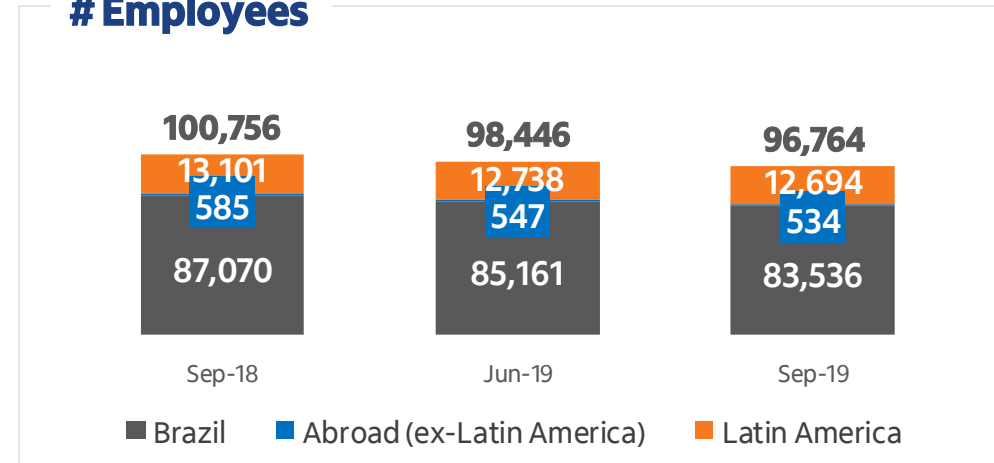
**~ 3.5 thousand employees adhered  
out of ~7 thousand eligible employees**

Non recurring expenses of  
**R\$2.4 billion** before taxes

## Efficiency Ratio (%)



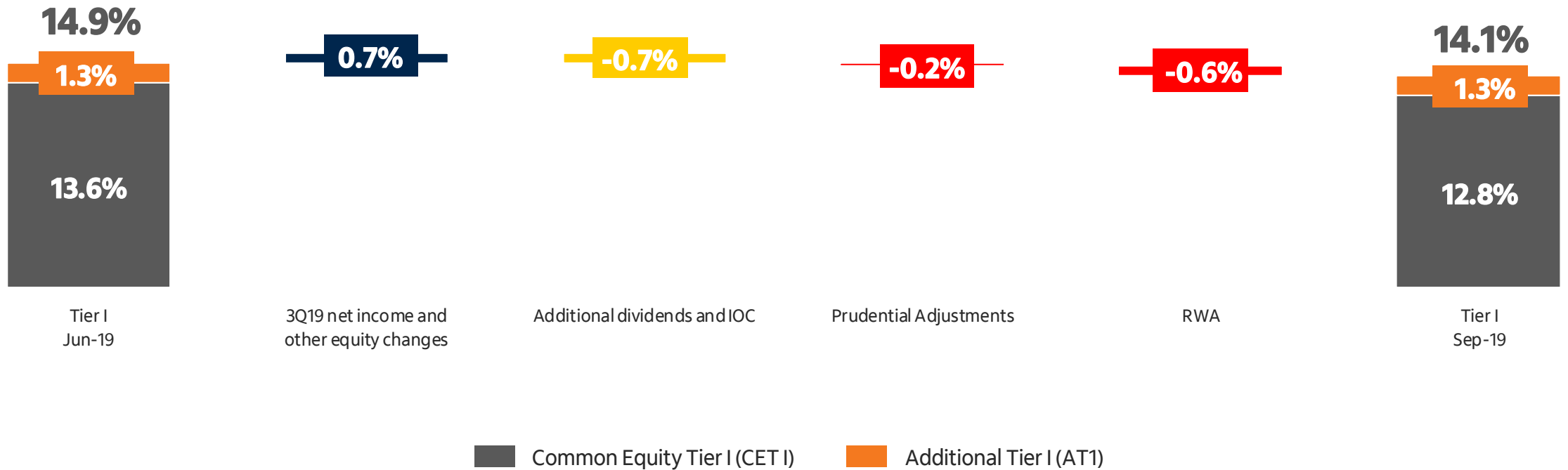
## # Employees



# Capital

Full application of Basel III rules | September 30, 2019

Payment of R\$7.7 billion in complementary dividends on August 23<sup>rd</sup>, 2019.



## 2019 Forecast

	Consolidated	Brazil <sup>1</sup>
Total Credit Portfolio <sup>2</sup>	8.0%   —   11.0%	8.0%   —   11.0%
Financial Margin with Clients	9.0%   —   12.0%	9.0%   —   12.0%
Financial Margin with the Market	R\$4.6 bn   —   R\$5.6 bn	R\$3.6 bn   —   R\$4.6 bn
Cost of Credit <sup>3</sup>	R\$14.5 bn   —   R\$17.5 bn	R\$12.5 bn   —   R\$15.5 bn
Commissions and Fees and Results from Insurance Operations <sup>4</sup>	2.0%   —   5.0%	2.0%   —   5.0%
Non-Interest Expenses	3.0%   —   6.0%	3.5%   —   6.5%
Effective Tax Rate	31.0%   —   33.0%	32.0%   —   34.0%

(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.

# Appendix

# Results

In R\$ Billions	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
<b>Operating Revenues</b>	<b>30.3</b>	<b>29.5</b>	<b>2.6%</b>	<b>27.9</b>	<b>8.5%</b>	<b>88.0</b>	<b>83.3</b>	<b>5.5%</b>
Managerial Financial Margin	19.1	18.5	3.4%	17.4	9.6%	55.2	51.7	6.7%
Financial Margin with Clients	17.6	16.9	4.4%	16.2	9.1%	50.9	47.4	7.5%
Financial Margin with the Market	1.5	1.6	-7.8%	1.3	15.4%	4.3	4.3	-1.6%
Commissions and Fees	9.3	9.1	2.2%	8.6	7.3%	27.0	25.9	4.1%
Revenues from Insurance <sup>1</sup>	1.9	2.0	-3.0%	1.9	3.3%	5.8	5.8	1.0%
<b>Cost of Credit</b>	<b>(4.5)</b>	<b>(4.0)</b>	<b>11.1%</b>	<b>(3.3)</b>	<b>37.8%</b>	<b>(12.3)</b>	<b>(10.7)</b>	<b>15.9%</b>
Provision for Loan Losses	(4.9)	(4.4)	11.7%	(3.9)	26.1%	(13.5)	(12.3)	10.2%
Impairment	(0.1)	(0.0)	63.1%	(0.1)	-21.4%	(0.1)	(0.3)	-48.7%
Discounts Granted	(0.3)	(0.4)	-23.1%	(0.3)	5.3%	(1.0)	(0.8)	18.5%
Recovery of Loans Written Off as Losses	0.8	0.8	0.1%	1.0	-21.6%	2.3	2.8	-15.4%
<b>Retained Claims</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>13.9%</b>	<b>(0.3)</b>	<b>5.9%</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>0.1%</b>
<b>Other Operating Expenses</b>	<b>(14.6)</b>	<b>(14.4)</b>	<b>1.0%</b>	<b>(14.3)</b>	<b>2.0%</b>	<b>(42.8)</b>	<b>(41.6)</b>	<b>3.0%</b>
Non-Interest Expenses	(12.8)	(12.7)	1.0%	(12.6)	1.2%	(37.6)	(36.6)	2.8%
Tax Expenses and Other <sup>2</sup>	(1.8)	(1.8)	0.8%	(1.6)	8.3%	(5.2)	(5.0)	4.2%
<b>Income before Tax and Minority Interests</b>	<b>10.9</b>	<b>10.7</b>	<b>1.2%</b>	<b>10.0</b>	<b>8.2%</b>	<b>31.8</b>	<b>30.2</b>	<b>5.6%</b>
<b>Income Tax and Social Contribution</b>	<b>(3.5)</b>	<b>(3.4)</b>	<b>3.2%</b>	<b>(3.4)</b>	<b>2.7%</b>	<b>(10.1)</b>	<b>(10.4)</b>	<b>-2.6%</b>
<b>Minority Interests in Subsidiaries</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>-35.4%</b>	<b>(0.2)</b>	<b>15.2%</b>	<b>(0.7)</b>	<b>(0.5)</b>	<b>24.7%</b>
<b>Recurring Net Income</b>	<b>7.2</b>	<b>7.0</b>	<b>1.7%</b>	<b>6.5</b>	<b>10.9%</b>	<b>21.1</b>	<b>19.3</b>	<b>9.4%</b>

<sup>(1)</sup> Revenues from Insurance includes the Revenues 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.

# Business Model

In R\$ billions

	9M19					9M18					Δ				
	Consolidated	Credit	Trading	Insurance & Services	Excess Capital	Consolidated	Credit	Trading	Insurance & Services	Excess Capital	Consolidated	Credit	Trading	Insurance & Services	Excess Capital
Operating Revenues	88.0	46.8	1.2	38.9	1.1	83.3	42.9	1.4	37.7	1.3	4.6	3.8	(0.2)	1.2	(0.2)
Managerial Financial Margin	55.2	37.7	1.2	15.2	1.1	51.7	34.5	1.3	14.6	1.3	3.5	3.3	(0.2)	0.6	(0.2)
Commissions and Fees	27.0	9.0	0.0	17.9	-	25.9	8.5	0.0	17.4	-	1.1	0.6	(0.0)	0.5	-
Revenues from Insurance <sup>1</sup>	5.8	-	-	5.8	-	5.8	-	-	5.8	-	0.1	-	-	0.1	-
Cost of Credit	(12.3)	(12.3)	-	-	-	(10.7)	(10.7)	-	-	-	(1.7)	(1.7)	-	-	-
Retained Claims	(0.9)	-	-	(0.9)	-	(0.9)	-	-	(0.9)	-	(0.0)	-	-	(0.0)	-
Non-Interested Expenses and Other Expenses <sup>2</sup>	(43.5)	(21.4)	(0.6)	(21.5)	(0.1)	(42.1)	(20.3)	(0.8)	(21.0)	(0.1)	(1.4)	(1.1)	0.2	(0.5)	0.0
Recurring Net Income	21.1	9.0	0.4	10.8	0.9	19.3	7.0	0.4	10.6	1.3	1.8	2.0	(0.0)	0.2	(0.4)
Average Regulatory Capital	124.1	63.4	1.5	40.5	18.7	121.8	62.1	1.6	37.0	21.2	2.2	1.4	(0.0)	3.4	(2.5)
Value Creation	9.4	3.0	0.3	7.0	(0.9)	7.2	0.8	0.3	7.0	(0.8)	2.2	2.1	0.0	0.1	(0.1)
Recurring ROE	23.5%	18.9%	33.5%	35.6%	6.3%	21.7%	15.0%	35.0%	38.2%	7.9%	180 bps	390 bps	-150 bps	-260 bps	-170 bps

<sup>(1)</sup> Revenues from Insurance includes the Revenues 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.



# Payout Practice

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:

our capitalization level, the minimum Tier 1 Capital of 13.5% (this ratio must be composed of at least 12% of Core Capital), the profitability in the year, expectations of capital use and changes in tax legislation.

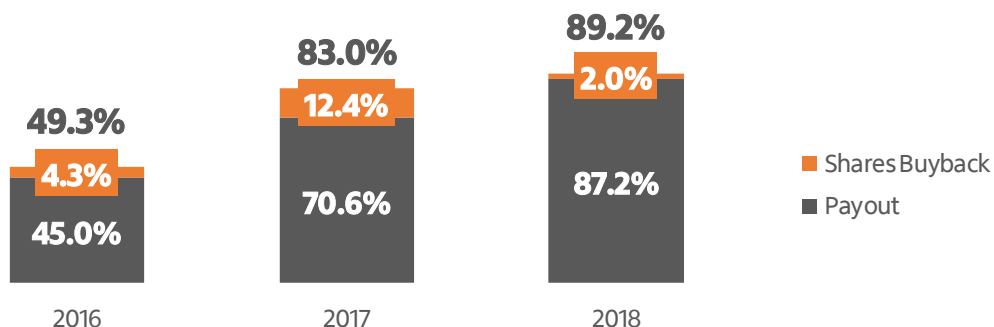
## Total Payout simulation

to keep Tier I Capital at 13.5% under different return and growth scenarios, assuming no acquisitions or change in capital requirements

		ROE				
		15.00%	17.50%	20.00%	22.50%	25.00%
RWA Growth	5.00%	65 – 70%	70 – 75%	75 – 80%	80 – 85%	85 - 90%
	10.00%	40 – 45%	45 – 50%	50 – 55%	55 – 60%	60 – 65%
	15.00%	35%	35%	35 – 40%	40 – 45%	45 – 50%

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

## Payout and Shares Buyback



## Dividend Yield <sup>1</sup>

**7.5%**  
in 2018

**22.9**

Dividends and IOC <sup>2</sup>  
In R\$ billions



Paid

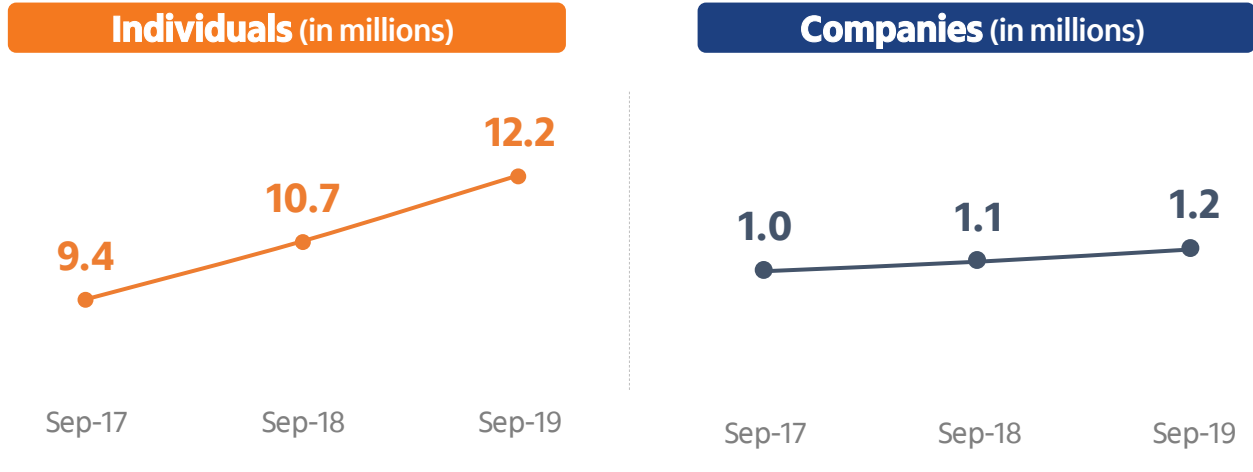
Shares Buyback

2018

(1) Considers the payout of 89.2% and the average daily closing price in 2018; (2) Dividends and IOC net of taxes.

# Digital Transformation

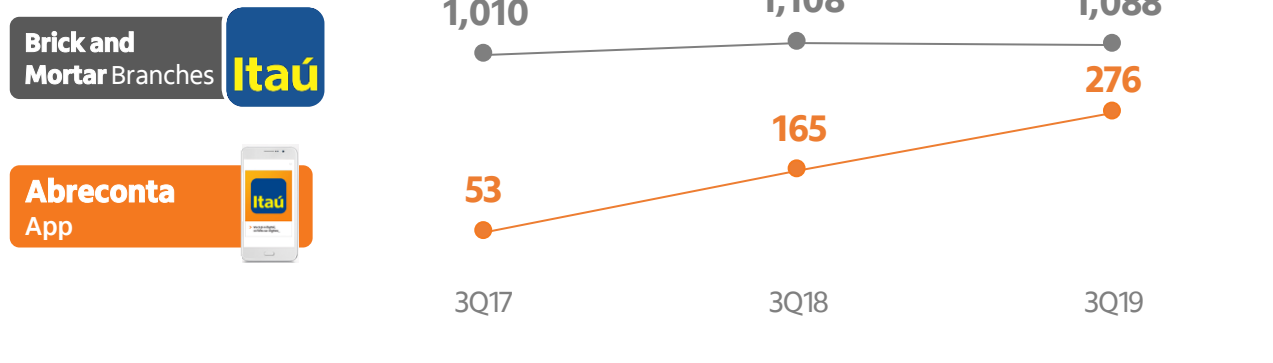
## Use of Digital Channels <sup>1</sup>



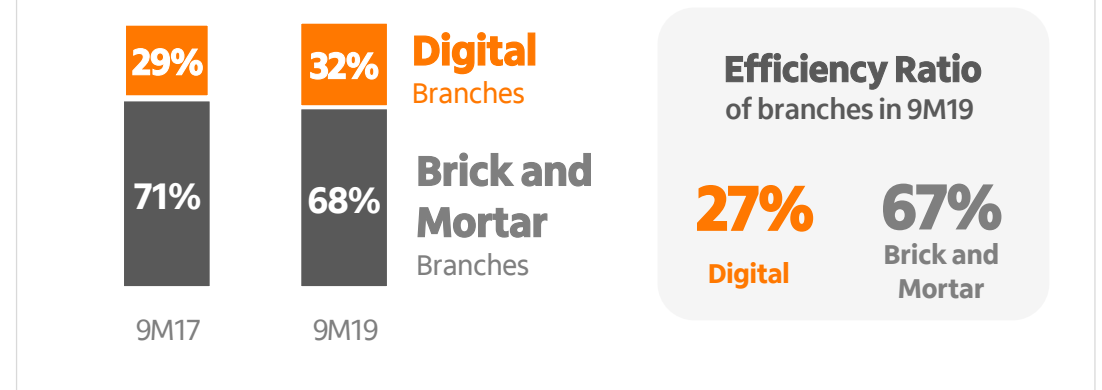
## % of transactions through digital channels

	9M17	9M19
Credit <sup>2</sup>	17%	20%
Investments <sup>2</sup>	37%	47%
Payments <sup>2</sup>	67%	80%
Transfers <sup>3</sup>	89%	95%

## New Individuals accounts (in thousands)



## % digital operations on the Retail Operating Revenues



(1) Internet, mobile and SMS on Retail Bank; (2) Share of digital channels in the total volume (R\$) of transactions in the Retail Bank segment; (3) Share of digital channels in quantity of transfers between different banks in the Retail Bank segment.



Conference Call  
**3<sup>rd</sup> quarter 2019 Earnings Review**

**Candido Botelho Bracher**

President and CEO

**Milton Maluhy Filho**

Executive Vice-President, CFO and CRO

**Alexsandro Broedel**

Executive Finance Director and Head of Investor Relations

