



Brazilian economic profile

2012/2013

- Economic growth (GDP)
 - 2012: lower than 1%
 - 2013: Expected to grow
- More regulation of tariffs
- Infrastructure investments
- Low interest rates
- High indebtedness
- Low unemployment
- Emerging middle class (55% of the consumers)
- Dependent on exports of raw materials
- Inflation higher than the central bank's target of 4.5%



Merge I Itaú + Unibanco



2008

After the association we became

the biggest bank in the southern hemisphere

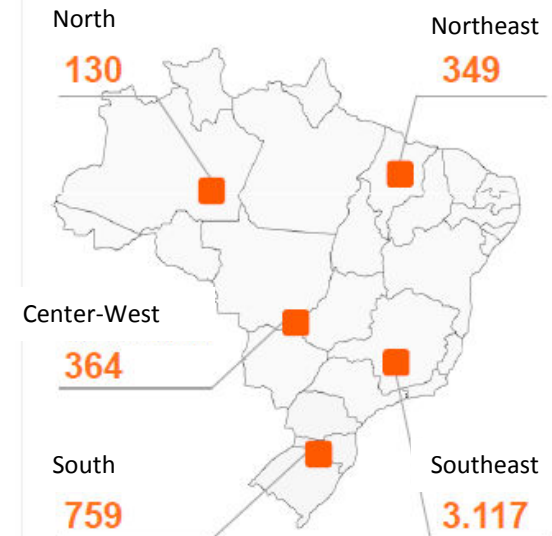
Itaú Unibanco | Bank's activities

World Activities



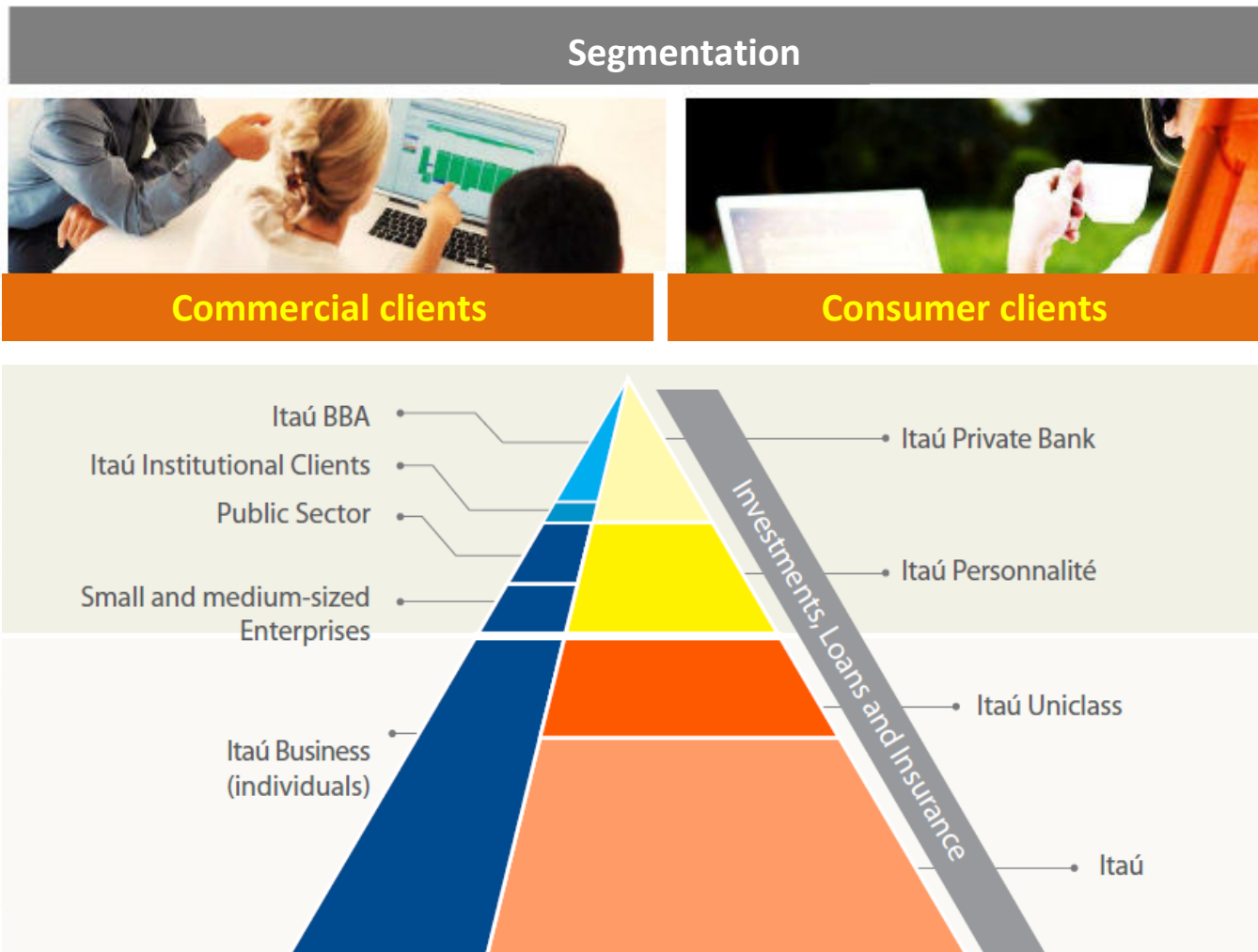
South America	Argentina, Brazil, Chile, Paraguay, Peru, Uruguay and Colombia
Central America	Cayman Island and Bahamas
North America	USA and Mexico
Europe	Germany, Spain, France, England, Luxemburg, Portugal and Switzerland
Asia	China, Japan and Hong Kong
Middle East	United Arab Emirates

Activities in Brazil:



Itaú Unibanco | Segments

According to specific **business areas**



Itaú Unibanco | Numbers



* BRICs – Brasil, Rússia, Índia, China e África do Sul

among the **16 biggest** banks in the world, in market value

5 From the BRICs **1** Brazilian



(*) Amounts for September 30, 2012 - Source Bloomberg
(**) BRICs – Brazil, Russia, India, China and South Africa

Itaú Unibanco's sustainability route



The sustainability route I Evolution of the theme

Tendency

- New technologies, social behaviors, economic pressure, etc.

Social Articulation

- Market Initiatives
- Social commitments
- GRI, PRI, Equator Principles

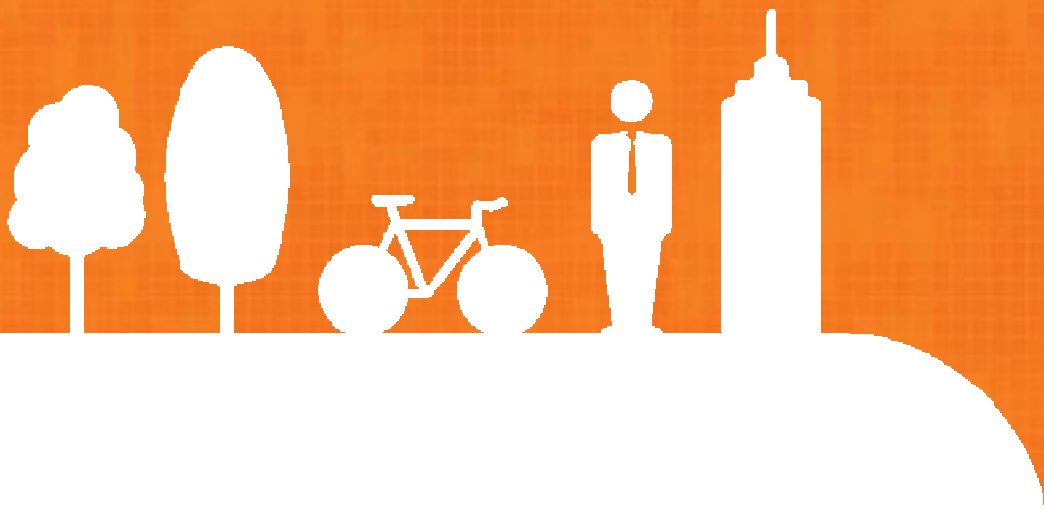
Political Articulation

- Legal Basis – Risk
- Access to capital – Return
- Value - beliefs

The sustainability route I Banking Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none">•Regulatory and political uncertainty•Reputation risk•Inadequate integration of climate change•Social unrest after disasters•Macroeconomic downturn•Unpredictable impacts on global markets•Compounding risk negates diversification•Impacts on own assets and operations•Higher energy cost internally•Greater pressure on public purse for disaster	<ul style="list-style-type: none">• New climate-friendly markets• Growing markets due to technology transfer• Returns by integrating climate change into standard internal business processes• Reputation if associated with positive response• Public/private partnership

Connecting sustainability at different levels of the institution



The process of connecting sustainability | History

Itaú and Unibanco had initiatives on sustainability since the 90's.

The merge, in 2008, settled a new bank and increased the responsibility and commitment to sustainability.



Beginning	Institutes and Foundations
1999	Dow Jones Sustainability World Indexes (DJSI)
2003	Microcredit Social-environmental risks
2004	Conscious use of money Social-environmental funds Bandeirantes Thermoelectric Plant
2005	Corporate Sustainability Index (ISE) Sustainable Governance Environmental Assurance
2006	Itaú Sustainable Dialogs AA1000
2007	Social-environmental risk policy Ranking of the 20 most sustainable companies (Guia Exame) New products
2008	Itaú and Unibanco's Merge
2009	Policy and Essence of Sustainability Bank of sustainable Ideas New products (Legal person and investments) Panel with stakeholders about the essence of sustainability
2010	Conscious use of money: focus on the employee Planning and repositioning
2011	Construction of the map of risks and opportunities Sustainable bank of the year in the world award
2012	Sustainable bank of the year in the Americas award Conscious use of money: focus on the client

The process of connection sustainability I Our context

To develop the sustainability strategy of Itaú Unibanco, internal and external references and expectations were analyzed.



Our Vision



Panels with stakeholders



Corporate Culture

(Our Way of Making It Happen)



Voluntary Commitments



Brand Proposition



**Performance
DJSI**



The process of connecting sustainability | Our Vision



**To be the leading bank in
sustainable performance
and customer satisfaction**

The process of connecting sustainability | Questions

3 questions guided the construction of the bank's sustainability strategy

1

What is **sustainable performance** and what is the relation between Sustainable Performance and **Sustainability**?

2

Which should be the bank's **priorities** in Sustainability?

3

How to connect sustainability with the **business agenda** and define an **action strategy**?

The process of connecting sustainability I Process

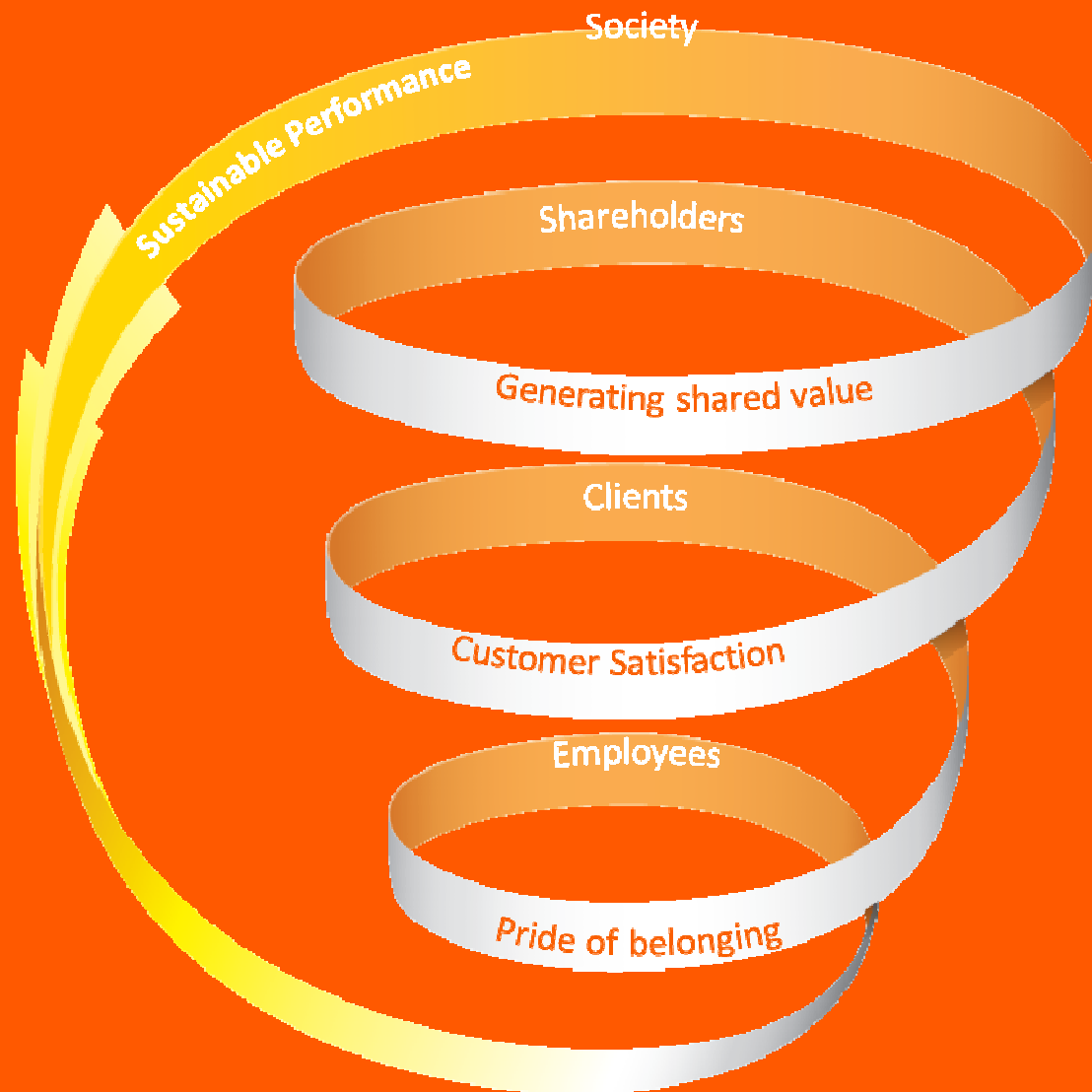
The process of defining and introducing the sustainability strategy into the bank at different levels with involved personnel



Sustainable Performance

is generate **shared value** to
employees, clients, shareholders and society
ensuring the continuity of the business

Sustainable Performance



- Permanent dialog to understand expectations
- Partner in the development of people, society and country
- To be the transformation agent

-
- Long-term relations
 - Financial result

-
- Equilibrium in the relations
 - Financial solutions according to the client 's life cycle
 - Transparency
 - Financial Education
 - Loyalty
 - Integration of ESG criteria in the risk assessment and product design

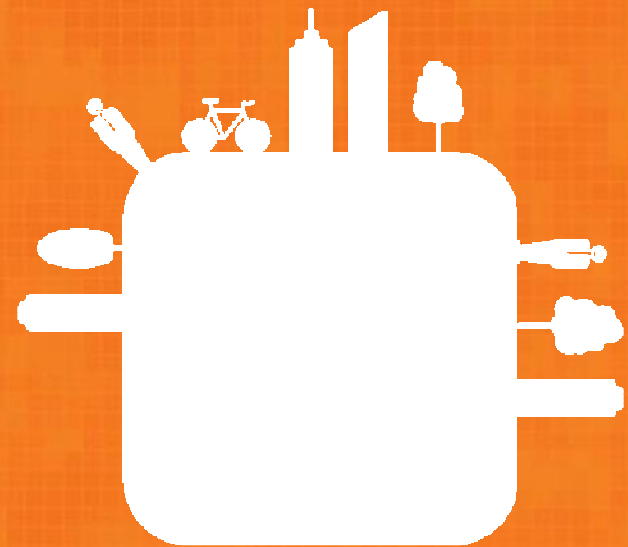
-
- People's development
 - Incentives
 - Meritocracy
 - Culture and organizational climate

The process of connecting sustainability | Focuses

3 strategical focuses and 4 enabler fronts guiding the implementation of the sustainability strategy into the organization



Sustainability to Itau Unibanco



What is sustainability to Itaú Unibanco? | Strategic Focuses



Financial Education

Understand **people's needs** to offer **knowledge and appropriate financial solutions**, contributing for individuals and companies to have a healthy relationship with money

Social-environmental Risks and Opportunities

Search business **opportunities and manage environmental risk**, considering market trends, regulations, customer demands and society

Dialog and Transparency

Build long-term relations based on trust to improve our business and **generate shared value**

What is sustainability to Itaú Unibanco? | Enabling fronts

Enabling sustainability strategy to be part of decision making process



What is sustainability to Itaú Unibanco? | Social-environmental initiatives

Credit

- Definition of a Social-environmental Risk Policy for Credit to client companies with a limit above U\$2,5 million
- In 2012, 6.507 companies were analyzed under the policy criteria.

Equator Principles

- In 2011, 9 project finance analyzed under the policy of the equator principles, assuring that the projects were developed in a socially and environmentally responsible way

Principles for Sustainable Insurance

- Signed in 2012 in the Rio+20

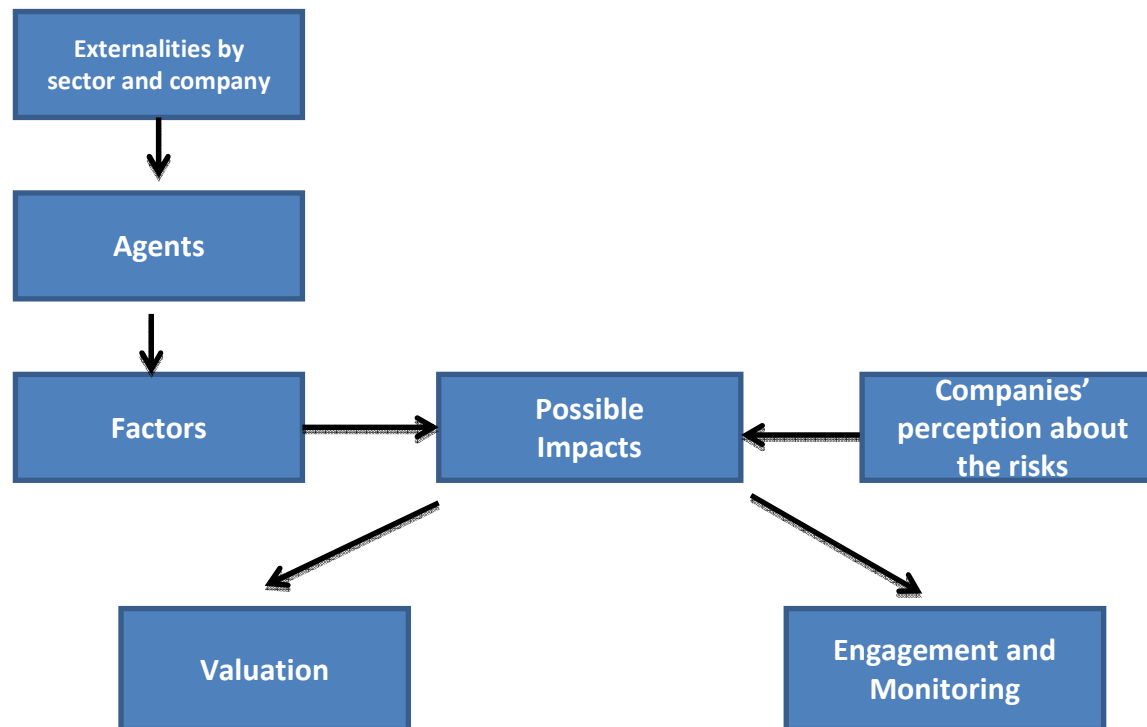
What is sustainability to Itaú Unibanco? | Example PRI

Principles for Responsible Investment (PRI)



- In 2012, more than 60% of our equities were mapped with ESG (environmental, social and governance) externalities, and the goal is to achieve 80% in 2013.
- Analysis of parts of the negative externalities, understanding how they can become **opportunities of differentiation**

Rational of the analysis



What is sustainability to Itaú Unibanco? | Example PRI



Source: PRI

What is sustainability to Itaú Unibanco? | Products

Insurance

Itaú Home Insurance with environmental services

- Smart Discard, Environmental Guidance, Eco-efficiency projects
- Since October/11 until January/12 more than 12 tons of solid waste were discarded in the socially and environmentally correct way

Environmental civil responsible Insurance

- Insurance against environmental pollution caused by events that may cause harm to the environment, public health and third parties

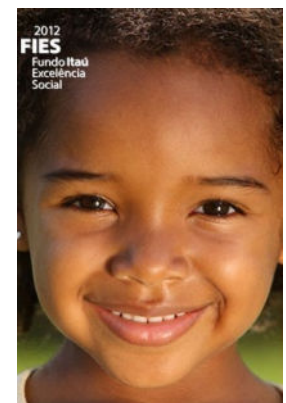
Funds

Itaú Social-Excellence Fund

- Send 50% of its administration tax to UNICEF and NGOs' projects
- In 2012, more than U\$ 1.8 millions are being used to support educational projects in Brazil

Itaú Eco-change Fund

- 30% of its administration tax directed to NGOs' projects focusing on the reduction of greenhouse-gas emissions
- Since 2008 more than U\$9000,000.00 were invested



What is sustainability to Itaú Unibanco? I Microcredit

Microcredit is the instrument of social inclusion, permitting small amounts of credit to small entrepreneurs, to help them get out of poverty and of the informal sector.

Products

- Credit categories: Working capital, equipment, repairs
- Credits from U\$200.00 up to U\$7,600.00
- First credit up to U\$ 2,500.00

Numbers

- 3 big cities in Brazil

•2012:

- 6.965 credits
- More than U\$ 12.000.000 of loans



What is sustainability to Itaú Unibanco? I Report

Sustainable Report

- Itaú is committed to transparency
- Report according to GRI principles
- A+ application level since 2004



Towards Integrated Report

- In 2012 an initiative was taken, connecting the financial with the qualitative information improving the transparency
- Annual Report of 2012 is our first step towards an integrated report.

Dialogs with stakeholders

- 2008 – Panels with specialists and employees: Input for the strategy
- 2011 – Panel with specialists: presentation and discussion
- 2012 – Meetings with opinion makers: implementation challenges

What is sustainability to Itaú Unibanco | Financial Education



Internal campaign

E-learning:

More than 80 thousand employees capacitated

External campaign

Conscious use of money website:

More than 3,000,000 access in 2012

Specially in: Conscious consumption, exit red, the best credit for you

Investment Campaign

Campaign to make people reflect about the importance of the investment to assure a peaceful future

In 2012 more than 4.874.066 views on YouTube

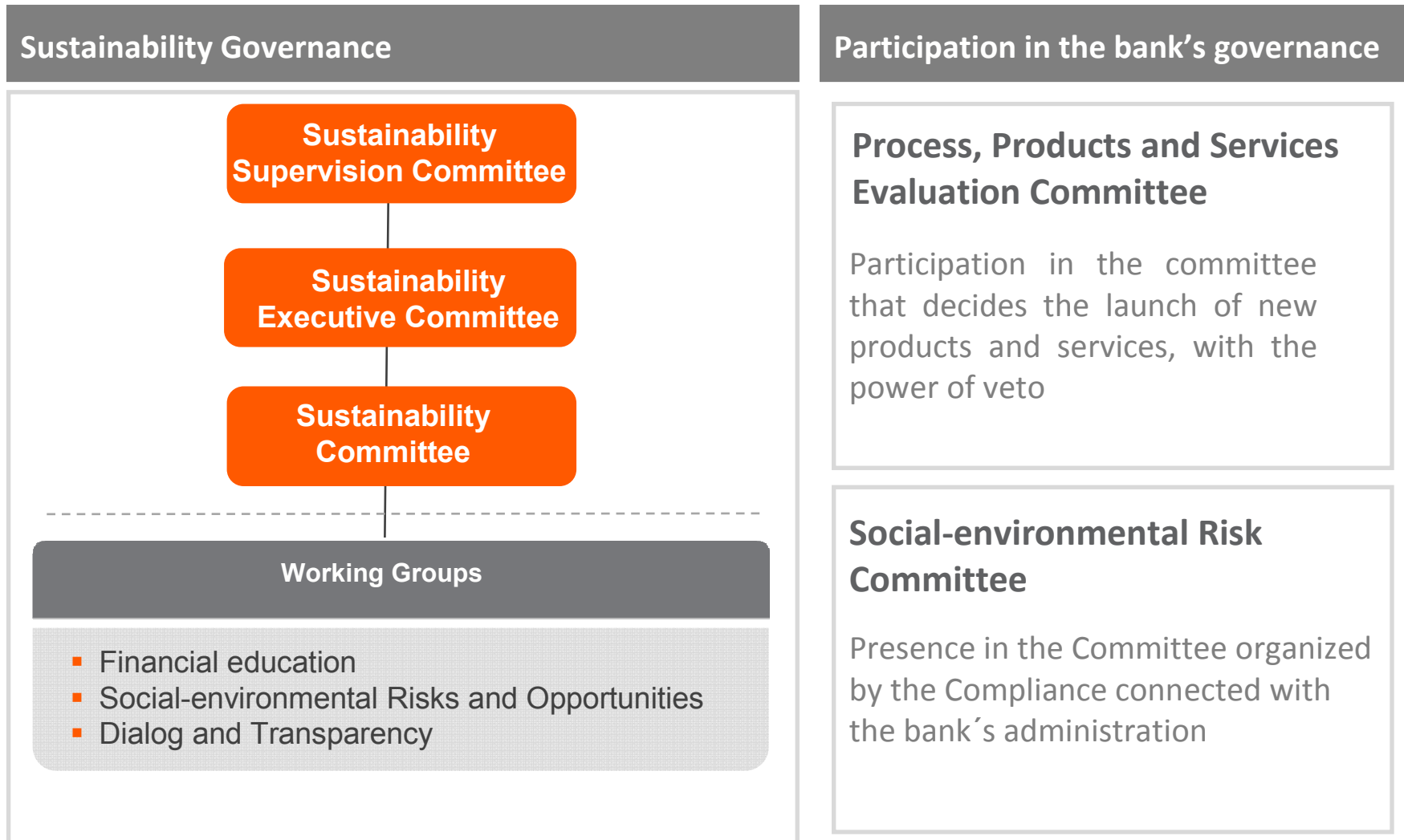
Conscious credit Campaign

Communication about conscious credit, informing the society of the importance of making conscious choices
More than 18 million views form 2011 to 2012

Benefits and opportunities

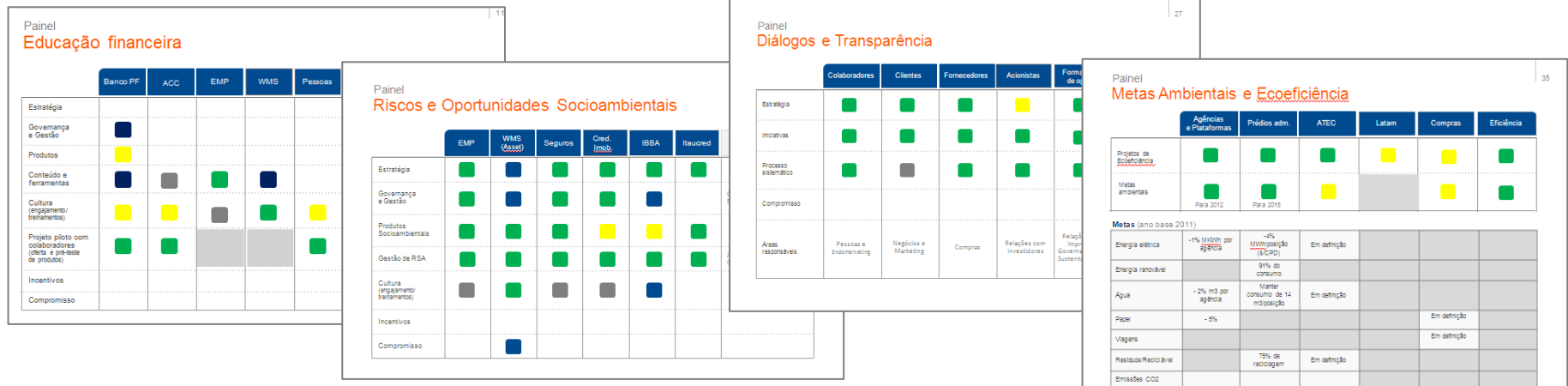


Conclusions | Governance











Conclusions I Sustainability Dashboard

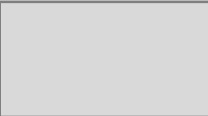
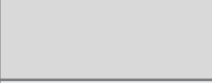
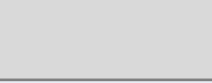

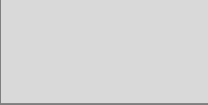
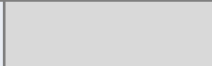
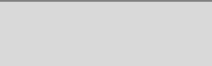
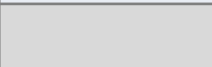
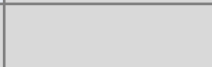
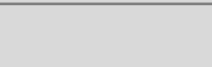
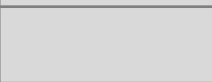
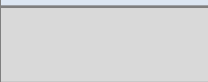
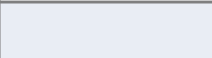
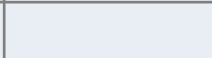
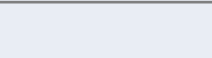
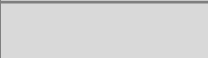
- In 2012 the Sustainability Dashboard was created based on the **3 strategical focuses**,
- Integrating **Dow Jones Sustainability Indexes (DJSI)** and **Corporate Sustainability Index (ISE)**
- Supports the **sustainability governance** to monitor the development of the agenda
- Connects the 3 strategic focuses to the different areas of the bank



Conclusions I Environmental Goals and Ecoefficiency


	Branches	Adm. Buildings	Technology	Supply
Eco-efficiency projects				
Environmental goals	 Para 2012	 Para 2015		

Goals (2011)

Electrical energy	-1% KWh per agency	-4% MWh/position (s/CPD)	In definition	
Renewable energy		91% of the consumption		
Water	- 2% m3 per agency	Keep consumption on 14 m3/position	In definition	
Paper	- 5%			In definition
Travel				In definition
Waste/ Recycle		75% recycling	In definition	
CO2 emissions				

 Happening

 Done

 Deadline not established

 Delayed

 Not submitted

Conclusions I Sustainability benefits

- Transforming risks into opportunities
- Creating synergy within different businesses (investments, credit, insurance)
- Increasing Market Value
- Enable access to new capital sources
- Differentiating from the market
- Attracting talents
- Enhancing long-term decision making
- Anticipating tendencies
- Improving customer loyalty
- Market leadership into a new economy



Conclusions I Market Value



- The only Latin American Bank that has participated since it was created (13 consecutive years)



- Itaú Unibanco has been in ISE for 7 years (since it was created in 2005)



- In 2012, Itaú Unibanco was named “Sustainable Bank of the Year in Americas” by Financial Times and International Finance Corporation (IFC)

Conclusions | Brand Value



**Most
valuable
brand**

MARCAS	VALOR
1. Itaú	24.296
Este valor é maior que o PIB da Nigéria + Nicarágua	
R\$ 24,2 bilhões >   + 	
2. Bradesco	13.633
3. Petrobrás	11.608
4. Banco do Brasil	11.309
5. Skol	7.277

Fonte: Ranking Interbrand 2011

**Sustainable bank of the year –
America – Financial Times / IFC**





Thank You!

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Backup!

Turkey Profile

- After several years of very rapid growth, an **abrupt economic slowdown** occurred in 2012. The eurozone crisis, a doubling of interest rates during 2012 and the impact of civil war in Syria were all drags on the economy. A **better performance is expected in 2013. Lending has been tightly restricted**, limiting gains in private consumption. Turkey is expected to become Europe's **fifth largest economy** and a key trading hub between Western Europe, the Middle Eastern and Asian economies by 2030.
- In 2012 when real GDP grew by **just 2.9%**. But the economy **should return to its long-term trend rate of growth of about 4%** per year in the medium term.
- In 2011, Ankara began to **limit the credit expansion** that had underpinned the economy. However, **prices rose by 9.0% in 2012** – well above the central bank's target rate of 5.0%. **Interest rates were cut** in September 2012 for the first time in seven months in response to slower economic growth. Inflation of **7.1% is forecast for 2013**.
- Unemployment **was 9.3% in 2012** and it will **rise to 10.1% in 2013**. Growth of employment slowed in 2012 and the deceleration will continue in 2013-2014. Istanbul is the country's economic centre accounting for more than 40% of GDP. **An estimated 1% of the population earns approximately 49% of national income.**