



**International Conference Call
Itaú Unibanco Holding S/A (ITUB3)
3Q21 Earnings Results
November 4th, 2021**

Operator: Good morning ladies and gentlemen, welcome to Itaú Unibanco Holding conference call to discuss 2021 Third Quarter Result.

At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session. Questions can be submitted via telephone, by pressing asterisk 1, or via WhatsApp Mobile app by scanning the QR code provided or WhatsApp desktop app, through the hyperlink provided.

If you should require assistance during the call, please press the star key followed by zero. As a reminder, this conference is being recorded and broadcasted live on the investor relations website at www.itaú.com.br/investor-relations. A slide presentation is also available on this site.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Actual performance could differ materially from that anticipated in any forward-looking comments as a result of macroeconomic conditions, market risks and other factors.

With us today in this conference call in São Paulo are **Mr. Milton Maluhy Filho**, CEO; **Alexsandro Broedel**, CFO and **Renato Lulia Jacob**, Group Head of Investor Relations and Marketing Intelligence.

First, **Mr. Milton Maluhy** will comment on 2021 third quarter result. Afterwards, management will be available for a question and answer session.

It is now my pleasure to turn the call over to **Mr. Milton Maluhy**.

Mr. Milton Maluhy: Thank you. Good morning, everyone and thank you for joining our third quarter 2021 earnings conference call.

First of all, I'd like to talk about our numbers, our managerial result was R\$6.8 billion with a grow of 3.6% in the quarter and we had a 38.8% year-on-year increase in our profit. When we look to our row managerial return on equity on the consolidated basis, we are posting a 19.7% return on equity, and in Brazil we are having 20.5, which is an increase of 1.1 points in the return on equity.

The most relevant highlights I would say on the credit portfolio we grew 5.9% in the quarter, we especially had a very good quarter in credit cards, 9.8% growth, on our individuals mortgage 12.2, SMEs 10.3, so we delivered a very good growth in the general portfolio of the bank and that resulted in a very good margin with client, growth of 4.7%, where we got to R\$17.6 billion.



On the issued cards, we achieved 4.7 million credit cards, it's an important increase even comparing to the last quarter, which was a very good one. On commissions and insurance, we grew 2.1 achieving R\$11.6 billion and our efficient ratio calculated in the way we believe it's the proper way of doing that we achieved 42.1% in Brazil, which is the best in the segment with comparable banks, which is a very good achievement.

Talking about iti, our digital bank, we achieved 10 million total clients in September 21, we still have our challenges to achieve 15 million by the year-end knowing that in this last quarter we achieved 2.2 million new clients, but it's worth to mention that 85% of those clients are no account holders. In the other hand, we grew 109% credit card sales quarter-on-quarter. Another important figure is that we acquired 5.7 million clients digitally in the third quarter of 2001 [2021], we had a very good quarter last one, but in this one we still increased 21% in what we call O2O (which is online to offline), we achieved R\$14 billion in volume in the 9 months of this year, and this has to do with our strategy of investing a lot in what we call "phygital" and omnichannel experience, that I will give more detail later on.

On the next slide, it's very relevant to mention the numbers and the achievements we've been having on digital sales in our digital channels. So when you look in terms of share, you will see on the left hand side that we achieved a 62% in market share in our digital channel, growing 2.8 times what we had in the third quarter of 2019, and our engagement hits and user per month it's increasing as well, so clients are using more per month our digital channels than they used to, it's a 30% increase in 2 years.

When we look at the sales in all digital channels, in credit we grew 2.5 times, in insurance and premium bonds we increased 2.6% times third quarter of 2019, in investment 2.8, and in cards 5.2. In all of them, as you can see, we are achieving a very important share in the digital channels. More important than that is that we say that we are a one-stop-shop, and we should have by the year-end 2001 [2021] 100% of products in mobile. So, this is how we see that and it's very relevant for our strategy.

On the next slide, talking about phygital, this is the way we believe we should relate, to serve our clients and having a footprint of physical bricks-and-mortar branches and also having the digital channels, so this is very relevant for our offer, this is by conviction, so when we look, we're talking about a new way of serving our clients, single point of contact to access all products and service offered at the branches, a more modern and tech-based environment and new way of being present.

As you can see here, we have a Click-to-Human, so anytime a client is going through navigating our digital channels, he can click and migrate and start



talking to a human. We have 100% of the channels capturing automated leads and then whenever we know the information about the client, where he is going through, what channels, what he is simulating, we have an important conversion when we transfer this lead to the manager sales. We have a hit ratio of 25%, which is very relevant, nowadays we have 75% of our products within omnichannel experience, 50% reduction in managers time-to-action and a 75 reduction in new offers launch time. So, this is how we are serving on our a “phygital” way our clients.

When we go to the next slide, you can see this is Itaú BBA at a glance, so the idea here is to share with you a little bit more about our Itaú BBA wholesale operation. First of all, we support 20,000 clients in this segment, we have 4 major segments: corporate investment banking; large corporate; middle market; and agribusiness, and we have some industries, some niches, like real estate, financial institutions, multinationals, and tech companies. The value proposition of Itaú BBA it's a long-term relationship, complete offer of products and service, specialized service model, and a few highlights that I think it's important to share: first of all, our bottom line grew 50% when we look 9 months of 2001 [2021] compared to 2020, the cash management when we lead we had an important growth of 35% on volumes of payments and receipts, which is very relevant as well, and the credit portfolio grew 11.9% when we look to agribusiness segment, there is an important growth of 27.5.

It's important to say that on the investment banking side, we've been leading the 3 ranks, so equity capital markets we had a grow, we achieved the first position, mergers and acquisitions the same way around, and local fixed income the same as well. So, as you can see, you have the volumes and the distributed in all those products investment banking.

But the most relevant information here is that we are doing that and we're still increasing the customer centricity that we have very focused on the last years. So, we achieved 77 points on the NPS, it's 10 points above what we had in the same period looking on September 20.

In the next slide, talking a little bit more about our credit portfolio, we have an important grew in individuals, as you can see, credit cards, personal loans, payrolls, and more relevant, still in auto loans and mortgage, and this is important for the way we manage our portfolio. When you look only the total of Brazil, we had a 6.6% growth, and when you take out the foreign exchange rate variation, we had a 4.8 and a 15.7 grew. It's important to mention that our reprofiled portfolio that used to be 53.5 billion in September 20 had an important reduction, 34% throughout this year, and 57% of the portfolio are collateralized. We had in the quarter a reduction of 13.2, which is very good knowing the reason why we made this portfolio that had a pandemic connection.



When we look to the grace period, we had only 1.2% in grace period, so basically all the credits are due, and we have the delinquency ratios 15-90 of 4.4 and the over 90 days at 8.3. When we look now on the right-hand side, we have the loans average balance. It's important to mention that the personalized credit that has to do with this reprofiled portfolio as well, there is an important decrease of 7.7. When we look to 2019, is still above the figures we used to have, but this has a relation to all the program that we put in place last year to help our clients to go through the crisis.

In the other hand, the overdraft and unsecured loans are growing even though the overdraft is still behind the average balance that we had in 2019, but in the other hand, the unsecured loans are now above what we had in 2019. So, there is a new dynamic in terms of growing portfolio, as you can see here.

in the next slide, it's important to say that we believe this is a very sustainable growth in the individual portfolios. When we compare the third quarter of 2001 [2021] to the third quarter of 2020, you can see on the credit card 25.1 growth, a 20% growth in the payroll, but as you can see, in all of them we are growing the portfolio and increasing our NPS (the net promoter score), the way they clients evaluate our service or our journey.

So, on the credit card, we increased 6 points, on the payroll we increased 5 points, in personal loans 16 points, and we grew 80%, in auto loans we increased 12 points and we grew 30.8%, the overdraft we grew 13.2, and the NPS increase 15 points, in the mortgage we grew 4 points, in the NPS we increased, and we grew 54.2 in the portfolio.

It's important to say, it's worth to mention, when you look the down payment in the auto loans, are we still working with a very relevant down payment, it used to be 37 now is 41, and the average term is still the same, 45 to 46 months, and the loan to value showing how healthy is our portfolio, when we look on the vintage the average LTV is of 55 now, it used to be 61 one year ago, and also under portfolio basis we have 46% now, used to be 39, so they are very good of figures when we look this way.

And also, in the individual portfolio, this major growth that we had on the secured portfolio made us to increase the security portion of our portfolio to 56, is used to be 49 2 years ago, and the unsecured in consequence is 44, but as you can see, we are growing the portfolio as a whole. So, this is our portfolio way of managing the secured and then unsecured. And you can see the NPL the delinquency over 90 days in a very good figure of 3.6%.

On the next slide, it's important to highlight the margin with clients. As you can see on an annualized based, we are pretty much flat in respect to the other quarter, but when we look to the NII, you can see an important growth year of



R\$800 million, as you can see, most related to the average volume that I just showed to you, and also, we have a small growth and this should increase in the next quarters, which comes from the working capital, and this has relation with the interest rate hike and also with the accumulated capital that we have throughout this period.

On the next slide, I'm talking here about the financial margin with the market. As you can see, we have 3 very strong quarters, when we look to the average that we had in 2020 and 2019, we still had a few changes in mix when we look Latam and also Brazil, but as you can see, Brazil is delivering for 3 quarter a very strong pace, much higher than we used to have looking to the previous quarters. The last quarter it's more difficult, we still have 2 months ahead, but I have been seeing more volatility in the market, so maybe we should have a not so relevant quarter in margin with market in the last one as we've been seeing here in this last 3 quarters.

Moving to the next slide, we give here a highlight in our credit card portfolio. So, we've been growing the credit cards and debit cards 17% one, 4.7 the other one compared to September of 2020. In the other hand, we grew 4.7 million cards issued in third quarter of 2021, 218% 9 months against 9 months and 138 quarter-on-quarter, and as you can see, our NPS, global NPS achieved 70 points, growing 6 points when compared to September 20. So, we are growing with a lot of quality and client's centricity.

In volumes, we're seeing important volumes, on the credit card quarter-on-quarter we are growing credit and debit 11.7%, when we look third quarter 2001 [2021] and third quarter 2020 26.6%. The credit card portfolio achieve R\$97 billion. It's very important to mention that out of this 97, 85% doesn't bear interest, and when we look the installments with interest and revolving, we're talking about 15% of the portfolio, but this is how the dynamic that we have in Brazilian market.

We are growing the issuing income, 17% year-on-year, which is very important, but with a different mix. On the interchange we're growing 31% and the annual fees we're decreasing 22.4%, and this is our strategy to keep increasing on the interchange and we made an important change in our portfolio recently, I thought about that in the last quarter, and we believe that we should have less annual fees in the mid to long term than we have interchange. So, this is our strategy to increase the lifetime value of our clients, reduce the churn that we have with those clients as well.

On the next slide, talking about Rede, it's very important to say that we believe we have a unique position to deliver value from Rede, the acquiring business and also at the banking business, current accounts, credits, payments, cards. So, this combo it's very relevant for us and we are working through this



direction, and we do believe that in one side we have a very good acquiring business to deliver, but also, we have all the capabilities, especially on the credit side, to deliver a very strong combo to this segment that knowing models, experiencing this segment is very important for credit.

On the growth side, what we show here is that we have a 25% reduction in churn, more than 100 software houses in the partners we have in Conexão Rede, we've been delivering more than 3,000 smart POS machines per month, we've been leading the prepayment of receivables in the third quarter, we have achieved R\$50 billion, 55% one-off retail prepayments and the penetration of prepayment of sales in installments we had an increase of 10 percentage points and 35 percentage points in new clients, which is very relevant.

In the satisfaction, we see 80% of the POS machines delivering up to D+1, 49% we're delivering D+0, 80% of the eligible customers are taking advantage of the D+2 that we've been delivering to all account holders, being in Itaú or others, best market approval rate in e-commerce, which is very important knowing that we have 30% of market share on the issuing side combined with our acquiring platform in the e-commerce, we have the most relevant approval, and it's very important for the client to convert sales. We are the acquiring now with the lowest number of complaints per active base in Reclame Aqui, and on the efficiency side, we have 14 percentage points growth in the customer using digital channels and we had a reduction of 17% of the CAC (cost of acquisition) of new customers at the 110 hubs that we have distributed throughout Brazil as well.

The next chart I mention here the *íon*, our transformation in the investment journey, we have around 53 regional offices up to date, we should have around 90 by the year-end where we have specialists dedicated to be assessing or helping our clients to make better investment. It's a new arena for us, somehow, we used to have only the manager taking care of the client, now we have the manager and also the specialist, we should have by the year-end of 2022 around 2,000 people taking care of our clients, around 500,000 clients with this dedicated service. And also, since we launched the *íon* the app, which is very recent, we had more than 400,000 downloads, 20,000 portfolios aggregated in 2 months, 5,000 clients' feedback, and the idea is not only to be a consultant app, but we can do all the transactions inside the app from transactional fixed income, we're going to be open for non-account holders by the beginning of 2022. So, this is a new journey for us and we're very happy with what we achieved up to now.

And also, we've been working to our journalist content platform focused pretty much on investment, we had a partnership with Editora Globo in Brazil, there are 3 fundamental pillars: first one is we have an exclusive journalist new room with Grupo Globo content, a very independent content, production; then we



have the network of digital influencers, we are bringing digital influencers that talk about investment that it's very diverse talking to our society; and also we have a wide dissemination and distribution of content.

We not only will have this in the channels of Grupo Globo, Valor Econômico O Globo, G1, also on the social medias, now we have Facebook, Instagram, Twitter, LinkedIn and YouTube, and also commercial breaks of Global News on the television. So, it's a new way of delivering content to all our clients and also to increase the audience of ion delivering a very good role of content inside this platform as well.

In the next page, I comment here on commission and insurance. We had a very good quarter as well, as you can see here, we grew at 2.1% in the quarter, 4% year-on-year, but when we take out the XP, remember that the spinoff was made on account based on may 31st, that means that we had in the last quarter 2 months with XP and one month without XP, that explains the R\$300 million that you can see here in the second quarter of 2001 [2021] when you look result of investment in XP. In this quarter, we didn't have XP, even though we grew in the quarter, but when we exclude XP, we grew 4.8% and 8.3 year-on-year, so we're having a very strong year on fees.

On the insurance side, the good news is that we start to see a relevant change here in the dynamic, we believe we still have a lot of room to increase our business in insurance, we had a 6.2 increase in earned premiums, 21.5 in underwriting margin, an 8.4 decline in the combined ratio, which is good news, and an 8.9 percentage points in claims ratio as well. And it's important to say that the financial margin from the insurance was lower than we used to have in the last quarter, that means that the operational margin of insurance is growing more, so it's good news and we still believe we have a lot of room to work here.

On the next page, talking a little bit more about the credit quality, first of all, I would like to highlight that we had a cost of credit of 2.2%, it's a very good figure and in line with what I've been telling you in the previous quarters our expectation about the cost of credit. It's natural to increase and this has to do with the growth that we had in the portfolio that I just mentioned and also the average balance of the delinquencies, it's nominal basis, it's a little bit higher, that means a little bit more of cost of credit, but when you compare to the portfolio, it's absolutely healthy.

In the other hand, it's important to explain the coverage ratio NPL 90 days. So, coming from below, you can see on the retail Brazil we're pretty much flat in terms of coverage, and when we look to that reprofile portfolio, we're talking about 176 coverage, which is very good as well. The 2 major impacts that we had on the Latin America has to do with one specific client. As I've been mentioning in the previous quarters, this client is a client where we have an



activity, we have shares given to us in guarantee, and we've been making provisions to this client in the previous quarter.

So, what happened is that, as the wholesale is the same, we anticipate our provision on an expected loss model and whenever we have the delinquency you have an impact in coverage, as you can see over here. So, in the Latin America, it's only one client, it is not booked in any of our entities outside Brazil, it's booked in our branch in Cayman, but it's important to mention that this is completely provisioned on the clean part of the credit, which is completely fine, and we don't have any P&L impact on this provision here.

And the wholesale in Brazil, something very similar, 3 clients that are completely provisioned in the clean part and we're very comfortable with the level of provision we have, but those clients they are now on delinquency over 90 days, this is the reason why they consume the coverage ratio.

When we look our delinquency in the short term, the good news is that on the individuals we still see reduction, and it's important to mention that we didn't sell any portfolio, anything, active portfolio, so this is life as it is, and also on the very small, small, and middle market companies, we've been seeing a reduction as well. So, those are the 2 good news here when we look the short-term delinquency.

When we look to the long-term delinquency, as you can see, on the individuals still performing very good, and also on the very small and middle market companies, we are pretty much flat, 2.6%, which is good news as well.

What it's important to mention is that when we exclude this only specific client in Latin America, our total delinquency 90 days would be 2.4%. When you look the Latin America figures would be 1.2 instead of 2%. That shows that only one case has this impact, but as I was saying before, there is no impact in the P&L, it's a client that's been provisioned for a long time.

On the next slide, talking about non-interest expenses, a few messages for you. First of all, total Brazil when we look the 9 months of 2001 [2021] compared to the 9 months of 2020, we had an only 1.1 growth, almost flat. But we cannot forget that we had a salary readjustment, an inflation index of 10.2, another inflation index which is IGP-M of 24.9, even though we've been able to deliver 1.1%. And when they look to our efficiency relation, the 42.1 is the best indicator in the industry when we compared to comparable banks, I would say. It's the correct way of publishing the number because we include all expenses here. We don't make a cut here only to show a better figure, so this is the most important figure, as you can see.



And then, when we look here in terms of investment and costs, why do we open the figures the way you are seeing here? Because we are investing in the future a lot. So, when you look to investment in technology and investment in business, we're growing R\$1.2 billion and it's blue because it's right way, is to have a much better bank, to have a much more efficient bank, a much more digital bank. In the other hand, on the efficiency program, we've been opening room for this investment, so we decreased R\$1.4 billion here in costs, and the transactional one (what I used to say is the good cholesterol) it's because the volumes are coming very strong when compared to 9 months of last year. Of course, we take care of the unit cost, but what we've been seeing here is much more volumes-related than unit costs increase, which is good news.

So, the idea here is to show that we are delivering a very strong efficiency ratio, investing a lot in the future of the bank.

In the next page, on the capital side, you can see here that we had an increase of 0.4% of net income of the quarter after dividends, and also, we had a consumption of 0.4% in the risk-weighted asset in the portfolio as well. So, the message here is that we generate capital enough to grow the business. In the other hand, we had the acquisition of Minas Gerais payroll, which is an investment important one of R\$2.6 billion, that means that we this here in capital at site, I would say, but in 5 years we have this capital back, and also, we will have the revenues of this portfolio more than 600,000 employees, a lot of providers, suppliers, so it's very important for the business.

And there is also this 0.3% decrease on the capital, this is much more related to the FX variation, this has 2 main effects: one is the tax cost of our credits that we generate in our overhedge strategy that we are in runoff by the year-end; and also, we have the risk-weighted assets of the portfolio, the abroad, the other currencies' portfolio that are impacted by the foreign exchange variation. So, this is why we come to 11.3 capital core equity Tier I, but still a good level at 12.9% in level one.

On the next page, I talk here about the Itaú Net Zero. We will reduce – this is something that we agreed very recently – to reduce total emissions by 50% by 2030 and become carbon-neutral by 2050. Our emission target will be certified by Science Based Target Initiative, what we call here SBTi. It's important to highlight that our scope 1 and 2 we are already carbon-neutral, in this scope 3 represents 99% of total emissions. There is a lot of ways of measuring it, but it's important to say the approach it's very inclusive to our clients, so we will support our clients in the transition process, fostering a climate transition plan, new products and team dedicated to support clients' transition, agribusinesses, recover of pastures, ecological restoration, and fuel production, and also, encouraging voluntary carbon markets. So, this is the way we are approaching.



35 of the 55% of the missions measuring about the economic groups, out of those, 25 have already signed up to the decarbonization commitment, so that means that this is something that is happening not only throughout the banks, but the whole industry, the market, the clients are moving throughout this direction, which is very positive for the world and for our sustainable agenda.

The next slide, I couldn't not end this presentation without talking about the cultural transformation, which is I believe is very relevant for what we're doing here. So, this iceberg you can see in 2 ways: what is outside the water are the results of this cultural transformation, so now we have 62% share in sales for individuals through digital channels, 81% products for individuals and companies had their NPS improved, which are relevant figures, we achieved the best bank to work in Brazil according to Great Place To Work and the second in the whole industry of companies in Brazil. So, we're very proud of that.

I mentioned already the O2O, more than R\$14 billion in omnichannel and phygital approach, 100% of our products in the mobile channel by the year-end (when we say one-stop-shop) and are very availability on digital channels of 99.6.

What is behind that it's under the water, as you can see here. Very focus on customers, so customer centricity, ways of working of the bank, we are working in communities already, 10,000 people, we should have by the year-end of 2022 21,000 people working in communities very integrated, much less hierarchy and more agility, so we don't have more the titles we used to have in the bank; executive vice-president, executive director, so we only have directors, everybody has the same title, we have the executive committee, it's the only difference, this 11-12 people in this executive committee, we have a very different risk management approach where we believe we have a lot of capabilities, installed capabilities that are competitive, a differential for us when we look throughout the years, but we still have room to increase, to be more innovative, to create an environment for people to innovate, to create new products, more MVPs, test fast, learn, and fail fast. So, approaches like these are very important for the digital transformation that we're making throughout the bank.

We changed the incentives, so much more linkage today stock price appreciation, and the expansion of the partnership program is something that we're doing now, we used to have 195 partners, we're moving to 450 now.

I've been telling you about the technology transformation, we had a chat about that in the last quarter, but we emphasize here that we are modernizing our legacy systems with full stack state-of-the-art, and the technology base we're modernizing the services of the bank, more than 3,800 services to then migrate



to cloud, and we expect to have 50% of those already in cloud by the year-end of 2022.

And last, but not least, we are reformulating here our associative agenda, M&A, acquisition, integration, a more agile and flexible model, and we should have results on that in the coming months.

And also, we have to mention here the Cubo Network that we have that we have more than 350 high-growth startups when they are becoming clients of the bank and also where we have alliances opportunities here to work with those companies. So, this is an approach that we're doing very focused as well in the digital transformation of the bank.

So, with this I finished the presentation, and then I opened for the Q&A. Thank you very much.

Question and Answer Session

Operator: Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press the star key followed by the 1 key on your touch tone phone now. The questions will be limited to 2 per participant. If at any time you would like to remove yourself from the questioning queue, please press star 2.

Our first question comes from Mario Pierry, with Bank of America.

Mario Pierry: Good morning, everybody, thank you for your presentation and thanks for taking my question. Let me ask you 2 questions, Milton. First one is we're getting some concerns from some investors about your strategy to be accelerating loan growth now, especially in non-collateralized products when the outlook for the economy is deteriorating, right. I think your economists have won the most bearish outlooks for Brazil next year, so we were getting some concerns from investors about the outlook for asset quality the next year and for provision charges.

So, if you can discuss then a little bit the strategy, you know, why, what are you seeing that that makes you comfortable in accelerating a growth in non-collateralized products at this time of the cycle?

And then the second question I have is related to your net interest income. You showed that the bulk of the growth in net interest income with clients is coming from volumes, that credit spreads are still stable. So, I wanted to understand from you, is your ability to improve credit spreads going forward, especially in a rising-rate environment, some of your competitors I would assume is going to be having a bigger challenge with funding costs.



So, you if you can talk a little bit then about you see the competitive environment and your ability to increase spreads as rates rise. Thank you.

Milton Maluhy: Thank you very much, Mario, for your questions. First of all, talking about the growth of the portfolio, it's very important to say that, as I said last year, we had a very important loss in terms of production and market share due to the pandemic crisis, so if you remember that, we were predicting – just to give you figures here – 11-12% of market share in the production of some products, we moved to 6 to 7%. So, the market still was delivering a good growth and we were producing 7 to 8%, so we lost market share, as you remember, and here the idea is not to grow the portfolio just for the sake of growth, we have been evaluating a lot about our clients, what is the portfolio, what type of clients we are growing, so we didn't change our risk appetite, it's very relevant to mention that, what we're doing is to re-occupy the space, I would say, the share or our fair share in many segments.

So, when you compare, we had 4 to 5 quarters when we were decreasing our margin with clients and with a growth much behind the market in general. So, what we did is, clients that we have more than 2 years in terms of relationship, clients that have more than mid to high income, so relevant clients, we've been able to re-occupy the space that we lost last year, well, by design, I would say.

So, of course, we are forecasting. If you go back to our perspectives for the economy for 2022, even though now we believe that the economy should go flat or decrease a little bit on the GDP, when you go back 3 or 4 months you wouldn't see a much different figure, so we were not very positive about the growth of next year anyway. So, there is not a major change in the economic projections that caught us worried about that, so it's a very healthy grow, we are very confident about that, of course, we have challenges in Brazil about the economy, but we believe that this growth is very healthy due to the type of clients, level of relationship, and historical information that we have from them. So, this is how we're viewing that.

So, this is on the growth side. Talking about the margin and the NII, we don't believe there is room for increase a lot the spread, so we may see that in a specific portfolio, but in general basis, there is a tough competition, we don't believe that the portfolio should grow the same way that we grew in 2021, we believe there should be a reduction in growth naturally, but we believe that we won't be able... of course, there are some portfolios that are impacted by the increase of Selic in the first moment, so when you look to the payroll, *consignado*, INSS, you have a regular fee, you cannot charge more than a specific rate because it's a regulated line. In the other hand, your cost of funding starts to grow, so you have to wait for some changes on this market so that you can catch up in the spread. On the on the mortgage side, we know that the new



(what we call) account is paying 70% of the Selic, when we look to the other... just a second... are you listening to me?

Mario Pierry: Yes, yes. We are here, we are here.

Milton Maluhy: Sorry, sorry about that. So, we see some pressure here on the funding side, but whenever we're able, we make the reprice of those credits to the client. So, I don't believe there is going to be a lot of room to increase spread by next year. So, this is my view now.

Mario Pierry: OK, Milton. That's very clear, thank you.

Milton Maluhy: Thank you very much.

Operator: Our next question comes from Jorge Curi, with Morgan Stanley.

Jorge Curi: Hi, good morning, everyone, and congrats on the results for the quarter. Hope everyone is doing well. I wanted to maybe drill down a little bit more on the previous question. Your credit portfolio will decelerate in 2022 versus 2021, that's kind of like what you are suggesting, probably not a meaningful deceleration, but certainly a deceleration. On the flip side, you could potentially get better and net interest margins given the doubling of the average Selic rate next year versus this year, so I wanted to see if how those 2 things add up? Your NII, I mean, will probably end up growing around 10% this year, so when you put those things together, lower growth next year, but better Selic rates potentially better margins, how do you think your NII could perform next year relative to this year? So, that's the first question.

And the second one is related, which is, on the expense side, I'm guessing (and I and I read from some of the news articles about the comments you made in the Portuguese calls) that you expect expenses to be flat for next year, so if you are able to grow your NII in hopefully low double-digits and expenses are flat, is it reasonable to anticipate your operating profits to be up in the high teens maybe? So, that's sort of like the question I wanted you to help us figure out. Thank you.

Milton Maluhy: Thank you, Jorge, thank you very much for your question. So, just to go through, so I think you are pretty much right in many of the topics you mentioned, so we do believe that there will be a decrease in the portfolio, we will not be growing the same way we are, but still we're going to be growing portfolio for next year, it's one part.

The second one, the Selic, yes, will impact our working capital and this will bring impacts here in the financial margin with clients, but not only this, but also the average balance of our portfolio will be different in 2022 than it was in 2021, so



this will be positive for the margin with client as well. So, it's important to highlight that, we are correct.

I'm not going to anticipate here the guidance, we should be discussing this in the next quarter, but I believe we're going to be growing the margin with clients for the 2 reasons I just mentioned here: wone is the Selic; and the other one is the average balance of the portfolio. Because if you take in consideration that we had an important acceleration this last quarter, we're going to have at least 12 months next year of those portfolios that were built in these last 2 quarters, so this is very relevant for the margin with clients.

We do believe there should be an increase in the cost of credit, we believe that this is reasonable to expect to be very honest, but also you cannot forget that we had some provisions made last year to the Covid that were not consumed by now, so that means that if there is an increase and if there is an increase in the delinquency, we still have a very good level of provision that will be consumed throughout the year of 2022.

So, I'm not going to dissipate next year. In terms of costs, what I can tell you is that when we talk about flat, I'm talking much more on the core costs of the bank, OK? As you can see, here we are having a 1.1 in Brazil grew, but when you look the core costs, there is an important reduction of R\$700 million when you look 9 months to 2020 to 9 months 2021. But we keep investing in the bank, we have a very inflationary pressure, as in many other places, but here are very strong numbers, but we still have the focus to deliver a flat or (why not) a reduction in the core cost by next year. So, this will compensate an important part of the investments we're making.

I'm not saying that's going to be zero at all, what I'm going to say is that we're going to be delivering a cost below inflation next year on a consolidated basis. This is our review. So, I'm positive somehow about all those elements that I just mentioned. The only topic is that we're going to be facing a different and a challenging microeconomic environment, and this is important, we are in Brazil for many years, it is not going to be the first time, but it's an election year, so we may see more volatility in the market next year, and this is how we are preparing ourselves if there is a, I would say, worsening in the economic environment and the impacts it may bring. But in general, we are more positive than negative.

Jorge Curi: Thank you, Milton. Congrats again.

Milton Maluhy: Thank you very much.

operator: Our next question comes from Olavo Arthuzo with UBS. Please, go ahead.



Olavo Arthuzo: Hello, Milton, Alexsandro and Renato. Good morning, everybody and thank you for taking my question. I would like to hear more from you about iti, because the digital bank had about 3 million clients at the end of the last year and the current expectation indicated in your presentation is for reaching 15 million clients at the end of the next month, so it is basically a net addition of 12 million clients this year, remembering that it was launched at the beginning of 2019, if I'm not wrong. So, could you please share more information of what has been done during these 9 months to record this remarkable expansion, if it was related to investment, cash back, the launch of a large variety of products, more marketing expenses. What could you share with us about expansion during this period? Thank you.

Milton Maluhy: Thank you, Olavo. Look, there is a new important change in the value proposition of iti throughout the period. So, we were at the very beginning talking about a payment account, then we decided that it should be a digital bank much more than a payment account, and we've been working a lot in the fundamentals of this new business, especially on the technology side, client experience, user experience, we are investing a lot on that. And then, we started to invest naturally on marketing, performance marketing, also new marketing to give much more awareness to iti.

And what is the value proposition? So, iti has an important role within Itaú Unibanco, is not only a business where we can achieve low-income or young people, but also it has this role as well for our segments of the branches of the bank. Why? Because for many clients, it's a much more cheaper way of serving the clients and we can, of course, offer this to clients that today we don't have a very cheap way of serving some clients of the pyramid. So, this is basically the strategy.

We were delivering new functions and new products to iti throughout this period, which is very important, and we've been investing in client acquisition as well. Even though we've been investing, and our cost of acquisition is very cheap when compared to many others, so we're very happy with the achievements we've been making, we have the member, [unintelligible] member strategy and it's working very fine, so it's a new product, a new business that we've been able to deliver end to grow a lot.

We have, yes, 15 million, it's that challenge by the year-end, I'm not sure if we're going to get to the 15 million, but this is not a hard goal, where we should get there whatever it costs, we're always evaluating the cost of acquisition, the activation, the loyalty, the new functions, the new product that we offer to the client, and this is what will generate stickiness in the long-term. So, we're happy with what we delivered up to now, but we still have a lot of work to do and many things to be delivered throughout this platform, not only for the new clients, so



85% of the clients are in new costumers for the bank, but also it will have an important role to our client base, actual client base of the bank as well.

Olavo Arthuzo: This was very, very helpful, especially to understand this transformation considering 2019 and 2020 and changing your payment platform to digital wallet and then digital bank [unintelligible].

Just to make a follow-up on this digital transformation of the bank but now shifting the topic to íon, the investment platform [unintelligible], seeing these lines of the bank, there is a large expectation in regards to this platform, especially considering the increase in the guidance for specialists because in the last quarter I believe that you guys mentioned about 1.500 specialists into the next year, during this presentation it increased 2.000, especially into the next year.

So, I have 2 aspects to understand here about íon. The first, would mind to share with us the goal of customers with dedicated service for the next year? And confirm to me I'm not wrong, but in this quarter, there were more than 500,000 customers using the app.

And my follow-up question on this is about the market positioning of the app within the scenario, we saw a bunch of investment platform, apps. Where did you believe, Milton, the íon fee of this landscape thinking about customers' profile, market share in terms of volumes, what are the metrics that you think is strategic? Thank you, Milton.

Milton Maluhy: Hi Olavo. Look, we made this decision to have a different value proposition to the clients that invest with us. We used to have the manager, the relationship manager taking care of all the relationships, so here we're talking about banking credit and investment, and we thought that with the new change in the investment environment that those clients needed a very unique investment consultancy, so that's the reason why we brought so many specialists to the bank.

We have now up to date 55-53 regional offices where we have assessment and investment teams dedicated, we should have around 500,000 customers that are going to be using this service and this investment approach, but we still... I would say it's not a pilot because we're already growing a lot, the results encourages us to keep growing this business, but we're still learning a lot in how and how many clients should we have under this, I would say, this area.

What we know is that we also need to have a platform where the client will serve himself without the need of a specialist because the level of investment that the client needs, and his needs are not relevant enough that justify having this unique assessment or investment service. So, the idea here is to have íon



as a platform serving much more than 500,000 clients, at this moment we have 500,000 clients working with a specialist, and in the near future we will analyze if we have to scale up and generate more.

We're not looking to a market share in terms of autonomous to compare ourselves to the industry, we are much more looking to the KPIs and OQRs that we define here to guarantee that we are achieving what we wanted to. If this is the case, we're going to be scaling the model and the business, but we are very happy with what we have up to now, this is the reason why we are still increasing the offices and growing the area.

Olavo Arthuzo: Ok, thank you very much, this was very helpful. Thank you, Milton.

Operator: Our next question comes from Tito Labarta, with Goldman Sachs. Please, go ahead.

Tito Labarta: Hi, good morning, Milton, and everyone. Thank you for the call and taking my question. One follow-up on expenses, already we look at expense growth, noninterest expenses are 2% in the quarter, but personal expenses were up 6% admin, and you had a big decline in provisions from lawsuits and labor claims, and then to think about this growth for next year, you mentioned you want to keep expense growth below inflation, but you're getting the full impact of salary adjustment, which is only for one month this quarter. So, how do you think you'll be able to keep costs grow below expenses next year? Is it you know cutting back on this third party and marketing expenses that picked up a bit in the quarter? Do you expect those provisions to fall a lot more again? You know, what levers can you pull? Just to understand what's going to drive that reduction in cost growth next year or, you know, keeping the costs under inflation. And then I will follow a second question after that.

Milton Maluhy: OK, hi Tito, thank you for your question. Look, in fact, in this third quarter we have some seasonal events, the salary readjustment, yes, it has an impact, as you were they talking about the provisions we have, we're only doing the ones that were finalized and judged, so there is no risk of discussing here, so we're being very conservative, I would say, in terms of reversions in those provisions, so whenever we have a process that it's finalized, we don't have any reason why we shouldn't keep or maintain the level of provisions we had previously. So, this is what we're doing.

In terms of the efficiency programs, we have 1.300 initiatives under this program just to give you an idea, so there is not only one silver bullet for that, it's very difficult to tell you what, but we are working throughout the whole bank, so since very small and tactical activities to very structural changes.



Just to give an idea, we have a change in our retail model of operation, we used to have 2 separate structures taking care of the branches, so there was the operational guy, and also the commercial guy responsible for clients, sales, and so on and so forth. What happened is that we integrated those forces, and this had an important reduction also in employees we have. Also, throughout the pandemic we made many decisions about footprint, we made decisions about the buildings we have, we made decisions to reduce the number of buildings and places that we had, so there's a lot of things being done. Broedel is very focused on that, and this is his main goal, but we are doing since very small things to big things, but we still believe that even with this inflation pressure, we should be delivering at least on the core cost zero or including a negative base.

What we will still be doing is investing in technology, investing in business, some of those investments came not in the January, so we're going to have the full year of those costs. So, we still believe we have to on the investment side, on the retail side, on the wholesale side, there's a lot of opportunity of growing the business, and we're doing that. But on the core cost, I'm still very confident that we can deliver a zero cost by next year. And Broedel is here by my side, so it's much more than an impression; it's a task that he will take in first person.

Tito Labarta: OK, great thank you, Milton, that's helpful.

Milton Maluhy: Thank you.

Tito Labarta: And I can ask my follow-up question...

Milton Maluhy: Sure.

Tito Labarta: It's somewhat related, maybe a little bit more conceptual though. You know, given sort of the competitive landscape and all the investments in IT and becoming more digital, if you were to start from scratch and you got the opportunity to build a bank starting today, how would you go about doing that? I mean, would it be full digital, would you still do branches? Are there certain products that you would go into or not go into? Just to think about the sort of evolving competitive landscape and how you kind of see that and how you would do it.

Milton Maluhy: Yeah, it's a good question. I think the way we would approach is the same way we're doing it. So, you first start with a very digital platform, a very unique customer experience, you learn how to work with those clients and then you start to scale up. I believe in the past you know that footprint was very relevant for our business when you didn't have all those digital channels, so it's impossible for anyone to replicate what we have, but we've been seeing many digital companies increasing their footprint, physical footprint, not only in Brazil, but in many places, and we do believe that this is a competitive advantage.



Why I believe that? Because we've been having good results, when we measure the client that opens an account in a bricks and mortar branch and opens on a digital channel, even though you have the cost of the physical branch, you will still have and you have much more results with those clients than you have when you do on a digital channel. So, it's very relevant, it is more than twice the number, just to give you an idea. So, it's a completely different way too talk to, to interact with the client, so it would be very impossible for us as a digital, if I would create from scratch a digital bank, to have a footprint because it demands a lot of investment, you have to... it's difficult to scale that, but we have this already, so now we can optimize that in the best way we believe. So, if there is any need to adjust the number of branches, we will do it, but it's still going to be more relevant, and we have much more capability of cross-selling having the branches than don't having the branches. So, the advantage that it has it will be working with a client or segments that don't need necessarily to go to a branch, but whenever they need to do a much more complex product, they will for sure need some individual attention, and then we're going to have a very good footprint to help those clients as well.

So, I believe that this phygital approach is much more relevant, and you can see by profitability, you can see the digital profitability and the bank's profitability, and I think this has to do with our capability to cross-sell and to penetrate more products and more relationship with the clients.

Tito Labarta: OK, great, Milton. So, if I understood you, you would start digitally, but then eventually sort of maybe having branches you do see some benefits to that to sort of...

Milton Maluhy: Yeah, I would say that it depends on how much you can invest, but if you can invest, I do believe that the physical branches will be relevant, still be relevant in the long term. We have that capability already, so I think this is an advantage at the end of the day.

Tito Labarta: Understood. Great, thanks a lot, Milton.

Milton Maluhy: Thank you. Bye-bye.

Operator: Our next question comes from Iuri Fernandes, with JP Morgan. Please, go ahead.

Iuri Fernandes: I Milton, thank you. I have a question regarding deposits outlook. If we look at this quarter, deposits are growing about half of loan growth, right, like 7 versus 14 more or less, and I know you had very good funding in 2020, you and the entire system, but looking ahead for 2022, how do you see funding growth? I guess you still have an advantage on brick and mortar, the relationship with companies, but having Selic moving up and I guess



the message you are providing is that maybe loans will decelerate a little bit, but given inflation, we may continue to see a strong loan growth in nominal terms.

So, my question is, I guess is more like a topic for the industry as a whole, like how do you see funding in Brazil, like disposable income coming down with higher inflation, higher rates, and I don't know, everybody growing. So, what should we see for funding in 2022? Thank you.

Milton Maluhy: OK, Iuri, thank you for your question. Look, as you perfectly mentioned, in 2020, yes, we had this phenomenon, we had a huge increase in our deposits coming especially from the wholesale as well, many companies were asking for credit lines, but they were not using their credit lines, so what really happened at the end of the day they got the credit, but they invested the credit within the bank, so the reason why is that whenever they needed the funding if there was any need in the future, they could redeem that investment and use that as working capital, whatever they need. So, this is a strong phenomenon in 2020.

When you look to 2021 and then 2020 on the retail side especially, with the low interest rate there was an important migration of portfolio to funds, to equities, to order investments, so everybody looking for yield. As we see now – and in this quarter you see this phenomenon –, we see an important change, so we start to see migration from equities to other funds that has more risk to more fixed income products and the banks and treasury products will make an important role on that.

You can see our figures in terms of liquidity as a whole by the LCR and the NSFR, and you can think both ratios that we are well above the regulatory and the minimum regulatory level, so we're very confident about the liquidity we have, but we should see a migration to fixed income products as the interest rates increase in the coming months, and also with election coming, more uncertainty, more volatility, we should see clients playing more safe.

In the corporate side, I don't believe there's going to be a huge increase in investment, but not necessarily they will be redeeming all the investments they have, and as the portfolio should grow a little bit less or less than what we had and observed in 2021, I think this ratio will work much more in line than we used to look in the past.

Iuri Fernandes: Super clear, but you think like for the industry as a whole, I guess you as a big bank, you had some advantage that not sure if everybody has. So, do you think like this is going to be the same story for everybody or do you see like funding costs in addition to the Selic, I know Selic is moving up...

Milton Maluhy: No, I understand...



Iuri Fernandes: [...] more expanses...

Milton Maluhy: I think it will depend pretty much on the growth of the portfolio. As I believe there's going to be a reduction in portfolio as a whole for the system, maybe it will put less pressure on the funding cost, and also there is going to be migration, natural migration because you need to pay more whenever you need to migrate more from equities and other funds, so you need to pay more to the market. As I believe there's going to be a reduction in the credit in general and also in the other side a natural migration, I think this won't put so much pressure in the funding cost for next year. This is my view now.

Iuri Fernandes: Super clear, thank you very much, Milton. Congrats.

Milton Maluhy: Thank you. Bye-bye, Iuri.

Operator: Our next question comes from Carlos Gomez, with HSBC. Please, go ahead.

Carlos Gomez: Hello, good afternoon. Two very separate questions. One is if you could comment on your relationship with the Corp Group in Chile, if you currently have exposure, if it is provisioned, and how you see your investment in CorpBanca evolving in the future. We know you have made a large capital contribution. Do you expect to have more of the company in the future? Do you expect to continue to have the partnership with Corp?

The second refers to your loan growth and what you expect for the next 3-4 years. I mean, it is a little bit of a contradiction that we are seeing so much growth, over 20%, 28% in the individual, if you are really expecting a slowdown next year, and how do you see Brazil evolving? Is it time for you to expand the portfolio or this is a one-off and you would have less loan growth in the next 3-4 years? Thank you.

Carlos Gomez: Thank you, Carlos, for your question. Talking about the first one, I cannot go into specific clients, and I cannot tell you specifically about the relationship with Corp Group. What I can say is there is a commercial relationship, we are partners, we run a bank together, and it's all fine. So, this is what I can tell you right now. There is a public event going, it's the Chapter 11, as you know, from Corp Group and whenever they have public information they will be releasing and providing to the market, but I cannot go through that right now.

Talking about Itaú CorpBanca, we're very positive about the bank, we are supporting the increase of capital, as you know, we already announced to the market that we're going to be not only subscribing our shares, the 40% roughly



that we have, but we also acquired from Corp Group the 16,5 that are the shares we have in guarantee for the bank, and we as well subscribed this 16,5.

We don't have the book, we're going to have, I would say, a directors' meeting, board of directors by the end of the day today, and there I will be as a director who have the information about the book and if there is any change on the new participation that we have in Itaú CorpBanca.

Whenever we have this information, we should release to the market an information telling, but there is still discussions about this process that they are conducting on a local level, I will have more details by the year-end today.

But we are positive and I believe the bank is doing the homework, the team is very focused, we're having a very good year in 2021, we have challenges in Chile economy, as we have in many other places in Latam, as you know, but we're positive about the enhance and the benefits that we've been seeing for the transformation we've been doing for many years in Chile now. So, this is how I see it.

Talking about the credit portfolio, it will depend about many things. So, next year I think there should be a slowdown in general and Febraban has been saying that, so it's a tough year, economic growth won't be there, there is an election year. Talking about 2023 and 24, it will depend on the new government, the new agenda, the new economy approach, so as you know, in Brazil and many other countries, we should be cautious, we do believe in the long term we should be growing the business as we always did, but we should be paying attention to economic cycles.

There are good ones, not so good ones, so this will somehow impact the pace of growing the bank for the coming years. So, it's very difficult now to give you a guidance looking for 3 years, but I believe we should be more positive than negative, but we still have to wait and see what the news are coming from the coming months.

Carlos Gomez: Thank you very much.

Milton Maluhy: OK, Carlos, thank you.

Operator: This concludes today's question and answer session. Mr. Milton Maluhy, at this time you may proceed with your closing statements.

Milton Maluhy: OK, gentlemen, thank you. Very much very happy here to do this call with you today. We are positive, I think we delivered a very good quarter, solid quarter I would say, and for the coming quarters we will be meeting individually or in the next quarter and I hope to be talking more about



our cultural transformation, the digital transformation of the bank, but a good level of energy here and everybody very positive about the future and the challenges we have.

So, thank you very much for coming.

Operator: That does conclude our Itaú Unibanco holding earnings conference for today. Thank you very much for your participation. You may now disconnect.