

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-15276

ITAÚ UNIBANCO HOLDING S.A.

(Exact Name of Registrant as Specified in its Charter)

ITAÚ UNIBANCO HOLDING S.A.

(Translation of Registrant's name into English)

THE FEDERATIVE REPUBLIC OF BRAZIL

(Jurisdiction of incorporation or organization)

Praça Alfredo Egydio de Souza Aranha, 100

04344-902 São Paulo, SP, Brazil

(Address of principal executive offices)

Renato Lulia Jacob

Group Head of Investor Relations

Itaú Unibanco Holding S.A.

Praça Alfredo Egydio de Souza Aranha, 100

04344-902 São Paulo, SP, Brazil

+55 11 2794 3547

drinvest@itau-unibanco.com.br

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol (s)	Name of each exchange on which registered
Preferred Shares, without par value		New York Stock Exchange*
American Depositary Shares (as evidenced by American Depositary Receipts), each representing one Preferred Share	ITUB	New York Stock Exchange

***Not for trading purposes, but only in connection with the listing on the New York Stock Exchange of American Depositary Shares representing those Preferred Shares.**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the period covered by the annual report:

4,958,290,359 Common Shares, no par value per share

4,845,844,989 Preferred Shares, no par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes No

If this annual report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the
International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Audit Firm Id: 1351

Auditor Name: PricewaterhouseCoopers Auditores Independentes

Auditor Location: São Paulo, Brasil

[Table of Contents](#)**Table of Contents**

Certain Terms and Conventions	1
Forward-Looking Statements	1
Presentation of Financial and Other Information	2
Effect of Rounding	2
Market and Industry Data	3
About our Financial Information	3
PART I	4
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS	4
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE	4
ITEM 3. KEY INFORMATION	5
3A. [RESERVED]	5
3B. Capitalization and Indebtedness	5
3C. Reasons for the Offer and Use of Proceeds	5
3D. Risk Factors	5
ITEM 4. INFORMATION ON THE COMPANY	30
4A. History and Development of the Company	30
4B. Business Overview	34
4C. Organizational Structure	124
4D. Property, Plant and Equipment	125
ITEM 4A. UNRESOLVED STAFF COMMENTS	126
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	126
5A. Operating Results	126
5B. Liquidity and Capital Resources	154
5C. Research and Development, Patents and Licenses, Etc.	164
5D. Trend Information	164
5E. Critical Accounting Estimates	164
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	164
6A. Directors and Senior Management	164
6B. Compensation	179
6C. Board Practices	189
6D. Employees	192
6E. Share Ownership	194
ITEM 7. MAJOR STOCKHOLDERS AND RELATED PARTY TRANSACTIONS	195
7A. Major Stockholders	195
7B. Related Party Transactions	197
7C. Interests of Experts and Counsel	199

Table of Contents

<u>ITEM 8. FINANCIAL INFORMATION</u>	200
<u>8A. Consolidated Statements and Other Financial Information</u>	200
<u>8B. Significant Changes</u>	203
<u>ITEM 9. THE OFFER AND LISTING</u>	203
<u>9A. Offer and Listing Details</u>	203
<u>9B. Plan of Distribution</u>	204
<u>9C. Markets</u>	204
<u>9D. Selling Shareholders</u>	206
<u>9E. Dilution</u>	206
<u>9F. Expenses of the Issue</u>	206
<u>ITEM 10. ADDITIONAL INFORMATION</u>	206
<u>10A. Share Capital</u>	206
<u>10B. Memorandum and Articles of Association</u>	207
<u>10C. Material Contracts</u>	216
<u>10D. Exchange controls</u>	217
<u>10E. Taxation</u>	217
<u>10F. Dividends and Paying Agents</u>	225
<u>10G. Statement by Experts</u>	225
<u>10H. Documents on Display</u>	225
<u>10I. Subsidiary Information</u>	225
<u>ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	226
<u>ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	241
<u>12A. Debt Securities</u>	241
<u>12B. Warrants and Rights</u>	241
<u>12C. Other Securities</u>	241
<u>12D. American Depositary Shares</u>	241
<u>PART II</u>	244
<u>ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	244
<u>ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	244
<u>ITEM 15. CONTROLS AND PROCEDURES</u>	245
<u>15A. Disclosure Controls and Procedures</u>	245
<u>15B. Management's Annual Report on Internal Control Over Financial Reporting</u>	245
<u>15C. Attestation Report of the Independent Registered Public Accounting Firm</u>	245
<u>15D. Changes in Internal Control Over Financial Reporting</u>	245
<u>ITEM 16. [RESERVED]</u>	246
<u>16A. Audit Committee Financial Expert</u>	246
<u>16B. Code of Ethics</u>	246
<u>16C. Principal Accountant Fees and Services</u>	247

Table of Contents

<u>16D. Exemptions from the Listing Standards for Audit Committees</u>	248
<u>16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	249
<u>16F. Change in Registrant's Certifying Accountant</u>	249
<u>16G. Corporate Governance</u>	249
<u>16H. Mine Safety Disclosure</u>	252
<u>16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</u>	252
<u>PART III</u>	252
<u>ITEM 17. FINANCIAL STATEMENTS</u>	252
<u>ITEM 18. FINANCIAL STATEMENTS</u>	252
<u>ITEM 19. EXHIBITS</u>	252
<u>Glossary</u>	253

[Table of Contents](#)

Certain Terms and Conventions

All references in this annual report to (i) “**Itaú Unibanco Holding**,” “**Itaú Unibanco Group**,” “**we**,” “**us**” or “**our**” are references to Itaú Unibanco Holding S.A. and its consolidated subsidiaries and affiliates, except where specified or differently required by the context; (ii) the “**Brazilian government**” are references to the federal government of the Federative Republic of Brazil, or Brazil; (iii) “**preferred shares**” are references to our authorized and outstanding preferred shares with no par value; and (iv) “**common shares**” are references to our authorized and outstanding common shares with no par value. All references to “**ADSs**” are to American Depositary Shares, each representing one preferred share, without par value. The ADSs are evidenced by American Depositary Receipts, or “**ADRs**,” issued by The Bank of New York Mellon, or BNY Mellon. All references herein to the “**real**,” “**reais**” or “**RS**” are to the Brazilian *real*, the official currency of Brazil. All references to “**US\$**,” “**dollars**” or “**U.S. dollars**” are to United States dollars.

Additionally, unless specified or the context indicates otherwise, the following definitions apply throughout this annual report:

- “**Itaú Unibanco**” means Itaú Unibanco S.A., together with its consolidated subsidiaries;
- “**Itaú BBA**” means Banco Itaú BBA S.A., together with its consolidated subsidiaries;
- “**Central Bank**” means the Central Bank of Brazil;
- “**CLP**” means the Chilean *peso*, the official currency of Chile;
- “**CMN**” means the Brazilian National Monetary Council; and
- “**CVM**” means the Securities and Exchange Commission of Brazil.

Additionally, acronyms used repeatedly, defined and technical terms, specific market expressions and the full names of our main subsidiaries and other entities referenced in this annual report are explained or detailed in the section entitled “Glossary”.

Forward-Looking Statements

This annual report contains statements that are or may constitute forward-looking statements within the meaning of Section 27A of the United States Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or Exchange Act. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting our business. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other risks:

- The economic, financial, political, public health and other effects of the outbreak of the 2019 strain of coronavirus (including variants) “COVID-19”, or other pandemics, epidemics and similar crises, and governmental responses thereto, particularly as such factors impact Brazil and the other markets in which we operate and continue to cause severe ongoing negative macroeconomic effects and disruptions to financial markets and the global economy, with a significant impact on the ability of businesses, including ours, to operate normally, thus heightening many of the other risks described in the “Risk Factors” section of this annual report;
- General economic, political and business conditions both in Brazil and abroad, including, in Brazil, developments and the perception of risks in connection with volatility related to the 2022 presidential elections in Brazil ongoing corruption and other investigations and increasing fractious relations and infighting within the administration of President Bolsonaro, as well as policies and potential changes to address these matters or otherwise, including economic and fiscal reforms and in response to the ongoing effects of the COVID-19 pandemic, any of which may negatively affect growth prospects in the Brazilian economy as a whole;

Table of Contents

- Fluctuations in inflation, interest rates and exchange rates in Brazil and the other markets in which we operate, which have been particularly volatile as a result of the ongoing effects of the COVID-19 pandemic;
- Our ability to implement, in a timely and efficient manner, any measure necessary to respond to, or reduce the impacts of, the COVID-19 pandemic on our business, operations, cash flow, prospects, liquidity and financial condition;
- The duration and spread of the COVID-19 pandemic and the outbreak of diseases or similar public health threats;
- General economic, political, and business conditions in Brazil and variations in inflation indexes, interest rates, foreign exchange rates, and the performance of financial markets;
- General economic and political conditions, in particular in the countries where we operate, escalating military tension between Russia and Ukraine, terrorism, or other geopolitical events;
- Government regulations and tax laws and amendments to such regulations and laws;
- Developments in high-profile investigations currently in progress and their impact on customers or on our tax exposures;
- Disruptions and volatility in the global financial markets;
- Increases in compulsory deposits and reserve requirements;
- Our level of capitalization;
- Costs and availability of funding;
- Increases in defaults by borrowers and other loan delinquencies, which result in increases in loan loss allowances;
- Regulation and liquidation of our business on a consolidated basis;
- Failure or hacking of our security and operational infrastructure or systems;
- Our ability to protect personal data;
- Strengthening of competition and industry consolidation;
- Changes in our loan portfolio and changes in the value of our securities and derivatives;
- Customer losses or losses of other sources of revenues;
- Our ability to execute our strategies and capital expenditure plans and to maintain and improve our operating performance;
- Our exposure to the Brazilian public debt;
- Incorrect pricing methodologies for insurance, pension plan and premium bond products and inadequate reserves;
- The effectiveness of our risk management policy;
- Damage to our reputation;
- The capacity of our controlling stockholder to conduct our business;
- Difficulties during the integration of acquired or merged businesses;
- Adverse legal or regulatory disputes or proceedings;
- Effects from socio-environmental issues, including new and/or more stringent regulations relating to these issues; and
- Other risk factors as set forth under “Item 3D. Risk Factors.”

The words “believe”, “may”, “will”, “estimate”, “continue”, “anticipate”, “intend”, “expect” and similar words are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. We undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking information, events and circumstances discussed in this annual report might not occur. Our actual results and performance could differ substantially from those anticipated in such forward-looking statements.

Presentation of Financial and Other Information

The information found in this annual report is accurate only as of the date of such information or as of the date of this annual report, as applicable. Our activities, our financial position and assets, the results of transactions and our prospects may have changed since that date.

Information contained in or accessible through our website or any other websites referenced herein does not form part of this annual report unless we specifically state that it is incorporated by reference and forms part of this annual report. All references in this annual report to websites are inactive textual references and are for information only.

Effect of Rounding

Certain amounts and percentages included in this annual report, including in the section of this annual report entitled “Item 5. Operating and Financial Review and Prospects” have been rounded for ease of presentation. Percentage figures included in this annual report have not been calculated in all cases on the basis of the rounded figures but on the basis of the original amounts prior to rounding. For this reason, certain percentage amounts in this annual report may vary from those obtained by performing the same calculations using the figures in the audited consolidated financial statements. Certain other amounts that appear in this annual report may not sum due to rounding.

[Table of Contents](#)**Market and Industry Data**

This annual report contains information, including statistical data, about certain markets and our competitive position. Except as otherwise indicated, this information is taken or derived from external sources. We indicate the name of the external source in each case where industry data is presented in this annual report. We cannot guarantee and we have not independently verified the accuracy of information taken from external sources, or that, in respect of internal estimates, a third party using different methods would obtain the same estimates as the estimates we present in this annual report.

About our Financial Information

The reference date for the quantitative information for balances found in this annual report is as of December 31, 2021 and the reference date for results is the year ended December 31, 2021, except where otherwise indicated.

Our fiscal year ends on December 31 and, in this annual report, any reference to any specific fiscal year is to the twelve-month period ended on December 31 of that year.

Our audited consolidated financial statements, included elsewhere in this annual report, are prepared in accordance with IFRS, as issued by the IASB. Unless otherwise stated all audited consolidated financial information related to the years ended December 31, 2021, 2020 and 2019 included in this annual report was prepared in accordance with IFRS.

We use accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank, or Brazilian GAAP, for our reports to Brazilian stockholders, filings with the CVM, and calculation of payments of dividends and tax liabilities.

The CMN establishes that financial institutions meeting certain criteria, such as us, are required to present audited consolidated financial statements in accordance with IFRS as issued by the IASB, in addition to financial statements under Brazilian GAAP.

Please see “Note 30 – Segment Information” to our audited consolidated financial statements for further details about the main differences between our management reporting systems and the audited consolidated financial statements prepared in accordance with IFRS.

Our audited consolidated financial statements as of December 31, 2021 and 2020 and for each of the years ended December 31, 2021, 2020 and 2019 were audited by PricewaterhouseCoopers Auditores Independentes Ltda. (“PwC”), independent registered public accounting firm, as stated in its audit report contained in this Form 20-F.

Please see “Note 2 – Significant Accounting Policies” to our audited consolidated financial statements for further details about the significant accounting policies applied in the preparation of our audited consolidated financial statements in accordance with IFRS.

[Table of Contents](#)**PART I****ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS**

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

4

[Table of Contents](#)**ITEM 3. KEY INFORMATION****3A. [RESERVED]****3B. Capitalization and Indebtedness**

Not applicable.

3C. Reasons for the Offer and Use of Proceeds

Not applicable.

3D. Risk Factors

This section addresses the risks we consider material to our business and an investment in our securities. Should any of the following risks actually occur, our business and financial condition, as well as the value of any investments made in our securities, will be adversely affected. Accordingly, investors should carefully assess the risk factors described below and the information disclosed in this annual report before making an investment decision. The risks described below are those that we currently believe may adversely affect us. Other risks that we do not presently consider material, emerging risks or risks not currently known to us may also adversely affect us.

Macroeconomic Risks**International Scenario**

Changes in macroeconomic and geopolitical conditions may adversely affect us.

Our operations are dependent upon the macroeconomic and geopolitical conditions of several countries, including countries in which we and our clients do business, in particular Latin American countries. Crises and volatility in the financial markets of countries other than Brazil may affect the global financial markets and the Brazilian economy and may have a negative impact on our operations.

The demand for credit and financial services, as well as our clients' ability to repay, is directly impacted by macroeconomic variables, such as economic growth, income, unemployment rate, inflation, and fluctuations in interest and foreign exchange rates, as well as by geopolitical variables.

For example, the recent action of Russian military forces and support personnel in Ukraine has escalated tensions between Russia and the United States, the North Atlantic Treaty Organization ("NATO"), the European Union and the United Kingdom ("U.K."). The United States has imposed, and is likely to impose material additional, financial and economic sanctions and export controls against certain Russian organizations and/or individuals, with similar actions either implemented or planned by the EU and the U.K. and other jurisdictions. In addition, the military conflict between Russia and Ukraine has increased many commodity prices, such as the prices of energy and oil. While the invasion continues toward major Ukrainian cities, the United States, the European Union and the U.K. and other jurisdictions are likely to impose additional material, financial and economic, sanctions and export controls, including against the Russian energy sector, in which the country is an important global producer. Such actions and sanctions could have negative impacts on regional and global financial markets and economic conditions, including disruptions/ interruptions in distribution channels, new price surges and increases in inflation across countries. Such events could have a material adverse effect on our business and financial performance, including through increased costs of compliance, restrictions on our and our clients' ability to enter into transactions with counterparties in specific regions of the world, higher volatility in foreign currency exchange rates, and increased input costs (such as energy).

[Table of Contents](#)

Moreover, disruptions and volatility in the global financial markets may have significant consequences in the countries in which we operate, such as volatility in the prices of securities, interest rates and foreign exchange rates. Higher uncertainty and volatility may result in a slowdown in the credit market and the economy, which, in turn, could lead to higher unemployment rates and a reduction in the purchasing power of consumers. In addition, such events may significantly impair our clients' ability to perform their obligations and increase overdue or non-performing loans, resulting in an increase in the risk associated with our lending activity.

In addition, the economic and market conditions of other countries, including the United States, countries of the European Union, and emerging markets, may affect the credit availability and the volume of foreign investments in Brazil and in the countries in which we do business, to varying degrees. The strong and rapid rise in COVID-19 cases around the world suggests that the Omicron, the latest variant of the virus, is highly contagious. The Omicron wave has surpassed that of previous variants in total number of infections, despite the high levels of vaccination. However, hospitalizations have seen a much more modest increase, and deaths have not risen significantly in the last few months. The current available information suggests that the Omicron variant could be less lethal despite being highly transmissible. Other than that, current high levels of vaccination in several countries and the distribution of booster doses may also be providing a defense against the disease. As a result, the Omicron-driven surge in cases has led to milder restrictions and have had a more limited impact on global economic activity. The impact has been higher in China, which has adopted a zero-COVID-19 policy. However, the risk of new variants other than the Omicron variant remains and reinforces the importance of booster shots and of updating vaccines to fight virus mutations. A new surge in infections arising, for example from new strains of the virus and any event that might hinder governments further controlling the spread of COVID-19 may lead to governments having to reimpose restrictions on mobility to try to contain the further spread of the disease, thus leading to a suppression of economic activity. Although these risks have decreased, their materialization would affect global growth and may decrease investors' interest in assets from Brazil and other countries in which we do business, which would adversely affect the market price of our securities, possibly making it more difficult for us to access capital markets and, as a result, to finance our operations in the future.

Additionally, inflation has been rising globally, which for developed markets will mean a faster withdraw of monetary stimulus that can affect emerging economies and thus our operations. Fed is likely to raise rates above neutral this year and closer to 4.0% in 2023, and to begin a significant balance sheet reduction in May 2022. ECB is also expected to move toward policy normalization. ECB is likely to end quantitative easing (QE) and to start raising rates in third quarter of 2022. A faster withdrawal of monetary stimulus in developed economies and the increase of interest rates can affect emerging economies and thus affect our operations.

We are exposed to certain risks that are particular to emerging and other markets

In conducting our business in Brazil, as well as other emerging markets, we are subject to political, economic, legal, operational and other risks that are inherent to operating in these countries. Banks that operate in countries considered to be emerging markets, including us, may be particularly susceptible to disruptions and reductions in the availability of credit or increases in financing costs, which may have a material adverse impact on our operations. In particular, the availability of credit to financial institutions operating in emerging markets is significantly influenced by an aversion to global risk. In addition, any factor impacting investor confidence, such as a downgrade in sovereign credit ratings (since the ratings of financial institutions, such as us, tends to be capped to the sovereign's rating) or an intervention by a government or monetary authority in one of such markets, may affect the price or availability of resources for financial institutions in any of these markets, which may affect us.

Political events will be key determinants of asset prices in the region once again. Elections in Brazil and Colombia will be major events, while in Chile the work of the constitutional assembly to write a new constitution will be closely watched, as markets wait for more policy signals from the recently elected administration. The IMF approved a new program with Argentina in March, amounting to USD 44 billion (total disbursements over a period of 30 months). But there are already new hurdles to the implementation of agreed policies due to the new reality of energy commodity prices, which opens up the possibility of waivers.

Crises in these countries may decrease investors' interest in Brazilian assets, which may materially and adversely affect the market price of our securities, making it more difficult for us to access capital markets and, as a result, to finance our operations in the future. Global financial crises, in addition to the Brazilian macroeconomic and political environment, may also affect the market price of securities of Brazilian issuers in a material and adverse way or lead to other negative effects in Brazil and in the countries in which we operate and have a material adverse effect on us.

[Table of Contents](#)**Domestic Scenario**

Brazilian authorities exercise influence over the Brazilian economy. Changes in fiscal, monetary and foreign exchange policies as well as a deterioration of government fiscal accounts, may adversely affect us.

Our operations are highly dependent upon the performance of the Brazilian economy. The demand for credit and financial services, as well as our clients' ability to make payments when due, is directly impacted by macroeconomic variables, such as economic growth, income, unemployment, inflation, and fluctuations in interest and foreign exchange rates. Brazilian GDP grew 1.2% in 2019 and decreased 3.9% in 2020. In 2021, GDP increased 4.6%. For 2022, we expect a slowdown in the Brazilian GDP growth to 1.0%, caused mainly by the impact of high interest rates on aggregate demand. Omicron became the dominant variant after the 2021 holiday season, leading to a sharp increase in COVID-19 cases and moderate pressure on hospitals in the beginning of 2022. The number of new cases has decreased sharply since February 2022, but the risk of new COVID-19 variants remains and reinforces the importance of booster shots and of updating vaccines to fight virus mutations. Moreover, there is a great deal of political uncertainty around the outcome of the 2022 presidential elections in Brazil. In the long term, growth may be limited by a number of factors, including structural factors, such as inadequate infrastructure, which entail risks of potential energy shortages and deficiencies in the transportation sector, among others, and a lack of qualified professionals, which can reduce the country's productivity and efficiency levels. Low levels of national savings require relatively large financial flows from abroad, which may falter if political and fiscal instability is perceived by foreign investors. Depending on their intensity, these factors could lead to decreasing employment rates and to lower income and consumption levels, which could result in increased default rates on loans we grant for individuals and non-financial corporations and, therefore, have a material adverse effect on us.

Brazilian authorities intervene from time to time in the Brazilian economy, through changes in fiscal, monetary, foreign exchange policies, and in state-owned public companies—which may adversely affect us. These changes may impact variables that are crucial for our growth strategy (such as foreign exchange and interest rates, liquidity in the currency market, tax burden, and economic growth), thus limiting our operations in certain markets, affecting our liquidity and our client's ability to pay, the risk appetite of foreign investors with respect to Brazil and, consequently, affecting our business, results of operations and financial condition.

Fiscal

The consolidated public sector delivered a primary budget surplus of 0.7% of GDP in 2021, marking the first positive result since 2013. In 2022, we expect the primary result of GDP to decrease, Public debt decreased from 88.8% in 2020 to 80.3% of GDP in 2021 and is expected to remain stable in 2022, but to increase again in 2023. Structurally, high indebtedness and an uncertain fiscal framework suggest a major risk to Brazil's fiscal path. If the government fails to persist with the fiscal adjustment agenda, the local economy would be negatively impacted, with a depreciation of the Brazilian real, an increase in inflation and interest rates and a deceleration of economic growth, thus adversely affecting our business, results of operations and financial condition.

Monetary

Sudden increases in prices and long periods of high inflation may cause, among other effects, loss of purchasing power and distortions in the allocation of resources in the economy. Measures to combat high inflation rates include a tightening of monetary policy, with an increase in the SELIC, resulting in restrictions on credit and short-term liquidity, which may have a material adverse effect on us. Changes in interest rates may have a material effect on our net margins, since they impact our costs of funding and granting credit. In addition, increases in the SELIC rate could reduce demand for credit and increase the costs of our reserves and the risk of default by our clients. Conversely, decreases in the SELIC rate could reduce our gains from interest-bearing assets, as well as our net margins.

The Central Bank's Monetary Policy Committee (the "COPOM") was created on June 20, 1996 and is responsible for setting the SELIC rate. The COPOM meets eight times a year, every 45 days. The aim in creating the COPOM was to enhance monetary policy transparency and confer adequate regularity to the monetary policy decision-making process. Currently, many central banks around the world follow similar procedures, facilitating the decision-making process, monetary policy transparency and communication with the public.

After reaching 2.0% per annum in August 2020, the Central Bank began to increase interest rates in March 2021. The SELIC rate reached 9.25% in December 2021 and 11.75% in March 2022. The increase in the SELIC rate throughout 2021 and 2022 placed real interest rates at a restrictive level.

[Table of Contents](#)

The COVID-19 pandemic and the resulting economic slowdown and volatility in the Brazilian and global financial and capital markets had, and may in the future continue to have, a material adverse effect on our business, financial condition, liquidity and results of operations across our business units. To the extent the COVID-19 pandemic adversely affects our business, liquidity, results of operations and financial condition, it will also have the effect of materially heightening many of the other risks described in this "Risk Factors" section.

The COVID-19 pandemic and governmental responses thereto have had, and may continue to have, a severe impact on global and Brazilian macro-economic and financial conditions, including the disruption of supply chains and the closures or interruptions of many businesses, leading to losses of revenues, increased unemployment and economic stagnation and contraction.

The COVID-19 pandemic has also resulted in materially increased volatility in both Brazilian and international financial markets and economic indicators, including exchange rates, interest rates and credit spreads. For example, as a result of heightened volatility, the B3 Exchange's circuit breaker was triggered eight times in the month of March 2020 and the value of assets was negatively impacted. Any shocks or unexpected movements in these market factors could result in financial losses associated with our trading portfolio or financial assets, which could deteriorate our financial condition. Furthermore, market concerns could translate into liquidity constraints and reduced access to funding in both the local and the international markets, negatively affecting our business.

Measures taken by governmental authorities worldwide, including Brazil, to stabilize markets and support economic growth may not be sufficient to control high volatility or to prevent serious and prolonged reductions in economic activity. In addition, the social distancing measures imposed by governmental authorities to contain the spread of the COVID-19 pandemic resulted in a sharp drop or even a halt in the activities of companies in various sectors that we transact with and otherwise serve. While many of these restrictions have since been lifted, there is no way to predict whether new patterns of contagion, and the emergence of new variants, increasing disease severity or other factors related to the pandemic, including access to, or the efficiency of, vaccines and the availability of booster shots, may result in a renewed tightening of these policies or the imposition of new and different restrictions. These policies and measures have influenced the behavior of the consumer market and the population in general, the demand for services, products and credit.

In addition, there can be no assurance that the restrictive measures imposed by certain Brazilian states and municipalities will not worsen if Brazil faces new waves of COVID-19. For example, at the beginning of 2021, a novel strain of COVID-19 started circulating in Brazil, causing an increase in the number of deaths and hospitalizations. On March 11, 2021, Brazil was considered the epicenter of the COVID-19 pandemic in terms of number of confirmed cases and deaths. As a result, public authorities in Brazil reinstated more severe restrictive measures, including social distancing, quarantine and lockdowns. However, even with these measures, economic activity was significantly less impacted in 2021, indicating that there was a learning process in connection with the COVID-19 pandemic.

The weakened macroeconomic fundamentals coupled with the market downturn caused by the COVID-19 pandemic had, and may in the future have, a negative impact on our performance across all our business units. Impacts on our business could be widespread, and material impacts may be possible, including but not limited to the following:

- Employees contracting COVID-19;
- Reductions in our operating effectiveness as our employees work from home or disaster-recovery locations;
- Unavailability of key personnel necessary to conduct our business activities, including a lack of qualified IT personnel to support remote working or combat any cyber risks;
- Unprecedented volatility in global financial markets and exchange markets;
- Reductions in revenue across our operating businesses and increased customer defaults;
- Closure of our offices or the offices of our clients; and
- Potential regulatory scrutiny of our ability to adequately supervise our activities in accordance with applicable regulatory requirements.

The extent of the impacts of the COVID-19 pandemic on our business, financial condition, liquidity and results will depend on future developments, which are highly uncertain, unpredictable and which depend on several factors that are beyond our control, including the possibility of additional outbreaks, further mutations and variants of the virus and the intensity of the economic downturn resulting from actions taken, or to be taken, by government authorities and the scientific community in response to the COVID-19 pandemic, including in relation to the availability and efficiency of vaccines and

[Table of Contents](#)

other treatments. Consumers affected by the COVID-19 pandemic may continue to show retraction behaviors, even after the end of the crisis, maintaining low levels of discretionary spending in the long term, which is why certain sectors we serve may take longer to recover (particularly sectors such as hotels, civil aviation, shopping centers and wholesale retailers).

To the extent the COVID-19 pandemic adversely affects our business, results of operations and financial condition, it would also have the effect of heightening many of the other risks described in this “Risk Factors” section of this Form 20-F, such as those relating to interest rate changes, economic, social and political developments in Brazil, the market volatility generated by distortions in the international financial markets, cybersecurity, etc.

Please see “Item 5A. Operating Results — Macroeconomic Context – Brazilian Context” for further details about the impact of the COVID-19 pandemic on our business.

Please see “Note 33 – Supplementary information” to our audited consolidated financial statements.

[Table of Contents](#)

Ongoing high profile anti-corruption investigations in Brazil may affect the perception of Brazil and domestic growth prospects.

Certain relevant Brazilian companies in the energy, infrastructure and oil and gas sectors are facing investigations by the CVM, the SEC, the U.S. Department of Justice (DOJ), the Brazilian Federal Police and other Brazilian public entities who are responsible for corruption and cartel investigations, in connection with corruption allegations (so called Lava Jato investigations) and, depending on the outcome of such investigations and the time it takes to conclude them, they may face (as some of them already faced) downgrades from credit rating agencies, experience (as some of them already experienced) funding restrictions and have (as some of them already had) a reduction in revenues, among other negative effects. Such negative effects may hinder the ability of those companies to timely honor their financial obligations bringing losses to us as a number of them are our clients.

The companies involved in the Lava Jato investigations, a number of which are our clients, may also be (as some of them already have been) prosecuted by investors on the grounds that they were misled by the information released to them, including their financial statements. Moreover, the current corruption investigations have contributed to reduce the value of the securities of several companies. The investment banks (including Itau BBA Securities in NY) that acted as underwriters on public distributions of securities of such investigated companies, and Banco Itau International, our private banking vehicle in Miami, were in the recent past also parties to certain related lawsuits in the U.S., that were either settled or dismissed, and may become parties to other legal proceedings yet to be filed.

We cannot predict how long the corruption investigations may continue, or how significant the effects of the corruption investigations may be for the Brazilian economy and for the financial sector that may be investigated for the commercial relationships it may have held with companies and persons involved in Lava Jato investigations. Another high profile investigation, besides Lava Jato, ongoing in Brazil is the so-called Zelotes operation. If the allegations of such investigations are confirmed they may also affect some of our clients and their credit trustworthiness.

In March 2016, the Brazilian Internal Revenue Services, or Brazilian IRS, summoned us to account for certain tax proceedings related to BankBoston Brazil which came under investigation in relation to the Zelotes operations. We acquired BankBoston Brazil's operation from Bank of America in 2006. On December 1, 2016, the Brazilian Federal Police conducted searches at our premises, to look for documents related to those proceedings, and documents related to payments made to lawyers and consultants that acted on those proceedings. We clarify that the agreement with Bank of America for the acquisition of BankBoston Brazil's operations included a provision whereby the seller would remain liable and responsible for the conduct of BankBoston's tax proceedings, including with regard to the retention of lawyers and consultants. Therefore, according to such agreement, any and all payments made by us to lawyers and consultants were made strictly on behalf of Bank of America.

On July 2017, the Brazilian Federal Public Prosecutor indicted some lawyers and public agents regarding this case, based on their potential participation on the scheme. None of them was our employees or executives. We remain fully available and will cooperate with the authorities should any further clarification be needed. After reviewing our control procedures and our monitoring systems, we believe we are in compliance with the existing standards, especially related to anti-money laundering standards; notwithstanding, due to the size and breadth of our operations and our commercial relationship with investigated companies or persons, and due to the several banks, both publicly and privately owned, that we acquired throughout the last fifteen years, we may also come within the scope of investigations, which may ultimately result in reputational damage, civil or criminal liability. Negative effects on a number of companies may also impact the level of investments in infrastructure in Brazil, which may also lead to lower economic growth.

It was reported by the press that Antonio Palocci Filho and Eike Fuhrken Baptista da Silva, negotiated a plea bargain with the Brazilian Public Ministry, where they denounced alleged irregularities in electoral donations and market manipulation, respectively, carried out by some Brazilian banks, including us and Itaú BBA. After the investigation, the Federal Police did not indict any Itaú employee or executive member. On February 22, 2022, the investigation records were filed by the Federal's Court.

[Table of Contents](#)**Legal and Regulatory Risks****Bank Regulations**

We are subject to regulation on a consolidated basis and may be subject to liquidation or intervention on a consolidated basis.

We operate in a number of credit and financial services related sectors through entities under our control. For purposes of regulation and supervision, the Central Bank treats us and our subsidiaries and affiliates as a single financial institution. While our consolidated capital base provides financial strength and flexibility to our subsidiaries and affiliates, their individual activities could indirectly put our capital base at risk. Any investigation or intervention by the Central Bank, particularly in the activities carried out by any of our subsidiaries and affiliates, could have a material adverse impact on our other subsidiaries and affiliates and, ultimately, on us. If we or any of our financial subsidiaries become insolvent, the Central Bank may carry out an intervention or liquidation process on a consolidated basis rather than conduct such procedures for each individual entity. In the event of an intervention or a liquidation process on a consolidated basis, our creditors would have claims on our assets and the assets of our consolidated financial subsidiaries. In this case, claims of creditors of the same nature held against us and our consolidated financial subsidiaries would rank equally in respect of payment. If the Central Bank carries out a liquidation or intervention process with respect to us or any of our financial subsidiaries on an individual basis, our creditors would not have a direct claim on the assets of such financial subsidiaries, and the creditors of such financial subsidiaries would have priority in relation to our creditors in connection with such financial subsidiaries' assets. The Central Bank also has the authority to carry out other corporate reorganizations or transfers of control under an intervention or liquidation process.

Changes in applicable law or regulations may have a material adverse effect on our business.

Changes in the law or regulations applicable to financial institutions in Brazil may affect our ability to grant loans and collect debts in arrears, which may have an adverse effect on us. Our operations could also be adversely affected by other changes, including with respect to restrictions on remittances abroad and other exchange controls as well as by interpretations of the law by courts and agencies in a manner that differs from our legal advisors' opinions. In addition, the fees charged to individual customers are regulated by the Central Bank, which may impose gratuities. For example, the Central Bank prohibits the charging of fees for using Pix, as well as requires the provision of essential banking services by financial institutions (e.g., ATMs and online banking), which tends to impact sources of our revenue.

In the context of economic or financial crises, the Brazilian government may also decide to implement changes to the legal framework applicable to the operation of Brazilian financial institutions. For example, in response to the global financial crisis which began in late 2007, Brazilian national and intergovernmental regulatory entities, such as the BCBS, proposed regulatory reforms aiming to prevent the recurrence of similar crises, which included a new requirement to increase the minimum regulatory capital (Basel III).

Please see "Item 4B. Business Overview—Supervision and Regulation—Basel III Framework—Implementation of Basel III in Brazil" for further details about regulatory capital requirements.

Moreover, the Brazilian Congress is considering enacting new legislation that, if signed into law as currently drafted, could have an adverse effect on our activities. In 2019, multiple bills sought to limit interest rates, particularly for credit card facilities (*rotativo do cartão*) and overdrafts facilities (*cheque especial*) – the latter, with limits that are more restrictive than those recently imposed by the Central Bank (which are described in more detail under "Item 4B. Business Overview – Supervision and Regulation—Rules for Overdraft Facilities in Checking Accounts"). Further caps on interest rates may be adopted. Furthermore, a proposed law to amend the Brazilian consumer protection code would allow courts to modify terms and conditions of credit agreements in certain circumstances, imposing certain difficulties for the collection of amounts from final consumers. In 2021, Law No. 14,183 was issued, which increased the tax burden on the banking and financial services sectors. In 2022, Congress is expected to vote on another increase in the tax bill. The publication of Law No.14,181/21 aims to help consumers in good faith who are unable to pay their debts without compromising the minimum amounts they have to survive. These parameters will be defined by the regulator in 2022, being their criteria for treatment of over-indebtedness and outstanding debts from the federal government, which could have a negative impact on the granting of credit and the renegotiation of debts with our customers. See "Item 4B. Business Overview—Supervision and Regulation—Law No. 14,181 of 2021" for more details on Law No. 14,181/21.

In addition, local or state legislatures may from time to time consider bills intending to impose security measures and standards for customer services, such as setting branch opening hours, requiring 24 hour armed guard personnel and specifications on ATM functioning, among others, that, if signed into law, could affect our operations. More recently, certain bills have passed (and others were proposed) in certain Brazilian states or municipalities that affect our ability to evaluate credit risk and collect outstanding debts. For example, legislators often impose, or aim to impose, restrictions on the ability of creditors to include the information about insolvent debtors in the records of credit protection bureaus. These types of restrictions could also adversely affect our ability to collect outstanding credit.

[Table of Contents](#)

We also have operations outside of Brazil, including, but not limited to, Argentina, the Bahamas, the Cayman Islands, Chile, Colombia, Paraguay, Portugal, Switzerland, the United Kingdom, the United States and Uruguay. Changes in the laws or regulations applicable to our business in the countries where we operate, or the adoption of new laws, and related regulations, may have an adverse effect on us.

Increases in compulsory deposit requirements may have a material adverse effect on us.

Compulsory deposits are reserves that financial institutions are required to maintain with the Central Bank. Compulsory deposits generally do not provide the same returns as other investments and deposits because a portion of these compulsory deposits does not bear interest. The Central Bank has periodically changed the minimum level of compulsory deposits reserves that financial institutions are required to maintain with the Central Bank.

[Table of Contents](#)**Insurance Regulations**

Our insurance operations are subject to oversight by regulatory agencies, such as SUSEP and ANS. Therefore, we may be affected negatively by the penalties applied by such regulators.

Insurance companies are subject to SUSEP intervention and/or liquidation. In case of insufficient resources, technical reserves, or poor economic health with respect to a regulated entity, SUSEP may appoint an inspector to act within the relevant company. If such intervention does not remedy the issue, SUSEP will forward to CNSP a proposal to withdraw the applicable insurance license. In addition, insurance companies are subject to pecuniary penalties, warnings, suspension of authorization of activities and disqualification to engage in business activities as set in Law.

Health insurance companies are subject to ANS regulations. With respect to companies that are deemed to have financial imbalances or serious economic, financial or administrative irregularities, ANS may order the disposal of the applicable health insurance company's portfolio, or take other measures, such as fiscal or technical direction regime for a period not exceeding 365 days, or extrajudicial liquidation. The penalties established for violations committed by health insurance companies and their directors and officers are: (i) warnings; (ii) pecuniary penalties; (iii) suspension of company's activities; (iv) temporary disqualification for the exercise of management positions in health insurance companies; (v) permanent disqualification for the exercise of management positions in health insurance companies as well as in open private pension funds, insurance companies, insurance brokers and financial institutions; and (vi) the cancellation of the company's authorization to operate and sale of its portfolio.

Accordingly, our insurance operations may be affected negatively by any penalties applied by SUSEP or ANS, as described above.

Capital Market and Tax Regulations

Holders of our shares and ADSs may not receive any dividends.

Corporations in Brazil are legally required to pay their stockholders a minimum mandatory dividend at least on a yearly basis (except in specific cases provided for in applicable law). Our Bylaws determine that we must pay our stockholders at least 25% of our annual net income calculated and adjusted pursuant to Brazilian Corporate Law. Applicable Brazilian legislation also allows corporations to consider the amount of interest on shareholders' equity distributed to their stockholders for purposes of calculating the minimum mandatory dividends. The calculation of net income pursuant to the Brazilian Corporate Law may significantly differ from our net income calculated under IFRS.

Brazilian Corporate Law also allows the suspension of the payment of the mandatory dividends in any particular year if our Board of Directors informs our general stockholders' meeting that such payment would be incompatible with our financial condition. To suspend the dividend payments, our Fiscal Council is required to furnish to the CVM an opinion on the matter along with a statement by our executives. Therefore, upon the occurrence of such event, the holders of our shares and ADSs may not receive any dividends. If this happens, the dividends that were not paid in the particular fiscal year shall be registered as a special reserve and, if not used to cover any losses of subsequent years, the amounts of unpaid dividends still available under such reserve shall be distributed when the financial condition of the corporation allows for such payment.

Furthermore, pursuant to its regulatory powers provided under Brazilian law and banking regulations, the Central Bank may at its sole discretion reduce the dividends or determine that no dividends will be paid by a financial institution if such restriction is necessary to mitigate relevant risks to the Brazilian financial system or the financial institution.

Please see "Item 8A. Consolidated Statements and Other Financial Information—Stockholders' Payment" and "Item 4B. Business Overview—Supervision and Regulation—Basel III Framework—Implementation of Basel III in Brazil." For further details about CMN's capital requirements and dividends and interest on capital see "Note 2.4 – Summary of Main Accounting Practices, q) Dividends and Interest on Capital" and "Note 19 – Stockholders' Equity" to our audited consolidated financial statements.

[Table of Contents](#)

Tax reforms may adversely affect our operations and profitability.

The Brazilian government regularly amends tax laws and regulations, including by creating new taxes, which can be temporary, and changing tax rates, the basis on which taxes are assessed or the way taxes are calculated, including in respect of tax rates applicable solely to the banking industry.

Currently, the Brazilian Congress is discussing different legislative proposals for a broad tax reform. Ongoing discussions include replacing certain existing taxes for new ones, the imposition of withholding tax over dividends distributions (currently exempt from income taxation), increase of certain taxes levied on financial revenues, among other provisions. There is no clarity as to when or whether a tax reform may ultimately be enacted. If adopted, any such tax reform may affect our business by increasing our costs, limiting our profitability or having other impacts.

Risks Associated with our Business**Market Risk**

The value of our securities and derivatives is subject to market fluctuations due to changes in Brazilian or international economic conditions and, as a result, may subject us to material losses.

Market risk is the risk of losses due to movements in financial market prices.

The securities and derivative financial instruments in our portfolio may cause us to record gains and losses, when sold or marked to market (in the case of trading securities), and may fluctuate considerably from period to period due to domestic and international economic conditions. In addition, we may incur losses from fluctuations in the market value of positions held, including risks associated with transactions subject to variations in foreign exchange rates, interest rates, price indexes, equity and commodity prices.

We cannot predict the amount of realized or unrealized gains or losses for any future period. Gains or losses on our investment portfolio may not contribute to our net revenue in the future or may cease to contribute to our net revenue at levels consistent with more recent periods. We may not successfully realize the appreciation or depreciation now existing in our consolidated investment portfolio or in any assets of such portfolio.

Credit Risks

Past performance of our loan portfolio may not be indicative of future performance, changes in the profile of our business may adversely affect our loan portfolio. In addition, the value of any collateral securing our loans may not be sufficient, and we may be unable to realize the full value of the collateral securing our loan portfolio.

Our historical loan loss experience may not be indicative of our future loan losses. While the quality of our loan portfolio is associated with the default risk in the sectors in which we operate, changes in our business profile may occur due, among other factors, to our organic growth, merger and acquisition activity, changes in local economic and political conditions, a slowdown in customer demand, an increase in market competition, the outbreak of communicable diseases such as COVID-19, changes in regulation and in the tax regimes applicable to the sectors in which we operate and other related changes in countries in which we operate and in the international economic environment, including as a result of escalating military tension between Russia and Ukraine.

Our results of operations and financial position depend on our ability to evaluate losses associated with risks to which we are exposed. We recognize an allowance for loan losses based on our current assessment and expectations regarding various factors that affect the quality of our loan portfolio. If we are unable to control or reduce the level of nonperforming or low-quality loans, we may be adversely affected.

[Table of Contents](#)

For example, historically, when Brazilian banks increased their loan portfolio to consumers, particularly in the automotive sector, this increased demand for vehicle loans has been followed by a significant rise in the level of consumer indebtedness, leading to high nonperforming loan rates. As a result, many financial institutions recorded higher loan losses due to an increased volume of provisions and a decrease in loans for vehicle acquisition.

Any changes affecting any of the sectors to which we have significant lending exposure, and changes in the value of the collateral securing our loans, may result in a reduction in the value we realize from collateral and in our loan portfolio. Consequentially, it may have an adverse impact on our results of operations and financial condition, and it could also adversely affect the growth rate and the mix of our loan portfolio.

In addition, if we are unable to recover sums owed to us under secured loans in default through extrajudicial measures such as restructurings, our last recourse with respect to such loans may be to enforce the collateral secured in our favor by the applicable borrower. Depending on the type of collateral granted, we either have to enforce such collateral through the courts or through extrajudicial measures. However, even where the enforcement mechanism is duly established by the law, Brazilian law allows borrowers to challenge the enforcement in the courts, even if such challenge is unfounded, which can delay the realization of value from the collateral. In addition, our secured claims under Brazilian law will in certain cases rank below those of preferred creditors such as employees and tax authorities. As a result, we may not be able to realize value from the collateral or may only be able to do so to a limited extent or after a significant amount of time, thereby potentially adversely affecting our financial condition and results of operations.

We may incur losses associated with counterparty exposure risks, including the Brazilian federal government.

We routinely conduct transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients. Like most Brazilian banks, we also invest in debt securities issued by the Brazilian government. As of December 31, 2021, approximately 17.5% of all our assets and 58.8% of our securities portfolio were comprised of these public debt securities.

We may incur losses if any of our counterparties fail to meet their contractual obligations, due to bankruptcy, lack of liquidity, operational failure or other reasons that are exclusively attributable to our counterparties. As an example, an eventual-failure by the Brazilian government to make timely payments under the terms of these securities, or a significant decrease in their market value could negatively affect our results in two ways: directly, through portfolio losses, and indirectly, through instabilities that a default in public debt could cause to the banking system as a whole, particularly since commercial banks' exposure to government debt is high in countries in which we operate. This counterparty risk may also arise from our entering into reinsurance agreements or credit agreements pursuant to which counterparties have obligations to make payments to us and are unable to do so, or from our carrying out transactions in the foreign currency market (or other markets) that fail to be settled at the specified time due to non-delivery by the counterparty, clearing house or other financial intermediary. Their failure to meet their contractual obligations may adversely affect our financial performance.

A downgrade of our ratings may adversely affect our funding cost, our access to capital and debt markets, our liquidity and, as a result, our competitive position.

Credit ratings represent the opinions of independent rating agencies regarding our ability to repay our indebtedness, and affect the cost and other terms upon which we are able to obtain funding. Each of the rating agencies reviews its ratings and rating methodologies on a periodic basis and may decide on a grade change at any time, based on factors that affect our financial strength, such as liquidity, capitalization, asset quality and profitability or due to a downgrade of the Brazilian sovereign rating.

Under the criteria utilized by the rating agencies, ratings assigned to Brazilian financial institutions, including to us are constrained by the grades assigned to the Brazilian sovereign. Events that are not subject to our control, such as economic or political crises, may lead to a downgrade of the Brazilian sovereign rating and a corresponding downgrade of the ratings assigned to us.

Credit ratings are essential to our capability to raise capital and funding through the issuance of debt and to the cost of such financing. A downgrade or a potential downgrade in our credit ratings could have an adverse impact on our operations, income and risk weighting. This may affect net earnings, capital requirements and return on capital levels, causing a negative impact on our competitive position. Additionally, if our credit ratings were to be downgraded, rating trigger clauses that may be part of our financing agreements with other institutions could result in an immediate need to deliver additional collateral to counterparties or taking other actions under some of our derivative contracts, adversely affecting our interest margins and results of operations. Thus, a failure to maintain favorable ratings and outlooks can affect the cost and availability of our financing through the capital markets and other sources of financing, affecting our interest margins and capacity to operate.

[Table of Contents](#)

Changes or uncertainty in base interest rates could adversely affect us.

A significant portion of our business is conducted in Brazil, where the COPOM, establishes the SELIC rate, and uses changes in this rate as an instrument of monetary policy. The SELIC rate is the benchmark interest rate payable to holders of certain securities issued by the Brazilian government and traded on the SELIC System operated by the Central Bank. In recent years, the SELIC rate, has fluctuated significantly reflecting the corresponding volatility in the macroeconomic scenario and inflationary environment. During 2015 and 2016, as a result of increased prospects of inflation and macroeconomic instability, the COPOM increased the SELIC rate, reaching 14.25% and 13.75% as of December 31, 2015 and December 31, 2016, respectively. In the following years, as a result of the widespread decline in inflation, due to the high level of idle capacity in the Brazilian economy and anchored inflation expectations, the Central Bank started a monetary easing cycle and the COPOM has reduced the SELIC rate. As of December 31, 2017, and December 31, 2018, the SELIC rate was 7.00% and 6.50%, respectively. As of December 31, 2019 and December 31, 2020, the SELIC rate was 4.5% and 2.0%, respectively, and started to increase in March 2021, reaching 9.5% in December 2021. As of the date of the filing of this annual report, the SELIC rate was 11.75%.

We may face challenges associated with IBOR transition.

A significant portion of our income, expenses and liabilities is directly tied to interest rates. Therefore, our results of operations and financial condition are significantly affected by inflation, interest rate fluctuations and related government monetary policies. In addition, various interbank offered rates which are deemed to be “benchmarks” (the “IBORs”, including LIBOR and EURIBOR) are the subject of recent international and other regulatory guidance and proposals for reform. The majority of these reforms are already effective, including the majority of the provisions of Regulation (EU) 2016/1011.

On March 5, 2021, the U.K. Financial Conduct Authority (“FCA”) announced that: (i) all seven euro LIBOR settings, all seven Swiss franc LIBOR settings, the spot next, 1-week, 2-month and 12-month Japanese yen LIBOR settings, the overnight, 1-week, 2-month and 12-month sterling LIBOR settings, and the 1-week and 2-month US dollar LIBOR settings would cease immediately after December 31, 2021 and (ii) the overnight and 12-month US dollar LIBOR settings would permanently cease immediately after June 30, 2023. This cessation of LIBOR for various currencies at the end of 2021 (and in 2023 for certain tenors of USD LIBOR) will also result in replacement rates being used more widely, including in the instruments documenting certain of our financial obligations. For example, in the U.S., a group convened by the Federal Reserve Board and the Federal Reserve Bank of New York, called the Alternative Reference Rate Committee (“ARRC”) and comprised of a diverse set of private sector entities, has identified the Secured Overnight Financing Rate (or “SOFR”) as its preferred alternative rate for the USD LIBOR and the Federal Reserve Bank of New York has begun publishing SOFR daily. Many banks in the U.S. have begun entering into transactions where interest is determined based on SOFR or plan to do so during the course of 2022, as recommended by ARRC and certain regulators. Additionally, on April 6, 2021, New York Governor Cuomo signed into law legislation that provides for the substitution of SOFR in any LIBOR-based contract governed by New York state law that does not include clear fallback language, once LIBOR is discontinued. Moreover, many financial contracts, including some which govern our financial obligations, include replacement alternatives for LIBOR upon the cessation of LIBOR. It is possible that some U.S. lenders will elect to use alternative rates other than SOFR. Central banks in several other jurisdictions have also announced plans for publishing alternative reference rates for other currencies. Moreover some U.S. lenders may elect to use alternative rates other than SOFR such as the SOFR rate published by the CME Group which was also formally recommended by the ARRC for cash market products.

In addition, in 2021 regulators encouraged financial firms to cease entering into new contracts that use of LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021.

Additionally, on September 13, 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate (“€STR”) as the new risk-free rate for the euro area. The €STR was published for the first time on October 2, 2019. Also, on 11 May 2021 this working group recommended EURIBOR fallback trigger events and replacement rates for EURIBOR based on €STR. Unlike LIBOR, the EURIBOR is not expected to disappear. However, although EURIBOR has been reformed in order to comply with the terms of the Regulation (EU) 2016/1011, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

This and other reforms may cause IBORs to perform differently than in the past, or to disappear entirely, or have other consequences, which cannot be fully anticipated, which introduce a number of risks for us including legal risks arising from potential changes required to documentation for new and existing transactions, financial risks arising from any changes in the valuation of financial instruments linked to benchmark rates and hedging mismatch, pricing risks arising from how changes to benchmark indices could impact pricing mechanisms on some instruments, operational risks arising from the

[Table of Contents](#)

potential requirement to adapt information technology systems, trade reporting infrastructure and operational processes, and commercial risks arising from the potential impact of communication with customers and engagement during the transition period. Accordingly, the implementation of alternative benchmark rates may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our approach to the replacement of the IBOR rates is described in more detail in “LIBOR Transition” in item 5A.

[Table of Contents](#)**Liquidity Risk**

We face risks relating to liquidity of our capital resources.

Liquidity risk, as we understand it, is the risk that we will not have sufficient financial resources to meet our obligations by the respective maturity dates or that we will honor such obligations but at an excessive cost. This risk is inherent in the activities of any commercial or retail bank.

Our capacity and cost of funding may be impacted by a number of factors, such as changes in market conditions (e.g., in interest rates), credit supply, regulatory changes, systemic shocks in the banking sector, and changes in the market's perception of us, among others.

In scenarios where access to funding is scarce and/or becomes too expensive, and the access to capital markets is either not possible or is limited, we may find ourselves obliged to increase the return rate paid to deposits made to attract more clients and/or to settle assets not compromised and/or potentially devalued so that we will be able to meet our obligations. If the market liquidity is reduced, the demand pressure may have a negative impact on prices, since natural buyers may not be immediately available. Should this happen, we may have a significant negative goodwill on assets, which will impact the bank's results and financial position. The persistence or worsening of such adverse market conditions or rises in basic interest rates may have a material adverse impact on our capacity to access capital markets and on our cost of funding.

Concentration Risk

We face risks related to market concentration.

Concentration risk is the risk associated with potentially high financial losses triggered by significant exposure to a particular component of risk, whether it be related to a particular counterparty, industry, geographic region, mitigating instruments, index or currency. Examples of such risks include significant exposure to a single counterparty, to counterparties operating in the same economic sector or geographical region, to businesses segments or credit products, or to financial instruments that depend on the same index or currency.

We believe that failure to diversify transactions with respect to a particular risk factor could generate material financial loss for us.

[Table of Contents](#)**Hedge Risk**

Our hedge strategy may not be able to prevent losses

We use diverse instruments and strategies to hedge our exposures to a number of risks associated with our business, but we may incur losses if such hedges are not effective.

We may not be able to hedge our positions, or do so only partially, or we may not have the desired effectiveness to mitigate our exposure to the diverse risks and market in which we are involved. Any of these scenarios may adversely affect our business and financial results.

Operational Risks

We face risks relating to our operations.

Operational risks, which may arise from errors in the performance of our processes, the conduct of our employees, instability, malfunction or outage of our IT system and infrastructure, or loss of business continuity, or comparable issues with respect to our vendors, may disrupt our businesses and lead to material losses. We face operational risk arising from errors, accidental or premeditated, made in the execution, confirmation or settlement of transactions or from transactions not being properly recorded, evaluated or accounted for. The occurrence of any of these risks may adversely affect our business, financial results and reputations.

We are exposed to failures, deficiency or inadequacy of our internal processes, human error or misconduct and cyberattacks. Additionally, we rely on third-party services. All these factors may adversely affect us.

Due to the high volume of daily processing, we are dependent on technology and management of information, which exposes us to eventual unavailability of systems and infrastructure such as power outages, interruption of telecommunication services, and generalized system failures, as well as internal and external events that may affect third parties with which we do business or that are crucial to our business activities (including stock exchanges, clearing houses, financial dealers or service providers) and events resulting from wider political or social issues, such as cyberattacks or unauthorized disclosures of personal information in our possession. We manage and store certain proprietary information and sensitive or confidential data relating to identified or identifiable natural persons, including our clients and to our operations. We may be subject to breaches of the information technology systems we use for these purposes, as well as the theft of technology and intellectual property. Additionally, we operate in many geographic locations and are frequently subject to the occurrence of events outside of our control. Despite the contingency plans we have in place, our ability to conduct business in any of these locations may be adversely impacted by a disruption to the infrastructure that supports our business. We are strongly dependent on technology and thus are vulnerable to viruses, worms and other malicious software, including “bugs” and other problems that could unexpectedly interfere with the operation of our systems and result in data leakage.

Operating failures, including those that result from human error or fraud, not only increase our costs and cause losses, but may also give rise to conflicts with our clients, lawsuits, regulatory fines, sanctions, interventions, reimbursements and other indemnity costs. Ethical misconduct and noncompliance – ethical misconduct or breaches of applicable laws by our businesses or our employees could be damaging to our reputation too, and could result in litigation, regulatory action and penalties. All of which may have a material adverse effect on our business, reputation and results of operations. Operational risk also includes legal risk associated with inadequacy or deficiency in contracts signed by us, as well as penalties due to noncompliance with laws and punitive damages to third parties arising from the activities undertaken by us. Additionally, we have essential other services for the proper functioning of our business and technology infrastructure, such as call centers, networks, internet and systems, among others, provided by external or outsourced companies. Impacts on the provision of these services, caused by these companies due to the lack of supply or the poor quality of the contracted services, can affect the conduct of our business as well as our clients. We also rely in certain limited capacities on third-party data management providers whose possible security problems and security vulnerabilities may have similar effects on us.

As a result of the COVID-19 pandemic, we have rapidly increased the number of employees working remotely. This may cause increases in the unavailability of our systems and infrastructure, interruption of telecommunication services, generalized system failures and heightened vulnerability to cyberattacks. Accordingly, our ability to conduct our business may be adversely impacted.

[Table of Contents](#)

Failure to protect personal information could adversely affect us.

We manage and hold confidential personal information of identified or identifiable natural persons, including clients in the ordinary course of our business. Although we have procedures and controls to safeguard personal information in our possession, unauthorized disclosures or security breaches could subject us to legal action and administrative sanctions, as well as damage that could materially and adversely affect our operating results, reputation, financial condition and prospects.

Administrative sanctions include, but are not limited to, sanctions for non-compliance with the *Lei Geral de Proteção de Dados* (“LGPD”), or Law No. 13,709/2018, which came into effect in September 2020. The LGPD sets out the scenarios in which personal data can be handled, either by physical or digital means, and protects the holders of data from improper use. Additionally, it requires that the way companies handle personal data is based on the law.

Further, our business is exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and reputational or financial harm.

In addition, we may be required to report events related to cybersecurity issues, events where client information may be compromised, unauthorized access and other security breaches, to the relevant regulatory authority and to the subjects affected. Any material disruption or slowdown of our systems could cause information, including data related to client requests, to be lost or to be delivered to our clients with delays or errors, which could reduce demand for our services and products and could materially and adversely affect us.

Failure to adequately protect ourselves against risks relating to cybersecurity could materially and adversely affect us.

We face various cybersecurity risks, including but not limited to: (i) penetration of our information technology systems and platforms, by ill-intentioned third parties, (ii) infiltration of malware (such as computer viruses) into our systems, (iii) contamination (whether intentional or accidental) of our networks and systems by third parties with whom we exchange data, (iv) unauthorized access to confidential client and/or proprietary data by persons inside or outside of our organization, and (v) cyber-attacks causing systems degradation or service unavailability that may result in business losses.

We have seen in recent years computer systems of companies and organizations being targeted, not only by cyber criminals, but also by activists and rogue states. We define cyberattack as any type of offensive maneuver employed by states, nations, individuals, groups or organizations that targets computer information systems, infrastructure, networks and/or personal devices, using varied means, such as denial of service, malware and phishing, for the purpose of stealing, altering or destroying a specific target by hacking into a technological susceptible system. Cyberattacks can range from the installation of viruses on a personal computer to attempts to destroy the infrastructure of entire nations. We are exposed to this risk over the entire lifecycle of information, from the moment it is collected to its processing, transmission, storage, analysis and destruction.

For example, in 2020, SolarWinds Inc., one of our third-party software service providers, was subject to a data security incident and, in 2021, a remote code execution vulnerability in Apache Log4j was identified as affecting large amounts of systems worldwide. In these instances, our cybersecurity team promptly took steps to determine whether we were adversely impacted and to contain and remediate the incidents. We completed investigations of these incidents and concluded that they resulted in no material adverse impact to us, but there can be no guarantee we will not experience such an impact in the future, as we are subject to cyber threats that occur every day.

A successful cyberattack may result in unavailability of our services, leak or compromise of the integrity of information and could give rise to the loss of significant amounts of client data and other sensitive information, as well as significant levels of liquid assets (including cash) as well as damage to our image, directly affecting our customers and partners. In addition, cyberattacks could give rise to the disabling of our information technology systems used to service our clients. As attempted attacks continue to evolve in scope and sophistication, we may incur significant costs in our attempt to modify or enhance our protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach.

If we fail to effectively manage our cybersecurity risk, for example, by failing to update our systems and processes in response to new threats, this could harm our reputation and adversely affect our operating results, financial condition and prospects through the payment of client compensation, regulatory penalties and fines and/or through the loss of assets. In addition, we are also subject to cyber-attacks against critical infrastructures of Brazil or of the other countries where we operate. Our information technology systems are dependent on such critical infrastructure and any cyber-attack against such critical infrastructure could negatively affect our ability to service our clients.

[Table of Contents](#)

We also help third parties to adapt their infrastructure to work securely from home. There are also requirements related to the information security process, such as the LGPD, CVM Resolution No. 35/2021, CMN Resolution No. 4,893/2021, Central Bank Resolution No. 85/2021 and SUSEP Circular No.638/2021, that we are required to comply with. We agree on the importance of mitigating cyber risks and the related controls are continuous monitored to ensure effectiveness as any failure to comply with these regulatory requirements could adversely affect us.

The loss of senior management, or our ability to attract and maintain key personnel, could have a material adverse effect on us.

Our ability to maintain our competitive position and implement our strategy depends on our senior management. The loss of some of the members of our senior management, or our inability to maintain and attract additional personnel, could have a material adverse effect on our operations and our ability to implement our strategy.

Our performance and success are largely dependent on the talents and efforts of highly skilled individuals. Talent attraction and retention is one of the key pillars for supporting the results of our organization, which is focused on client satisfaction and sustainable performance. Our ability to attract, develop, motivate and retain the right number of appropriately qualified people is critical to our performance and ability to thrive globally. Concurrently, we face the challenge to provide a new experience to employees, so that we are able to attract and retain highly-qualified professionals who value environments offering equal opportunities and who wish to build up their careers in dynamic, cooperative workplaces, which encourage diversity and meritocracy and are up to date with new work models. Also, our current business scenario demands not only a careful look at traditional careers, but also at new career paths that are indispensable for our future.

Our performance could be adversely affected if we are unable to attract, retain and motivate key talent. As we are highly dependent on the technical skills of our personnel, including successors to crucial leadership positions, as well as their relationships with clients, the loss of key components of our workforce (particularly to emerging competitors, such as start-ups and fintechs), could make it difficult to compete, grow and manage the business. A loss of such expertise could adversely affect our financial performance, future prospects and competitive position.

This loss can further affect our businesses if we lose any key employee who is difficult to replace due to a booming talent market (such as data scientists, product managers, designers and others) or to diversity profiles (such as women in leadership roles).

Misconduct of our employees or representatives may adversely affect us.

Our business is based on institutional principles (“Our Way”), among which are “it’s only good for us if it’s good for the client” and “ethics are non-negotiable”. However, part of the customer relationship depends on direct interaction with our employees or representatives. We cannot assure you that our individual employees will always comply with our internal policies and that our internal procedures will effectively monitor and identify misbehavior. Deviations in behavior such as inappropriate sales practices and improper use of information may occur. These risks can give rise to customer attrition, need of compensation or reimbursements, litigation and, according to its extension, may expose the institution to reputation risk, financial and credibility losses with the market and regulators.

[Table of Contents](#)

We may not be able to prevent our officers, employees or third parties acting on our behalf from engaging in situations that qualify as corruption in Brazil or in any other jurisdiction, which could expose us to administrative and judicial sanctions, as well as have an adverse effect to us.

We are subject to Brazilian anticorruption legislation, and similarly-focused legislation of the other countries where we have branches and operations, as well as other anticorruption laws and regulatory regimes with a transnational scope. These laws require the adoption of integrity procedures to mitigate the risk that any person acting on our behalf may offer an improper advantage to a public agent in order to obtain benefits of any kind. Applicable transnational legislation, such as the U.S. Foreign Corrupt Practices Act and U.K. Bribery Act, as well as the applicable Brazilian legislation (mainly Brazilian Law No. 12,846/2013 – *Lei Anticorrupção Brasileira*), require us, among other things, the maintenance of policies and procedures aimed at preventing any illegal or improper activities related to corruption involving government entities and officials in order to secure any business advantage, and require us to maintain accurate books and a system of internal controls to ensure the accuracy of our books and prevent illegal activities. We have policies and procedures designed to prevent bribery and other corrupt practices. See “Item 4B. Business Overview—Supervision and Regulation” for further details. However, unauthorized actions by our officers, employees or third parties acting on our behalf in breach of our internal policies may qualify as corruption in Brazil or in other jurisdiction and we could be exposed to administrative and judicial sanctions, accounting errors or adjustments, monetary losses and reputational damages or other adverse effects. The perception or allegations that we, our employees, our affiliates or other persons or entities associated with us have engaged in any such improper conduct, even if unsubstantiated, may cause significant reputational harm and other adverse effects.

We operate in international markets which subject us to risks associated with the legislative, judicial, accounting, regulatory, political and economic risks and conditions specific to such markets, which could adversely affect us or our foreign units.

We operate in various jurisdictions outside of Brazil through branches, subsidiaries and affiliates, and we expect to continue to expand our international presence. We face, and expect to continue to face, additional risks in the case of our existing and future international operations, including:

- political instability, adverse changes in diplomatic relations and unfavorable economic and business conditions in the markets in which we currently have international operations or into which we may expand;
- more restrictive or inconsistent government regulation of financial services, which could result in increased compliance costs and/or otherwise restrict the manner in which we provide our services; and
- difficulties in managing operations and adapting to cultural differences, including issues associated with (i) business practices and customs that are common in certain foreign countries but might be prohibited by Brazilian law and our internal policies and procedures and (ii) management and operational systems and infrastructures, including internal financial control and reporting systems and functions, staffing and managing of foreign operations, which we might not be able to do effectively or cost-efficiently.

As we expand into these and additional markets these risks could be more significant and have the potential to have an adverse impact on us.

[Table of Contents](#)**Strategy Risk**

Our business strategy may not provide us the results we expect.

Our strategy and challenges are determined by management based on related assumptions, such as the future economic environment, and the regulatory, political and social scenarios in the regions in which we operate. These assumptions are subject to inaccuracies and risks that might not be identified or anticipated.

Accordingly, the results and consequences arising from any possible inaccurate assumptions may compromise our capacity to fully or partially implement strategies and capital expenditure plans, as well as to achieve the results and benefits expected therefrom, which might give rise to financial losses and reduce the value creation to our stockholders.

Additionally, factors beyond our control, such as, but not limited to, economic and market conditions, changes in laws and regulations, including regulations limiting fees or interest rates and fostering an increasingly competitive scenario, and other risk factors stated in this annual report may make it difficult or impossible to implement fully or partially our business model and also our achieving the results and benefits expected from our business plan.

Adverse changes to the political and economic scenario in Latin America may affect some of the challenges we have taken on, such as the internationalization of our business, since our strategy to strengthen our position in other countries is also dependent on the respective economic performance of these countries.

The integration of acquired or merged businesses involves certain risks that may have a material adverse effect on us.

As part of our growth strategy in the Brazilian and Latin American financial sector, we have engaged in a number of mergers, acquisitions and partnerships with other companies and financial institutions in the past and may pursue further such transactions in the future. When we do announce, our stock price may fall depending on the size of the acquisition. Even though we review the companies we plan to acquire, it is generally not viable for these reviews to be complete in all respects. Any such transactions involve risks, such as the possible incurrence of unanticipated costs as a result of difficulties in integrating systems, finance, accounting and personnel platforms, failure in diligence or the occurrence of unanticipated contingencies, as well as the breach of the transaction agreements by counterparties. In addition, we may not achieve the operating and financial synergies and other benefits that we expected from such transactions in a timely manner, on a cost-effective basis or at all. There is also the risk that antitrust and other regulatory authorities may impose restrictions or limitations on the transactions or on the businesses that arise from certain combinations or impose fines or sanctions due to the interpretation by the authorities of irregularities with respect to a corporate merger, consolidation or acquisition.

If we are unable to take advantage of business growth opportunities, cost savings, operating efficiencies, revenue synergies and other benefits we anticipate from mergers and acquisitions, or if we incur greater integration costs than we have estimated, then we may be adversely affected.

Our controlling stockholder has the ability to direct our business.

As of December 31, 2021, IUPAR, our controlling stockholder, directly owned 51.71% of our common shares and 26.15% of our total share capital, giving it the power to appoint and remove our directors and officers and determine the outcome of any action requiring stockholder approval, including transactions with related parties, corporate reorganizations and the timing and of dividend payments.

In addition, IUPAR is jointly controlled by Itaúsa, which, in turn, is controlled by the Egydio de Souza Aranha family, and by Cia. E. Johnston, which in turn is controlled by the Moreira Salles family. The interests of IUPAR, Itaúsa and the Egydio de Souza Aranha and Moreira Salles families may be different from the interests of our other stockholders.

Certain of our directors are affiliated with IUPAR and circumstances may arise in which the interests of IUPAR and its affiliates conflict with the interests of our other stockholders. To the extent that these and other conflicting interests exist, our stockholders will depend on our directors duly exercising their fiduciary duties as members of our Board of Directors. Notwithstanding, according to Brazilian Corporate Law the controlling stockholders should always vote in the interest of the company. In addition, they are prohibited from voting in cases of conflict of interest in the matter to be decided.

[Table of Contents](#)**Litigation Risk**

Unfavorable court decisions involving material amounts for which we have no or partial provisions or in the event that the losses estimated turn out to be significantly higher than the provisions made, may adversely affect our results and financial condition.

As part of the ordinary course of our business, we are subject to, and party to various civil, tax and labor lawsuits, which involve financial risks. Our audited consolidated financial statements only include reserves for probable losses that can be reasonably estimated and eventual expenses that we incur in connection with litigation or administrative proceedings, or as otherwise required by Brazilian law. It is currently not possible to estimate the amount of all potential costs that we may incur or penalties that may be imposed on us other than those amounts for which we have reserves. In the event of unfavorable court decisions involving material amounts for which we have no or partial provisions, or in the event that the losses estimated turn out to be significantly higher than the provisions made, the aggregate cost of unfavorable decisions, may adversely affect our results and financial condition.

Decisions on lawsuits due to government monetary stabilization plans may have a material adverse effect on us.

We are a defendant in lawsuits for the collection of understated inflation adjustment for savings resulting from the economic plans implemented in the 1980s and 1990s by the Brazilian government as a measure to combat inflation.

We are a defendant in lawsuits filed by individuals, as well as class actions filed by (i) consumer protection associations; and (ii) the public attorneys' office (*Ministério Público*) on behalf of holders of savings accounts. In connection with these class actions, we established provisions upon service of the individual claim requiring the enforcement of a judgment handed down by the judiciary, using the same criteria used to determine the provisions of individual actions.

The STF has issued a number of decisions in favor of the holders of savings accounts but has not ruled regarding the constitutionality of economic plans and their applicability to savings accounts. Currently, the appeals on this issue are suspended by order of the STF, until there is a definitive decision by the STF regarding the constitutional issue.

In December 2017, under the mediation of the *Advocacia-Geral da União* (or AGU), the representative entities of banks and the representative entities of holders of savings accounts entered into an agreement with the objective of ending the litigation related to economic plans against the Brazilian banks. The agreement establishes the conditions for the voluntary adhesion of the holders of savings accounts for the receiving of amounts and closure of processes.

The agreement was ratified at a plenary session of the STF on March 1, 2018 and the holders of savings accounts were able to adhere to its terms for a period of 24 months.

As this period expired, the parties signed an addendum to the instrument to extend the adhesion period to include a greater number of saving account holders and, consequently, increase the termination of legal actions. In May 2020, the STF approved this addendum and granted a term of thirty months for new adhesions, which may be extended for another thirty months, conditioned on the number of account holders adhering throughout the first period.

As such, low adherence to the agreement and an eventual unfavorable judgment by the STF may result in Brazilian banks incurring relevant costs, which could have an adverse effect on our financial position. We are currently working with the courts to encourage adherence.

Tax assessments may adversely affect us.

As part of the normal course of business, we are subject to inspections by federal, municipal, and state tax authorities. These inspections, arising from the divergence in the understanding of the application of tax laws may generate tax assessments which, depending on their results, may have an adverse effect on our financial results. Also due to such proceedings and for other reasons we may be thwarted by a court decision to pay dividends and other distributions to our shareholders.

[Table of Contents](#)

Please see “Item 8A. Consolidated Statements and Other Financial Information—Legal Proceedings” for further details.

Management Risk Factor

Our policies, procedures and models related to risk control may be ineffective and our results may be adversely affected by unexpected losses.

Our risk management methods, procedures and policies, including our statistical models and tools for risk measurement, such as value at risk, or VaR, for market risk default probability estimation models for credit risk or customer unusual behavior models for fraud detection or money-laundering risk identification, may not be fully effective in mitigating our risk exposure in all economic environments or against all types of risks, including those that we fail to identify or anticipate. Some of our qualitative tools and metrics for managing risk are based on our observations of the historical market behavior. In addition, due to limitations on information available in Brazil, to assess clients’ creditworthiness, we rely largely on credit information available from our own databases, on certain publicly available consumer credit information and other sources. We apply statistical and other tools to these observations and data to quantify our risk exposure. These tools and metrics may fail to predict all types of future risk exposures. These risk exposures, for example, could arise from factors we did not anticipate or correctly evaluate in our statistical models. This would limit our ability to manage our risks. Our losses, therefore, could be significantly greater than indicated by historical measures. In addition, our quantified modeling may not take all risks into account. Our qualitative approach to managing those risks could prove insufficient, exposing us to material unexpected losses.

Our results of operations and financial position depend on our ability to evaluate losses associated with risks to which we are exposed and on our ability to build these risks into our pricing policies. We recognize an allowance for loan losses aiming at ensuring an allowance level compatible with the expected loss, according to internal models credit risk measurement. The calculation also involves significant judgment on the part of our management. Those judgments may prove to be incorrect or change in the future depending on information as it becomes available. These factors may adversely affect us.

Financial Reporting Risks

We make estimates and assumptions in connection with the preparation of our financial statements, and any changes to those estimates and assumptions could have a material adverse effect on our operating results.

In connection with the preparation of our financial statements, we use certain estimates and assumptions based on historical experience and other factors. While we believe that these estimates and assumptions are reasonable under the circumstances, they are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, our reported operating results could be materially adversely affected.

As a result of the inherent limitations in our disclosure and accounting controls, misstatements due to error or fraud may occur and not be detected.

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports we file with or submit to the SEC under the Exchange Act is accumulated and communicated to management, recorded, processed summarized and reported within the time periods specified in SEC rules and forms. We believe that any disclosure controls and procedures or internal controls and procedures, including related accounting controls, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. In addition, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls.

Any failure by us to maintain effective internal control over financial reporting may adversely affect investor confidence in our company and, as a result, the value of investments in our securities.

[Table of Contents](#)

We are required under the Sarbanes-Oxley Act of 2002 to furnish a report by our management on the effectiveness of our internal control over financial reporting and to include a report by our independent auditors attesting to such effectiveness. Any failure by us to maintain effective internal control over financial reporting could adversely affect our ability to report accurately our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent auditors determine that we have a material weakness or significant deficiency in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market prices of our shares and ADSs could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies subject to SEC regulation, also could restrict our future access to the capital markets.

We adopt Brazilian accounting standards and managerial disclosures that differ from foreign standards, including from the U.S., with which U.S. stockholders are familiar.

For regulatory purposes, we prepare and make available consolidated financial statements under IFRS issued by IASB and under the Brazilian GAAP, which may differ from US GAAP in a number of ways. We use Brazilian GAAP for filing with the Brazilian Securities and Exchange Commission ("CVM") and for calculation of payment of dividends and tax liabilities. Furthermore, we disclose quarterly reports on managerial financial information not required in other countries. U.S. investors may be unfamiliar with these different accounting standards and managerial disclosures adopted by us.

Underwriting Risk

Inadequate pricing methodologies for insurance, pension plan and premium bond products may adversely affect us.

Our insurance and pension plan subsidiaries establish prices and calculations for our insurance and pension products based on actuarial or statistical estimates. The pricing of our insurance and pension plan products is based on models that include a number of assumptions and projections that may prove to be incorrect, since these assumptions and projections involve the exercise of judgment with respect to the levels and timing of receipt or payment of premiums, contributions, provisions, benefits, claims, expenses, interest, investment results, retirement, mortality, morbidity, and persistence. We could suffer losses due to events that are contrary to our expectations directly or indirectly based on incorrect biometric and economic assumptions or faulty actuarial bases used for contribution and provision calculations.

Although the pricing of our insurance and pension plan products and the adequacy of the associated reserves are reassessed on a yearly basis, we cannot accurately determine whether our assets supporting our policy liabilities, together with future premiums and contributions, will be sufficient for the payment of benefits, claims, and expenses. Accordingly, the occurrence of significant deviations from our pricing assumptions could have an adverse effect on the profitability of our insurance and pension products. In addition, if we conclude that our reserves and future premiums are insufficient to cover future policy benefits and claims, we will be required to increase our reserves and record these effects in our financial statements, which may have a material adverse effect on us.

Competition Risk

We face risks associated with the increasingly competitive environment, and recent consolidations in the Brazilian banking industry, as well as competition based on technological alternatives to traditional banking services.

The Brazilian market for financial services is highly competitive. We face increasing and significant competition from other Brazilian and international banks, in addition to other non-financial companies competing in certain segments of the financial industry in which we operate. These latter competitors may not be subject to the same regulatory and capital requirements that we are and, therefore, may be able to operate with less stringent regulatory requirements.

Competition has increased as a result of recent consolidations among financial institutions in Brazil and of regulations that (i) increase the ability of clients to switch business between financial institutions, (ii) with the client's permission, grant access to financial and personal information in such institutions, and (iii) establish rules for an instant payment arrangement. Furthermore, digital technologies are changing the ways customers access financial services and the competitive environment with respect to such services. The use of digital channels has risen steadily over the past few years. In this context, new competitors are seeking to disrupt existing business models through technological alternatives to traditional financial services. If we are not successfully able to compete with these disruptive business models and markets (such as startups and fintechs), we may lose market share and, consequently, lower our margins and profitability. Such increased competition may also adversely affect us by, among other things, limiting our ability to retain or increase our current client base and to expand our operations, or by impacting the fees and rates we adopt, which could reduce our profit margins on financial and other services and products we offer.

[Table of Contents](#)

Please see “Item 4B. Business Overview—Supervision and Regulation—Antitrust Regulation” for further details about the competition on the Brazilian markets.

We are subject to Brazilian antitrust legislation and that of other countries in which we operate or will possibly operate.

We are in a dominant position in certain Brazilian banking markets and, therefore, may be subject to the Brazilian antitrust laws including No. 12,529/11, which address, among other matters, violation of the economic order. Accordingly, we may be subject to penalties from Brazilian antitrust authorities, especially administrative fines and divestiture of assets. Additionally, we are subject to the antitrust legislation in the jurisdictions where we operate, such as the antitrust laws of the U.S. (Sherman Act and Clayton Antitrust Act) and of the European Union (Articles 101 and 102 of the Treaty on the Functioning of the European Union). Consequently, we cannot assure that Brazilian and foreign antitrust regulations will not adversely affect our business in the future.

Reputational Risk

Damage to our reputation could harm our business and outlook.

We are highly dependent on our image and credibility to generate business. A number of factors may tarnish our reputation and generate a negative perception of the institution by our clients, counterparties, stockholders, investors, supervisors, commercial partners and other stakeholders, such as noncompliance with legal obligations, making irregular sales to clients, dealing with suppliers with questionable ethics, unauthorized disclosure of client data, inappropriate behavior by our employees, and third-party failures in risk management, among others. In addition, certain significant actions taken by third parties, such as competitors or other market participants, may indirectly damage our reputation with clients, investors and the market in general. If we are unable, or are perceived unable, to properly address these issues we may be subject to penalties, fines, class actions, and regulatory investigations, among others. Damages to our reputation among clients, investors and other stakeholders may have a material adverse effect on our business, financial performance and prospects.

Environmental and Social Risks

We may incur financial losses and damages to our reputation from environmental and social risks.

Environmental and social risk is considered a material issue for our business, since it can affect the creation of shared value in the short, medium and long terms, from the standpoint of our organization and our main stakeholders. Further, we understand environmental and social risk as the possibility of losses resulting from events of environmental and social origin related to our activities. For more information about our environmental and social risks management please see “Item 11. Quantitative and Qualitative Disclosures about Market Risk—Environmental and Social Risk”.

We conducted a strategic review of environmental and social risks governance, in order to integrate the management of these risks into a transversal and unified model, based on the reputational risk dimension, in accordance with our risk appetite.

Additionally, new regulatory initiatives related to ESG apply to us may expose us to increased compliance costs, limit our ability to pursue certain business opportunities and provide certain products and services, each of which could adversely affect our business, financial condition and results of operations. For example, CMN Resolution No. 4,327/2014 establishes requirements that must be observed in the establishment and implementation of the environmental and social responsibility policies for financial institutions. Accordingly, we are required to assess environmental and social risks and evaluate data from environmental and social related financial losses. The Central Bank is responsible for supervising the implementation of such regulation.

Environmental and social issues may affect our daily activities and the revenue of our clients, causing defaults, especially in case of serious environmental and social incidents, including climate risk as climate change also poses relevant risks for the whole financial system.

[Table of Contents](#)

These risks are more pronounced when we provide financial support for clients and projects, as we could be held indirectly liable for supporting such activity in case of environmental or social damage, which could also subject us to further reputational risks.

Climate change may have adverse effects on our business

Risks associated with climate change are gaining increasing social, regulatory, economic and political relevance, both nationally and internationally. New regulations related to climate change may affect our operations and business strategy, leading us to incorporate financial costs resulting from: (i) physical climate risks; (ii) risks arising from the transition to a low carbon economy, and (iii) climate litigation.

Physical climate risks are related to the projection that global climate shall continue to change over this century and beyond, which is expected to result in increased severity and frequency of extreme weather events. Despite the uncertainty component related to the intensity and location of these events, it is anticipated that economic effects shall be acuter in the future. Potential effects on the economy include, but is not limited to, significant changes in asset prices and industry profitability. Damage to borrowers' properties and operations may impair asset values and credit quality of customers, leading to higher nonperformance loans, write-offs, and impairment charges in our portfolios. In addition, our facilities and resilience may also suffer physical damage due to weather events which may represent increased costs for us.

Regarding the transitional risks, we recognize that economic shifts toward a low-carbon future are needed. We expect that the market may face significant and rapid developments in terms of stakeholder expectations, policy, legal and regulatory risks capable of impacting our lending activities and the value of our financial assets. In addition, we expect that we will face greater scrutiny of the business we conduct and the customers we transact with. As a result of our practices and decisions related to climate change or to the practices or involvement of our clients, in certain industries or projects associated with causing or exacerbating climate change, our reputation and client relationships may be damaged, which may in turn impact customer demand for our products, returns on certain business activities and the value of certain assets and trading positions resulting in impairment changes.

Effects from both physical and transitional risks may also represent losses for our clients, affecting companies' profitability as well as their ability to repay loans. Further, possible carbon pricing can affect companies' costs and compromise their ability to generate cash flows. Any subsequent increase in defaults and rising unemployment could create recessionary pressures, which may lead to wider deterioration in the creditworthiness of our clients, higher expected credit loss, and increased charge-offs and defaults among wholesale and retail customers. If we do not adequately embed risks associated with climate change into our risk framework to appropriately measure, manage and disclose the various financial and operational risks that may result from climate change, or if we fail to adapt our strategy and business model to a changing regulatory and market environment, we may face an important adverse impact on our business growth rates, competitiveness, profitability, capital requirements, cost of funding, and financial condition.

Other potential risk arises from climate-related litigation claims, which is compelling governments and corporate actors to pursue action or better practices to adapt to changes in order to mitigate the impacts resulting from loss and damage due to climate change. Financial institutions are exposed to the risk of being defendants in a climate-related suit, and they may also be indirectly affected through their client's portfolio. Clients can be directly or indirectly held legally liable for a climate-related event or impact, which may result in associated repairment costs, potential impact on the value of our client's, and even resulting in difficulty to recover after paying for damages. Litigation can also cause stranded assets mainly in the carbon-intensive industries, due to unanticipated, premature write-downs or devaluations caused by climate change.

[Table of Contents](#)**Risk Factors for ADS Holders**

The relative price volatility and limited liquidity of the Brazilian capital markets may significantly limit the ability of our investors to sell the preferred shares underlying our ADSs, at the price and time they desire

The investment in securities traded in emerging markets frequently involves a risk higher than an investment in securities of issuers from the U.S. or other developed countries, and these investments are generally considered more speculative. The Brazilian securities market is smaller, less liquid, more concentrated and can be more volatile than markets in the U.S. and other countries. Thus, an investor's ability to sell preferred shares underlying ADSs at the price and time the investor desires may be substantially limited.

The preferred shares underlying our ADSs do not have voting rights, except in specific circumstances.

Pursuant to our Bylaws, the holders of preferred shares and therefore of our ADSs are not entitled to vote in our general stockholders' meetings, except in specific circumstances. Even in such circumstances, ADS holders may be subject to practical restrictions on their ability to exercise their voting rights due to additional operational steps involved in communicating with these stockholders, as mentioned below.

According to the provisions of the ADSs deposit agreement, in the event of a general stockholders' meeting, we will provide notice to the depositary bank, which will, to the extent practicable, send such notice to ADS holders and instructions on how such holders can participate in such general stockholders' meeting, and ADS holders should instruct the depositary bank on how to vote in order to exercise their voting rights. This additional step of instructing the ADS depositary bank may make the process for exercising voting rights longer for ADS holders.

Holders of ADSs may be unable to exercise preemptive rights with respect to our preferred shares

We may not be able to offer the U.S. holders of our ADSs preemptive rights granted to holders of our preferred shares in the event of an increase of our share capital by issuing preferred shares unless a registration statement relating to such preemptive rights and our preferred shares is effective or an exemption from such registration requirements of the Securities Act is available. As we are not obligated to file a registration statement relating to preemptive rights with respect to our preferred shares, we cannot assure that preemptive rights will be offered to you. In the event such registration statement is not filed (or in case filed, not declared effective) or if the exemption from registration is not available, the U.S. holders of our ADSs may not receive any value from the granting of such preemptive rights and have their interests in us diluted.

The surrender of ADSs may cause the loss of the ability to remit foreign currency abroad and of certain Brazilian tax advantages

While ADS holders benefit from the electronic certificate of foreign capital registration obtained in Brazil by the custodian for our preferred shares underlying the ADSs, which permits the depositary bank to convert dividends and other distributions with respect to the preferred shares underlying the ADSs into foreign currency and remit the proceeds abroad, the availability and requirements of such electronic certificate may be adversely affected by future legislative changes.

If an ADS holder surrenders the ADSs and, consequently, receives preferred shares underlying the ADSs, such holder will have to register its investment in the preferred shares with the Central Bank either as (i) a Foreign Direct Investment, subject to Law No. 4,131/62, which will require an electronic certificate of foreign capital registration, the Electronic Declaratory Registration of Foreign Direct Investment (RDE-IED), or (ii) as a Foreign Investment in Portfolio, subject to Resolution CMN No. 4,373/14, which among other requirements, requires the appointment of a financial institution in Brazil as the custodian of the preferred shares (except in case the foreign investor is a natural person) and legal representative of the foreign investor in the Electronic Declaratory Registration of Portfolio (RDE – Portfolio). The failure to register the investment in the preferred shares as foreign investment under one of the regimes mentioned above (E.g. RDE – IED or RDE – Portfolio) will impact the ability of the holder non-resident in Brazil to dispose of the preferred shares and to receive dividends. Moreover, upon receipt of the preferred shares underlying the ADSs, Brazilian regulations require the investor to enter into corresponding exchange rate transactions taxes may be due on these exchange rate transactions.

[Table of Contents](#)

The tax treatment for the remittance of distributions on, and the proceeds from any sale of, our preferred shares may be less favorable in case a holder of preferred shares obtains the RDE-IED instead of the RDE-Portfolio. In addition, if a holder of preferred shares attempts to obtain an electronic certificate of foreign capital registration, such holder may incur expenses or suffer delays in the application process, which could impact the investor's ability to receive dividends or distributions relating to our preferred shares or the return of capital on a timely manner.

The holders of ADSs have rights that differ from those of stockholders of companies organized under the laws of the U.S. or other countries

Our corporate affairs are governed by our Bylaws and Brazilian Corporate Law, which may have legal principles that differ from those that would apply if we were incorporated in the U.S. or in another country. Under Brazilian Corporate Law, the holders of ADSs and the holders of our preferred shares may have different rights with respect to the protection of investor interests, including remedies available to investors in relation to any actions taken by our Board of Directors or the holders of our common shares, which may be different from what is provided in U.S. law or the law of another country.

ITEM 4. INFORMATION ON THE COMPANY

4A. History and Development of the Company

Our legal and commercial name is Itaú Unibanco Holding S.A. We were incorporated in Brazil on September 27, 1924. We are organized as a publicly held corporation for an unlimited period of time under the laws of Brazil. Our head offices are located at Praça Alfredo Egydio de Souza Aranha, 100, 04344-902, São Paulo, SP, Brazil and our telephone number is +55-11-5019-1267.

Investor information can be found on our website at www.itaunibanco.com/ir. In addition, the SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Information contained on our website or on any website mentioned in this annual report or any website directly or indirectly linked to these websites is not incorporated by reference in, and shall not be considered a part of, this annual report and you should not be relied upon. Our agent for service of process in the United States is the general manager of our Miami branch, which is located at 200 South Biscayne Boulevard, Floor 22, Miami, FL – 33131.

Our History

Our history begins back in 1924, when Casa Moreira Salles, which used to sell everything (from dishes, clothes, and shoes, to beverages) and which was founded by João Moreira Salles (“João”) in Poços de Caldas, Minas Gerais, received the letter patent issued by the Brazilian government, which allowed it to operate as a banking section, i.e., as a correspondent for the leading banks in the state of Minas Gerais. This entity eventually became Unibanco.

Two decades later, in 1943, Itaú was founded by Alfredo Egydio de Souza Aranha (“Alfredo”), as Banco Central de Crédito S.A., with its first branch in the city of São Paulo.

João and Alfredo played a key role in our history as did the second generation of founders, Walther Moreira Salles and Olavo Setubal.

Since our incorporation, we grew changed our name a few times, conducted mergers and acquisitions, experienced the economic growth in Brazil, hyperinflation, the middle-class boom and some world crisis and learned more about our foreign operations. We have witnessed the progress of Brazil and the stories of countless employees and clients who have helped us grow and encouraged us to develop.

[Table of Contents](#)

In 2008, we closed the largest merger in Brazil's history. The partnership between Itaú and Unibanco meant the union of complementary mentalities, two ground-breaking banks in the use of technology and leaders of the sector in Brazil, which shared histories. This merger resulted in the largest private financial conglomerate in the Southern hemisphere and one of the 20 largest banks in the world as measured by assets.

Over the course of more than 90 years, we have traced our firm path with ceaseless commitment to the fostering of social transformation. Its history is marked by incentive of culture, education, sports and urban mobility driven through the programs of the *Espaço Itaú de Cinema* and *Fundação Itaú* which comprises of three companies: *Itaú Cultural*, *Itaú Social* and *Itaú Educação e Trabalho*. The concern we have always shown for social causes of importance to society became even more evident in the difficult context of the greatest health crisis in recent history brought about by the COVID-19 pandemic. Faced with this challenge, we went far beyond our immediate business responsibilities and created the program *Todos pela Saúde* (Everyone for Health) based on the largest philanthropic donation ever made by a private-sector entity in Brazil.

The resources donated through the Itaú Foundation for Education and Culture (*Fundação Itaú para Educação e Cultura*) are managed by a group of specialists from the health sector under the leadership of Paulo Chapchap which operates through actions aimed at informing and guiding the population, purchasing protective equipment, establishing preventative actions, purchasing equipment for hospitals and for testing the population, providing support for the construction of shelters (*Centros de Acolhimento*), and supporting research into the epidemiology and treatment of COVID-19.

We believe that a financial institution should help people and companies to achieve their dreams and invest in big ideas. A bank encourages people to grow and companies to move forward. This is how we guide our business. The responsibility we assume for the development of the countries in which we operate is at the core of our activity and is a hallmark of our entire history.

Recent Acquisitions

TOTVS Techfin.

On April 12, 2022, we entered into an agreement with TOTVS S.A. ("TOTVS") for the incorporation of a joint venture ("JV"), initially named TOTVS TECHFIN S.A. ("TECHFIN"), with the purpose of distributing and expanding financial services integrated into TOTVS's management systems, based on intensive data use, focused on corporate clients and their entire supply chain, clients and employees.

According to this agreement, before closing the transaction, TOTVS will transfer the assets of its current TECHFIN operation to the company of which Itaú Unibanco will be a partner with 50% of capital stock, and each partner will be entitled to nominate half of the members of its Board of Directors and Board of Officers.

Itaú Unibanco will pay R\$610 million to TOTVS for its stake and up to R\$450 million as earn-out after five years, subject to the achievement of the targets aligned with the growth and performance goals.

Additionally, Itaú Unibanco has committed to contributing to funding current and future operations, providing credit expertise and development of new products at TECHFIN.

This partnership sets up a company that will combine technology and financial solutions, adding to the supplementary expertise of the partners to provide corporate clients with, in an expeditious and integrated manner, the best experiences in buying products directly from the platforms already offered by TOTVS.

The abilities of Itaú Unibanco and TOTVS together will also enable the new company to take advantage of opportunities in a customized and contextualized manner, anticipating clients' needs and fully aligned with the Open Finance strategy and evolution to companies. Furthermore, this partnership strengthens the leading position of Itaú Unibanco and TOTVS in digital transformation and evolution of the financial industry.

The completion of this operation is subject to the approvals from CADE (the Brazilian antitrust authority) and the Central Bank of Brazil.

Ideal

On January 12, 2022, we entered into an Agreement for the Investment, Purchase and Sale of Shares and Other Covenants with José Carlos Benfati, Vinicius Gonçalves Dalessandro, Gregorio Lara dos Santos Matai, Leandro Bolsonaro, Lucas Namó Cury, among others ("Sellers"), for the acquisition of the controlling interest in Ideal Holding Financeira S.A. and, indirectly, its wholly-owned subsidiary, Ideal Corretora de Títulos e Valores Mobiliários S.A. ("Ideal").

This purchase will be carried out in two phases over five years. In the first phase, we will purchase 50.1% of Ideal's voting capital, by means of a primary capital contribution and a secondary acquisition of shares totaling approximately R\$650 million, and as result becoming the controlling shareholder of Ideal. In the second phase, after five years on, we will be able to exercise the right to buy the remaining share (49.9%) of Ideal's capital stock.

This transaction strengthens our investment ecosystem and will enable us (i) the provision of the talent and expertise of Ideal's professionals, known for their ability to innovate, (ii) the offer financial products and services ("broker as a service") under a B2B2C model through a white label platform, (iii) the potential expeditious entry into independent investment agents market, and (iv) to improve distribution of investment products to individual clients. The management and running of Ideal's business will remain independent from us. Against this backdrop, Ideal will continue to provide services to its clients and we will not be its exclusive service provider.

The completion of the transaction is subject to regulatory approvals, including approvals from CADE and the Central Bank of Brazil.

Zup

On October 31, 2019, we entered into a Share Purchase Agreement with ZUP LLC, Bruno Cesar Pierobon, Gustavo Henrique Cunha Debs, Felipe Liguabue Almeida and Flavio Henrique Zago, among others, for the acquisition of 100% of the voting share capital of Zup I.T. Serviços em Tecnologia e Inovação Ltda ("Zup") for R\$575 million, subject to any contractual adjustments to the purchase price.

This acquisition will be implemented in three tranches over four years. In the first tranche, which closed on March 31, 2020, we acquired 52.96% of the total voting share capital of Zup for approximately R\$293 million and resulted in us controlling Zup. On the third anniversary of the closing date, we will acquire an additional 19.6% of Zup's stake, and on the fourth anniversary, we will acquire the remaining shareholding, leading to us holding 100% of the voting share capital by 2024.

[Table of Contents](#)

This acquisition is linked to our digital transformation process. ZUP is a benchmark company in digital transformation, which has boosted the development of our IT systems. The operation and management of business affairs of Zup will continue to be entirely independent and self-governing in relation to us, preserving its current principles and values.

XP Inc.

On May 11, 2017, we entered into a Share Purchase Agreement with XP Controle Participações S.A., G.A. Brasil IV Fundo de Investimento em Participações, and Dyna III Fundo de Investimento em Participações, among others, as sellers, to acquire 49.9% of the capital stock (corresponding to 30.06% of the common shares) of XP Investimentos S.A., a holding company that consolidates all the investments of the XP group, including XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. In the first tranche, we contributed to a capital increase of R\$600 million and acquired of XP Investimentos S.A.'s shares from the Sellers for R\$5.7 billion, provided that such amounts are subject to contractual adjustments. The value attributed to 100% of the total capital stock of XP Investimentos S.A. (before the first tranche) was approximately R\$12 billion.

In August 2018, we closed the First Tranche and, together with some of the Sellers, entered into a shareholders' agreement which contained, among others, provisions with respect to our rights as a minority shareholder, including our right to appoint two out of the seven members of the Board of Directors of XP Investimentos S.A.

On November 29, 2019, there was a corporate reorganization of XP Investimentos S.A., in which the shareholders of XP Investimentos S.A., including us, exchanged their shares of XP Investimentos S.A., incorporated in Brazil, for Class A common shares and Class B common shares of XP Inc., incorporated in the Cayman Islands, remaining with the percentages in the capital stock. Each Class A common share entitles its holder to one vote and each Class B common share entitles its holder to ten votes in all shareholders' resolutions of XP Inc. As a result of the contribution mentioned above, XP Inc. issued to us 792,861,320 Class A common shares and 223,595,962 Class B common shares, which represent 49.9% of the total capital of XP Inc. and 30.06% of its voting rights. XP Inc. became the sole shareholder of XP Investimentos S.A., owning 100% of its total and voting capital.

Subsequently, on November 30, 2019, XP Inc. carried out a reverse stock split of one share for each four shares and, as a result, the number of shares held by us was adjusted to 198,215,329 Class A common shares and 55,898,991 Class B common shares.

In December 2019, XP Inc., a company in which we held 49.9% of capital stock, completed its initial primary offer (IPO) and listing on Nasdaq. We did not sell XP Inc. shares in such offer and immediately after the completion of the IPO, we held 46.05% of XP Inc.'s capital stock.

Additionally, on November 29, 2019, the stockholders of XP Inc. entered into a shareholder agreement substantially similar to the then existing shareholder agreement of XP Investimentos S.A. XP Inc. has a board of directors composed of 13 members, of which XP Controle Participações S.A. appointed 7 members, we appointed 2 members, the General Atlantic (XP) Bermuda, LP (successor to GA Brasil IV Fundo de Investimento em Participações) appointed 1 member, and the 3 remaining members are independent directors. These independent directors are also members of the audit committee of XP Inc., which was composed of 3 members appointed as follows: we appointed 2 members, and XP Controle Participações SA appointed 1 member of the audit committee.

On November 26, 2020, we announced that our Board of Directors approved the partial spin-off of the investment in XP Inc. for a new company (XPart S.A.).

In December 2020 XP Inc. held a follow-on on Nasdaq, whereby we sold approximately 4.51% of XP Inc.'s capital. In that same offering, XP Inc. issued new shares, resulting in the dilution of our stake to 41% of its share capital.

At the Extraordinary Stockholders' Meeting held on January 31, 2021, the corporate reorganization was approved by our shareholders in order to segregate the business line related to our interest in XP Inc's capital to a new company named XPart S.A. ("XPart"), constituted by a part of the investment owned by us at XP Inc. and cash in the amount worth R\$10 million.

[Table of Contents](#)

With the segregation of the business line represented by our investment in XP Inc. into XPart our stockholders became entitled to an equity interest in XPart in the same number, type and proportion of the shares they hold in us as per the Material Fact we published on December 31, 2020. Accordingly, the main benefit of this transaction was value creation for our stockholders, providing higher liquidity and a potential increase in the market value of their investment.

The completion of this transaction was subject to regulatory approval to be obtained by our controlling shareholders. On May 28, 2021, the favorable approval of the Federal Reserve Board (“FED”) was obtained, effective as of May 31, 2021, the date from which the legal and accounting segregation of us and XPart materialized.

XP Inc.’s capital stock held by XPart was 40.52%, totaling R\$9,371, as of December 31, 2020.

On July 27, 2021, after the receipt of the approval of the operation by the Central Bank, XPart had its articles of association registered with the JUCESP (São Paulo state’s Board of Trade).

XP Inc. expressed its interest in merging XPart with and into XP Inc., ceasing to exist. Accordingly, XP Inc. and Itaúsa announced to the market on May 28, 2021, that they have reached a final understanding regarding the merger to be voted on the General Stockholders’ Meetings of XPart and XP Inc. As of May 28, 2021, shares issued by us and our American Depositary Receipts (ADRs), have been trading with right to receive securities issued by XPart.

XPart had its articles of association registered with the JUCESP (São Paulo state’s Board of Trade), and on August 20, 2021, XP Inc. and XPart announced that their General Stockholders’ Meetings to vote on the merger of XPart into XP Inc. were called to be held on October 1, 2021.

The merger of XPart with and into XP Inc. was approved by XPart’s stockholders and XP’s stockholders, at their respective Merger Shareholders’ Meetings held on October 1, 2021, and, for that reason, shares issued by us and our American Depositary Receipts – ADRs, which were being traded with the right to receive securities issued by XPart up to the closing of the trading session of October 1, 2021, entitled (a) XPart’s controlling stockholders IUPAR – Itaú Unibanco Participações S.A. and Itaúsa S.A., and the holders of our ADRs, to receive Class A shares issued by XP Inc. and (b) the remaining XPart’s stockholders to receive Level I sponsored Brazilian Depositary Receipts (BDRs) backed by Class A shares issued by XP Inc. As for our ADRs, The Bank of New York, our depositary bank suspended the issuance and cancellation of our ADRs from the closing of the trading session of September 28, 2021 to the opening of the trading session of October 6, 2021, to enable the delivery of the Class A shares issued by XP Inc. to the holders of our ADRs. During this period, holders of our ADRs could not receive shares issued by us underlying the ADRs, and holders of preferred shares issued by us could not deposit their shares to receive ADRs. However, closing of the issuance and cancellation books did not impact the trading of our ADRs, which continued to be carried out normally during this period.

Withdrawal and appraisal rights in connection with the merger of XPart with and into XP Inc. were not extended to holders of our ADRs, which were trading with the right to receive XPart shares up until the consummation of the merger.

The original agreement sets forth the acquisition of an additional ownership interest in XP Inc. by Itaú Unibanco, equivalent to 11.36% interest in XP Inc.’s capital, for the estimated amount of R\$7.9 billion, approved by BACEN and regulatory bodies abroad, the latter approval on April 13, 2022. The acquisition is expected to be carried out in the second quarter of 2022.

Itaú CorpBanca Colombia S.A.

Itaú Unibanco, through its subsidiaries Itaú CorpBanca (ITAÚ CORPBANCA) and Itaú Holding Colombia S.A.S., acquired additional ownership interest of 12.36% (93,306,684 shares) in the Itaú CorpBanca Colombia S.A.’s capital for the amount of R\$2,219 billion, and now it holds 99.46%.

The effective acquisitions and financial settlements occurred on February 22, 2022, after obtaining the regulatory authorizations.

Capital Expenditures

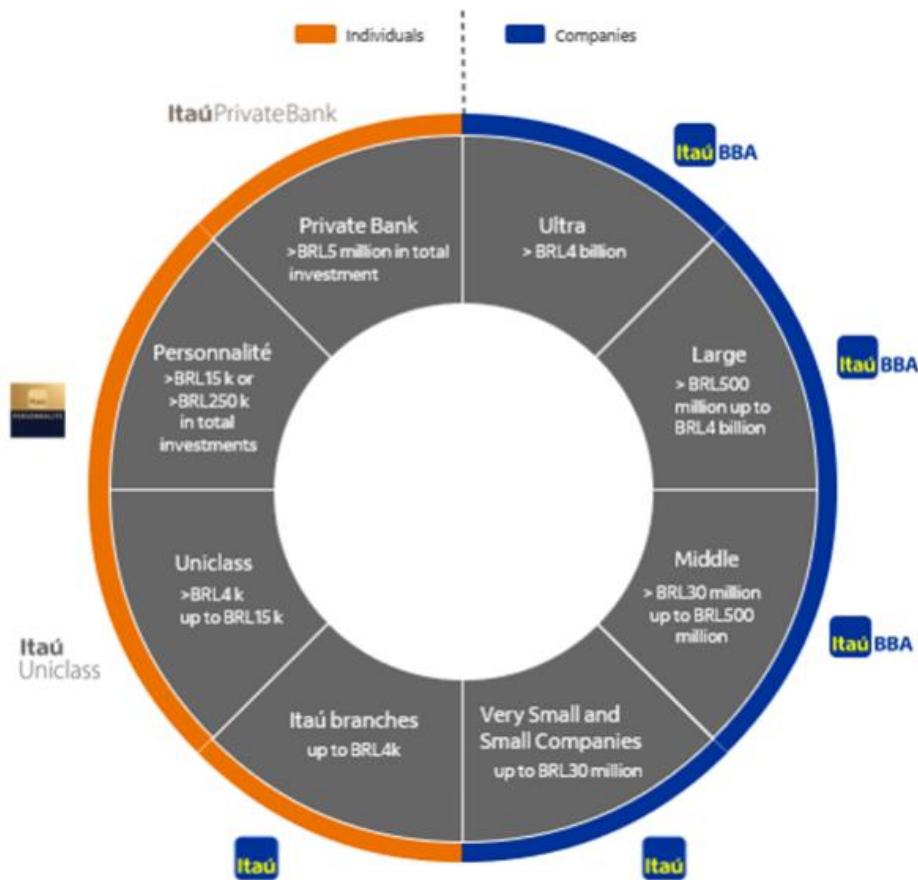
For a description of our capital expenditures, see “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Capital Expenditures”.

[Table of Contents](#)

4B. Business Overview

Operations Overview

We report the following segments for the year 2021: (i) Retail Banking, (ii) Wholesale Banking, and (iii) Activities with the Market and Corporation. Through these operational segments, we provide a broad range of banking services to a diverse client base that includes individuals and corporate clients, on an integrated basis as follows:



The values mentioned above for individuals refer to monthly income and the values for companies refer to annual revenue, except when indicated.

The **Retail Banking** segment offers services to a diversified base of account holders and non-account holders, individuals and companies in Brazil. The segment includes retail customers, mass affluent clients (Itaú Uniclass and Personnalité) and very small and small companies. Our offering of products and services in this segment includes: personal loans, credit cards, payroll loans, vehicle financing, mortgage loans, insurance, pension plan and premium bond products, and acquiring services, among others. The Retail Banking segment represents an important funding source for our operations and generates significant financial income and banking fees.

The **Wholesale Banking** segment is responsible for our private banking clients, the activities of our Latin America units, our middle-market banking business, asset management, capital market solutions, corporate and investment banking activities. Our wholesale banking management model is based on building close relationships with our clients by obtaining an in-depth understanding of our clients' needs and offering customized solutions. Corporate activities include providing banking services to large corporations and investment banking activities include offering funding resources to the corporate sector, including fixed and variable income instruments.

The **Activities with the Market and Corporation** segment manages interest income associated with our capital surplus, subordinated debt surplus and the net balance of tax credits and debits. This segment also manages net interest income from the trading of financial instruments through proprietary positions, currency interest rate gaps and other risk factors, arbitrage opportunities in the foreign and Brazilian domestic markets, and mark-to-market of financial instruments. It also includes our interest in Porto Seguro S.A. For more information on our interest in Porto Seguro S.A., see "—Insurance."

[Table of Contents](#)

We carry out a wide range of operations outside of Brazil with units strategically located in the Americas, Europe and Asia. Our international presence creates significant synergies in foreign trade finance, in the placement of Eurobonds and in the offering of more sophisticated financial transactions to our clients.

Please see “Note 30 – Segment Information” to our audited consolidated financial statements for further details.

The diversification of our business is reflected in the changing composition of our loan portfolio over the last few years, focusing on origination in lower risk segments with enhanced guarantees. We continuously seek to implement and focus on offering new products and services that add value to our clients and diversify our income sources. This allows for the growth of our non-financial income arising mainly from banking service fees, income from bank charges and from insurance, pension plan and capitalization operations.

Our business is not materially affected by seasonality.

Retail Banking

Retail banking is one of our core businesses, through which we offer a dedicated service structure to consumer clients throughout Brazil. We have a large and diverse portfolio of products and services to address our clients’ needs such as credit products, mortgage, investments, insurance, payments and other banking services. Our customer service structure is targeted to offering the best financial solutions for each client.

Our retail banking business is segmented according to customer profiles, allowing us to connect with and to better understand each one of our customers. This strategy enables us to offer suitable products to meet their demands. The main activities under the retail banking business are the following:

Itaú Retail Banking (individuals)

Mass Segment: This segment serves individuals with a monthly income of up to R\$4,000.

Mass Affluent Segment (Itaú Uniclass): Itaú Uniclass is available at our branches and digital channels for clients who earn more than R\$4,000 and less than R\$15,000 per month. We offer exclusive services to Itaú Uniclass’ clients, including investment advisory services, exclusive tellers, higher credit limits and a team of dedicated relationship managers. For clients who prefer a more digital/remote relationship, Itaú Uniclass provides a “digital bank platform” where relationship managers service clients through telephone, e-mail, SMS, videoconference, chat and even WhatsApp from 9 a.m. to 6 p.m. on business days, at no additional cost.

For the last few years, we have been focusing on improving customer experience and remodeling the value proposition of our businesses. We believe that, in order to maintain a competitive strategy, it is necessary to increase our Phygital and Omnichannel approaches.

“Phygital” means to improve our capacity to serve our clients as they prefer, using their channel of choice. “Omnichannel” refers to an increased level of integration among our channels allowing us to offer better services and products to our clients. Through Phygital and Omnichannel, we are able to implement O2O (“Online to Offline”) capabilities, a two-way flow between the digital and the physical worlds, not only generating leads and sales, but also increasing consumer satisfaction through frictionless flows.

These improvements have already been recognized by clients, as shown in our satisfaction ratings (i.e., Net Promoter Score). Our Mobile App achieved an NPS of 71 points on December 31, 2021. Our digital channels represented 27.8% and 24.6% of our revenue income for the year ended December 31, 2021 and December 31, 2020, respectively. Our target is to reach 50% in the next couple of years.

[Table of Contents](#)

Itaú Personalité (banking for high-income individuals)

We began providing customized services to high-income individuals in 1996 with the creation of the Itaú Personalité segment, which currently serves individuals who earn more than R\$15,000 per month or have investments in excess of R\$250,000.

Itaú Personalité is focused on providing (i) financial advisory services by managers who understand the specific needs of our higher-income clients, (ii) a large portfolio of exclusive products and services and (iii) special benefits based on the type and length of relationship with the client, including discounts on various products and services. Itaú Personalité services its clients through a dedicated network of 230 branches, located in the main Brazilian cities. Itaú Personalité clients also have access to our retail banking network of branches and ATMs throughout the country and can also access our internet, telephone and mobile banking.

For clients who prefer remote services, Itaú Personalité provides a “digital bank platform” where relationship managers service clients through telephone, email, SMS, WhatsApp, and videoconference. We also developed apps for smartphones and tablets that enable our clients to make investments, buy products such as credit and insurance, make check deposits, transfers and payments, check account balances and find nearby branches and ATMs using GPS features.

The table below shows our market position and information about competitors for our retail banking (including Itaú Personalité) business:

Product/Service	Market Position	Additional Information and Main Competitors
Retail Banking (Including Itaú Personalité)	As of December 31, 2021, we reached a market share of 12.3% based on total outstanding loan balance in reais. According to the latest data base of competitors, in December 2021 we achieved the third largest position in this segment in Brazil.	We have a leading position in many sectors of the Brazilian domestic financial market. Based on Central Bank data and publicly available financial information, our main competitors are Caixa Econômica Federal, Banco do Brasil, Banco Bradesco and Banco Santander (Brazil).

Source: Itaú Unibanco Holding and the Central Bank.

Itaú Empresas (very small and small companies)

To meet and fulfill the needs of our corporate customers, we specialize in offering customized solutions and detailed advice on all products and services for:

- Microenterprises: customer base consisting of companies with annual revenues of up to R\$ 0.8 million, served by 2,686 bank branches and 1,359 relationship managers and 423 managers focused on acquiring new customers as of December 31, 2021; and
- Small businesses: customer base consisting of companies with annual revenues between R\$0.8 million and R\$60 million, served by 309 bank branches and 2,118 relationship managers as of December 31, 2021.

ANBIMA certifies all our relationship managers, who are trained and skilled to offer an appropriate solution for each customer, based on their needs.

[Table of Contents](#)

Our customers rely on our main strategy of capturing market opportunities and meeting their needs, particularly regarding cash flow management, credit facilities, investment and banking services.

In 2021 we began to implement a new retail strategy, called iVarejo 2030, with the objective of offering a better experience to our customers, with complete, sustainable and increasingly digital solutions. We are changing into a “Phygital” bank, which stands for a digital bank with the convenience of the physical network. To support this transformation, we restructured and expanded our digital branches, developed new services and tools used by our sales and relationship teams, aiming for greater efficiency in business generation and customer service. In order to grow our client base we created a new strategy for client acquisition based on the ‘acquiring manager’, a professional that is fully dedicated to client hunting and business development.

As a first result of the implementation of iVarejo2030, we also increased in 120 basis points our NPS score for micro companies during the year of 2021. We periodically monitor the customers’ satisfaction in order to accomplish the mission of increasingly exceeding their expectations.

Also as a part of iVarejo2030, for small businesses we introduced in 2021 a new experience for our customers with the creation of Business Centers. These centers will offer our customers a variety of experts in the same physical space. Besides housing multiple branches in the same building, these centers also offer product, credit and debt restructuring specialists, who will be available to support both customers and our relationship managers to ensure a complete banking environment. These Business Centers will be available in major cities around the country, with three already opened in 2021.

Credit Cards and Commercial Agreements

We are the leader in the Brazilian credit card segment with a market share in terms of purchase volume of 28.9% in the fourth quarter of 2021, according to ABECS. The relationship with our clients is done via our proprietary segments and partnerships with major retailers, telephone companies, automakers and airlines established in Brazil. We are based on three main business segmentations: Account Holders, Non-Account Holders and Retail Partnerships and we offer a wide range of credit and debit cards shelf to each type of account and non-account holders. Our purpose is to provide the best customer experience and satisfaction. In order to achieve this, we established the “Customer First” as one of our top priorities. Our global NPS, a measure of customer satisfaction, indicates that our score improved six basis points in December 2021 when compared to December 2020. Our aim is to continuously grow our credit card portfolio increasing digitalization, profitability and the quality of our assets. Accordingly, our credit card division is dedicated to developing the best payment solutions for our clients, new products and new digital services while managing the credit quality of our portfolio.

In 2021, we redesigned our credit card product shelf and focused the sales efforts on the digital channel increasing our sales in three times when compared to 2020.

The digital channel was responsible for 55% of all sales in the last quarter of 2021. Besides the great contribution on sales growth, the digital channel received much of our technological investments. Our apps have several functionalities needed by our clients– limit raise, recurring virtual card, open finance, among others. The virtual card, for example, was created to bring convenience and safety not only to one time, but also to recurring online purchasing. The adoption by our clients was so important that the number of virtual cards more than doubled in 2021 when compared to 2020.

The Account Holders businesses – Itaú Agências, Itaú Uniclass and Personnalité – redesigned the product shelf and launched fast growing sales products. The Uniclass Signature was launched in two versions depending on customers’ needs: (i) no annual fee version and (ii) with loyalty plus annual fee version. The Black and Infinite cards for Itaú Uniclass and Personnalite strengthen the segments value proposition and reduced the investments threshold to exempt clients from annual fees. The Personnalite Black and the Uniclass Signature were launched to non-account holders customers, but with the option of additional benefits to those clients who also opened their bank account.

In the Non-Account Holders segment our focus was on redesigning the value proposition of our Click product. It became 100% exempted from annual fee with no minimum spending target. The product was offered to new and existing clients. We have also launched the new Black and Infinite cards to our most engaged and most value generating customers and our NPS in the Non-Account Holders segment increased by six basis points in December 2021 when compared to December 2020.

In 2021, the airline cobranded cards, increased total accounts by 54% when compared to 2020.

[Table of Contents](#)

Our Retail Partnerships business is one of our fastest growing businesses in the credit card division. We have partnerships with the main national retail brands, such as Magazine Luiza, Ponto Frio, Pão de Açúcar, Assai, Extra and Big Group. By the end of 2021, retail partnerships increased purchase volume levels by 26% when compared to 2020. For our partnership with Magazine Luiza, we continued to reinforce our strategy of growing purchase volume and new accounts, launching the Magalu card. The Magalu card is offered in the digital channel, it has no annual fee and it offers a 2% cashback in all purchase done instore at Magazine Luiza. We were able to grow credit cards sales by 3 times year over year since it's launch in April, 2021.

The table below shows our market position and information about competitors for our credit card business:

Product/Service	Market Position	Additional Information and Main Competitors
Credit Cards	We are the leaders in terms of transaction purchase volume of cards in Brazil, with 28.9% market share in the period from January to December 2021.	Our traditional competitors in this business are Banco Bradesco, Banco Santander (Brazil), Banco do Brasil and Caixa Econômica Federal. However, in recent years an increasing number of small and new digital competitors has entered this market, among which we highlight Nubank, Banco Inter and Banco Original.

Source: Itaú Unibanco Holding and ABECS.

Payroll Deducted Loans

In Brazil, a payroll deducted loan is a specific type of loan entered into by salaried employees or pensioners of the Brazilian social security system, as borrowers, and banks, as lenders, in which fixed monthly installments are deducted directly from the borrower's payroll or pension, as the case may be, for the payment of the amount owed to the lender.

Our strategy is directed mainly to the pensioners of the Brazilian social security system and employees of public and private companies.

We offer payroll deducted loans in Brazil mainly through two sales channels: (i) our branch network and our remote service channels, focusing on retail account holders, and (ii) the network of acquisition partners, focusing on non-account holders. This strategy allows us to expand our business activities with historically lower credit risk, achieving a competitive position in the offer, distribution and sale of payroll deducted loans in Brazil and improving the risk profile of our loans portfolio to individuals.

The table below shows our market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Payroll Deducted Loans	As of December 31, 2021, we obtained a market share of 12.3% in terms of payroll deducted loans. In December 2021 we maintained the fourth position in this segment in Brazil	Our main competitors in this business are Banco do Brasil, Caixa Econômica Federal, Banco Bradesco and Banco Santander (Brazil).

Source: Itaú Unibanco Holding and the Central Bank.

[Table of Contents](#)

Mortgage

We assist our clients with their financial development, as we help them with their personal assets. Mortgage financing products allow us to create long-lasting relationships with our clients, as mortgage financing products are of a long-term nature.

Since 2008, we have been the market leaders among Brazilian private banks in mortgage loans to individuals in terms of the total size of our portfolio. This is a result of our business focus, which is in line with our strategy to migrate to lower-risk portfolios.

We have several sales channels that are utilized for purposes of mortgage financing products: (i) branch network and internet & mobile banking, (ii) construction and development companies, (iii) mortgage agencies, and (iv) strategic partnerships with mortgage financing companies such as CrediPronto.

We prioritize customer satisfaction by providing our clients with a specialized mortgage financing advisor to support them during the mortgage process. Our process is expeditious and efficient, and it takes us less than one hour to get back to the client for loans up to R\$1.5 million. This financing process can be fully digital.

In line with our strategic focus on digital processes, our simulator is included on the websites of partner development companies and real estate agencies, placing our brand closer to clients when they are looking to acquire real property. Our services are customized for every moment of the client's digital journey, from internet banking services to social networks, providing us with increasing client exposure levels. In 2019 and 2018 we were awarded the "Best Digital Mortgage Bank Brazil" by Global Finance.

The number of mortgages we provided directly to individuals in 2021 was 135 thousand, for an aggregate value of R\$45 billion during the year. In 2021 our portfolio had an average Loan to Value (LTV) of 44.6%, compared to 39.5% in 2020. In commercial loans, we financed 168 new real estate units during 2021, with an aggregate value of R\$7.9 billion.

Another positive feature of the Brazilian market is the constant amortization system pursuant to which decreasing installments provide faster amortization of a contract, reducing our loan-to-value indicator at a faster rate than other amortization systems.

The table below shows our market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Real Estate Financing and Mortgages	In the period from January to December 2021 we were the second in new loans to individuals among Brazilian banks, with 27.7% market share as of December 31, 2021.	Our main competitors in this business are Caixa Econômica Federal, Banco Bradesco, Banco Santander (Brazil), and Banco do Brasil.

Source: Itaú Unibanco Holding and ABECIP.

[Table of Contents](#)

Merchant Acquirer

Rede is one of the leading companies in the electronic payment solutions industry in Brazil. It is a multi-brand merchant acquirer of credit, debit and benefit cards. Rede's activities include merchant acquiring, capturing, transmission, processing and settlement of credit and debit card transactions, prepayment of receivables to merchants (resulting from credit card transactions), rental of point of sale (POS) terminals, e-commerce solutions, e-wallet and check verification through POS terminals.

In 2021, we continued to restructure our business model, focusing on the following priorities: (1) integration of our banking operations; (2) strengthening of direct sales channels; and (3) digital transformation.

We received R\$ 617.7 billion in transactions with respect to credit and debit cards in 2021, an increase of 21.9% compared to the same period in 2020. The following table sets forth the financial volume of credit and debit card transactions processed by us in 2021, 2020 and 2019:

	Financial Volume		
	<i>(In billions of R\$)</i>		
	2021	2020	2019
Credit cards	384.6	308.8	312.7
Debit cards	233.1	197.8	172.3
Total	617.7	506.6	485.0

The table below shows our market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Merchant Acquirer	In the period from January to December 2021 we reached a market share of 33.7% in terms of total transaction volume (credit and debit) generated by the acquiring services, positioning us as the second largest player in this segment in Brazil.	Our traditional competitors in this business are Cielo and GetNet. In recent years, changes in legislation made by the Central Bank combined with the growing number of fintechs, contributed to an increase in competition in the segment. Among non-traditional players, we highlight PagSeguro and Stone.

Source: Itaú Unibanco Holding and ABECS.

Private Pension Plans

We offer private pension plans to our clients as an option for wealth, inheritance planning and income tax purposes (these products are tax-deferred). We provide our clients with a solution to ensure the maintenance of their quality of life through long-term investments, as a supplement to government general social security system plans.

Product innovation has been important for the sustainable growth of our private sector pension operations. For legal entities, we offer specialized advice and develop customized solutions for each company. We establish long-term partnerships with our corporate clients, maintaining a close relationship with their human resources departments and adopting a communication strategy focused on our employees' financial education.

According to the FENAPREVI, contributions to Itaú Private Pension Plans reached R\$14.3 billion during the year ended December 31, 2021, a decrease of R\$ 1.1 billion when compared to December 31, 2020.

[Table of Contents](#)

The table below shows our market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Private pension plans	In December 2021 our balance of provisions represented 19.6% of the market share for private pension plans, positioning us as the third largest pension provider in Brazil. Considering only Individuals plans, our market share reached 18.9%, positioning us as the third largest private bank	Our main competitors in private pension plan products are controlled by large commercial banks, such as Banco Bradesco and Banco do Brasil, which, like us, take advantage of their branch network to gain access to the retail market. Other players, such as XP and Icatu, have reached relevant amount of pension plans. Together both were responsible for 7.4% of market share by the end of 2021.

Source: FENAPREVI (Balance of provisions—Pension Plans for Individuals and Companies).

Vehicle Financing

We developed and launched several products and services in 2021. Some of these products are:

- Dealer's New Experience – this product renewed the Credline tool (which merchants use to submit proposals to us) based on an intense discovery process carried out with customers. The experience became much simpler and more transparent for the dealer's performance, in addition to incorporating new functions that help them transact more business.
- Speed Program – this is a loyalty program for storeowners, which aims to intensify their relationship with Itaú.
- End-to-end digital contracting on our digital channels – we launched the experience of digital financing via our digital channels. Account holders start the simulation process, credit approval, formalization and contracting of financing in a 100% digital journey, which is very simple and does not require any physical documents.
- Floorplan – line of credit for dealers to purchase new and used vehicles for their stock. The product experience is very simple and fast, with a fully digital flow.
- VEC – Our shared electric vehicle service, developed in an environment of collaborative innovation with ecosystem partners, corresponds to a new sustainable mobility solution, such as Bike Itaú. It will allow users to unlock cars at stations directly from the app and return them to the same place or another charging station. Thus, we reinforce our presence and position in the journey of sustainable urban mobility. Today we have 1124 users in testing, and we continue to expand.
- iCarros Products – Our solutions help dealers make their sales process more digital and efficient, and they continue to expand. iPeças is a marketplace solution for the sale of parts for assemblers, dealers and resellers. Garagem do Conhecimento is an educational platform with distance classes to prepare professionals in the automotive sector. The iCarros Check-up is an application for monitoring the journey of the customer with their vehicles, focused on services and convenience for the user. The Easy Delivery product is a solution that allows dealers to deliver the car directly to the buyer's home, either for a test-drive or for finalizing the purchase. iCarros Club is a B2B trade-in platform designed to help our customers increase sales safely and quickly.
- Itaú Tag in partnership with ConectCar, we have launched the Itaú Tag, an automatic toll and parking fee payment solution exempt from monthly fees, exclusive to our clients. The monthly fee exemption benefit has been available since the second fortnight of September, initially incorporated into the ConectCar tags. We intend to offer our own tag for all clients, as we have used the rollout to strengthen the strategy of generating loyalty by providing benefits that extrapolate banking services.

As of December 31, 2021, our individual and corporate vehicle financing portfolio (not considering Finame) totaled R\$47.9 billion, an 34.3% increase from the previous year. The average loan to value ratio of our individual vehicle portfolio (the ratio of a loan to the value of an asset purchased) was 60.4% as of December 31, 2021, a -2% decrease compared to 2020. Since 2012, we have reduced our risk exposure in the sector and focused on clients with better risk profiles, which has allowed us to improve the credit quality of our vehicle loan portfolio.

[Table of Contents](#)

As of December 31, 2021, our new individual and corporate vehicle financing operations reached R\$ 33.7 billion, a 50% growth compared to 2020. As of December 31, 2021, the average vehicle loan term was 46 months, with 29% of the transactions carried out with terms up to 36 months.

The table below shows our market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Vehicles	As of December 31, 2021, we reached a market share of 12.3% in terms of loans to individuals among banks, positioning us as fourth in this segment.	Our main bank competitors in this business are Banco Santander (Brazil), Banco BV and Banco Bradesco.

Source: Itaú Unibanco Holding and the Central Bank.

Insurance

Our insurance business provides a wide range of life and personal accident products, automobile and property insurance, credit insurance and travel insurance. Our insurance core activities, which include our 30% stake in Porto Seguro S.A, consist of mass-market insurance products related to life, property and credit. These products are offered in synergy with retail channels – our branch network, partnerships with retailers, credit card clients, real estate and vehicle financing, personal loans – and the wholesale channel. These products have characteristics such as a low combined ratio, low volatility in results and less use of capital, making them strategic and increasingly relevant in the diversification of our Group's revenues.

Our insurance products have been receiving updates on coverage and assistance, bringing more value to these customers. In order to expand our insurance products portfolio, we are concentrating on our own existing distribution channels as well as expanding our insurance brokerage activities and providing third-party insurance policies from partner insurers to our clients through an open platform.

There was an increase in sales volume in 2021 when compared to 2020. However, there was also a substantial impact on death, unemployment and hospitalization coverage due to the COVID-19 pandemic.

The table below shows the market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Insurance	Giving effect to our 30% ownership interest in Porto Seguro S.A., we reached 8.1% of market share based on earned premiums, excluding VGBL (Redeemable Life Insurance), from January to December 2021, positioning us as the fourth largest insurance provider in this segment in Brazil. Considering only our recurring insurance activities, our market share reached 10.3% in the same period.	Our main competitors are controlled by or have partnerships with large commercial banks, such as Banco Bradesco, Banco Santander (Brazil) and Banco do Brasil which, like us, take advantage of their branch network to gain access to the retail market. Despite the high concentration of Brazilian banks in the market, the growing number of Insurtechs (startup companies focused on insurance) has facilitated customer access to insurance companies, making this market even more competitive.

Source: SUSEP. Recurring insurance activities include: Personal Insurance (Life, Personal Accidents, Credit Insurance, Travel, Unemployment, Funeral Allowance, Serious Diseases, Random Events), Housing, Multiple Peril and Homeowners. Health Insurance and VGBL—Redeemable Life Insurance products are not included.

[Table of Contents](#)
Premium Bonds (títulos de capitalização, or capitalization plans)

Premium bonds are fixed deposit products pursuant to which a client makes a one-time deposit or monthly deposits of a fixed sum that will be returned at the end of a designated term. Ownership of premium bonds automatically qualifies a customer to participate in periodic raffles, each time with the opportunity to win a significant cash prize.

We currently market our premium bonds products portfolio through our branch network, electronic channels and ATMs, and we are currently developing new technologies for channel diversification. The net collection, taking into account the deduction of redemptions, from capitalization plans decreased 42.0% in the year ended December 31, 2021 when compared to the same period of 2020.

The table below shows our market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Premium Bonds	In the period from January to December 2021 we had a market share of 10.9% in terms of revenues from sales of premium bonds, positioning us as the fourth largest provider of such products in this segment in Brazil.	Our main competitors in premium bonds are controlled by or have partnerships with large commercial banks, such as Banco Bradesco, Banco do Brasil and Banco Santander (Brazil) which, like us, take advantage of their branch network to gain access to the retail market.

Source: SUSEP.

Consortia

A consortium is a pool of people and/or legal persons in a group with the purpose of allowing their members, on an equal basis, to acquire assets, such as vehicles, properties, or services, through self-financing. The payments made by the group participants are applied to a common fund, used by one or more members of the consortium at a time, to acquire the assets elected by the members when the product was contracted. The participants receive the assets during the validity of the contract through the following methods: (i) random drawing and (ii) bid offers. There are three different types of bid offers that may be combined: (a) bid offer with own resources; (b) part of the letter of credit; and (c) FGTS tax (only for properties consortium).

The financial calculation for the formation of groups guarantees that everyone will have the right to buy the goods until the end of the group.

As the funds used by a participant to acquire assets are resources from the participants, the management of consortia does not give rise to default risk or regulatory capital requirements for us.

Consortia do not charge interest rates and our revenues come mainly from the administration fee charged to clients.

Given these characteristics, this business is strategic to us, contributing to revenue diversification and to a more complete product portfolio offering to our clients. As of December 31, 2021, we achieved the following results:

- Average of R\$1.48 billion of sales per month in the year ended December 31, 2021;
- New products implemented: trucks and motorcycles;
- New feature implemented: Customers can contract consortia at Itaú app by their-own. In addition customers who prefer to buy consortia with a specialist can press a button and receive a call from our sell team. Further customers who own more than one vehicle consortia can now join the quotas to buy a single good.

[Table of Contents](#)

The table below shows the market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Consortia Services Fees	In the period from January to December 2021 we had a market share of 6.7% in total consortia services fees. Considering only banks, we are the third largest provider of such services in terms of fees in Brazil.	Considering only banks, our main competitors in the Brazilian consortia market are Bradesco Consortia and BB Consortia.

Source: Central Bank.

Microcredit

Our Microcredit unit offers access to credit to small, formal, individual, self-employed entrepreneurs and low-income legal entities who wish to start, expand and leverage their businesses. As a member of the “National Program for Oriented and Productive Microcredit” (PNMPO) and being an important incentive tool for social development, our Microcredit unit is focused on entrepreneurs with annual revenues of up to R\$360,000.00.

In 2021, we increased our sales force and reached more clients, reaching a total portfolio of 25,807 people. In addition, our product was integrated with ITI, our digital Itaú Bank.

Public Sector Group

The Public Sector Group is tasked with client coverage and business development efforts for Brazil’s Federal, State and Municipal government branches as well as select State Owned Enterprises. Its value proposition entails providing financial services and select products to clients in the Public Sector from its 12 regional offices across Brazil via a team of seasoned professionals proficient in the specifics of this segment. A comprehensive array of Transaction Services, Asset Management, Foreign Exchange, Payroll Services, Payment Solutions and Credit Products aims to provide a more encompassing and Full Bank Experience for our clientele. As of December 31, 2021, alongside its client coverage mandate, the Public Sector Group was in charge of Sales and Product Development for Taxes Collection and Utilities Billing for 1,525 entities in Brazil.

During 2021 the Public Sector Group consolidated a restructuring effort started in 2020 aimed at streamlining operations and reinforcing its product portfolio. As of December 31, 2021, the Public Sector Group was responsible for managing 7,407 client relationships.

[Table of Contents](#)

Wholesale Banking

Wholesale Banking is the segment responsible for banking operations of middle-market, agribusiness, large and ultra-large companies (those with annual revenues from R\$30 million) and investment banking services. The breakdown of revenue among these segments is set out in the section “Item 4B. – Business Overview – Operations Overview” above. Our Wholesale Banking segment offers a wide range of products and services to the largest economic groups of Brazil.

Our activities in this business range from typical operations of a commercial bank to capital markets operations and advisory services for mergers and acquisitions. These activities are fully integrated, which enables us to achieve a performance tailored to our clients’ needs.

One of the most important features of our strategy for our Wholesale Banking segment is the set of initiatives linked to improving efficiency in our operations. These ongoing actions, which are expected to continue to grow in the coming years, are designed to increase revenues, improve processes and reduce costs.

Investment Banking

Our investment banking business carried out through Itau BBA, assists companies raising capital through fixed income and equity instruments in public and private capital markets, and provides advisory services in mergers and acquisitions. We advise companies, private equity funds and investors in the structuring of variable income products and in mergers and acquisitions. We believe we offer a wide portfolio of investment banking services ranging from research to Brazilian and other Latin American companies.

Our fixed income department acts as bookrunner or manager in the issuance of debentures, promissory notes and securitization transactions at the investment banking segment.

The table below shows our market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Investment Banking	As of December 31, 2021, Itau BBA ranked first in mergers and acquisitions and equities markets deals ⁽¹⁾ . Itau BBA also ranked first in origination and in distribution in debt capital markets transactions ⁽²⁾ .	In investment banking, Itau BBA’s main competitors include Santander , Credit Suisse (Brazil) S.A., Merrill Lynch S.A. (Brazil), Morgan Stanley S.A. (Brazil), JP Morgan S.A. (Brazil), Bradesco BBI and BTG Pactual S.A.

Source: (1) Dealogic. (2) ANBIMA ranking in terms of volume.

Asset Management

With more than 60 years of experience in investment management, as of December 31, 2021, Itau Asset Management has R\$ 786.5 billion in assets under management (including our and Intrag’s assets) according to ANBIMA and recorded a 449 basis points increase of assets under management in 2021 as compared to 2020. Itau Asset Management ranked as the largest non-government owned asset manager in Brazil, with a 11.4% market share as of December 31, 2021, according to ANBIMA.

In 2021, we were elected for the 13th time the best fund manager by “Guia de Fundos FGV”. Moreover, in 2021, we were considered the best manager in all funds categories (fixed income, equities, money market and hedge funds) and investors segments (high net worth, retail and corporate)

Kinea Investimentos LTDA., an alternative investments management company controlled by us, held R\$ 55.8 billion in managed assets as of December 31, 2021, compared to R\$ 56.26 billion as of December 31, 2020, according to ANBIMA.

[Table of Contents](#)

The table below shows the market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Asset Management	As of December 31, 2021, we had a market share of 11.4% in terms of assets under management, positioning us as the second asset manager in Brazil.	According to ANBIMA, the asset management industry in Brazil held assets totaling R\$6,879 billion as of December 2021 and with 801 Financial Institutions and Assets Managers, among them, XP Investimentos. The competition is concentrated among large and well-established retail banks. Our main competitors are Banco do Brasil, Banco Bradesco and Caixa Econômica Federal.

Source: ANBIMA.

Investment Services

Itaú Investment Services business units provide

- (i) local custody and fiduciary services,
- (ii) international custody services, and
- (iii) corporate solutions where we act as transfer agent and stockholder servicer for Brazilian companies issuing equity, corporate bonds, promissory and bank credit notes. We also work as guarantor on project financings, escrow accounts and loan and financing contracts.

We provide the technological tools to perform daily activities of each service and rely on compliance and contingency procedures. Thus, our clients can direct the focus on their business management.

Pension funds, insurance companies, asset managers, international global custodians and equity and debt issuers are our primary clients in these businesses, representing approximately 1,104 groups of clients, that reached R\$3.7 trillion of assets under service as of December 31, 2021, which includes investment funds, underwriting, pension funds, trustee and brokerage services.

We continue to improve our technological platform regarding securities services and investing in new solutions for our clients.

[Table of Contents](#)

The table below shows the market position and information about competitors for the businesses listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Local Custody	As of December 31, 2021, we had a market share of 21.4% based on total assets under local custody, positioning us as the second position Local Custodian.	According to ANBIMA, the local custody in Brazil held assets totaling R\$6,810 billion as of December 2021. Our main competitors are Banco Bradesco S.A. and Banco do Brasil S.A.
International Custody	Our market share as of December 31, 2021 was 5.9% in terms of total assets under international custody, positioning us as the fourth largest International Custodian.	Based on ANBIMA, the international custody service in Brazil totaled R\$1,996 billion of assets as of December 2021. Our main competitors are Banco Citibank S.A., JP Morgan's Securities Services and Banco Bradesco S.A.
Corporate Solutions	As of December 31, 2021, we had a leading position as agent and register provider to 230 companies listed on B3, which represents 58.4% of companies listed on that exchange. Moreover, we were the second largest transfer agent with 392 debentures offerings in the Brazilian market, representing 25.5% of the debentures market in Brazil.	Our main competitors in the equities market is Banco Bradesco S.A. Our main competitor in debentures is Banco Bradesco S.A.

Source: Itaú Unibanco Holding, ANBIMA and B3.

Itaú Private Bank

With a full global wealth management platform, we are one of the private bank market leaders in Brazil and one of the main private bank players in Latin America. Our multidisciplinary team, which is supported by a team of investment advisers and product experts, provides comprehensive financial services to clients, understanding and addressing their needs from our eight offices in Brazil and in our offices located in Zurich, Miami, New York, Santiago, Lisboa and Nassau.

Our clients have access to a complete portfolio of products and services, ranging from investment management to wealth planning, as well as credit and banking solutions. In addition to our in-house customized products and services, we offer our clients access to a wide-open platform with of alternative products including third-party providers.

Aligned with our vision to be the leading bank in sustainable performance and customer satisfaction, we decided to focus our strategic priorities on the following Itaú Private Bank initiatives:

- Staying close to our customers, listening to them and striving to anticipate their needs;
- Our guidance is Positive Impact Commitments, which direct our decision-making and help us integrate ESG into our business practices, operations and stakeholder relations;
- Adding value to clients and stockholders with a complete offering of long-term proactive advisory services;
- Continuing to invest in our international platforms to enhance Brazilian clients' experience;
- Improving our operational efficiency with digital solutions; and
- Maintaining a focus on risk management and regulatory considerations.

As of December 31, 2021, we had a market share of 29.3% in terms of distribution on private bank segment, an increase of 2.0 percentage points since December 31, 2020, mostly explained by the improvement of the economic scenario and non-current inflow.

[Table of Contents](#)**Itaú Corretora (Brokerage)**

Itaú Corretora has been providing brokerage services since 1965. We provide retail brokerage services in Brazil to over 291 thousand clients with positions in the equity and fixed income markets, accounting for R\$167.5 billion in trading volume in 2021. The brokerage services are also provided to international clients through our broker-dealer in New York.

The following table shows our market position and information about competitors for the businesses listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Retail Brokerage Services ⁽¹⁾	Ranked fourth in Retail Brokerage Services by equity trading volume in the year ended December 31, 2021 ⁽²⁾ .	Main competitors: XP Investimentos, Agora Corretora de Títulos e Valores Mobiliários S.A., Rico Corretora de Títulos e Valores Mobiliários S.A., Nu Invest Título Corretora de Valores S.A., BTG Pactual Corretora de Títulos e Valores Mobiliários S.A., Bradesco S.A. Corretora de Títulos e Valores Mobiliários, Santander Corretora de Câmbio e Valores Mobiliários S.A. and Safra Corretora de Títulos e Valores Mobiliários S.A.

(1) Source: CBLCnet

(2) Includes clients from Itaú Private Bank segment.

[Table of Contents](#)**International Operations**

We want to achieve, in the countries where we operate, the same management quality and level of results we have in Brazil. Through our internationalization strategy, we seek to understand different markets, business, products and services, identifying opportunities to integrate our units and to expand our operations to new countries.

The table below shows some of our operations in Latin America, excluding Brazil, as of December 31, 2021:

Countries	Branches & CSBs	ATMs	Employees
Argentina	78	175	1,554
Chile	188	402	5,214
Colombia ⁽¹⁾	104	121	2,691
Paraguay	37	308	1,007
Uruguay ⁽²⁾	23	62	1,079

(1) Includes employees in Panama.

(2) Does not include the 34 OCA points of service.

Overview

Latin America is a priority in our international expansion due to the geographic and cultural proximity to Brazil. Our goal is to be recognized as the “Latin American Bank”, becoming a reference in the region for all financial services provided to individuals and companies.

Over the past years, we consolidated our presence in Argentina, Chile, Paraguay and Uruguay. In these countries, we operate in the retail, companies, corporate and treasury segments, with commercial banking as our main focus. With the recent merger between Banco Itaú Chile and CorpBanca, which assured our presence in Colombia and Panama, we expanded our operations in the region even further. In Mexico, we are present through an office dedicated to equity research activities.

As of December 31, 2021 we had a network of 430 branches, including 12 digital branches, and client service branches in Latin America (excluding Brazil). In Paraguay, we had 61 non-bank correspondent locations, which are points of service with a simplified structure, strategically located in supermarkets to provide services to our clients in that country. As of December 31, 2021, we also had 34 points of service through OCA S.A., our credit card operator in Uruguay. Please see “Distribution Channels”, for further details about our distribution network in Latin America.

Banco Itaú Argentina

We have operated in Argentina since 1979, where we began with a focus on large companies with business ties to Brazil. In 1995, we began our retail operations in Buenos Aires. In 1998, we increased our presence through the acquisition of Buen Ayre Bank, subsequently renamed Banco Itaú Argentina.

Through Banco Itaú Argentina we offer products and services in corporate banking, small and middle-market companies and retail banking. Our corporate banking business focuses on large and institutional clients, providing lending, structured finance, investment and cash management services. Our small and middle-market operations provide credit for working capital and investments in production capacity increases. Our retail banking business focuses on middle and upper-income clients, and our services offerings include current and savings accounts, personal loans and credit cards. In 2019 Banco Itaú Argentina opened two digital branches enhancing its presence in Argentina’s financial market.

[Table of Contents](#)

The table below shows our market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Total Loan Portfolio (includes privately-owned banks only)	As of September 30, 2021, we had a market share of 2.2% in terms of total outstanding loan balance in Argentine pesos, positioning us as the eleventh largest private bank in Argentina.	Our main competitors are Banco Santander Río, Banco de Galicia y Buenos Aires, BBVA Banco Argentina, Banco Macro, HSBC, Industrial, Patagonia, Supervielle e Credicoop.

Source: Central Bank of Argentina.

Itaú CorpBanca

In April 2016, we closed the merger of Banco Itau Chile into CorpBanca and, as a result, acquired control of the resulting entity (Itau Corpbanca). On the same date, we entered into the Shareholders' Agreement of Itaú Corpbanca, or Itaú Corpbanca's Shareholders' Agreement, which entitles us to point, together with the Corp Group, the former controlling stockholder of Corpbanca, the majority of the members of Itaú Corpbanca's Board of Directors. In 2021, we have increased our equity stake to 56.60%, pursuant to the exercise of put options by Corp Group, as set out in Itaú Corpbanca's Shareholder's Agreement, and the exercise of our subscription rights, arising from Itaú Corpbanca's capital increase.

Itau Corpbanca provides a broad range of wholesale and retail banking services to customers in Chile and Colombia. In addition, it provides financial advisory services, mutual fund management, insurance brokerage and securities brokerage services through subsidiaries, and banking services. It operates in two main geographic areas: Chile and Colombia. The Chile segment also includes operations carried out by Itaú Corpbanca New York Branch and the Colombia segment also includes the operations carried out by Itaú S.A. (Panama).

Business activities in Chile have been strategically aligned onto three areas directly related not only to our medium-term strategy but to customers' needs: (1) Wholesale Banking: (a. Corporate, b. Large companies and c. Real Estate and Construction); (2) Retail Banking (a. Itaú Personal Bank, b. Itau, c. Itaú Private Bank, d. Midsize Companies, e. SMEs and f. Banco Condell, a Consumer Finance Division); and (3) Treasury. Itaú Corpbanca Colombia provides a broad range of commercial and retail banking services to its customers in Colombia, operating principally in the cities of Bogotá, Medellín, Cali, Bucaramanga, Cartagena and Barranquilla.

The table below shows the market position and information about competitors for the business listed below:

Product/Service	Market Position	Additional Information and Main Competitors
Total Loan Portfolio (includes privately-owned banks only)	As of December 31, 2021, our market share was 11.1% based on total outstanding loan balance in Chilean pesos, positioning us as the fifth largest private bank in Chile.	Our main competitors are Banco Santander-Chile, Banco de Chile, Scotiabank Chile and Banco de Crédito e Inversiones.

Source: Chilean Commission for the Financial Market (CMF).

Banco Itaú Paraguay

Our operations in Paraguay began in 1978 and comprise retail and wholesale banking, through Interbanco, which was acquired in 1995 by Unibanco. In 2010, the Itaú brand was introduced and our bank's name was changed to Banco Itaú Paraguay. Banco Itaú Paraguay distributes products and services to small and middle market companies, agribusiness, large companies, institutional clients and consumer clients. The retail segment also focuses on payroll clients. Under corporate banking, Banco Itaú Paraguay has a well-established presence in the agribusiness sector. Banco Itaú Paraguay's qualification is based on its strong positioning, with leadership in several segments, reflecting high returns.

[Table of Contents](#)

In 2019 Banco Itau Paraguay opened its first digital branch enhancing its presence in Paraguay's financial market.

The table below shows our market position and information about our competitors for the Banco Itau Paraguay business:

Product/Service	Market Position	Additional Information and Main Competitors
Total Loan Portfolio (includes privately-owned banks only)	As of December 31, 2021, we had a market share of 14.4% in terms of total outstanding loan balance in guaranis, positioning us as the second largest private bank in Paraguay.	Our main competitors are Banco Continental, Banco Regional, Sudameris and BBVA Paraguay.

Source: Central Bank of Paraguay.

Banco Itau Uruguay

Our banking operations in Uruguay include Banco Itau Uruguay, OCA (the largest credit card issuer in Uruguay, in accordance with data from Uruguay's central bank) and the pension fund management company Unión Capital. Our strategy in Uruguay is to serve a broad range of clients through customized banking solutions.

Our retail banking business is focused on individuals and small business clients. Retail products and services focus on the middle and upper-income segments, and also include current and savings accounts, payroll payment, self-service areas and ATMs in all branches, and phone and internet banking. The wholesale banking division is focused on multinational companies, financial institutions, large and middle market companies and the public sector, providing lending, cash management, treasury, trade and investment services.

In 2019 Banco Itau Uruguay opened its first digital branch enhancing its presence in Uruguay's financial market.

The table below shows our market position and information about our competitors for the Banco Itau Uruguay business:

Product/Service	Market Position	Additional Information and Main Competitors
Total Loan Portfolio (includes privately-owned banks only)	As of December 31, 2021, we had a market share of 25.7% based on total outstanding loan balance in Uruguay pesos, positioning us as the second largest private bank in Uruguay.	Our main competitors are Banco Santander Uruguay, BBVA Uruguay and Scotiabank Uruguay.

Source: Central Bank of Uruguay.

Itau BBA International

Our banking activities carried out under the corporate structure of Itau BBA International are mainly focused on two business lines:

- **Corporate and Investment Banking:** through Itau BBA International, headquartered in the United Kingdom, and its subsidiary Itau Europe, headquartered in Portugal, with a branch in Luxembourg and business platforms in Madrid and Paris, this segment supports the financial needs of companies with international presence and operations, focusing on transactions related to financing and investment relationships between companies in Latin America and the Northern Hemisphere. The services offered include the origination of structured financing, hedging, trade financing and advisory to Latin American and U.S. companies undertaking business in the Northern Hemisphere and large economic groups investing into Latin America.

[Table of Contents](#)

- Private Banking: under the corporate structure of Itau BBA International, we manage private banking activities in Miami and Zurich, offering specialized financial and asset management services for Latin American clients with high net worth by providing a diversified and specialized basis of investment funds, trading and managing on their account securities and other financial instruments, as well as by managing trusts and investment companies on behalf of customers.

Other International Operations

Our other international operations have the following objectives:

- Support our clients in cross-border financial transactions and services, our international units are active in providing our clients with a variety of financial products, such as trade financing, loans from multilateral credit agencies, off-shore loans, international cash management services, foreign exchange, letters of credit, guarantees required in international bidding processes, derivatives for hedging or proprietary trading purposes, structured transactions and international capital markets offerings. Our international units offer a variety of financial products through their branches.
- Manage proprietary portfolios and raise funds through the issuance of securities in the international market. Fundraising through the issuance of securities, certificates of deposit, commercial paper and trade notes can be conducted by our branches located in the Cayman Islands, the Bahamas and the United States, as well as through Itau Bank Ltd., a banking subsidiary incorporated in the Cayman Islands. Our proprietary portfolios are mainly held by Itau Bank and our Nassau and Cayman Islands branches. These offices also enhance our ability to manage our international liquidity.

Through our international operations, we establish and monitor trade-related lines of credit from foreign banks, maintain correspondent banking relationships with money centers and regional banks throughout the world and oversee our other foreign currency-raising activities.

[Table of Contents](#)**Revenues from Operations in Brazil and Abroad**

We conduct most of our business activities in Brazil, but we do not break down our revenues by geographic markets within Brazil. Our interest income from loans and leases, banking service fees and income from insurance, private pension plans and premium bonds transactions are divided between revenues earned in Brazil and outside of Brazil. The following information is presented in IFRS, after eliminations on consolidation.

The following table sets forth the consolidated statement of income with respect to our revenues from operations in Brazil and abroad for the years ended December 31, 2021, 2020 and 2019:

Revenues from operations in Brazil and abroad	For the Year Ended December 31,			Variation			
	2021	2020	2019	2021-2020		2020-2019	
	<i>(In millions of R\$, except percentages)</i>						
Income related to financial operations ^{(1) (2)}	144,514	123,611	145,308	20,903	16.9%	(21,697)	(14.9)%
Brazil	107,741	102,016	117,541	5,725	5.6%	(15,525)	(13.2)%
Abroad	36,773	21,595	27,767	15,178	70.3%	(6,172)	(22.2)%
Commissions and Banking Fees	42,324	38,557	39,032	3,767	9.8%	(475)	(1.2)%
Brazil	37,635	34,533	35,283	3,102	9.0%	(750)	(2.1)%
Abroad	4,689	4,024	3,749	665	16.5%	275	7.3%
Income from insurance and private pension operations before claim and selling expenses before claim and selling expenses	5,354	4,488	4,553	866	19.3%	(65)	(1.4)%
Brazil	5,332	4,488	4,423	844	18.8%	65	1.5%
Abroad	22	—	130	22	—	(130)	(100.0)%

(1) Includes interest and similar income, income of financial assets and liabilities at fair value through profit or loss, foreign exchange results, and exchange variation on transactions abroad.

(2) ITAÚ UNIBANCO HOLDING does not have clients representing 10% or greater of its revenues.

[Table of Contents](#)

Competition

The last several years have been characterized by increased competition and consolidation in the financial services industry in Brazil. According to the Central Bank, as of September 30, 2021, there were 139 conglomerates, commercial banks and multiple-service banks, development banks and Caixa Econômica Federal, among a total of 1,319 institutions in Brazil.

We, together with Banco Bradesco S.A. and Banco Santander Brasil S.A., are the leaders in the privately-owned multiple-services banking sector. As of September 30, 2021, these three banks accounted for 36.4% of the Brazilian banking sector's total assets, according to the Central Bank. We also face competition from state-owned banks. According to the Central Bank, as of September 30, 2021, Banco do Brasil S.A., Caixa Econômica Federal, and Banco Nacional de Desenvolvimento Econômico e Social (BNDES) accounted for 34.5% of the banking system's total assets.

The following table sets for the total assets of the 10 main banks in Brazil, classified according to their interest in the total assets of the Brazilian banking sector:

<i>(In billions of R\$)</i>				
Position	Banks by total assets ⁽¹⁾	Control Type	As of September 30,	
			2021	% of Total
1 st	Itaú Unibanco Holding S.A.	privately-owned	1,973.7	16.2
2 nd	Banco do Brasil S.A.(2)	state-owned	1,960.2	16.1
3 rd	Caixa Econômica Federal	state-owned	1,485.1	12.2
4 th	Banco Bradesco S.A.	privately-owned	1,471.6	12.1
5 th	Banco Santander Brasil S.A.	privately-owned	989.2	8.1
6 th	Banco Nacional de Desenvolvimento Econômico e Social	state-owned	755.7	6.2
7 th	Banco BTG Pactual S.A.	privately-owned	395.2	3.2
8 th	Banco Safra S.A.	privately-owned	238.6	2.0
9 th	Banco Citibank S.A.	privately-owned	137.5	1.1
10 th	J.P. Morgan S.A	privately-owned	103.8	0.9
n.a.	Others	n.a.	2,673.9	21.9
	Total ⁽³⁾		12,184.5	100.0

(1) Based on banking services, except insurance and pension funds.

(2) Includes the consolidation of 50.0% do Banco Votorantim S.A. based on Banco do Brasil's shareholding stake and excludes these 50.0% of National Financial System.

(3) Excludes Payments Institutions

Source: Central Bank (IF.data).

[Table of Contents](#)

Even amid continued uncertainty in markets, in 2021 traditional leader banks were able to recover and increase their results compared with 2019, supported by the economy's gradual return and provision of digital services.

In addition to traditional competitors, regulatory requirements (eg. PIX, Open Banking) and technology-driven financial institutions are disrupting the Brazilian financial industry.

In general, technology-driven competitors act in specific business lines such as credit cards (e.g Nubank), investment services (e.g XP Investimentos), acquiring services (e.g StoneCo, Pagseguro), banking services (e.g Banco Inter, BTG Pactual), and others. Although many of our non-traditional competitors are still in the early stages of development, in order to become more resilient, they have gradually increased the number of products and services offered.

The awareness that even companies outside of the financial industry could develop advanced technologies to provide financial services, keeps larger institutions in a state of constant alert to disrupt businesses. As technology advances rapidly and client's preferences and expectations change, boosted by innovations introduced by the new competition, traditional competitors are also changing and redesigning their products, distribution, and communication channels.

Distribution Channels

As a universal bank, we provide a wide range of financial services and products to our clients, from commercial banking to asset management and investment banking. Those products are distributed through two main channels: traditional and digital.

The traditional channels are composed of brick & mortar branches – which could be either full-service branches or in-house corporate service centers – and ATMs. The digital channels are operated remotely, via the internet or mobile phones.

Our network of 3,244 branches, which includes physical and digital branches, as of December 31, 2021, distributes all of products and services in Brazil.

ATMs, both our own proprietary network of machines and additional 24,255 via partnership with Tecban, (as of December 31, 2021) are a very convenient and efficient way of serving clients, due to its low operating costs, 24/7 availability and very complete services offering.

Clients who prefer to use digital channels, such as internet and mobile banking, are served remotely by our relationship managers based on one of our 223 digital branches in Brazil.

Standard channels

	Branches			CSBs			ATMs		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Brazil	3,244	3,231	3,347	656	656	671	20,006	20,687	21,384
Abroad	399	413	448	36	36	37	1,068	1,071	1,107
Argentina	65	71	74	13	13	13	175	175	176
Chile and Uruguay	207	208	219	4	1	1	464	470	486
Colombia	93	101	117	11	10	11	121	125	147
Paraguay	29	28	32	8	12	12	308	301	298
Other	5	5	6	—	—	—	—	—	—
Total in Brazil and abroad	3,643	3,644	3,795	692	692	708	21,074	21,758	22,491

Digital Channels (internet and mobile banking)

In 2021, we continued to focus on investments in our digital channels to ensure a positive customer experience. Improvements in the regulatory and competition scenario reinforced the commitments that we made a couple of years ago to our customers and stakeholders, were of utter importance and resulted in important achievements. **Digital channels are already our main distribution channels.**

Basis Growth - The number of accounts opened digitally was approximately 3.1 million in the year ended December 31, 2021, 58% higher when compared to the same period from the previous year, and already represents 55.5% of all our accounts opened in 2021. All these results exemplify the importance of our operation, which continues to become more representative each day.

Customer Engagement - We have increased our customer access basis by 2.2 million in the year ended December 31, 2021, a 16% growth when compared to the year ended December 31, 2020. 88% of all our customers interactions were done digitally, considering all purchases, transfers, and payments.

[Table of Contents](#)

Purchase - We became a one stop shop. In 2021, we started to offer 100% of our product portfolio digitally. In addition, the number of contracts purchased online represented 56% of the total amount we sold in the year ended December 31, 2021.

Satisfaction - In addition to making our digital channels more complete in terms of products and services, we evolved in the use of data and experimentation with our customers, investing in the year ended December 31, 2021 more than 5,000 hours in conversations and interactions with customers, improving and enhancing our digital journeys. Such improvements have already been recognized by our customers, as shown in our satisfaction ratings (i.e., Net Promoter Score or "NPS"). Our Mobile App achieved an NPS of 71 points on December 31, 2021.

Security - This is an issue of extreme importance to us, and it is present in all of our journeys. In 2021, we introduced the itoken (our security device), through the use of facial recognition technology, accessed remotely. As of December 31, 2021, we had more than 6 million customers who have enabled itoken with facial recognition technology.

Lead time and availability – Our average time between changes was two times faster in the year ended December 31, 2021 when compared to the year ended December 31, 2020, developing better features and delivering them to our customers. All these changes were implemented considering all quality standards, guaranteeing more than 99.6% of availability of services in digital channels.

Our communications channel became more efficient every year, and as we are closer to our customers, we can understand the best direction to follow, not only in terms of service evolution, but also in more efficient ways to help people manage their financial life. Another important point is that everything that is developed in digital channels, is not only built for, but with our customers, taking into consideration their daily routine, pain points and needs. This is a great differential – we have the knowledge and the tools to make our journeys simpler and more intuitive, considering each customer profile. To mention a few products, we have investment recommendations according to specific goals, online check deposit, foreign currency purchase, credit card limit increase and online renegotiation.

Our Brand and Marketing Channels

Our brand proposition goes beyond the banking activities. Our brand purpose is to “stimulate people’s power to transform their lives”. We deliver that proposition by providing complete solutions in terms of products and services, through financial intelligence and an ecosystem of partnerships, fully attending the needs of our customers, from individuals and micro companies to large organizations, providing the best customer experience both digitally and physically.

Our brand is committed to encouraging people to have an easier and closer relationship with their finances in their daily lives. To reflect our client-centric approach, in 2021 we reviewed our long-time tagline “*Feito pra Você*” (made to you) and adopted a new statement “*Feito com você*” (made with you), which is much more aligned with our way of working.

Besides our financial solutions, in 2021 we have invested in creating a robust content strategy through our social media channels, focusing on providing constant publications about the economic environment and tutorials. In December 2021, we reached over 1.1 billion views on our YouTube channel and over 9.2 million followers on Facebook. In the same period, our Twitter and Instagram profiles had over 652 thousand and 685 thousand followers, respectively. We have also launched a TikTok channel, in March 2021, which already has more than 575,000 followers. This strategy reinforces our commitment to approach and stay relevant for the new generations.

We continue to monitor all of our social media profiles 24 hours a day, seven days a week. We have 150 dedicated employees to interact with the public on all matters related to Itaú Unibanco Group in Brazil, including questions, suggestions, comments, and complaints. We received more than 2.6 million mentions on social media in 2021, according to Oliver, the in-house [marketing/ advertisement] agency that assists us in the analysis of social media data.

Social media is a pillar in engaging people in our role beyond banking, but it is not the only one. In July 2021, we and Central Única das Favelas (CUFA), an NGO with more than 20 years promoting social and cultural activities in Brazilian slums (*favelas*), started a pilot project in four Brazilian *favelas* with the aim of helping residents and small entrepreneurs to join the financial system. The partnership involves microcredit, a product that aims to help entrepreneurs grow through credit, and a free digital account that meets everyday banking needs, such as payments, credit card, account card, among others. Brazilian slums already move more than R\$119 billion per year, and with this credit line, we hope to encourage productive activity for sectors that are often neglected.

We also invest in several projects that focus on important environmental and social causes, such as education, culture, mobility, and sport. As one of the pioneering financial institutions in adopting the ESG agenda in Brazil, in 2021, we have committed to contributing R\$400 billion, by 2025, through business initiatives that promote a sustainable and increasingly greener and more inclusive economy. This amount includes three main areas of action: (i) granting credit in sectors with a positive impact on society; (ii) structuring ESG transactions with clients, such as ESG bonds, ESG loans and green debentures; and (iii) providing ESG retail products such as electric/hybrid car finance, solar panels, and microcredit. With this, we reinforce our role as one of the main agents of economic and social transformation in the country.

[Table of Contents](#)

Our urban mobility platform contributes to boosting the circulation of bicycles in cities which is aligned with the sharing economy principles. Until 2020 our urban mobility platform focused only on bike rentals, headed by our brand Bike Itaú. In 2021, we have also expanded our operation to electric bikes, with speed limited to 25 km/h, and electric vehicles (including electric cars)– our new mobility initiative headed by VEC Itaú, which stands for shared electric vehicle, in Portuguese “*Veículo Elétrico Compartilhado*”.

Bike Itaú has more than 1,400 bike stations and is present in five cities in Brazil as well as in Santiago (Chile) and Buenos Aires (Argentina). According to the operator Tembici, in 2021 an average of more than 1.5 million trips were made each month using bikes from our urban mobility platform. This is due to the number of bikes we offer people: there are over 14,000 *laranjinhas* (a nickname that stands for orange bikes) available for rental. These numbers also represent an impact on people’s carbon footprint, since it saves of more than 4,000 tons of carbon dioxide per year.

VEC Itaú, however, is still in a test stage. We supplied four car models to 700 employees for them to test at stations installed at our administrative centers in the city of São Paulo. The expectation is that, in the beginning of 2022, this service will be expanded, and more vehicles and stations will be available. We believe that VEC Itaú will boost the chain of electric vehicles in Brazil and contribute to expanding the available infrastructure, including charging points, which are still scarce throughout the country. Also, after a year of use, the electric cars will be put for sale on iCarros, a used car marketplace owned by us. Our goal is to accelerate the acquisition of electric vehicles whose prices are still considered high for the Brazilian market. Moreover, we have been offering financing taxes at different lower rates for electric and hybrid vehicles to encourage people to buy these types of cars.

In education, our programs are equally powerful. Since we have launched the “*Leia para uma criança*” (Read for a child) program, in 2010, more than 61 million printed books were distributed to people and 38 thousand braille books were offered to visually impaired children. Three million books have already been sent to public libraries, civil society organizations, and schools. In 2021, the “Read for a Child” program distributed 2 million children’s books free of charge. The donation was made exclusively to public schools and day care centers, community libraries, civil society organizations (CSOs), and other public facilities aimed at guaranteeing the rights of children aged 0 to 6 years. This shows our commitment to mobilize clients and non-clients to make a difference in Brazil.

In culture, Itaú Cultural – which is focused on research, content production, mapping, incentivization and diffusion of artistic and cultural manifestations – as well as Espaço Itaú de Cinema – eight complexes throughout Brazil – re-opened their doors to the public in 2021 after a year of virtual activities due to the COVID-19 pandemic.

As a brand with a strong purpose, we also evolved our employee value proposition by investing in diversity and inclusion programs throughout 2021. We promoted several hiring programs focusing on PWD and the LGBT+ community, and bootcamps for minority groups of developers – PWD and trans. In 2021, we were recognized by the global consultancy Great Place to Work (GPTW) as one of the ten best companies for professionals with disabilities to work in Brazil. The survey evaluated the hiring, communication, development, budgeting, inclusive actions, and specific issues related to people with disabilities. In addition to the initiatives to encourage inclusion internally, our Customer Experience area works to ensure that all its channels are accessible to the public, from its conception to the final product – both physical and digital – and maintains a series of programs and partnerships with institutions dedicated to the development and inclusion of PWD. In the overall GPTW rank, we were the second-best company to work in Brazil, among the category of big companies.

All our brand efforts in 2021 have paid-off, as we were ranked for the 18th consecutive year at the top of the Interbrand ranking of most valuable Brazilian brands with an estimated value of R\$40,534 million, an 8% of growth year on year. The analysis is based on the brand’s ability to generate financial results, influence the clients’ selection process, ensure long-term demand, and deliver profit and social impact.

[Table of Contents](#)**Our Vision, Our Culture**

Our culture supports us in attracting and retaining talent, directing our business path and, promoting a competitive advantage.

It is translated into the seven attitudes listed below, which we call “Our Way”, that keep us up-to-date with the context, demands and transformations of our business and organizational culture. Our Way directs how we intend to achieve our vision to be a leader in sustainable performance and in client satisfaction. However, the positive results related to the adoption of “Our way” and the fast changes under which the market is going through offered an opportunity to review our culture. For this reason, in 2021 we have started a deep diagnosis to understand the new set of values that will lead the bank to a cultural transformation and will keep Itaú in its successful trajectory.

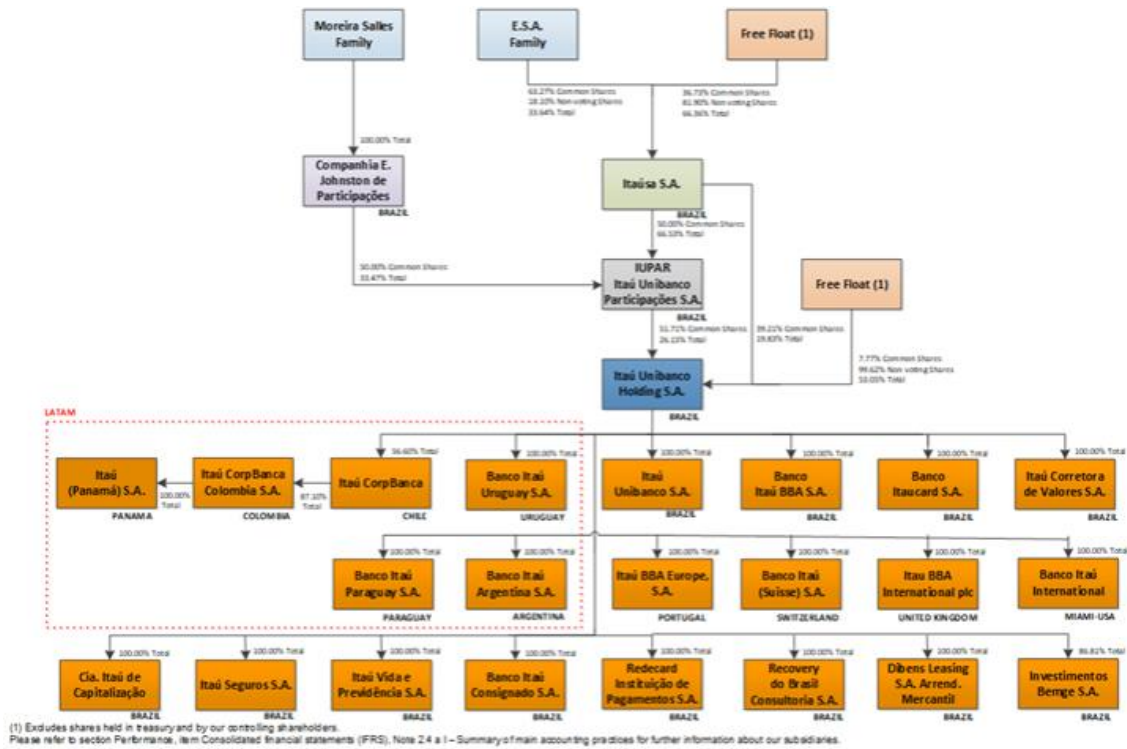
Our way:

1. It's only good for us if it's good for the client;
2. We are passionate about performance;
3. People mean everything to us;
4. The best argument is the only one that matters;
5. Simple. Always;
6. We think and act like owners; and
7. Ethics is not negotiable.

Ownership Structure

[Table of Contents](#)

The following chart shows a simplified overview of our share ownership and our direct and indirect subsidiaries as of December 31, 2021:



Sustainability, Strategy and Governance

Sustainability is part of our corporate strategy through a consolidated governance structure and it is integrated into our business, which allows us to incorporate environmental, social and climate change issues into daily activities and processes across the entire Itaú Unibanco Group. Long-term strategic decisions on sustainability are discussed annually by our Board of Directors and bimonthly at our Executive Committee. In 2019, we announced our new ESG strategy, which targets the positive impact we seek to create through our businesses and our actions. In that same year, we signed the Principles for Responsible Banking promoted by the United Nations Environment Programme Finance Initiative (UNEP FI), which encourages the global financial sector to comply with the Sustainable Development Goals and the Paris Agreement.

Positive Impact Commitments

Our ESG strategy is structured in ten Positive Impact Commitments, and each of them has its own governance structure making it possible to add value and integrate environmental, social and governance (ESG) issues and trends into our business agenda, with clear goals, KPIs and sponsors in the business and institutional areas. The evolution of the Positive Impact Commitments is published on our Sustainability website, in our Integrated Annual Report and in our ESG Report. The information is organized into four pillars:

1. **Conduct and behavior**, to foster the creation of a fair and ethical financial ecosystem; improve the employees’ experience and promote a diverse, inclusive and healthy workplace; increase the environmental performance of our operations and promote sustainable practices in our supply chain.
2. **Our business**, to increase the financial inclusion of micro, small and medium entrepreneurs; increase the access to financial services and offer tools and content that support better financial decisions; foster the increase of financing for positive impact sectors, increase the integration of environmental, social and governance issues in investment decisions, and increase the offer of sustainable financial products and services.
3. **Commitments for the development of the country**, to strengthen our pact with the Brazilian society and our commitment with sustainable development.
4. **Accountability**, to strengthen the transparency of our business in addition to our financial results, building value for all of our stakeholders in a fair manner and in line with best market practices.

[Table of Contents](#)

These commitments reflect the ESG strategy and make up a set of public targets to provide transparency to clients, employees, investors, suppliers and society in general in relation to our ESG initiatives in a cross-cutting approach to our business.

1. Conduct and behavior

a) Human capital and Diversity

Maintaining skilled employees is a key focus of our human capital efforts. Our ability to recruit, develop and retain highly skilled talent is a significant determinant of our success. To facilitate talent attraction, retention, and development, we strive to make an inclusive, diverse, and safe workplace with opportunities for our employees to grow and develop in their careers, supported by strong compensation, benefits, and health and wellness programs, as well as by programs that build connections between our employees and the communities in which they live and work. As of December 31, 2021, we had 99,598 employees domestically and internationally. During 2021, our turnover rate was less than 15.6% in Brazil.

In order to boost and advance the focus on and management of diversity, we have since 2017 followed the guidelines set in the Commitment to Diversity Charter (*Carta de Compromisso com a Diversidade*) that we share with the market, making a public commitment to employees, clients, suppliers, partners and society that goes beyond mere legal requirements, but that is aimed to:

- Foster a respectful and healthy environment for all the people who work at the organization;
- Promote equal opportunities for all employees; and
- Develop corporate leaders who are sensitive about and engaged with this commitment.

We also have an exclusive Diversity Department under the Executive Personnel Office, dedicated to raise awareness to cut across the business and people management issues. Therefore, our Executive Personnel Officer accumulates duties equivalent to those of a Chief Diversity Officer or CDO.

In 2020, we adopted a Diversity and Inclusion Plan, overseen by our Nominating and Corporate Governance Committee. Our program goal is to increase gender and ethnic diversity in our workforce and leadership within the next three years, while continuing to provide equal employment opportunities to all candidates and employees without regard to any protected status.

Accordingly, we track gender diversity among our global and U.S. workforce, and we intend to increase the percentage of employees above director level who are female, the representation of women and underrepresented communities on our Board of Directors. We aim to maintain a mix of backgrounds, skills and experiences in our board composition to understand and reflect the needs of our diverse stakeholders. Currently, three of our nine board members are women and one of our board members self-identifies himself as Asian American.

Our diversity actions are divided into five pillars: (i) race, (ii) gender, (iii) people with disabilities (“PWDs”), (iv) LGBT+, and (v) generations. We have a crosscutting pillar of unconscious biases that permeates all of our actions. Our basic principles of internal diversity management are: (i) foster a respectful and healthy environment for all the people who work at the organization; (ii) promote equity of opportunities for all employees; and (iii) develop corporate leaders who are sensitive about and engaged with these commitments.

We acknowledge that the journey of valuing and boosting diversity is a cultural change process that involves deconstructing preconceived concepts and/or unconscious biases. Thus, we work from the standpoint of the individual as a unique being with its multiple characteristics and strive to provide a psychologically safe environment for each individual to develop.

• Female Employees

Our workforce consists mostly of female employees in Brazil, totaling 56.1% of our workforce in 2021. As of the date of this annual report, 51.3% of our management positions were held by women. Our challenges in terms of gender equity are around increasing the representation of women in areas such as Technology, Finance and wholesale Banking and, in the bank as a whole, in middle and senior management positions (middle managers and above). We are aware that maternity can have a major impact on careers, so our Mothers and Pregnant Women Support Program and the updated Performance Evaluation Policy for Women on Maternity Leave are among the actions intended to ensure that the evaluation of these professionals is based on the work performed rather than on their length of service. Accordingly, good assessment scores can be preserved over time, ensuring women remain eligible for career acceleration programs, educational sponsorships, and promotions.

• Black Employees

25.9% of our total workforce in Brazil in 2021 was black. As of the date of this annual report, 18.0% of our management positions were held by black people. The goal of our Racial Equity Agenda is to increase the representation of black employees in all areas and at all levels of the hierarchy and guarantee equal opportunities for all audiences, respecting the differences. We have four work fronts dedicated to this goal: (i) attractiveness and revision of selection processes; (ii) qualification of potential applicants; (iii) development of black employees; and (iv) awareness-raising.

[Table of Contents](#)

- People with Disabilities (PwD)

4.9% of our total workforce in Brazil in 2021 was employees with disabilities (PwD). As of the date of this annual report, 1.4% of our management positions were held by PwD. The goal of our PwD Agenda is based on the guidelines of the Brazilian Inclusion Law and the UN Convention on the Rights of People with Disabilities. Our work promotes six types of accessibility: (i) communicational; (ii) instrumental; (iii) methodological; (iv) attitudinal; (v) programmatic; and (vi) architectural.

- LGBT+

We are working to ensure respect and promote a psychologically safe environment, so that people feel comfortable being who they are regardless of affection and sexual orientation and gender identity. Every year we conduct a survey on the perception of employees about the safe and respectful workplace, and on the perception about the advances in the diversity agenda in the organization. Employees who feel comfortable in this survey may self-identify before answering, respondents are not identified, and data are handled with secrecy and confidentiality. In 2021, 10% of the respondents self-identified as being part of the LGBT+ community.

- b) Human Rights

In 2021, we launched a revised version of our Human Rights Commitment, which aims to reinforce our commitment of respect for human rights with respect to employees, clients, suppliers, stockholders, partners and society. This commitment guides our actions related to critical topics, mitigation practices, remediation and monitoring measures and work with vulnerable groups (children, adolescents, women, black people, people with disabilities, LGBT+ and others). Accordingly, we conducted action plans to discuss human rights violations cases reported by clients through our channels and the training of service teams to address these cases. Additionally, through a vision of opportunity, we created new processes and reviews internal flows so our relationship with the client is increasingly inclusive and empathetic. Further, we continue with our education and awareness strategy for Human Rights, Diversity and Inclusion, expanding the sharing of knowledge and experiences to other stakeholders, such as civil society, customers and suppliers, adopting a customized strategy for each of these audiences. Especially with our suppliers, we started a project to review our strategy of Communication and Monitoring about Human Rights and Diversity practices.

2. Our business

In 2020, we created a working group with the aim of improving the integration of ESG criteria in our credit portfolio. As we deepen the work with the group, we felt the need to create a specific governance to drive discussions about results and the challenges that this agenda imposes on financial institutions in general. Accordingly, we set up an ESG business committee was established, composed of executives from the wholesale bank, to monitor the evolution of projects, discuss trends in the local and international market, as well as the progress of the ESG agenda, assess ESG operations and connect strategic matters involving ESG in large companies. We also set up an ESG working group in the area of Fixed Income that aims to evaluate capital markets operations in addition to providing ESG specialized advice to clients regarding ESG criteria, when necessary.

- a) Financing in Positive Impact Sectors

As part of the evolution of our ESG practices, we have committed R\$400 billion to promote a sustainable, increasingly greener and more inclusive economy. This amount includes initiatives on three main fronts to be achieved by 2025: (i) granting credit for positive impact sectors (such as generation, transmission and distribution of renewable energy, pulp and paper, health, education, sanitation, waste management, rail transport and agriculture), (ii) structuring ESG-linked transactions for our clients, such as Green bonds, Sustainability-Linked bonds and ESG loans, and (iii) providing ESG products for the retail industry, such as financing electric/hybrid cars, solar panels, and microcredit. From August 2019, when we launched the positive impact commitments, to December 2021, we have allocated R\$170 billion to promote a sustainable, increasingly greener and more inclusive economy, which represents 43% of the R\$400 billion target.

- b) ESG Integration in Asset Management

Itaú Asset Management (“IAM”) is in charge of our asset management with over R\$785 billion of assets under management as of December 31, 2021. Our Responsible Investment Policy guides our activities related to sustainability in our investments and ESG integration. Our ESG models, with a pragmatic approach that seeks to estimate the financial impact of material ESG issues for each investee company and in line with international initiatives such as Global Sustainable Investment Alliance (GSIA), are aligned with international initiatives such as Global Sustainable Investment Alliance (GSIA) for companies and are aimed at estimating and integrating the financial impact of environmental and sustainability issues according to traditional valuation models. This assessment identifies eight multi-sector dimensions and prioritizes the critical variables to each sector when evaluating companies.

Table of Contents

In 2021 we reached 99.71% ESG coverage for assets under our management, which excludes positions in derivatives and exchange traded funds. We believe engagement with investees is an adequate way to increase our knowledge. The purpose of such engagement is to promote constructive dialogue and deepen the understanding of how certain ESG issues may impact the cash flow of investees.

We encourage the adoption of management and corporate governance best practice to reduce risks, protect our clients' interests and foster a more efficient and transparent capital market. In 2021, 157 of our investee company from 22 economic sectors were engaged in ESG issues, aimed at obtaining material ESG information for the investment process. We also adopt a policy of voting at general stockholders' meetings, also known as proxy voting.

When exercising our rights to vote, we take into account business sustainability issues guided by three pillars: acting proactively in defense of the environment, social development, and good corporate governance. In 2021, IAM attended 158 general stockholders' meetings of investees.

c) Sustainable Bonds

On January 2021, we established a sustainability finance framework, or the Framework, to allow us to contribute to the development of sustainable financing solutions, with the objective of raising funds for new and existing projects with environmental or social benefits.

We are committed to increasing (i) the financing for positive impact sectors; (ii) the inclusion of environmental, social and governance issues in investment decisions; (iii) the financial inclusion of micro, small and medium entrepreneurs; and (iv) the access to financial services and offer tools and content that support healthier financial decisions. In April 2021, we raised US\$ 400 million with the United States International Development Finance Corporation ("DFC") in the international market to expand our credit lines to small and middle market companies with particular focus on economically vulnerable regions such as the North and the Northeast of Brazil and also to companies majority controlled or led by women.

Green Instrument

On April 13, 2022, we announced to its stockholders and the market in general that it has raised R\$1 billion in green instrument denominated Letras Financeiras Verde in the local market with the Finance Corporation (IFC), member of the World Bank Group. It is Itaú's first Letra Financeira Verde issuance and the first time IFC uses this instrument in Brazil.

The funds will be used to support the financing of electric, hybrid and multifuel vehicles, aiming at fostering the low-carbon economy and boosting the segment of low-GHG-emission vehicles in Brazil.

This funding strengthens Itaú's commitment to supporting the climate transition of its clients and promoting a more sustainable economy.

d) Climate change

We have a great responsibility for and influence on the production chains of all economic segments in connection with the promotion of a low-carbon economy, either by mitigating risks in business that intensify climate change and by boosting business that bring new models and solutions to reduce greenhouse gas "GHG" emissions.

For this reason, the response to climate change pervades our positive impact commitments. Since 2018, we have worked towards a transition to a low-carbon economy, including by defining policies, action plans and measuring performance in the face of climate change challenges.

We have already offset 100% of our scope 1 (direct GHG emissions) and scope 2 (indirect GHG emissions

from purchased electricity and other forms of energy). emissions. In October 2021, we announced our commitment to reducing our scopes 1, 2 and 3 emissions by 50% by 2030 and becoming a Net Zero Carbon bank by 2050.

We have set an initial plan to achieve these targets based on actions to reduce and remove emissions, in structured timeframes, and monitor the technological scenario, which will be reviewed annually to incorporate advances in the climate agenda, pursuant to science-based methodologies..

TCFD – Task Force on Climate Related Financial Disclosures

In 2017, we have joined the Working Group for the Implementation of the TCFD Recommendations in banks under the leadership of UNEP-FI (United Nations Environment Program Financial Initiative). Moreover, since 2018, we have been working on the transition of the recommendations to the Brazilian reality which included the definition of policies, action plans and performance measurement with the participation of our sustainability, social and environmental risk, finance, asset management, credit and investor relations areas. The interaction dynamics has been refined as the theme has matured. In this journey, internal tools were created to identify, measure, and understand the impact of climate risk on our portfolio, and we have identified climate opportunities for our business. The construction of knowledge was given by our participation in national and international forums, with other players in the financial market and the support of UNEP-FI. In 2021, we developed internal projects to meet 100% of the TCFD recommendations that will be reported in 2022, but we understand that there is still room for further investigation and our performance in the recommendations, as it is an activity of continuous improvement.

NetZeroCommitment

In 2021, we announced to the market the adherence to the Net-Zero Banking Alliance (NZBA), a global agreement led by the United Nations (UN) to mobilize the resources required to create a global net zero emission economy, aligned with the Paris Agreement. Our strategy is to provide actively and customized support for our customers in their own processes of transition to a low-carbon economy,

[Table of Contents](#)

in order to reduce their emissions. Our targets are based on the best science available. According to the IPCC's Special Report on the 1.5oC target, to keep the rise of global temperature below 1.5oC by the end of the century, it will be necessary to achieve Net Zero, that is, the point in which CO2 emissions equal carbon removals, by 2050 and, to achieve this target, emissions must be cut by at least 45% by 2030. Based on a wide bibliography review, such as the IEA (International Energy Agency) and on the benchmark of the best international practices, we have found out that a 50% reduction by 2030 is an ambitious goal, as every climate target should be. The following stage of our work will be validating these targets by applying the assumptions of the Science Based Target Initiative (SBTi).

3. Commitments for the development of the country

a) **Environmental: Biodiversity and the Amazon Region.**

The Amazon Plan has arisen from a joint idea between Itaú, Santander and Bradesco, the three largest private banks in Brazil, with a clear common goal: promoting effective actions to ensure the sustainable development of the Amazon region. In addition to being a vital region for the global climate stability, the Amazon Plan was developed in a particularly critical year for this territory.

To this end, the Amazon Plan comprises ten actions intended to the preservation and prosperity of the region, its population and economy. In this first year of the Plan, four of these measures were prioritized for immediate action, as they are considered fundamental for the development of the others, as follows:

- **meat processing industry and deforestation:** aimed at reducing deforestation associated with the meat processing industry, strengthening internal diligence procedures, supporting transition, and coordinating with companies and associations to draw up a sector-wide commitment.
- **financial and non-financial support for sustainable cultivation:** encouraging sustainable cultivation across the region through unique financing lines and financial and non-financial tools.
- **land regularization:** coordinating and supporting the implementation of a computerized system to record land regularization and mapping state and local legislative projects and advocacy activities with the government.
- **bio economy:** attracting investments to promote partnerships and the development of technologies to foster a bio economy.

In 2021, we included the Amazon Plan as one of our Positive Impact Commitments, evidencing that this is an agenda fundamental to our ESG strategy. The Amazon region plays a fundamental role in the balance of the world and the climate change action, providing clear opportunities for a new economic development model based on a low carbon economy. We have made progress throughout 2021 in understanding its challenges and opportunities, implementing our programs and supporting initiatives from different partners, academia, civil society or the business sector.

The actions prioritized in the first cycle of the Amazon plan will remain on the 2022 agenda as they are the basis for the sustainable development. The remaining actions(i.e., green infrastructure, social infrastructure, markets for environmental assets, climate change, financial inclusion and guidance and providing incentives to local development projects), will be prioritized within the Amazon Plan over the coming cycles, respecting the strategic vision of each institution.

b) **Social Private Investment**

We acknowledge our role and potential, as a financial institution, to be a relevant agent of transformation and promote development. For this reason, since 2020, private social investment has been one of our positive impact commitments, aimed at promoting access to and expansion of rights, improving the quality of life in cities and strengthening people's power of transformation.

Our action regarding this commitment considers, as a priority, the incidence on public policies and collective agendas, as well as the integration of the Sustainable Development Goals (SDGs) into the plans and policies of Brazilian states and municipalities, through four major work fronts.

In 2021, we invested more than R\$764 million in 1,469 projects across Brazil and abroad, including 6% by way of donations, 73% in long-term initiatives, and 21% in sponsorships and social actions in business areas. Of the invested funds, 84% came from donations and sponsorships made by Banco Itaú itself and 16% used funds subsidized by the Rouanet Act (a Brazilian law intended to provide monetary funds for use in art and culture), the Sports Incentive Law, Statute of the Elderly, National Oncology Care Support Program (PRONON), the National Program to Support the Healthcare of People with Disabilities (PRONAS), and the Municipal Fund for Children and Adolescents (FUMCAD).

The main investment lines are: (i) education,(ii) sports, (iii) culture, (iv) urban mobility, (v) diversity, (vi) health and elderly, (vii) innovation, (viii) entrepreneurship, and (ix) development and local participation.

c) ***Todos pela Saúde institute (ITpS)***

[Table of Contents](#)

As a demonstration of our commitment to Brazilian society, in 2020 we set up the *Todos pela Saúde* (All for Health) program, aimed at fighting the effects of the COVID-19 pandemic in Brazil, to which we have donated over R\$1.2 billion. This amount includes R\$1 billion donated by us, R\$200 million donated by the families controlling us and Itaúsa, as well as donations from over 16 partner companies and individuals.

The project was concluded in 2021, by reaching all tiers of society, as well as supporting the public health sector initiatives, such as the Brazilian unified health system (SUS), in such a challenging time. In February 2021, the “*Todos pela Saúde*” institute (“ItpS”) was founded from the remaining donations from the “*Todos pela Saúde*” project. ItpS will focus on supporting research and human resources training in genomic epidemiology. The organization has a pre-defined work program and managers dedicated to the development of activities whose results can be integrated and made available to assist in public policies.

ItpS works to be recognized as a relevant institute in strengthening the epidemiological surveillance system in Brazil, capable of supporting strategic public health decisions based on science.

4. Accountability: Transparency and Reporting

Our ESG Report, published annually, and is our main source of reporting ESG indicators. The purpose of the report is to provide increased accessibility, comprehensive knowledge, and transparency on sustainability issues in our business and relationships. The report is prepared based on the following international reporting standards: (i) the Sustainability Accounting Standards Board (SASB), (ii) the Task Force on Climate-Related Financial Disclosures (TCFD), and (iii) the Global Reporting Initiative (GRI).

As a result of our sustainability strategy, we continue to be part of several sustainability indexes. We are the only Latin American bank to participate in the Dow Jones Sustainability Index since its inception in 1999, we also participate in the Corporate Sustainability Index (ISE), the Carbon Efficient Index (ICO2), both on the Brazilian Stock Exchange—B3, and in the Bloomberg 2021 Gender Equality Index (GEI).

[Table of Contents](#)**Dependence on Patents, Licenses, Contracts and Processes**

We own, in Brazil and abroad, a number of patents and patent applications related to methods for security code checking and for a method, user device and system to submit financial transaction information. We and our affiliates are not dependent on such patents to perform our activities.

[Table of Contents](#)**Risk Management**

Taking on and managing risks is one of our activities and, to this end, we must have well-established risk management objectives. In this context, the risk appetite defines the nature and level of acceptable risks to us and the risk culture guides the attitudes necessary to manage them.

We invest in robust risk management processes that are the basis for our strategic decisions to ensure the sustainability of the business and to maximize the creation of shareholder value. These processes are aligned with the guidelines of the Board of Directors and the Executives who, through collegiate, define the global objectives, expressed in goals and limits for the risk management business units. The control and capital management units, in turn, support our management by means of risk and capital monitoring and analysis processes.

The principles that provide the foundations of risk management, the risk appetite, and the guidelines for how our employees act in their day-to-day decision-making are:

- **Sustainability and customer satisfaction:** our vision is to be the leading bank in performance and customer satisfaction and is therefore concerned with generating shared value for employees, customers for employees, customers, shareholders and society, ensuring the perpetuity of our business. We are concerned with doing business that is good for the client and for us.
- **Risk Culture:** our risk culture goes beyond policies, procedures and processes, strengthening the individual and collective responsibility of all employees to manage and mitigate risks mitigate the risks in a conscious manner, respecting the way business is done in an ethical manner.
- **Risk pricing:** we act and assume risks in businesses we know and understand, and avoid those we do not know or for which we have no competitive advantage, carefully evaluating the relation between risk and return.
- **Diversification:** we have a low appetite for volatility in results and, for this reason, we operate in a diversified base of clients, products and businesses, seeking the diversification of risks, in addition to prioritizing lower risk business.
- **Operational excellence:** we want to be an agile bank, with a robust and stable infrastructure, in order to offer a high quality service;
- **Ethics and respect for regulations:** for us ethics is non-negotiable. For this reason, we promote an institutional environment of integrity, educating our employees to cultivate ethical relationships and businesses, as well as respecting the norms, and therefore looking after reputation.

CMN Resolution 4,557, of February 23, 2017, (“CMN Resolution No. 4,557”), provides for the structure of risk and capital management framework. CMN Resolution No. 4,557 highlights the implementation of a continuous and integrated risk integrated risk management framework, the requirements for defining the Risk Appetite Statement (RAS) and the stress test program, the constitution of a Risk Committee and the appointment, before BACEN, of the Risk Management Officer (CRO), with the attribution of roles responsibilities and independence requirements.

[Table of Contents](#)

Risk Management Overview



Governance and organizational structure

Our risk management organizational structure complies with Brazilian and applicable international regulations currently in place and is aligned with best market practices. There is a structure in place for coordination and consolidation of information and related processes, which are all subject to verification by independent validation, internal controls and audit areas. The following committees are part of our risk and capital management governance structure:

[Table of Contents](#)


(1) Chaired by the CEO of Itaú Unibanco Holding; and (2) Chaired by Itaú Unibanco Holding Vice Presidente of Risk.

Risk & Capital Management Committee (CGRC): supports our Board of Directors in performing its duties related to our risk and capital management by meeting, at least, four times annually, and submitting reports and recommendations to assist the Board of Directors in its decision-making with respect to:

- Decisions regarding our risk appetite, in terms of capital, liquidity, results, operational risk and reputation, ensuring these aspects are in alignment with our strategy, and including acceptable capital and liquidity levels and types of risks to which we may be exposed, as well as overall limits for each type of risk, tolerance for volatility of results and risk concentration, and general guidelines about tolerance for risks that may impact our brand (e.g., brand risk).
- Supervision of our risk management and control activities in order to ensure their suitability to the risk levels assumed and to the complexity of the operations as well as compliance with regulatory requirements;
- Review and approval of policies and strategies for capital management, to establish mechanisms and procedures aimed at keeping capital consistent with the risks we incur;
- Establishing our minimum expected return on capital as a whole and for our lines of business, as well as monitoring performance;
- Supervision of our incentive structures, including compensation, aimed at ensuring its alignment with risk control and value creation goals; and
- Fostering improvement in our Risk Culture.

Superior Commission for Market Risk and Liquidity (CSRML): meets on a monthly basis and is responsible for setting guidelines and governance for investments and market and liquidity risks regarding our consolidated positions and business lines.

Superior Operational Risk Commission (CSRO): meets on a bimonthly basis and is responsible for understanding the risks of our processes and business, defining guidelines for operational risks management and assessing the results achieved by our Internal Controls and Compliance System. The CSRO is our main decision-making committee for all operational risk management matters. It is responsible for defining our operational risk framework and structure and related policies for identification, measurement, assessment, reporting and monitoring of operational risk.

Superior Products Commission (CSP): meets on a weekly basis and is responsible for evaluating products, operations, services and processes that are beyond the authority of our Products Committees that report to it or that involve image risk to us.

[Table of Contents](#)

Superior Credit Commission (CSC): meets on a weekly basis and is responsible for analyzing and deciding on credit proposals that are beyond the authority of the credit committees that report to the CSC. It is also responsible for analyzing decisions which may have not been taken due to a lack of consensus at the committee immediately subordinate to it or cases where, due to the relevance or characteristics of the topic or other features, such Credit Committees decide to submit to the CSC's review.

Superior Retail Credit and Collection Commission (CSCCV): meets on a monthly basis and is responsible for approving credit policies and assessing the performance of Retail Credit and Collection portfolios and strategies.

Superior Wholesale Credit and Collection Commission (CSCCA): meets on a monthly basis and is responsible for approving credit policies and assessing the performance of Wholesale Credit and Collection portfolios and strategies.

Superior Committee on Prevention of Money Laundering (CSPLD): summoned on demand, the Committee aims to analyze and deliberate on claims involving the opening / maintenance of transfers and other services / operations (M&A, credit granting, KYC exchange validation, among others) to bidders with greater exposure to money laundering risk.

Superior Commission for Corporate Investment (CSIS): meeting on demand, its purpose is to evaluate temporary corporate investments of interest to the Investment Bank (DGA).

Additionally, we have sub-committees, chaired by our chief risk officer and CFO, which are also responsible for risk and capital management. Any such sub-committee may report directly to the Risk and Capital Management Committee or to the sub-committees mentioned above.

Standards Committee (CN): meets at least quarterly (may be via Fast Track) and aims to approve / validate standards with the scope of the Standards Committee, being the minimum scope for approval of policies. Higher-level policies must be approved by the Normative Committee before proceeding to other forums.

Technical Commission for Model Evaluation (CTAM):

CTAM - Market: meets bimonthly or on demand, for approval and assessment of market risk models and pricing, based on the independent opinion of the model validation area, as well as suggesting and monitoring action plans for the validated models. Its main responsibilities are: to approve models related to the calculation of market risk and pricing, to decide whether or not to use market risk and pricing models, to approve, recommend, suggest and monitor the proposed action plans for the validated models and monitor the performance of the market risk model over time, determining new developments, if necessary.

CTAM - Credit: recommend or veto the use of credit risk models based on an independent opinion from the model validation area, inform any risk points and monitor action plans. Its responsibilities are divided into Director Alçada (which meets monthly or on demand) and Superintendent Alçada.

Capital Committee (CCAP): meeting at least bimonthly, it aims to monitor the capital adequacy of the Holding and International Units, the capital projections in normal and adverse scenarios, in addition to reviewing the assessment of the materiality of the risks, the need for additional capital for material risks and the quantification methodologies for calculating capital for risks whose need has been completed for the purposes of the Internal Capital Adequacy Assessment Process.

International Units Risk Committee (CRUI): held on a quarterly basis, it aims to present and discuss the main risks of International Units and the corresponding strategies and action plans proposed to mitigate the identified risks. It monitors the risk indicators and risk appetite of International Units, as well as the measures for maintenance at acceptable levels, considering the particularities of each country or region. Deliberates on situations that require mobilization of Units and respective management areas in Brazil, including monitoring of risk events, notes from regulators, results of internal and external audits, risk maps and regulatory demands. Evaluates the evolution of maturity in the risk management of the Units and in the governance and supervision exercised by the AR risk areas, ensuring alignment with our strategy. Promotes the Risk Culture Program in International Units and its dissemination.

[Table of Contents](#)

To support this structure, we have the Risks Management Area, structured with specialized departments and subordinated to our chief risk officer and CFO, intending to independently and in a centralized manner to ensure that the institution's risks and capital are managed in accordance with established policies and procedures.

[Table of Contents](#)**Risk governance at foreign subsidiaries**

Our foreign subsidiaries follow the risk management and governance model established by the holding in its policies and guidelines, keeping an effective flow of information on risk levels between headquarters and each subsidiary and alignment of strategies for maintaining such risks at an acceptable level.

To ensure the continuous improvement of the units in risk management and controls, there is a risk management maturity program, comprising the definition and periodic assessment of best practices of risk management and controlling conducted in each location as also the supervision and governance activities performed by the holding.

The proximity in the monitoring of our units allows us to better understand the peculiarities of each country and region where we do business with and to quickly adapt to changes in different regulatory, social, and economic environments where we operate, even in stress scenarios as observed with COVID-19 pandemic.

On this topic, with the evolution of vaccinations and the stability of the operational indicators at the units, the flow of information between units and the holding was maintained with regard to the preservation of the safety and well-being of customers and employees, the availability of channels, products and services, the regulatory changes instituted in different countries and their impacts on the units.

Finally, advances in actions to strengthen the Risk Culture at our international subsidiaries have fostered individual and collective responsibilities of all our employees, empowering them to do the right thing, at the right time, and in the right way respecting the ethical and sustainable way of doing business.

[Table of Contents](#)

Supervision and Regulation

We are subject to regulation by, and supervision of, several entities, in the countries and for the segments in which we operate. The supervisory activities of these entities are essential to the structure of our business, and they directly impact our growth strategies. Below we describe the main entities that regulate and supervise our activities in Brazil:

CMN	the highest authority of the Brazilian National Financial System (SFN) responsible for the currency and credit policy in Brazil to guarantee stability and social and economic development. Its major purpose is to disclose the general rules for the operation of the entire financial market.
Central Bank:	autonomous authority responsible for regulating and overseeing the entire National Financial System (SFN), ensuring the stability of the purchasing power of the currency and a solid and efficient financial system and for implementing the policies established by the CMN, authorizing the establishment of financial institutions and supervising them.
CVM	a government agency linked to the Ministry of the Economy with purpose of regulating, supervising and developing the securities market.
CNSP	responsible for establishing the guidelines and directives for insurance and premium bond companies and open private pension entities.
SUSEP	responsible for regulating and supervising the insurance, open private pension funds and capitalization markets in Brazil and their participants.
ANS	responsible for regulating and supervising the health insurance market in Brazil and its participants.

Our main operations outside of Brazil are subject to oversight by local regulatory authorities in the following jurisdictions:



Noteworthy regulatory requirements and restrictions on financial institutions:	<ul style="list-style-type: none"> • prohibition against operating in Brazil without prior approval of the Central Bank; • prohibition against acquiring real estate that is not for the financial institution’s own use, except those received for settlement of loan losses or as expressly authorized by the Central Bank, pursuant to CMN regulation; • prohibition against acquiring interests in companies without prior approval of the Central Bank, except for ownership interest typical of investment portfolios held by investment banks; • prohibition against granting loans that represent more than 25% of the financial institution’s regulatory capital to only one person or group; • restrictions on credit transactions to certain related individuals and legal entities; • obligation to deposit a portion of the deposits received from clients with the Central Bank (compulsory deposit); • obligation to maintain enough capital reserves to absorb unexpected losses, pursuant to the rules proposed by the Basel Committee and implemented by the Central Bank; • obligation to prepare and submit, by December 31, annual recovery plans that aim to re-establish adequate levels of capital and liquidity and to preserve the viability of the institution under stress scenarios; • obligation to create, in respect to financial guarantees, specific accounting procedures for the assessment and registration of passive provisions (<i>provisão passiva</i>); • prohibition against holding, on a consolidated basis, permanent assets, including investments in unconsolidated subsidiaries, real estate, equipment and intangible assets, exceeding 50.0% of the adjusted regulatory capital; • prohibition against granting loans or advances, and guarantees, including derivative transactions, underwriting or holding in their investment portfolio securities of any clients or group of affiliated clients that, in the aggregate, give rise to exposure to such client or group of affiliated clients that exceeds the threshold determined by the Central Bank.
--	---

[Table of Contents](#)**Regulations on ESG requirements applicable to financial institutions****Commitments:**

- Partnership for Carbon Accounting Financials – PCAF: We are committed to measure and report the greenhousegas (GHG) emissions associated with our portfolio of loans and investments, using carbon estimation methodologies developed in conjunction with PCAF, in order to enable alignment of our portfolio with the Paris Agreement.
- Net-Zero Banking Alliance – NZBA: We are committed to establish goals for the transition of our operation and our credit portfolio to a net Zero Carbon economy by 2050, with intermediate goals, achieving a 50% reduction in our financed emissions by 2030 – a scenario consistent with the maximum increase in global average temperature of up to 1.5°C above pre-industrial levels by 2100, according to the IPCC.

Regulations:

- CMN Resolution 4327/2014: Requires financial institutions to establish an environmental and social responsibility policy.
- CMN Resolution 4943/2021: Amends the CMN Resolution 4557, which provides a risk management structure, the capital management structure and the information disclosure policy for Financial Institutions, in order to integrate social, environmental and climate aspects on the FI's risk management structure. This rule will enter into effect in July 2022.
- CMN Resolution 4945/2021: Determines that Financial Institutions must establish, by July 2022 a Social, Environmental and Climate Responsibility Policy and implement actions aimed at its effectiveness. This Resolution revokes CMN Resolution 4327/2014 from December 2022.
- CMN Resolution 139/2021: Provides the disclosure information of the Social, Environmental and Climate Risks and Opportunities Report (GRSAC Report), which should be published by the Financial Institutions in 2023. The GRSAC Report must contain information regarding the following topics associated with social, environmental and climate risks: governance of risk management; actual and potential impacts of risks in the strategies adopted by the Institution in their business and risk and capital management; and risk management processes. This rule will enter into effect in December 2022.
- Central Bank Instruction 153/2021: Establishes the standards for the Social, Environmental and Climate Risks and Opportunities Report (GRSAC Report). This rule will enter into effect in December 2022.
- CVM Instruction 480/2009: Provides instruction for the registration of issuers of securities admitted to trading on securities markets, including aspects of social, environmental and climate risk that must be observed by companies.

[Table of Contents](#)**Supplementary law establishing the independence of the Central Bank approved by the Brazilian Congress**

On February 25, 2021, Supplementary Law No. 179 of February 24, 2021 (“Supplementary Law No. 179”) was published, establishing the purposes of the Central Bank and its autonomy, as well as regulating the appointment and removal of its president and directors.

Among other matters, Supplementary Law No. 179 sets forth that the Central Bank shall obtain the status of “special autarchy” characterized by the absence of ties to a Ministry, guardianship or hierarchical subordination, with technical, operational, administrative and financial autonomy. Additionally, the law also sets forth that, while the President of Brazil will still be responsible for appointing the president and the board of directors of the Central Bank (with the Brazilian Senate’s approval of their names), their terms of office will no longer coincide, which will further guarantee the independence of the Central Bank from political decisions. Supplementary Law No. 179 came into effect on the date of its publication.

[Table of Contents](#)

Basel III Framework.

On December 16, 2010, the Basel Committee issued its Basel III framework, which was revised and republished on June 1, 2011. The Basel III framework increases minimum capital requirements, creates new conservation and countercyclical buffers, changes risk-based capital measures, and introduces a new leverage limit and new liquidity standards in comparison to the former framework. The rules were phased in gradually and were fully implemented by January 1, 2019.

The Basel III framework requires banks to maintain minimum capital levels corresponding to the following percentages of risk-weighted assets: (i) a minimum common equity capital ratio of 4.5% composed of common shares; (ii) a minimum Tier 1 Capital ratio of 6.0%; and (iii) a minimum total capital ratio of 8.0%. In addition to the minimum capital requirements, Basel III requires a “capital conservation buffer” of 2.5% and each national regulator is given discretion to institute a “countercyclical buffer” if it perceives a greater system-wide risk to the banking system as the result of a build-up of excess credit growth in its jurisdiction. Further, Basel III introduces a new leverage ratio, defined as Tier 1 Capital divided by the bank’s total risk weighted exposure.

Basel III implemented a liquidity coverage ratio (“LCR”), which requires affected banks to maintain sufficient high-quality liquid assets to cover the net cash outflows that could occur under a potential liquidity disruption scenario over a thirty-day period; and implemented a net stable funding ratio (“NSFR”), which establishes a minimum amount of stable sources of funding that banks will be required to maintain based on the liquidity profile of the banks’ assets, as well as the potential for contingent liquidity needs arising from off-balance sheet commitments over a one-year period.

Additional requirements apply to additional common equity Tier 1 Capital or Tier 2 Capital instruments issued by internationally active banks. To be included in Additional Tier 1 Capital or Tier 2 Capital, an instrument must contain a provision that requires that, at the discretion of the relevant authority, such instrument be either written-off or converted into common shares upon a “trigger event”. A “trigger event” is the decision of a competent authority pursuant to which, for a bank to remain a feasible financial institution, it is necessary (i) to write-off an instrument, or (ii) to inject government funds, or equivalent support, into such bank, whichever occurs first. The requirements are applicable to all instruments issued after January 1, 2013 and those instruments qualified as capital issued before that date that do not comply with these requirements will be phased out of banks’ capital over a ten-year period, beginning on January 1, 2013.

Additional regulatory capital requirements apply to global systemically important banks (“G-SIBs”). The Basel Committee’s assessment methodology to determine which financial institutions are G-SIBs is based on indicators that reflect the following aspects of G-SIBs: (i) size; (ii) interconnectedness; (iii) substitutability/ financial institution infrastructure; (iv) cross-jurisdictional activity; and (v) complexity. Each of these factors receives an equal weight of 20.0% in the assessment.

The Basel Committee has also issued a framework for the regulation of domestic systemically important banks (“D-SIBs”), which supplements the G-SIBs framework by focusing on the impact that the distress or failure of systemically important banks would have on the domestic economy of each country.

Implementation of Basel III in Brazil

Financial institutions based in Brazil are subject to capital measurement and standards based on a weighted risk-asset ratio, according to CMN Resolutions No. 4,955/2021 and No. 4,958/2021. Brazilian banks’ minimum total capital ratio is calculated as the sum of two components: Regulatory Capital (*Patrimônio de Referência*); and Additional Core Capital (*Adicional de Capital Principal*), both aligned to the guidelines of the Basel III framework.

Brazilian banks’ Regulatory Capital is comprised of Tier 1 Capital and Tier 2 Capital. Tier 1 Capital is further divided into two elements: Common Equity Tier 1 Capital (common equity capital and profit reserves after adjustments, or *Capital Principal*) and Additional Tier 1 Capital (hybrid debt and equity instruments authorized by the Central Bank, or *Capital Complementar*).

In order to qualify as Additional Tier 1 Capital or Tier 2 Capital, according to CMN Resolution No. 4,955/21, all instruments issued by a Brazilian bank must contain loss-absorbency provisions, including a requirement that such instruments be automatically written off or converted into equity upon a “trigger event”. A “trigger event” is the earlier of: (i) Common Equity Tier 1 Capital being less than 5.125% of the risk-weighted assets for Additional Tier 1 Capital instruments and 4.5% for Tier 2 Capital instruments; (ii) the execution of a firm irrevocable written agreement for the government to inject capital in the financial institution; (iii) the Central Bank declaring the beginning of a special administration regime (*Regime de Administração Especial Temporária*, the “RAET”) or intervention in the financial institution; or (iv) a decision by the Central Bank, according to criteria established by the CMN, that the write-off or conversion of the instrument is necessary to maintain the bank as a viable financial institution and to mitigate relevant risks to the Brazilian financial system. Specific procedures and criteria for the conversion of shares and the write-off of outstanding debt related to funding instruments eligible to qualify as regulatory capital are established by CMN regulation. The legal framework applicable to financial bills (*letras financeiras*) was adapted to allow Brazilian financial institutions to issue Basel III-compliant debt instruments in the Brazilian market.

[Table of Contents](#)

Existing hybrid instruments and subordinated debt previously approved by the Central Bank as eligible capital instruments may continue to qualify as Additional Tier 1 Capital or Tier 2 Capital, as the case may be, provided that they comply with the above requirements and a new authorization from the Central Bank is obtained. Instruments that did not comply with these requirements were phased out as eligible capital instruments by deducting 10.0% of their book value per year from the amount that qualifies as Additional Tier 1 Capital or Tier 2 Capital. The first deduction occurred on October 1, 2013, and the last one occurred on January 1, 2022.

The Additional Core Capital requirement is subdivided into three elements: the capital conservation buffer (*Adicional de Conservação de Capital Principal*), the countercyclical capital buffer (*Adicional Contracíclico de Capital Principal*) and the higher loss absorbency requirement for domestic systemically important banks (*Adicional de Capital Principal Sistêmico*). The capital conservation buffer is aimed at increasing the loss absorption ability of financial institutions. The countercyclical capital buffer can be imposed within a range by the Central Bank if it judges that credit growth is increasing systematic risk. The higher loss absorbency requirement for domestic systemically important banks seeks to address the impact that the distress or failure of Brazilian banks may have on the local economy. In the event of non-compliance with the Additional Core Capital requirement, certain restrictions will apply, including the inability of the financial institution to: (i) pay officers and directors their share of variable compensation; (ii) distribute dividends and interest on equity to stockholders; and (iii) repurchase its own shares and effect reductions in its share capital. We are considered domestic systemically important financial institution, hence having to fulfill the 1% Additional Core Capital for higher loss absorbency (*Adicional de Capital Principal Sistêmico*). The Central Bank's implementation of the capital adequacy requirements under Basel III was phased-in from 2013 to 2019. In 2020, in response to the economic crisis related to the Covid-19 pandemic, the CMN temporarily eased the capital conservation buffer, which were gradually returned to the fully implemented level in April 2022.

Also, since October 1, 2018, a minimum LCR in a standardized liquidity stress scenario requirement applies to banks with total assets that are equal or superior to 10% of the Brazilian GDP or to banks with relevant international activity (in such case, regardless of total assets). The calculation of the LCR follows the methodology set forth by the Central Bank which is aligned with the international guidelines. During periods of increased need for liquidity, banks may report a lower LCR than the minimum required ratio, provided that they also report to the Central Bank the causes for not meeting the minimum requirement, the contingent sources of liquidity it has available, and the measures it plans to adopt to be in compliance with the LCR requirement. Since April 1, 2016, banks must also publicly disclose their LCR on a quarterly basis.

[Table of Contents](#)

The following table sets forth the minimum capital ratios and liquidity coverage ratio requirements under Basel III implemented by the Central Bank, as applicable to us on December 31, 2021. The figures presented below refer to the percentage of our risk-weighted assets:

Basel III Requirements

	<u>2021</u>
Common Equity Tier I	4.5%
Tier I	6.0%
Total Capital	8.0%
Additional Capital Buffers (ACP)	3.0%
conservation⁽¹⁾	2.0%
countercyclical⁽²⁾	0%
systemic	1.0%
Common Equity Tier I + ACP	7.5%
Total Capital + ACP	11.0%
Prudential adjustments deductions	100%

(1) For purposes of calculating the Conservation capital buffer, BACEN Resolution 4,783 establishes, for defined periods, percentages to be applied to the RWA value with a gradual increase until April/22, when it reaches 2.5%.

(2) The countercyclical capital buffer is fixed by the Financial Stability Committee (Cofef) based on discussions about the pace of credit expansion, and currently is set to zero (BACEN Communication No. 37,942/21). Should the requirement increase, the new percentage takes effect twelve months after the announcement.

Limit to be observed

	<u>2021⁽¹⁾</u>
Liquidity Coverage Ratio (LCR)	100%

(1) Minimum requirement valid from 1 January, 2019 onwards.

Since October 1, 2015, banks are required to prepare public disclosures of their leverage ratios (*Razão de Alavancagem*, the “RA”) on a quarterly basis. In November 2017, the CMN established the minimum limit for the Net Stable Funding Ratio (*Índice de Liquidez de Longo Prazo*, the “NSFR”) and the Leverage Ratio (*Razão de Alavancagem*, the “RA”) to be observed by certain Brazilian Financial institutions, including those classified as Segment 1 pursuant to CMN regulation (such as us—please refer to item “Segmentation for the proportional application of the prudential regulation” for more information), and the terms for compliance with such requirements.

The NSFR corresponds to the ratio between the Available Stable Funds (*Recursos Estáveis Disponíveis*), (“ASF”) and the Required Stable Funds (*Recursos Estáveis Requeridos*), (“RSF”) of the financial institution. This rule for NSFR, which came into effect on October 1, 2018, determines that the minimum limit for the NSFR for Segment 1 financial institutions is 100%. The RA, which calculation methodology was established by the Central Bank in 2015, consists of the ratio between the sum of the Common Equity Tier 1 Capital and the Additional Tier 1 Capital and the total exposure of the financial institution ascertained as established by the applicable regulation. The RA rule enacted in November 2017 came into effect on January 1, 2018 and determined the threshold of 3% as the minimum requirement for the RA for Segment 1 financial institutions (which is our case).

CMN regulation also defines the entities that compose the regulatory conglomerate (*conglomerado prudencial*) of Brazilian financial institutions and establishes the requirement that a financial institution prepare and file with the Central Bank monthly consolidated financial statements at the regulatory conglomerate (*conglomerado prudencial*) pursuant to the parameters defined therein. Such financial statements should also be audited by external auditors on a semi-annual basis. Since January 1, 2015, minimum capital and ratio requirements apply at the regulatory conglomerate (*conglomerado prudencial*).

Brazilian financial institutions are also required to implement a capital management structure compatible with the nature of their transactions, the complexity of the products and services it offers, as well as with the extent of its exposure to risks. In February 2017, the CMN enacted a rule that unified and expanded Brazilian regulation on risk and capital management. Such regulation provides that risk management must be conducted through an integrated effort by the relevant entity and sets out different structures for risk and capital management, which are applicable for different risk profiles.

According to such regulation, capital management is defined as a process that includes: (i) monitoring and controlling the financial institution’s capital; (ii) assessing capital needs in light of the risks to which the financial institution is subject; and (iii) setting goals and conducting capital planning in order to meet capital needs due to changes in market conditions. Financial institutions should publish a report describing the structure of their capital management at least on an annual basis. Disclosure and reporting of risk management matters, risk-weighted asset calculation, and adequate compliance with regulatory capital requirements are regulated by the Central Bank and reflect the so-called “Pillar 3” of regulatory capital recommended under Basel III, aimed at improving governance and disclosure.

[Table of Contents](#)

Pillar 3 Report

Since January 1, 2020, the Central Bank requires certain financial institutions to furnish a Pillar 3 Report. We are required to publish this report on a consolidated basis covering the following topics:

<ul style="list-style-type: none"> • prudential indicators and risk management; 	<ul style="list-style-type: none"> • comparison between accounting and prudential information;
<ul style="list-style-type: none"> • capital composition; 	<ul style="list-style-type: none"> • macroprudential indicators;
<ul style="list-style-type: none"> • leverage ratio (RA); 	<ul style="list-style-type: none"> • liquidity indicators;
<ul style="list-style-type: none"> • credit risk; 	<ul style="list-style-type: none"> • counterparty credit risk (CCR);
<ul style="list-style-type: none"> • securitization exposures; 	<ul style="list-style-type: none"> • market risk;
<ul style="list-style-type: none"> • risk of interest rate fluctuation in instruments classified in the banking book (IRRBB); and 	<ul style="list-style-type: none"> • remuneration of administrators.

The Pillar 3 Report must be furnished on a quarterly, biannual or annual basis, according to the type of information being disclosed.

In addition to the rules issued in accordance with the criteria set forth in Basel III, in July, 2013, Law No. 12,838 was enacted, allowing the determination of deemed credit based on deferred tax assets arising from temporary differences resulting from allowances for loan losses, which, in practice, exempts financial institutions from deducting this type of credit from its core capital. The law also changes the rules for the issue of subordinated debt, requiring the inclusion of clauses for the suspension of the stipulated compensation and the extinction of the credit right or its conversion into shares, and conditions stockholders' remuneration to compliance with the prudential requirements established by the CMN.

Global Systemically Important Banks (G-SIBs) Assessment in Brazil

The Central Bank has adopted the same indicators set out by the Basel Committee to determine if Brazilian financial institutions qualify as G-SIBs. Please see "Basel III Framework," for further details. This assessment is required of banks with total exposure – the denominator for the leverage ratio – in excess of EUR 200 billion, individually. However, no additional loss absorbency requirements for Brazilian G-SIBs have been established. We were not included on the latest list of G-SIBs issued on November 23, 2021, by the Financial Stability Board. The next update is expected in November 2022.

Recovery Plans for Systematically Important Financial Institutions

On June 30, 2016, the CMN issued a rule providing stricter guidelines for recovery plans (*Planos de Recuperação*) for Brazil's systemically important financial institutions. The rule which incorporated recommendations from the Financial Stability Board, requires financial institutions to prepare recovery plans that aim to re-establish adequate levels of capital and liquidity and to preserve the viability of such institutions under stress scenarios.

The guidelines require, among other things, that subject financial institutions must identify their critical functions for the National Financial System (*Sistema Financeiro Nacional*) and their core business lines, monitor indicators and their critical levels, adopt stress-testing scenarios, predict recovery strategies, assess possible risks and barriers related to the strategies and define clear and transparent governance procedures, as well as effective communication plans with key stakeholders. The rule provides for the submission of such recovery plans by December 31, annually. More details on our recovery plan can be found at "<https://www.itau.com.br/investor-relations>", section "Results and Reports / Regulatory Reports / Pillar 3 / Risk and Capital Management – Pillar 3", which is not incorporated by reference into this annual report

Segmentation for the Proportional Application of the Prudential Regulation

On January 30, 2017, the CMN issued a resolution establishing segmentation for financial institutions, financial institution groups and other institutions authorized to operate by the Central Bank for proportional application of the prudential regulation, considering the size, international activity and risk profile of members of each segment. According to such resolution, out of the five possible segments, we are classified as Segment 1, which is composed of universal banks, commercial banks, investment banks, foreign exchange banks and federal saving banks that (a) have a size equivalent or superior to 10% of the Brazilian GDP; or that (b) perform relevant international activities, independently from the magnitude of the institution.

[Table of Contents](#)**Foreign Currency Transactions and Exposure**

Transactions involving the sale and purchase of foreign currency in Brazil may only be conducted by institutions authorized to do so by the Central Bank. There are no limits for long or short positions in foreign currency for banks authorized to carry out transactions on the foreign exchange market. Currently there is no compulsory deposit requirement rate on the foreign currency short position held by financial institutions.

In accordance with CMN regulation, financial institutions in Brazil may raise funds abroad, either through direct loans or through the issuance of debt securities. Funds raised accordingly may be freely invested in Brazil, including but not limited to on-lending to Brazilian companies and financial institutions. Brazilian banks authorized to operate in foreign currency markets which hold regulatory capital higher than R\$5 billion may also use these funds to grant loans abroad to Brazilian companies, their offshore subsidiaries and to foreign companies controlled by Brazilians or to acquire securities issued or guaranteed by such companies in the primary market. Cross-border loans, in which one party is in Brazil and the other party is abroad, require previous registration with the Central Bank, which may establish limits on the conditions of such foreign currency loan transactions. Please see "Item 10E. Taxation" for further details about tax on foreign exchange transactions.

Financial institutions may also grant loans in or indexed to a foreign currency to their clients' trade-related activities, such as by granting advances on foreign exchange contracts (*Adiantamento sobre Contrato de Câmbio*), advances on delivered export register (*Adiantamento sobre Cambiais Entregues*) or export or import prepayment agreements (*Pré-Pagamento de Exportação e Financiamento à Importação*), all in accordance with Brazilian regulations on foreign exchange markets and international capital flows.

The Central Bank and the Brazilian government frequently change rules and regulations applicable to foreign currency borrowing and loans in accordance with the economic scenario and Brazilian monetary policy.

In addition, the legislation sets forth that the total exposure in gold and other assets and liabilities indexed or linked to the foreign exchange rate variation undertaken by financial institutions (including their offshore branches), and their direct and indirect subsidiaries, on a consolidated basis, may not exceed 30.0% of their regulatory capital.

New Foreign Exchange Law

On December 29, 2021, the President of Brazil sanctioned Law No. 14,286, which was approved by the Brazilian Senate on December 8, 2021. The new law is an initiative of the Central Bank presented by the President of Brazil to the Congress aiming to overhaul the Brazilian foreign exchange market. The new law also includes provisions regarding Brazilian capital held abroad and foreign capital held in Brazil. Law No. 14,286 modernizes, simplifies, and increases legal certainty associated with the current regulatory framework for Brazilian foreign exchange legislation.

The main aspects of Law No. 14,286 are: (i) confirmation, from a legal perspective, that foreign exchange transactions may be carried out freely (provided that these are carried out through entities authorized to operate in this market and subject to applicable rules); (ii) granting of broad powers to the CMN and the Central Bank to regulate the foreign exchange market and its operations; (iii) expansion of the international correspondence activity of Brazilian banks; (iv) the possibility of Brazilian banking institutions to invest and lend abroad funds raised in Brazil or abroad; (v) the exclusion of foreign currency purchase and sale transactions up to an amount of U.S.\$500, carried out between individuals on an occasional and non-professional basis; and (vi) granting of powers to the monetary authorities to establish situations in which the prohibition of private offsetting of credits between residents and nonresidents, as well as the payment in foreign currency in Brazil, would not apply.

Law No. 14,286 will come into effect on the first business day after one year of the date it was published (which was December 30, 2021).

The Central Bank and the CMN modernize rules relating to international payments and transfers

The CMN and the Central Bank issued new rules (CMN Resolution No. 4,942 and Central Bank Resolution No. 137, both issued on September 9, 2021) in order to enhance foreign exchange and international capital regulation, considering technological innovations and new business models relating to international payments and transfers. The new rules seek to promote a more competitive, inclusive, and innovative environment for providing services to citizens and companies that send or receive funds from abroad.

[Table of Contents](#)

The recently enacted rules will allow: (i) authorized payment institutions to operate in the foreign exchange market, operating exclusively through electronic means; (ii) non-banking institutions authorized to operate in the foreign exchange market (such as securities brokerage and dealership companies, foreign exchange brokerage companies and payment institutions) to directly use their foreign currency accounts held abroad to settle transactions carried out in the foreign exchange market; (iii) Brazilian exporters to also receive export revenues in a payment account held in their name not only with a financial institution abroad but also via an account abroad of a non-banking institution authorized to operate in the foreign exchange market; (iv) the receipt or delivery of reais in foreign exchange transactions, without limitation of value, to also occur from the customers' payment accounts held in financial institutions and other institutions authorized to operate by the Central Bank or in payment institutions participating in the PIX; and (v) prepaid payment accounts in reais to be held by residents, domiciled or headquartered abroad.

The regulation of international payment or transfer services in the foreign exchange market will also be consolidated and modernized, providing an equal treatment for purchases of goods and services carried out with the participation of international card issuers, international payment facilitators and intermediaries/representatives in international deliverables acquisitions. Such services will be classified in the foreign exchange regulations by the term "eFX.". Moreover, it will also be allowed, through the eFX system, to carry out current unilateral transfers and funds transfers between accounts held by the customer in Brazil and abroad, up to US\$10,000.

CMN Resolution No. 4,942 and Central Bank Resolution No. 137 came into effect on October 1, 2021, except for the permission for payment institutions to operate in foreign exchange markets, which will come into effect on September 1, 2022.

Large Exposure Limits

We are legally prevented from granting loans or advances, and guarantees, including derivative transactions, underwriting or holding in our investment portfolio securities of any clients or group of affiliated clients that, in the aggregate, exceeds the threshold determined by the Central Bank. On July 31, 2018 the CMN released a resolution in order to comply with the Basel III reforms, introducing a new basis for calculating the exposure limits applicable to financial institutions classified as Segment 1 to their Tier 1 Regulatory Capital and increasing the scope of transactions that increase exposure to clients subject to the limit, including exposure from securities and derivatives held in our investment portfolio. The maximum exposure to any individual counterparty or group of connected counterparties of a Segment 1 financial institution is 25% of its Tier 1 Regulatory Capital, and to concentrated individual clients or group of connected clients of such Segment 1 financial institution is 600% of its Tier 1 Regulatory Capital (a concentrated individual client means, for the purpose of the rule, any one client to which exposure is equal to or higher than 10% of its Tier 1 Regulatory Capital).

Under this exposure limits, the following entities are considered to be different clients: (i) the Brazilian government, including the Central Bank; (ii) an entity which 50% or more of its voting capital is held directly by the Brazilian Government, jointly with its controlled entities; (iii) a State of the Federative Republic of Brazil or the Federal District, jointly with its controlled entities and with entities which are financially dependent on a State, the Federal District or their controlled entities; (iv) each Brazilian municipal district, jointly with its controlled entities and with entities which are financially dependent on a municipality or its controlled entities; (v) each central government of a foreign jurisdiction; (vi) each central bank of a foreign jurisdiction, if this entity is not included in the central government; (vii) each entity which 50% or more of its voting capital is held directly by a central government of a foreign jurisdiction, jointly with its controlled entities and with entities that are financially dependent on it; (viii) a governmental body of a foreign jurisdiction, jointly with its controlled entities and with entities that are financially dependent on it or its controlled entities; and (ix) any other entity, public or private, which share the credit risk calculated by the financial institution according to CMN regulations.

The rule provides that, for certain financial institutions (including those classified as Segment 1, such as ourselves), individual exposures to the Brazilian Federal Union (including the Central Bank) as well as to central governments or to central banks of foreign jurisdictions are not subject to the observance of the large exposure limits.

Banks must identify possible related counterparties, considering its economic interdependence in all cases where the sum of all exposures to one specific counterparty exceeds 5% of the eligible capital base. Two or more counterparties have an economic interdependence relationship whenever one experiences financial difficulties and the other, as a result, would also be likely to encounter financial difficulties, including those related to funding, payment of obligations and insolvency. Counterparties identified as economically interdependent must be treated as a single counterparty that is subject to the aforementioned requirements.

[Table of Contents](#)**Risk Weighted Asset Calculation**

The calculation of risk exposure is based on several factors set forth by the Central Bank regulations and impacts the capital requirements. The components take into consideration the type of risk and include the parameters and procedures for calculation of the risk weighted asset ("RWA"), to determine the capital requirements resulting from each risk exposure. The Central Bank has been frequently changing and updating the rules and regulations for the RWA calculation.

Financial Bills ("Letras Financeiras")

According to Law No. 12,249 of June 11, 2010, as amended, Brazilian financial institutions can issue financial bills (*letas financeiras*), a financial institution debt funding instrument aimed at larger volumes and longer terms. The regulatory framework of financial bills allows financial institutions to issue such instruments with subordination clauses as Basel III-compliant. As per the CMN Resolutions No. 4,733 of 2019 and 4,955 of 2021, the main characteristics of the Basel III-compliant financial bills are:

- The possibility of issuance of financial bills convertible into equity. The conversion may not be requested by the investor or the issuer financial institution.
- The suspension of interests' payments in case of non-compliance with capital requirement rules. Additionally, in order to preserve the regular functioning of the Brazilian financial system, the Central Bank may determine that financial bills be converted into equity or be written-off. These determinations will not be considered as a financial institution's default and will not accelerate the maturity of its other debts.
- The possibility of issuance of perpetual financial bills, which will only mature in case of default interest's payments or at the time of the dissolution of the financial institution; and

In addition, CMN Resolution No. 4,733 of 2019 establishes important provisions on the issuance of financial bills such as:

- The institution of due diligence obligations to be observed by the issuer or any intermediary institutions involved in the distribution, placement and trading of the financial bills, in order to ensure the provision of information regarding the investment and its suitability to the investor's profile; and
- The flexibilization of the rates that can be used in the remuneration of financial bills, allowing the use of floating rates regardless of a combination with a fixed rate or any other rate (fixed or floating) that is publicly known and regularly calculated.

On August 2, 2021, the Central Bank issued Resolution No. 122, replacing the regular authorization procedure which issuing institutions were subjected for the financial bill to compose its Regulatory Capital for a broadly regulatory authorization, which is automatically given, if the financial bill strictly observe the conditions established for the registration of such financial bills in authorized central depository entities. Resolution No. 122 also establishes the content of the subordination clauses that must be included in financial bills issued to compose the issuer's Regulatory Capital.

Establishment of a Succession Policy

Financial institutions and other institutions authorized to operate by the Central Bank are required to maintain a succession policy for its management, which shall cover recruiting, promotion, election and retention processes, based on rules that regulate the identification, evaluation and training of senior management positions;

Our Board of Directors approved our Manager's Succession Policy in accordance with CMN's resolution. Our succession policy aims to consolidate the internal procedures and practices of the Itaú Unibanco Group regarding the succession of our management team.

[Table of Contents](#)

Code of Corporate Governance

The Brazilian Corporate Governance Code for publicly-held companies (*Código Brasileiro de Governança Corporativa – Companhias Abertas*) sets forth corporate governance-related principles, guidelines and actions applicable to publicly-held companies and determines that companies adopt the “apply or explain” model in respect of its principles, guidelines and actions. Pursuant to this code, companies must furnish to CVM a report regarding their adherence to the Brazilian Corporate Governance Code within seven months of the closing date of the fiscal year. The implementation of the Corporate Governance Code was integrated in the local regulatory framework by means of the CVM Ruling No. 586/17.

In addition, the CMN has included the principles and criteria of corporate governance of financial institutions established by the Basel Committee into the Brazilian regulatory framework, through the “Core Principles for Effective Banking Supervision.”

CMN rules establish the terms for the remittance of information on the management of financial institutions to the Central Bank, controlling group and relevant shareholders, including the obligation to communicate to the regulator any information that may affect the reputation of any person classified in one of such categories. For this purpose, financial institutions must provide a communication channel which allows employees, contributors, clients, users, associates, or services providers to anonymously report situations indicating illegal acts of any nature related to the institution. The financial institutions must also determine the internal body responsible for receiving the information and complying with the reporting obligations.

Anti-Corruption Law

The Brazilian anti-corruption law establishes that legal entities will have strict liability (regardless of fault or willful misconduct) if they are involved in any form of bribery. The law also encompasses other injurious acts contrary to the Brazilian or foreign public administration, including bid rigging and obstruction of justice. The law provides for heavy penalties, both through administrative and judicial proceedings including determination of dissolution of a company, prohibition against undertaking to finance with public entities and prohibition against participating in public biddings.

In addition, the law authorizes the public administrative authorities responsible for the investigation to enter into leniency agreements. The self-disclosure of violations and cooperation by legal entities may result in the reduction of fines and other sanctions.

The regulation also provides parameters for the application of the anti-corruption law, including with respect to penalties and compliance programs. Please refer:

- (i) To our Investor Relations website (see – “Menu—Itaú Unibanco—Corporate Governance—Regulations and Policies—Policies—Anti-corruption Corporate Policy”) from which you can electronically access further details about our Anti-corruption Corporate Policy.
- (ii) To our Investor Relations website (see—“Menu—Itaú Unibanco—Corporate Governance—Regulations and Policies—Policies—Corporate Conduct, Integrity and Ethics Policy”) from which you can electronically access further details about our Integrity and Ethics Program and guidelines for situations of conflicts of interests.
- (iii) To our Investor Relations website (see—“Menu—Itaú Unibanco—Integrity and Ethics”) from which you can electronically access further details about our Integrity and Ethics Program.

None of these websites are incorporated by reference into this annual report.

Compensation of Directors and Officers of Financial Institutions

According to rules set forth by the CMN, Brazilian financial institutions are required to have a compensation policy. If variable compensation is to be paid to management, at least 50% of the total compensation should be paid in shares or share-based instruments and at least 40% of the total compensation should be deferred for future payment for at least three years. If the institution records a significant decrease in the realized recurring profit or a negative result during the deferral period, the deferred and unpaid portions of the compensation may be reduced or not paid due to a possible significant reduction in our Recurring Net Income or negative result in the applicable business area in the deferral period (Malus) in order to minimize the loss incurred by the financial institutions and their stockholders, except when the reduction or negative result arises from extraordinary, unpredictable and external events to the Itaú Unibanco Conglomerate, which also affect other financial institutions and are not related to management actions or omissions. The Compensation Committee may decide to apply the Malus even in these cases.

[Table of Contents](#)

Our compensation policy, applicable to directors and officers in Brazil (constituting the major part of the management population of the Itaú Unibanco Group), complies with CMN's regulatory requirements. Our compensation principles and practices worldwide comply with each local regulation and seek to increase alignment between the interests of our stockholders and our management.

For further information, see "Item 6B—Compensation" and "Item 5A. Operating Results—Recent Developments—Temporary Suspension of Dividend Distributions and Increases in Compensation of Directors and Officers."

Antitrust Regulation

The Brazilian Antitrust Law requires that transactions resulting in economic concentration should be submitted to CADE, the Brazilian antitrust authority, for prior approval in the event these transactions meet the following criteria: (i) the economic group of any of the parties to a transaction recorded, in the fiscal year prior to that of the transaction, minimum gross revenues of R\$750 million; and (ii) at least one of the other economic groups involved in the transaction recorded, for the same time period, minimum gross revenues of R\$75 million.

The closing of a transaction prior to CADE's approval subjects the parties to fines ranging from R\$60,000 to R\$60 million, the nullity of the relevant agreement, and potential administrative proceedings.

In addition to submitting such transactions to CADE's approval, financial institutions are required by Circular No. 3,590/2012 of the Central Bank (updated by Circulars Nos. 3,800/2016; 3,922/2018 and 4,013/2020) to submit to the Central Bank's antitrust approval any concentration acts involving two or more financial institutions authorized to operate by the Central Bank in the following cases: (i) acquisition of corporate control, (ii) a merger, (iii) transfer of the business to another financial institution, and (iv) contracts or legal entities, aimed at cooperation in the financial sector; (v) acquisition of a minority stake of at least 5% of the voting shares of a financial institution.

Legislation in force in other jurisdictions may require that concentration acts be submitted to the relevant antitrust authority.

On the other hand, the Brazilian antitrust law provides for penalties in the event of violations of the economic order. Accordingly, an undertaking in a dominant position (as the law assumes of one holding over 20% interest) in a certain market in which it operates, which, irrespective thereof, carries out an illegal interaction with competitors, including through professional associations, may be subject to an administrative fine of 0.1% to 20% of the gross revenues of the group operating in the industry affected by such violation and to the divestiture of assets, among other penalties. Additionally, the antitrust legislation of other jurisdictions, such as the U.S. (Sherman Act and Clayton Antitrust Act) and the European (Articles 101 and 102 of the Treaty on the Functioning of the European Union), may also be applicable to companies whenever these carry out alleged anticompetitive practices with effects in the aforementioned jurisdictions.

Our Antitrust Corporate Policy is available on our Investors Relations website at [<https://www.itaubr.com.br/relacoes-com-investidores/Download.aspx?Arquivo=YVgUKN0Wvv+L5XJgRzi9rg==&IdCanal=52MuGxAVGm0eMs/GPF46EA==&linguagem=en>] (see "Menu—Itaú Unibanco—Corporate Governance—Regulations and Policies—Policies—Antitrust Corporate Policy"), which is not incorporated by reference into this annual report.

Treatment of Past Due Debts

Brazilian financial institutions are required to classify their credit transactions (including leasing transactions and other transactions characterized as credit advances) at different levels and recognize provisions according to the level attributed to each such transaction. The classification is based on the financial condition of the clients the terms and conditions of the transaction and the period of time during which the transaction is past due, if any. For purposes of Central Bank requirements, transactions are classified as level AA, A, B, C, D, E, F, G or H, with AA being the highest classification. Credit classifications must be reviewed on a monthly basis and, apart from additional provisions required by the Central Bank which are deemed necessary by the management of financial institutions, each level has a specific allowance percentage that is applied to it and which we use to calculate our allowance for loan losses, as specified in more detail in the table below:

Classification ⁽¹⁾	AA	A	B	C	D	E	F	G	H
Allowance (%)	0	0.5	1	3	10	30	50	70	100
Past due (in days)	—	—	15 to 30	31 to 60	61 to 90	91 to 120	121 to 150	151 to 180	Over 180

(1) Our credit classification also takes into account the client's credit profile, which may negatively impact the past due classification.

[Table of Contents](#)

Under IFRS, the allowance for loan losses is based on our internally developed incurred loss models, which calculate the allowance for loan losses by multiplying the probability of default by the clients or counterparty, or PD, by the potential for recovery on defaulted credits (LGD) for each transaction, as described in Note 2.4(d) I – Classification and Measurement of Financial Assets and Note 32 Risk and Capital Management, our audited consolidated financial statements. The risk levels are categorized as:

Lower risk: PD lower or equal than 4.44%

Satisfactory: PD from 4.44% up to 25.95%

Higher risk: PD higher than 25.95%

Credit-Impaired: loans classified in Stage 3

Bank insolvency

The insolvency of financial institutions is handled pursuant to applicable laws and regulations by the Central Bank, which initiates and monitors all applicable administrative proceedings. There are three types of special regimes that may be imposed to either privately-held financial institutions or state-owned (other than federal government-owned) financial institutions or similar institutions:

(i) Temporary special administration regime or RAET:	a less severe special regime with limited duration which allows financial institutions to continue to operate – the whole management loses its offices and is replaced by a steering committee appointed by the Central Bank with broad management powers, which will adopt of measures aimed at the resumption of the financial institution’s regular activities. If resumption is not possible, this regime may be turned into an extrajudicial liquidation.
(ii) Intervention:	a time-limited regime in which the Central Bank appoints an intervenor that takes charge of the financial institution’s management, suspending its regular activities and dismissing the financial institution’s management, with the main purpose of preventing the continuation of certain irregularities and the aggravation of the financial situation of the financial institution, which can put assets at risk and harm the financial institution’s creditors – it suspends all actions related to payment obligations of the financial institution, prevents the early settlement or maturity of its obligations and freezes pre-existing deposits.
(iii) Extrajudicial liquidation:	process of dissolution of the company in cases of unrecoverable insolvency or severe violations of the rules that regulate a financial institution’s activities. The extrajudicial liquidation aims at promoting the liquidation of the existing assets for the payment of creditors, with the return of any amounts left to stockholders. Controlling stockholders may be held responsible for remaining liabilities.

In the course of the special regimes described above, the steering committee, the intervenor, and the liquidator may, when authorized by the Central Bank: (i) dispose of assets and rights of the financial institution to third parties and (ii) proceed with corporate restructuring processes in the financial institution or its subsidiaries, among other possible measures of similar effect.

[Table of Contents](#)**Financial institutions may also be subject to the bankruptcy regime.**

On December 24, 2020, the President of Brazil sanctioned Law No. 14,112 (“Law 14,112”), which overhauls the current Brazilian Bankruptcy and Reorganization Law (Law No. 11,101/05) in several material aspects. Law No. 14,112 came into effect on January 23, 2021. It is possible that certain changes will potentially affect material matters concerning enforcement and priority rankings, such as: (i) the possibility of creditors putting forward an alternative judicial reorganization plan; (ii) new rules on the approval of post-petition loans in judicial reorganization and on priority claims in case of conversion to bankruptcy liquidation; (iii) more flexible quorum and mechanics of the extrajudicial reorganization process; (iv) new rules to expedite the bankruptcy liquidation process; (v) new methods for restructuring of the debtor’s tax liabilities and installment payments, as well as new taxation schemes; and (vi) incorporation of rules on cross-border insolvency proceedings into the Brazilian framework.

Law No. 14,112 replicates, with some adjustments, the provisions of the UNCITRAL Model Law on Cross-Border Insolvency. As a result, Law No. 14,112 sets out some rules on access of foreign representatives to courts in Brazil, the method and requirements for recognition of foreign main and ancillary proceedings, authorization for the debtor and his representatives to act in other countries, methods of communication and cooperation between foreign authorities and representatives and the Brazilian jurisdiction, and the processing of concurrent proceedings.

Law No. 14,112 also sets forth, among other measures, (i) a protection for creditors that agree on the conversion of debt into equity against potential transfer of liability with regard to the debtor’s obligations; (ii) the stay period and constraints on the assets of the debtor under judicial reorganization; (iii) conciliation and mediation measures before and during judicial reorganization proceedings; and (iv) the rules on procedural and substantive consolidation. Law No. 14,112 also sets out that a bankruptcy decree does not reach beyond the bankrupt itself, save when the disregard doctrine is to apply.

Deposit Insurance

In the event of intervention, extrajudicial liquidation or liquidation of a financial institution in a bankruptcy proceeding, the Credit Insurance Fund, (“FGC”), a deposit insurance system, guarantees the maximum amount of R\$250,000 for certain deposits and credit instruments held by an individual, a company or another legal entity with a financial institution (or financial institutions of the same economic group). Such deposits and credit instruments contracted as of December 22, 2017, are subject to an additional limit: the total coverage of the referred guarantee is R\$1,000,000 per investor regardless of the number of accounts held in different financial groups and such limit is valid for a period of four years. The resources of the FGC come primarily from mandatory contributions from all Brazilian financial institutions that receive deposits from clients, currently at a monthly rate of 0.01% of the amount of the balances of accounts corresponding to the financial instruments that are the subject matter of the ordinary guarantee, even if the related credits are not fully covered by FGC, and certain special contributions. Deposits and funds raised abroad are not guaranteed by the FGC. Credits of financial institutions and other institutions authorized to operate by the Central Bank, complementary welfare entities, insurance companies, capitalization companies, investment clubs and investment funds, as well as those representing any interest in or financial instrument held by such entities, are not protected by the ordinary guarantee of FGC.

Payment of Creditors in Liquidation

In the event of extrajudicial liquidation of a financial institution or liquidation of a financial institution in a bankruptcy proceeding, the salaries of employees and the related labor claims up to a certain amount, secured credits and tax charges have priority in any claims against the entity in liquidation. The payment of unsecured credits, including deposits from regular retail clients that are not guaranteed by the FGC, is subject to the prior payment of preferred credits. Additionally, upon the payment of the deposits guaranteed by the FGC, the FGC becomes an unsecured creditor of the estate in liquidation.

Insurance Regulation

With governmental approval, insurance companies in Brazil may offer all types of insurance (except for workers’ compensation insurance) directly to clients or through qualified brokers.

Insurance companies must set aside reserves to be invested in specific types of securities. As a result, insurance companies are among the main investors in the Brazilian securities market and subject to CMN regulations regarding the investment of technical reserves.

In the event an insurance company is declared bankrupt, the insurance company will be subject to a special procedure administered by SUSEP or by ANS. If an insurance company is declared bankrupt and (i) its assets are not sufficient to guarantee at least half of the unsecured credits or (ii) procedures relating to acts that may be considered bankruptcy-related crimes are in place, the insurance company will be subject to ordinary bankruptcy procedures.

There is currently no restriction on foreign investments in insurance companies in Brazil.

[Table of Contents](#)

Brazilian legislation establishes that insurance companies must buy reinsurance to the extent their liabilities exceed their technical limits under the rules of the regulatory bodies (CNSP and SUSEP), and reinsurance contracts may be entered into through a direct negotiation between the insurance and reinsurance companies or through a reinsurance broker authorized to operate in Brazil.

Anti-Money Laundering Regulation

The Brazilian anti-money laundering law (Law No. 9,613, as amended) establishes the basic framework to prevent and punish money laundering as a crime. It prohibits the concealment or dissimulation of origin, location, availability, handling or ownership of assets, rights or financial resources directly or indirectly originated from crimes, subjecting the agents of these illegal practices to imprisonment, temporary disqualification from managing enterprises for up to ten years and monetary fines.

The Brazilian anti-money laundering law also created the Council for Financial Activities Control (COAF), which is subordinated to the Central Bank and performs a key role in the Brazilian system of preventing and combating money laundering, financing of terrorism and the proliferation of weapons of mass destruction.

In compliance with the Brazilian anti-money laundering law and related regulations enacted by the Central Bank, including the rules applicable to procedures that must be adopted by financial institutions to prevent and combat money laundering and terrorism financing, as well as in response to the recommendation of Financial Action Task Force (FATF) and United Nations Security Council (UNSC), financial institutions in Brazil must establish internal control and procedures aiming at:

- identifying and knowing their clients, which includes determining if they are PEPs, and also identifying Ultimate Beneficial Owners (UBOs). These records should be kept up-to-date;
- checking the origin of funds of a client, as well as the compatibility between the movement of its funds and its economic and financial capacity;
- carrying out a prior analysis of new products and services, including the use of new technologies, if applicable, under the perspective of money laundering prevention;
- keeping records of all transactions carried out or financial services provided on behalf of a certain client or for that client;
- reporting to COAF, within one business day, any transaction deemed to be suspicious by the financial institution, as well as all transactions in cash equivalent to or higher than R\$50,000, without informing the involved person or any third party;
- applying special attention to (i) unusual transactions or proposed transactions with no apparent economic or legal bases; (ii) transactions involving PEPs, (iii) indication of evading client identification and transaction registering procedures; (iv) clients and transactions for which the UBO cannot be identified; (v) transactions originated from or destined to countries that do not fully comply with the recommendations of the FATF; and (vi) situations in which it is not possible to keep the clients' identification records duly updated;
- determining criteria for hiring personnel and offering anti-money laundering training for employees;
- establishing procedures to be complied with by all branches and subsidiaries of Brazilian financial institutions located abroad with respect to anti-money laundering;
- establishing that any institutions authorized to operate in the Brazilian foreign exchange market with financial institutions located abroad, must verify whether the foreign financial institution is physically located in the jurisdiction where it was incorporated and licensed, and that it is subject to effective supervision;
- monitoring transactions and situations which could be considered suspicious for anti-money laundering purposes;
- reporting to COAF the occurrence of suspicious transactions, as required under applicable regulations, and also, at least once a year, whether or not suspicious transactions are verified, in order to certify the non-occurrence of transactions subject to reporting to COAF (negative report);
- requiring clients to inform the financial institution, at least three business days in advance, of their intention to withdraw amounts equal to or exceeding R\$50,000;

Table of Contents

- maintaining specific records of all operations carried out, products and services contracted by financial institutions, including deposit, contribution, withdrawal, payments, receipts and transfers of funds
- ensuring that policies, procedures and internal controls are commensurate with its size and volume of transactions; and
- unavailability, without delay, of goods, values and rights of possession or ownership and all other rights, real or personal, owned, directly or indirectly, of natural or legal persons subject to sanctions by the resolutions of the UNSC.

Non-compliance with any of the obligations above subjects the financial institution and its officers to penalties ranging from: (i) formal notice, (ii) fines (from 1.0% to 200.0% of the amount of the transaction, 200.0% of the profit generated thereby, or a fine of up to R\$20,000,000), (iii) rendering executive officers ineligible for holding any management position in financial institutions, to (iv) the cancellation of the financial institution's license to operate.

Central Bank Circular No. 3,978 of 2020, which came into force on October 1, 2020, also requires that financial institutions maintain Anti-Money Laundering Program (in compliance with regulatory standards) and conduct periodic Internal Risk Assessments.

On July 27, 2021, the Central Bank published Resolution No. 119, introducing some changes to Circular No.3.978/2020, which establishes the rules and procedures related to combating money laundering and combating terrorist financing applicable to entities subject to Central Bank regulation and supervision. Among other changes introduced by the new rule, financial institutions (and other entities regulated by the Central Bank) no longer obtain customer location information in the identification process and start obtaining this information as part of the client's qualification procedure. The need for verification and validation of the customer's location information, provided by the customer, should be assessed by the institutions according to the customer's risk profile and the nature of the business relationship, considering a risk-based approach. Resolution 119 entered into force on September 1, 2021.

Finally, CVM Resolution No. 50 of August 31, 2021, which came into force on October 1, 2021, establishes, among other obligations, that persons who engage in, on a permanent or occasional basis, as a main or ancillary activity, cumulatively or not, the custody, issuance, distribution, settlement, trade, intermediation, consultancy or management of bonds or securities, and independent audit within the scope of the stock exchange market must adopt rules, procedures and internal controls, also taking a risk-based approach, in accordance with previously and expressly established procedures to confirm the registration information of its customers, keep such information updated and monitor the transactions carried out thereby, so as to prevent the use of the account by third parties and identify the end beneficiaries of the transactions.

These entities are also required to establish policies of anti-money laundering, terrorism financing and the financing of the proliferation of mass destruction weapons (*PLD/FTP*), of internal risk assessment and of internal rules, procedures and controls. Moreover, along the same lines of the provisions of the regulations of the Central Bank, such entities shall also identify and closely monitor the business relations maintained with politically exposed persons.

We adhere to all current regulations and best market practices.

Politically Exposed Persons (“PEPs”)

According to the Central Bank, PEPs are public agents who hold or have held a relevant public position, as well as their representatives, family members or other close associates, over the past five years, in Brazil or other countries, territories and foreign jurisdictions.. Financial institutions must develop and implement internal procedures to identify PEPs and obtain higher level of approval than the person responsible for contracting, according to Risk-Based Approach, prior to establishing any relationship with those individuals. They should also adopt reinforced and continuous surveillance actions regarding transactions with PEPs and report all suspicious transactions to COAF.

Leasing Regulation

Although leasing transactions are not classified as credit transactions under Brazilian legislation, the Central Bank regulates and oversees leasing transactions. The parties involved in a leasing transaction are the “lessor” (the bank) and “lessee” (our client). The leased asset, owned by the lessor, is delivered to be used by the lessee until the end of the contract, when the lessee may opt to either acquire it or return it to the lessor or renew the contract for a new period.

Brazilian legislation establishes a specific methodology to account for the profits or losses in leasing transactions and all information that should be included in a lease agreement. The guaranteed residual amount paid by a lessee should correspond to a minimum return required for the transaction to be viable for the lessor, whether the purchase option is exercised or not. The laws and regulations applicable to financial institutions, such as those related to reporting requirements, capital adequacy and leverage, assets composition limits and allowance for losses, are also generally applicable to leasing companies.

[Table of Contents](#)

On November 25, 2021 and January 5, 2022, the CMN issued Resolution No. 4,966 and Resolution No. 4,975, respectively, which establish new accounting concepts and criteria applicable to financial instruments, as well as for the designation and recognition of hedge accounting relationships, and financial leasing transactions contracted by financial institutions and other institutions authorized to operate by the Central Bank. The new rules align the accounting criteria applicable to financial instruments and leasing agreements held by financial institutions and other entities authorized to operate by the Central Bank with the best international practices, specifically with the “IFRS 9 – Financial Instruments” and “IFRS 16 – Leases” standards, issued by the International Accounting Standards Board (IASB). The new rules will enter into effect on January 1, 2025, so as to ensure a transition period for institutions affected by the changes.

Correspondent Agents

We may engage other entities to provide certain services to our clients, including customer service. These entities are generally called correspondents, and our relationship with correspondents is regulated by the Central Bank. Among other requirements, the Central Bank establishes that employees of all correspondent agents must hold a technical certification authorizing them to serve customers involved in credit and leasing operations.

On July 29, 2021, the Central Bank published CMN Resolution No. 4.935, which came into force on February 1, 2022 and brings important changes in the regulations applicable to correspondents, including the creation of specific rules for correspondents that act through an electronic platform; the inclusion of the activity of opening a payment account in the list of services that can be performed by correspondents; the requirement that the certification of correspondents address the LGPD; the requirement that banks create an institutional policy for operating and hiring their correspondents; and the prerogative of the Central Bank to condition the hiring of new correspondents to the correction of deficiencies identified in the institutional policy of the banks.

Regulation of the Brazilian Securities Market

According to the Brazilian Corporate Law, a company is considered publicly-traded or closely-held depending on whether the securities issued by it are accepted for trading in the securities market or not. All publicly-held companies, such as our company, are registered with the CVM, are subject to specific regulations and are also subject to information disclosure and reporting requirements.

Disclosure Requirements

Under CVM rules, publicly-traded companies are subject to disclosure requirements and rules governing the use of material information. Any decision that may reasonably influence the price of the securities issued by a publicly-held company or the decision of investors to buy, sell, or hold these securities, is considered material.

The CVM improved the quality of the information that must be presented in periodic filings by securities issuers by requiring such issuers to file a “Reference Form” with the CVM. This form was modeled after IOSCO’s shelf registration system in gathering all of the issuer’s information in a single document.

Since 2018, the publicly-held companies, like us, have to present a form about a “Brazilian Corporate Governance Code” in the “apply or explain” format.

Asset Management Regulation

The Brazilian asset management regulation requires a previous registration with the CVM to perform the services of portfolio management and fund administration.

We provide several services in the capital markets and, in particular, performs activities related to fund administration and portfolio management under CVM registration and in accordance with CVM regulation.

[Table of Contents](#)

By providing these services, our entities engaged in the asset management business can be held civilly and administratively liable in certain circumstances for losses arising from either intentional acts or negligence in conducting their activities.

The CVM has regulatory powers to oversee these activities, including powers to impose fines and other sanctions on registered asset managers.

Investments of Non-Resident Investors

Individuals or legal entities domiciled outside Brazil may invest in companies or other assets in Brazilian financial and capital markets, subject to the restrictions and requirements set forth in the local regulation. All foreign investments in Brazil shall be registered with the Central Bank and/or CVM, depending on the type of the investment.

The foreign direct investment (RDE-IED) enables the non-resident investors to hold stock of companies in Brazil, whereas the portfolio investment (RDE – Portfolio) entitles the investment in almost all financial assets and transactions available in the Brazilian financial and capital markets, being subject to some restrictions set forth in Brazilian regulation.

In order to invest in the Brazilian financial and capital markets, investors non-resident in Brazil must engage a financial institution authorized to act as legal representative and, unless the investor is a natural person, a custodian of their investments in Brazil. Such investments are regulated by CMN Resolution No.4,373/14 and CVM Resolution No. 13/20. The transactions performed by non-resident investors must be carried out in the markets organized by entities authorized by CVM (such as B3, for example) and securities must be held in custody with depositary and registration systems authorized by CVM and/or Central Bank (such as SELIC and B3). The rules establish certain exceptions which allow transactions outside of the organized markets such as subscription of securities in initial public offerings, tender offerings of securities and payment of dividends in kind.

Brazilian rules also allow the issuance abroad of depositary receipts based on (i) any security issued by Brazilian publicly owned companies, (ii) credit instruments issued by financial institutions and other types of publicly owned institutions authorized by the Central Bank of Brazil, and eligible to be included in the financial institution's regulatory capital (*Patrimônio de Referência*), and (iii) *Letras Imobiliárias Garantidas*, which are a type of real estate note issued in the Brazilian market.

Open Banking

The Central Bank announced the initial guidelines for open banking regulation in Brazil through Notice No. 33,455 on April 24, 2019. On November 28, 2019, the Central Bank launched Public Consultation No. 73/2019, which disclosed the draft resolution to implement open banking in Brazil to the public. The period for commenting the Public Consultation ended on January 31, 2020 and the Central Bank received contributions from market agents.

On May, 4, 2020, a regulation setting out the framework for the implementation of open banking was published by the Central Bank and CMN (Joint Resolution No. 1/2020). From that date on, CMN and the Central Bank have issued complementing regulations in addition to the Joint Resolution No. 1/2020. Among other topics, the set of regulations for open banking detail the participating institutions (mandatory and voluntary), the data and services covered, the requirements for sharing, the responsibilities for sharing, the implementation schedule and the convention to be concluded between the participating institutions.

The Central Bank has looked at open banking as an important tool for innovation in the financial market, making the banking industry more efficient and competitive.

The Brazilian open banking model comprises financial institutions, payment institutions and other Central Bank-licensed entities by making it possible to share, in a phased-in approach and through a secure, prompt, accurate and convenient manner, data on products and services, customer record data and customer transaction data upon customer's authorization, via integration of information systems. Open banking also covers the provision of initiation payment services and forwarding loan proposals through digital correspondent agents.

[Table of Contents](#)

The open banking in Brazil is being implemented gradually, from February 2021 up to 2022, pursuant to the dates established by the Central Bank, as follows:

Stage I – public access to information from participating institutions regarding their customer service channels and their products and services related to demand deposit or savings accounts, payment accounts or credit transactions;

Stage II – sharing of customers’ or their representatives’ registry information, and the customers’ transactional data related to products and services listed in Stage I;

Stage III – sharing of services of initiating payment transactions and forwarding loan proposals; and

Stage IV – expansion of the scope of covered data, in order to include foreign exchange operations, investments, insurance, and open pension funds, among other financial products.

Stages I and II have already been completed in 2021 and Stages III and IV are expected to be implemented throughout 2022.

Regulation on Payment Agents and Payment Arrangements

A Brazilian law enacted in October 2013 establishes the legal framework for “payment arrangements” (i.e. the set of rules governing a payment scheme, such as a credit or debit card transaction), and “payment agents” (i.e., any agent that issues a payment instrument or acquires a merchant for payment acceptance), which became part of the Brazilian Payments System and subject to oversight by the Central Bank. Payment agents, in spite of being regulated by the Central Bank, are not deemed to be financial institutions and are prohibited from engaging in activities that are exclusive of financial institutions.

The CMN and the Central Bank published rules in November 2013 regulating payment arrangements and payment agents. This regulation establishes, among other matters: (i) consumer protection and anti-money laundering compliance and loss prevention rules that should be followed by all entities supervised by the Central Bank when acting as payment agents and payment arrangers; (ii) the procedures for the incorporation, organization, authorization and operation of payment agents, as well for the transfer of control, subject to the Central Bank’s prior approval; (iii) capital requirements; (iv) definition of arrangements excluded from the Brazilian Payments System; (v) payment accounts, which are divided into prepaid and post-paid accounts; and (vi) a liquidity requirement for prepaid accounts that demands the allocation of their balance to a special account at the Central Bank or to be invested in government bonds, starting at 20% in 2014 and rising gradually up to the totality of the total account balance in 2019.

On March 26, 2018, the Central Bank enacted Circular No. 3,887 establishing limitations to the interchange fee for debit transactions, which is the remuneration of the issuer paid by the merchant for each transaction. The average fee for the interchange is 0.5% and the maximum fee is 0.8%. As of the date of this annual report, the Central Bank was debating, through a public consultation, whether it will expand these same interchange limitations to prepaid payment transactions (which have no limitations on the charged interchange fee). These limitations are not applicable to non-face-to-face transactions and to corporate cards.

On November 28, 2018, the Central Bank enacted Circular No. 3,918, which modified Circular No. 3,691, regarding the international use of credit cards. Effective as of March 1, 2020, credit cards issuers offer customers the option to pay credit card invoices in Reais, converting the amounts due on the date that such expenses were incurred. This option must be adopted for all credit cards issued, unless the customer waives converting foreign amounts on the day that the expense was incurred and chooses to have all amounts converted on the invoice due date.

On June 27, 2019, the CMN and the Central Bank published Resolution No. 4,734 and Circular No. 3,952, which came into effect on June 7, 2021, and impose new regulations regarding (i) the discount and prepayment operations of receivables from credit and debit payment instruments issued under the Brazilian Payment System; (ii) credit operations guaranteed by such receivables; and (iii) the constitution of liens and encumbrances on these. With the new regulation, the Central Bank intends to provide greater efficiency and security to the discount, prepayment and credit operations linked to receivables from payment arrangements by merchants, increasing competition and thus reducing the cost of credit.

In March, 2021, the Central Bank revoked Circular No. 3,885 and published the Resolution No. 80, regarding to corporate, compliance and governance aspects of payment institutions, as well as parameters for submitting requests for operating authorization. Also in March 2021, the Resolution No. 81 was published to describe the process of requesting approval from the Central Bank by payments institutions.

On May 19, 2021, the Central Bank issued Resolution No. 96, which changed and consolidated rules regarding the opening of post-payment (credit card) and prepaid accounts, as well as made the onboarding criteria compatible with the rules applicable to the opening of current accounts. The main changes introduced by Resolution No. 96 include: (i) removal of the list of minimum registration data necessary to open prepaid and postpaid accounts, being the institution’s obligation to define the information required, depending on the customer’s profile; (ii) adding new procedures to close such accounts; (iii) changes on the information that must be disclosed in credit card invoices, such as the overall balance of future obligations contracted;

[Table of Contents](#)

(iv) the definition of the account opening agreement's minimum provisions; and (v) the obligatory referral or availability of the credit card and its respective invoice to the users, according to the form and way chosen by the user and available to the institution. Resolution No. 96 will enter into effect on March 1, 2022.

In October, 2021, the Central Bank published the resolution No. 150 in order to consolidate the rules about payment arrangements. This resolution redefined the criteria applicable for payments arrangements that are part of the Brazilian Payment System, so that only payment arrangements with values of more than R\$ 20 billion of total transaction value and R\$100 million in transactions, in a consolidated and accumulated form in the last 12 months, are subject to authorization, regulation and supervision by the Central Bank. This same resolution changed the interoperability rules between open and closed payments arrangements, defining that closed payments arrangements must become participants in open payments arrangements and obey the centralized clearing process.

On May 24, 2021, the Central Bank, aiming to promote innovation in the means of payment market, announced that it has been discussing the Central Bank Digital Currencies ("CBDCs") internally and with other central banks internationally. According to the Central Bank, the objective is to develop CBDCs that: (i) keep up with the Brazilian technological development dynamics; (ii) increase the efficiency of retail payment systems; (iii) contribute to the emergence of new business models and innovations based on the technological developments; and (iv) foster Brazilian participation on regional and global markets, increasing the efficiency of cross-border transactions.

On August 19, 2021, the Central Bank, as authorized by Law No. 14,185 of July 14, 2021, published Resolution No. 129, which regulates the receipt of voluntary time deposits by the Central Bank from financial and payment institutions, for monetary policy purposes.

The new rule establishes the operational aspects of the voluntary time deposits, including: (i) methods of constitution and release of the deposit instruments by the Central Bank; (ii) eligibility criteria of the depositing institutions; (iii) requirements regarding the remuneration rates of the deposit instruments; (iv) criteria for the early release of the funds, as well as (v) adaptations to the regulation of the SELIC, which is the central depository for most securities issued by the National Treasury and/or negotiated with the Central Bank, in order to establish the operational registration guidelines and messaging related to these instruments.

The adoption of voluntary deposits by the Central Bank will be preceded by tests in the SELIC systems, aimed at making the new instrument operational.

Resolution No. 129 entered into effect on the date of its publication.

Additionally, the Central Bank has published a set of new rules defining the prudential regulations applicable to payment institutions, or conglomerates lead by payments institutions. This set of new regulations includes Resolutions No. 197, 198, 199, 200, 201 and 202, all dated March 11, 2022.

In order to facilitate the application of the respective prudential frameworks, prudential conglomerates have been classified into 3 types. Pursuant to the new prudential framework, the concept of regulatory capital applicable to payment institutions has been modified to ensure a greater capacity to absorb unexpected losses. These new prudential regulations will be implemented gradually, starting from January 2023 to January 2025.

Instant Payments

Central Bank approves regulation of its Instant Payment Arrangement ("PIX System") On August 13, 2020, the Central Bank issued Central Bank Resolution No. 1 ("Central Bank Resolution 1/2020"), establishing the PIX System payment scheme and approving its regulation (the "PIX Regulation"). Central Bank Resolution 1/2020 came into effect on September 1, 2020. PIX System transactions will operate on a restricted basis through November 3, 2020 and will be fully operational after November 16, 2020.

Pursuant to Central Bank Resolution 1/2020, the participation in the PIX System is mandatory for financial institutions and payment agents authorized to operate by the Central Bank that have more than 500,000 active customer accounts, considering cash deposit accounts, savings deposit accounts and prepaid payment accounts. Participation in the PIX System is optional for financial institutions and payment agents that do not meet this threshold, as well as the National Treasury Secretariat.

The PIX Regulation applies to all participants in the PIX System. According to the PIX Regulation, there are three participation types: (i) transactional account provider, which is a financial institution or a payment institution that offers deposit accounts or payment accounts to end users; (ii) government entity, which is the National Treasury Secretariat, with

[Table of Contents](#)

the exclusive purpose of making collections and payments related to its activities; and (iii) special clearing houses, that are the financial institutions and payment agents that (a) within the scope of the PIX System have the exclusive purpose of providing settlement services to other participants, (b) meet the requirements to act as settlement participants in the Central Bank's Instant Payments System ("SPI"), and (c) do not meet the criteria of mandatory participation in the PIX System.

Central Bank enhances security mechanisms for PIX and other electronic means of payment

On September 23, 2021, the Central Bank issued Resolution No. 142, introducing security measures to be adopted by regulated and supervised institutions to prevent fraud in the provision of payment services.

Resolution No. 142 establishes that financial and payment institutions must limit payment services between natural persons from 8 pm to 6 am to a maximum of R\$ 1,000 per deposit or prepaid payment account, as applicable. This limit may be increased at the client's request, upon submitting a formal request via the relevant electronic channels, but the institution must keep a minimum delay of 24 hours for the change to take effect. Resolution No. 142 required payment service providers to implement the new transaction limits by October 4, 2021.

Pursuant to Resolution No. 142, by November 16, 2021, financial and payment institutions must have implemented the following:

- (i) procedures aimed at evaluating the customer prior to enabling same-day settlement of payment receivables against payment transactions within the limits of the relevant payment schemes in which the institutions participate; and
- (ii) daily registration of fraud or attempted fraud in cases related to the rendering of payment services, including corrective measures adopted by the institution. Based on these records, the institutions must prepare a monthly report consolidating cases and preventive and corrective measures adopted. This report must be forwarded to the institution audit and risk committees (if available), internal audit units, the supervisory board (if available) and the board of directors.

Furthermore, on September 28, 2021, the Central Bank issued Resolution No. 147, which established security mechanisms specific to PIX transactions. The resolution also sets out and provides further details (within the scope of PIX) on the measures established by Resolution No. 142, which applies to all electronic payment methods (including other types of electronic transfers available in Brazil, such as Transferência Eletrônica Disponível – TED or Documento de Ordem de Crédito – DOC).

The security measures announced by the Central Bank came into effect on November 16, 2021, with the exception of the new transaction limits, which took in effect from October 4, 2021.

Central Bank Resolution No. 177 came into effect on the date of its publication. The previous PIX Sanctions Manual, as set out by Central Bank Resolution No. 31, applies only to infractions that took place before the entry into effect of the latest PIX Sanctions Manual, save for procedural provisions and cases where the new rules are more beneficial to offenders.

[Table of Contents](#)

Provision of Financial Services through Electronic Channels

The CMN regulation establishes that financial institutions are not required to provide clients access to traditional banking services channels for collection and receipt services based on agreements that demand exclusively electronic channels.

Credit Performance Information

The CMN regulates a database known as Credit Information System (*Sistema de Informações de Crédito*, or SCR), which comprises information regarding credit operations sent to the Central Bank. SCR's purpose is to provide information for the Central Bank to monitor and supervise credit in the financial system, and also to enable information exchange among financial institutions.

New rules applicable to Brazilian capital abroad and non-resident accounts in Brazil.

On July 30, 2020, the CMN enacted Resolution No. 4,841 and Resolution No. 4,844, which provide new rules related to the presentation of the Declaration of Brazilian Capital Abroad ("DCBE"), as well as the provision of information regarding non-resident accounts (conta de não-residente – "CNR") in Brazil, both of which provide for the modernization and cost reduction of the compliance and supervision process in the National Financial System. According to Resolution No. 4,841, only Brazilian residents who maintain capital abroad above US\$ 1 million by December 31 of each year are required to submit the DCBE, a declaration of assets abroad, to the Central Bank. Nevertheless, the rules for the provision of information to the Brazilian Tax Authority (Receita Federal do Brasil or "RFB") have been kept unchanged. In addition, Resolution No. 4,844 alters the minimum threshold for the mandatory registration of transactions in CNRs from R\$10,000 to R\$100,000, which has the purpose of simplifying the monitoring procedures by Brazilian financial institutions.

Consumer Protection Code

The Brazilian Consumer Protection Code, or CDC, which is applicable to financial institutions according to Brazilian higher courts, sets forth consumer defense and protection rules applicable to consumers' relationships with suppliers of products or services.

Basic consumer rights dealing with financial institutions:	<ul style="list-style-type: none"> • Reverse burden of proof in court; • Proper and clear information provided with respect to the products and services offered (e.g.; quantity, characteristics, composition, quality, price and risks such products pose); • Proportional reduction of interest charged in connection with personal credit and consumer directed credit transactions in case of early payment of debts; • In limited circumstances, amounts charged improperly may have to be returned in an amount equal to twice what was paid in excess of due amounts, except in cases of justifiable mistakes (e.g.; systemic failure or operational error); • Collection of credits cannot expose the client to embarrassment or be performed in a threatening manner; • Prohibition on the release of misleading or abusive publicity or information about contracts or services, as well as on the promoting of overbearing or disloyal commercial practices; and • Liability for any damages caused to consumers by misrepresentations in their publicity or information provided.
--	---

Law No. 14,181 of 2021

Known as the "over-indebtedness" law, Law No. 14,181 amended the CDC to provide for preventive rights and obligations against excessive consumer indebtedness reinforcing concepts and rules on transparency and security in credit contracting, including relevant provisions on indebtedness avoidance.

Moreover, Law No. 14,181 brought the concept of existential minimum, which is the minimum amount of income that a consumer should have for his subsistence, and that cannot be compromised with the payment of credit contracts. The definition of the Existential Minimum is yet to be regulated.

Law No. 14,181 also included a new chapter in the CDC dedicated to the conciliation of individuals who are over-indebted, giving those individuals the opportunity for a judicial debt conciliation process, which would bring together all creditors in a single agreement, according to rules established by Law No. 14,181.

[Table of Contents](#)

Another important innovation was the provision for the conciliation of individuals who are over-indebted, giving the opportunity for a judicial debt conciliation process, which would bring together all creditors in a single agreement, according to rules established by law.

Consumer relations rules applicable to financial institutions, consortium administrators and payment institutions

On September 30, 2021, the CMN published Resolution No. 4,949. The rule provides the principles and procedures to be adopted in the relationship with clients and users of products and services of financial institutions and other institutions authorized to operate by the Central Bank. On October 14, 2021, the Central Bank published Resolution No. 155, which establishes almost identical principles and procedures to be adopted by payment institutions and consortium administrators, which are regulated and supervised solely by the Central Bank.

CMN Resolution No. 4,949 and Central Bank Resolution No. 155 set forth new rules mainly with the goal of ensuring fair and equitable treatment at all stages of the relationship with institutions providing financial and payments services, as well as a convergence of the interests of such institutions with those of their consumers. Under CMN Resolution No. 4,949 and Central Bank Resolution No. 155, institutions authorized to operate by the Central Bank shall prepare and implement an institutional policy for the relation with consumers and users. Such new policy should consolidate guidelines, strategic objectives and organizational values, so that the conduct of the institution's activities is guided by the principles of ethics, responsibility, transparency and diligence.

CMN Resolution No. 4,949 and Central Bank Resolution No. 155 also provides that institutions authorized to operate by the Central Bank must indicate to such regulatory agency the officer responsible for complying with the obligations provided under the new rules.

The rules also impose other obligations to the regulated entities within their scope, such as the compliance with transparency and suitability rules. CMN Resolution No. 4,949 entered into effect on March 1, 2022, and Central Bank Resolution No. 155 entered into effect on the same date. However, most of these rules will take effect on October 1, 2022.

Late payment and default

CMN Resolution No. 4,882 provides that in case of delay or non-payment of credit operations, financial leasing and credit card and other post-paid payment instruments, the financial institutions may only charge customers the following: (i) the interest rate established in the agreement; and (ii) default interest and late payment fines in accordance with the law.

Limitation to the fees and interest rates on overdraft-secured checks

On November 27, 2019, the CMN issued Resolution No. 4,765 ("Resolution No. 4,765/2019"), providing for new rules on the overdraft granted by financial institutions in checking accounts held by individuals and individual micro entrepreneurs (MEI).

The new rule limits the charging of fees on overdraft-secured checks to: (i) 0% for the opening credit facilities of up to R\$ 500.00; and (ii) 0.25% for the opening of credit facilities larger than R\$500.00, calculated with the amount of the facility that exceeds R\$500.00.

Resolution No. 4,765/2019 also limits interest rates over the overdraft-secured check to up to 8% per month, to which must be added a discount of the overdraft fees already charged monthly by the financial institution. According to the new rule, if the interest is less than or equal to the overdraft fees, such interest rates must be equal to zero.

In addition, Resolution No. 4,765/2019 establishes that the overdraft-secured check must be compatible with the customer's risk profile.

Resolution No. 4,765/2019 has come into force on January 6, 2020, for agreements executed after the referred date, and will come into force on June 1, 2020, for agreements executed prior to such date. Regarding the 8% limitation the rule applies to all contracts from 06 January 2020 regardless of the date of contracting."

[Table of Contents](#)**Data Protection**

The LGPD came into effect in September 2020 (except for administrative sanctions, which came into effect on August 1, 2021, according to Law No. 14,010/2020). The LGPD brings a set of rules to be observed in activities such as collection, processing, storage, use, transfer, sharing and erasure of information concerning identified or identifiable natural persons. The application of the LGPD will apply irrespective of industry or business when dealing with personal data.

The LGPD also created the Brazilian National Data Protection Authority (the “ANPD”), which is responsible for exercising the triple role of investigation, enforcement and education. More importantly, it is able to issue norms and procedures, deliberate on the interpretation of the act, request information to controllers and processors and, in cases of noncompliance with the law, enforce the law through an administrative process. The ANPD has been assured technical independence, though it is subordinated to the Presidency of the Republic.

[Table of Contents](#)**Cybersecurity**

We comply with the requirements of the LGPD, especially in relation to the security and protection of personal data, as well as CMN Resolution No. 4,893/2021 and of Central Bank Resolution No 85/2021, which require financial institutions to institute a Cybersecurity Policy, as well as regulates the outsourcing of relevant data processing and storage and cloud computing services. We also comply with CVM Resolution No. 35/2021, which sets forth the standards and procedures to be observed in security transactions carried out in regulated securities markets requiring the implementation of cybersecurity controls and data protection and the new SUSEP Circular No. 638/2021, which provides for cyber security requirements to be observed by insurance companies, open entities pension funds (EAPCs), capitalization and local reinsurers.

Automatic debit of banking accounts

On March 26, 2020, the CMN issued Resolution No. 4,790, which sets forth new rules for the automatic debit payments from checking account and accounts designated for the payment of an individual's wages.

In order to foster the transparency on the relationship between the financial institutions and their clients, this rule sets forth that financial institutions should only process automatic debit payments upon prior and express authorization of the client. Resolution No. 4,790 provides the procedures for the authorization and cancellation of automatic debit payments.

On December 20, 2020, the Central Bank also published Resolution No. 51, setting the same rules for automatic debit payments for prepaid accounts and procedures to be obeyed by payments institutions and consortium administrators.

Resolutions No. 4,790 and No. 51 came into force on May 1, 2021.

Regulation of Independent Auditors

In accordance with CMN regulations establishing the rules that govern external audit services provided to financial institutions, the financial statements and financial information of financial institutions must be audited by independent auditors who are (i) duly registered with the CVM; (ii) qualified as specialists in audit of banks by the CFC and the IBRACON; and (iii) meet the requirements that ensure auditor independence.

After issuing audit reports for five consecutive fiscal years, the responsible audit partner and audit team members with management responsibilities must rotate-off and cannot be part of the audit team of such institution for three consecutive fiscal years.

CMN regulations also prohibit the engagement and maintenance of independent auditors by financial institutions in the event that: (i) any of the circumstances of impediment or incompatibility for the provision of audit services provided for in the rules and regulations of the CVM, CFC or IBRACON arise; (ii) ownership of shares of or entering into financial transactions (either asset or liability) with the audited financial institution by the audit firm or members of the audit team involved in the audit work of the financial institution; and (iii) fees payable by the institution represent 25% or more of the total annual fees of the audit firm. Additionally, the audited financial institution is prohibited from hiring partners and members of the audit team with managerial responsibilities who were involved in the audit work at the financial institution during the preceding 12 months.

In addition to the audit report, the independent auditor must prepare the following reports, as required by CMN regulation.

- An assessment of the internal controls and risk management procedures of the financial institution, including its electronic data processing system;
- A description of non-compliance with legal and regulatory provisions that have, or may have, a significant impact on the audited financial statements or operations of the audited financial institution; and
- Others reports required by the Central Bank.

These reports, as well as working papers, correspondence, service agreements and other documents related to the audit work must be retained and made available to the Central Bank for at least five years.

Under Brazilian law, our financial statements must be prepared in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank. We also prepare financial statements in accordance with the IFRS as issued by IASB. Please see "Presentation of Financial and Other Information—About our Financial Information" for further details. Financial institutions must have their financial statements audited every six months. Quarterly financial statements filed with the CVM must be reviewed by independent auditors of the financial institutions. CVM rules require publicly-held companies, including financial institutions, to disclose information related to non-audit

[Table of Contents](#)

services provided by independent auditors when they represent more than 5% of the fees for audit services. Such information should include the type of service, the amount paid and the percentage that they represent of the fees for the audit of financial statements. Please see “Item 16C. Principal Accountant Fees and Services” for further details about fees and services of the principal auditors.

Self-Regulators

We are signatories of self-regulation codes that establish principles, rules and recommendations of best corporate governance practices and determined activities, as applicable. Some of the self-regulatory entities that we are subject to are the ABRASCA, ABECS, ANBIMA, and FEBRABAN, among others.

Portability of Credit Transactions

Regulated by the Central Bank since 2013, portability of credit transactions consists of the transfer of a credit transaction from the original creditor to another institution, at the request of the debtor, maintaining the same outstanding balance and remaining term. The regulation establishes standard procedures and deadlines for the exchange of information and the mandatory use of an electronic system authorized by the Central Bank for the transfer of funds between financial institutions, prohibiting the use of any alternative procedure to produce the same effects of the portability, including so-called “debt purchases”.

Rules Governing the Charging of Fees on Banking and Credit Card Operations

Banking fees and credit card operations are extensively regulated by the CMN and the Central Bank. According to Brazilian legislation, we must classify the services we provide to individuals under pre-determined categories and are subject to limitations on the collection of fees for such services.

Brazilian financial institutions are generally not authorized to charge fees from individuals for providing services classified as “essential” with respect to checking and savings accounts, such as supplying debit cards, check books, withdrawals, statements and transfers, among others.

Brazilian legislation also authorizes financial institutions to charge fees related to “priority services”, a standard set of services defined by Central Bank regulation. Financial institutions must offer to their individual clients “standard packages” of priority services. Clients may also choose between these or other packages offered by the financial institution, or to use and pay for services individually instead of selecting a package.

Current rules also authorize financial institutions to charge fees for specific services called “additional services” (*serviços diferenciados*), provided that the account holder or user is informed of the use and payment conditions relating to such services, or that fees and collection methods are defined in the contract.

The CMN also establishes rules applicable to credit cards, determining the events that allow for the collection of fees by issuers, as well as the information that must be disclosed in credit card statements and in the credit card agreement. There is also a list of priority services. The rules define two types of credit cards: (i) basic credit cards, with simpler services, without rewards programs and (ii) “special credit cards”, with benefits and reward programs.

A minimum of 30-days’ prior notice to the public must precede the creation or increase of a fee. In addition, fees related to priority services may only be increased 180 days after the date of a previous increase (the reduction of a fee can take place at any time). With respect to credit cards, a 45-days’ prior notice to the public is required for any increase or creation of fees and such fees may only be increased 365 days after the previous increase. The period of 365 days is also subject to changes in the rules applicable to benefit or reward programs.

At the end of 2016 and the beginning of 2017, two major changes occurred in the Brazilian payment market. In December 2016 a provisional measure was published authorizing the surcharge by payment instrument as a way to stimulate retail sales, allowing retailers to charge different prices depending on the payment method. In January 2017 the CMN published a new resolution establishing that revolving credit for the financing of credit card bills may only be extended to

[Table of Contents](#)

clients until the due date of the following credit card bill. After such term, the credit provider must offer the client another type of financing with conditions more favorable than the ones that are provided in the credit card market. In addition, the credit provider shall no longer offer this type of credit to clients that already contracted revolving credit for the financing of credit card bills which were not repaid on time.

In 2018, the CMN issued a new resolution establishing that the following fees may be collected in the event of late payment or settlement of obligations related to credit card bills and other postpaid payment instruments: (i) compensatory interest, per day of delay, on overdue installments or on unpaid debtor balances; (ii) a fine and (iii) interest for late payment.

The same resolution also established that the change in credit limits, if not carried out at the request of the customer, should, in the case of: (i) reduction, be preceded by at least 30-days' advance notice to the client, except if there is a deterioration of the customer's credit risk profile, according to the criteria defined in the credit risk management policy, in which case notice may be made at any time prior to the reduction; and (ii) increase, be conditioned upon the customer's prior acquiescence.

In 2019, the CMN issued a standard setting rule for the collection of interest and tariff on overdraft for individuals and Individual Microentrepreneurs (entrepreneurs with annual revenues of R\$81,000 and subject to specific legislation). According to the new regulation, can only be charged for use of overdraft limit exceeding R\$500.00.

Brazilian financial institutions must maintain the secrecy of banking transactions and services provided to their clients. Except as permitted under Brazilian legislation or by judicial order, a breach of bank secrecy is a criminal offense. The only circumstances in which information about clients, services or transactions by Brazilian financial institutions or credit card companies may be disclosed to third parties are the following:

the disclosure of information with the express consent of the interested parties;	the exchange of information between financial institutions for record purposes;
the disclosure of information to credit reference agencies based on data from the records of subscribers of checks drawn on accounts without sufficient funds and defaulting debtors;	the disclosure of information to the competent authorities relating to the actual or suspected occurrence of criminal acts or administrative wrongdoings, including the disclosure of information on transactions involving funds related to any unlawful activities;
the disclosure of some information established by law to tax authorities; and	the disclosure of information in compliance with a judicial order.

Digitalization of Documents and Record Keeping

According to CMN's resolution on the digitalization of documents with respect to transactions carried out by financial institutions and other institutions authorized to operate by the Central Bank, these institutions are authorized to maintain digital documents, instead of paper documents, for recordkeeping purposes, if certain requirements to ensure the documents authenticity, validity and protection are met. The resolution also permits the disposal of original paper documents provided that this measure will not prejudice the institution's ability to exercise any rights or to commence any proceeding or exercise any protective remedy related to the relevant document.

[Table of Contents](#)

Public Consultations to Amend and Replace Prudential Regulation Referring to Credit and Market Risk

On December 11, 2020, the Central Bank launched a public consultation on a proposal for a regulation that implements the minimum standard of the BCBS for calculating the capital requirement related to credit risk according to standardized approach (RWACPAD). This new regulation will replace Central Bank Circular No. 3,644, of March 4, 2013, pursuant to “Basel III” requirements.

The proposal increases the granularity of the weights applicable to exposures, bringing refinements in the differentiation in credit risk to the prudential framework. The proposal is addressed to financial institutions classified in Segments 1 (S1) to Segment 4 (S4), which currently opt for the standardized approach for credit risk. The consultation ended on February 23, 2021 and the final rule is still pending issuance.

On December 11, 2020, the Central Bank also launched a public consultation on a proposal for a rule contemplating the first phase – of a total of four planned phases – of the process of reviewing the prudential standard for determining the capital requirement related to market risk, as provided for in Basel III. This first phase contains the requirements related to the risk management process, including improvements in governance and the identification of financial instruments classified in the trading portfolio.

Under the terms proposed in the consultation, the first phase would have come into effect on January 1, 2022, through amendments to Resolution 4,557, of February 23, 2017, and the publication of a new rule that would have replaced Circular No. 3,354, of 27 June 2007. The consultation ended on February 9, 2021 and the final rule is still pending issuance.

Further, on July 6, 2021, the Central Bank launched a new public consultation contemplating the amendment of CMN Resolution No. 4,193, of March 1, 2013, and the of a new BCB resolution (not yet published) establishing the procedures for calculating the portion of risk-weighted assets (RWA) related to the calculation of the capital required for exposures to credit risk of financial instruments classified in the trading book (RWADRC).

The proposed changes relate to the local adoption of the new regulatory framework for market risk, also known as the Fundamental Review of the Trading Book (FRTB), part of the Basel III set of measures. The new set of regulations will apply to institutions classified in Segments S1 (such as us) to S4, according to Resolution No. 4,553, of January 30, 2017. The amendment to Resolution No. 4,193, of March 1, 2013, aims to create a new portion of risk-weighted assets (RWA), called RWADRC, specifically for calculating the capital required for exposures to credit risk of financial instruments classified in the trading book. The amendment to Circular No. 3,644, of March 4, 2013, promotes the exclusion of these same exposures from the scope of application of the standardized approach for calculating the portion of the RWA referring to credit risk (RWACPAD).

Under the terms proposed in the consultation, the new rules would take effect on July 1, 2022. The consultation ended on September 6, 2021 and, to date, only the proposed amendments to CMN Resolution No. 4,193, of March 1, 2013 were incorporated into CMN Resolution No. 4,958, of October 21, 2021, which repealed and replaced it. The other proposed rules and amendments are still pending issuance.

Proceedings for Administrative Sanctions in the Brazilian National Financial System, the SPB and Capital Markets

Law No. 13,506 provides for administrative sanctioning procedures by the Central Bank and the CVM. Some of the key aspects of Law No. 13,506 are: (i) it increases the maximum fine applicable by the Central Bank from R\$250 thousand to R\$2 billion or 0.5% of the revenues of the company arising from services and financial products in the year prior to the violation; (ii) it increases the maximum fine applicable by the CVM from R\$500 thousand to R\$50 million; (iii) it sets forth new types of violations and subject to penalties; (iv) it increases the maximum penalty with respect to disqualification to a period of twenty years; (v) it provides that the Central Bank may enter into cease-and-desist commitments; and (vi) it provides that the Central Bank and the CVM may enter into administrative agreements similar to leniency agreements.

Centralized Registration and Deposit of Financial Assets and Securities

Law No. 13,476/2017 altered Law No. 12,810/2013 and consolidated the provisions on the creation of liens over financial assets and securities requiring that the constitution of liens on financial assets and securities subject to registration or centralized deposit be carried out exclusively at the registering entities or at the central depositories where such financial assets or securities are registered or deposited, regardless of the nature of the legal transaction to which they relate to, including for purposes of publicity and effectiveness with third parties.

The CMN issued a rule to regulate the provisions of Law No. 13,476/2017 and to consolidate the regulation on centralized deposit and the registry of financial assets and securities issued or owned by institutions authorized to operate by the Central Bank, requiring, amongst other provisions, that such institutions be generally, subject to limited exceptions, obligated to: (i) register and deposit, in registration and/or centralized deposit systems authorized to operate by the Central Bank or the CVM, all financial assets and securities they are obligated or co-obligated to pay; and (ii) only keep in their asset portfolio securities that are registered and/or deposited in the terms of the CMN rule.

On September 5, 2018, the Central Bank issued a new rule amending the existing procedural rule on centralized registration and deposit of financial assets and securities and the creation of liens on deposited financial assets and established the terms for the creation of liens over financial assets registered with registering entities. The referred rule established, amongst other changes, that such liens are effective in the moment that the central depository accepts the command from its participant, pursuant to its internal regulations.

[Table of Contents](#)**Taxes on Transactions entered into by the Itaú Unibanco Group**

We summarize below the main taxes levied on the transactions entered into by entities in the Itaú Unibanco Group in Brazil. This description does not represent a comprehensive analysis of all tax considerations applicable to the Itaú Unibanco Group. For a more in-depth analysis, we recommend that potential investors consult their own tax advisors. The main taxes we are subject to, with their respective rates, are as follows:

Tax	Rate	Tax calculation basis
IRPJ	15.0% plus a 10.0% surtax	Net income with adjustments (exclusions, additions, and deductions)
CSLL	25.0% (banking institutions) and 20.0% (other institutions authorized to operate by the Central Bank and insurance and capitalization companies) until December 31, 2021. From January 2022 onwards, the applicable CSLL rate is 20.0% (banking institutions) and 15.0% (other institutions authorized to operate by the Central Bank and insurance and capitalization companies). 9.0% (other Itaú Unibanco Group companies)	Net income with adjustments (exclusions, additions, and deductions)
COFINS	4.0% (financial institutions, insurance companies, capitalization and similar entities) or 7.6% (other Itaú Unibanco Group companies)	Gross revenue minus specific deductions
PIS	0.65% (financial institutions, insurance companies, capitalization and similar entities) or 1.65% (other Itaú Unibanco Group companies)	Gross revenue minus specific deductions
ISS	2.0% to 5.0%	Price of service rendered
IOF	Depends on the type of the transaction, as described below.	Transaction nominal value

Corporate Income Tax and Social Contribution on Net Income

In accordance with applicable legislation, corporate income tax (*Imposto de Renda da Pessoa Jurídica*) (“*IRPJ*”), and social contribution on profits (*Contribuição Social Sobre o Lucro Líquido*) (“*CSLL*”) are determined by the taxable income regime. Under this regime, our taxable income, on which IRPJ and CSLL will be levied, must be adjusted by additions, deductions, and exclusions, such as nondeductible expenses, operating costs and equity accounting, respectively.

The IRPJ is levied at a basic 15.0% rate, and a 10.0% surtax is applicable when the total amount of profit for the fiscal period exceeds R\$20,000 per month or R\$240,000 per year. In other words, any portion of our profit exceeding this limit is taxed at an effective 25.0% rate.

The CSLL is levied on our taxable income at a 20.0% rate, for banks. The CSLL rate applicable to other financial institutions is generally 15%, while non-financial legal entities are usually subject to this tax at a 9.0% rate.

As other Brazilian legal entities, our companies may offset the historical nominal amount of tax losses determined in prior years against results of subsequent years at any time (i.e., with no limitations with respect to time periods), provided that such offsetting does not exceed 30.0% of the annual taxable income of such future year. For purposes of IRPJ and CSLL taxation, companies should consider their income abroad as well rather than income solely from Brazilian operations. Therefore, profits, capital gains and other income earned abroad by Itaú Unibanco Group entities in Brazil, their branches, representations, affiliates or subsidiaries, will also be computed for determination of the entities taxable income. However, Brazilian legislation provides the possibility of deducting the amounts paid as corporate income tax abroad against the IRPJ and CSLL due in Brazil, provided certain limits are observed.

[Table of Contents](#)**Contribution on Social Integration Program and Social Security Financing Contribution**

In addition to IRPJ and CSLL, Brazilian legal entities are subject to the following taxes on revenue: PIS and COFINS.

According to applicable legislation, financial institutions are subject to the cumulative regime for calculation of these taxes. Under the cumulative regime, financial institutions are required to pay PIS at a 0.65% rate and COFINS at a 4.0% rate. The cumulative regime provides for rates lower than those levied under the non-cumulative regime, which is explained below, but it prevents the use of tax credits, but in some exclusions for financial institutions are allowed, such as those connected with financial intermediation.

Service Tax

The ISS is generally levied on the price of services rendered (e.g., banking services) and is charged by the municipality where our branch or office rendering the service is located. The tax rates vary from 2.0% up to the maximum rate of 5.0%, depending on the municipality in which the service is provided and its respective nature.

A new tax law enacted on December 30, 2016, caused a number of changes with respect to Brazilian Tax on Service, ("ISS"). Among these modifications, the new law introduced a minimum tax rate of 2%.

The original proposed legislation approved by the Brazilian Congress provided changes related to ISS assessment on activities such as credit card and leasing operations but former President Temer vetoed these changes. However, on May 30, 2017, the Brazilian Congress overturned the presidential veto. As a result, beginning on January 1, 2018, ISS levied on the services of leasing, cards administration, funds administration and consortium administration would be charged by the municipality where the client is located. Due to this change, in November 2017, a lawsuit was filed by CONSIF and CNSEG in the Federal Supreme Court, and, on March, 23, 2018, the required preliminary injunction was granted, in order to suspend the amendment introduced by the new law and to resume the previous treatment of ISS collection in the Municipality where the establishment is located. However, it is important to mention that this is not a final decision, as it is still pending the final pronouncement by the Federal Supreme Court.

A law was published in September 2020 which provides for changes in relation to the Services Tax that are similar to those provided for in the legislation published in December 2016. Considering the injunction obtained in the Supreme Federal Court, on March 23, 2018, which suspended the amendments introduced by the law published in December 2016, the new law published in September 2020 has its applicability suspended until the Supreme Court rules on the injunction, as it is related to the previous law.

Tax on Financial Transactions

The tax on financial transactions is levied at specific rates according to the transaction in question, and may be changed by a decree from the Executive Branch (which may become effective as of its publication date), rather than by a law enacted by the Brazilian Congress.

For example, on September 16, 2021, Decree No. 10.797 increased the IOF/Credit daily rates from 0.0082% (individual) or 0.0041% (legal entities) to 0,01118% (individual) or 0,00559% (legal entities) between September 20, 2021, and December 31, 2021. The flat 0,38% rate and the limit of 365 days were not changed (see table below for more details).

Decree No. 10.997, enacted on March 15, 2022, established a schedule to progressively reduce to zero IOF levied on all foreign exchange transactions. Reduction depends on the nature of the foreign exchange transaction and the measure will only be fully implemented on January 2, 2029.

[Table of Contents](#)

The table below summarizes the main IOF rates levied on our transactions. Notwithstanding, we note that IOF is a very comprehensive tax. Therefore, for a more in-depth analysis, we recommend that tax advisors be consulted accordingly.

Type of transaction	Applicable Rates (Rates may be changed by a decree enacted by the Brazilian government up to a maximum rate, as described below, which may become effective as of its publication date)
Foreign exchange transactions	IOF/FX: zero to 6.38% (depending on the transaction) Maximum rate: 25%
Insurance transactions	IOF/Insurance: zero to 7.38% Maximum rate: 25%
Loans and credit transactions	IOF/Credit: 0.0082% (individual) or 0.0041% (legal entities) per day, until it reaches 365 days, plus a flat 0.38% rate. Between September 20, 2021, and December 31, 2021: 0,01118% (individual) or 0,00559% (legal entities) per day, until it reaches 365 days, plus a flat 0.38% rate. Maximum rate: 1.5% per day
Securities	IOF/Securities: zero to 1.5% as a general rule Maximum rate: 1.5% per day
Securities – Derivatives	IOF/Securities – Derivatives: zero Maximum rate: 25%

U.S. Foreign Account Tax Compliance Act (FATCA)

FATCA attempts to minimize tax avoidance by U.S. persons investing in foreign assets both through their own accounts and through their investments in foreign entities. FATCA requires U.S. withholding agents such as Itaú to provide information to the IRS regarding their U.S. account holders including substantial U.S. owners of certain non-financial foreign entities, (“NFFEs”), and specified U.S. persons having an interest in certain professionally managed investment vehicles and trusts known as owner-documented foreign financial institutions, (“FFIs”).

To the extent a U.S. withholding agent is not able to properly document an account, it generally will be required to deduct 30% FATCA withholding on certain payments of U.S. source income.

U.S. federal income tax law has detailed rules for determining the source of income. Different rules apply for each type of income. Interest and dividends, two of the most common types of income for investors, are generally sourced by reference to the residence of the obligor. Specifically, dividends are generally treated as U.S. source income when paid by a U.S. corporation with respect to its stock, and interest is generally treated as U.S. source income when paid by a U.S. borrower of money.

The United States collaborated with other governments to develop Intergovernmental Agreements, (“IGAs”), to implement FATCA. IGAs with partner jurisdictions facilitate the effective and efficient implementation of FATCA. The purpose of these agreements is essentially to remove domestic legal impediments to compliance with FATCA and sharing of information and to reduce burdens on FFIs located in partner jurisdictions.

More than 70 jurisdictions have signed an IGA, including Brazil, the Cayman Islands, Switzerland and United Kingdom. In addition, approximately 30 other jurisdictions are deemed as having an IGA in effect. Some countries signed a reciprocal agreement, meaning that the country (such as Brazil) and the U.S. will automatically exchange annually, on a reciprocal basis, specific account holder information.

There are two types of IGAs – Model 1 IGA, where local FFIs are required to implement account opening and due diligence procedures to identify U.S. accounts and report them to the local tax authority for exchange with the IRS (examples of Model 1 IGA countries are Brazil, Cayman Islands, The Bahamas, Peru and Colombia), and Model 2 IGA, where local FFIs are required to implement account opening and due diligence procedures to identify U.S. accounts, but report such information directly to the IRS (examples of Model 2 IGA countries are Switzerland, Chile, Paraguay and Japan).

The governments of Brazil and the United States entered a Model 1 IGA on September 23, 2014, which came into effect in Brazil on August 24, 2015, after the approval by the Brazilian Congress, ratification by the President and enactment of Decree 8,506 (IGA-BR).

[Table of Contents](#)

Under the IGA-BR, Brazilian financial institutions and other entities subject to FATCA disclosure requirements are generally required to provide certain information on account holders to the Brazilian tax authorities, which will share this information with the IRS.

Furthermore, Normative Ruling No. 1,680, dated December 28, 2016, was enacted to introduce the Common Reporting Standard, (“CRS”), in Brazil, which seeks to implement a system of reporting financial accounts in a manner similar to FATCA. CRS is the result of discussions on the necessity of exchanging information between tax authorities of many countries in the context of the Base Erosion and Profit Shifting, (“BEPS Project”), coordinated by the Organization for Economic Co-operation and Development, or (“OECD”). In connection therewith, an ancillary obligation called “e-Finaneira” provided by Normative Ruling No. 1,571, dated July 2, 2016, was created to be the mandatory report filed by financial institutions in order to fulfill FATCA and CRS obligations.

Moreover, on May 6, 2016, Brazilian tax authorities issued the Normative Ruling No. 1,634, effective as of January 1, 2017, that amended the regulation applicable to the National Registry of Legal Entities, (“CNPJ”). This regulation introduced a new rule providing an ancillary obligation by which certain entities have to indicate the “Final Beneficiary” in each CNPJ, which is defined as the natural person who ultimately, directly or indirectly, owns, controls or significantly influences a particular entity or on whose behalf a transaction is conducted. Currently, this subject is regulated by Normative Ruling No. 1,863, dated December 27, 2018.

In addition, Normative Ruling No. 1,681 was enacted on December 28, 2016 providing the obligation to annually deliver the so-called Country-by-Country Statement, an ancillary obligation also arising from the discussions under the BEPS Project, before the Brazilian Federal Revenue Service (RFB), which in its turn is also expected to exchange such information with other countries’ tax authorities.

Pursuant to FATCA, the issuer, any other financial institution or other entities subject to FATCA disclosure requirements to or through which any payment with respect to the preferred shares or ADSs is made may be required, pursuant to the IGA-BR or under applicable law, to (i) request certain information from holders or beneficial owners of our preferred shares or ADSs, whose information may be provided to the IRS; and (ii) withhold U.S. federal tax at a 30.0% rate on some portion or all of the payments considered “passthrough payments” made after December 31, 2018, with respect to the preferred shares or ADSs if such information is not duly provided by such a holder or beneficial owner (referred to under FATCA as a “recalcitrant account holder”). If the issuer or any other person is required to withhold amounts under or in connection with FATCA from any payments made in respect of the preferred shares or ADSs, holders and beneficial owners of the preferred shares or ADSs will not be entitled to receive any gross up or other additional amounts to compensate them for such withholding.

The above description is based on guidance issued to date by the U.S. Treasury Department, including the final U.S. Treasury regulations and IGA-BR. Future guidance may affect the application of FATCA to the preferred shares or ADSs.

Selected Statistical Information

The following information is included for analytical purposes and should be read in together with our audited consolidated financial statements and “Item 5. Operating and Financial Review and Prospects”.

The data included or referenced in this section are presented in accordance with IFRS, unless otherwise indicated.

Average Balance Sheet and Interest Rate Data

The following tables present the average balances of our interest-earning assets and interest-bearing liabilities, other assets and liabilities accounts, the related interest income and expense amounts and the average real yield/rate for each period.

The following methodologies were used when calculating the average balances of our assets and liabilities presented in the following tables. For the 2021 and 2020 average balances, we used the monthly balances prepared in accordance with IFRS, reflecting the adoption of IFRS 9.

[Table of Contents](#)

The majority of our business is comprised of operations with individuals and corporate entities without significant fluctuations over short periods. Non-accrual loans and leases are disclosed as a non-interest earning asset in the table below:

	2021			2020 ⁽²⁾			2019 ⁽²⁾		
	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate
Assets									
<i>(In millions of R\$, except percentages)</i>									
Interest-earning assets ⁽¹⁾	1,794,797	145,931	8.1%	1,671,121	120,922	7.2%	1,430,016	144,381	10.1%
Interest-bearing deposits in other banks	62,697	1,203	1.9%	52,958	1,102	2.1%	30,731	1,173	3.8%
Securities purchased under agreements to resell	195,340	9,812	5.0%	274,811	9,832	3.6%	258,768	16,197	6.3%
Central Bank compulsory deposits	86,641	3,613	4.2%	75,259	2,242	3.0%	84,810	4,734	5.6%
Financial Assets	627,243	38,691	6.2%	537,764	28,271	5.3%	437,859	40,198	9.2%
Financial assets at fair value through profit or loss	378,731	16,678	4.4%	308,867	6,553	2.1%	261,385	26,230	10.0%
Financial assets at fair value through other comprehensive income	107,825	17,193	15.9%	94,763	18,089	19.1%	56,511	11,386	20.1%
Financial assets at amortized cost	140,686	4,820	3.4%	134,134	3,629	2.7%	119,962	2,582	2.2%
Other Financial Assets	94,925	(177)	-0.2%	96,403	(28)	0.0%	82,475	1,033	1.3%
Loans and leases	727,951	92,789	12.7%	633,926	79,503	12.5%	535,374	81,046	15.1%
Non-interest-earning assets	220,499			225,959			155,209		
Cash and due from banks	41,078			42,186			31,964		
Central Bank compulsory deposits	9,516			11,469			5,380		
Derivatives	74,387			71,241			33,351		
Non-accrual loans	25,293			23,317			22,777		
Provisions for Expected Loss	(46,812)			(45,641)			(35,152)		
Premises and equipment, net	6,873			6,869			7,238		
Investments in unconsolidated companies	9,845			15,335			12,544		
Goodwill	1,724			3,928			10,970		
Intangible assets, net	17,256			15,310			12,473		
Tax assets	63,018			65,419			43,143		
Assets held for sale	358			494			718		
Other assets	17,964			16,031			9,803		
Total	2,015,297			1,897,080			1,585,225		

(1) For the net yield on total average interest-earning assets, see "Net Interest Margin and Spread".

(2) Effect of reclassifications in the methodology of 2020 and 2019 in the calculation of the average balances for purposes of comparability with the 2021 average balance.

	2021			2020 ⁽¹⁾			2019 ⁽¹⁾		
	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate
Liabilities									
<i>(In millions of R\$, except percentages)</i>									
Interest-bearing liabilities	1,557,003	69,305	4.5%	1,487,957	73,558	4.9%	1,260,477	75,958	6.0%
Interest-bearing deposits	667,407	20,492	3.1%	570,047	17,478	3.1%	395,270	18,559	4.7%
Savings deposits	184,469	6,161	3.3%	161,226	5,245	3.3%	138,034	7,186	5.2%
Deposits from banks and time deposits	482,938	14,331	3.0%	408,821	12,233	3.0%	257,236	11,373	4.4%
Securities sold under repurchase agreements	249,691	8,635	3.5%	287,212	10,690	3.7%	299,225	20,473	6.8%
Interbank market debt and Institutional market debt	299,712	34,794	11.6%	307,600	37,278	12.1%	256,057	20,068	7.8%
Interbank market debt	161,931	24,929	15.4%	174,466	28,878	16.6%	155,977	13,231	8.5%
Institutional market debt	137,781	9,865	7.2%	133,135	8,400	6.3%	100,080	6,837	6.8%
Reserves for insurance and private pension and Liabilities for capitalization plans	221,084	5,346	2.4%	220,274	8,121	3.7%	212,972	16,720	7.9%
Other interest-bearing liabilities	119,109	38	0.0%	102,824	(9)	0.0%	96,953	138	0.1%
Non-interest bearing liabilities	300,039			261,483			180,470		
Non-interest bearing deposits	145,306			111,921			76,381		
Other non-interest-bearing liabilities	154,733			149,562			104,089		
Total stockholders' equity attributed to the owners of the parent company	146,678			135,087			130,500		
Non-controlling interests	11,577			12,552			13,778		
Total	2,015,297			1,897,080			1,585,225		

(1) Effect of reclassifications in the methodology of 2020 and 2019 in the calculation of the average balances for purposes of comparability with the 2021 average balance.

Changes in Interest Income and Expenses – Volume and Rate Analysis

The following table sets forth the allocation of the changes in our interest income and expense in terms of average volume and changes in the average yields/rates for the periods indicated below. Volume balance and rate variations have been calculated based on variations of average balances over the period and changes in average interest yield/rates on interest earning assets and interest-bearing liabilities from one period to the other.

[Table of Contents](#)

	Increase/(decrease) due to changes in:			Increase/(decrease) due to changes in:		
	2021-2020			2020-2019		
	Volume (1)	Yield/rate (2)	Net change (3)	Volume (1)	Yield/rate (2)	Net change (3)
	<i>(In millions of R\$, except percentages)</i>					
Interest-earning assets	19,116	5,894	25,009	(8,555)	(14,904)	(23,459)
Interest-bearing deposits in other banks	175	(74)	101	(191)	120	(71)
Securities purchased under agreements to resell	50	(70)	(20)	1,077	(7,442)	(6,365)
Central Bank compulsory deposits	376	995	1,371	(485)	(2,007)	(2,492)
Financial Assets	6,547	3,873	10,420	13,487	(25,415)	(11,928)
Financial assets at fair value through profit or loss	1,759	8,366	10,125	5,889	(25,567)	(19,678)
Financial assets at fair value through other comprehensive income	4,603	(5,499)	(896)	7,268	(565)	6,703
Financial assets at amortized cost	185	1,006	1,191	330	717	1,047
Other Financial Assets	0	(149)	(149)	209	(1,269)	(1,060)
Loans and leases	11,966	1,320	13,286	(22,652)	21,109	(1,543)
Interest-bearing liabilities	(32)	(4,221)	(4,253)	7,059	(9,459)	(2,400)
Interest-bearing deposits	2,972	42	3,014	3,480	(4,561)	(1,081)
Saving deposits	773	143	916	1,575	(3,516)	(1,941)
Deposits from Banks and Time Deposits	2,198	(101)	2,098	1,905	(1,045)	860
Securities sold under repurchase agreements	(1,332)	(723)	(2,055)	(792)	(8,991)	(9,783)
Interbank market debt and Institutional market debt	(1,700)	(784)	(2,484)	3,768	13,442	17,210
Interbank market debt	(2,001)	(1,948)	(3,949)	1,734	13,913	15,647
Institutional market debt	301	1,164	1,465	2,034	(471)	1,563
Reserves for insurance and private pension and Liabilities for capitalization plans	30	(2,805)	(2,775)	594	(9,193)	(8,599)
Other Interest-bearing liabilities	(2)	49	47	9	(156)	(147)

(1) Volume change has been computed as the change in the average interest-earning assets or interest-bearing liabilities from one period to the other multiplied by the average yield/rate in the earlier period.

(2) Yield/rate change has been computed as the change in the yield/rate in the period multiplied by the average interest-earning assets or interest-bearing liabilities in the earlier period.

(3) We allocated the net change from the combined effects of volume and yield/rate proportionately to volume change and yield/rate change, in absolute terms.

Net Interest Margin and Spread

The following table sets forth our average interest-earning assets, total average interest bearing liabilities, net interest income and the comparative net interest margin and net interest spread for the periods indicated below.

	2021	2020	2019
	<i>(In millions of R\$, except percentages)</i>		
Total average interest-earning assets	1,794,797	1,671,121	1,430,016
Total average interest-bearing liabilities	1,557,003	1,487,957	1,260,477
Net interest income (1)	76,626	47,364	68,423
Average yield on average interest-earning assets (2)	8.1%	7.2%	10.1%
Average rate on average interest-bearing liabilities (3)	4.5%	4.9%	6.0%
Net interest spread (4)	3.7%	2.3%	4.1%
Net interest margin (5)	4.3%	2.8%	4.8%

(1) Is the sum of total interest, total interest, similar income and total expenses and similar expenses and Income of Financial Assets and Liabilities at Fair Value through Profit or Loss and similar expenses.

(2) Total interest, similar income and dividends divided by total average interest-earning assets.

(3) Total interest and similar expenses divided by total average interest-bearing liabilities.

(4) Difference between the average yield on interest-earning assets and the average rate on interest-bearing liabilities.

(5) Net interest income divided by total average interest-earning assets.

Assets**Portfolio of Securities and Derivative Financial Instruments****General information**

We present below our portfolio of financial assets at fair value through profit or loss – Securities, Financial Assets at Fair Value Through Other Comprehensive Income, Financial Assets at Amortized Cost and Derivative Financial Instruments as of December 31, 2021, 2020 and 2019.

The amounts exclude our investments in securities of unconsolidated companies. For further information on our investments in unconsolidated companies, see “Note 2.4(e) – Investments in Associates and Joint Ventures” to our audited consolidated financial statements. Financial assets held for trading and designated at fair value through profit or loss and financial assets at fair value through other comprehensive income are stated at fair value and financial assets at amortized cost—securities are stated at amortized cost. Please see “Note 2 – Significant Accounting Policies” to our audited consolidated financial statements for further details.

[Table of Contents](#)

As of December 31, 2021, we held securities issued by the Brazilian federal government classified as “Government Securities – Domestic” with an aggregate book value and an aggregate market value of R\$365,983 million and R\$362,449 million, respectively, which represented 220.37% of our consolidated stockholders’ equity as of that date. As of December 31, 2020, we held securities issued by the Brazilian federal government classified as “Government Securities – Domestic” with an aggregate book value and an aggregate market value of R\$417,816 million and R\$422,098 million, respectively, which represented 273.16% of our consolidated stockholders’ equity as of that date. As of December 31, 2019, we held securities issued by the Brazilian federal government classified as “Government Securities – Domestic” with an aggregate book value and an aggregate market value of R\$324,673 million and R\$327,681 million, respectively, which represented 219.24% of our consolidated stockholders’ equity as of that date. As of December 31, 2021, we did not hold securities of any other issuer the book value of which in the aggregate represented more than 10.0% of our consolidated stockholders’ equity. This is due to our conservative asset and liabilities management and our liquidity in local currency maintained in securities issued by the Brazilian federal government. Additionally, securities issued by the Brazilian federal government are accepted as deposits in our operations in the market on B3.

Financial Assets at Fair Value Through Profit or Loss and Designated at Fair Value Through Profit or Loss—Securities

Listed below are the assets acquired and accrued which are either available for sale in the short term or are part of a portfolio of financial instruments that are managed as a whole and for which there is a recent history of sales in the short term. Please see “Note 5 – Financial Assets at Fair Value Through Profit or Loss and Designated at Fair Value Through Profit or Loss—Securities” to our audited consolidated financial statements for further details.

Financial Assets at Fair Value Through Profit or Loss	For The Year Ended December 31,		
	2021	2020	2019
	Fair value	Fair value	Fair value
	<i>(In millions of R\$)</i>		
Investment funds	20,139	14,204	8,267
Brazilian government securities ^(1a)	221,755	285,885	219,611
Government securities – abroad ^(1b)	5,561	8,210	1,520
Argentina	930	1,498	318
Chile	837	840	488
Colombia	1,059	3,603	409
United States	2,671	2,085	141
Mexico	19	5	57
Paraguay	10	3	2
Peru	8	5	8
Uruguay	27	41	97
Italy	—	130	—
Corporate securities ^(1c)	114,468	77,032	50,642
Shares	19,357	19,047	14,637
Rural product note	6,852	2,349	—
Bank deposit certificates	150	729	792
Real estate receivables certificates	1,012	548	1,444
Debentures	65,788	29,937	12,655
Eurobonds and other	5,253	2,383	2,173
Financial bills	10,111	15,783	18,514
Promissory and commercial notes	4,684	5,616	313
Other	1,261	640	114
Total	361,923	385,331	280,040

(1) Financial assets at fair value through profit or loss – Securities pledged as Guarantee of Funding of Financial Institutions and Customers were: a) R\$ 50,116 (R\$ 12,181 at 12/31/2020 and R\$ 28,759 at 12/31/2019), b) R\$ 171 (R\$ 765 at 12/31/2020 and R\$ 329 at 12/31/2019) and c) R\$ 15,984 (R\$ 8,556 at 12/31/2020 and R\$ 104 at 12/31/2019), totaling R\$ 66,271 (R\$ 21,502 at 12/31/2020 and R\$ 29,192 at 12/31/2019).

We note that Brazilian government securities represented over 61.66% of our portfolio of financial assets at fair value through profit or loss in 2021. Brazilian government securities classified at fair value through profit or loss represented 10.9% of our total assets in the same period. Please see “Item 3D. Risk Factors—Risks Associated with our Business—Credit Risks—We may incur losses associated with counterparty exposure risks, including the Brazilian federal government” for further details.

Assets at Fair Value Through Other Comprehensive Income

Listed below are financial assets that, according to our management’s understanding, may be sold in response to, or before changes in, market conditions and are not classified as financial assets at fair value through profit or loss, loans and receivables or held to maturity. Please see “Note 8 – Financial Assets at Fair Value Through Other Comprehensive Income – Securities” to our audited consolidated financial statements for further details.

[Table of Contents](#)

	For The Year Ended December 31,		
	2021	2020	2019
Financial Assets at Fair Value Through Other Comprehensive Income	Fair value	Fair value	Fair value
	<i>(In millions of R\$)</i>		
Brazilian government securities ^(1a)	69,642	67,949	50,732
Other	—	—	—
Government securities – abroad ^(1b)	30,194	34,402	20,571
Germany	—	—	23
Argentina	405	—	—
Colombia	1,847	3,986	3,878
Chile	19,734	21,651	11,208
United States	4,518	3,750	2,756
Italy	—	—	329
Mexico	1,022	1,181	—
Paraguay	1,459	2,947	1,780
Uruguay	1,209	887	597
Corporate securities ^(1c)	5,786	7,591	5,357
Shares	743	1,382	149
Bank deposit certificates	131	307	2,371
Securitized real estate loans	—	—	26
Debentures	351	889	334
Eurobonds and others	4,498	5,013	2,477
Financial bills	6	—	—
Other	57	—	—
Total	105,622	109,942	76,660

(1) The fair value of Financial assets at fair value through other comprehensive income—Securities pledged in guarantee of funding transactions of financial institutions and customers were: a) R\$ 43,500 (R\$ 35,203 at 12/31/2020 and R\$ 27,864 at 12/31/2019), b) R\$ 2,385 (R\$ 2,398 at 12/31/2020 and R\$ 590 at 12/31/2019) and c) R\$ 778 (R\$ 518 at 12/31/2020), totaling R\$ 40,723 (R\$ 38,119 at 12/31/2020 and R\$ 28,454 at 12/31/2019).

Brazilian government securities and corporate securities represented 65.9% and 3.4%, respectively, of our portfolio of assets at fair value through other comprehensive income in 2021. Brazilian government securities and corporate securities classified as assets at fair value through other comprehensive income, which are used as a hedge for our subordinated debt portfolio, represented 5.5% and 0.3%, respectively, of our total assets in the same period.

Financial Assets at Amortized Cost

Listed below are non-derivative financial assets that we have the intention and financial ability to held to maturity. Please see “Note 9– Financial assets at amortized cost – Securities” to our audited financial statements for further details.

[Table of Contents](#)

Financial Assets at Amortized Cost	For the Year Ended December 31,		
	2021	2020	2019
	Fair Value	Fair Value	Fair Value
	<i>(In millions of R\$)</i>		
Brazilian government securities ^(1a)	68,008	64,524	56,303
Government securities – abroad	24,881	19,081	17,226
Colombia	924	500	335
Chile	828	704	621
Korea	5,604	3,947	3,427
Spain	6,131	4,844	4,984
United States	—	—	80
Mexico	11,372	9,036	7,763
Uruguay	22	50	16
Corporate securities ^(1b)	52,909	43,134	56,937
Rural product note	5,892	3,474	5,341
Bank deposit certificates	109	30	54
Securitized real estate loans	3,987	4,794	5,842
Debentures	37,520	31,897	38,521
Eurobonds and others	455	208	1,082
Financial bills	51	—	—
Promissory and commercial notes	4,217	2,013	4,998
Other	678	718	1,099
Total	145,798	126,739	130,466

(1) Financial Assets at Amortized Cost – Securities Pledged as Collateral of Funding Transactions of Financial Institutions and Customers were: a) R\$ 12,570 (R\$ 13,786 at 12/31/2020 and R\$ 9,583 at 12/31/2019); and b) R\$ 11,358 (R\$ 14,364 at 12/31/2020 and R\$ 17,457 at 12/31/2019), totaling R\$ 23,928 (R\$ 28,150 at 12/31/2020 and R\$ 27,040 at 12/31/2019).

We note that Brazilian government securities represented over 46.6% of our portfolio of financial assets at amortized cost in 2021. Brazilian government securities classified at amortized cost represented 3.3% of our total assets in the same period.

Derivatives

Derivatives are classified on the date of their acquisition in accordance with our management's intention to use them as a hedging instrument, as determined by Brazilian regulations. Please see Note 6 – "Derivatives" of our audited financial statements for further details. Our derivatives portfolio (assets and liabilities) is composed of futures, forward, swaps, options and credit derivatives, as stated in the table below:

[Table of Contents](#)

<u>Derivative Financial Instruments</u>	For The Year Ended December 31,					
	2021	% of total	2020	% of total	2019	% of total
	<i>(In millions of R\$, except percentages)</i>		<i>(In millions of R\$, except percentages)</i>			
Assets						
Options agreements	21,252	30.8	20,418	26.7	8,456	20.2
Forwards	3,111	4.5	2,085	2.7	2,162	5.2
Swaps – adjustment receivable	38,014	55.0	46,019	60.2	26,458	63.2
Credit derivatives	242	0.4	156	0.2	167	0.4
NDF—Non Deliverable Foward	5,943	8.6	7,596	9.9	4,446	10.6
Others—derivative financial instruments	483	0.7	230	0.3	165	0.4
Total derivative financial instruments assets	69,045	100.0	76,504	100.0	41,854	100.0
Derivative financial instruments as percentage of total assets	3.3%		3.8%		2.6%	
Liabilities						
Options agreements	(22,547)	35.7	(20,262)	25.5	(9,061)	18.9
Forwards	(762)	1.2	(905)	1.1	(754)	1.6
Swaps – adjustment payable	(34,646)	54.9	(51,789)	65.1	(32,927)	68.8
Credit derivatives	(198)	0.3	(76)	0.1	(40)	0.1
NDF—Non Deliverable Foward	(4,896)	7.7	(6,426)	8.1	(4,971)	10.4
Others—derivative financial instruments	(155)	0.2	(47)	0.1	(75)	0.2
Total derivative financial instruments liabilities	(63,204)	100.0	(79,505)	100.0	(47,828)	100.0
Derivative financial instruments as percentage of total liabilities and stockholder's equity	3.1%		3.9%		2.9%	

[Table of Contents](#)

Distribution of our financial assets by maturity	As of December 31, 2021											
	No stated maturity		Due in 1 year or less		Due after 1 year to 5 years		Due after 5 years to 10 years		Due after 10 years		Total	
	RS	Average yield (%)	RS	Average yield (%)	RS	Average yield (%)	RS	Average yield (%)	RS	Average yield (%)	RS	Average yield (%)
	<i>(In millions of R\$, except percentages)</i>											
At Fair Value Through Profit or Loss	32,853		44,204		211,325		50,688		22,853		361,923	
Investment funds ⁽¹⁾	13,496	—	167	—	6,311	0.0	165	—	—	—	20,139	0.0
Government securities—domestic	—	—	29,283	6.8	156,123	6.4	23,251	4.4	13,098	5.1	221,755	6.2
Government securities—abroad	—	—	4,031	—	865	—	530	—	135	—	5,561	—
Argentina	—	—	890	2.3	35	0.7	3	2.3	2	0.0	930	2.3
United States	—	—	2,479	0.2	—	—	192	14.1	—	—	2,671	1.2
Mexico	—	—	—	—	3	6.6	13	8.6	3	14.2	19	9.2
Chile	—	—	632	0.4	189	0.0	4	3.4	12	0.5	837	0.3
Paraguay	—	—	6	3.2	2	3.8	1	5.3	1	3.3	10	3.5
Uruguay	—	—	19	1.8	1	10.0	6	8.7	1	13.3	27	4.0
Colombia	—	—	5	3.5	630	0.9	311	1.2	113	0.6	1,059	0.9
Italy	—	—	—	—	—	—	—	—	—	—	—	—
Peru	—	—	—	—	5	—	—	—	3	—	8	—
Corporate securities	19,357	—	10,723	—	48,026	—	26,742	—	9,620	—	114,468	—
Shares	19,357	0.0	—	0.0	—	—	—	—	—	—	19,357	0.0
Securitized real estate loans	—	—	—	—	437	0.5	365	0.2	210	1.6	1,012	0.6
Bank deposit certificates	—	—	24	1.8	126	0.6	—	—	—	—	150	0.8
Debentures	—	—	2,596	0.1	30,059	6.5	24,009	9.7	9,124	13.9	65,788	8.4
Eurobonds and other	—	—	811	3.2	3,902	5.7	462	6.5	78	3.3	5,253	5.4
Financial credit bills	—	—	1,960	2.0	6,724	1.2	1,219	0.4	208	—	10,111	1.3
Promissory notes	—	—	2,395	7.4	2,289	2.0	—	—	—	—	4,684	4.8
Rural product note	—	—	2,593	29.1	4,000	18.0	259	24.4	—	—	6,852	22.4
Other	—	—	344	0.4	489	0.9	428	1.8	—	—	1,261	1.1
Financial assets designated at fair value through profit or loss—Government securities—domestic—Brazilian external debt bonds	—	—	1,458	—	1,586	—	—	—	—	—	3,044	—
Derivatives	—	—	33,416	—	20,777	—	14,852	—	—	—	69,045	—
At Fair Value Through Other Comprehensive Income	743	—	25,685	—	63,256	—	11,557	—	4,381	—	105,622	—
Government securities—domestic	—	—	3,120	4.5	51,747	10.1	10,431	19.3	4,344	22.8	69,642	12.0
Government securities—abroad	—	—	20,658	—	8,945	—	590	—	1	—	30,194	—
Argentina	—	—	405	5.1	—	—	—	—	—	—	405	5.1
United States	—	—	4,518	—	—	—	—	—	—	—	4,518	—
Mexico	—	—	1,022	5.6	—	—	—	—	—	—	1,022	5.6
Chile	—	—	12,159	0.3	7,222	0.2	353	0.3	—	—	19,734	0.3
Paraguay	—	—	1,099	—	137	—	223	—	—	—	1,459	—
Uruguay	—	—	1,190	—	4	—	14	—	1	—	1,209	—
Colombia	—	—	265	1.5	1,582	2.6	—	—	—	—	1,847	2.4
Corporate securities	743	—	1,907	—	2,564	—	536	—	36	—	5,786	—
Shares	743	—	—	—	—	—	—	—	—	—	743	—
Bank deposit certificates	—	—	124	1.1	7	7.9	—	—	—	—	131	1.5
Debentures	—	—	—	—	84	2.4	267	25.3	—	—	351	19.8
Eurobonds and others	—	—	1,783	0.6	2,410	2.1	269	3.6	36	7.0	4,498	1.6
Financial credit bills	—	—	—	—	6	2.7	—	—	—	—	6	—
Other	—	—	—	—	57	0.3	—	—	—	—	57	—
At Amortized Cost	—	—	45,169	—	69,965	—	25,600	—	5,064	—	145,798	—
Government securities—domestic	—	—	14,575	11.3	38,595	11.6	10,767	10.4	4,071	13.4	68,008	11.4
Government securities—abroad	—	—	21,671	—	2,479	—	709	—	22	—	24,881	—
Colombia	—	—	924	0.7	—	—	—	—	—	—	924	0.7
Chile	—	—	—	—	119	5.9	709	7.4	—	—	828	7.2
Korea	—	—	5,233	0.1	371	—	—	—	—	—	5,604	0.1
Spain	—	—	4,142	—	1,989	0.1	—	—	—	—	6,131	0.0
Mexico	—	—	11,372	4.3	—	—	—	—	—	—	11,372	4.3
Uruguay	—	—	—	—	—	—	—	—	22	—	22	—
Corporate securities	—	—	8,923	—	28,891	—	14,124	—	971	—	52,909	—
Rural product note	—	—	3,178	12.1	2,485	4.4	229	22.8	—	—	5,892	9.3
Bank deposit certificates	—	0.0	6	1.1	103	0.7	—	—	—	—	109	0.7
Securitized real estate loans	—	—	12	0.9	2,365	2.3	1,047	0.7	563	0.0	3,987	1.5
Debentures	—	—	4,513	10.9	19,783	13.2	12,816	11.5	408	22.4	37,520	12.5
Eurobonds and other	—	—	85	2.1	370	5.8	—	—	—	—	455	5.2
Financial credit bills	—	—	—	—	51	1.7	—	—	—	—	51	1.7
Promissory notes	—	—	1,111	2.4	3,096	4.1	10	1.9	—	—	4,217	3.6
Other	—	—	18	—	638	—	22	—	—	—	678	—

(1) Average yields are not shown for these securities, as such yields are not meaningful because future yields are not quantifiable. These securities have been excluded from the calculation of the total yield.

[Table of Contents](#)

Distribution of our financial assets by currency	Securities		Derivatives		Total
	Amortized Cost	Fair Value Through Profit or Loss	Fair Value Through other Comprehensive Income	Fair Value Through Profit or Loss	
As of December 31, 2021	145,798	364,967	105,622	69,045	685,432
Denominated in Brazilian currency	112,553	338,358	42,485	9,711	503,107
Denominated in Brazilian currency and indexed by foreign currency (1)	11,377	4,981	2,163	6,905	25,426
Denominated in foreign currency (1)	21,868	21,628	60,974	52,429	156,899
As of December 31, 2020	126,739	389,071	109,942	76,504	702,256
Denominated in Brazilian currency	100,083	360,885	46,704	9,794	517,466
Denominated in Brazilian currency and indexed by foreign currency (1)	—	4,833	2,298	8,436	15,567
Denominated in foreign currency (1)	26,656	23,353	60,940	58,274	169,223
As of December 31, 2019	130,466	281,075	76,660	41,854	530,055
Denominated in Brazilian currency	109,555	267,612	38,139	7,974	423,280
Denominated in Brazilian currency and indexed by foreign currency (1)	—	3,444	853	2,231	6,528
Denominated in foreign currency (1)	20,911	10,019	37,668	31,649	100,247

(1) Predominantly U.S. dollars.

(2) Restated to take into account the effect of IFRS 9, which we retroactively adopted as of January 1, 2016.

For the purpose of analyzing the exposure of variations in foreign exchange rates, the table below presents the composition of our derivative financial instruments as of December 31, 2021 in *reais* and in foreign currency, including the instruments denominated in foreign currencies. For the notional amount of derivative financial instruments, please see “Note 6 – Derivatives” to our audited consolidated financial statements.

Derivative financial instruments (notional amounts)	For The Year Ended December 31, 2021		
	Brazilian Currency	Denominated in or linked to Foreign Currency	Total
	<i>(In millions of R\$)</i>		
Swap contracts			
Buy (Sale) commitments, net	7,679	(7,679)	—
Forward contracts			
Buy (Sale) commitments, net	2,970	24,178	27,148
Future contracts			
Buy (Sale) commitments, net	85,128	(1,119)	84,009
Option contracts Buy (Sale) commitments, net	528	5,320	5,848
Others			
Buy (Sale) commitments, net	9,420	52	9,472

Reserve Requirements

Brazilian financial institutions are required to place reserves with the Central Bank. The reserve requirements are tools utilized by the Central Bank to control the liquidity of the Brazilian financial system, for both monetary policy and risk mitigation purposes. These requirements are applied to balances on demand deposits, saving account deposits and time deposits. The below table sets forth the required reserve for each type of deposit:

Required reserve deposits	Regulation (1)	Yield	As of December 31,		
			2021	2020	2019
Demand Deposits					
Compulsory	Circular				
	No. 3,917	Zero	21%	21%	21%
Rural (2)	Resolution				
	No. 4,669	Zero	30%	30%	30%
Microcredit (2)	Resolution				
	No. 4,861	Zero	2%	2%	2%
Savings Accounts (3)					
Compulsory	Circular				
	No. 3,975	TR + 6.17% p.a.	20.0%	20.0%	20.0%
Real estate financing (2)	Resolution				
	No. 4,676	80% (TR + 6.17% p.a.)	65%	65%	65%
Time and Interbank Deposits Received from Leasing Companies					
Compulsory	Circular				
	No. 3,916	SELIC	20%	17%	31%

(1) Most recent regulation on the matter.

(2) This is a compulsory investment of resources that is made in eligible transactions, that is, the funds are granted to other economic entities.

(3) Remuneration on funds in savings deposits:

For deposits made until March 5, 2012, inclusive: TR + 6.17% per annum.

For deposits made after March 5, 2012: (a) If the target of the Selic rate is higher than 8.5% per annum: TR + 6.17% per annum; (b) If the target of the Selic rate is lower than 8.5% per annum: TR + 70% of the target of the Selic rate per annum.

[Table of Contents](#)

As of December 31, 2021, we recorded R\$104,592 million in compulsory deposits in cash compared to R\$90,059 million as of December 31, 2020 and R\$92,580 million in interest-bearing deposits in December 31, 2021 compared to R\$ 83,133 million as of December 31, 2020.

Required reserve deposits	2021		2020		2019	
	R\$	% of total required reserve deposits	R\$	% of total required reserve deposits	R\$	% of total required reserve deposits
Non-interest bearing deposits ⁽¹⁾	12,012	11.5	6,926	7.7	4,412	4.8
Interest-bearing deposits ⁽²⁾	92,580	88.5	83,133	92.3	86,836	95.2
Total	104,592	100.0	90,059	100.0	91,248	100.0

(In millions of R\$, except percentages)

(1) Mainly related to demand deposits.

(2) Mainly related to time and savings deposits.

Loan and lease operations

Most of our loans are granted to clients domiciled in Brazil and are denominated in Brazilian *reais*. Additionally, 47.9% of our credit portfolio consists of transactions with fixed interest rates and 52.1% of our credit portfolio consists of transactions with variable interest rates.

Indexation

Most of our portfolio is denominated in Brazilian *reais*. However, a portion of our portfolio is indexed to foreign currencies, primarily the U.S. dollar. The foreign currency portion of our portfolio consists of loans and financing for foreign trade and onlending operations. Our loans abroad represented 31.6% ,34.4% and 34.1% of our loan portfolio as of December 31, 2021, 2020 and 2019, respectively, see “Note 32 – Risk and Capital Management, 1.4. Maximum Exposure of Financial Assets to Credit Risk” to our audited consolidated financial statements for further details.

Loan and lease operations by type

The following table sets forth the distribution of our credit portfolio according to the type of loan and lease operations, as follows:

- The Individuals portfolio consists primarily of credit cards, personal loans (primarily including consumer finance and overdrafts), payroll loans, vehicle financing and residential mortgage loans;
- The Corporate portfolio consists primarily of loans made to large corporate clients;
- The Small and Medium Businesses portfolio consists primarily of loans to small and medium-sized companies; and
- The Foreign Loans – Latin America portfolio consists of loans granted to individuals and companies by our operations in Argentina, Chile, Colombia, Paraguay and Uruguay.

[Table of Contents](#)

Loan and Lease Operations, by type ⁽¹⁾	2021		2020		2019	
	Loan	Allowance (2)	Loan	Allowance (2)	Loan	Allowance (2)
	<i>(In millions of R\$)</i>					
Individuals	332,536	24,220	255,483	21,130	240,490	19,453
Corporate	135,035	4,807	134,521	7,953	100,789	6,885
Small and Medium Businesses	149,970	7,391	121,955	6,369	90,733	4,549
Foreign Loans Latin America ⁽³⁾	205,049	7,898	202,145	12,870	153,779	6,621
Total Loan operations and lease operations portfolio	822,590	44,316	714,104	48,322	585,791	37,508

- (1) We classify all loans and leases more than 60 days overdue as non-accrual loans and we discontinue accruing financial income related to them. The contractual amount of non-accrual loans were R\$ 26,630 million, R\$ 22,611 million and R\$ 23,555 million as of December 31, 2021, 2020 and 2019, respectively. The total of renegotiated loans in the balance of non-accrual loans reflected herein was R\$ 6,108 million, R\$ 5,944 million and R\$ 4,092 million as of December 31, 2021, 2020 and 2019, respectively. Non-accrual loans are presented herein in the appropriate category of loan and lease operations.
- (2) Comprises Provision for Expected Loss for Financial Guarantees Pledged R\$ 767 million (R\$ 907 million and R\$ 837 million as of December 31, 2020 and 2019) and Commitments to be Released R\$4,433 million (R\$3,485 million and R\$3,303 million as of December 31, 2020 and 2019).
- (3) As of December 31, 2021 other than "Foreign Loans Latin America", 21% of Corporate and 17% of Small and Medium Businesses correspond to cross-border outstanding.

Loan and lease operations by maturity

The following table sets forth the distribution of our credit portfolio by maturity, including non-overdue and overdue installments, according to the type of loan and lease:

Non-Overdue Installments Type of loan and lease	12/31/2021				Total Non-Overdue Installments
	Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years	
	<i>(In millions of R\$)</i>				
Individuals	167,227	99,920	40,705	11,528	319,380
Corporate	75,189	47,409	10,977	260	133,835
Small and Medium Businesses	91,661	54,223	1,385	125	147,394
Foreign Loans Latin America	83,182	65,765	26,364	25,711	201,022
Total ⁽¹⁾	417,259	267,317	79,431	37,624	801,631

- (1) Includes R\$ 15,752 million related to non-overdue installments of the non-accrual loans.

Non-Overdue Installments Type of loan and lease	12/31/2020				Total Non-Overdue Installments
	Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years	
	<i>(In millions of R\$)</i>				
Individuals	131,805	79,572	26,838	6,635	244,850
Corporate	76,200	51,695	4,947	299	133,141
Small and Medium Businesses	67,065	52,024	650	145	119,884
Foreign Loans Latin America	79,449	67,432	39,509	11,156	197,546
Total ⁽¹⁾	354,519	250,723	71,944	18,235	695,421

- (1) Includes R\$ 8,986 million related to non-overdue installments of the non-accrual loans.

Non-Overdue Installments Type of loan and lease	12/31/2019				Total Non-Overdue Installments
	Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years	
	<i>(In millions of R\$)</i>				
Individuals	133,960	68,822	19,865	4,419	227,066
Corporate	58,043	34,716	6,902	297	99,958
Small and Medium Businesses	60,215	27,491	522	101	88,329
Foreign Loans Latin America	62,410	52,174	28,153	6,438	149,175
Total ⁽¹⁾	314,628	183,203	55,442	11,255	564,528

- (1) Includes R\$ 8,454 million related to non-overdue installments of the non-accrual loans.

[Table of Contents](#)

Overdue Installments ⁽¹⁾	12/31/2021				Total overdue installments	Total gross loans	Allowance for loan losses	Total net
	Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years				
Type of loan and lease	<i>(In millions of R\$)</i>							
Individuals	11,362	1,795	—	—	13,157	332,536	(24,220)	308,316
Corporate	1,186	14	—	—	1,200	135,035	(4,807)	130,228
Small and Medium Businesses	2,150	426	—	—	2,576	149,970	(7,391)	142,579
Foreign Loans Latin America	3,893	134	—	—	4,027	205,049	(7,898)	197,151
Total ⁽²⁾	18,591	2,369	—	—	20,960	822,590	(44,316)	778,274

(1) Defined as loans and leases contractually past due as to payment of interest or principal.

(2) Includes R\$ 10,879 million related to overdue installments of the non-accrual loans.

Overdue Installments ⁽¹⁾	12/31/2020				Total overdue installments	Total gross loans	Allowance for loan losses	Total net
	Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years				
Type of loan and lease	<i>(In millions of R\$)</i>							
Individuals	8,793	1,840	—	—	10,633	255,483	(21,130)	234,353
Corporate	1,337	43	—	—	1,380	134,521	(7,953)	126,568
Small and Medium Businesses	1,653	418	—	—	2,071	121,955	(6,369)	115,586
Foreign Loans Latin America	4,428	171	—	—	4,599	202,145	(12,870)	189,275
Total ⁽²⁾	16,211	2,472	—	—	18,683	714,104	(48,322)	665,782

(1) Defined as loans and leases contractually past due as to payment of interest or principal.

(2) Includes R\$ 13,625 million related to overdue installments of the non-accrual loans.

Overdue Installments ⁽¹⁾	12/31/2019				Total overdue installments	Total gross loans	Allowance for loan losses	Total net
	Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years				
Type of loan and lease	<i>(In millions of R\$)</i>							
Individuals	11,568	1,856	—	—	13,424	240,490	(19,453)	221,037
Corporate	829	2	—	—	831	100,789	(6,885)	93,904
Small and Medium Businesses	2,015	389	—	—	2,404	90,733	(4,549)	86,184
Foreign Loans Latin America	4,452	152	—	—	4,604	153,779	(6,621)	147,158
Total ⁽²⁾	18,864	2,399	—	—	21,263	585,791	(37,508)	548,283

(1) Defined as loans and leases contractually past due as to payment of interest or principal.

(2) Includes R\$15,101 million related to overdue installments of the non-accrual loans.

Loan and Lease Operations by interest rate

The following table sets forth the classification of our credit portfolio into fixed and variable rates, including non-overdue and overdue installments:

[Table of Contents](#)**Non-Overdue Installments****Interest rate of loans to customers by maturity**

Variable rates

Fixed rates

Total ⁽¹⁾

12/31/2021				
Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years	Total Non-Overdue Installments
<i>(In millions of R\$)</i>				
160,971	152,910	72,811	37,624	424,316
256,288	114,407	6,620	—	377,315
417,259	267,317	79,431	37,624	801,631

(1) Includes R\$15,752 million related to non-overdue installments of the non-accrual loans.

Non-Overdue Installments**Interest rate of loans to customers by maturity**

Variable rates

Fixed rates

Total ⁽¹⁾

12/31/2020				
Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years	Total Non-Overdue Installments
<i>(In millions of R\$)</i>				
152,060	147,098	66,844	18,235	384,237
202,459	103,625	5,100	—	311,184
354,519	250,723	71,944	18,235	695,421

(1) Includes R\$8,986 million related to non-overdue installments of the non-accrual loans.

Non-Overdue Installments**Interest rate of loans to customers by maturity**

Variable rates

Fixed rates

Total ⁽¹⁾

12/31/2019				
Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years	Total Non-Overdue Installments
<i>(In millions of R\$)</i>				
120,353	108,615	53,157	11,255	293,380
194,275	74,588	2,285	—	271,148
314,628	183,203	55,442	11,255	564,528

(1) Includes R\$8,454 million related to non-overdue installments of the non-accrual loans.

Overdue Installments ⁽¹⁾**Interest rate of loans to customers by maturity**

Variable rates

Fixed rates

Total ⁽²⁾

12/31/2021					
Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years	Total overdue installments	Total gross loans
<i>(In millions of R\$)</i>					
4,304	150	—	—	4,454	428,770
14,287	2,219	—	—	16,506	393,820
18,591	2,369	—	—	20,960	822,590

(1) Defined as loans and leases contractually past due as to payment of interest or principal.

(2) Includes R\$10,879 million related to overdue installments of the non-accrual loans.

Overdue Installments ⁽¹⁾**Interest rate of loans to customers by maturity**

Variable rates

Fixed rates

Total ⁽²⁾

12/31/2020					
Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years	Total overdue installments	Total gross loans
<i>(In millions of R\$)</i>					
5,579	242	—	—	5,821	390,058
10,632	2,230	—	—	12,862	324,046
16,211	2,472	—	—	18,683	714,104

(1) Defined as loans and leases contractually past due as to payment of interest or principal.

(2) Includes R\$13,625 million related to overdue installments of the non-accrual loans.

Overdue Installments ⁽¹⁾**Interest rate of loans to customers by maturity**

Variable rates

Fixed rates

Total ⁽²⁾

12/31/2019					
Due in one year or less	Due in one year to five years	Due in one five to fifteen years	Due after fifteen years	Total overdue installments	Total gross loans
<i>(In millions of R\$)</i>					
5,252	163	—	—	5,415	298,795
13,612	2,236	—	—	15,848	286,996
18,864	2,399	—	—	21,263	585,791

(1) Defined as loans and leases contractually past due as to payment of interest or principal.

(2) Includes R\$15,101 million related to overdue installments of the non-accrual loans.

Loan and Lease Operations by economic activity

The following table sets forth the composition of our credit portfolio, including non-accrual loan operations, by economic activity of the borrower as of the periods indicated below.

[Table of Contents](#)

Economic Activities	For The Year Ended December 31,					
	2021		2020		2019	
	Loan portfolio	% of Loan portfolio	Loan portfolio	% of Loan portfolio	Loan portfolio	% of Loan portfolio
Industry and commerce	190,491	23.1	163,784	22.9	129,998	22.2
Services	173,332	21.1	172,322	24.1	126,718	21.6
Individuals	421,115	51.2	340,433	47.7	302,382	51.6
Other sectors	37,652	4.6	37,565	5.3	26,693	4.6
Total	822,590	100.0	714,104	100.0	585,791	100.0

As of December 31, 2021, we did not have any concentration of loan and lease operations exceeding 10% of our total portfolio that we did not disclose in one of the categories of loans and losses above.

Loan and Lease Operations by concentration

The following table sets forth the composition of our credit portfolio by concentration with respect to the amounts owed by the debtors as of the periods indicated below:

Concentration	For the Year Ended December 31,					
	2021		2020		2019	
	Loan portfolio	% of Loan portfolio	Loan portfolio	% of Loan portfolio	Loan portfolio	% of Loan portfolio
	<i>(In millions of R\$, except percentages)</i>					
Largest debtor	6,414	0.8	7,243	1.0	5,389	0.9
10 largest debtors	33,694	4.1	37,863	5.3	29,340	5.0
20 largest debtors	49,541	6.0	54,812	7.7	44,712	7.6
50 largest debtors	79,403	9.7	83,438	11.7	71,965	12.3
100 largest debtors	111,116	13.5	112,333	15.7	97,695	16.7

Non-accrual Loans

We consider a loan to be a non-accrual loan if the payment of principal or interest is in default for 60 days or more. When this occurs, accrual of interest is no longer recognized.

Write-offs

When there is no reasonable expectation of recovery of a financial asset, considering historical curves, we carry out a total or partial write-off concurrently with the use of the related allowance for expected credit loss, with no effect on our Consolidated Statement of Income. Subsequent recoveries of amounts previously written off are accounted for as income in our Consolidated Statement of Income.

Information on the Quality of Loans and Leases

The table below shows our non-accrual loans together with certain asset quality ratios.

[Table of Contents](#)

	For The Year Ended December 31,		
	2021	2020	2019
	<i>(In millions of R\$, except percentages)</i>		
Allowance for loan losses ⁽¹⁾	44,316	48,322	37,508
Total loans and leases operations portfolio	822,590	714,104	585,791
Allowance for loan losses as a percentage of total loans (%)	5.4	6.8	6.4

(1) Comprises Provision for Expected Loss for Financial Guarantees Pledged R\$ 767 million (R\$ 907 million and R\$ 837 million as of December 31, 2020 and 2019) and Commitments to be Released R\$ 4,433 million (R\$ 3,485 million and R\$ 3,303 million as of December 31, 2020 and 2019).

Impairment

The requirements for assessing the impairment of financial assets are based on an expected credit loss model.

The expected credit loss model includes the use of prospective information and classification of financial assets in three stages:

- Stage 1 – 12-month expected credit loss: represents default events possible within 12 months. Applicable to financial assets originated or purchased without credit recovery issues;
- Stage 2 – Lifetime expected credit loss of financial instrument: considers all possible default events. Applicable to financial assets originated or purchased without credit recovery issues and which credit risk has increased significantly; and
- Stage 3 – Credit loss expected for credit-impaired assets: considers all possible default events. Applicable to financial assets originated or purchased with credit recovery issues. The measurement of assets classified in this stage is different from Stage 2 due to the recognition of interest income by applying the effective interest rate at amortized cost (net of provision) rather than at the gross carrying amount.

An asset will migrate from one stage to another as its credit risk increases or decreases. Therefore, a financial asset that began in Stage 1 and migrated to Stage 2 and 3 may return to Stage 1, unless it was originated or purchased with credit recovery issues.

	For The Year Ended December 31,		
	2021	2020	2019
	<i>(In millions of R\$, except percentages)</i>		
Allowance for Loan and Leases Losses ⁽¹⁾	48,322	37,508	33,509
Amount Recognized in the Balance Sheet at the beginning of period	(18,007)	(13,638)	(14,299)
Write-offs			
Individuals	(10,309)	(11,764)	(9,710)
Corporate	(310)	570	(868)
Small and Medium Businesses	(2,354)	(1,836)	(2,011)
Foreign Loans Latin America	(5,034)	(608)	(1,710)
Expected Loss with Loan Operations and Lease Operations	14,001	24,452	18,298
Amount Recognized in the Balance Sheet at the end of period	44,316	48,322	37,508
Ratio of Write-offs during the period to average loans outstanding during the period (%)	2.4	2.1	2.5
Ratio of allowance for loan losses to total loans and leases (%)	5.4	6.8	6.4

(1) Receivables are partially written off based on an estimate of recovery on a portfolio level. The recovery of receivables partially written off is the recovery on a contract level adjusted by the reduction in the estimate of remaining receivables of the portfolio. As of December 31, 2021 the recovery of loans were R\$ 929 million.

During the year ended December 31, 2021, we wrote off a total amount of R\$18,007 million from our loan portfolio and our ratio of the allowance for loan and lease losses to total loans and leases was 5.4%.

During the year ended December 31, 2020, we wrote off a total amount of R\$13,638 million from our loan portfolio and our ratio of the allowance for loan and lease losses to total loans and leases was 6.8%.

During the year ended December 31, 2019, we wrote off a total amount of R\$14,299 million from our loan portfolio and our ratio of the allowance for loan and lease losses to total loans and leases was 6.4%.

The ratio our of allowance for the Loan Losses over total loans and leases for the year ended on December 31, 2021 reached 5.4%, compared to 6.8% for the year ended on December 31, 2020. This decrease of 140 basis points was mainly due to: (i) an increase of 15.2% in the size of our loan portfolio in 2021; and (ii) a decrease of 8.3% in our allowance for the Loan Losses when compared to the same period of 2020.

[Table of Contents](#)**Allocation of the Allowance for Loan and Lease Losses**

The table below presents the details, by segment and class, as defined in the segmentation of our portfolio, of the allowance for loan and lease losses, of this allowance as a percentage of the total loan and lease losses for the corresponding segment or class, and the percentage of the total loan and leases in each segment and class in relation to the total loans and leases.

	12/31/2021			12/31/2020			12/31/2019		
	Allocated allowance ⁽¹⁾	Allocated allowance as a % of total loans and leases	Loans category as a % of total loans	Allocated allowance ⁽¹⁾	Allocated allowance as a % of total loans and leases	Loans category as a % of total loans	Allocated allowance ⁽¹⁾	Allocated allowance as a % of total loans and leases	Loans category as a % of total loans
Individuals	24,220	2.9	40.5	21,130	3.0	35.8	19,453	3.3	41.1
Corporate	4,807	0.6	16.4	7,953	1.1	18.8	6,885	1.2	17.2
Small and Medium Businesses	7,391	0.9	18.2	6,369	0.9	17.1	4,549	0.8	15.5
Foreign Loans Latin America	7,898	1.0	24.9	12,870	1.8	28.3	6,621	1.1	26.2
Total	44,316	5.4	100.0	48,322	6.8	100.0	37,508	6.4	100.0

(1) Comprises Provision for Expected Loan for Financial Guarantees Pledged R\$767 million(R\$907 million and R\$837 million as of December 31,2020 and 2019) and Commitments to be Released R\$4,433 million (R\$3,485 million and R\$3,303 million as of December 31,2020 and 2019).

Renegotiated loans include both loans for which the corresponding credit agreement's original terms were amended (amendments) and new loans originated in order to settle past due contracts or transactions with the same client (restructured loans). Amendments and restructured loans usually reflect changes in contract terms, rates or payment conditions.

Renegotiated loans return to non-performing and non-accrual status when they are 60 days past due under the renegotiated terms, which typically corresponds to the borrower missing two or more payments.

The fact that a loan or lease has been renegotiated is also taken into consideration when determining the allowance for loan and lease losses after the renegotiation. The past performance and the payment history of the client and the transaction, including the probability of another default for renegotiated transactions, are considered in our risk models in order to determine the probability of default. This probability of default is generally higher than the probability assigned to similar transactions that have never been renegotiated. Another factor considered in determining the appropriate level of the allowance for loan and lease losses is the additional collateral to be offered by the debtor. The resulting allowance levels are compatible with the risk profile of each transaction.

Our renegotiated loan portfolio decreased to 2.8% of our total loan portfolio as of December 31, 2021, compared to 3.4% as of December 31, 2020. At the end of 2021, the ratio of the renegotiated portfolio to the allowance for loan and lease losses was 34.9% compared to 33.6% as of December 31, 2020.

Our renegotiated loan portfolio increased to 3.4% of our total loan portfolio as of December 31, 2020, compared to 3.0% as of December 31, 2019. At the end of 2020, the ratio of the renegotiated portfolio to the allowance for loan and lease losses was 33.6% compared to 34.1% as of December 31, 2019.

Since 2013, we maintain our policy for the recovery of overdue loans, including loans already written off as losses, and to reduce losses, we enhanced our collection and recovery initiatives. We also adopted a policy of stricter selectivity in origination of loans, which led to lower levels of delinquency and a decreased volume of renegotiated loans.

The tables below present an additional breakdown of renegotiated loans by portfolio, in segments and types, based on the type of modification, as of December 31, 2021, 2020 and 2019:

[Table of Contents](#)

	For The Year Ended December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
	<i>(In millions of R\$)</i>			
Individuals	425	1,002	9,168	10,594
Corporate	39	66	2,862	2,967
Small and medium businesses	218	911	5,221	6,349
Foreign loans—Latin America	65	1,312	1,541	2,917
Total renegotiated loan and lease operations	746	3,290	18,792	22,827

	For The Year Ended December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
	<i>(In millions of R\$)</i>			
Individuals	322	750	9,422	10,494
Corporate	82	434	3,342	3,858
Small and medium businesses	149	927	5,306	6,382
Foreign loans—Latin America	104	1,228	2,085	3,417
Total renegotiated loan and lease operations	657	3,339	20,155	24,151

	For The Year Ended December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
	<i>(In millions of R\$)</i>			
Individuals	220	683	7,267	8,170
Corporate	60	182	3,661	3,903
Small and medium businesses	87	469	2,913	3,469
Foreign loans—Latin America	223	643	1,263	2,129
Total renegotiated loan and lease operations	590	1,977	15,104	17,671

Renegotiated Loans

The following tables present an additional breakdown of renegotiated loans and leases by segment and class, as of December 31, 2021, 2020 and 2019:

	Year ended December 31, 2021				
	Impaired performing	Non-impaired performing	Impaired non-performing	Non-impaired non-performing	Total
	<i>(In millions of R\$)</i>				
Individuals	4,243	1,167	4,925	260	10,594
Corporate	2,668	104	194	—	2,967
Small and medium businesses	2,132	946	3,088	182	6,349
Foreign loans—Latin America	1,029	1,229	512	148	2,917
Total renegotiated loan and lease operations	10,072	3,446	8,719	590	22,827

	Year ended December 31, 2020				
	Impaired performing	Non-impaired performing	Impaired non-performing	Non-impaired non-performing	Total
	<i>(In millions of R\$)</i>				
Individuals	4,338	794	5,085	278	10,495
Corporate	2,648	516	694	—	3,858
Small and medium businesses	2,467	881	2,839	194	6,381
Foreign loans—Latin America	1,394	1,207	690	126	3,417
Total renegotiated loan and lease operations	10,847	3,398	9,308	598	24,151

	Year ended December 31, 2019				
	Impaired performing	Non-impaired performing	Impaired non-performing	Non-impaired non-performing	Total
	<i>(In millions of R\$)</i>				
Individuals	3,659	749	3,608	154	8,170
Corporate	2,619	195	1,042	47	3,903
Small and medium businesses	1,352	410	1,561	146	3,469
Foreign loans—Latin America	652	738	612	127	2,129
Total renegotiated loan and lease operations	8,282	2,092	6,823	474	17,671

[Table of Contents](#)

	For The Year Ended December 31,		
	2021	2020	2019
Renegotiated loans ⁽¹⁾⁽²⁾	22,827	24,151	17,671
Allowance for loan and lease losses	7,965	8,122	6,027
Allowance for loan and lease losses/renegotiated loans (%)	34.9	33.6	34.1

- (1) Includes debt consolidation, deferment or any other arrangement that modifies the periods or conditions, of operations originally overdue.
(2) Renegotiated Loans Overdue over 30 days.

Type of Loan	For The Year Ended December 31, 2021				
	Total Renegotiated Loans	Total Allowance for Loan Losses	Allowance for Loan Losses/Renegotiated Loans (%)	Total Redefaulted Renegotiated Loans ⁽¹⁾	Redefaulted Renegotiated Loans (%)
	<i>(In millions of R\$, except percentages)</i>				
Restructured Loans	17,964	6,441	35.9	5,051	28.1
Agreements	4,864	1,523	31.3	1,057	21.7
Total	22,827	7,965	34.9	6,108	26.8

- (1) Our redefaulted renegotiated loans are renegotiated transactions 60 days or more overdue.

Type of Loan	For The Year Ended December 31, 2020				
	Total Renegotiated Loans	Total Allowance for Loan Losses	Allowance for Loan Losses/Renegotiated Loans (%)	Total Redefaulted Renegotiated Loans ⁽¹⁾	Redefaulted Renegotiated Loans (%)
	<i>(In millions of R\$, except percentages)</i>				
Restructured Loans	18,819	6,312	33.5	5,187	27.6
Agreements	5,332	1,810	33.9	757	14.2
Total	24,151	8,122	33.6	5,944	24.6

- (1) Our redefaulted renegotiated loans are renegotiated transactions 60 days or more overdue.

Type of Loan	For The Year Ended December 31, 2019				
	Total Renegotiated Loans	Total Allowance for Loan Losses	Allowance for Loan Losses/Renegotiated Loans (%)	Total Redefaulted Renegotiated Loans ⁽¹⁾	Redefaulted Renegotiated Loans (%)
	<i>(In millions of R\$, except percentages)</i>				
Restructured Loans	13,957	4,452	31.9	3,198	22.9
Agreements	3,714	1,575	42.4	894	24.1
Total	17,671	6,027	34.1	4,092	23.2

- (1) Our redefaulted renegotiated loans are renegotiated transactions 60 days or more overdue.

The table below presents the changes in our loan and lease portfolio with loss event, including the changes of the renegotiated loans and leases with loss event related to each year as of December 31, 2021, 2020 and 2019:

Impaired loans	For The Year Ended December, 31		
	2021	2020	2019
	<i>(In millions of R\$)</i>		
Balance at the beginning of the period	60,653	41,982	39,571
(+) Loan operations added	37,938	54,898	32,958
(-) Loans removed due to write-off	(18,007)	(13,638)	(14,299)
(-) Loans removed due to total or partial pay-off	(30,064)	(22,589)	(16,248)
Balance at the end of the period	50,520	60,653	41,982

Please see "Note 10 – Loan Operations and Lease Operations Portfolio" to our audited consolidated financial statements for further details.

[Table of Contents](#)**Liabilities****Funding****Main sources**

Our current funding strategy is to continue to use all of our sources of funds in accordance with their costs and availability and our general asset and liability management strategy. In order to fund our operations, we intensified the use of the liquidity generated by savings deposits, interbank deposits, debt in the interbank market and debt in the institutional market during 2021, 2020 and 2019.

We also used Brazilian debentures subject to repurchase as a source of funding, reported as deposits received under securities repurchase agreements and offered to institutional clients as well as private banking, corporate banking and retail clients. This funding is designed to provide increased profitability through higher spreads in our savings deposits and higher fees earned on market funds.

Our ability to obtain funding depends on several factors, including credit ratings, general economic conditions and investors' perception of emerging markets in general and of Brazil (particularly, current political and economic conditions in Brazil and government regulations for foreign currency funding).

Part of our long-term debt provides for the advance payment of the outstanding principal balance upon the occurrence of certain facts, as is customary for long-term financing agreements. As of December 31, 2021, none of these events, including default events and non-compliance with any financial covenant, had occurred, and we have no reason to believe that any of these events are likely to occur in 2022.

Our main sources of funding are our deposits, which are split into demand deposits, savings deposits, time deposits and interbank deposits. As of December 31, 2021, total deposits were R\$850,372 million, which represented 59.9% of total funding. As of December 31, 2020, total deposits amounted to R\$809,010 million, representing 58.8% of total funding. As of December 31, 2019, total deposits amounted to R\$507,060 million, representing 48.7% of our total funding. Our time deposits represent one of our major sources of funding which, as of December 31, 2021, 2020 and 2019 accounted for 35.0%, 35.7% and 26.6% of total funding, respectively.

The table below shows the breakdown of our main sources of funds as of December 31, 2021, 2020 and 2019:

Breakdown of the main sources of funds	2021		2020		2019	
		% of total funding		% of total funding		% of total funding
	<i>(In millions of R\$, except percentages)</i>					
Deposits	850,372	59.9	809,010	58.8	507,060	48.7
Demand deposits	158,116	11.1	134,805	9.8	82,306	7.9
Savings deposits	190,601	13.4	179,470	13.0	144,558	13.9
Time deposits	497,051	35.0	491,234	35.7	277,166	26.6
Interbank deposits	3,776	0.3	3,430	0.2	3,021	0.3
Other deposits	828	0.1	71	0.0	9	0.0
Securities sold under repurchase agreements	252,848	17.8	273,364	19.9	256,583	24.6
Interbank market funds	177,145	12.5	156,035	11.3	174,862	16.7
Real estate credit bills	10,663	0.8	4,205	0.3	7,635	0.7
Agribusiness credit bills	13,701	1.0	14,285	1.0	21,204	2.0
Financial bills	24,059	1.7	43,589	3.2	65,433	6.3
Guaranteed real estate bills	30,998	2.2	11,029	0.8	4,320	0.4
Import and export financing	86,948	6.1	71,470	5.2	64,622	6.2
On-lending-domestic	10,776	0.8	11,457	0.8	11,648	1.1
Institutional market funds	138,636	9.8	138,308	10.0	104,244	10.0
Subordinated debt	75,036	5.3	74,916	5.4	59,462	5.7
Foreing loans through securities	62,843	4.4	62,433	4.5	43,672	4.2
Funding from structured operations certificates	757	0.1	959	0.1	1,110	0.1
Total	1,419,001	100.0	1,376,717	100.0	1,042,749	100.0

[Table of Contents](#)**Deposits by maturity**

The table below shows the maturity profile of our deposits as of December 31, 2021, 2020 and 2019:

<u>Deposits by maturity</u>	For The Year Ended December 31, 2021				Total
	0-30 days	31-180 days	181-365 days <i>(In millions of R\$)</i>	Over 365 days	
Non-interest bearing deposits	158,944	—	—	—	158,944
Demand deposits	158,116	—	—	—	158,116
Other deposits	828	—	—	—	828
Interest bearing deposits	243,986	52,259	38,563	356,620	691,428
Savings accounts	190,601	—	—	—	190,601
Time deposits	52,563	50,925	37,229	356,334	497,051
Interbanks	822	1,334	1,334	286	3,776
Total	402,930	52,259	38,563	356,620	850,372

<u>Deposits by maturity</u>	For The Year Ended December 31, 2020				Total
	0-30 days	31-180 days	181-365 days <i>(In millions of R\$)</i>	Over 365 days	
Non-interest bearing deposits	134,876	—	—	—	134,876
Demand deposits	134,805	—	—	—	134,805
Other deposits	71	—	—	—	71
Interest bearing deposits	235,728	80,456	59,955	297,995	674,134
Savings accounts	179,470	—	—	—	179,470
Time deposits	55,778	78,624	59,082	297,750	491,234
Interbanks	480	1,832	873	245	3,430
Total	370,604	80,456	59,955	297,995	809,010

<u>Deposits by maturity</u>	For The Year Ended December 31, 2019				Total
	0-30 days	31-180 days	181-365 days <i>(In millions of R\$)</i>	Over 365 days	
Non-interest bearing deposits	82,315	—	—	—	82,315
Demand deposits	82,306	—	—	—	82,306
Other deposits	9	—	—	—	9
Interest bearing deposits	190,131	38,873	22,878	172,863	424,745
Savings accounts	144,558	—	—	—	144,558
Time deposits	44,855	36,928	22,675	172,708	277,166
Interbanks	718	1,945	203	155	3,021
Total	272,446	38,873	22,878	172,863	507,060

The table below shows our domestic and foreign time deposits uninsured as of and for the years ended December 31, 2021, 2020 and 2019. In Brazil, a private provides protection for local depositors while for countries abroad, time deposits are insured by different local protection systems and institutions. The table below considers that amounts arising from our operations abroad uninsured. For domestic deposits, uninsured amounts basically represent judicial deposit operations.

<u>(In millions of R\$)</u>	For The Year Ended December 31,								
	2021			2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
Maturity within three months	4	34,992	34,996	—	41,810	41,810	—	30,332	30,332
Maturity after three months to six months	—	6,394	6,394	—	15,150	15,150	4	9,933	9,937
Maturity after six months to twelve months	—	7,458	7,458	4	6,578	6,582	3	10,157	10,160
Maturity after twelve months	12	3,808	3,820	12	6,869	6,881	12	4,606	4,618
Total time deposits in Uninsured Accounts	16	52,652	52,668	16	70,407	70,423	19	55,028	55,047

The following table sets forth the mix of the individual and corporate time deposits divided among our retail, Itaú Personalité, middle market and corporate markets (each expressed as a percentage of total time deposits) as of December 31, 2021, 2020 and 2019:

	For The Year Ended December 31,		
	2021	2020	2019
	<i>(%)</i>		
Retail	9.0	7.8	11.3
Itaú Personalité	33.0	29.4	27.3
Middle market	30.8	30.1	29.2
Corporate	26.9	32.3	31.4
Institutional	0.3	0.4	0.8
Total	100.0	100.0	100.0

[Table of Contents](#)**Other sources**

We also act as a financial agent in borrowing funds from BNDES and FINAME, and lending such funds at a spread determined by the Brazilian government to targeted sectors of the economy. We obtain U.S. dollar-denominated lines of credit from our affiliates, including Itaú Unibanco Holding – Grand Cayman branch, Banco Itaú Chile and Itaú BBA S.A. – Nassau branch to provide trade finance funding for Brazilian companies. For further details on domestic lending and import and export financing, please see “Note 17 – Securities Sold under Repurchase Agreements and Interbank and Institutional Market Debts” to our audited consolidated financial statements.

[Table of Contents](#)**4C. Organizational Structure**

We are a financial holding company controlled by IUPAR, a holding company jointly controlled by Itaúsa and E. Johnston. Itaúsa and Cia. E. Johnston. Itaúsa is controlled by members of the Egydio de Souza Aranha family, and Cia. E. Johnston is controlled by members of the Moreira Salles family. See “Item 7A. Major Stockholders” for further information. For further information about our significant subsidiaries as of December 31, 2021, see Exhibit 8.1 to this annual report.

[Table of Contents](#)**4D. Property, Plant and Equipment**

As of December 31, 2021, we owned and leased our principal administrative offices, which include office buildings in 7 different addresses, comprising a total area of 348.730 square meters, located primarily in São Paulo, Brazil. Such offices include our head office, and a number of other administrative buildings, where administrative functions are performed, such as commercial departments, back offices, wholesale and investment bank activities, and also our data processing center.

We lease most of our bank branches at competitive market prices through renewable leases that expire from the second half of 2021 (currently under renewal under similar terms and conditions) until the second half of 2048.

As of December 31, 2021, we owned approximately 33% of our branches (including electronic service points, banking sites and parking lots) and leased approximately 67%.

[Table of Contents](#)**ITEM 4A. UNRESOLVED STAFF COMMENTS**

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with our consolidated audited financial statements and accompanying notes and other financial information included elsewhere in this annual report, and in conjunction with the information included under “Item 4B. Business Overview – Selected Statistical Information.” The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from these discussed in forward-looking statements as a result of various factors, including those set in forth in “Forward-Looking Statements” and “Item 3D. Risk Factors.”

In this section, we discuss the results of our operations for the year ended December 31, 2021, compared to the year ended December 31, 2020. For a discussion of the results of our operations for the year ended December 31, 2020, compared to the year ended December 31, 2019, please refer to “Item 5. – A. Operating Results – Operating and Financial Review and Prospects” in our Form 20-F for the year ended December 31, 2020, filed with the SEC on April 30, 2021.

Overview:

Our main accomplishments for 2021 are described below:

- As of December 31, 2021, our credit portfolio exceeds R\$1 trillion;
- We broke production records in real estate credit for private individuals, consolidating our position as the largest private bank in this market, according to ABECIP. In 2021, we originated R\$46 billion which represented an increase of 128% as compared to the previous year. Due to our new digital, less bureaucratized journey, we saw an increase in our transactional NPS, which increased from 35 points in March 2021, to 73 points in December 2021.

Financial Highlights:

- R\$ 2,069 billion in total assets;
- R\$ 1,904.7 billion in liabilities and other obligations;
- R\$ 152.9 billion in equity attributable to controlling shareholders;
- R\$ 1,030.7 billion in Total Loan Portfolio¹
- Tier 1 Capital Ratio which was at 13.0%.

¹ Loan portfolio with financial guarantees provided and corporate securities.

5A. Operating Results**Factors Affecting Our Results of Operations**

Our results of operations are affected by, among others, the following factors:

[Table of Contents](#)**Macroeconomic Context****o Global Context**

Global economic activity entered into a broad recession in 2020, as a result of the COVID-19 pandemic and the measures taken to contain it. GDP declined in the first half of 2020 in many important economies. Governments and central banks around the world announced a series of stimulus measures to provide support against the crisis leading to a strong GDP growth in the second half of 2020. Fiscal stimulus, along with loose financial conditions, boosted growth in 2021. GDP increased 5.2% in the Eurozone, 5.7% in the US and 8.1% in China.

Inflation has been surprising to the upside globally, which for developed markets will mean a faster withdraw of monetary stimulus. Fed is likely to raise rates above neutral this year and closer to 4.0% in 2023, and to begin a significant balance sheet reduction in May 2022. ECB is also expected to move toward policy normalization. ECB is likely to end quantitative easing (QE) and to start raising rates in third quarter of 2022.

The Russia/Ukraine war has pushed commodity prices up, an effect that will likely last for a couple of years. Growth will be impacted by higher energy and food prices, as well as tighter financial conditions. We expect GDP growth in 2022 at 3.0% in the Eurozone, at 3.2% in the US and at 5.0% in China.

The strong and rapid rise in COVID-19 cases around the world suggests that the Omicron, the latest variant of the virus, is highly contagious. The Omicron wave has surpassed that of previous variants in total number of infections, despite the high levels of vaccination. However, hospitalizations have seen a much more modest increase, and deaths have not risen significantly in the last few months. The current available information suggests that the Omicron variant could be less lethal despite being highly transmissible. Other than that, current high levels of vaccination in several countries and the distribution of booster doses may also be providing a defense against the disease. As a result, the Omicron-driven surge in cases has led to milder restrictions and have had a more limited impact on global economic activity. The impact has been higher in China, which has adopted a zero-COVID-19 policy. From early March, China has been struggling with the biggest outbreak of COVID-19 since 2020. Because Omicron is more transmissible, policymakers have tightened their zero-COVID policy by imposing lockdowns across the country, including in the city of Shanghai. March Purchasing Managers' Index (PMI) prints already showed a major drag in the service sector, but a less marked impact on manufacturing, due to China's ability to safeguard part of its supply chains. This poses an upside risk for global inflation.

o Latin America Context

After a strong performance in 2021, activity in the region will weaken in 2022. The erosion of real income in an environment of high inflation, a tighter macro policy mix (relative to 2021) and significant political/fiscal uncertainty will curb growth in 2022.

With inflation under pressure, all central banks are having to hike rates by more than initially indicated, leaving behind the idea of keeping some degree of monetary stimulus (that is, real interest rates below neutral). Despite local currency appreciation led by high commodity prices and rising interest rates, inflation is likely to end this year far above the central bank's respective targets in the region.

In this context, central banks continue to remove monetary stimulus at a fast pace, though some are moving less aggressively than market expectations. In Chile and Colombia, the latest monetary policy decisions (+150 bps and +100 bps) surprised market expectations to the downside by 50 bps. As economic growth in both countries begins to slow down, monetary policy enters (or is about to enter, in the case of Colombia) contractionary territory, and exchange rates appreciate, but monetary authorities seem mindful not to overreact to current inflation numbers. In Brazil, the central bank recently eased the pace of rate hikes to 100 bps (bringing the SELIC rate to 11.75%) and indicated that in its baseline scenario the tightening cycle will likely conclude with another 100-bp increase in the next meeting. However, we keep our 13.75% forecast for yearend, reflecting our more adverse outlook for inflation. For Chile and Colombia, we left unchanged our policy rate forecasts for the end of 2022 (both at 8.0%). Meanwhile in Mexico (we expect the policy rate to peak at 8.75% by the end of this year, as the central bank matches the Fed's moves) we see no signal yet that the central bank is about to slow down the pace of rate hikes.

[Table of Contents](#)

Political events will be key determinants of asset prices in the region once again. Elections in Brazil and Colombia will be major events, while in Chile the work of the constitutional assembly to write a new constitution will be closely watched, as markets wait for more policy signals from the recently elected administration. The IMF approved a new program with Argentina in March, amounting to USD 44 billion (total disbursements over a period of 30 months). But there are already new hurdles to the implementation of agreed policies due to the new reality of energy commodity prices, which opens up the possibility of waivers.

The table below shows the real GDP growth rates in seven Latin American countries as of and for the years ended December 31, 2021, 2020, 2019, 2018 and 2017, except as otherwise indicated.

• Real GDP Growth

	As of and for the Year Ended December 31,				
	2021*	2020	2019	2018	2017
			(%)		
Argentina ⁽¹⁾	10.3	-9.9	-2.1	-2.6	2.8
Chile ⁽²⁾	11.7	-6.0	0.8	4.0	1.4
Colombia ⁽³⁾	10.6	-7.0	3.3	2.6	1.4
Mexico ⁽⁴⁾	4.8	-8.2	-0.2	2.2	2.1
Paraguay ⁽⁵⁾	4.2	-0.8	-0.4	3.2	4.8
Peru ⁽⁶⁾	13.3	-11.0	2.2	4.0	2.5
Uruguay ⁽⁷⁾	4.4	-6.1	0.4	0.5	1.6

(1) Source: Instituto Nacional de Estadística y Censos

(2) Source: *Banco Central de Chile*.

(3) Source: Banco de la República.

(4) Source: Instituto Nacional de Estadística y Geografía.

(5) Source: Banco Central del Paraguay. GDP

(6) Source: *Banco Central de Reserva del Perú*.

(7) Source: *Banco Central de Uruguay*.

[Table of Contents](#)o *Brazilian Context*

As a Brazilian bank with most of our operations in Brazil, we are significantly affected by the economic, political and social conditions in the country. Brazilian GDP decreased 3,9% in 2020, impacted by the coronavirus outbreak. Fiscal responses, monetary policy loosening and the gradual reopening of economic activities led to a recovery in the second half of 2020. GDP increased 4.6% in 2021. For 2022, we expect a slowdown in the Brazilian GDP growth to 1.0%, caused mainly by the impact of high interest rates on aggregate demand.



Source: IBGE

Omicron became the dominant variant after the 2021 holiday season, leading to a sharp increase in COVID-19 cases and moderate pressure on hospitals in the beginning of 2022. The number of new cases has decreased sharply since February, but the risk of new variants remains and reinforces the importance of booster shots and of updating vaccines to fight virus mutations.

[Table of Contents](#)

The consumer price index IPCA reached 10.1% in the year ended December 31, 2021. Inflation was impacted by subsequent shocks during the year ended December 31, 2021, notably on energy prices, such as auto fuels (up by 47.5% in the IPCA) amid rising crude oil prices, and electricity bills (up by 21.2%), as a result of the impact of new tariffs becoming effective due to water shortages. Food and industrial items also experienced inflationary pressure in the year ending December 31, 2021, with increases of 8.2% and 11.9%, respectively. We expect inflation to decrease to 7.5% in 2022.

[Table of Contents](#)

After reaching 2.0% per annum in August 2020, the Central Bank began to increase interest rates in March 2021. The SELIC rate reached 9.25% in December 2021 and 11.75% in March 2022. The increase in the SELIC rate throughout 2021 and 2022 placed real interest rates at a restrictive level.



Source: Itaú Unibanco Holding and Central Bank

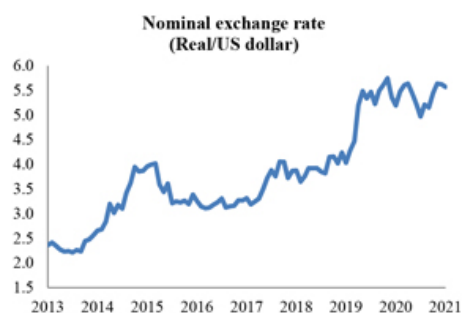
The consolidated public sector delivered a primary budget surplus of 0.7% of GDP in 2021, marking the first positive result since 2013. In 2022, we expect the primary result to decrease to 0.2% of GDP. Public debt decreased from 88.8% in 2020 to 80.3% of GDP in 2021 and is expected to remain stable, at 80% of GDP in 2022, but to widen again in 2023. Structurally, high indebtedness and an uncertain fiscal framework suggest a major risk to Brazil's fiscal path.

Brazil has implemented a large number of regulatory changes, such as changes in reserve and capital requirements for financial institutions, as well as other macro-prudential policies. Please refer to the section "Item 4B. Business Overview— Supervision and Regulation—Basel III Framework—Implementation of Basel III in Brazil" and to the section "Item 4B. Business Overview—Selected Statistical Information—Securities Portfolio—Compulsory Reserve Deposits with the Central Bank" for further details.

Total outstanding loans provided by Brazilian financial institutions increased in year-over-year real terms in December 31, 2021, by 5.7%, after an increase of 10.6% in December 31, 2020. Total new loans increased by 9.1% as of December 31, 2021, when compared to an increase of 1.6% as of December 31, 2020, both on an annualized basis. The rate of non-performing household loans increased by 0.1 p.p. to 3.0% as of December 31, 2021 when compared with the same month in 2020. The rate of non-performing loans to non-financial corporations reached 1.3% in December 31, 2021, above the level observed in December 31, 2020 (1.2%).

[Table of Contents](#)

The Brazilian real depreciated against the U.S. dollar, with the exchange rate reaching R\$5.66 per US\$1.00 as of December 31, 2021, compared to R\$5.14 per US\$1.00 as of December 31, 2020.



Source: Itaú Unibanco Holding and Central Bank

Despite a record trade surplus (US\$ 61 billion), the current account ended with a deficit of 1.8% of GDP in 2021. Brazil has maintained its external solvency, with US\$362 billion in international reserves as of December 31, 2021.

The table below shows the inflation rate, exchange rate variation and interest rates in Brazil as of and for the twelve-month periods ended December 31, 2021, 2020, 2019, 2018, and 2017, except as otherwise indicated.

	<u>As of and for the Year Ended December 31,</u>				
	2021	2020	2019	2018	2017
Inflation rate — IGP-DI ⁽¹⁾	17.7	23.1	7.7	7.1	-0.4
Inflation rate — IPCA ⁽²⁾	10.1	4.5	4.3	3.7	2.9
Exchange rate variation (R\$/US\$) ⁽³⁾	7.4	28.9	4.0	17.1	1.5
TR (reference interest rate) ⁽⁴⁾	0.02	0.00	0.00	0.00	0.00
CDI (interbank interest rate) ⁽⁵⁾	8.76	1.90	4.59	6.40	6.99
SELIC(overnight interest rate) ⁽⁵⁾	8.76	1.90	4.59	6.40	7.00
Sovereign 5-year CDS ⁽⁶⁾	221.6	150.9	107.7	207.9	165.0

(1) Source: General Price Index – Internal Supply (Índice Geral de Preços – Disponibilidade Interna, or) (“IGP-DI”) published by the Fundação Getulio Vargas.

(2) Source: IPCA published by IBGE.

(3) Source: Bloomberg (cumulative rates for the period); positive numbers mean depreciation of the Brazilian *real*.

(4) Source: Mortgage reference rate (*Taxa Referencial*) (“TR”) published by the Central Bank. Data presented in percentage per year.

(5) Source: Central Bank. Data presented in percentage per year.

(6) Source: Bloomberg (period-end). Sovereign credit default swaps or CDS is a measure of country risk (and is measured using basis points).

[Table of Contents](#)

Significant Accounting Policies

General Information

The preparation of our audited consolidated financial statements involves certain assumptions that are based on our historical experience and other factors that we deem reasonable and material. Although we review these estimates and assumptions in the ordinary course of business, the presentation of our financial condition and results of operations often requires our management to make judgments regarding the effects of matters that are uncertain by nature on our financial condition and results of operations. The following section describes those aspects that require significant judgment or involve a higher degree of complexity in the application of the accounting policies that currently affect our financial condition and results of operations. The accounting estimates we make in these contexts involve making assumptions about highly uncertain matters and actual results may differ from those estimated based on different variables, assumptions or conditions.

Use of Estimates and Assumptions

The preparation of the audited consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the audited consolidated financial statements, as well as the reported amounts of revenue, expenses and gains and losses during the reporting period because the actual results may differ from those determined based on such estimates and assumptions.

All estimates and assumptions made by management are in accordance with IFRS and represent our best estimates made in conformity with applicable standards. Estimates and judgments are evaluated on an ongoing basis and are based on past experience and other factors.

Please see “Note 2.3 – Critical Accounting Estimates and Judgments” to our audited consolidated financial statements for further details.

Accounting standards applicable for period ended December 31, 2021

The following accounting standards are applicable for the period ended December 31, 2021: Interest Rate Benchmark Reform (IBOR Reform) Phase II — Amendments to IFRS 4 — Insurance Contracts, IFRS 7 — Financial Instruments: Disclosures, IFRS 9 – Financial Instruments, IFRS 16 — Leases and IAS 39 – Financial Instruments: Recognition and Measurement: Phase II of the inter-bank offered rates reform used as market benchmarks (IBOR).

The amendments are summarized as follows:

- Changes in financial assets and liabilities: Practical expedient that allows to replace, as a consequence of the reform, the effective interest rate of a financial asset or financial liability with a new economically equivalent rate, without derecognition of the contract;
- Hedge accounting: End of exemptions for evaluating the effectiveness of hedge relationships (Phase I) with recognition in Profit or Loss of the ineffective portion, creation of sub-portfolios to segregate contracts with the amended rates for hedges of group items, 24-month term for identification and segregation of new risk based on changes in interest rates, and updates of hedge documentation; and
- Disclosure: Requirements about the disclosure of risks to which the entity is exposed by the reform, risk management and evolution of the IBORs transition.

These amendments are effective from January 1, 2021. We are exposed mainly to LIBOR and EURIBOR rates in hedge accounting structures and financial assets and liabilities, including derivatives. Agreements linked to LIBOR, due to its extinction will be (i) updated to an alternative rate plus spread; or (ii) settled in advance should there be no agreement between the parties. The main risks identified by IBOR reform are:

- Change in the hierarchy level for measuring the fair value of contracts that remain referenced in IBORs under extinction due to the expectation of reduction in the liquidity of these contracts;
- Effect as a result of the change of financial instruments in which the renegotiated cash flows are not economically equivalent to the original cash flows; and
- Early settlement of contracts where there is no agreement between the parties.

[Table of Contents](#)

To mitigate the risks associated with the IBOR reform in standardized agreements, we will assume the update of rates made by the respective clearing houses with the accretion of a spread so that the restated cash flows are economically equivalent to the original cash flows. We have also been adopting the fallback clauses protocols suggested by international self-regulatory entities (International Swaps and Derivatives Association—ISDA). Any other agreements we will negotiate between the parties seeking approach to the model adopted for standardized agreements and they will be gradually adjusted until the date expected for the end of disclosure of LIBOR. Accordingly, we do not expect significant impacts resulting from the IBOR reform.

Please see “Item 5B. Liquidity and Capital Resources—LIBOR Transition” for further details about the LIBOR Transition.

Derivative Instruments that Qualify for Hedge Accounting

Hedging transactions may be classified into three categories: Fair value hedge, Cash flow hedge, and Hedge of net investment in foreign operations:

- Fair value hedge: aimed at protecting us against changes in market risk due to changes in the fair value of interest subject to variable rates.
- Cash flow hedge: aimed at protecting us against future cash flows of payments of interest.
- Hedge of net investment of foreign operations: aimed at protecting us against changes in future cash flows of foreign exchange variations in net investments of foreign operations.

Please see “Item 11. Quantitative and Qualitative Disclosures about Market Risk—Market and Liquidity Risk” for further details about hedge accounting.

Please see “Note 7—Hedge Accounting” to our audited consolidated financial statements for further details. With respect to the hedge accounting policy, please see “Note 2.4 – Summary of Main Accounting Practices—d) Financial Assets and Liabilities—V – Derivatives” to our audited consolidated financial statements.

Fair Value of Financial Instruments

Financial instruments recorded at fair value on our balance sheet include securities classified as fair value through other comprehensive income and fair value through profit or loss, including derivatives. Other financial instruments are classified at historical amortized cost on our balance sheet, and their corresponding fair values are shown in the notes to our audited consolidated financial statements. We present information on the fair value of our financial instruments in the table below as of December 31, 2021, 2020 and 2019.

<u>Financial instruments recorded at fair value</u>	<u>For The Year Ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
	<i>(In millions of R\$)</i>		
Assets			
Financial assets at fair value through profit or loss	364,967	389,071	281,075
Derivatives	69,045	76,504	41,854
Financial assets at fair value through other comprehensive income	105,622	109,942	76,660
Other financial assets	157	6	—
Total	539,791	575,523	399,589
Liabilities			
Other financial liabilities	161	5	—
Structured notes	114	143	201
Derivatives	63,204	79,505	47,828
Total	63,479	79,653	48,029

[Table of Contents](#)

We determine the fair value of our financial instruments based on IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

According to IFRS 13, there are different levels of inputs that may be used to measure the fair value of financial instruments classified as levels 1, 2 and 3.

- Level 1: observable inputs reflect the quoted prices (unadjusted) of identical assets or liabilities in active markets;
- Level 2: observable inputs reflect the information on assets and liabilities that are either directly (such as prices) or indirectly (derived from prices) observable, except for the quoted prices included in Level 1; and
- Level 3: information on assets and liabilities that are not based on observable market data due to little market activity on the measurement date. We present information on our level 3 financial instruments in the table below as of December 31, 2021 and 2020.

	For The Year Ended December 31,	
	2021	2020
Level 3		
Financial assets at fair value through profit or loss	1,563	1,968
Financial assets at fair value through other comprehensive income	—	—
Net position of derivatives	27	(5)
Total	1,590	1,963

Please refer to “Note 28 – Fair Value of Financial Instruments” to our audited consolidated financial statements for further details.

Contingent Liabilities

Contingent liabilities arise mainly from judicial and administrative proceedings inherent to the ordinary course of our business and that are filed by third parties, including former employees and public bodies related to civil, labor, tax and social security claims.

These contingencies are assessed based on the best estimates of our management, taking into consideration the opinion of legal advisors when there is a probability that financial resources will be required to settle obligations and the amount of such obligations can be reliably measured.

Contingencies are classified as follows, based on the likelihood of loss:

- Probable: liabilities are recognized as “provisions” on our consolidated balance sheet;
- Possible: liabilities are disclosed in our audited consolidated financial statements but no provisions are recorded; and
- Remote: liabilities that do not require provision or disclosure.

Contingent liabilities for which provisions are recorded and those classified as having a “possible” likelihood of loss are evaluated based on our best estimates, using models and criteria that allow for their proper evaluation despite the uncertainty that is inherent to their terms and amounts.

Significant Changes in Accounting Standards

Please see “Note 2.2 – New Accounting Standards Changes and Interpretations of Existing Standards” to our audited consolidated financial statements for further details about information on significant changes in accounting standards.

Accounting Practices Adopted in Brazil

Our books and records are maintained in Brazilian *reais*, the official currency in Brazil, and our audited consolidated financial statements, for statutory and regulatory purposes, are prepared in accordance with accounting practices adopted in Brazil (BRGAAP). The accounting principles and standards generally applicable under Brazilian GAAP include those established under Brazilian Corporate Law, by the Accounting Pronouncements Committee (“CPC”), which started issuing standards in 2007, and by the Federal Accounting Council. In the case of companies subject to regulation by the Central Bank, such as us, the effectiveness of the accounting pronouncements issued by entities such as the CPC depends on approval

[Table of Contents](#)

of the pronouncement by the CMN, which also establishes the date of effectiveness of any pronouncements with respect to financial institutions. Additionally, the CVM and other regulatory bodies, such as SUSEP and the Central Bank, provide additional industry-specific guidelines.

Regulation Applicable to the Presentation of the Audited Consolidated Financial Statements

Brazilian regulations establish specific rules for the consolidation of audited consolidated financial statements by financial institutions. Under current Central Bank regulations, financial institutions, except for credit cooperatives, are required to prepare consolidated financial statements including investments directly or indirectly held in other companies, individually or jointly controlled, and with respect to which such financial institutions have (i) the right to appoint or designate the majority of the company's board of directors; (ii) the right to appoint or remove the majority of the company's executives and directors; and/or (iii) operational or shareholding control. These regulations apply to the entire group to which a financial institution belongs.

[Table of Contents](#)**Results of Operations**

The table below presents our summarized consolidated statement of income for the years ended December 31, 2021 and 2020. The interest rates cited are expressed in Brazilian *reais* and include the effect of the variation of the *real* against foreign currencies. For more information on the products and services we offer, see “Item 4. Information on the Company”.

Please see our audited consolidated financial statements for further details about our Consolidated Statement of Income.

Summarized Consolidated Statement of Income	For the years ended December 31,		Variation	
	2021	2020	R\$ million	%
	<i>(In millions of R\$)</i>			
Operating revenues	126,374	100,199	26,175	26.1
Net interest income ⁽¹⁾	75,209	50,053	25,156	50.3
Non-interest income ⁽²⁾	51,165	50,146	1,019	2.0
Expected loss from financial assets and claims	(14,379)	(25,980)	11,601	(44.7)
Other operating income (expenses)	(69,764)	(68,989)	(775)	1.1
Net income before income tax and social contribution	42,231	5,230	37,001	707.5
Current and deferred income and social contribution taxes	(13,847)	9,834	(23,681)	(240.8)
Net income	28,384	15,064	13,320	88.4
Net income attributable to owners of the parent company	26,760	18,896	7,864	41.6

(1) Includes:

(i) interest and similar income (R\$129,253 million and R\$114,369 million in the years ended December 31, 2021 and 2020, respectively);

(ii) interest and similar expenses (R\$(69,305) million and R\$(73,558) million in the years ended December 31, 2021 and 2020, respectively);

(iii) income of financial assets and liabilities at fair value through profit or loss (R\$16,678 million and R\$6,553 million in the years ended December 31, 2021 and 2020, respectively); and

(iv) foreign exchange results and exchange variations in foreign transactions (R\$(1,417) million and R\$2,689 million in the years ended December 31, 2021 and 2020, respectively).

(2) Includes commissions and banking fees, income from insurance and private pension operations before claim and selling expenses and other income.

Year ended December 31, 2021 compared to December 31, 2020.

Net income attributable to owners of the parent company increased by 41.6% to R\$26,760 million for the year ended December 31, 2021 from R\$18,896 million for the same period of 2020. This result is mainly due to a 26.1% increase in operating revenues and a 44.7% decrease in expected loss from financial assets and claims. The decrease in current and deferred income and social contribution taxes by R\$23,681 million had a negative effect on our net income attributable to owners of the parent company. These line items are further described below:

Net interest income increased by R\$25,156 million, or 50.3%, for the year ended December 31, 2021 compared to the same period of 2020, mainly due to (i) an increase of R\$14,884 million in interest and similar income, due to the increase of R\$13,286 million in loan operations income; (ii) an increase of R\$10,125 million in income of financial assets and liabilities at fair value through profit or loss, due to the lower negative effect during the year ended December 31, 2021, compared to the same period of 2020, of hedging instruments for our investments abroad, which was partially offset by a decrease of R\$4,106 million in foreign exchange results and exchange variations in foreign transactions, due to the exchange rate variations during the period; and (iii) a decrease of R\$4,253 million in interest and similar expenses, especially due to a decrease in interbank market fund expenses.

Brazilian tax legislation provides for gains and losses arising from exchange rate variations on permanent foreign investments must be included in the tax calculation basis, based on their nature, as well as foreign-exchange variations on the hedged portions of foreign investments which, according to the new rules provided by Law No. 14,031 of July 28, 2020, must be included in the proportion of 50% in 2021 and 100% from 2022 on. Our investments abroad with risk coverage had their hedges 100% adjusted on December 31, 2021, in accordance with Law No. 14,031 of July 28, 2020. Accordingly, the depreciation of the *real* against foreign currencies, especially the U.S. dollar, generates losses on our hedging instruments abroad. Conversely, the appreciation of the *real* against foreign currencies, generates gains on our hedging instruments abroad. This affects our tax expenses recorded in the line items “current and deferred income and social contribution taxes” and “other operating income (expenses)”. The nominal depreciation of the *real* against the U.S. dollar was 7.4% from December 31, 2021 compared to December 31, 2020, and a depreciation of 28.9% from December 31, 2020 compared to December 31, 2019.

The fiscal effect on the hedging instruments for our investments abroad resulted in a gain of R\$2,838 million for the year ended December 31, 2021, compared to a gain of R\$17,701 million for the same period of 2020.

[Table of Contents](#)

Considering the fiscal effect on the hedging instruments for our investments abroad mentioned above in current and deferred income and social contribution taxes and tax expenses, net interest income increased by R\$10,293 million for the year ended December 31, 2021 compared to the same period of 2020.

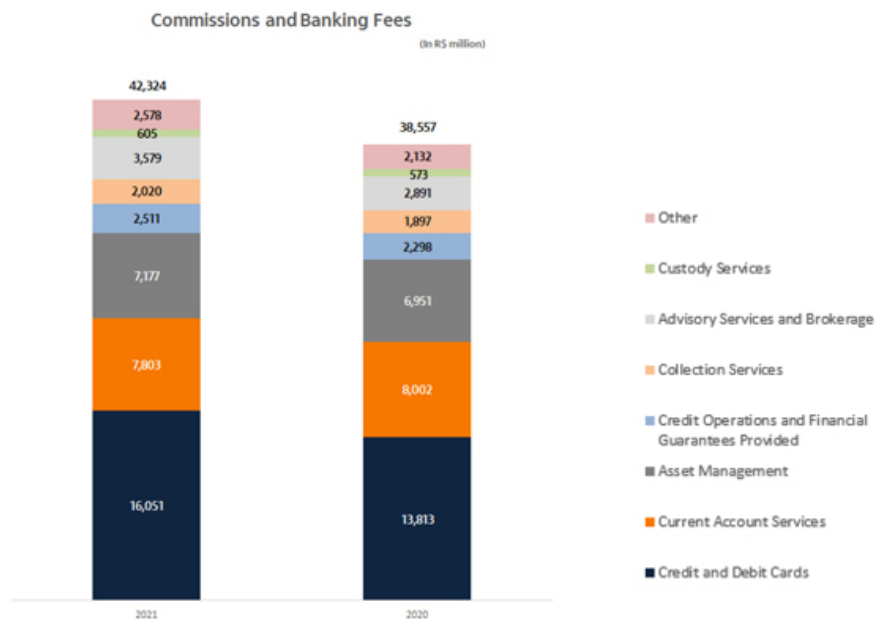
- **Interest and similar income** increased by 13.0% for the year ended December 31, 2021 compared to the same period of 2020, due to higher revenues from credit transactions, given the positive effect of the growth of the portfolio associated with the gradual change in the portfolio mix to retail sector- related lending, the highlight being the growth observed in the three months period ended December 31, 2021 in credit card financing facilities, overdraft accounts and personal loans, products that carry better spreads. In addition, higher interest rates during the year ended December 31, 2021 had a positive effect on the return on our own working capital and on the liabilities margin. These positive effects were partially offset by lower spreads on credit products. As of December 31, 2021, the SELIC rate was 9.25% per annum compared to 2.0% per annum as of December 31, 2020.
- **Interest and similar expenses** decreased by 5.8% for the year ended December 31, 2021 compared to the same period of 2020, due to: (i) a decrease of R\$3,949 million in expenses from interbank market funds, mainly due to a decrease in the volume of financial bills; (ii) a decrease of R\$2,775 million in expenses from technical provisions for insurance and private pension, due to a decrease in the results of investment funds linked to private pension plans; and (iii) a decrease of R\$2,055 million in expenses from securities sold under repurchase agreements, mainly as a result of a decrease of R\$46,334 million in the balance of assets received as collateral related to voluntary investments with the Central Bank.

Please see “Note 21—Interest and similar income and expenses and Income of financial assets and liabilities at fair value through profit or loss” to our audited consolidated financial statements for further details on interest and similar expenses.

Non-interest income increased by 2.0% to R\$51,165 million for the year ended December 31, 2021 compared to the same period of 2020. This increase was mainly due to a 16.2%, or R\$2,238 million, increase in revenue from credit and debit cards, driven by higher revenues from the issuance of cards, as a consequence of higher income from debit and credit cards, partially offset by lower revenues as a result of the decrease of the annual rate fees and credit limit fees, compared to the same period in 2020. In addition, we had a 23.8%, or R\$688 million, increase in income from economic financial advisory services and brokerage services, driven by higher volumes in the capital markets. There was also a 9.3%, or R\$213 million, increase in income from credit operations and financial guarantees provided. These increases were partially offset by decrease of R\$3,614 million in other income, driven by the gain from the spin-off of our interest in XP Inc. in 2020.

[Table of Contents](#)

The following chart shows the main components of our banking service fees for the years ended December 31, 2021 and 2020:



Please see “Note 22 – Commissions and Banking Fees” to our audited consolidated financial statements for further details on banking service fees.

Expected Loss from Financial Assets and Claims

Our expected loss from financial assets and claims decreased by R\$11,601 million, or 44.7%, for the year ended December 31, 2021 compared to the same period of 2020, mainly due to a decrease in expected loss with loan and lease operations of R\$10,451 million for the year ended December 31, 2021 compared to the same period of 2020. This variation was due to macroeconomic impacts of the COVID-19 pandemic in March 2020, which impacted the financial prospects of individuals and companies, and which we reflected in our expected loss provisioning model, providing for an increase in the loan losses in 2020. Considering provisions with operations without credit granting characteristics, expected loss on financial assets and claims decreased by 40.1% in the year ended December 31, 2021 compared to the same period of 2020.

Please see “Note 10— Loan and Lease operations” to our audited consolidated financial statements for further details on our loan and lease operations portfolio.

- **Non-performing loans:** We calculate our 90-day non-performing loan (“NPL”) ratio as the value of our 90-days non-performing loans to our loan portfolio.

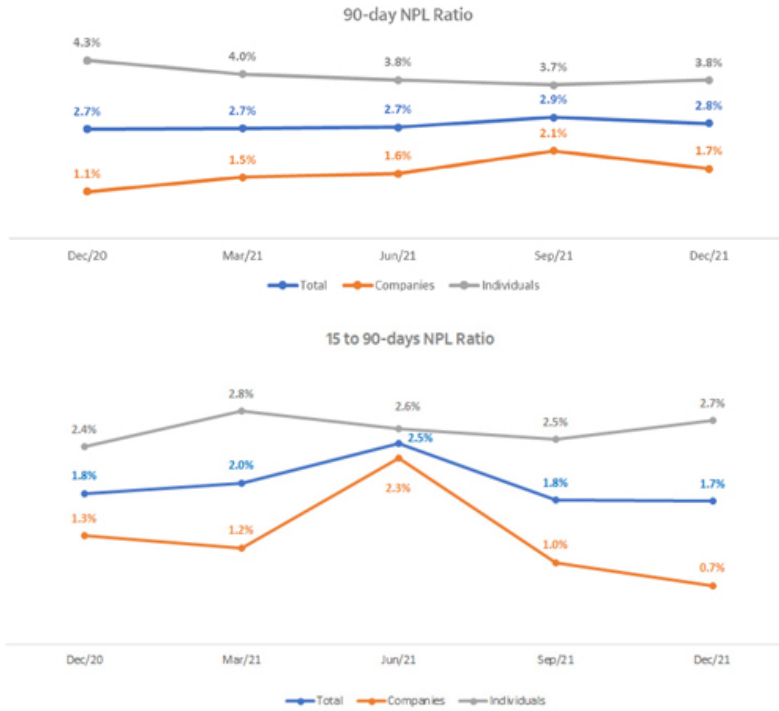
As of December 31, 2021, our 90-day NPL ratio was 2.8%, an increase of 10 basis points compared to December 31, 2020. This increase was due to the increase of 60 basis points in the 90-day NPL ratio in respect of our companies’ loan portfolio, as a result of the natural resumption of business, given that at the end of 2020 our 90-day NPL reached a historically low level due to the payment flexibility initiatives we implemented during the COVID-19 pandemic. This effect was partially offset by a decrease of 50 basis in the individuals 90-day NPL ratio, mainly due to the increase in the loan portfolio of this segment.

- We calculate our 15 to 90 days non-performing loan ratio as the value of our 15 to 90 days non-performing loans to our loan portfolio. The 15 to 90 days NPL ratio is an indicator of early delinquency.

As of December 31, 2021, our 15 to 90 days NPL ratio was 1.7%, a decrease of 10 basis points when compared to December 31, 2020. During this period our 15 to 90-day NPL ratio decreased by 60 basis points in respect of our companies loan portfolio, which was mainly due to the improved credit quality of recent vintages, partially offset by an increase of 30 basis points in the 15 to 90-day NPL ratio in respect of our individuals loan portfolio as of December 31, 2021 compared to December 31, 2020 mainly due to the increase in our credit cards and vehicles loans portfolios.

[Table of Contents](#)

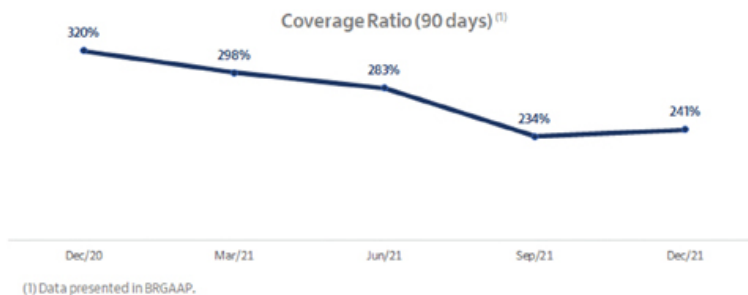
The chart below shows a comparison of both NPL ratios for each quarter as of December 31, 2020 through December 31, 2021:



- Coverage ratio (90 days):** We calculate our coverage ratio as provisions for expected losses to 90-day non-performing loans. As of December 31, 2021, our coverage ratio in BRGAAP was 241% compared to a ratio of 320% as of December 31, 2020. This decrease was mainly due to (i) an increase in our portfolio of loans overdue for over 90 days, and (ii) lower need for provision, indicated by our models, both in Latin America and in our Wholesale business segment in Brazil.

[Table of Contents](#)

The chart below shows a comparison in the coverage ratios for each quarter as of December 31, 2020 through December 31, 2021:



Other Operating Income (Expenses) increased by 1.1 % to an expense of R\$ 69,764 million for the year ended December 31, 2021 from an expense of R\$68,989 million for the same period of 2020.

Disregarding the impact of other expenses not related to costs, consisting mainly of provision from operations other than loans, and the main extraordinary items (such as the impairment of internally developed software, relating to amortizations of this software in 2021 and the impairment recorded by Itaú Corpbanca in 2020), our other operating income (expenses) increased by 5.8% to an expense of R\$66,315 million for year ended December 31, 2021 from an expense of R\$62,681 million for the same period of 2020.

In addition, this increase in other operating income (expenses) was mainly due to the R\$2,198 million, or 35.6%, increase in our tax expenses, partially offset by a R\$1,658 million, or 2.6%, decrease in our general and administrative expenses for the year ended December 31, 2021.

Please see “Note 23—General and Administrative Expenses” to our audited consolidated financial statements for further details.

Current and deferred income and social contribution taxes amounted to an expense of R\$13,847 million for the year ended December 31, 2021, from a benefit of R\$9,834 million in the year ended December 31, 2020.

This was partially due to the fiscal effect on the hedging instruments for our investments abroad, as mentioned in “Net interest income”, which amounted to a gain of R\$2,838 million for the year ended December 31, 2021 compared to a gain of R\$17,701 million for the same period of 2020. Disregarding this fiscal effect, current and deferred income and social contribution taxes increased by R\$10,133 million during this period.

Since March 1, 2020, the statutory tax rate was 45%, and as from July 1, 2021 to December 31, 2021, the statutory tax rate temporarily increased to 50%. During the year ended December 31, 2021, there was also an increase in income before tax and social contribution, compared to the same period of 2020.

Please see “Note 24 – Taxes” to our audited consolidated financial statements for further details.

Basis for Presentation of Segment Information

We maintain segment information based on reports used by senior management to assess the financial performance of our businesses and to make decisions regarding the allocation of funds for investment and other purposes.

Segment information is not prepared in accordance with IFRS issued by the IASB but based on accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank. It also includes the following adjustments: (i) the recognition of the impact of capital allocation using a proprietary model; (ii) the use of funding and cost of capital at market prices, using certain managerial criteria; (iii) the exclusion or inclusion of extraordinary items from our results; and (iv) the reclassification of the tax effects from hedging transactions we enter into for our investments abroad.

[Table of Contents](#)

Extraordinary items correspond to relevant events (with a positive or negative accounting effect) identified in our results of operations for each relevant period. We apply a historically consistent methodology (approved by our governance procedures) pursuant to which, relevant events are either not related to our core operations or are related to previous fiscal years. The provisions for restructuring are extraordinary items and, as such, do not impact the results and analysis regarding our segment information below.

For more information on our segments, see “Item 4. Information on the Company” in this annual report and “Note 30 – Segment Information” to our audited consolidated financial statements.

We present below the summarized results from our operating segments from January 1, 2021 to December 31, 2021:

Summarized Consolidated Statement of Income from January 1, 2021 to December 31, 2021 ⁽¹⁾	Retail Banking	Wholesale Banking	Activities with the Market + Corporation	Total	Adjustments	IFRS consolidated (2)
	(a)	(b)	(c)	(a)+(b)+(c)		
			<i>(In millions of R\$)</i>			
Operating revenues	75,443	38,228	11,930	125,601	773	126,374
Cost of Credit	(18,278)	(1,956)	—	(20,234)	7,455	(12,779)
Claims	(1,591)	(9)	—	(1,600)	—	(1,600)
Other operating income (expenses)	(40,116)	(17,743)	(1,055)	(58,914)	(10,850)	(69,764)
Income tax and social contribution	(5,593)	(6,799)	(3,997)	(16,389)	2,542	(13,847)
Non-controlling interest in subsidiaries	(330)	(591)	(664)	(1,585)	(39)	(1,624)
Net income	9,535	11,130	6,214	26,879	(119)	26,760

- (1) The first three columns are our business segments. Additional information about each of our business segments can be found below under the headings “(a) Retail Banking”, “(b) Wholesale Banking” and “(c) Activities with the Market + Corporation”. The adjustments column includes the following pro forma adjustments: (i) the recognition of the impact of capital allocation using a proprietary model; (ii) the use of funding and cost of capital at market prices, using certain managerial criteria; (iii) the exclusion of non-recurring events from our results; and (iv) the reclassification of the tax effects from hedging transactions we enter into for our investments abroad. The IFRS consolidated column is the total result of our three segments plus adjustments.
- (2) The IFRS Consolidated figures do not represent the sum of the parties because there are intercompany transactions that were eliminated only in the consolidated statements. Segments are assessed by top management, net of income and expenses between related parties.

The following discussion should be read in conjunction with our audited consolidated financial statements, especially “Note 30 – Segment Information.” The adjustments column shown in this note shows the effects of the differences between the segmented results (substantially in accordance with the accounting practices adopted in Brazil) and those calculated according to the principles adopted in our audited consolidated financial statements in IFRS.

Year ended December 31, 2021, compared to December 31, 2020:

Retail Business

This segment consists of business with retail customers, account holders and non-account holders, individuals and legal entities, high income clients (Itaú Uniclass and Personnalité) and the companies segment (microenterprises and small companies). It includes financing and credit offers made outside the branch network, in addition to credit cards and payroll loans.

[Table of Contents](#)

The following table sets forth our summarized consolidated statement of income with respect to our Retail Business segment for the years ended December 31, 2021 and 2020:

<u>Summarized Consolidated Statement of Income—Retail Business</u>	<u>For the years ended</u> <u>December 31,</u>		<u>Variation</u>	
	<u>2021</u>	<u>2020</u>	<u>RS million</u>	<u>%</u>
	<i>(In millions of R\$)</i>			
Operating revenues	75,443	72,680	2,763	3.8
Interest margin	43,042	41,818	1,224	2.9
Non-interest income ⁽¹⁾	32,401	30,861	1,539	5.0
Cost of credit and claims	(19,869)	(22,593)	2,723	—
Other operating income (expenses)	(40,116)	(40,221)	105	(0.3)
Income tax and social contribution	(5,593)	(3,071)	(2,522)	—
Non-controlling interest in subsidiaries	(330)	(175)	(155)	89.0
Net income	9,536	6,621	2,914	44.0

(1) Non-interest income include: commissions and banking fees; income from insurance and private pension operations before claim and selling expenses and other revenues.

Net income from Retail Business increased by 44.0%, to R\$9,535 million for the year ended December 31, 2021 from R\$6,621 million for the same period of 2020. These results are explained as follows:

Operating revenues: increased by R\$2,763 million for the year ended December 31, 2021 compared to the same period of 2020, due to an increase of 5.0% in non-interest income, as a result of an increase in commissions and fees due to higher gains from card issuing activities, current account services and loan operations. Revenues from insurance were also higher in the year ended December 31, 2021 as compared with the same period of 2020, driven by an increase in premiums earned due to higher sales of life and personal accidents, mortgage and protected card insurance policies. Moreover, the interest margin increased by 2.9% in the year ended December 31, 2021 as compared with the same period of 2020, driven by the higher volume of credit.

Cost of credit and claims decreased by R\$2,723 million for the year ended December 31, 2021 compared to the same period of 2020, mainly due to macroeconomic impacts of the COVID-19 pandemic in March 2020, which impacted the financial prospects of individuals and companies and we reflected in our expected loss provisioning model, providing for an increase in the loan losses in 2020.

Other operating income (expenses) decreased by R\$105 million for the year ended December 31, 2021 compared to the same period in 2020, mainly due to lower expenses related to employee terminations, transportation and travel, facilities, sales of credit cards and provisions for labor contingencies.

Income tax and social contribution for this segment, as well as for the Wholesale Business and Activities with the Market + Corporation segments, is calculated by adopting the full income tax rate, net of the tax effect of any payment of interest on capital. The difference between the income tax amount determined for each segment and the effective income tax amount, as stated in our audited consolidated financial statements, is recorded under the Activities with the Market + Corporation segment. As discussed above under “Net income attributable to owners of the parent company—Current and deferred income and social contribution taxes,” our current and deferred income and social contribution taxes increased mainly as a result of an increase in income before tax and social contribution.

(b) Wholesale Business

This segment consists of products and services offered to middle-market companies, high net worth clients (Private Banking), and the operation of Latin American units and Itaú BBA, which is the unit responsible for business with large companies and investment banking operations.

[Table of Contents](#)

The following table sets forth our summarized consolidated statement of income with respect to our Wholesale Business segment for the years ended December 31, 2021 and 2020:

<u>Summarized Consolidated Statement of Income—Wholesale Business</u>	<u>For the years ended</u>		<u>Variation</u>	
	<u>December 31,</u>		<u>R\$ million</u>	<u>%</u>
	<u>2021</u>	<u>2020</u>		
	<i>(In millions of R\$)</i>			
Operating revenues	38,227	32,187	6,040	18.8
Interest margin	24,005	19,883	4,122	20.7
Non-interest income ⁽¹⁾	14,223	12,304	1,918	15.6
Cost of credit and claims	(1,965)	(8,976)	7,010	—
Other operating income (expenses)	(17,742)	(16,133)	(1,609)	10.0
Income tax and social contribution	(6,800)	(1,893)	(4,907)	—
Non-controlling interest in subsidiaries	(591)	601	(1,192)	(198.3)
Net income	11,130	5,786	5,343	92.3

(1) Non-interest income include: commissions and banking fees; income from insurance and private pension operations before claim and selling expenses and other revenues.

Net income from Wholesale Business increased by 92.3%, to R\$11,130 million for the year ended December 31, 2021 from R\$5,786 million for the same period of 2020. These results are explained as follows:

Operating revenues: increased by R\$6,040 million, or 18.8%, for the year ended December 31, 2021 compared to the same period of 2020, due to:

- (i) an increase of 20.7% in the interest margin, driven by the higher volume of credit operations; and
- (ii) an increase of 15.6% in non-interest income, especially due to income from advisory and brokerage services, which increased by R\$703 million, mainly due to increased activity in the capital markets. As of December 31, 2021, we participated in local operations with debentures, promissory notes and securitization transactions, which totaled R\$46,835 million and R\$22,605 million in transactions in the equity markets. We were also ranked first in volume of deals by ANBIMA and Dealogic, respectively in those segments. We also provided financial advisory services for 52 M&A transactions in Brazil, totaling R\$190,312 million and were ranked first place in number of M&A deals by Dealogic.

Cost of credit and claims decreased by R\$7,010 million for the year ended December 31, 2021 compared to the same period of 2020 driven by downgrades in the risk ratings of certain clients in Latin America.

Income tax and social contribution for this segment, as well as for the Retail Banking and Activities with the Market + Corporation segments, is calculated by adopting the full income tax rate, net of the tax effect of any payment of interest on capital. The difference between the income tax amount determined for each segment and the effective income tax amount, as stated in our audited consolidated financial statements, is recorded under the Activities with the Market + Corporation segment. As discussed above, our current and deferred income and social contribution taxes increased mainly due to an increase in income before tax and social contribution.

(c) Activities with the Market + Corporation

This segment consists of results from capital surplus, subordinated debt surplus and the net balance of tax credits and debits. It also includes the financial margin on market trading, treasury operating costs, and equity in earnings of companies not included in either of the other segments.

[Table of Contents](#)

The following table sets forth our summarized consolidated statement of income with respect to our Activities with the Market + Corporation segment for the years ended December 31, 2021 and 2020:

Summarized Consolidated Statement of Income - Activities with the Market + Corporation	For the years ended		Variation	
	December 31,		R\$ million	%
	2021	2020		
	<i>(In millions of R\$)</i>			
Operating revenues	11,930	9,918	2,012	20.3
Interest margin	11,199	8,394	2,705	32.2
Non-interest income ⁽¹⁾	831	1,524	(693)	(45.5)
Cost of credit and claims	(0)	6	(6)	—
Other operating income (expenses)	(1,055)	(650)	(406)	62.4
Income tax and social contribution	(3,997)	(3,099)	(898)	—
Non-controlling interest in subsidiaries	(664)	(46)	(617)	1,332.5
Net income	6,214	6,129	84	1.4

(1) Non-interest income include: commissions and banking fees; income from insurance and private pension operations before claim and selling expenses and other revenues.

Net income from Activities with the Market + Corporation increased by R\$ 84 million, or 1.4%, for the year ended December 31, 2021 from the same period of 2020. We recorded an increase in interest margin, especially in the Trading and Banking books, partially offset by the extraordinary effects of the spin-off of our interest in XP Inc. at the end of May 2021, and an increase in administrative expenses and minority interests.

Income tax and social contribution for this segment, as well as for the Retail Banking and Wholesale Banking segments, is calculated by adopting the full income tax rate, net of the tax effect of any payment of interest on capital. The difference between the income tax amount determined for each segment and the effective income tax amount, as stated in our audited consolidated financial statements, is recorded under the Activities with the Market + Corporation segment. As discussed above, our current and deferred income and social contribution taxes increased mainly due to an increase in income before tax and social contribution.

Balance Sheet

We present below our summarized balance sheet as of December 31, 2021 and December 31, 2020. Please see our audited consolidated financial statements for further details about our Consolidated Balance Sheet.

Summarized Balance Sheet - Assets	As of December 31,		Variation	
	2021		R\$ million	%
	2021	2020		
	<i>(In millions of R\$)</i>			
Cash	44,512	46,224	(1,712)	(3.7)
Financial assets at amortized cost	1,375,782	1,275,799	99,983	7.8
Compulsory deposits in the Central Bank of Brazil	104,592	90,059	14,533	16.1
Interbank deposits, securities purchased under agreements to resell, securities at amortized cost and				
Voluntary Investments with the Central Bank of Brazil	393,206	425,432	(32,226)	(7.6)
Loan and lease operations portfolio	822,590	714,104	108,486	15.2
Other financial assets	96,473	93,255	3,218	3.5
(-) Provision for Expected Loss	(41,079)	(47,051)	5,972	(12.7)
Financial assets at fair value through other comprehensive income	105,622	109,942	(4,320)	(3.9)
Financial assets at fair value through profit or loss	434,169	465,581	(31,412)	(6.7)
Investments in associates and joint ventures, Fixed assets, Goodwill and Intangible assets, assets held for sale and other assets	50,688	55,610	(4,922)	(8.9)
Tax assets	58,433	66,095	(7,662)	(11.6)
Total assets	2,069,206	2,019,251	49,955	2.5

[Table of Contents](#)December 31, 2021 compared to December 31, 2020.

Total assets increased by R\$49,955 million, or 2.5%, as of December 31, 2021 compared to December 31, 2020, mainly due to an increase in financial assets at amortized cost. This result is further described below:

Financial assets at amortized cost increased by R\$99,983 million, or 7.8%, as of December 31, 2021, compared to December 31, 2020, mainly due to an increase in our loan and lease operations portfolio, partially offset by a decrease in interbank deposits, securities purchased under agreements to resell and securities at amortized cost.

Interbank deposits, securities purchased under agreements to resell, securities at amortized cost and voluntary investments with the Central Bank of Brazil decreased by R\$32,226 million, or 7.6%, as of December 31, 2021 compared to December 31, 2020, mainly due to the decrease of R\$70,225 million in securities purchased under agreements to resell due to an increase in our loan portfolio, especially in mortgage loans.

Please see “Note 4 - Interbank Deposits and Securities Purchased Under Agreements to Resell” to our audited consolidated financial statements for further details.

Loan and lease operations portfolio increased by R\$108,486 million, or 15.2%, as of December 31, 2021, compared to December 31, 2020, mainly due to the following increases:

(i) 30.2% in our individuals loan portfolio. We reached a historic high in mortgage loans, which increased by 55.6% for the individual’s segment. There was also an increase in our credit card portfolio, driven by the higher household consumption, in addition to the commercial strategy that provides a card for each client’s profile, thus providing a full shelf of cards, which increased by 29.6%. Credit origination increased by 35.8% in the individual’s portfolio during the year ended December 30, 2021 compared to the year ended December 31, 2020; and

(ii) 23.0% in our micro/small and medium businesses loan portfolio, mainly due to an increase in demand from our customers for working capital loans.

<u>Loan and Lease Operations, by asset type</u>	<u>As of December 31,</u>		<u>Variation</u>	
	<u>2021</u>	<u>2020</u>	<u>R\$ million</u>	<u>%</u>
	<i>(In millions of R\$)</i>			
Individuals	332,536	255,483	77,053	30.2
Credit card	112,809	87,073	25,736	29.6
Personal loan	42,235	35,346	6,889	19.5
Payroll loans	63,416	55,508	7,908	14.2
Vehicles	29,621	23,290	6,331	27.2
Mortgage loans	84,455	54,266	30,189	55.6
Corporate	135,034	134,521	513	0.4
Micro/Small and Medium Businesses	149,970	121,955	28,015	23.0
Foreign Loans Latin America	205,050	202,145	2,905	1.4
Total Loan operations and lease operations portfolio	822,590	714,104	108,486	15.2

Please see “Note 10—Loan and Lease Operations” to our audited consolidated financial statements for further details.

Financial assets at fair value through other comprehensive income decreased by R\$4,320 million, or 3.9% as of December 31, 2021 compared to December 31, 2020, mainly due to the decrease of R\$4,208 million in abroad government securities, especially in Latin American countries other than Brazil.

Please see “Note 8 – Financial Assets at Fair Value Through Other Comprehensive Income – Securities” to our audited consolidated financial statements for further details.

[Table of Contents](#)

Investments in associates and joint ventures, fixed assets, goodwill and intangible assets, assets held for sale and other assets decreased by R\$4,922 million, or 8.9%, as of December 31, 2021 compared to December 31, 2020, mainly due to the R\$9,449 million decrease in investments in associates and joint ventures driven by the effects of the partial spin-off of our interest in XP Inc. into a new company, XPart. XPart was incorporated on May 31, 2021, and as a result we no longer hold any equity interest in XP Inc. or in XPart, partially offset by the effect of R\$2,422 million related to the acquisition of payroll management contracts of the Government of the State of Minas Gerais in July 2021.

Cash decreased by R\$1,712 million, or 3.7%, as of December 31, 2021 compared to December 31, 2020, mainly due to a decrease in demand for liquidity, as well as the payment of R\$6,267 million in dividends and interest on capital in the period.

We present below our summarized balance sheet – liabilities and stockholders' equity as of December 31, 2021 and December 31, 2020. Please see our audited consolidated financial statements for further details about our Consolidated Balance Sheet.

Summarized Balance Sheet - Liabilities and Stockholders' Equity	As of December 31,		Variation	
	2021	2020	R\$ million	%
	<i>(In millions of R\$)</i>			
Financial Liabilities	1,621,786	1,579,686	42,100	2.7
At Amortized Cost	1,553,107	1,495,641	57,466	3.8
Deposits	850,372	809,010	41,362	5.1
Securities sold under repurchase agreements	252,848	273,364	(20,516)	(7.5)
Interbank market funds, Institutional market funds and other financial liabilities	449,887	413,267	36,620	8.9
At Fair Value Through Profit or Loss	63,479	79,653	(16,174)	(20.3)
Provision for Expected Loss	5,200	4,392	808	18.4
Provision for insurance and private pensions	214,976	221,000	(6,024)	(2.7)
Provisions	19,592	19,819	(227)	(1.1)
Tax liabilities	6,246	5,710	536	9.4
Other liabilities	42,130	38,511	3,619	9.4
Total liabilities	1,904,730	1,864,726	40,004	2.1
Total stockholders' equity attributed to the owners of the parent company	152,864	142,993	9,871	6.9
Non-controlling interests	11,612	11,532	80	0.7
Total stockholders' equity	164,476	154,525	9,951	6.4
Total liabilities and stockholders' equity	2,069,206	2,019,251	49,955	2.5

Total liabilities and stockholders' equity increased by R\$49,955 million, or 2.5%, as of December 31, 2021 compared to December 31, 2020, mainly due to an increase in financial liabilities at amortized cost. These results are detailed as follows:

Deposits increased by R\$41,362 million as of December 31, 2021 compared to December 31, 2020, mainly due to an increase of R\$23,311 million in demand deposits, R\$11,131 million in savings deposits, and R\$5,817 million in time deposits.

Please see "Note 15 – Deposits" to our audited consolidated financial statements for further details.

Securities sold under repurchase agreements decreased by R\$20,516 million, or 7.5%, as of December 31, 2021 compared to December 31, 2020, mainly due to a R\$46,334 million decrease in assets received as collateral and R\$22,637 million decrease in securities with right to sell or repledge the collateral. This result was partially offset by an increase of R\$48,455 million in assets pledged as collateral, especially government securities.

Please see "Note 17 – Securities sold under repurchase agreements and interbank and institutional market funds" to our audited consolidated financial statements for further details.

Interbank market funds, institutional market funds and other financial liabilities increased by R\$36,620 million, or 8.9%, as of December 31, 2021 compared to December 31, 2020, mainly due to the following increases: (i) R\$26,427 million in real estate bills, mainly due to tax exemptions for individuals, and (ii) R\$15,478 million in import and export financings, as this line item is directly affected by exchange rate fluctuations. This increase was partially offset by a decrease of R\$19,530 million in financial bills as of December 31, 2021 compared to December 31, 2020.

[Table of Contents](#)

Please see “Note 17 – Securities Sold Under Repurchase Agreements and Interbank and Institutional Market Funds” to our audited consolidated financial statements for further details.

Financial liabilities at fair value through profit and loss decreased by R\$16,174 million, or 20.3%, as of December 31, 2021, compared to December 31, 2020, mainly due to a R\$16,301 million decrease in the balance of derivatives, both for our proprietary hedging strategy and that for our clients’ operations. This decrease is related to a reduction in market volatility in 2021.

Please see “Note 6 – Derivatives” to our audited consolidated financial statements for further details.

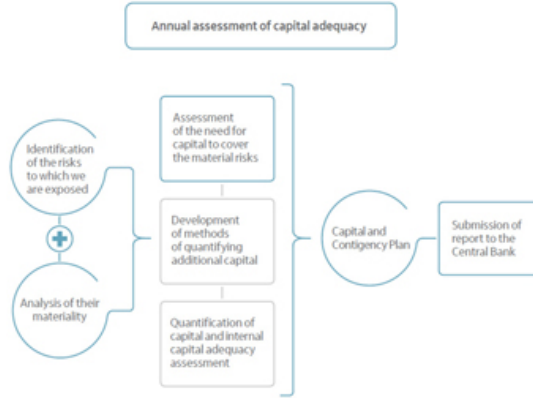
Total Stockholders’ equity attributable to the owners of the parent company increased by 6.9% as of December 31, 2021 compared to December 31, 2020, mainly due to a R\$7,864 million increase in the net income attributable to owners of the parent company in the period as a result of the net income of R\$26,760 million as of December 31, 2021, partially offset by the negative effect of R\$9,985 million from the partial spin-off of our interest in XP Inc. into a new company, XPart, in May 2021 and the payment of R\$6,267 million in dividends and interest on capital during the year ended December 31, 2021.

[Table of Contents](#)

Capital Management

Key Indicators

Our Board of Directors is the main body responsible for our capital management, and for approving our capital management policies and guidelines regarding our capitalization level. It is also responsible for approving the ICAAP (Internal Capital Adequacy Assessment Process) report, a process which is intended to assess our capital adequacy. At the executive level, corporate bodies are responsible for approving risk assessment and capital calculation methodologies, as well as reviewing, monitoring and recommending capital-related documents and topics to the Board of Directors.



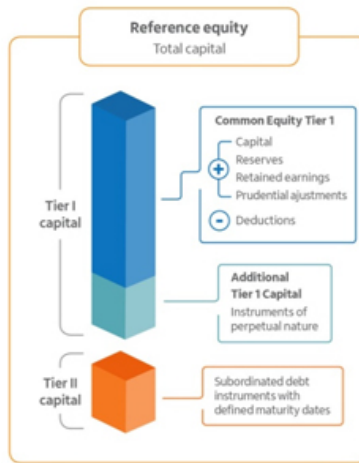
In compliance with CMN and Central Bank regulations, we have implemented a capital management structure and ICAAP, taking a prospective stance in relation to capital management.

In addition, we have a Recovery Plan, which is a report that aims at defining how to reestablish adequate levels of capital and liquidity in response to stress situations.

Requirements and Capital Composition

Our minimum capital requirements are expressed as ratios of the capital available, or the Total Capital, and the risk-weighted assets, or RWA. These ratios follow the set of resolutions and circulars disclosed by the Central Bank that implemented, in Brazil, the global capital requirement standards known as Basel III.

The Total Capital is the sum of three items, as shown below:



[Table of Contents](#)

For purposes of calculating these minimum capital requirements, the total RWA is determined as the sum of the risk-weighted asset amounts for credit, market and operational risks.

The minimum Total Capital ratio required is 8.0% as from January 1st, 2019.

The Central Bank rules call for Additional Capital Buffers, or ACP, corresponding to the sum of the components $ACP_{\text{Conservation}}$, $ACP_{\text{Countercyclical}}$ and ACP_{Systemic} , which, in conjunction with the requirements mentioned, increase capital requirements over time, as provided for CMN Resolution 4,193 of March 1, 2013 as amended ("CMN Resolution 4,193"). The amount of each component and the minimum regulatory requirements are provided for in CMN Resolution 4,193, as amended.

According to CMN Resolution 4,193, for assessing the minimum capital requirements, the RWA must be calculated by adding the following portions:

- RWA_{CPAD} – Credit Risk: calculated using standardized approach;
- RWA_{MINT} – Market Risk: made up of the maximum between the internal model and 80% of the standardized model; and
- RWA_{OPAD} – Operational Risk: calculated using standardized approach.

Capital Adequacy

Through our ICAAP, we assess the adequacy of our capital to face the risks to which we are subject. For ICAAP, capital is composed of regulatory capital for credit, market and operational risks, and by the necessary capital to cover other risks.

In order to ensure our capital soundness and availability to support business growth, we maintain capital levels above the minimum requirements, according to the Common Equity Tier I, Additional Tier I Capital, and Tier II minimum ratios.

	As of December 31,	
	2021	2020
<i>(In R\$ million, except percentages)</i>		
Available capital (amounts)		
Common Equity Tier I (CET1)	130,716	119,960
Tier I	149,912	137,157
Total capital	169,797	151,244
Risk-weighted assets (amounts)		
Total risk-weighted assets (RWA)	1,153,841	1,042,207
Risk-based capital ratios as a percentage of RWA		
Common Equity Tier I ratio (%)	11.3%	11.5%
Tier I ratio (%)	13.0%	13.2%
Total capital ratio (%)	14.7%	14.5%
Additional CET1 buffer requirements as a percentage of RWA		
Capital conservation buffer requirement (%) ⁽¹⁾	2.00%	1.25%
Countercyclical buffer requirement (%)	0.0%	0.0%
Bank G-SIB and/or D-SIB additional requirements (%)	1.0%	1.0%
Total of bank CET1 specific buffer requirements (%)	3.00%	2.25%

(1) For purposes of calculating the Conservation capital buffer, BACEN Resolution 4,783 establishes, for defined periods, percentages to be applied to the RWA value with a gradual increase until April/22, when it reaches 2.5%.
The countercyclical capital buffer is fixed by the Financial Stability Committee and currently is set to zero.

Our Total Capital, Tier I Capital and Common Equity Tier I Capital ratios are calculated on a consolidated basis, applied to institutions included in our Prudential Conglomerate which comprises not only financial institutions but also consortia (*consórcios*), payment entities, factoring companies or companies that directly or indirectly assume credit risk, and investment funds in which our Itaú Unibanco Group retains substantially all risks and rewards.

[Table of Contents](#)

As of December 31, 2021, our Total Capital reached R\$169,797 million, an increase of R\$18,553 million compared to December 31, 2020. Our Basel Ratio (calculated as the ratio between our Total Capital and the total amount of RWA) reached 14.7%, as of December 31, 2021, a increase of 20 basis points compared to 14.5% as of December 31, 2020, mainly due to the income for the period offset by the increase in loan portfólio.

Additionally, the Fixed Assets Ratio (*Índice de Imobilização*) indicates the level of total capital committed to adjusted permanent assets. Itaú Unibanco Holding is within the maximum limit of 50% of the adjusted total capital, as established by the Central Bank. On December 31, 2021, our Fixed Assets Ratio reached 16.9%, which presents a buffer of R\$56.280 million.



Our Tier I ratio increased 10 basis points in relation to September 30, 2021 mainly due to net income in the period, partially offset by the increase in loan portfólio.

Please see “Item 4B. Business Overview – Supervision and Regulation – Basel III Framework – Implementation of Basel III in Brazil” for further details about minimum capital ratios.

Please see “Note 32 – Risk and Capital Management” of our audited consolidated financial statements for further details about regulatory capital.

[Table of Contents](#)

Liquidity Ratios

The Basel III Framework introduced global liquidity standards, providing for minimum liquidity requirements and aims to ensure that banks can rely on their own sources of liquidity, leaving central banks as a lender of last resort. Basel III provides for two liquidity ratios to ensure that financial institutions have sufficient liquidity to meet their short-term and long-term obligations: (i) the liquidity coverage ratio, or LCR, and (ii) the net stable funding ratio, or NSFR. We believe that the LCR and NSFR provide more relevant information than an analysis of summarized cash flows.

We present below a discussion of our LCR for the three-month period ended on December 31, 2021 and our NSFR as of December 31, 2021.

Liquidity Coverage Ratio

The LCR measures the short-term resistance of a bank's liquidity risk profile. It is the ratio of the stock of high-quality liquid assets to expected net cash outflows over the next 30 days, assuming a scenario of idiosyncratic or systemic liquidity stress.

We calculate our LCR according to the methodology established in Central Bank Circular No. 3,749/2015. We measure our total high liquidity assets for the end of each period to cash outflows and inflows as the daily average value for each period. Pursuant to Central Bank regulations, effective as of January 1, 2019, the minimum LCR is 100%.

<u>Liquidity Coverage Ratio</u>	Three-month periods ended December 31,	
	2021	2020
	Total Weighted Value (average)	
	<i>(In millions of RS)</i>	
Total High Liquidity Assets (HQLA) ¹	307,280	343,174
Cash Outflows ²	341,053	309,652
Cash Inflows ³	147,960	133,297
Total Net Cash Outflows	193,093	176,355
LCR%	159.1%	194.6%

(1) High Quality Liquidity Assets correspond to inventories, in some cases weighted by a discount factor, of assets that remain liquid in the market even in periods of stress, that can easily be converted into cash and that are classified as low risk.

(2) Outflows — total potential cash outflows for a 30-day horizon, calculated for a standard stress scenario as defined by BACEN Circular 3,749.

(3) Inflows — total potential cash inflows for a 30-day horizon, calculated for a standard stress scenario as defined by BACEN Circular 3,749.

Our average LCR as of December 31, 2021 was 159.1% and, accordingly, above Central Bank requirements.

Net Stable Funding Ratio

The NSFR measures long-term liquidity risk. It is the ratio of available stable funding to required stable funding over a one-year time period, assuming a stressed scenario.

We calculate our NSFR according to the methodology established in Central Bank Circular No. 3,869/2017. The NSFR corresponds to the ratio of our available stable funds (ASF) for the end of each period to our required stable funds (RSF) for the end of each period.

[Table of Contents](#)

Pursuant to Central Bank regulations, effective as of October 1, 2018, the minimum NSFR is 100%.

<u>Net Stable Funding Ratio</u>	<u>As of December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Total Adjusted Value</u>	
	<i>(In millions of R\$)</i>	
Total Available Stable Funding (ASF) ¹	1,016,989	956,033
Total Required Stable Funding (RSF) ²	839,830	758,907
NSFR (%)	121.1%	126.0%

(1) ASF – Available Stable Funding – refers to liabilities and equity weighted by a discount factor according to their stability, pursuant to Central Bank Circular 3,869/2017.

(2) RSF – Required Stable Funding – refers to assets and off-balance exposures weighted by a discount factor to their necessity, pursuant to Central Bank Circular 3,869/2017.

As of December 31, 2021, our ASF totaled R\$1,017.0 billion, mainly due to capital and Retail Banking and Wholesale Banking funding, and our RSF totaled R\$839.8 billion, particularly due to loans and financing with Wholesale Banking and Retail Banking customers, central governments and transactions with central banks.

As of December 31, 2021, our NSFR was 121.1% and, accordingly, above Central Bank requirements.

[Table of Contents](#)

5B. Liquidity and Capital Resources

Our Board of Directors determines our policy regarding liquidity risk management and establishes broad quantitative liquidity risk management limits in line with our risk appetite. The CSRML (*Comitê Superior de Risco de Mercado e Liquidez*), composed of members of senior management, is responsible for strategic liquidity risk management in line with the board-approved liquidity risk framework and risk appetite. In establishing our guidelines, the CSRML considers the liquidity implications of each market segment and product. Our institutional treasury unit is responsible for the day-to-day management of the Itaú Unibanco Group's liquidity profile, within the parameters set by our Board of Directors and the CSRML. This includes an oversight responsibility with respect to all business units operating outside of Brazil.

We maintain separate liquidity pools at our Brazilian operations and at each of our subsidiaries outside of Brazil. Our Brazilian operations include financial institutions in Brazil and the entities used by the Brazilian operations for funding and serving their clients abroad. Each of our subsidiary has its own treasury function with appropriate autonomy to manage liquidity according to local needs and regulations, while remaining in compliance with the liquidity limits established by our senior management. In general, there are rarely liquidity transfers between subsidiaries or between the head office and a subsidiary, except under very specific circumstances (e.g., targeted capital increases).

National Monetary Council ("CMN") regulations establish capital conservation and countercyclical buffers for Brazilian financial institutions such as ourselves, and determines their minimum percentages as well as which sanctions and limitations will apply in case of non-compliance with such additional requirements.

We define our consolidated group operational liquidity reserve as the total amount of assets that can be rapidly turned into cash, based on local market practices and legal restrictions. The operational liquidity reserve generally includes cash and deposits on demand, funded positions of securities purchased under agreements to resell and unencumbered government securities.

The following table presents our operational liquidity reserve as of December 31, 2021, 2020 and 2019:

Operational Liquidity Reserve	As of December 31,			2021 Average Balance ⁽¹⁾
	2021	2020	2019	
	<i>(In millions of R\$)</i>			
Cash	44,512	46,224	30,367	42,433
Securities purchased under agreements to resell – Funded position ⁽²⁾	32,436	44,743	26,797	38,095
Unencumbered government securities ⁽³⁾	152,099	232,245	115,774	193,130
Operational reserve	229,047	323,212	172,938	273,658

(1) Average calculated based on audited interim financial statements.

(2) Net of R\$ 9,266 (R\$11,119 at 12/31/2020 and R\$8,544 at 12/31/2019), which securities are restricted to guarantee transactions at B3 S.A.—Brasil, Bolsa, Balcão (B3) and the Central Bank.

(3) Present values are included as a result of the change in the reporting of future flows of assets that are now reported as future value as of September 2016.

Our management controls our liquidity reserves by projecting the resources that will be available for investment by our treasury department. The technique we employ involves the statistical projection of scenarios for our assets and liabilities, considering the liquidity profiles of our counterparties.

Short-term minimum liquidity limits are defined according to guidelines set by the CSRML. These limits aim to ensure that the Itaú Unibanco Group always has sufficient liquidity available to cover unforeseen market events. These limits are revised periodically, based on the projection of cash needs in atypical market situations (i.e., stress scenarios).

Management of liquidity makes it possible for us to simultaneously meet our operating requirements, protect our capital and exploit market opportunities. Our strategy is to maintain adequate liquidity to meet our present and future financial obligations and to capitalize on business opportunities as they arise.

We are exposed to effects of the disruptions and volatility in the global financial markets and the economies in those countries where we do business, especially Brazil. However, due to our stable sources of funding, which include a large deposit base, the large number of correspondent banks with which we have long-standing relationships, as well as facilities in place which enable us to access further funding when required, we have not historically experienced liquidity challenges, even during periods of disruption in the international financial markets.

[Table of Contents](#)

Our main sources of funding are interest-bearing deposits, deposits received under repurchase agreements, on-lending from government financial institutions, lines of credit with foreign banks and the issuance of securities abroad. Please see “Note 15 – Deposits” to our audited consolidated financial statements for further details about funding.

We may from time to time seek to retire or purchase our outstanding debt, including our subordinated notes (subject to the approval of the Central Bank), and senior notes, through cash purchases in the open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. Notes repurchased may be held, cancelled or resold and any resale thereof will need to comply with applicable requirements or exemptions under the relevant securities laws.

Some of our long-term debt provides for acceleration of the outstanding principal balance upon the occurrence of specified events, which are events ordinarily found in long-term financing agreements. Up to December 31, 2021, none of these events, including any events of default or failure to satisfy financial covenants, have occurred.

Under Brazilian law, cash dividends may only be paid if the subsidiary paying such dividends has reported a profit in its financial statements. In addition, subsidiaries that are financial institutions are prohibited from making loans to us, but they are allowed to make deposits in our, which represent interbank certificates of deposit (*Certificado de Depósito Interbancário*). These restrictions have not had, and are not expected to have, a material impact on our ability to meet our cash obligations. For more information on our dividend policy, see “Item 8A. Consolidated Statements and Other Financial Information – Stockholders’ Payment” of this annual report.

[Table of Contents](#)**Sustainable Tier 2 Subordinated Notes Issuance**

On January 15, 2021, we, acting through our Grand Cayman branch, through our global medium programme, issued US\$500,000,000 3,875% Tier 2 Subordinated Notes due 2031, the net proceeds of which are expected to be used to finance and/or refinance green and/or social projects pursuant to the Framework.

Issuance of Level 2 Subordinated Financial Notes

In September 2021, we issued Level 2 Subordinated Financial Notes in the amount of R\$ 5.5 billion in a private placement with professional investors. These financial notes carry a 10-year maturity period and a repurchase option commencing 2026, subject to prior approval from the Central Bank of Brazil. The notes have been approved as part of our Common Equity Capital Level 2.

[Table of Contents](#)**Capital Expenditures**

In accordance with our practice in the last few years, our capital expenditures in the year ended December 31, 2021 were funded with internal resources. We cannot provide assurance that we will make capital expenditures in the future and, if made, that the amounts will correspond to the current estimates. The table below shows our capital expenditures as of December 31, 2021, 2020 and 2019:

Capital Expenditures	For the Year Ended December 31,			Variation			
	2021	2020	2019	2021-2020	2020-2019		
	<i>(In millions of RS, except percentages)</i>						
Fixed Assets	1,414	1,716	1,621	(302)	(17.6)%	95	5.9%
Fixed assets under construction	710	457	473	253	55.4%	(16)	(3.4)%
Land and buildings	25	38	52	(13)	(34.2)%	(14)	(26.9)%
Leasehold improvements	106	39	60	67	171.8%	(21)	(35.0)%
Installations, furnitures and data processing equipment	532	1,112	946	(580)	(52.2)%	166	17.5%
Other	41	70	90	(29)	(41.4)%	(20)	(22.2)%
Intangible Assets	7,667	3,591	2,691	4,076	113.5%	900	33.4%
Goodwill	—	287	—	(287)	—	287	—
Association for the promotion and offer of financial products and services	5	—	—	5	—	—	—
Software acquired and Internally developed software	4,249	2,763	1,976	1,486	53.8%	787	39.8%
Other intangibles	3,413	541	715	2,872	530.9%	(174)	(24.3)%
Total	9,081	5,307	4,312	3,774	71.1%	995	23.1%

See “Note 13 – Fixed Assets” and “Note 14 – Goodwill and Intangible Assets” to our audited consolidated financial statements for details about our capital expenditures.

Capitalization

The table below presents our capitalization as of December 31, 2021. The information described is derived from our audited consolidated financial statements as of and for the year ended December 31, 2021. As of the date of this annual report, there has been no material change in our capitalization since December 31, 2021.

[Table of Contents](#)

You should read the table below in conjunction with the information included in “Item 4B. Business Overview – Selected Statistical Information” for further details.

Capitalization	As of December 31, 2021	
	RS	US\$ ⁽¹⁾
	<i>(In millions, except percentages)</i>	
Current liabilities		
Deposits	493,752	88,478
Securities sold under repurchase agreements	243,195	43,579
Structured notes	16	3
Derivatives	30,952	5,546
Interbank market funds	98,106	17,580
Institutional market funds	27,906	5,001
Other financial liabilities	128,576	23,040
Provision for insurance and private pension	3,643	653
Provisions	5,362	961
Tax liabilities	2,450	439
Other Non-financial liabilities	39,213	7,027
Total	1,073,171	192,307
Long-term liabilities		
Deposits	356,620	63,905
Securities sold under repurchase agreements	9,653	1,730
Structured notes	98	18
Derivatives	32,252	5,779
Interbank market funds	79,039	14,163
Institutional market funds	110,730	19,842
Other financial liabilities	5,691	1,020
Provision for insurance and private pension	211,333	37,870
Provision for Expected Loss	5,200	932
Provisions	14,230	2,550
Tax liabilities	3,516	630
Other Non-financial liabilities	2,917	523
Total	831,279	148,962
Income tax and social contribution—deferred	280	50
Non-controlling interests	11,612	2,081
Stockholders’ equity attributed to the owners of the parent company ⁽²⁾	152,864	27,393
Total capitalization ⁽³⁾	2,069,206	370,793
BIS ratio ⁽⁴⁾	14.7%	

(1) Convenience translation at 5.5805 reais per U.S. dollar, the exchange rate in effect on December 31, 2021.

(2) Itaú Unibanco Holding’s authorized and outstanding share capital consists of 4,958,290,359 common shares and 4,818,741,579 preferred shares, all of which are fully paid. For more information regarding our share capital see Note 19 to our audited consolidated financial statements as of and for the period ended December 31, 2021.

(3) Total capitalization corresponds to the sum of total current liabilities, long-term liabilities, deferred income, minority interest in subsidiaries and stockholders’ equity.

(4) Calculated by dividing total regulatory capital by risk weight assets.

[Table of Contents](#)**Contractual obligations**

In the ordinary course of business, we enter into contractual obligations that may require future cash payments, including products in interbank market debt and institutional market debt lines, time deposits and other cash commitments. For more information regarding these obligations, see Notes “Note 15 – Deposits” and “Note 17 – Securities sold under repurchase agreements and interbank and institutional market funds” to our audited consolidated financial statements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, other than the guarantees, financial guarantees, commitments to be released, letters of credit to be released and contractual commitments we granted that are described in “Note 13—Fixed assets,” “Note 14—Goodwill and Intangible assets,” “Note 32 – Risk and Capital Management, 1.1 – Collateral and policies for mitigating credit risk” and “Note 32 – Risk and Capital Management – 1.4 – Maximum Exposure of Financial Assets to Credit Risk” to our audited consolidated financial statements.

[Table of Contents](#)**Sensitivity Analysis (Trading and Banking Portfolios)**

We conduct sensitivity analysis for market risk factors considered important. The highest resulting losses are presented below, with impact on result, by risk factor, in each such scenario and are calculated net of tax effects, providing a view of our exposure under different circumstances.

The sensitivity analysis of the trading portfolio and banking portfolio presented here are based on a static assessment of the portfolio exposure. Therefore, such analyses do not consider the dynamic response capacity of management (e.g., treasury and market risk control unit) to initiate mitigating measures, whenever a situation of high loss or risk is identified, minimizing the possibility of significant losses. In addition, the analysis is intended to assess risk exposure and the respective protective actions, taking into account the fair value of financial instruments, regardless of whether or not financial instruments are accounted for on an accrual basis.

Exposures	Risk of variations in:	Trading Portfolio (1)			Trading and Banking Portfolios (1)		
		December 31, 2021			December 31, 2021		
Risk Factors		Scenario I	Scenario II	Scenario III	Scenario I	Scenario II	Scenario III
		<i>(In millions of R\$)</i>					
Interest Rate	Fixed Income Interest Rates in reais	(0.3)	(86.5)	(167.4)	(12.8)	(3,447.2)	(6,666.7)
Foreign Exchange Linked	Foreign Exchange Linked Interest Rates	(0.1)	(42.7)	(78.2)	(3.2)	(304.5)	(575.4)
Foreign Exchange Rates	Prices of Foreign Currencies	(3.1)	(13.2)	(38.7)	1.6	(110.4)	(236.2)
Price Index Linked	Interest of Inflation coupon	—	(37.3)	(80.5)	(0.3)	(183.7)	(473.8)
TR	TR Linked Interest Rates	—	—	—	1.1	(243.8)	(535.0)
Equities	Prices of Equities	0.2	56.5	169.7	6.0	(89.0)	(121.3)
Other	Exposures that do not fall under the definitions above	(0.1)	5.4	15.4	—	1.8	0.8
Total		(3.4)	(117.8)	(179.7)	(7.6)	(4,376.8)	(8,607.6)

(1) Amounts net of tax effects.

- Scenario I: Addition of one basis point to fixed interest rates, currency coupon, inflation and interest rate indexes and one percentage point to currency and equity prices;
- Scenario II: Shocks of 25% in fixed interest rates, currency coupon, inflation, interest rate indexes and currency and share prices, both for growth and fall, considering the largest resulting losses per risk factor; and
- Scenario III: Shocks of 50% in fixed interest rates, currency coupon, inflation, interest rate indexes and currency and share prices, both for growth and fall, considering the largest resulting losses per risk factor.

Interest Rate Sensitivity

Interest rate sensitivity is the relationship between market interest rates and net interest income arising from the maturity or the renegotiation of prices of interest-bearing assets and liabilities.

Our strategy for interest rate sensitivity considers the return rates, the underlying risk level and the liquidity requirements, including our minimum regulatory cash reserves, mandatory liquidity ratios, withdrawals and maturity of deposits, capital costs and additional demand for funds.

The pricing structure is matched when equal amounts of these assets or liabilities mature or are renegotiated. Any mismatch of interest-bearing assets and liabilities is known as a gap position. The interest rate sensitivity may vary in the renegotiation periods presented due to the different renegotiation dates within the period. Also, variations among the different currencies in which the interest rate positions are denominated may arise.

These relationships are material for a particular date, and significant fluctuations may occur on a daily basis as a result of both market forces and management decisions. Our “CSRML” analyzes Itaú Unibanco Group’s gap position on a monthly basis and establishes limits for market risk exposure, interest rate positions and foreign currency positions.

Please see “Note 32 – Risk and Capital Management, 2. Market Risk” of our audited consolidated financial statements for further details about the position of our interest-bearing assets and liabilities as of December 31, 2021. This note provides a snapshot view, and accordingly, does not reflect the interest rate gaps that may exist at other times, due to changing asset and liability positions, and management’s actions to manage risk in these changing positions.

[Table of Contents](#)**LIBOR Transition**

In 2018 we assembled a working group to follow up on the international financial markets discussions regarding the replacement of the IBOR rates by new reference rates. The main goal of this working group was, and still is, to support our senior executives in the decision-making process on this subject. In order to achieve that, this group is comprised of several areas of the bank, including representatives from Treasury, Risk, Accounting, Legal, Compliance, External Units, etc., and is being led by the Products team at the head office in Brazil.

Among its actions over the past three years, we can highlight the following: (i) assessment of the bank's exposure to IBORs; (ii) the amendment of fallback clauses in the contracts of assets, liabilities and derivatives transactions indexed to IBORs; (iii) monitoring and active participation in market consultations held by ISDA and the Fed with regards to new replacement rates and its methodologies; (iv) follow up reports for the Senior Management in several committees (Products, Accounting, Audit and Market Risk Committees); (v) analysis of accounting impacts and new procedures to be applied to the transactions in our portfolios, as well as monitoring any announcements of the main global accounting bodies (IASB and FASB) and participation in discussions held in specific international forums; (vi) mapping out the operational impact of the transition to the new rates; and (vii) communications to clients regarding the discontinuity of IBOR rates, in addition to discussions with foreign banks that are members of the Alternative Reference Rate Committee to further monitor the subject.

Throughout 2021, the working group continued to follow market guidelines and acted in the implementation of previously defined action plans, including systems changes to the new rate methodologies for both new transactions and for the current portfolio, which are still pending. We have also adhered, on February 2021, to the IBOR Fallbacks Protocol of the International Swaps and Derivatives Association published on October 23, 2020, which will enable market participants to incorporate the revisions into their legacy non-cleared derivatives trades with other counterparties as part of IBOR transition. Our Group will keep up with the periodic reports to Senior Management and clients whenever it deems necessary.

[Table of Contents](#)**Exchange Rate Sensitivity**

Most of our banking operations are denominated in or indexed to Brazilian *reais*. We also have assets and liabilities denominated in foreign currency, mainly in U.S. dollars, as well as assets and liabilities that, although denominated in Brazilian *reais*, are indexed to U.S. dollars and, therefore, expose us to exchange rate risk. The Central Bank regulates our foreign currency positions. Please see “Note 32 – Risk and Capital Management, 2. Market Risk” of our audited consolidated financial statements for further details.

The gap management adopted by the CSRML takes into consideration the tax effects with respect to our foreign exchange positions. Since the gains from the foreign exchange rate variation on investments abroad are not taxed, we set up a hedge (a liability in foreign currency derivative instruments) in an amount sufficient so that our total foreign exchange exposure, net of tax effects, is consistent with our low risk exposure strategy.

Our foreign exchange position on the liability side is composed of various elements, including the issuance of securities in international capital markets, credit from foreign banks used to finance import and export transactions, dollar-linked onlendings from government financial institutions and deposits in currencies of Latin America countries. The proceeds of these financial operations are usually invested in loans and in the purchase of dollar-linked securities.

The information set forth in the table below was prepared on a consolidated basis, eliminating transactions between related parties. Our investments abroad, which are eliminated when we consolidate the accounting information, represented R\$73.7 billion as of December 31, 2021, under the gap management policy adopted, as mentioned above. We apply either economic hedges or hedge accounting to those net investments abroad.

[Table of Contents](#)

	For The Year Ended December 31, 2021				% of amounts denominated in and indexed to foreign currency of total
	Brazilian currency	Denominated in foreign currency (1)	Indexed to foreign currency (1)	Total	
	<i>(In millions of R\$, except percentages)</i>				
Exchange Rate Sensitivity					
Assets	1,481,363	532,460	55,383	2,069,206	28.4
Cash	7,383	33,709	3,420	44,512	83.4
At Amortized Cost	986,464	351,422	37,896	1,375,782	28.3
Compulsory deposits in the Central Bank of Brazil	104,592	—	—	104,592	—
Interbank deposits	17,795	52,147	—	69,942	74.6
Securities purchased under agreements to resell	159,974	9,744	—	169,718	5.7
Voluntary investments with the Central Bank of Brazil	5,800	—	—	5,800	—
Securities	114,498	21,871	11,377	147,746	22.5
Loan operations and lease operations portfolio	535,453	260,173	26,964	822,590	34.9
Other financial assets	81,519	14,954	(0)	96,473	15.5
(-) Provision for Expected Loss	(33,167)	(7,467)	(445)	(41,079)	19.3
At Fair Value Through Other Comprehensive Income	42,485	60,974	2,163	105,622	59.8
Securities	42,485	60,974	2,163	105,622	59.8
At Fair Value Through Profit or Loss	348,226	74,057	11,886	434,169	19.8
Securities	338,358	21,628	4,981	364,967	7.3
Derivatives	9,711	52,429	6,905	69,045	85.9
Other financial assets	157	—	—	157	—
Investments in associates and joint ventures	6,119	2	0	6,121	—
Fixed assets, net	5,794	1,169	(0)	6,963	16.8
Goodwill and Intangible assets, net	16,138	4,972	0	21,110	23.6
Tax assets	54,776	3,657	0	58,433	6.3
Other assets	13,978	2,498	18	16,494	15.3
Percentage of total assets	71.6	25.7	2.7	100.0	
Liabilities and Stockholders' Equity	1,488,684	563,654	16,868	2,069,206	28.1
At Amortized Cost	1,037,825	502,199	13,083	1,553,107	33.2
Deposits	593,057	256,654	661	850,372	30.3
Securities sold under repurchase agreements	209,552	43,296	0	252,848	17.1
Interbank market debt	92,568	79,106	5,471	177,145	47.7
Institutional market debt	20,823	112,146	5,667	138,636	85.0
Other financial liabilities	121,825	10,997	1,284	134,106	9.2
At Fair Value Through Profit or Loss	8,002	51,880	3,597	63,479	87.4
Derivatives	7,841	51,766	3,597	63,204	87.6
Structured notes	—	114	—	114	100.0
Other financial liabilities	161	—	—	161	—
Provision for Expected Loss	4,516	657	27	5,200	13.2
Loan Commitments	4,093	318	22	4,433	7.7
Financial Guarantees	423	339	5	767	44.9
Reserves for insurance and private pension	214,971	5	—	214,976	—
Provisions	19,487	105	0	19,592	0.5
Tax liabilities	4,865	1,381	(0)	6,246	22.1
Other liabilities	34,542	7,427	161	42,130	18.0
Non-controlling interests	11,612	—	—	11,612	—
Total stockholders' equity attributed to the owners of the parent company	152,864	—	—	152,864	—
Percentage of total liabilities and stockholders' equity	72.0	27.2	0.8	100.0	

(1) Predominantly U.S. dollar.

Backtesting

The effectiveness of the VaR model is validated by the use of backtesting techniques that compare hypothetical and effective daily results with the estimated daily VaR. The number of exceptions to the VaR pre-established limits should be consistent, within an acceptable margin, with the hypothesis of 99% confidence level considering a period of 250 business days. Confidence levels of 97.5% and 95%, and periods of 500 and 750 business days are also considered. The backtesting analysis presented below considers the ranges suggested by the Basel Committee on Banking Supervision. The ranges are divided into:

- Green (0 to 4 exceptions): corresponds to backtesting results that do not suggest any problems with the quality or accuracy of the adopted models;
- Yellow (5 to 9 exceptions): refers to an intermediate range group, which indicates an early warning and/or monitoring and may indicate the need to review the model; and
- Red (10 or more exceptions): demonstrates the need for improvement action.

According to Central Bank Circular No. 3,646, hypothetical testing consists of applying market price variations for a specific day to the portfolio balance at the end of the preceding business day. The effective test is the variation in the portfolio value up to the end of the day, including intraday transactions and excluding amounts not related to market price variations, such as fees, brokerage fees and commissions.

The hypothetical and actual P&L exceeded the VaR estimate on two days over the preceding 250 business days ended December 31, 2021.

[Table of Contents](#)**5C. Research and Development, Patents and Licenses, Etc.**

For the past three years, we have not had any research and development policies in effect.

5D. Trend Information

We expect many factors to affect our future results of operations, liquidity and capital resources, including:

- the Brazilian economic environment (please see “Item 5A. Operating Results — Factors Affecting Our Results of Operations — Brazilian Context” and “Item 3D. Risk Factors — Macroeconomic Risks — Domestic Scenario” for further details);
- legal and regulatory developments (please see “Item 4B. Business Overview — Supervision and Regulation”, “Item 5A. Operating Results — Factors Affecting Our Results of Operations — Brazilian Context” and “Item 3D. Risk Factors — Legal and Regulatory Risks” for further details);
- the effects of any ongoing international financial turmoil, including on the liquidity and capital requirement (please see “Item 4B. Business Overview — Supervision and Regulation,” “Item 5A. Operating Results — Factors Affecting Our Results of Operations — Global Context” and “Item 3D. Risk Factors — Macroeconomic Risks — Domestic Scenario” for further details);
- the inflation effects on the results of our operations (please see “Item 5A. Operating Results — Factors Affecting Our Results of Operations — Brazilian Context” and “Item 3D. Risk Factors — Macroeconomic Risks — Domestic Scenario” for further details);
- the effects of the variations in the value of the Brazilian *real*, foreign exchange rates and interest rates on our net interest income (please see “Item 5A. Operating Results” and “Item 3D. Risk Factors— Macroeconomic Risks— Domestic Scenario” for further details); and
- any acquisitions we may make in the future (please see “Item 3D. Risk Factors—Risks Associated with our Business—The integration of acquired or merged businesses involves certain risks that may have a material adverse effect on us” for further details).

As part of our strategy, we continue to review growth opportunities, both in Brazil and outside of Brazil.

Additionally, please see “Item 3D. Risk Factors” for comments on the risks faced in our operations and that could affect our business, results of operations or financial condition.

5E. Critical Accounting Estimates

Not Applicable.

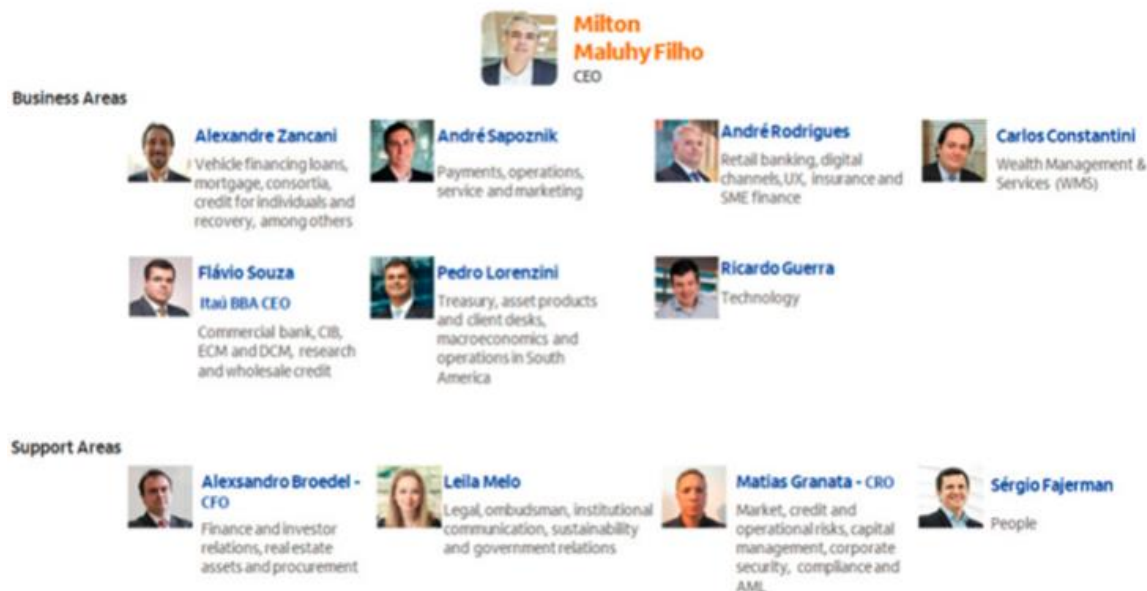
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**6A. Directors and Senior Management****Executive Committee**

[Table of Contents](#)

Our Executive Committee is responsible for conducting strategies for business and products developed by us and implementing guidelines proposed by the Board of Directors.

Our Executive Committee has a term of office of one year, which continues to be effective until the investiture of the members elected by the Board of Directors held immediately after the Annual Shareholders' Meeting.

The table below presents the structure of our executive committee:



Change in the Board of Directors

On April 27, 2021, Candido Botelho Bracher and Maria Helena dos Santos Fernandes Santana were elected as members of the Board of Directors. On April 26, 2022, César Nivaldo Gon was elected as member of the Board of Directors and Marcos Ambrogio Crespi Bonomi leaves his position on the Board of Directors.

Annual Shareholder's Meeting

On April 27, 2021 at our annual shareholders' meeting Pedro Moreira Salles, Roberto Egydio Setubal, Alfredo Egydio Setubal, Ana Lúcia de Mattos Barretto Villela, Fábio Colletti Barbosa, Frederico Trajano Inácio Rodrigues, João Moreira Salles, Marco Ambrogio Crespi Bonomi, Pedro Luiz Bodin de Moraes and Ricardo Villela Marino were reelected as members of our Board of Directors, each for a term of one year. We deemed the directors Fábio Colletti Barbosa, Frederico Trajano Inácio, Marco Ambrogio Crespi Bonomi, Maria Helena dos Santos Fernandes Santana and Pedro Luiz Bodin de Moraes to be independent members representing 41.67% of our Board of Directors. With respect to our Fiscal Committee on the same date, Alkimar Ribeiro Moura was reelected as an effective member and João Costa was reelected as his alternate; José Caruso Cruz Henriques was reelected as an effective member and Reinaldo Guerreiro, was reelected as his alternate. Artemio Bertholini was reelected as an effective member and Rene Guimarães Andrich was elected an alternate member.

On April 26, 2022 at our annual shareholders' meeting Pedro Moreira Salles, Roberto Egydio Setubal, Alfredo Egydio Setubal, Ana Lúcia de Mattos Barretto Villela, Fábio Colletti Barbosa, Candido Botelho Bracher, Frederico Trajano Inácio Rodrigues, João Moreira Salles, Maria Helena dos Santos Fernandes de Santana, Pedro Luiz Bodin de Moraes and Ricardo Villela Marino were reelected and César Nivaldo Gon was elected as members of our Board of Directors, each for a term of one year. We deemed the directors Cesar Nivaldo Gon, Fábio Colletti Barbosa, Frederico Trajano Inácio Rodrigues, Maria Helena dos Santos Fernandes de Santana e Pedro Luiz Bodin de Moraes to be independent members representing 41.67% of our Board of Directors. With respect to our Fiscal Committee on the same date, Gilberto Frussa was elected as an effective member and João Costa was reelected as his alternate; Eduardo Miyaki was elected as an effective member and Reinaldo Guerreiro, was reelected as his alternate. Artemio Bertholini was reelected as an effective member and Rene Guimarães Andrich was elected an alternate member.

[Table of Contents](#)**Board of Officers and Members of our Audit Committee**

As of December 31, 2021 our Audit Committee consisted of the following members: Gustavo Jorge Laboissière Loyola, Luciana Pires Dias and Otávio Yazbek Alexandre de Barros, Rogério Carvalho Braga and Ricardo Baldin (the financial expert).

On April 26, 2022 at the Meeting of the Board of Directors, the members of our Board of Officers were reelected for a term of office of one year. Gustavo Jorge Laboissière Loyola and Luciana Pires Dias were reelected as members of the Audit Committee for a term of office of one year. Alexandre de Barros, Rogério Carvalho Braga and Ricardo Baldin (the financial expert) were also elected.

The elections and reelections of the members are subjective to approval by Central Bank.

[Table of Contents](#)

Board of Directors

The following discussion contains summary biographical information relating to each of the members of our board of directors:

Pedro Moreira Salles (Non-Executive Co-Chairman) has been a Co-Chairman of the Board of Directors at the Itaú Unibanco Group since 2017, and he was also the Chairman of the Board of Directors (2009 to 2017) and Executive Vice President (2008 to 2009). He has held several positions at the Itaú Unibanco Group, including CEO (2004 to 2008).

He serves as the Chairman of the Board of Directors at Instituto Unibanco; Board of Directors at the Federação Brasileira de Bancos (FEBRABAN); Board of Directors at Companhia Brasileira de Metalurgia e Mineração (CBMM); and Board of Directors at Alpargatas S.A. He is also a Member of the Decision-Making Council, the INSPER's Board of Associates, and the Board of Directors at Fundação Osesp.

He holds a Bachelor's degree, magna cum laude, in Economics and History from the University of California, Los Angeles (UCLA), U.S. He holds a Master's degree in International Relations from the Yale University and he has attended the OPM – Owner/President Management Program at the Harvard University, both in the United States.

Roberto Egydio Setubal (Non-Executive Co-Chairman) has been a Co-Chairman of the Board of Directors at the Itaú Unibanco Group since 2017. He was also the Vice Chairman of the Board of Directors (2003 to 2017) and CEO (1994 to 2017). He has held several positions at the Itaú Unibanco Group, including Senior Vice President (“Diretor Geral”) (1990 to 1994).

He has served as Vice Chairman of the Board of Directors and a Member of the Strategy and New Business Committee of Itaúsa S.A. since 2021 and was Managing Vice President (1994 to 2021) and Chairman of the Accounting Policies Committee (2008 to 2011).

Since 1994 he has been a Member of the Board of the International Monetary Conference. He was President of the Federação Nacional dos Bancos (FENABAN) and of the Federação Brasileira de Bancos (FEBRABAN) (1997 to 2001) and President of the Advisory Board of the Federação Brasileira de Bancos (FEBRABAN) (2008 to 2017). In 2000, Mr. Setubal became a Member of the Trilateral Commission and the International Board of the NYSE and in 2002 he became a Member of the International Advisory Committee of the Federal Reserve Bank of New York. In 2010, he became a Member of the China Development Forum.

He holds a Bachelor's degree in Production Engineering from the Escola Politécnica da Universidade de São Paulo (USP), São Paulo, Brazil and a Master of Science degree in Engineering from the Stanford University, California, U.S.

Ricardo Villela Marino (Non-Executive Vice President) has been a Vice President of the Board of Directors at the Itaú Unibanco Group since 2020. He was also a Member of the Board of Directors (2008 to 2020) and the Chairman of the bank's Latin America Strategic Council since 2018. He has held several positions at the Itaú Unibanco Group since 2002, including Vice President (2010 to 2018). He has also been an Alternate Member of the Board of Directors of Itaúsa S.A. since 2011; a Member of the Strategy and New Business Committee since 2021; a Member of the Sustainability Council since 2019, and he was a Member of the Investment Policies Committee (2008 to 2011); an Alternate Member of the Board of Directors of Dexco S.A. since 2009; an Alternate Member of the Board of Directors of Itautec S.A. (2009 to 2019) and an Alternate Member of the Board of Directors of Elekeiroz S.A. (2009 to 2018).

He holds a Bachelor's degree in Mechanical Engineering from the Escola Politécnica da Universidade de São Paulo (USP), São Paulo, Brazil and a Master's degree in Business Administration from the MIT Sloan School of Management, Cambridge, Massachusetts, U.S.

Alfredo Egydio Setubal (Non-Executive Member) has been a Member of the Board of Directors at the Itaú Unibanco Group since 2007. He has held several positions at the Itaú Unibanco Group, including Vice President (1996 to 2015), Investor Relations Officer (1995 to 2015), Executive Officer (1993 to 1996), and Managing Director (1988 to 1993). He has been a Member of the Nomination and Corporate Governance Committee since 2009, a Member of the Personnel Committee and the Risk and Capital Management Committee since 2015, a Member of the Social Responsibility Committee since 2019, and he was a Member of the Accounting Policies Committee (2008 to 2009).

He has been the CEO and Investor Relations Officer at Itaúsa S.A. since 2015, Vice Chairman of the Board of Directors since 2008, a Member of the Disclosure and Trading Committee since 2009, having been Coordinator to this Committee since 2015, a Member of the Investment Policies Committee (2008 to 2011), Coordinator of the Investment Committee and a Member of the Finance, the Personnel and Ethics, and the Sustainability and Risks committees since 2017.

Mr. Setubal has been a Member of the Board of Directors and of the Strategy Committee at Alpargatas S.A. since 2017, a Member of the Board of Directors since 2015, Co-chairman of the Board since 2017 and a Member of the Personnel, Governance and Nomination Committee since 2015 at Duratex S.A.

He has been Chairman of the Board of Trustees since 2008 at the Fundação Itaú para Educação, a Member of the Board of Directors of the Museu de Arte Moderna de São Paulo (MAM) since 1992 and of the Instituto de Arte Contemporânea. He has been Vice Chairman of the Board of Directors at the Fundação Bienal de São Paulo since 2017 (and a Member since 2009) and Chairman of the Decision-Making Council at the Museu de Arte de São Paulo (MASP) since 2018. He has a Member of the Superior Guidance, Nomination and Ethics Committee since 2010 at the Instituto Brasileiro de Relações com Investidores – IBRI, having been Chairman of the Board of Directors (1999 to 2009).

[Table of Contents](#)

Mr. Setubal also served as a Member of the Board of Directors at the Associação Brasileira das Companhias Abertas (ABRASCA) (1999 to 2017) and Vice Chairman of the Board of Directors at the Instituto Itaú Cultural (2005 to 2019), having worked as a Board Member (1993 to 2005), Executive Vice President (2005 to 2019) and an Executive Officer (1996 to 2005).

He holds Bachelor's and Postgraduate degrees in Business Administration, both from the Fundação Getulio Vargas (FGV), São Paulo, Brazil, with specialization from INSEAD, Fontainebleau, France.

Ana Lúcia de Mattos Barretto Villela (Non-Executive Member) has been a Member of the Board of Directors at the Itaú Unibanco Group since 2018. She has held several positions at the Itaú Unibanco Group, including Member of the Board of Directors (1996 to 2001).

Ms. Villela has also been an Alternate Member of the Board of Directors of IUPAR – Itaú Unibanco Participações S.A. since 2018; Vice Chairman of the Board of Directors (Non-Executive Member) of Itaúsa S.A. since 2017; a Member of the Personnel Committee at Itaú since 2018; a Member of the Nomination and Corporate Governance at Itaú since 2018; a Member of the Social Responsibility Committee at Itaú since 2019; a Member of the Sustainability and Risks Committee at Itaúsa since 2021; Vice President of the Board of Trustees at the Fundação Itaú para Educação e Cultura since 2020; a Member of the Guiding Board at the Itaú Social since 2017; a Member of the Advisory Board at the Itaú Cultural since 1995; a Member of the Executive Board at the Itaú Cultural since 2017; Co-Founder of AlanaLab (Maria Farinha Filmes and Flow) since 2014; Founding President of Alana Foundation since 2012; CEO of Instituto Alana since 2002; a Member of the Advisory Board at Instituto Brincante since 2001 and Fellow Ashoka since 2010.

She has been a Member of the Innovation Board of XPRIZE since 2018. First representative from Latin America on the Innovation Board of XPRIZE, a non-profit organization created by Peter Diamandis, who designs and manages global competitions to encourage the development of new technologies that may help solve some of mankind's major challenges.

She was a Member of the Advisory Board at Instituto Akatu (2013 to 2017); a Member of the Advisory Board at Organização Fairplay (2015 to 2017); a Member of the Advisory Board at Conectas (2003 to 2018), a Member of the Sustainability Committee at Duratex S.A. (2015 to 2018) and an Alternate Member of the Board of Directors of Duratex S.A. (2018 to 2020).

She holds a Bachelor's degree in Teaching with major in School Administration and a Master's degree in Educational Psychology, both from the Pontifícia Universidade Católica de São Paulo (PUC-SP), São Paulo, Brazil and took graduate studies in Business Administration from the Fundação Armando Álvares Penteado (FAAP), São Paulo, Brazil (incomplete), and postgraduate studies in Administration in the Third Sector from the Fundação Getulio Vargas (FGV), São Paulo, Brazil (incomplete).

Candido Botelho Bracher (Non-Executive Member) has been a Member of the Board of Directors at the Itaú Unibanco Group since 2021. He has held several positions at the Itaú Unibanco Group, including CEO (2017 to 2021), Wholesale Banking Senior Vice President (“Diretor Geral”) (2015 to 2017) and Vice President (2004 to 2015).

Mr. Bracher has been a Member of the Board of Directors of Mastercard Incorporated since 2021 and was a Member of the Board of Directors (2009 to 2014) of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (currently B3 S.A. – Brasil, Bolsa, Balcão), an Alternate Member of the Board of Directors (1999 to 2005), and a Member of the Board of Directors (2005 to 2013) of Pão de Açúcar – Companhia Brasileira de Distribuição.

He holds a Bachelor's degree in Business Administration from the Fundação Getulio Vargas (FGV), São Paulo, Brazil.

Cesar Nivaldo Gon (Independent Member) has been a Member of the Board of Directors since 2022 and Member of the Personnel Committee (2021 to 2022) at the Itaú Unibanco Group.

He is the founder and has been the CEO at CI&T since 1995, acting as the figurehead for topics on leadership development and digital transformation.

Mr. Gon has been a Member of the Board of Directors of Sensedia since 2012, a Tech Advisor to the Boticário Group since 2020 and is a Member of the Board of Directors of Fundo Patrimonial Lumina Unicamp. In 2021, he joined the Boards of Directors of Raia Drogasil and of Lean Enterprise Institute (LEI), headquartered in Boston.

In 2019, he was acknowledged as the Entrepreneur of the Year in Brazil by Ernst & Young (EY).

Mr. Gon has co-authored the book “Faster, Faster: The Dawn of Lean Digital” (2020) and is a MIT Sloan Management Review columnist.

He holds a Bachelor's degree in Computer Engineering (CoE) and a Master's degree in Computer Science from the Universidade de Campinas (UNICAMP), Campinas, São Paulo, Brazil.

Fábio Colletti Barbosa (Independent Member) has been a Member of the Board of Directors at the Itaú Unibanco Group since 2015.

He has been a Member of the Board of Directors of Natura Group since 2017; a Member of the Board of Directors of Companhia Brasileira de Metalurgia e Mineração (CBMM) since 2015; and a Member of the Board of Directors of Ambev since 2021.

He was CEO (2011 to 2014) at Abril Comunicações S.A.; Chairman of the Board of Directors (2011) at Banco Santander (Brazil) S.A.; CEO (2008 to 2010) at Banco Santander S.A.; and CEO (1996 to 2008) at Banco ABNAMRO/Real S.A. Mr. Barbosa also served as Chairman of the Board of Directors of Fundação OSESP (2012 to 2019), and is currently a Board Member at UN Foundation (U.S.) since 2011; a Member of the Board of Directors of Instituto Empreender Endeavor since 2008 (Chairman since 2015); and a Member of the Investment Committee of Gávea Investimentos since 2015.

[Table of Contents](#)

He holds a Bachelor's degree in Business Administration from the Fundação Getulio Vargas (FGV), São Paulo, Brazil and a Master's degree in Business Administration from the Institute for Management Development (IMD), Lausanne, Switzerland.

Frederico Trajano Inácio Rodrigues (Independent Member) has been a Member of the Board of Directors at the Itaú Unibanco Group since 2020.

He has been the Chief Executive Officer (CEO) of Magazine Luiza S.A. since 2016, having been an Executive Sales and Marketing Officer (2010 to 2015), a Commercial Officer, and was also in charge of the Marketing Office (2004 to 2010). He started his career in 2000, being responsible for the E-Commerce department. Mr. Rodrigues has been an Effective Member of the Board of Directors of Luizaseg Seguros S.A. since 2005 and worked in the retail and consumer goods departments at Deutsche Bank Securities (1998 to 1999).

He holds a Bachelor's degree in Business Administration from the Fundação Getulio Vargas (FGV), São Paulo, Brazil, and attended the Program for Executives from the University of California, Stanford, U.S.

João Moreira Salles (Non-Executive Member) has been a Member of the Board of Directors at the Itaú Unibanco Group since 2017. He has held several positions at the Itaú Unibanco Group, including Officer at IUPAR – Itaú Unibanco Participações S.A. since 2018, and he was a Member of the Board of Directors (2015 to 2018).

He was a Member of the Board of Directors at XP Investimentos S.A. (2018 to 2019).

Mr. Moreira Salles is currently an Officer of Brasil Warrant Administração de Bens e Empresas S.A. (BWSA), where, since 2013, he has been overseeing the management of BW Gestão de Investimentos (BWGI) as a member of the Investment, Risk and Operational Committees of the firm, and has been responsible for the monitoring of other BWSA subsidiaries. He has been a Partner and a Member of the Investment Committee of Cambuhy Investimentos Ltda. since 2013 and was a Member of the Board of Directors of investee Parnaíba Gás Natural (2014 to 2017). He has also been a Member of the Board of Directors of Verallia, a glass packaging company listed on the Euronext Paris since 2019, as well as a Member of the Board of Directors' Finance Committee of Alparagatas. Before joining BWSA and Cambuhy, he had been an Investment Banker at J. P. Morgan Chase, New York, U.S.

He holds a Bachelor's degree in Economics from the Instituto de Ensino e Pesquisa (INSPER), São Paulo, Brazil, a Master's degree in Economics from the Columbia University, GSAS, New York, U.S., a Master's degree in Finance from the Columbia University, GSB, New York, U.S. and a Ph.D. in Economic Theory from the Universidade de São Paulo (FEA-USP), São Paulo, Brazil.

Maria Helena dos Santos Fernandes de Santana (Independent Member) has been a Member of the Board of Directors at the Itaú Unibanco Group since 2021. She was a Member of the Audit Committee between 2014 and 2020.

She has been a Member of the Board of Directors and Coordinator of the People, Appointment and Governance Committee at Oi S.A. since 2018, a Member of the Board of Directors and Chairwoman of the Audit Committee at CI&T Inc., and a Member of the Board of Directors at Fortbras S.A.

She was a Member of the Board of Directors (2018 to 2019) and the Chairwoman of the Audit Committee at XP Inc. between 2019 and 2021, having previously served as the Chairwoman of the Audit Committee at XP Investimentos S.A. (2018 to 2019). Ms. Santana served as a Member of the Board of Directors at Bolsas y Mercados Españoles (BME) (2016 to 2020), a Member of the Board of Trustees at the IFRS Foundation (2014 to 2019), a Member of the Board of Directors and Chairwoman of the Corporate Governance Committee at Companhia Brasileira de Distribuição S.A. (2013 to 2017), a Member of the Board of Directors and Audit Committee Coordinator at Totvs S.A. (2013 to 2017), a Member of the Board of Directors at CPFL Energia S.A. (2013 to 2015), Chairwoman (2007 to 2012) and Officer (2006 to 2007) of the Brazilian Securities and Exchange Commission (CVM). She represented CVM at the Financial Stability Board (FSB) (2009 to 2012).

She was Chairwoman of the Executive Committee at the International Organization of Securities Commissions (IOSCO) (2011 to 2012), and also a Member of the International Integrated Reporting Committee (IIRC) in the same period.

She worked at the Bolsa de Valores de São Paulo (currently B3 S.A. – Brasil, Bolsa, Balcão) (1994 to 2006), where she was involved in the set-up and was responsible for the implementation of the New Market and other corporate governance segments.

Ms. Santana was Vice President of the Instituto Brasileiro de Governança Corporativa (IBGC) (2004 to 2006), having been a Member of its Board of Directors between 2001 and 2006. She has been a Member of the Latin-American Roundtable on Corporate Governance (OECD) (since 2000).

She holds a Bachelor's degree in Economics from the Faculdade de Economia, Administração, Contabilidade e Atuária of the Universidade de São Paulo (FEA-USP) São Paulo, Brazil.

Pedro Luiz Bodin de Moraes (Independent Member) has been a Member of the Board of Directors at the Itaú Unibanco Group since 2003.

He has been a partner at Cambuhy Investimentos Ltda. since 2011 and at Ventor Investimentos Ltda. since 2009.

He was an Officer (2002 to 2003) and a Partner (2005 to 2014) at Icatu Holding S.A.; and an Officer and a Partner (1993 to 2002) at Banco Icatu S.A.

Mr. Bodin de Moraes also served as a Monetary Policy Officer at the Banco Central do Brasil (1991 to 1992) and as an Officer at Banco Nacional de Desenvolvimento Econômico e Social (BNDES) (1990 to 1991).

He holds a Bachelor's and Master's degrees in Economics from the Pontifícia Universidade Católica do Rio de Janeiro (PUC-RJ), Rio de Janeiro, Brazil, and a Ph.D. in Economics from the Massachusetts Institute of Technology (MIT), Cambridge, Massachusetts, U.S.

[Table of Contents](#)

Board of Officers—Executive Committee

The following discussion contains summary biographical information relating to each of the members of our board of officers (executive committee):

Milton Maluhy Filho (CEO), a Partner, has been a Chief Executive Officer at the Itaú Unibanco Group since 2021, having served as a CFO and a CRO as well. Mr. Maluhy has held several positions at the Itaú Unibanco Group, including Vice President (2019 to 2020) and CEO of Itaú CorpBanca (Chile) (2016 to 2018), being responsible for the merger of two banks, CorpBanca and Banco Itaú Chile. He joined the Itaú Unibanco Group in 2002 and was elected Officer in 2007.

He holds a Bachelor's degree in Business Administration.

Alexandre Grossmann Zancani (Officer), a Member of the Partners Program, has been an Officer of the Executive Committee at the Itaú Unibanco Group since 2021, having held the position of Executive Officer at the Itaú Unibanco Group (2019 to 2021).

He was a Digital Business, Data, New Undertakings and Innovation Officer (2017 to 2019), a Risk Officer – Individuals and Consumers (2015 to 2017), an Executive Credit Superintendent at Santander – Individuals and Financing Companies (2013 to 2015), an Executive Credit Superintendent at Santander – Individuals (2012 to 2013) at Santander (Brazil), an Executive Credit and Collection Superintendent (2009 to 2012) at Santander Cards and a Member of the Board of Directors (2017 to 2018) at Banco PSA Finance Brasil S.A.

He holds a Bachelor's degree in Computer Engineering from the Escola Politécnica da Universidade de São Paulo (USP), São Paulo, Brazil and an MBA from the INSEAD, Fontainebleau, France.

Alexandro Broedel (Officer and CFO), a Member of the Partners Program, has been an Officer of the Executive Committee and CFO since 2021, having held the position of Group Executive Finance Director (2015 to 2020) and Head of Investor Relations (2017 to 2020) at the Itaú Unibanco Group. He joined the Itaú Unibanco Group in 2012 as the Finance and Control Officer. Mr. Broedel has previously served as an Officer at the Comissão de Valores Mobiliários (CVM). He is a Full Professor at FEA-USP and Trustee of the IFRS Foundation.

He holds a Bachelor's degrees in Accounting and Law from the Universidade de São Paulo (USP), São Paulo, Brazil. He holds a Ph.D. in Accounting and Finance from the Manchester Business School, Manchester, United Kingdom, and is a Chartered Management Accountant (FCMA, CGMA), London, United Kingdom.

André Luís Teixeira Rodrigues (Officer), has been a Partner since 2010 and a Member of the Executive Committee at the Itaú Unibanco Group since 2021. He is currently responsible for the Retail Banking segment, which includes Itaú Branches, Uniclass, Personalité, Companies departments, Government and Payroll segments, and is also responsible for the Insurance, Products and Strategic Planning – Individuals and Companies, CRM, Digital Channels and User Experience (UX) departments. He joined the Itaú Unibanco Group in 2000 and has been an Officer since 2005. He was an Executive Officer from 2008 and 2020, having worked at Banco Itaú BBA from its creation in 2003 to 2018 and at the Retail Banking segment as from 2019.

He holds a Bachelor's degree in Mechanical Engineering with major in Automation and Systems ("Mechatronics") from the Escola Politécnica da Universidade de São Paulo (USP), São Paulo, Brazil.

André Sapoznik (Officer), a Member of the Partners Program, has been an Officer of the Executive Committee at the Itaú Unibanco Group since 2016, having held the position of Vice President (2016 to 2021). He joined the Itaú Unibanco Group in 1998 and was elected Officer in 2004.

He holds a Bachelor's degree in Production Engineering from the Escola Politécnica da Universidade de São Paulo (USP), São Paulo, Brazil and MBA from Stanford Graduate School of Business, California, U.S.

Carlos Fernando Rossi Constantini (Officer), a Member of the Partners Program, has been an Officer of the Executive Committee at the Itaú Unibanco Group since 2021. He is currently responsible for the Wealth Management & Services division, which addresses client's investment journeys, from offering and experience to fund distribution and management, having held the position of Executive Officer (2019 to 2021). In 2017, Mr. Constantini became the CEO at Itaú Unibanco in the United States and the Head of International Private Banking in Miami (2017 to 2018). He has held several positions at the Itaú Unibanco Group, including Officer (2009 to 2017). He joined the Itaú Unibanco Group in 2007 as a Deputy Officer (2007 to 2009).

He holds a Bachelor's degree in Production Engineering from the Escola Politécnica da Universidade de São Paulo (USP), São Paulo, Brazil.

Flávio Augusto Aguiar de Souza (Officer), a Member of the Partners Program, has been an Officer of the Executive Committee at the Itaú Unibanco Group and CEO of Banco Itaú BBA since 2021, being responsible for the Corporate & Investment Banking, Commercial Banking, Distribution and Research departments, as well as for the credit analysis, granting, recovery and restructuring activities of the Wholesale Banking division.

[Table of Contents](#)

He joined the Itaú Unibanco Group in 2009 and has held leading positions in several departments of the conglomerate, having served as Executive Commercial Banking Officer, Global Head of Wealth Management & Services, Global Head of Private Banking, and CEO of Banco Itaú International in Miami, U.S.

Mr. Souza was Vice President of the Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais (ANBIMA) (2015 to 2019), and Chairman of the Board of Directors at the banks Itaú International (Miami, U.S.) and Itaú Suisse (Zurich, Switzerland) (2015 to 2018).

He holds a Bachelor's degree in Business Administration from the Universidade Federal de Minas Gerais, Belo Horizonte, Minas Gerais, Brazil, and a postgraduate degree in Finance from the Fundação Dom Cabral, São Paulo, Brazil.

Leila Cristiane Barboza Braga de Melo (Officer), has been a Partner of Itaú Unibanco since 2008 and an Officer of the Executive Committee since 2021. She is currently responsible for the entire Legal, External Ombudsman's Office, Government Relations, Corporate Communication and Sustainability departments. She joined the Itaú Unibanco Group in 1997, working at Unibanco's Legal Advisory Department, where she carried out legal services at all business and institutional departments. Ms. Melo was elected Deputy Officer in 2008. She has held several positions at the Itaú Unibanco Group, including Officer (2009 to 2015) and Executive Officer (2015 to 2021).

She is also an Officer and a Member of the Board of Directors at W.I.L.L. – Women in Leadership in Latin America (a nongovernmental organization with international coverage focused on improving the individual and collective value of women in leadership positions in Latin America). In 2000 and 2001, Ms. Melo worked in the Project Finance and Securities Departments of the Debevoise & Plimpton firm in New York.

She holds a Bachelor's degree in Law from the Universidade de São Paulo (USP), São Paulo, Brazil, and attended a Specialization course on Financial Law and Capital Markets from the Instituto Brasileiro de Mercado de Capitais (IBMEC), Brazil, and on Fundamentals of Business Law from the New York University, New York, U.S., and attended the Fellows Program from the IWF World Leadership Conference and Gala, Atlanta, Georgia, U.S., from the Harvard Business School, Cambridge, Massachusetts, U.S. and from the INSEAD, Fontainebleau, France.

Matias Granata (Officer), a Partner, has been an Officer of the Executive Committee at the Itaú Unibanco Group responsible for the risks department (CRO) since 2021. He has held several positions at the Itaú Unibanco Group, including Officer (2014 to 2021), responsible for AML, Credit Risk, Modeling and Market and Liquidity Risks.

He holds a Bachelor's degree in Economics from the Universidad de Buenos Aires (UBA), Buenos Aires, Argentina, a postgraduate degree in Economics from the Universidad Torcuato Di Tella (UTDT), Buenos Aires, Argentina, and a Master's degree in International Economic Policy from the University of Warwick, British Chevening Scholarship, United Kingdom.

Pedro Paulo Giubbina Lorenzini (Officer), a Member of the Partners Program, has been an Officer of the Executive Committee at the Itaú Unibanco Group since 2021. He is currently responsible for the Treasury, Client and Product Desks and Macroeconomics departments and for the bank's operations in South America (Argentina, Paraguay, Uruguay and Itaú CorpBanca), having held the position of Executive Officer (2021).

He is a Member of the Board of Directors and a Member of the Risk and Financial Committee at B3 S.A. – Brasil, Bolsa, Balcão (2021/2023 two-year period).

Mr. Lorenzini was responsible for the Markets, Securities Services and Treasury (2008 to 2021); Sales and Structuring, ALM Management (2004 to 2008); Trading and Currency Management (2000 to 2004); Management of the ALM Department (1997 to 2000); several departments of the Treasury Products Sales to Corporate Clients (1995 to 1997); Structuring and Development of Treasury Products (1993 to 1995); Product and Risk Management Manager (1992 to 1993); and responsible for Controllershship and Management of Managerial Results from Corporate Products (1991 to 1992) at Citigroup Brazil, and was a Trainee (1989 to 1991) at Citibank Brazil.

He was Chairman of the Treasury Committee (2010 to 2013) and Citibank's representative at the Board of Executive Officers at the Federação Brasileira de Bancos (FEBRABAN) (2013 to 2021), and Chairman of the Treasury Committee (2010 to 2012), and Vice President of the Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais (ANBIMA) (2010 to 2021).

He holds a Bachelor's degree in Business Administration from the Pontifícia Universidade Católica de São Paulo (PUC-SP), São Paulo, Brazil.

Ricardo Ribeiro Mandacaru Guerra (Officer), a Member of the Partners Program, has been an Officer of the Executive Committee at the Itaú Unibanco Group since 2021, responsible for the technology department in the position of CIO since 2015. He has held several positions at the Itaú Unibanco Group, including Executive Officer (2014 to 2021), Channels Officer (2008 to 2014); Financing Products Superintendent—Individuals (2007 to 2008); Credit Policies Superintendent (2006 to 2007); Electronic Channels Management Superintendent (2002 to 2006), and Internet Project Leader (1996 to 2000).

He joined the Itaú Unibanco Group in 1993 as a System Analyst.

He holds a Bachelor's degrees in Civil Engineering from the Escola Politécnica da Universidade de São Paulo (USP), São Paulo, Brazil, and in Business Administration from the Faculdade de Economia, Administração, Contabilidade e Atuária da Universidade de São Paulo (FEA-USP), São Paulo, Brazil, and an MBA from the Kellogg School of Management at Northwestern University, Illinois, U.S.

Sergio Guillinet Fajerman (Officer), a Member of the Partners Program, has been an Officer of the Executive Committee at the Itaú Unibanco Group since 2021. He is currently responsible for the Personnel department. He has held several positions at the Itaú Unibanco Group, including Executive Officer (2017 to 2021) and Corporate Personnel Management Officer and Personnel Officer at the General Wholesale Banking Office (2010 to 2017). He is a representative of the Itaú Unibanco Group in the Human Resources Committee (CHR) of FEBRABAN.

[Table of Contents](#)

He holds a Bachelor's degree in Economics from the Universidade Federal do Rio de Janeiro (UFRJ), Rio de Janeiro, Brazil; MBA in Corporate Finance from the Instituto Brasileiro de Mercado de Capitais (IBMEC), Brazil; MBA from INSEAD, Fontainebleau, France and has attended the Advanced HR Executive Program from the University of Michigan, Michigan, U.S.

Board of Officers – Officers

The following discussion contains summary biographical information relating to each of the members of our board of officers (officers):

Adriano Cabral Volpini (Officer), a Partner of Itaú Unibanco, has been Corporate Security Officer and Chief Security Officer (CSO) at the Itaú Unibanco Group since 2012. He has held several positions at the Itaú Unibanco Group, including Superintendent of Prevention of Unlawful Acts (2005 to 2012); Manager of Prevention of Unlawful Acts (2004 to 2005); Inspection Manager (2003); Inspector (1998 to 2003); Auditor (1996 to 1997) and in the Branch Operation Department (1991 to 1996). He also holds management positions in several companies of the Itaú Unibanco Group.

He holds a Bachelor's degree in Social Communication and a postgraduate degree in Accounting and Financial Administration, both from the Fundação Armando Álvares Penteado (FAAP), São Paulo, Brazil and an MBA in Finance from the Instituto Brasileiro de Mercado de Capitais (IBMEC), Brazil.

Álvaro Felipe Rizzi Rodrigues (Officer), a Member of the Partners Program, has been an Officer at the Itaú Unibanco Group since 2014. He is currently responsible for the Legal Wholesale Banking Department (investment banking, treasury, wealth management services, banking products, allocated funds and onlending, international loans and foreign exchange), the Tax Department, the Proprietary M&A Legal Matters Department and the Anti-Trust, Corporate and International Legal Matters Departments. Mr. Rodrigues had been previously responsible for the Legal Retail Banking Department (responsible for legal issues related to products and services of the retail banking, insurance and pension plan business) and the Institutional Legal Department (Corporate and Corporate Governance, Contracts, Intellectual Property and Corporate Paralegal Matters). He joined the Itaú Unibanco Group in 2005, serving as Legal Manager and Legal Superintendent (2005 to 2014). He also worked in the Corporate Law and Contract Law departments (1998 to 2005) at Tozzini Freire Advogados.

He holds a Bachelor's degree in Law from the Faculdade de Direito da Universidade de São Paulo (USP), São Paulo, Brazil. He has also attended a specialization course in Corporate Law from the Pontifícia Universidade Católica de São Paulo (PUC-SP), São Paulo, Brazil, and holds a Master of Laws (L.L.M.) from Columbia University Law School, New York, U.S.

Andre Balestrin Cestare (Officer), a Member of the Partners Program, has been an Officer at the Itaú Unibanco Group since 2017. He is currently responsible for the Financial Planning of the Wholesale Banking and Technology and Operations department. He has held several positions at the Itaú Unibanco Group, including Financial Planning Officer—Retail Banking (2017 to 2019) and Finance Superintendent (2010 to 2017).

Mr. Cestare was also a Member of the Board of Directors at Financeira Itaú CBD and ConectCar from 2017 to 2019.

He holds a Bachelor's degree in Mechanical Engineering from the Escola Politécnica da Universidade de São Paulo (USP), São Paulo, Brazil; a Postgraduate degree in Business Administration and a Professional Master's degree in Finance and Economics, both from the Fundação Getúlio Vargas (FGV), São Paulo, Brazil. He also attended the Executive Qualification Program from the Fundação Dom Cabral, São Paulo, Brazil.

Daniel Sposito Pastore (Officer), a Member of the Partners Program, has been an Officer at the Itaú Unibanco Group since 2020. He has held several positions at the Itaú Unibanco Group, including Legal Superintendent working at the labor, criminal, union relations, higher courts, labor advisory and WMS areas (2012 to 2020); Legal Manager, WMS, working at the International, Asset and Brokerage departments (2008 to 2011), Legal Lawyer, WMS (2004 to 2008); Lawyer, Banking Law (2002 to 2003), and Legal Assistant (M&A Legal) (2000 to 2002).

Mr. Pastore served at the Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais (ANBIMA) as an effective Member of the Legal Committee (2012 to 2016), having served as Vice President (2015 to 2016); Coordinator and Liaison on behalf of ANBIMA with the Comissão de Valores Mobiliários (CVM) for issuing and implementing new rules on suitability, asset management and trust management and investment funds (2014 to 2016), and Coordinator of the revision of self-regulation codes for trust management, asset management and investment funds (2015 to 2016). He has been a Member of the legal labor committee (since 2017) and a Member of the union negotiation committee (since 2020) at the Federação Brasileira de Bancos (FEBRABAN).

He holds a Bachelor's degree in Law from the Universidade Presbiteriana Mackenzie, São Paulo, Brazil, and a post-graduate degree in Financial and Capital Markets Law from the Instituto de Ensino e Pesquisa (INSPER), São Paulo, Brazil.

Emerson Macedo Bortoloto (Officer), has been an Officer at the Itaú Unibanco Group since 2011. He joined the Itaú Unibanco Group in 2003, taking over a number of positions in the Internal Audit department. He is currently the Internal Audit Officer, responsible for managing the Audit department, whose mission is to plan, carry out and report on audits in Itaú Unibanco Group Retail processes and business, as well as in processes of the Information Technology, Information

[Table of Contents](#)

Security and Cybersecurity area. Mr. Bortoloto was responsible for evaluating processes related to Market, Credit and Operational Risks, in addition to Project Auditing and Continuous Auditing. Also at the Itaú Unibanco Group, he was responsible for auditing in the Information Technology and Retail Credit Analysis and Granting processes.

He has been a Member of the Audit Committees of Itaú Unibanco's controlled companies and affiliates, such as: Banco Itaú Paraguay, Banco Itaú Uruguay, CIP – Câmara Interbancária de Pagamentos and Tecban—Tecnologia Bancária.

Mr. Bortoloto worked at Ernst & Young Auditores Independentes (2001 to 2003) and at Banco Bandeirantes (1992 to 2001), being responsible for auditing IT and operational processes.

He holds a Bachelor's degree in Data Processing Technology, a Postgraduate degree in Audit and Consulting in Information Security from the Faculdades Associadas de São Paulo (FASP), São Paulo, Brazil, and an MBA in Internal Auditing from the Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras (FIPECAFI), Brazil. He is CISA certified by the Information Systems Audit and Control Association (ISACA).

José Geraldo Franco Ortiz Junior (Officer), a Member of the Partners Program, has been an Officer at the Itaú Unibanco Group since 2021. He joined the Itaú Unibanco Group in 2003 as an intern, and has served in a number of positions, such as: Legal Assistant (2003 to 2004); Lawyer (2004 to 2006); Senior Lawyer (2006 to 2008); Legal Manager (2009 to 2013), and Legal Superintendent (2013 to 2020). Mr. Ortiz Junior also worked as Non-US Legal Intern at law firm Jones Day of New York (2009) and as an intern at IBM Brasil (2001 to 2003).

He holds a Bachelor's degree in Law from the Faculdade de Direito da Universidade de São Paulo (USP), São Paulo, Brazil, and a Master's degree (LL.M) from the Columbia University Law School, New York, U.S.

José Virgílio Vita Neto (Officer), a Member of the Partners Program, has been an Officer at the Itaú Unibanco Group since 2011, being currently responsible for Tax Advisory and Litigation, Corporate Legal departments, in addition to the Legal Advisory of all Business departments of the General Retail Banking Office. He joined the Itaú Unibanco Group in 2000, working as a lawyer until 2003, being responsible for the Wholesale Banking Legal Consulting department, particularly structured operations and real estate loans. Mr. Vita Neto worked as Legal Manager (2003 to 2008), being responsible for the Wholesale Banking Legal department, particularly structured operations, real estate loans, foreign exchange, derivatives and project finance, retail legal advisory and administrative and investigative proceedings, including those related to consumer protection bodies. He also acted as Legal Superintendent (2008 to 2011), responsible for retail legal advisory, administrative and investigative proceedings, litigation for major cases and public-interest civil actions.

He holds a Bachelor's degree in Law from the Universidade de São Paulo (USP), São Paulo, Brazil; Master's degree in Civil Law – Contracts from the Universidad de Salamanca – Spain; Ph.D. in Civil Law – Contracts from the Universidade de São Paulo (USP) São Paulo, Brazil, and has attended the Authentic Leadership Development Program from the Harvard Business School, Boston, U.S.

Luciana Nicola Schneider (Officer), a Member of the Partners Program, has been an Officer at the Itaú Unibanco Group since 2022. She has held several positions at the Itaú Unibanco Group, including Superintendent of Institutional Relations, Sustainability and New Business (2018 to 2021) and Superintendent of Government and Institutional Relations (2009 to 2018). She worked as a Social Responsibility Manager (2004 to 2009) at Instituto Unibanco S.A. and at the Endomarketing department at Unibanco S.A. (1997 to 2004).

Ms. Schneider was also a Member of the Steering Committee (2005 to 2007) at Associação Junior Achievement of the São Paulo State.

She holds a Bachelor's degree in Law from the Universidade São Judas Tadeu, São Paulo, Brazil, and postgraduate degrees in Semiotics from the Pontifícia Universidade Católica de São Paulo (PUC-SP), São Paulo, Brazil and in Leadership and Public Management from the Centro de Liderança Pública – CLP and Center on the Legal Profession at Harvard Business School, Cambridge, Massachusetts, USA.

Paulo Sergio Miron (Officer), a Member of the Partners Program, has been the Officer responsible for internal audit (CAE – statutory audit committee) at the Itaú Unibanco Group since 2015.

He has been an Officer at the Instituto Unibanco and the Fundação Itaú para Educação e Cultura, a Member of the Fiscal Council at the Fundação Maria Cecília Souto Vidigal, of the Fiscal Council at Instituto Lemann and of the Fiscal Council at the Fundação Nova Escola, and a Coordinator of the Audit Committee at Zup Tecnologia. Mr. Miron has served as a financial specialist at the Audit Committee of Porto Seguro and XP.

With over 28 years of experience in independent auditing, he was a partner at PricewaterhouseCoopers (PwC)—Brazil (1996 to 2014) responsible for the audit work at large Brazilian financial conglomerates, the Brasília office in Distrito Federal (DF), and both the government services and the banking departments.

Mr. Miron also coordinated the PwC Brazil's department of training at financial institutions for over ten years, and worked as a college professor teaching financial market-related courses. He is a speaker at many seminars on governance, auditing and financial market issues.

He holds a Bachelor's degrees in Economics from the Universidade Presbiteriana Mackenzie, São Paulo, Brazil and in Accounting from the Universidade São Judas Tadeu, São Paulo, Brazil.

[Table of Contents](#)

Renato Barbosa do Nascimento (Officer), a Member of the Partners Program, has been an Officer at the Itaú Unibanco Group since 2017, responsible for the internal audit function of the investment banking, WMS, financial crimes, M&A, Treasury, Risks, Accounting, Fiscal, Finance departments and foreign units.

He held several positions within PricewaterhouseCoopers Auditores Independentes (PwC) (São Paulo, Brazil), including Audit Partner from 2009 to 2017. He took part in a three-year professional exchange program at PwC in Mexico City, Mexico, as audit officer leading external audits in subsidiaries of international entities of the financial industry in Mexico (2014 to 2017). His main responsibility as Audit Partner was to lead external audits in entities of the financial industry in São Paulo (2009 to 2014). In that period, Mr. Nascimento was also responsible for monitoring external audits carried out by the PwC teams of the United States, United Kingdom, Switzerland, Portugal, Chile, Argentina, Paraguay and Uruguay in subsidiaries of Brazilian financial institutions in these countries.

Also at PwC (São Paulo, Brazil) he was Audit Senior Manager of the financial industry (2008 to 2009), and his main responsibility was to manage teams in charge of carrying out audits of entities of the financial industry, regulated by the Banco Central do Brasil. Between 2006 and 2008, Mr. Nascimento took part in a two-year professional exchange program at PwC in London, United Kingdom, and his main responsibilities were managing external audits of British financial institutions in England, managing external audits of subsidiaries of international banks, as well as the resulting development of knowledge on the application of the International Financial Reporting Standards (IFRS), Sarbanes Oxley (SOx) rules and policies issued by the Public Company Accounting Oversight Board (PCAOB). Additionally, he took part in a two-year professional exchange program at PwC in Montevideo, Uruguay, managing external audits of local banks, international institutions, and offshore entities, among others.

He holds a Bachelor's degrees in Accounting and in Business Administration, both from the Universidade Paulista, São Paulo, Brazil and Master's degree in Business Administration (MBA) from Fundação Getulio Vargas (FGV), São Paulo, Brazil. In 2021, Mr. Nascimento attended the executive training course Fintech Revolution: Transformative Financial Services and Strategies, organized by the Wharton School of the University of Pennsylvania.

Renato da Silva Carvalho (Officer), a Member of the Partners Program, has been an Officer at the Itaú Unibanco Group since 2020. He is currently responsible for the Wholesale Banking's Financial Planning department. Mr. Carvalho has held several positions at the Itaú Unibanco Group, including Finance Superintendent, Wholesale Banking (2017 to 2020) and Market and Liquidity Risk Superintendent/Manager (2010 to 2017).

He worked as Investment Market Risk Associate Director (2008 to 2010) at Fidelity International LTD (London, United Kingdom), Market Risk Associate Director (2006 to 2008) at Mizuho International LTD (London, United Kingdom), and Market and Liquidity Risk Analyst (1998 to 2006) at Banco Brascan S.A. (Rio de Janeiro, Brazil).

He holds a Bachelor's degree in Production Engineering from the Universidade Federal do Rio de Janeiro (UFRJ), Rio de Janeiro, Brazil; an Executive MBA in Finance from the Instituto Brasileiro de Mercado de Capitais (IBMEC), Brazil; an MBA in System Analysis, Project and Management from the Pontifícia Universidade Católica do Rio de Janeiro (PUC-RJ), Rio de Janeiro, Brazil; and a M.Sc. in Production Engineering from the Universidade Federal do Rio de Janeiro (UFRJ), Rio de Janeiro, Brazil; and he has attended the Executive Program from the Fundação Dom Cabral, Minas Gerais, Brazil. He is a certified Professional Risk Manager (PRM) by the Professional Risk Management International Association (PRMIA) and a Financial Risk Manager (FRM) by the Global Association of Risk Professionals (GARP).

Renato Lulia Jacob (Officer), has been a Partner and an Officer at the Itaú Unibanco Group, concurrently acting as the Group Head of Investor Relations and Market Intelligence since 2020. He has been a Member of the Disclosure and Trading Committee since 2019, having served as its Chairman since 2020. Mr. Jacob has been at the Itaú Unibanco Group for 19 years, having held several positions, including CEO and Member of the Board of Directors at Itau BBA International plc, in the United Kingdom, and Member of the Boards of Directors at Itau International, in the U.S., and Itau Suisse, in Switzerland (2016 to 2020), a Managing Director of Banco Itau Argentina S.A. (2006 to 2010) and a Managing Director, Head of CIB Europe (2011 to 2015).

He has been an Independent Member of the Boards of the Royal Institution of Great Britain, Fight For Peace International, and the Brazilian Chamber of Commerce in Great Britain, in the United Kingdom.

He holds a Bachelor's degree in Civil Engineering from the Universidade de São Paulo (USP), São Paulo, Brazil, and has attended the Advanced Management Program and taken part in the CEO Academy, both from The Wharton School of the University of Pennsylvania, Philadelphia, U.S.

Tatiana Grecco (Officer), a Member of the Partners Program, has been an Officer at the Itaú Unibanco Group since 2017. She has worked at the financial and capital markets since 1994, when she joined the Capital Markets Department. She has built a consistent and successful career over the years within the firm, starting as a Back-Office Analyst of institutional and private banking investors' portfolios. In 1998, she became a Fund Portfolio Manager at Itaú Asset Management. After that, she worked as a Senior Portfolio Manager of fixed income and technical provision portfolios for five years and later became the Superintendent of Technical Provision Portfolio Management.

In 2009, Ms. Grecco commenced the indexed fund business at Itaú Asset Management, through mutual funds and ETFs – Exchange Traded Funds. In 2014, she also became the Superintendent of Solutions for Asset Allocation and Quantitative Funds.

[Table of Contents](#)

She has coordinated the ETF Committee and the ESG Workgroup at ANBIMA for several years. She was also Vice President of the Fixed Income and Multimarket Funds Committee at the same Association, contributing to the development of Brazilian Mutual Funds.

Since 2017, she has been responsible for the market and liquidity risk control at the Itaú Unibanco, Itaú Asset Management and Itaú Corretora de Valores units.

She holds a Bachelor's degree in Civil Construction with major in Technology from the Universidade Estadual Paulista (UNESP), São Paulo, Brazil, a Postgraduate degree in Finance from the Instituto Brasileiro de Mercado de Capitais (IBMEC), Brazil, a Master's degree in Business Administration from the Fundação Getulio Vargas (FGV), São Paulo, Brazil, and is certified by the Executive Education Program on Asset Management from the Yale University, Connecticut, U.S. She has also been a Certified Financial Planner (CFP) since 2009 and is Asset Manager certified by ANBIMA (CGA).

Teresa Cristina Athayde Marcondes Fontes (Officer), a Member of the Partners Program, joined the Itaú Unibanco Group in 2003. She worked until 2017 at the legal advisory to institutional and business departments and, from 2017 to 2019, she was responsible for the Conglomerate's Compliance, Retail Banking and Labor segments, including as a liaison with a number of regulatory bodies. She was elected Officer in 2019 and has been responsible for the Civil Litigation Office.

She holds a Bachelor's degree in Law from the Faculdade de Direito da Universidade de São Paulo (USP), São Paulo, Brazil; a post-graduate degree in Commercial Law from the University of Paris, Panthéon Sorbonne, Paris, France; an MBA from the Fundação Dom Cabral, São Paulo, Brazil; a post-MBA from the Kellogg School of Management at Northwestern University, Illinois, U.S., and has attended the Executive Education Program from the Fundação Dom Cabral, São Paulo, Brazil.

Audit Committee

The following discussion contains summary biographical information relating to each of the members of our audit committee:

Alexandre de Barros (Independent Member) has been a Member of the Audit Committee at the Itaú Unibanco Group since 2021. He has held several positions at the Itaú Unibanco Group, including Executive Vice President of the Technology Department (2011 to 2015), Executive Officer (2005 to 2010), Senior Managing Officer (2004 to 2005), and Managing Officer (1994 to 2004).

He has been an alternate Member of Duratex's Board of Directors since 2020 and Chairman of the IT and Digital Innovation Committee since 2020, having been a specialist Member since 2017 and a Member of the Board of Directors since 2015 at Diagnósticos da América S.A. (DASA).

Mr. de Barros was a member of the Board of Directors (2003 to 2007) at Serasa S.A., where he also served as the Chairman (2006 to 2007).

He holds a Bachelor's degree in Aeronautics Infrastructure Engineering from the Instituto Tecnológico de Aeronáutica (ITA), São José dos Campos, São Paulo, Brazil, a specialization in Risk Management from INSEAD, Fontainebleau, France, and an MBA from the New York University, New York, U.S.

Gustavo Jorge Laboissière Loyola (Independent Member) has been a Chairman of the Audit Committee at the Itaú Unibanco Group since 2017, having been a Member of the Board of Directors (2006 to 2021) and a Member of the Fiscal Council (2003 to 2006).

He has been a partner at Tendências Consultoria Integrada S/S Ltda. since 2002 and at Tendências Conhecimento Assessoria Econômica Ltda. since 2003 and a Managing Partner at Gustavo Loyola Consultoria S/C since 1998.

Mr. Loyola was President (1992 to 1993 and 1995 to 1997) of the Banco Central do Brasil and Governor of the National Financial System Regulation and Organization (1990 to 1992).

He holds a Bachelor's degree in Economics from the Universidade de Brasília, Distrito Federal, Brazil and a Ph.D. in Economics from the Fundação Getulio Vargas (FGV), Rio de Janeiro, Brazil.

Luciana Pires Dias (Independent Member) has been a Member of the Audit Committee at the Itaú Unibanco Group since 2020.

She has been a Partner at L. Dias Advogados since 2016, where she serves as an Advisor, Arbitrator and Opinion Giver in financial and capital market issues. She is a Professor at the Escola de Direito da Fundação Getulio Vargas (FGV) since 2008.

She has been a Member of the Audit Committee at Vale S.A. since 2020 and a Member of the Board of Directors and Coordinator of the Audit Committee at XP Inc. since 2021.

She was an Officer at the Comissão de Valores Mobiliários (CVM) (2011 to 2015) and Market Development Superintendent at CVM (2007 to 2010). Ms. Dias was a representative of CVM at the Corporate Governance Committee of the Organization for Economic Co-operation and Development – OCDE (2011 to 2015) and at OCDE's Latin-American Roundtable on Corporate Governance (2009 to 2015). She served in law firms in São Paulo and Rio de Janeiro, Brazil, and in New York, U.S. (1998 to 2006).

She holds a Bachelor's and Master's degrees and a Ph.D. in Business Law from the Escola de Direito da Universidade de São Paulo (USP), São Paulo, Brazil, and a Master of the Science of Law (J.S.M) from the Stanford Law School, Stanford University, California, U.S.

[Table of Contents](#)

Ricardo Baldin (Independent Member and Financial Expert) has been a Member of the Audit Committee at the Itaú Unibanco Group since 2021. He has held several positions at the Itaú Unibanco Group, including Executive Officer, Internal Audit at Itaú Unibanco S.A. (2009 to 2015).

He has been the Audit Committee Coordinator at Alpargatas S.A. since 2018 and at Eneva S.A. since 2019; a Member of the Fiscal Council at Metalúrgica Gerdau S.A. since 2020; a Member of the Governance of Financial Institutions Committee at IBGC since 2021; and a Business Consultant at RMB Assessoria e Consultoria Empresarial e Contábil EIRELI.

He served as a Member of the Board of Directors and a Member of the Audit Committee at XP Investimentos S.A. (2020 to 2021); a Member of the Audit Committee at Totvs S.A. (2020); a Member of the Board of Directors and Audit Committee Coordinator at Ecorodovias (2018 to 2020); a Member of the Fiscal Council at the Fundo Garantidor de Crédito (FGC) (2018 to 2019); a Member of the Audit Committee at Câmara Interbancária de Pagamentos (CIP) (2014) and Tecnologia Bancária (TECBAN) (2015) and Audit Committee Coordinator at Redecard S.A. (2013 to 2014).

He was Controllershship, Technology and Internal Controls and Risks Officer at Banco Nacional de Desenvolvimento Econômico e Social (BNDES) (2016 to 2017).

Mr. Baldin has worked as an independent auditor for 31 years and was a former Partner at PricewaterhouseCoopers Auditores Independentes and the partner in charge for the Financial Institutions Group at PwC in South America, having coordinated a number of engagements in this region, including the assessment of the Ecuadorian Financial System and the assessment of the Brazilian Public Financial System, in addition to having participated in a number of due diligence projects in connection with this system.

He holds a Bachelor's degree in Accounting from the Universidade do Vale do Rio dos Sinos, São Leopoldo, Rio Grande do Sul, Brazil, and has attended a number of specialization courses in corporate governance, administration and finance from IBGC, the Fundação Dom Cabral, São Paulo, Brazil, and the Fundação Getulio Vargas (FGV), São Paulo, Brazil, and from other entities, in addition to several internal courses at PwC.

Rogério Carvalho Braga (Independent Member) has been a Member of the Audit Committee at the Itaú Unibanco Group since 2021. He has held a number of positions at the Itaú Unibanco Group, including Officer (2020) and Corporate Manager of Marketing, Franchise and Products at Itaú CorpBanca (2016 to 2018). He joined the Itaú Unibanco Group in 1999 and was elected Officer in 2000.

He holds a Bachelor's degree in Law from the Pontifícia Universidade Católica de São Paulo (PUC-SP), São Paulo, Brazil, and an MBA from the Pepperdine University, Malibu, California, U.S.

Fiscal Council

The following discussion contains summary biographical information relating to each of the members of our fiscal council:

Artemio Bertholini (Member) has been a Member of the Fiscal Council at the Itaú Unibanco Group since 2021. He has held several positions at the Itaú Unibanco Group, including Member of the Fiscal Council at Itaúsa S.A. (2006 to 2008) and at Itaú Unibanco (2009 to 2011).

He has been a Member of the Audit Committee of BB Seguridade S.A. since 2015, Cia. de Saneamento do Paraná (SANEPAR) since 2017, Cia. de Saneamento de Minas Gerais (COPASA) since 2018, and a Member of the Fiscal Council of Investimentos e Participações em Infraestrutura S.A. (INVEPAR) since 2021.

He has also been responsible for the Audit and Accounting modules of post-graduation courses on Controllershship at the Universidade Estadual de Campinas (UNICAMP) since 2015, and an invited Lecturer at Accounting, Audit, Arbitration and Corporate Governance-related events at the Regional Accounting Council (CRC/SP) and at a number of universities.

Mr. Bertholini served as a Member of the Board of Directors at Americel S.A. (2000 to 2001), Telet S.A. (2000 to 2001), Petrobrás Distribuidora S.A. (2018 to 2019), as a Member of the Audit Committee at Petrobrás Distribuidora S.A. (2018 to 2019), as a Member of the Fiscal Council at Banco do Brasil S.A. (2001 and 2003 to 2005), Indústrias Romi S.A. (2009) and Tekno S.A. Ind. e Comércio (2018 to 2020).

[Table of Contents](#)

He was also CEO and Vice Chairman of the Board of Directors at Grant Thornton Brasil (2013 to 2015), Managing Partner at Grupo Directa Auditores (1978 to 2013), and Audit Manager at Arthur Andersen & Co. (1969 to 1978), and a bookkeeper at Banco do Brasil (1965 to 1969).

He holds a Bachelor's degrees in Accounting and Economics and a Master's degree in Accounting and Finance from the Pontifícia Universidade Católica de São Paulo (PUC-SP), São Paulo, Brazil, and a Ph.D in Business Administration from the Florida Christian University, Orlando, Flórida, U.S.

Gilberto Frussa (Member) has been a Member of the Fiscal Council at the Itaú Unibanco Group since 2022. Has held several positions at the Itaú Unibanco Group, including Officer of the Corporate Compliance Department (2017 to 2021); Legal Officer for Products and Business – Retail Business (2015 to 2017) and Legal Officer at Banco Itaú BBA S.A. (2006 to 2015), where he served as a lawyer from 1995 to 2006.

Has been an External Member of the Risk and Solvency Committee at IRB – Brasil Resseguros S.A. since January/2022.

Mr. Frussa was a Partner at Carvalho Pinto, Monteiro de Barros, Frussa & Bohlsen – Advogados, responsible for the banking law department (1993 to 1995). He was also a Lawyer (1989 to 1993) at Banco BBA-Creditanstalt S.A. and a Law trainee and legal assistant (1986 to 1989) at Pinheiro Neto – Advogados.

Mr. Frussa was also an Effective Director of the Conselho de Recursos do Sistema Financeiro Nacional (CRSFN) (2000 to 2003 and 2011 to 2013). He was also Chairman of the Legal Affairs Committee of the Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais (ANBIMA) (2012 to 2015). Additionally, he was a Director at Fundação Itaú Unibanco Previdência Complementar (2017 to 2021). He has been an Alternate Member of the Committee for Evaluation and Selection (CAS) of the Conselho de Recursos do Sistema Financeiro Nacional (CRSFN) since 2018, and an associate of Instituto Brasileiro de Governança Corporativa (IBGC) since 2021.

He holds a Bachelor's degree in Law from the Universidade de São Paulo (USP), São Paulo, Brazil.

Eduardo Hiroyuki Miyaki (Member) has been a Member of the Fiscal Council at the Itaú Unibanco Group since 2022. Has held several positions at the Itaú Unibanco Group, including Internal Audit Officer (2010 to 2017) and Operational Risk and Internal Control Officer (2017 to 2021). He has previously served as Internal Audit Superintendent (2005 to 2010) in the Capital Markets, Insurance, Pension Plan and Securities departments. Mr. Miyaki was the supervisor responsible for the Internal Audit Department in the Asset Management and Treasury departments (2003 to 2004) and Supervisor of the Anti-Money Laundering and Fraud Prevention Program (1996 to 2003).

He holds a Bachelor's degree in Civil Engineering from the Universidade de São Paulo (USP), São Paulo, Brazil; a Master's degree in Sanitation from the Gunma University, Japan; a Master's degree in Business Administration from CEAG, Fundação Getúlio Vargas (FGV), São Paulo, Brazil; and an MBA in International Finance and Business from the Leonard N. Stern School of Business, New York University, New York, U.S.

[Table of Contents](#)

6B. Compensation

Performance Evaluation of the Board of Directors and Board of Officers

Board of Directors

Our Board of Directors, its members and co-chairmen, as well as the Board of Directors committees, are evaluated annually for their performance as management members and bodies, in compliance with best corporate governance practices. The reelection of members of the Board of Directors and Board of Directors committees takes into account each director's positive performance, regular attendance at meetings over the previous term, experience and independence level.

This evaluation consists of each director's self-evaluation, a cross-evaluation of the members of the Board of Directors (where members of our Board of Directors evaluate each other), the evaluation of the Board of Directors by its members, the evaluation of the co-chairmen by directors and evaluation of the Board of Directors committees by their members. This process is structured based on specific characteristics and responsibilities of the Board of Directors, its members, Co-chairmen, and each of its committees, seeking to achieve a high expertise level. Furthermore, this process is carried out by a third party responsible for distributing specific questionnaires to the Board of Directors and every Board of Directors committee, as well as for interviewing individual members of the Board of Directors and its committees. This person is also responsible for analyzing responses and comparing them to the responses from previous years in order to identify and address any Board of Directors and the Board of Director committee gaps.

Additionally, the Nomination and Corporate Governance Committee provides methodological and procedural support to the evaluation process, in addition to discussing the outcomes of the evaluation, the composition and the succession plan to the Board of Directors. In addition to the support provided by this committee, an independent person is responsible for carrying out the evaluation.

Ultimately, our Board of Directors is composed of outstanding knowledgeable professionals with expertise in different areas of operation.

Pre-established Rules of our Board of Directors:

The members of our Board of Directors must act fairly, in accordance with pre-established rules to avoid conflicts of interest. These rules include:

- Refraining from taking part in resolutions related to matters in which the director's interests conflict with ours. The director must inform the Board of Directors of any possible conflict of interest as soon as the matter giving rise to such conflict is included in the agenda or proposed by the Board of Director's co-chairmen, and, in any event, before the beginning of any discussion on such matter.
- In the event the director or a company controlled or managed by this director carries out a transaction with any company in the Itaú Unibanco Group: (a) the transaction must be carried out at arm's length; (b) if it is not a customary transaction or a provision of services, an appraisal report must be issued by recognized financial advisors evidencing that the transaction was carried out at arm's length; and (c) the transaction must be disclosed to and conducted under the supervision of the Related Parties Committee, the Ethics and Ombudsman Office or of channels within the Itaú Unibanco Group that are competent in the specific area, subject to the rules and conditions set forth in our Transactions with Related Parties Policy.
- Serving on no more than four boards of directors of companies that do not belong to the same group.
- Our directors have no service contracts with us or any of our subsidiaries providing for benefits upon termination of employment.

Please see "Item 6A. Directors and Senior Management – Board of Directors" for further information on the members of our Board of Directors.

Officers

The performance appraisal of our officers is defined by the manager based on the priorities of the year discussed together with the appraised

[Table of Contents](#)

Performance metrics

The officer's evaluation process is carried out annually and takes into account what was defined as a priority for the year.

- **Manager Evaluation:** Together with the manager, the priorities for the year are defined. These priorities are monitored throughout the year and, at the end of the year, they are evaluated. In order to support the evaluation, managers receive financial and market information, if applicable.
- **Rapporteur:** It is an evaluation process of behaviors and main deliveries, in addition to defining the career moment carried out by an independent appraiser, pursuing complementary elements to the executive's evaluation.
- **Evaluation Committee:** Collegiate discussion to validate the manager's evaluation and the proposed career moment in the Rapporteurship. This committee can also discuss development and succession recommendations.

Compensation and Benefits

Governance of compensation

Our compensation strategy adopts clear and transparent processes, aimed at complying with applicable regulation and the best national and international practices, as well as at ensuring consistency with our risk management policy.

Compensation Committee

We have a statutory compensation committee, or Compensation Committee, that reports to the Board of Directors, which duties include:

Preparing a policy for the compensation of management members, proposing to the Board of Directors the many forms of fixed and variable compensation, in addition to special benefits and recruitment and termination programs.	Discussing, analyzing and supervising the implementation and operation of existing compensation models, by discussing general principles of the employee compensation policy and recommending improvements to the Board of Directors based on the policy principles.
Proposing to the Board of Directors the aggregate compensation amount for management members to be submitted to the Annual Stockholders' Meeting.	Preparing the "Compensation Committee Report" on an annual basis.

Compensation policy

Our compensation policy aims to consolidate our compensation principles and practices so as to attract, reward, retain and motivate management members and employees in the sustainable running of business, subject to proper risk limits and always in line with stockholders' interests.

Compensation strategy

Our compensation and benefit strategies vary according to the area of activity and market parameters. We periodically verify these parameters by:

- commissioning salary surveys conducted by specialized consultants, who are independent of management;
- participating in surveys conducted by other banks; and
- participating in specialized compensation and benefit forums.

[Table of Contents](#)

Compensation of employees

Employees compensation is composed of:

<p>Monthly fixed compensation: Determined in accordance with the complexity of an individual's work duties and such individual's performance with respect with such duties.</p> <p>Employees' fixed compensation changes according to our promotion and merit policy, which takes into account the employees' seniority, responsibilities and personal performance when carrying out duties over the period under evaluation. In addition, employees are entitled to salary adjustments, in accordance with applicable collective bargaining agreements.</p>
<p>Variable compensation: It acknowledges the level of dedication, results achieved and the short, medium and long-term sustainability of these results. Additionally, employees are entitled to receive additional amounts if provided in applicable collective bargaining agreements.</p>
<p>Benefits: We provide several benefits agreed with labor unions representing our employees' many professional categories, which are established in the respective collective bargaining agreements, such as: food allowance, day care/baby sitter, transportation etc.</p>

In addition to those benefits set forth in collective bargaining agreements, we offer the following benefits to our employees:

- medical and dental care plans;
- private pension plans;
- group life insurance;
- annual health check-up; and
- parking lot space.

These benefits may be granted according to each employee's category or regulation applicable to each jurisdiction.

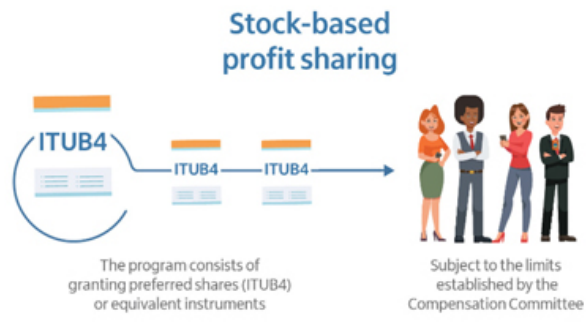
Moreover, we present below the benefits that are available to all employees:

- differentiated banking products and services;
- Itaú Unibanco Club Foundation (Fundação Itaú Unibanco Clube);
- discounts for health or sports related activities with several fitness centers;
- discount partnership with several companies of goods and services;
- pharmacy discounts and payment facilities; and
- psychosocial and personal care services.

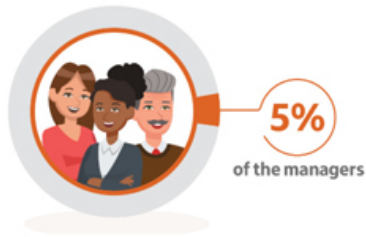
Stock-based Profit Sharing to Employees

We have a stock-based profit-sharing program which aims to recognize managers who generate great value for their area of activity and have medium/long term potential to be one of our partners or executives.

[Table of Contents](#)

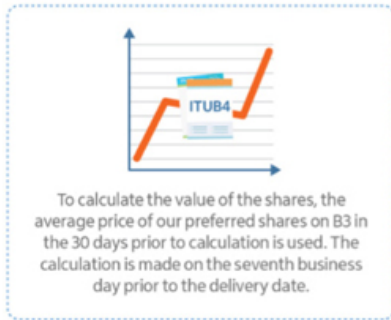


Eligible audience



[Table of Contents](#)

Delivery of preferred shares



[Table of Contents](#)**Compensation of Management Members**

	Board of Directors ^{(1) (2) (3)}	Board of Officers ⁽²⁾	Fiscal Council	Audit Committee ^{(3) (4)}
Monthly Fixed Compensation	Aggregate amount of fees in cash approved at the Annual General Stockholders' Meeting	Aggregate amount of fees in cash approved at the Annual General Stockholders' Meeting	Fees in cash approved at the Annual General Stockholders' Meeting	Fees in cash approved at the Annual General Stockholders' Meeting
Annual Fixed Compensation	Stock-based compensation approved at the Annual General Stockholder's Meeting.	N.A.	N.A.	N.A.
Benefit Plan	N.A.	Composed of medical and dental care plans, check-up, private pension plan, parking lot and life insurance.	N.A.	N.A.
Annual Variable Compensation	Stock-based compensation approved only in the event of a resolution of the Compensation Committee, subject to the guidelines of CMN Resolution No. 3,921 and limited to the extent determined by the Annual General Stockholders' Meeting.	Statutory profit, sharing and fees (in cash and in shares) approved by the Compensation Committee and limited to the annual amount approved at the Annual General Stockholders' Meeting.	N.A.	N.A.

- (1) In the event that a member of our Board of Directors is also part of our Board of Officers or our subsidiaries, the compensation will be in line with the compensation model of our Board of Officers. Management members who are also part of statutory or non-statutory committees or of our subsidiaries or affiliates are compensated according to their duties in the executive bodies or areas in which they work. As a rule, they do not receive a specific compensation for belonging to these committees. A non-management member of the Compensation Committee is compensated for his/her duties executed in the referred Committee.
- (2) Maximum compensation amounts are defined based on the limits imposed by Article 152 of the Brazilian Corporate Law.
- (3) Member of the Board of Directors and Audit Committee only receive benefits if they have previously been officers of the Company.
- (4) For those members of the Audit Committee who are also part of the Board of Directors, the compensation policy of the Board of Directors is applied.

[Table of Contents](#)**Composition of compensation of management members**

<u>Member</u>	<u>Year</u>	<u>Monthly fixed compensation</u>	<u>Annual fixed compensation</u>	<u>Annual variable compensation</u>	<u>Benefits</u>
Board of Directors	2021	25%	20%	53%	2%
	2020	27%	30%	41%	2%
	2019	22%	23%	53%	2%
Board of Officers	2021	8%	0%	91%	1%
	2020	14%	0%	83%	3%
	2019	8%	0%	91%	1%
Fiscal Council	2021	100%	0%	0%	0%
	2020	100%	0%	0%	0%
	2019	100%	0%	0%	0%
Audit Committee	2021	100%	0%	0%	0%
	2020	100%	0%	0%	0%
	2019	100%	0%	0%	0%

Year ended in December 31, 2021

	<u>Board of Directors</u>	<u>Executive Board</u>	<u>Fiscal Council</u>
a Body			
b Number of members	12.50	25.50	6.00
c Number of members who receive compensation	12.50	25.50	6.00
d Amount of the highest individual compensation (in R\$)	14,198,000	52,966,000	180,000
e Amount of the lowest individual compensation (in R\$)	2,392,000	3,150,000	72,000
f Average amount of individual compensation (total compensation divided by the number of compensated members) (in R\$)	4,679,738	16,687,921	124,833

For the annual amount of the lowest individual compensation, members who have not performed their duties for the full 12 months of the relevant year were disregarded. Members who received the amount of the highest compensation in each body performed their duties during the 12 months of the relevant year.

Year ended in December 31, 2020

	<u>Board of Directors</u>	<u>Executive Board</u>	<u>Fiscal Council</u>
a Body			
b Number of members	11.50	19.80	6.00
c Number of members who receive compensation	11.50	19.80	6.00
d Amount of the highest individual compensation (in R\$)	10,392,000	34,737,000	220,500
e Amount of the lowest individual compensation (in R\$)	2,643,000	2,588,000	88,200
f Average amount of individual compensation (total compensation divided by the number of compensated members) (in R\$)	4,483,015	11,681,451	145,950

For the annual amount of the lowest individual compensation, members who have not performed their duties for the full 12 months of the relevant year were disregarded. Members who received the amount of the highest compensation in each body performed their duties during the 12 months of the relevant year.

Year ended in December 31, 2019

	<u>Board of Directors</u>	<u>Executive Board</u>	<u>Fiscal Council</u>
a Body			
b Number of members	11.75	21.00	6.00
c Number of members who receive compensation	11.75	21.00	6.00
d Amount of the highest individual compensation (in R\$)	14,560,000	52,060,000	220,500
e Amount of the lowest individual compensation (in R\$)	2,643,000	2,953,000	88,200
f Average amount of individual compensation (total compensation divided by the number of compensated members)(in R\$)	5,236,316	16,930,128	154,350

For the annual amount of the lowest individual compensation, members who have not performed their duties for the full 12 months of the relevant year were disregarded. Members who received the amount of the highest compensation in each body performed their duties during the 12 months of the relevant year.

[Table of Contents](#)**Criteria for defining monthly and annual fixed compensation of management members:**

Fixed compensation of members of the Board of Directors and Board of Officers, as well as the benefit plan granted to officers, is not impacted by performance indicators, as discussed below:

Fiscal Council	Within the limits established by legislation, members of the Fiscal Council are paid monthly fixed compensation amount only and are not eligible for the benefit plan. Additionally, in accordance with applicable legislation, compensation members of the Fiscal Council may not be lower, for each acting member, than 10% of the fixed compensation assigned to each officer (i.e., not including benefits, representation allowances and profit sharing).
Board of Directors	The monthly fixed compensation is consistent with market practices and periodically revised to attract qualified professionals. Additionally, history and résumé, among other factors, are taken into account.
Audit Committee	The members of the Audit Committee are paid monthly fixed compensation amount only and are not eligible for the benefit plan. For those members of the Audit Committee who are also part of the Board of Directors, the compensation policy of the Board of Directors is applied.
Board of Officers	The monthly fixed compensation is established in accordance with the position held and is based on the internal equality principle, since all officers holding equivalent position earn the same monthly fixed compensation amount, also enabling their mobility in our different businesses. Fixed compensation amounts are determined taking into account market competition.

Criteria for Defining the Annual Variable Compensation of the Board of Officers⁽¹⁾:

The annual variable compensation takes into account three main factors:

- Performance of the officer;
- The result of the applicable business area; and
- Financial results of the company.

(1) Within the limits established by legislation, the compensation of Officers in charge of internal control and risk departments is determined irrespective of the performance of the business areas they control and assess so as not to give rise to any conflicts of interest. However, even though compensation is not impacted by the results from business areas, it is still subject to any impacts arising from our results.

Distribution of the Annual Variable Compensation of the Board of Officers⁽²⁾:

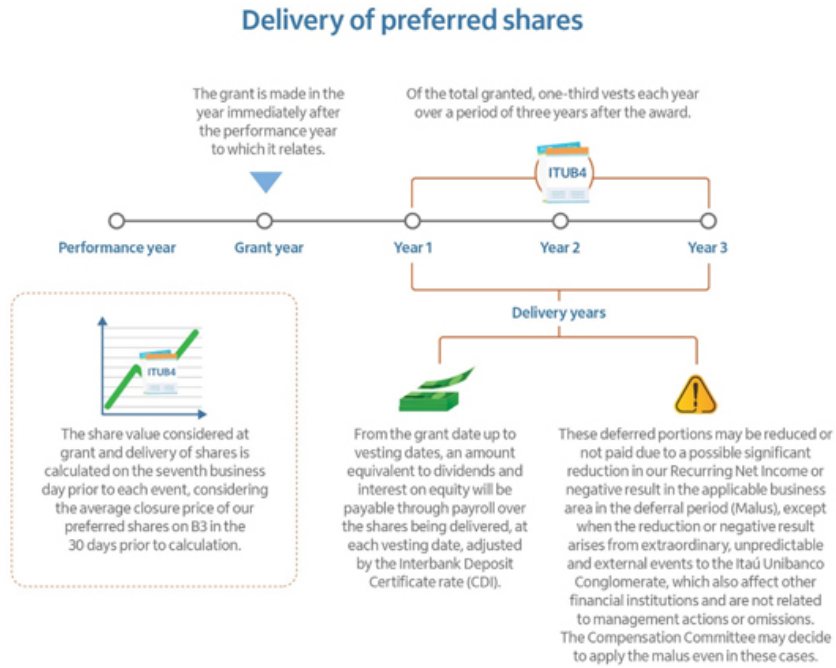
Regarding the annual variable compensation:

- 30% is paid in cash on demand; and
- 70% is paid through the delivery of our preferred shares, deferred for payment within three years, in the proportion of 1/3 of the amount due per year.

(2) In accordance with CMN Resolution No. 3,921, a portion of the variable compensation must be deferred.

[Table of Contents](#)

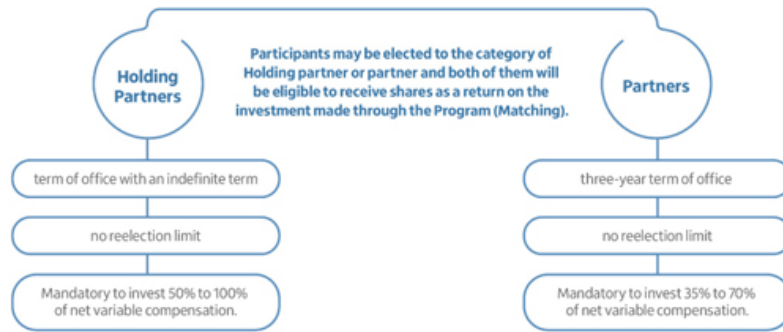
Delivery of Preferred Shares Related to the Annual Variable Compensation of the Board of Officers:



Partnership Program for Officers and Employees

Aimed at aligning the interests of our officers and employees to those of our stockholders, this program offers participants the opportunity to invest in our preferred shares, traded under ticker symbol “ITUB4”, sharing short, medium and long-term risks.

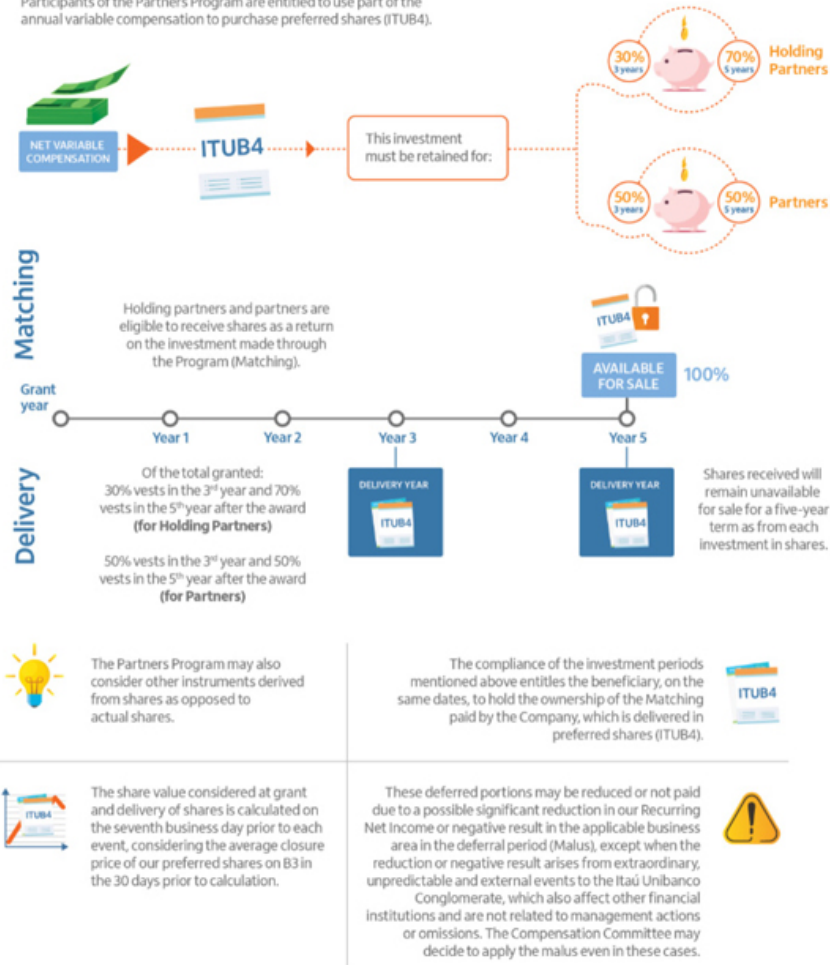
The program is aimed at officers and employees approved by the Personnel Committee due to their history of contribution, relevant work and outstanding performance. It has two types of appointments: holding partners and partners. Main differences in the two types of appointments are as follows:



[Table of Contents](#)

Partners Program

Participants of the Partners Program are entitled to use part of the annual variable compensation to purchase preferred shares (ITUB4).



Starting in 2021, seeking to make the program more comprehensive and competitive, we increased the number of vacancies.

In addition, looking for greater liquidity for participants, the partners shares are unavailable for sale for a maximum period of 5 years, instead of 8 years as in previous years.

Stock Grant Plan and Stock Ownership Requirements

In order to consolidate the rules of our long-term stock-based incentive programs, described under items above, under the terms of CVM Ruling No. 567/15, we approved the Stock Grant Plan at the 2022 Extraordinary General Stockholders' Meeting.

In addition, in 2019 the Compensation Committee determined that members of the Executive Committee must comply with a stock ownership requirement of a minimum equivalent (i) to 10 times the annual salary for the CEO and (ii) to 5 times of the annual salary for other Executive Committee members, which must be complied within a five-year period of after their position's start date. As of December 31, 2021, the CEO and most Executive Committee members met the minimum tenure requirement.

[Table of Contents](#)

With the Stock Grant Plan and the share ownership requirements, we reinforce the alignment of interests of management members and employees of our company and its direct and indirect subsidiaries with our interests and stockholders' interests.

Stock Option Plan to Officers and Employees

We have a Stock Option Plan through which our officers and employees with outstanding performance are entitled to receive stock options. These options enable them to share the risk of price fluctuations of our preferred shares with other stockholders and are intended to integrate the participants of this program into the Itaú Holding Group's development process in the medium and long term. Our Personnel Committee manages the Stock Option Plan, including matters such as strike prices, vesting periods and effectiveness of options, in compliance with the rules set forth in the Stock Option Plan.

Options may be granted only to participants if there is net income sufficient to be distributed as mandatory dividends. Also, to avoid the dilution of stockholders, the sum of shares to be used in the programs described in the Stock Grant Plan and Stock Option Plan every year will not exceed the limit of 0.5% of total outstanding shares. In the event the number of shares delivered and options granted is below the 0.5% limit, the difference may be added for purposes of stock-based compensation or granting of options in any one of the seven subsequent fiscal years.

Since 2012, no option has been granted within the scope of our Stock Option Plan. For further information on changes in the plan, see "Financial Performance", and "Note 22 – "Banking Service Fees" to our audited consolidated financial statements.

6C. Board Practices

Board of Directors Committees

The organizational chart below presents our eight committees, reporting directly to our Board of Directors, the body responsible for electing these committee members for a one-year term of office, conditioned on their having proven knowledge in the respective areas of work and technical qualification compatible with their duties.

The committees may hire outside experts but must always maintain the integrity and the confidentiality of their work.

Audit Committee Since 2014	<ul style="list-style-type: none"> • Oversees the quality and integrity of the financial statements • Oversees compliance with legal and regulatory requirements • Supervision of internal controls and risk management • Supervision of performance, independence and quality of internal audit activities and of the work of the independent accountant
	100% of the members are independent
	46 meetings
Compensation Committee Since 2011	<ul style="list-style-type: none"> • Promote discussions on incentive and compensation models • Develops compensation policies for management members and employees • Establishes Goals
	100% of the members are non-executive

[Table of Contents](#)

	5 meetings
Personnel Committee Since 2009	<ul style="list-style-type: none"> Establishes policies for attracting and retaining talented professionals Proposes guidelines for recruiting and training employees Presents long-term incentive programs and monitors the culture of meritocracy
	100% of the members are non-executive
	5 meetings
Strategy Committee Since 2009	<ul style="list-style-type: none"> Proposes budgetary guidelines Provides inputs for decision-making processes Recommends strategic guidelines and investments opportunities (Mergers and Acquisitions) Internationalizes and creates new business areas
	100% of the members are non-executive
	6 meetings
Related Parties Committee Since 2013	<ul style="list-style-type: none"> Manages transactions between related parties Ensures equality and transparency for these transactions
	100% of the members are independent
	5 meetings
Risk and Capital Management Committee Since 2009	<ul style="list-style-type: none"> Supports the Board of Directors Establishes the risk appetite Evaluates the cost of capital x the minimum return expected Allocates capital Oversees management activities and risk control Improve risk culture Complies with regulatory requirements
	100% of the members are non-executives
	12 meetings
Nomination and Corporate Governance Committee Since 2013	<ul style="list-style-type: none"> Periodically reviews the criteria for nomination and succession Provides methodological support for the assessment of the Board of Directors and Chief Executive Officer Nominates members of the Board of Directors and General Managers Analyzes potential conflicts of interests
	100% of the members are non-executive
	1 meeting
Corporate Social Responsibility Committee Since 2019	<ul style="list-style-type: none"> Defines strategies to strengthen the corporate social responsibility of the Company in all its elements, including a voluntary strategy; Analyzes the performance of social institutions related to the Company and the initiatives directly executed by the Company; Ensures the appropriate degree of autonomy among social institutions and the Company; Fosters the search for synergies and opportunities to increase efficiency between institutions and the Company as well as the institutions themselves; Approves multi-annual budget for initiatives that depend on the Company's resources;

[Table of Contents](#)

	<ul style="list-style-type: none"> • Monitors the quality of governance of each institution; • Defines the allocation process of the Rouanet Law as well as the other existing incentive laws and approve the contributions to be made by the Company or other companies of the Itaú Unibanco Group.
	100% of the members are non-executives
	3 meetings

Two of these committees are statutory bodies:**Audit Committee**

We have an Audit Committee, which complies with the rules issued by the CMN for audit committees of financial institutions. The Audit Committee is responsible for overseeing the quality and integrity of the financial statements, the compliance with legal and regulatory requirements, the performance, independence and quality of the services provided by independent auditors and by our internal auditors, and the quality and effectiveness of the internal control and risk management systems. Set up in April 2004 by the Annual General Stockholders' Meeting, it is the only audit committee for institutions authorized to operate by the Central Bank and for companies overseen by SUSEP that are part of the Conglomerate.

The members of the Audit Committee are annually elected by the Board of Directors from among its members or professionals with renowned competence and outstanding knowledge, taking into account that at least member of this Committee will be designated Financial Expert and must have proven knowledge in the accounting and auditing areas.

All members of the Audit Committee are independent, in accordance with CMN regulation, and the Board of Directors will terminate the term of office of any member of the Audit Committee if their independence is affected by any conflict of interest or potential conflict of interest. The evaluations of the Audit Committee are based on information received from management, external auditors, internal auditors, departments responsible for risk management and internal controls, and on analyses made by the members of the Committee as a result of direct observation.

Compensation Committee

It is incumbent upon the Compensation Committee to promote discussions on matters related to our management compensation. Its duties include, but are not limited to: developing a policy for the compensation of our management, proposing to the Board of Directors the many forms of fixed and variable compensation, in addition to special benefits and programs for recruitment and termination; discussing, examining and overseeing the implementation and operation of existing compensation models, discussing general principles of the compensation policy for our employees and recommending adjustments or improvements to the Board of Directors.

[Table of Contents](#)**Internal Audit**

Under the Audit Committee's technical supervision, our Internal Audit function provides the Board of Directors and senior management with independent, unbiased and timely evaluations of the effectiveness of risk management, adequacy of controls and compliance with relevant rules and regulations related to the Conglomerate's operations. These evaluations occur periodically, and follow a methodology in compliance with The Institute of Internal Auditors (IIA) standards.

The Internal Audit requires the area being audited to establish action plans for any deficiencies identified, based on deadlines that vary according to risk rating criteria.

Ombudsman

Our Ombudsman office (also known as "Ouvidoria") focuses on three main pillars:

- Customer Service: last resource, with significant degree of independence, to investigate and attempt to resolve clients' complaints within the organization. Clients who are not satisfied with the answers received on previous contacts (within the last 30 days) are eligible.
- Continuous improvement: aims to identify systemic issues, through complaints root cause analysis, and address them (with the help of all other organization teams involved) for continuous improvement of products, services, customer satisfaction on a timely manner as well as guarantee ethics and transparency guidelines.
- Compliance with regulatory obligations: comply with regulatory obligations: responsible for the governance of all processes related to client complaints through regulators (Central Bank, SUSEP, CVM, etc) and consumer protection bureaus helping provide and ensure adequate solutions for all clients. Processes are subject to regulatory supervision by the agencies.

The Ombudsman's office is also responsible to monitor and report main complaints to executives and upper management in strategic committees.

As part of our strategy to improve consumer relations/rights and reduce complaints, we have established and maintain an open dialogue and close agenda with consumer protection bureaus, regulators and civil entities. This agenda is a strong instrument to help improve customer satisfaction.

Every semester, the Ombudsman prepares reports with information about the volume and most critical complaints received, including case studies and action plans to reduce complaints and improve customer experience. This report is submitted to upper management and audit committee.

The Ombudsman also contributes with the analysis and approval process of new services and products, which is managed by our compliance governance, to help reinforce attention and assure customer focus and needs along the process.

6D. Employees

We had 99,598 employees as of December 31, 2021 compared to 96,540 employees as of December 31, 2020.

[Table of Contents](#)

The following tables show the total number of employees as of December 31, 2021, 2020 and 2019, segmented by region (Brazil and abroad) and operating unit:

<u>Employees (Brazil and abroad)</u>	<u>As of December 31,</u>			<u>Variation</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2021-2020</u>	<u>2020-2019</u>		
In Brazil	87,341	83,919	81,691	3,422	4.1%	2,228	2.7%
Abroad	12,257	12,621	13,190	(364)	(2.9)%	(569)	(4.3)%
Argentina	1,554	1,584	1,613	(30)	(1.9)%	(29)	(1.8)%
Chile	5,214	5,340	5,755	(126)	(2.4)%	(415)	(7.2)%
Colombia	2,691	3,098	3,326	(407)	(13.1)%	(228)	(6.9)%
Uruguay	1,079	1,065	1,101	14	1.3%	(36)	(3.3)%
Paraguay	1,007	975	869	32	3.3%	106	12.2%
Europe	226	209	212	17	8.1%	(3)	(1.4)%
Other	486	350	314	136	38.9%	36	11.5%
Total	99,598	96,540	94,881	3,058	3.2%	1,659	1.7%

<u>Employees (by operating unit)</u>	<u>As of December 31,</u>			<u>Variation</u>			
	<u>2021</u>	<u>2020*</u>	<u>2019*</u>	<u>2021-2020</u>	<u>2020-2019</u>		
Wholesale	20,523	19,697	20,160	826	4.2%	(463)	(2.3)%
Retail	56,487	57,077	58,374	(590)	(1.0)%	(1,297)	(2.2)%
Technology ⁽¹⁾	13,990	10,947	7,191	3,043	27.8%	3,756	52.2%
Support Areas ⁽²⁾	8,598	8,819	9,156	(221)	(2.5)%	(337)	(3.7)%
Total	99,598	96,540	94,881	3,058	3.2%	1,659	1.7%

(1) Includes 3,131 ZUP employees in 2021

(2) Includes: Human Resources, Legal, Audit, Corporation, Finance, Operations, Risks and Marketing.

(*) 2019 and 2020 according to organizational restructuring

Labor Relations

We have a permanent channel for dialog throughout the year with the labor unions representing the employees in their various professional categories. Meetings between the company and the labor unions are constantly held to discuss themes for furthering a good organizational climate and to discuss matters relating to the organization and workplace safety. We meet to discuss specific collective bargaining agreements, such as Profits or Results Sharing, Time Clock Registration and Working Day Compensation (work-hour tracking) schemes, among others.

From the point of view of labor relations, we recognize the labor unions as legitimate representatives of our employees. We guarantee our employees' rights to freedom of association as well as the absolute freedom for employees to take part in labor union activities, always recognizing the rights and prerogatives of those elected to executive positions in the unions pursuant to the current Brazilian legislation and the collective agreements for each professional category to which we are a party. The company has 870 active employees with roles in the various boards of directories of the representative labor unions. As set forth in the collective labor agreement for bank employees, 445 work full time for these union entities. In addition, we allow the unions to hold membership campaigns and, when requested, to hold meetings between the union entities, our managers and employees, with a view to seeking negotiated solutions in a respectful manner and in line with ethical principles.

We note that all activities within the scope of relations with union entities are conducted with a focus on innovation and negotiated solutions with a view to minimizing possible differences and conflicts involving our employees.

At Itaú Unibanco, all employees are covered by collective labor agreements which guarantee rights, not only those granted under the labor legislation but also other benefits which may be granted to our employees on a one-off basis in accordance with our internal human resources policies. Collective labor agreement rules, as well as other alterations and adjustments to internal norms that affect the routine of employees or modify their rights are widely disclosed by the company's various means of communication. Among such means are e-mail, videos, electronic media, advertising totems, our internal magazine and our corporate portal (where human resources policies are detailed in our personnel regulations). In addition, employees have a call center at their disposal, to which they may have recourse in the event of questions.

We are a party to an annual round table consisting of labor unions representing bank, insurance and finance employees' professional associations, and employer associations for the collective drafting of agreements that define employee rights and benefits. In the last years, the banking sector has not faced strikes or significant interruptions in its operations.

Notwithstanding the foregoing, we believe that the way to solve labor disputes is through direct negotiation, avoiding litigating issues which can be resolved through an exhaustive process of dialog and transparency in relations with labor union entities.

[Table of Contents](#)**6E. Share Ownership**

As of December 31, 2021, our Board of Directors and our Board of Officers directly owned an aggregate amount of 0.6084% common shares and 0.6949% preferred shares. Except for the shares indirectly owned by our controlling stockholders (through their participation in IUPAR and Itaúsa), the members of our Board of Directors and our Board of Officers, on an individual basis and as a group, beneficially owned less than 1% of our common shares and less than 1% of our preferred shares as of December 31, 2021.

[Table of Contents](#)**ITEM 7. MAJOR STOCKHOLDERS AND RELATED PARTY TRANSACTIONS****7A. Major Stockholders****Main Stockholders**

We are controlled by IUPAR, which is jointly controlled by Itaúsa and Cia. E. Johnston. Itaúsa is controlled by members of the Egydio de Souza Aranha family, and Cia. E. Johnston is controlled by members of the Moreira Salles family.

Except for the shares indirectly owned by our controlling stockholders (through their participation in IUPAR and Itaúsa), the members of our Board of Directors and our Board of Officers, on an individual basis and as a group, beneficially owned less than 1% of our common shares and less than 1% of our preferred shares as of December 31, 2021.

According to Brazilian regulation and as approved by the Central Bank, foreign investors may have a maximum of 30% of our common shares.

The table below presents information on the persons that, to our knowledge, beneficially own over 5% of our common or preferred shares as of December 31, 2021:

Stockholders	Common Shares		Preferred Shares		Total	
	Total Number of Shares	% of Total	Total Number of Shares	% of Total	Total Number of Shares	% of Total
IUPAR – Itaú Unibanco Participações S.A.	2,564,084,404	51.71%	—	0.00%	2,564,084,404	26.15%
Itaúsa S.A.	1,943,906,577	39.21%	169,323	0.00%	1,944,075,900	19.83%
BlackRock, Inc ⁽¹⁾	—	0.00%	349,925,097	7.22%	349,925,097	3.57%
Dodge & Cox ⁽¹⁾	—	0.00%	242,768,249	5.01%	242,768,249	2.48%
Others	450,299,378	9.08%	4,228,737,595	87.27%	4,679,036,973	47.73%
Subtotal	4,958,290,359	100.00%	4,821,600,264	99.50%	9,779,890,623	99.75%
Treasury stock	—	0.00%	24,244,725	0.50%	24,244,725	0.25%
Total	4,958,290,359	100.00%	4,845,844,989	100.00%	9,804,135,348	100.00%

(1) Share ownership information provided by stockholder.
Date: 2021, 12.31

On February 24, 2022, we informed our shareholders and the market about a change in the share capital of Cia. E. Johnston, which holds an interest in IUPAR and, therefore, indirectly controls us. The Cia. E. Johnston's share capital as of the date of this annual report was divided among the brothers Fernando Roberto Moreira Salles, Walther Moreira Salles Jr., Pedro Moreira Salles and João Moreira Salles, but will be distributed as follows: (i) Fernando Roberto Moreira Salles will be the holder of 50% of Cia. E. Johnston's share capital; and (ii) Pedro Moreira Salles and his son, João Moreira Salles will hold, respectively, 44% and 6%, of Cia. E. Johnston's share capital.

Walther Moreira Salles and his brother João Moreira Salles will cease to be shareholders of Cia. E. Johnston, transferring their respective interests to the remaining shareholders, Fernando Roberto Moreira Salles and Pedro Moreira Salles, and to the new shareholder, João Moreira Salles, pursuant to a share sale and purchase agreement. The transaction remains subject to approval by Central Bank. This operation will result in João Moreira Salles son of Pedro Moreira Salles) becoming a new shareholder in our indirect controlling block. There will be no change in the interest held by Cia. E. Johnston in the share capital of IUPAR. For further information, please access our website (<https://www.italu.com.br/relacoes-com-investidores/Download.aspx?Arquivo=mWg3n7e1WseovfhnZW6IHA==&IdCanal=ozqtoVvGbmTpREFRuXgGw==&linguagem=en>), which is not incorporated by reference into this annual report.

[Table of Contents](#)**ADSs Held in Host Country**

As of December 31, 2021 1,204,770,068 ADSs (25.0% of the total outstanding shares of our preferred shares) were outstanding and held of record by 63 institutional depository receipts. We are aware that many ADSs are held of record by brokers and other nominees, and accordingly the above numbers are not necessarily representative of the actual number of U.S. persons who are beneficial holders of ADSs or the number of ADSs beneficially held by such persons.

[Table of Contents](#)

IUPAR stockholders' agreement

Itaúsa and Cia. E. Johnston have a stockholders' agreement that governs their relationship as controlling stockholders of IUPAR and, indirectly, as our controlling stockholders and as controlling stockholders of our subsidiaries. For further information, please, access our website (see: "> MENU > Itaú Unibanco > Corporate Governance > Regulations and Policies > Others > Shareholders Agreement – IUPAR"), which is not incorporated by reference into this annual report.

Transfer of control and increase of interest in the share capital

Subject to the provisions of the IUPAR stockholders' agreement, our Bylaws do not contain any provision that is intended to delay, defer or prevent a change in our shareholding control or that would operate only with respect to a merger, acquisition or corporate restructuring of our Company or its subsidiaries. However, according to Brazilian regulation all such transactions must be carried out in accordance with procedures established by CMN and be previously approved by the Central Bank.

Brazilian legislation provides that acquisition of control of a publicly held company triggers the requirement for the acquiring party to make a tender offer for all outstanding common shares, at a price equivalent to at least 80% of the price per share paid to the controlling stockholders. Additionally, our Bylaws establish the same price rule for the holders of our preferred shares. This legislation also requires our controlling stockholders to make a tender offer for all of our shares if they increase their interest in our share capital to a level that materially and negatively affects the liquidity of our shares.

7B. Related Party Transactions

Transactions with controllers, joint control and related parties, and key management personnel are required to be conducted on arms' length terms.

Under the Laws No. 4,595/64, No. 7,492/86 and CMN Resolution No. 4,693/18, financial institutions must observe specific terms and conditions when granting credit to:

- its controllers (individuals or legal entities), pursuant to Article 116 of Law No. 6,404/76, as well as their spouses, partners and their direct relatives, in the collateral line or affinity, up to the second degree;
- its officers, managers, and members of statutory or contractual bodies, as well as their spouses, partners and their direct relatives, in the collateral line or by affinity, up to the second degree;
- individuals with qualified equity interest; and
- legal entities: (i) with qualified equity interest; (ii) in which capital, directly or indirectly, there is qualified equity interest; (iii) in which there is effective operational control or relevance in the deliberations, regardless of equity interest; and (iv) that have an officer or member of the board of directors in common.

CMN Resolution No. 4,693/18 established the definition of "qualified equity interest" as a holder that owns 15% or more of the capital of the legal entity for purposes of credit transactions by financial institutions with its related parties.

For further details on restrictions on the operations of financial institutions, see "Item 4B. Business Overview – Supervision and Regulation."

On October 22, 2012, our Board of Directors approved a Transactions with Related Parties Policy, which is reviewed annually. The definition of related party for the purpose of disclosures in financial statements is provided in this Transactions with Related Parties Policy, and includes controlling shareholders and entities controlled by or under common control with, us, as well as the directors and officers of these entities, certain family members of such individuals and any entities controlled directly or indirectly by them. Our Transactions with Related Parties Policy provides that any transaction involving related parties must be carried out at arm's length, comply with all practices put in place by our management, be executed in writing, and be clearly disclosed in our financial statements according to the materiality criteria provided by accounting standards.

[Table of Contents](#)

Any related party transaction or series of transactions within a one-year period that exceeds R\$1 million, defined as a “Significant Amount” (except those exclusively involving entities controlled, directly or indirectly, by us), is analyzed by the Related Parties Committee and reported to our Board of Directors on a quarterly basis.

Transactions between companies included in the consolidation were eliminated in our audited consolidated financial statements and take into consideration the absence of risk. See “Note 31 – Related parties” to our audited consolidated financial statements for more information.

[Table of Contents](#)

7C. Interests of Experts and Counsel

Not applicable.

199

[Table of Contents](#)**ITEM 8. FINANCIAL INFORMATION****8A. Consolidated Statements and Other Financial Information**

See “Item 18. Financial Statements” below, which contains our audited consolidated financial statements prepared in accordance with IFRS as issued by the IASB.

Legal Proceedings**Overview**

We are not defendants in any significant administrative proceeding before the CVM, SUSEP, the Central Bank or any municipalities. As part of the ordinary course of our business, we are party to various legal and administrative proceedings (including consumer complaints) filed against us with SUSEP, certain municipalities or the Central Bank.

Our audited consolidated financial statements only include reserves for probable losses that can be reasonably estimated and expenses that we may incur in connection with pending litigation or administrative proceedings, or as otherwise required by Brazilian law. Our management believes that our provisions, including interest, for legal proceedings in which we are defendants are sufficient to cover probable losses that can be reasonably estimated in the event of unfavorable court decisions. It is currently not possible to estimate the amount of all potential costs that we may incur or penalties that may be imposed on us other than those amounts for which we have reserves. We believe that any potential liabilities related to these lawsuits and administrative proceedings will not have a material adverse effect on our business, financial condition or results. There are no material proceedings in which any of our directors, any member of our senior management or any of our affiliates is either a party adverse to us or to our subsidiaries or has a material interest adverse to us or our subsidiaries.

Please see “Note 2.3 – Critical Accounting Estimates and Judgments, j) Provisions, Contingencies and Other Legal Obligations” to our audited consolidated financial statements for further information and details about the changes in the provisions and respective escrow deposits for tax and social security lawsuits and main types of tax disputes. The following table sets forth our provisions for such contingencies as of December 31, 2021, 2020 and 2019.

Provision	For The Year Ended December 31,		
	2021	2020	2019
	<i>(In millions of R\$)</i>		
Civil	3,317	3,511	3,633
Labor	8,219	8,015	8,579
Tax proceedings and legal obligations	6,498	6,810	8,266
Other	1,558	1,483	976
Total	19,592	19,819	21,454

Civil Litigation**Litigation Arising from Government Monetary Stabilization Plans**

We are a defendant in lawsuits for the collection of understated inflation adjustment for savings resulting from the economic plans implemented in the 1980s and 1990s by the Brazilian Federal Government as a measure to combat inflation. Please see “Item 3D. Risk Factors – Legal and Regulatory Risks, Decision on lawsuits due to government monetary stabilization plans may have a material adverse effect on us” for further information.

Other Civil Litigation

In addition to litigation arising from government monetary stabilization plans, we are defendants in numerous civil lawsuits arising in the normal course of our business. We are not able to currently predict the total amounts involved in these claims, due to the nature of the matters disputed. However, we believe that any potential liabilities related to these lawsuits will not have a material adverse effect on our financial condition or results.

[Table of Contents](#)**Labor Litigation**

In 2021, we and our subsidiaries were not exposed to any labor liabilities or labor contingencies which individually significantly impacted our results. The pool of labor claims for our subsidiaries in such period is composed of labor claims filed by employees, former employees and outsourced service providers.

Labor unions and former employees have filed labor claims against us, seeking compensation for alleged breaches of employment agreements or rights under the applicable labor laws. As of December 31, 2021, there were 53,329 labor claims filed against us.

The main requests in the labor claims filed by our current and former employees include:

- Salary differences arising from the application of the 30 working hours per week limit, provided for in art. 224 of the CLT, which is applicable to bank employees whose function does not require special trust from the employer;
- Salary differences arising from overtime not duly registered in the internal systems;
- Claims with respect to the method used to establish overtime pay; and
- Salary parity.

Labor class actions filed against us mainly relate to the continuation of health care plans, safety rules and strikes. We are also defendants in connection with labor claims filed by the labor prosecution office regarding union classification, outsourcing, occupational diseases, health and safety and compliance with the minimum quotas for disabled personnel. In the year ended December 31, 2021, we paid approximately R\$ 2,532 million in direct labor expenses, mainly in settlements and convictions involving former employees, in accordance to the agreements signed and to the rulings imposed by labor courts.

Regarding labor claims filed by outsourced service providers, they generally involve allegations of subsidiary liability of the companies within our group.

Please see “Note 2.3 – Critical Accounting Estimates and Judgments, j) Provisions, Contingencies and Other Commitments” to our audited consolidated financial statements for further information about labor claims.

Tax Litigation

We have certain tax disputes that arise in our ordinary business activities, mainly relating to the constitutionality or legality of certain taxes imposed on us.

We classify tax due as legal liability when the legality and / or unconstitutionality of the legislation in force is being challenged. Legal liability taxes are accrued regardless of the likelihood of loss.

Tax contingencies correspond to the principal amount of taxes involved in tax, administrative or judicial challenges, subject to tax assessment notices, plus interest and, when applicable, fines and charges. A provision is recognized whenever the chance of prevailing is probable. We highlight:

On June 25, 2013, we received a notice of deficiency from the Brazilian tax authorities alleging that we failed to pay approximately R\$11,844.7 million of corporate income tax (IRPJ), plus accrued penalties and interest, and approximately R\$6,867.0 million of CSLL, plus accrued penalties and interest, in 2008 fiscal year, as a result of the corporate transaction that led to the association of Itaú Holding and Unibanco Holdings S.A. The Brazilian tax authorities allege that corporate transactions of a different kind should have been used. However, the transaction suggested by the Brazilian tax authorities is not supported in the rules applicable to financial institutions. We defend that the transactions conducted were appropriate and legitimate, having been approved by the involved companies’ management bodies and their respective stockholders, and subsequently sanctioned as well by the relevant regulatory authorities, including the CVM, the Central Bank and CADE. We and our external counsel assess the risk of loss in this tax proceeding as remote. On April, 10, 2017, the Administrative Board of Tax Appeals (CARF), by the Ordinary Instance, issued a favorable decision to us, canceling the tax assessment notice. The Brazilian federal government appealed to the Superior Chamber of CARF. We understand that the CARF decision is final, and there is no possibility of a review. As such, we presented a writ of security to have the final judgment of the administrative proceeding judicially recognized. Our injunction and sentence were favorable. The Special Court of TRF1 upheld the effect of the judgment. Currently, the writ of security awaits judgment of the Brazilian federal government’s appeal.

[Table of Contents](#)

Additionally, relating to the same transaction on November 14, 2013, we received a notice of tax assessment issued on behalf of Itaú Unibanco, charging R\$1,439.9 million of corporate income tax (IRPJ) and R\$502.6 million of CSLL, plus accrued penalties and interest. We also assess the chance of prevailing in this litigation as remote. We filed a voluntary appeal that was dismissed by CARF and by the Superior Administrative Court of Federal Tax Appeals (CSRF). Currently, the company is discussing the case in court. On September, 2020, a favorable ruling was issued to us.

In November 2019, we received tax assessments from the Municipality of São Paulo, in the approximate amount of R\$4 billion, for the alleged non-payment of municipal tax on services (ISS) in connection with leasing and credit card operations. In our defense, we state that such tax was duly paid to the Municipality of Poá, State of São Paulo, where we have had operations for about 30 years, with a structure comprising staff, physical space and technology consistent with the operations carried out in that location.

Please see “Note 2.3 – Critical Accounting Estimates and Judgments, j) Provisions, Contingencies and Other Commitments” to our audited consolidated financial statements for further details about the changes in the provisions and respective escrow deposits for tax and social security lawsuits and main types of tax disputes.

Stockholders’ Payment

Our Bylaws establish the distribution to stockholders of mandatory dividends equivalent to 25% of our net income calculated for each fiscal year, adjusted by the decrease or increase of amounts related to legal reserve, to reserve for contingencies and to its reversal related to prior years.

The mandatory dividend may be paid as dividends or interest on capital. The main difference between these forms of payment is tax-related. The payment of dividends is tax-free for stockholders.

The payment of interest on capital is subject to withholding income tax at a 15% rate, or 25% if the stockholder is a resident of or domiciled in a tax haven jurisdiction or a privileged tax regime.

The amount paid to stockholders as interest on capital, net of any withholding tax, may be included as part of the mandatory dividend. In such case, we are required to distribute to stockholders an amount sufficient to ensure that the net amount received by stockholders, after the payment by us of applicable withholding taxes in respect of the distribution of interest on capital, is at least equal to the mandatory dividend. For further information, please see “Item 10E. Taxation”.

Our Stockholder Remuneration Policy, which was approved by the Board of Directors, establishes the monthly payment of R\$0.015 per share as an advance mandatory dividend. The date used as a reference to determine which stockholders are entitled to receive such dividend in Brazil is determined based on the stockholding position registered on the last day of the preceding month. With respect to our ADSs, however, the date used to determine which stockholders are entitled to receive the monthly dividend is three days after the Brazilian reference date. In both cases, monthly dividends for a given month are paid on the first business day of the following month.

Stockholders may claim the payment of any dividend for a period of three years counted from the dividend payment date. After this period we have no responsibility whatsoever for such payment. Stockholders not residing in Brazil must register with the Central Bank so that dividends, interest on capital and other share-related amounts can be remitted abroad in foreign currency.

Currently, we pay dividends and interest on capital equivalent to or higher than the mandatory dividends, but this may not continue to happen if our stockholders decide that such distribution is not advisable in view of our financial condition. In this case, if our Fiscal Council is constituted, it must issue an opinion about that decision, and management must present a report to the CVM detailing the reasons for the suspension of the dividend payment. Profits not distributed due to a suspension of the dividend payment must be allocated to a special reserve and, if it is not absorbed by losses in subsequent years, it must be paid as dividends as soon as our financial position so permits.

For information regarding recent amounts paid or provisioned and reserved in stockholder’s equity, dividends and interest on own capital, see “Item 5A. Operating Results—Results.”

Please see “Note 21 – Interest and Similar Income and Expense and Net Gain (Loss) on Investment Securities and Derivatives, b) Interest and Similar Expense,” to our audited consolidated financial statements and “Item 4B. Business Overview—Supervision and Regulation—Basel III Framework—Implementation of Basel III in Brazil.”

Please see “Item 12D. American Depositary Shares—ADS Holders’ Payment of Dividends” for details on the payment of dividends to our ADS holders.

[Table of Contents](#)**8B. Significant Changes**

None.

ITEM 9. THE OFFER AND LISTING**9A. Offer and Listing Details****Our shares and ADSs**

Beginning in 1996, we have meetings with institutional investors in Brazil, the United States and Europe to present our governance practices, financial performance and value creation strategy, among other significant issues. Since 2002, in line with the commitment to strengthening our position in the Brazilian capital market and forge closer ties with stockholders and investors, we have held a number of presentations every year in different Brazilian regions where APIMEC operates.

[Please refer to Exhibit 2\(c\) to this annual report for the remaining information relating to our American Depositary Shares.](#)

Brazil		United States
B3—Bolsa, Balcão		NYSE
Level 1 ITUB3 Common Shares	Level 1 ITUB4 Preferred Shares	Level 2 ITUB Preferred Shares American Depositary Shares (ADSs)
Shareholders' rights		ADS holder rights
Common shares – Entitle the holder to one vote at our general stockholders' meetings (one share has one voting right) – the voting rights of our controlling stockholders do not differ from the voting rights of other holders of common shares. – 80% tag-along; and – Preemptive right in the subscription of new shares in any capital increase	Preferred shares – Priority to receive mandatory dividends, in the amount of R\$0.022 per share; – 80% tag-along; – Preemptive right in the subscription of new shares in any capital increase; – Voting right when the company fails to pay fixed, or minimum, dividends, for the period provided in the company's Bylaws, which may never exceed three consecutive fiscal years, until the dividends are paid; and – The creation of a new class of shares with priority over preferred shares, as well as any change in preference or in right associated with preferred shares, must be approved by at least 50% of common shares and also approved by stockholders representing the majority of preferred shares in a special general meeting.	ADSs – Preemptive right in the subscription of new shares in any capital increase.

[Table of Contents](#)

9B. Plan of Distribution

Not applicable.

9C. Markets

Our preferred shares and common shares have traded on the São Paulo Stock Exchange (currently B3) since 1944. Our preferred shares have been traded on the NYSE in the form of ADSs (one ADS represents one preferred share) since February 21, 2002, in compliance with NYSE and SEC requirements. ADS holders have no stockholder rights, which are governed by Brazilian Corporate Law. The depositary is the holder of the preferred shares underlying the ADSs. Holders of ADSs have ADS holder rights.

Disclosure Requirements

See “Item 4B. Business Overview – Supervision and Regulation” for more details regarding disclosure requirements.

Trading on the B3

B3 is a publicly traded corporation. Beginning in April 2000, the Brazilian stock exchanges were reorganized through the execution of protocols of intention by the Brazilian stock exchanges. Until April 2004, all shares underlying securities were traded only on the B3, with the exception of privatization auctions, which occurred on the Rio de Janeiro Stock Exchange. In May 2004, the Rio de Janeiro Stock Exchange reopened for the trading of certain Brazilian government securities.

Until May, 2019, if you were to trade in our shares on the B3, your trade would settle in three business days after the trade date. The seller was ordinarily required to deliver the shares to the exchange on the third business day following the trade date. As of May 27, 2019, the trade is settled in two business days after the trade date. Delivery of and payment for shares are made through the facilities of the Central Depository of B3.

In September 2014, the CMN issued Resolution No. 4,373/14, amending and improving the provisions for (i) foreign investments through a depositary receipt mechanism; and (ii) investments made by non-resident investors in the financial and capital markets in Brazil. The main changes were: (a) increasing the number of instruments that may be issued through depositary receipts; (b) making it possible for non-resident investors to invest in financial and capital markets without having previously entered into foreign exchange operations; (c) clarifying the criteria for simultaneous foreign exchange operations; and (d) increasing the responsibility of the non-resident investor’s representative. CMN Resolution No. 4,373/14 became effective in March 2015.

See “Item 10E. Taxation – Brazilian Tax Considerations—Taxation of Gains” for a description of certain tax benefits extended to non-Brazilian holders who qualify under CMN Resolution No. 4,373/14.

Corporate Governance Practices of B3

In 2000, B3 introduced three special listing segments known as “Levels 1 and 2 of Differentiated Corporate Governance Practices and *Novo Mercado*” with the purpose of stimulating the market of securities issued by Brazilian companies listed on B3, encouraging these companies to follow good corporate governance practices. B3 subsequently introduced two new segments called “*Bovespa Mais*” and “*Bovespa Mais Nível 2*”, specifically for small- and medium-scale companies. The listing segments were designed for the trading of shares issued by companies that voluntarily commit themselves to follow corporate governance practices and disclosure requirements beyond those required by Brazilian legislation. These rules generally increase shareholders’ rights and increase the quality of the information made available to shareholders. Newly amended rules for Levels 1 and 2 of Differentiated Corporate Governance Practices came into effect in May 2011 and newly amended rules for “*Novo Mercado*” came into effect in May 2018.

To become a “Level 1” company, like us, the issuer must agree to the following requirements, in addition to those imposed by applicable law: (i) ensure that shares that represent at least 25.0% of its total capital are actually available for trading; (ii) adopt offering procedures that favor the widespread ownership of the shares whenever a public offer is made; (iii) comply with minimum standards for quarterly disclosure; (iv) follow stricter disclosure policies for transactions done by its controlling shareholders, members of its Board of Directors and executives that involve securities issued by the issuer; (v) submit any existing shareholders’ agreement and stock option plans to B3; and (vi) prepare a schedule of corporate events and make it available to the shareholders.

To become a “Level 2” company, the issuer must agree to the following requirements, in addition to those imposed by applicable law: (i) comply with all Level 1 listing requirements; (ii) grant tag-along rights to all shareholders in case the company’s control is transferred, offering to common shareholders the same price paid per share for the controlling block of common and preferred shares; (iii) give holders of preferred shares voting rights for decisions on certain corporate restructurings and related-party transactions, such as: (a) conversions, acquisitions, mergers or splits; (b) approval of any transactions between

[Table of Contents](#)

the company and its controlling shareholder, if such decisions are within the competence of the general meeting; (c) valuation of assets to be used for payment of a share capital increase; (d) selecting an institution or specialized company to determine the economic value of the company; and (e) any alterations to these voting rights that will prevail as long as the agreement to adhere to the B3's "Level 2" segment is in force; (iv) the Board of Directors must be made up of at least five members, of which at least a minimum of 20.0% shall be independent members with a term of office limited to two years, and reelection is permitted; (v) prepare financial statements in English, including the statement of cash flows, according to international accounting standards such as U.S. GAAP or IFRS; (vi) effect a tender offer by the company's controlling shareholder (the minimum price of the shares to be offered shall be determined by an assessment process), if the controlling shareholder decides on the delisting from the "Level 2" segment; and (vii) exclusively adopt the B3 "Arbitration Board" rules for resolving any conflicts between the company and its investors.

To join B3's "*Novo Mercado*" segment, an issuer must meet all requirements described in "Levels 1 and 2," including the issuance of common shares only (with voting rights) and granting tag-along rights to all shareholders in case the company's control is transferred, offering the same price paid per share for the controlling block of shares.

In 2001, we executed an agreement with B3 to list our shares in the Level 1 segment, effective immediately after the disclosure of the offer's opening date in Brazil. We agreed to comply with and continue to comply with all of the Level 1 listing requirements.

[Table of Contents](#)**9D. Selling Shareholders**

Not applicable.

9E. Dilution

Not applicable.

9F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION**10A. Share Capital**

Not applicable.

[Table of Contents](#)**10B. Memorandum and Articles of Association**

Set forth below is certain information concerning our capital stock and a brief summary of certain significant provisions of our Bylaws and Brazilian Corporate Law. This description does not purport to be complete and is qualified by reference to our Bylaws and to Brazilian Corporate Law.

Corporate Purpose

We are organized as a publicly held corporation for an unlimited period of time under the laws of Brazil. Our head offices are located at Praça Alfredo Egydio de Souza Aranha, 100, 04344-902, São Paulo, SP, Brazil and our telephone number is +55 (11) 2794-3547. We are primarily governed by Brazilian Corporate Law and our Bylaws. Our Tax Payer's Registry (CNPJ) is 60.872.504/0001-23, and we are registered with the São Paulo Commercial Registry (*Junta Comercial do Estado de São Paulo*) under NIRE 35300010230.

Our corporate purpose, as set forth in Article 2 of our Bylaws, is to perform banking activity in all its authorized forms, including foreign exchange transactions. Our agent for service of process in the United States is the general manager of our Miami branch, which is located at 200 South Biscayne Boulevard, Floor 22, Miami, FL – 33131.

Adoption of Cumulative Voting

Under Brazilian Corporate Law and CVM's regulation, stockholders that represent at least 5% of share capital with voting rights may demand a cumulative voting process up to 48 hours before a general stockholders' meeting. Each share will be entitled to as many votes as the members of the board being elected, and the stockholder has the right to concentrate votes in one candidate or distribute them among several candidates. The presiding officer must inform the stockholders in advance about the number of votes required for the election of each member of the Board of Directors.

Whenever the election of the Board of Directors is held under the cumulative vote process and the common or preferred stockholders exercise their right of electing one director, the controlling stockholder will have the right to elect directors in the same number as those elected by the other stockholders plus one, regardless of the number of directors that, according to our Bylaws, compose the board.

Preemptive right, capital increase and payment for subscribed shares

Each stockholder has the preemptive right to subscribe for shares in any capital increase, in proportion to his equity interest, except in specific cases, in compliance with Brazilian Corporate Law.

Our Bylaws authorize the Board of Directors to increase our capital stock up to a limit of 13,176,900,000 shares, of which 6,588,450,000 must be common shares and 6,588,450,000 preferred shares (authorized capital). Up to the limit of our authorized capital, shares may be issued without considering our stockholders preemptive rights if it is made: (i) for sale on a stock exchange; (ii) by public subscription; and (iii) in exchange for our shares at a public offering for acquisition of our control. Regardless of this provision, all increases in capital stock must be ratified by stockholders and approved by the Central Bank.

After the approval of the capital increase by the Central Bank, stockholders must pay the amount corresponding to subscribed shares under the terms established in the subscription documentation in connection with that capital increase. A stockholder that fails to make payments under the terms of the subscription documentation will be deemed to be in default in accordance with Brazilian Corporate Law.

Brazilian legislation does not provide for liability in capital calls. Therefore the ownership interest of our stockholders may be diluted if they decide not to exercise their preemptive rights to subscribe shares in cases of capital increase.

[Table of Contents](#)**Form and Transfer**

Our shares are book-entry and Itaú Corretora de Valores S.A. is our bookkeeping service provider. Therefore, the shares issued by us are to be kept in deposit accounts, under the investor's name.

As an alternative, the investor may also deposit shares in the B3 via a custodian institution authorized by the CVM. In such case, the B3, as central depository, holds the shares under its name but controls the ownership of the securities through a structure of deposit accounts kept under the investors' name. There is no distinction in the rights and obligations of stockholders, regardless of whether their shares are deposited with a broker-dealer or with B3.

Redemption and withdrawal rights

Our common shares and our preferred shares are not redeemable, except upon delisting. Pursuant to Brazilian Corporate Law, however, the approval of certain matters entitles a dissenting stockholder to withdraw from the company, such right expiring thirty days after publication of the minutes of the applicable stockholders' meeting. This withdrawal may occur under certain conditions upon reimbursement of the value of such holder's shares, calculated based on criteria set forth under Brazilian Corporate Law. Also, in accordance with Brazilian Corporate Law, we are entitled to reconsider any resolution that gives rise to a withdrawal within ten days following the expiration of the withdrawal period, if such exercise of withdrawal rights jeopardizes our financial stability.

Withdrawal rights are not available to stockholders whose shares have liquidity and are actively traded in the stock market in cases of merger or takeover or in case the company elects to take part in a group of companies.

Common and preferred shares should be reimbursed upon cancellation of their registration at their value, calculated based on the criteria set forth under Brazilian Corporate Law. If the resolution that gave rise to withdrawal rights was approved more than 60 days after the date when the last balance sheet was approved, the stockholder may demand that his shares be redeemed at a value based on a new balance sheet, dated up to 60 days after the date of the general meeting.

Dividend rights

For a description of dividend rights, see "Item 8. Financial Information—Stockholders' Payment".

Threshold above which shareholder ownership must be disclosed

Brazilian regulations require that any person or group of persons representing the same interest that has directly or indirectly acquired an interest corresponding to 5.0% of any type or class of shares of a publicly traded company must disclose its share ownership to the CVM and to Brazilian stock exchanges. Any subsequent increase or decrease of 5.0% or more in ownership of any type or class of shares must be similarly disclosed.

Directors' and Executive Officers' Role and Conflict of Interests

Brazilian Corporate Law imposes on the members of the Board of Directors and Officers the duty of diligence during the performance of their functions, as well as the duty of loyalty to the company, besides prohibiting members of the Board of Directors and the Officers from: (i) receiving any type of direct or indirect personal advantage from third parties, by virtue of the position occupied, without authorization in the Bylaws or from a shareholders' meeting; (ii) taking part in any corporate transaction in which he or she has an interest that conflicts with our interest or in the decisions made by other directors on the matter; (iii) use any commercial opportunity which may come to his or her knowledge, by virtue of his or her position, for his or her own benefit or that of a third party, whether or not harmful to the company; (iv) fail to exercise or protect the company's rights or to take advantage of a commercial opportunity of interest to the company, in seeking to obtain advantages for himself or herself or for a third party; and (v) acquire for resale with profit property or rights which he or she knows the company needs or which the company intends to acquire.

As a financial institution, we are subject to certain limitations set forth by Law 4,595/64, as amended by Law 13,506/17, as well as related regulations.

Finally, our policy for transactions with related parties also sets forth procedures to be followed by managers involved in such transactions, and when other potential conflicts of interest may arise.

[Table of Contents](#)

Maximum age limit for election as Board member

Our Bylaws provides that no individual who is seventy (70) years or older on the date of its election may be elected as a member of the Board of Directors.

General Stockholders' Meetings

General stockholders' meetings can be held at the first call with the attendance of stockholders representing at least one fourth (1/4) of the voting capital (common shares), in accordance with the Brazilian Corporate Law.

Extraordinary general stockholders' meetings can be held at the first call with the attendance of stockholders representing at least two-thirds (2/3) of the voting capital (common shares), in accordance with Brazilian Corporate Law.

In case of insufficient quorum at the first call, a new call by convening notice will be disclosed on a timely basis, and the meeting will be held at least eight (8) days after a new convening notice is published. This meeting will be held at second call with any number of stockholders holding common shares.

Stockholders attending general meetings must prove that they are holders of shares with voting rights, as set forth in the Brazilian Corporate Law. Our shareholders may be represented by a proxy, pursuant to article 126 of Brazilian Corporate Law 6,404/76, provided that the proxy sends his/her identity document and documents listed below proving the validity of his/her power of attorney. We also request that documents produced abroad should be consularized or apostilled and accompanied by the respective sworn translation. The representative of the legal entity shareholder does not need to be a shareholder, manager or lawyer.

The CVM establishes rules for remote participation and voting in general meetings of publicly held companies. Accordingly, we have put in place the necessary structure to allow our shareholders to participate and vote remotely at general meetings. For this purpose, our shareholders must follow the voting procedures disclosed by us in the call notice for the relevant general meeting.

Our Governance

Our governance structure

The main goal of our corporate governance is to create an efficient set of incentive and monitoring mechanisms to ensure that management members are always aligned with our stockholders' best interests in a sustainable way. In order to achieve this goal, we have set up decision-making bodies and institutionalized procedures to align management with our meritocratic, performance-focused and long-term value-creation culture.

The three main pillars of our corporate governance structure are:

IUPAR (Itaú Unibanco Participações)

- Alignment and union among shareholders;
- Group's vision, mission and values;
- Significant mergers and acquisitions;
- Performance evaluation and admission of family members; and
- Discussion and approval of the long-term strategy.

Family Control

With a long-term strategic vision

[Table of Contents](#)

Itaú Unibanco Board of Directors	<ul style="list-style-type: none"> - Definition and monitoring of the company's strategy; - Mergers and acquisitions; - Monitor the Executive Committee's performance - Nomination of officers (meritocracy); - Budget approval; - Definition and monitoring of incentive and compensation models and goal settings; - Supervision of the technologies strategy; - Definition of the meritocracy policies; and - Business operation supervision. 	Value Creation Strategy definition
Executive Committee	<ul style="list-style-type: none"> - Implementation of Board of Director's guidelines and goals; - Business operation and strategies for products and segments; - Ensure better allocation and management of financial, operational and human resources; - Monitoring of market, credit and operational risks; and - Operate the Bank in purpose of value creation 	Professional management Implementation of strategy and day-to-day management

Our Policies

We adopt policies in order to formalize and consolidate existing structures to protect the interests of our employees, management members and stockholders, as well as promote our culture and values, always seeking to run business in an ethical and transparent manner, preventing and fighting fraud and illegal acts and ensuring our business sustainability.

Below we present the main documents related to our corporate governance, including our Bylaws, as approved by our Board of Directors.

- **Bylaws:** establish our principles and rules of operations, such as the definition of our corporate purpose, composition of capital stock, responsibilities of statutory bodies, appropriation of net income, and our listing segment in stock exchanges, among others.
- **Internal Charters:** we have internal charters that regulate the operation of our Board of Directors, Board of Directors Committees, Board of Officers and Fiscal Council, in conformity with applicable legislation and best corporate governance practices.
- **Policy for the Nomination of Members of the Board of Directors, Committees Reporting to the Board of Directors and the Executive Board:** this policy establishes minimum requirements for the nomination of members to the Board of Directors, Board of Directors committees and our Board of Officers.
- **Code of Ethics:** applies to all of our employees, members of the Board of Directors and officers and is based on principles that support an organizational culture focused on the enhancement of people, strict compliance with rules and regulations and continuous development.
- **Policy for Trading our Securities:** the purpose of this policy is to establish guidelines and procedures to be followed by us and bound persons, to ensure transparency in the trading of our securities by all interested parties, without privileging some to the detriment of others.

[Table of Contents](#)

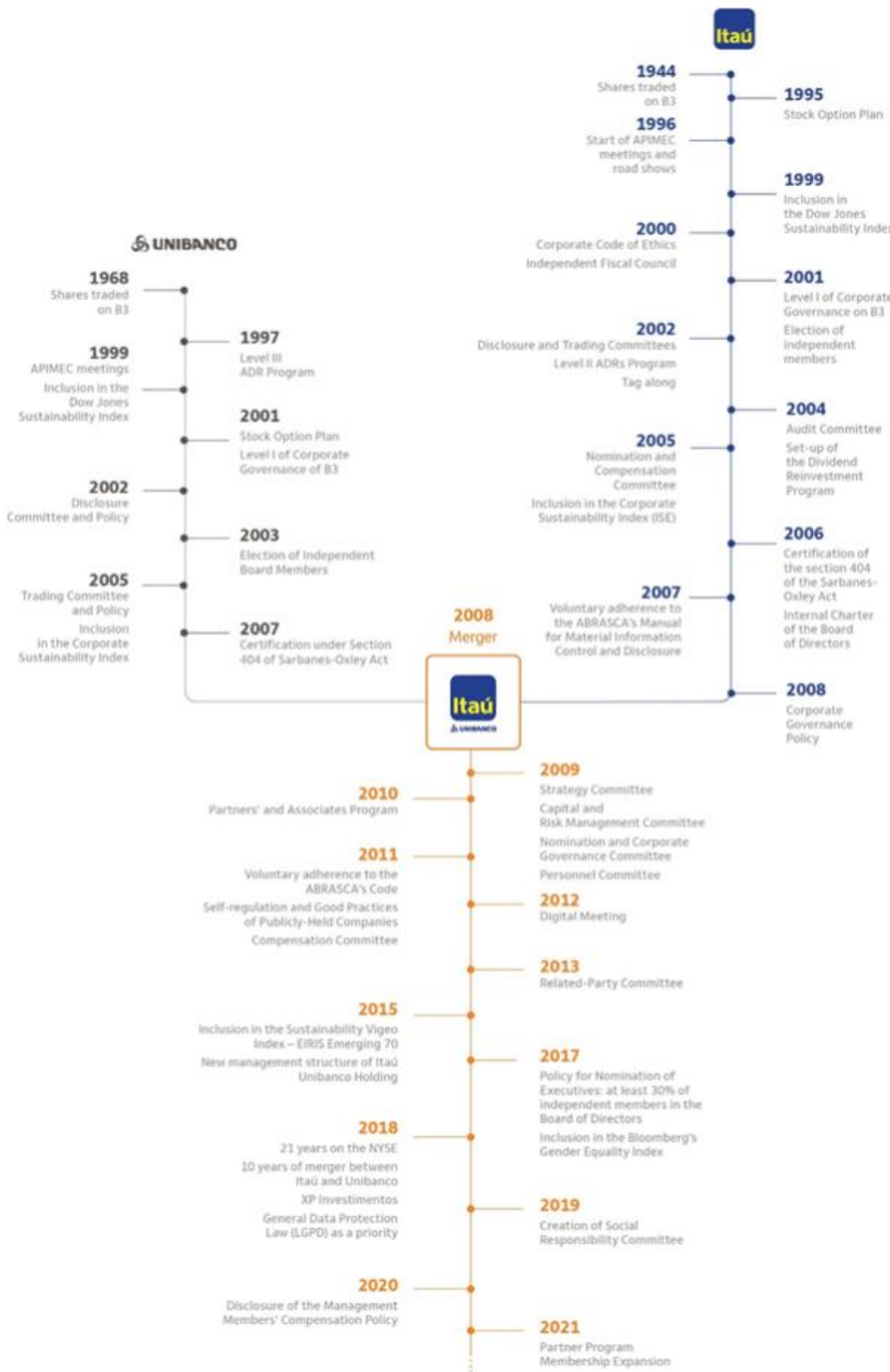
- **Transactions with Related Parties:** the purpose of this policy is to establish rules and consolidate procedures to be followed in related party transactions, ensuring equality and transparency and as such, ensuring stockholders, investors and other stakeholders that we are in compliance with best corporate governance policies.
- **Corporate Policy and Procedure Disclosure of Material Information:** this policy address the public disclosure of material information and the requirement to keep such information confidential until disclosed in accordance with applicable rules.
- **Relationship Policy with Public Officials and Contracting with Bodies, Entities and Companies of Public Administration:** this policy guides the relationship with public officials and public entities with respect to our institutional interests and the financial system in general, in an organized manner.
- **Corporate Governance Policy:** this policy consolidates the Corporate Governance principles and practices adopted by us so that they can be disseminated throughout our company.
- **Anti-Corruption Corporate Policy:** the purpose of this policy is to establish rules for avoiding conflicts of interests in processes related to donations and sponsorship and in relationships with clients, suppliers and partners, in the public and private sectors, and also to establish guidelines and procedures to prevent and combat corruption, such as training, communication, consultation and complaint channels.

Our Practices

Given that our shares have traded on the São Paulo Stock Exchange (currently B3) since 1944 and our ADSs have traded on the NYSE since 2002, we are required to comply with the rules of the CVM, the B3, the SEC and the NYSE.

[Table of Contents](#)

The following timeline illustrates the main Corporate Governance practices adopted over recent years:



[Table of Contents](#)**Management structure**

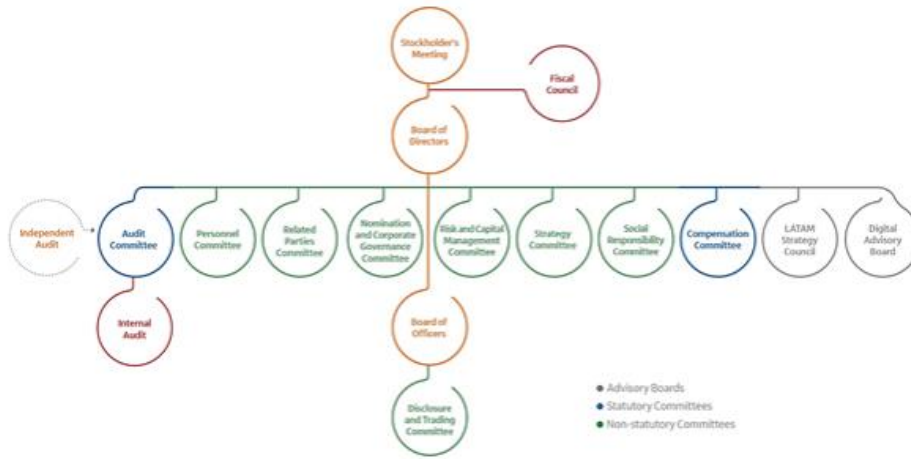
Our management is structured to ensure that matters are extensively discussed and decisions are made on a collective basis. The information below concerns our management bodies, their main duties and composition:

213

[Table of Contents](#)

	Duties	Composition
General Stockholder's Meeting	<p>The company's supreme body that brings stockholders together, either on an ordinary or extraordinary basis, through a convening notice as set forth by law.</p> <p>Annual Stockholders' Meeting: It is held in the first four-month period of each year, to review, discuss and vote the financial statements submitted by management, resolve on the allocation of net income for the year, payout of dividends and election of members to the Board of Directors and the Fiscal Council.</p> <p>Extraordinary Stockholders' Meeting: It is held when convened to resolve on key matters that are not the exclusive responsibility of the Annual General Stockholders' Meeting.</p>	<p>The Annual Stockholders' Meeting is open on first call with the attendance of stockholders representing at least 25% of voting capital. Any amendments to the Bylaws should be resolved on at an Extraordinary Stockholders' Meeting, which will be open on first call with the attendance of stockholders representing at least two thirds (2/3) of the voting capital.</p> <p>Our meetings are held with a quorum representing approximately 90% of our voting capital.</p>
Fiscal Council	An independent body operating independently from Management, our external auditors and Audit Committee. It supervises the activities of our Management, examines and opines on our financial statements for the year ended, among other duties established by Brazilian law.	It is composed of 3 to 5 members elected annually by our stockholders, one of whom by minority preferred stockholders.
Board of Directors	It is responsible for establishing our general business guidelines, including for our subsidiaries, and holds ordinary meetings eight times per year and extraordinary meetings when necessary.	It is composed of 12 members, all non-executive, and of whom 5 are deemed independent (41.67%). The turnover of the Board members is carried out in accordance with our bylaws, which provide for the ineligibility of persons who have reached the age of 70. Members are elected annually by our stockholders.
Board of Officers	It implements the guidelines proposed by the Board of Directors. Officers manage our daily business activities, ensuring the best allocation and management funds to accomplish the goals we have set.	It is composed of 5 to 30 members, including Chief Executive Officer and Officers, in conformity with the guidelines established by the Board of Directors for filling these positions. Members are elected annually by the Board of Directors. Each member elected to our Board of Officers must be approved by the Central Bank. According to Brazilian law, an acting officer retains their position until they are reelected or a successor takes office.
Disclosure and Trading Committee	<p>This Committee is responsible for:</p> <p>Managing the Policy for the Disclosure of Material information and the Policy for Trading our Securities.</p> <p>Carrying out internal actions intended to improve the information flow.</p> <p>Promoting the ethical conduct of our management members and employees.</p> <p>Ensuring transparency, quality, equality and security of the information provided to our stockholders, investors and other capital market players.</p>	<p>It is composed of:</p> <p>members of our Board of Directors.</p> <p>members of our Board of Officers or of any other Itaú Unibanco Group company.</p> <p>Professionals of proven knowledge in the capital markets area.</p> <p>Investors Relations Officer (a permanent member of the Committee).</p>

[Table of Contents](#)



[Table of Contents](#)

10C. Material Contracts

None.

216

[Table of Contents](#)**10D. Exchange controls**

Individuals or legal entities domiciled outside Brazil may own our stock through ADSs negotiated in a U.S. Exchange or through direct investments in the Brazilian Market.

However, the right to convert dividend payments and proceeds from the sale of our shares in the Brazilian Market, into foreign currency and to remit such amounts abroad is subject to compliance with requirements of Brazilian foreign investment and foreign currency legislation. This legislation generally requires, among other things, documentary evidence that establishes the legality, the legitimacy and the economic validity of the exchange operation and that the relevant investment was registered with the Central Bank and the CVM, as applicable.

In case the investment in our stock is made through ADS, the ADS holders benefit from the electronic certificate of foreign capital registration obtained in Brazil by the custodian of the preferred shares underlying the ADSs, which permits the depositary bank to convert dividends and other distributions with respect to the preferred shares underlying the ADSs into foreign currency and remit the proceeds abroad.

In case the investment in our stock is made directly in the Brazilian Market, such investment needs to be registered with the Central Bank either as (i) a foreign direct investment, the Electronic Declaratory Registration of Foreign Direct Investment (RDE-IED), or (ii) a portfolio investment, the Electronic Declaratory Registration of Portfolio (RDE – Portfolio).

The registration as foreign direct investment (RDE-IED) enables non-resident investors to hold stock of companies, although it, limits the ability of the investor to negotiate such stocks in the Brazilian Capital Markets. On the other hand, the registration as portfolio investment (RDE – Portfolio) entitles certain foreign investors to invest not only in stocks, but also in other financial assets and securities, and to engage in a variety of transactions available in the Brazilian financial and capital markets, provided that certain requirements of the regulation are fulfilled.

Registration under RDE – Portfolio affords favorable tax treatment to non-resident investors who are not residents or domiciled in tax haven jurisdictions, as defined by Brazilian tax laws.

Law No. 14,286, which was passed in December 2021 and will come into force in December 2022, repeals Articles 3 to 8 of Law No. 4,131/1962 which provide for registration of investments in Central Bank as RDE-IED or RDE-Portfolio. It will be up to the Central Bank to define whether there will be new rules applicable to these investments. Please see “Item 4B. Business Overview—Supervision and Regulation—New Foreign Exchange Law” for further details.

10E. Taxation**Taxation Considerations for ADS Holders**

This summary is based upon tax laws of Brazil and the United States in effect as of the date hereof, and contains a description of the main Brazilian and U.S. federal income tax considerations regarding the acquisition, ownership and disposition of our preferred shares or ADSs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to these matters, considering that laws are subject to change and to differing interpretations (possibly with retroactive effect). Although there is no income tax treaty between Brazil and the United States in place, the tax authorities of the two countries have agreed in applicable provisions of reciprocal tax treatment as to compensation of tax withheld at the source country in the residence country. No assurance can be given, however, as to whether or when a treaty will enter into force or how it will affect a U.S. Holder (as defined below) of our preferred shares or ADSs.

Prospective purchasers of our preferred shares or ADSs should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of our preferred shares and ADSs, including, in particular, the effect of any non-U.S., non-resident, state or local tax laws.

INVESTORS ARE STRONGLY ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO BRAZILIAN TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR PREFERRED SHARES OR ADSs CONSIDERING THEIR PARTICULAR FACTS AND CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY NON-BRAZILIAN TAX LAWS.

[Table of Contents](#)**Brazilian Tax Considerations**

The following discussion summarizes the main Brazilian tax consequences related to the acquisition, ownership and disposition by Non-Resident Holders of our preferred shares or ADSs.

Non-Resident Holders Resident or Domiciled in Tax Haven Jurisdictions

Under Brazilian tax laws, as regulated by Article 1 of Normative Instruction No. 1,037 of June 4, 2010, as amended, a “tax haven” is defined as a country or location (a) that does not impose any income tax or where the maximum income tax rate is 20%, or 17% as further detailed below (b) where the local legislation imposes restrictions on disclosure regarding shareholder composition or investment ownership. A list of current tax haven jurisdictions has been published per such Normative Instruction. Non-Resident Holders resident or domiciled in tax haven jurisdictions may be subject to withholding tax in Brazil at higher rates than Non-Resident Holders not resident or domiciled in tax havens, as described below.

Additionally, on June 24, 2008, Law No. 11,727 introduced the concept of “privileged tax regime,” which is defined as a tax regime that (i) does not tax income or taxes it at a maximum rate lower than 20%; (ii) grants tax benefits to non-resident entities or individuals (a) without the requirement to carry out substantial economic activity in the country or dependency or (b) contingent to the non-exercise of substantial economic activity in the country or dependency; (iii) does not tax or that taxes income generated abroad at a maximum rate lower than 20%; or (iv) does not provide access to information related to shareholding composition, ownership of assets and rights or economic transactions carried out. A list of current privileged tax jurisdictions has been published on Normative Instruction 1,037 and, currently, withholding rates for Non-Resident Holders resident or domiciled in privileged tax regimes are the same applicable for Non-Resident Holders non domiciled in tax haven jurisdictions.

On November 28, 2014, the Brazilian tax authorities issued Ordinance No. 488, which decreased these minimum thresholds from 20% to 17% in certain cases. Under Ordinance No. 488, the 17% threshold applies only to countries and regimes aligned with international standards of fiscal transparency, in accordance with rules to be established by the Brazilian tax authorities.

Notwithstanding the above, we recommend that you consult your own tax advisors regarding the consequences of the implementation of Law No. 11,727, Normative Ruling No. 1,037 and of any related Brazilian tax law or regulation concerning tax havens and privileged tax regimes.

Income Tax for Non-Resident Holders

Law No. 13,259 enacted on March 16, 2016, increased the flat 15% rate of the income tax levied on capital gains derived by individuals, certain corporations and foreign investors (individuals and corporations) as a result of the disposal of assets and rights in general exceeding R\$5 million, by adopting a system of progressive rates that may reach a 22.5% tax rate (for positive results exceeding R\$30 million). Since capital gains arising from transactions executed through a securities exchange located in Brazil are subject to specific tax rules, which are not included under the scope of Law No. 13,259, it is possible to sustain the position that the provisions of this rule should not apply to such transactions, which would lead to the application of a 15% fixed rate. This rule applies since January 1, 2017. If the stockholder is a resident of or domiciled in a tax haven jurisdiction, the capital gains are subject to the withholding income tax at a 25% rate, while gains arising from transactions executed through a securities exchange in Brazil would generally be subject to a 15% withholding income tax. Capital gains ascertained in the sale of variable-income securities in the stock exchange by a foreign investor that is not resident or domiciled in a tax haven jurisdiction should be exempt from taxation.

Taxation of Dividends

Payment of dividends derived from profits generated after January 1, 1996, including dividends paid in kind, are currently not subject to withholding tax in Brazil. However, the Brazilian Congress is discussing different legislative proposals with the purpose of carrying a broad tax reform which may include the imposition of withholding tax over dividends distributions. There is no clarity as to when or whether such reform may ultimately be enacted.

[Table of Contents](#)Taxation of Interest on Net Equity

Law No. 9,249, dated December 26, 1995, as amended, allows a Brazilian corporation, such as us, to also make payments of interest on net equity in addition to dividend distributions. Currently, payments of interest on net equity are subject to withholding tax at a rate of 15%, or 25% in the case of a Non-Resident Holder that is resident or domiciled in a tax haven jurisdiction. However, tax reform currently under discussion by the Brazilian Congress may abolish or otherwise affect this type of payment.

Taxation of Gains*Sales or Other Dispositions of ADSs*

Gains realized outside Brazil by a Non-Resident Holder from the sale or other disposal of ADSs to another Non-Resident Holder should not be subject to Brazilian taxation. However, according to Law No. 10,833, dated December 29, 2003, as amended, the disposition of assets located in Brazil by a Non-Resident Holder may be exempt from income tax over capital gains, if carried in a Brazilian stock exchange, or subject to Brazilian withholding tax at a 15% flat rate or a progressive rate varying from 15% to 22.5% depending on the kind of investment made into Brazil and the location where the Non-Resident Holder is resident or domiciled (also, a 25% rate may apply if the foreign beneficiary is resident or domiciled in a jurisdiction deemed to be a tax haven for Brazilian tax purposes).

Although the referred Law does not clarify what is considered an asset located in Brazil, ADSs generally should not be considered assets located in Brazil for purposes of such Law, because they represent securities issued and negotiated in an offshore exchange market. It is important to note that even if ADSs were considered assets located in Brazil, Non-Resident Holders not resident or domiciled in tax haven jurisdictions may still apply for exemption from capital gains tax according to Article 81 of Law No. 8,981, dated January 20, 1995, as amended.

Conversion of Our Preferred Shares into ADSs

The deposit by a Non-Resident Holder of our preferred shares with the depository for conversion into ADSs may be subject to Brazilian capital gains tax, particularly if such Non-Resident Holder is resident or domiciled in a tax haven jurisdiction or if the investment in such preferred shares has not been registered under the Central Bank according to CMN Resolution No. 4,373, dated September 29, 2014, effective as of March 30, 2015 (former CMN Resolution No. 2,689, dated January 26, 2000, and CMN Resolution No. 1,927, dated May 18, 1992), as amended. In these cases, the positive difference between the average price of such preferred shares and acquisition cost of such preferred shares (or the amount otherwise previously registered under the Central Bank according to the mentioned CMN Resolution No. 4,373/14) may be considered taxable capital gains, and therefore subject to income tax. Please refer to "Investments of Foreign Investors", for further details.

Non-Resident Holders that are resident or domiciled in tax haven jurisdictions may be subject to capital gains tax at a 25% rate on the sale or transfer of shares outside of the financial and capital markets upon such a conversion or 15% if the sale or transfer of shares is carried at a stock exchange in Brazil in accordance with CMN Resolution No. 4,373/14.

Sales or Other Dispositions of Our Preferred Shares

Non-Resident Holders not resident or domiciled in tax haven jurisdictions that register their portfolio according to CMN Resolution No. 4,373/14 may benefit from a special capital gains tax exemption available for the sale of securities in the Brazilian stock exchange. On the other hand, sales of shares in the stock exchange that are not registered according to CMN Resolution No. 4,373/14 or made outside of Brazilian stock exchanges are generally subject to capital gain tax.

Such special treatment is not applicable to Non-Resident Holders resident or domiciled in tax haven jurisdictions, who are subject to general taxation rules applicable to Brazilian residents on the sale of their investments in the financial markets, notably stock exchanges. In these cases, the tax rate is generally 15%. If such Non-Resident Holders sell shares outside of the financial and capital markets, the income taxation rate will instead be of 25%. Any exercise of preemptive rights related to our preferred shares (and in connection with the ADS program) should not be subject to Brazilian taxation. Gains from the sale or assignment of preemptive rights will be subject to the Brazilian income tax according to the same rules applicable to disposition of shares or ADSs.

[Table of Contents](#)Tax on Financial Transactions IOF/Exchange (IOF/FX) and IOF/Securities

According to the Decree No. 6,306/2007, and further amendments, Financial Transactions Tax may be levied on some foreign exchange transactions.

The acquisition of ADSs and preferred shares in accordance with CMN Resolution No. 4,373/14 is currently not subject to IOF/Exchange. However, we stress that that IOF/Exchange may change via Presidential Decree, with immediate effects.

Since December 24, 2013, pursuant to Decree No. 8,165, the IOF/Securities tax levied on the assignment of shares traded in the Brazilian stock exchange market in order to permit the issuance of depositary receipts to be negotiated overseas has been reduced to 0% rate.

Other Brazilian Taxes

There are no Brazilian inheritance, gift or succession taxes applicable to the transfer of ownership or title (ownership without beneficial interest) of our preferred shares or ADSs or the vesting of free beneficial interest of such shares or ADSs outside Brazil by a Non-Resident Holder, except for gift, inheritance and legacy taxes that are levied by some states of Brazil if bestowed in such states of Brazil or abroad when the receiver is resident or domiciled in these states of Brazil. The Brazilian Supreme Court has recently ruled the imposition of gift, inheritance and legacy taxes unconstitutional, as there is no complementary law on the subject, when the original owner (e.g., donor) is not resident in Brazil. There are no Brazilian stamp, issue, registration, or similar taxes or duties payable to Non-Resident Holders of our preferred shares or ADSs.

U.S. Federal Income Tax Considerations

The following is a general discussion of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of our preferred shares or ADSs by U.S. Holders (as defined below) who hold such preferred shares or ADSs as capital assets within the meaning of section 1221 of the U.S. Internal Revenue Code of 1986, as amended, “(the Code)”. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, retirement plans, regulated investment companies, real estate investment trusts, dealers in securities, brokers, tax-exempt entities, certain former citizens or residents of the United States, U.S. Holders that hold our preferred shares or ADSs as part of a “straddle,” “hedging,” “conversion” or other integrated transaction, U.S. Holders that mark their securities to market for U.S. federal income tax purposes, U.S. Holders that have a functional currency other than the U.S. dollar, U.S. Holders that own (or are deemed to own) 10% or more (by voting power or value) of our shares or U.S. Holders that receive our preferred shares or ADSs as compensation. In addition, this discussion does not address the effect of any U.S. state, local or non-U.S. tax considerations or any U.S. estate, gift or alternative minimum tax considerations.

This discussion is based on the Code, U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or subject to differing interpretations. This discussion also assumes that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

For purposes of this discussion, the term “U.S. Holder” means a beneficial owner of our preferred shares or ADSs that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or entity treated as a corporation) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a U.S. person.

[Table of Contents](#)

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes invests in our preferred shares or ADSs, the U.S. federal income tax treatment of a partner will depend in part upon the status and activities of such entity or arrangement and the particular partner. Any such entity and partners in such entity or arrangement should consult their own tax advisors regarding the U.S. federal income tax considerations applicable to them relating to the purchase, ownership and disposition of such preferred shares or ADSs, especially in light of recent changes to U.S. tax law.

INVESTORS ARE STRONGLY ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL, STATE AND LOCAL TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR PREFERRED SHARES OR ADSs IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY NON-U.S. TAX LAWS.

Except where specifically described below, this discussion assumes that we are not and will not be a passive foreign investment company, (“PFIC”), for U.S. federal income tax purposes. Please see the discussion under “Passive Foreign Investment Company Considerations” below.

Treatment of ADSs

A U.S. Holder of ADSs generally will be treated for U.S. federal income tax purposes as the owner of such U.S. Holder’s proportionate interest in our preferred shares held by the depository (or its custodian) that are represented and evidenced by such ADSs. Accordingly, any deposit or withdrawal of our preferred shares in exchange for ADSs generally will not result in the realization of gain or loss to such U.S. Holder for U.S. federal income tax purposes.

Distributions

A U.S. Holder that receives a distribution with respect to our preferred shares (whether held through ADSs or directly), including payments of interest on net equity as described above under “Brazilian Tax Considerations – Taxation of Interest on Net Equity,” generally will be required to include the amount of such distribution (without reduction for any Brazilian withholding tax with respect thereto) in gross income as a dividend to the extent of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) on the date such U.S. Holder (or the depository, in the case of ADSs) actually or constructively receives such distribution, and will not be eligible for the dividends received deduction allowed to corporations. A distribution on our preferred shares (whether held through ADSs or directly) in excess of current and accumulated earnings and profits generally will be treated first as a non-taxable return of capital to the extent of such U.S. Holder’s basis in such preferred shares or ADSs, as the case may be, and thereafter as gain from the sale or exchange of such preferred shares or ADSs (which will be treated in the same manner described below under “Sale, Exchange or Other Disposition of Preferred Shares or ADSs”). We have not maintained and do not plan to maintain calculations of earnings and profits for U.S. federal income tax purposes. As a result, a U.S. Holder may need to include the entire amount of any such distribution in income as a dividend.

The U.S. dollar value of any distribution on our preferred shares (whether held through ADSs or directly) made in Brazilian reais generally should be calculated by reference to the exchange rate between the U.S. dollar and the Brazilian real in effect on the date of receipt of such distribution by the U.S. Holder (or the depository, in the case of ADSs), regardless of whether the reais so received are in fact converted into U.S. dollars. Such U.S. Holder generally will have a basis in such reais equal to the U.S. dollar value of such reais on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of such reais by such U.S. Holder generally will be treated as ordinary income or loss and generally will be income or loss from sources within the United States.

Distributions treated as dividends that are received by certain non-corporate U.S. persons (including individuals) in respect of shares of a non-U.S. corporation (other than a corporation that is, in the taxable year during which the distributions are made or the preceding taxable year, a PFIC) that is readily tradable on an established securities market in the United States generally qualify for a 20% reduced maximum tax rate (and potentially additional tax discussed below under “Medicare Tax”) so long as certain holding period and other requirements are met. Since the ADSs are listed on the NYSE, unless we are treated as a PFIC with respect to a U.S. Holder, dividends received by such a U.S. Holder in respect of the ADSs should qualify for the reduced rate. Based on existing guidance, it is not entirely clear whether dividends received by such a U.S. Holder of our preferred shares in respect of such shares will qualify for the reduced rate, because our preferred shares are not themselves listed on a United States exchange. Special rules apply for purposes of determining the recipient’s investment

[Table of Contents](#)

income (which may limit deductions for investment interest) and foreign income (which may affect the amount of U.S. foreign tax credit) and to certain extraordinary dividends. Each U.S. Holder that is a non-corporate taxpayer should consult its own tax advisor regarding the possible applicability of the reduced tax rate and the related restrictions and special rules.

Sale, Exchange or Other Disposition of Preferred Shares or ADSs

Upon a sale, exchange or other taxable disposition of our preferred shares or ADSs, a U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount realized on such sale, exchange or other taxable disposition and such U.S. Holder's adjusted tax basis in such preferred shares or ADSs. A U.S. Holder's adjusted tax basis in such preferred shares or ADSs generally will be its U.S. dollar cost. Any gain or loss so recognized generally will be long-term capital gain or loss if such U.S. Holder has held such preferred shares or ADSs for more than one year at the time of such sale, exchange or other taxable disposition. Certain non-corporate U.S. Holders are entitled to preferential treatment for net long-term capital gains. The ability of a U.S. Holder to offset capital losses against ordinary income is limited.

A U.S. Holder that receives Brazilian reais from the sale, exchange or other disposition of our preferred shares (whether held through ADSs or directly) generally will realize an amount equal to the U.S. dollar value of such reais on the settlement date of such sale, exchange or other taxable disposition if (i) such U.S. Holder is a cash basis or electing accrual basis taxpayer and our preferred shares are treated as being "traded on an established securities market" or (ii) such settlement date is also the date of such sale, exchange or other taxable disposition. Such U.S. Holder generally will have a basis in such reais equal to the U.S. dollar value of such reais on the settlement date. Any gain or loss on a subsequent conversion or other taxable disposition of such reais by such U.S. Holder generally will be treated as ordinary income or loss and generally will be income or loss from sources within the United States. Each U.S. Holder should consult its own tax advisor regarding the U.S. federal income tax consequences of receiving reais from the sale, exchange or other taxable disposition of our preferred shares in cases not described in the first sentence of this paragraph.

Foreign Tax Credit Considerations

Distributions on our preferred shares (whether held through ADSs or directly), including payments of interest on net equity as described above under "Brazilian Tax Considerations – Taxation of Interest on Net Equity," that are treated as dividends, before reduction for any Brazilian withholding taxes with respect thereto, generally will be included in the gross income of a U.S. Holder. Thus, such U.S. Holder may be required to report income for such purposes in an amount greater than the actual amount such U.S. Holder receives in cash. Distributions treated as dividends generally will constitute income from sources outside the United States and generally will be categorized for U.S. foreign tax credit purposes as "passive category income" or, in the case of some U.S. Holders, as "general category income." Subject to applicable limitations and holding period requirements, a U.S. Holder may be eligible to elect to claim a U.S. foreign tax credit against its U.S. federal income tax liability for any such Brazilian withholding taxes. Under current law, gains resulting from a sale or other disposal of our preferred shares or ADSs may be subject to Brazilian income or withholding taxes. A U.S. Holder's use of a foreign tax credit with respect to any such Brazilian income or withholding taxes could be limited. A U.S. Holder that does not claim a U.S. foreign tax credit generally may instead claim a deduction for any such Brazilian taxes, but only for a taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes paid or accrued by such U.S. Holder in such taxable year. Foreign currency exchange gain or loss generally will constitute income from sources within the United States. The rules relating to foreign tax credits are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Passive Foreign Investment Company Considerations

Special U.S. federal income tax rules apply to U.S. persons owning shares of a PFIC. A non-U.S. corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of certain subsidiaries, either: at least 75% of its gross income is "passive income", or on average at least 50% of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income.

[Table of Contents](#)

For this purpose, passive income generally includes, among other things, dividends, interest, rents, royalties, gains from the disposition of passive assets and gains from commodities transactions.

The application of the PFIC rules to banks is unclear under present U.S. federal income tax law. Banks generally derive a substantial part of their income from assets that are interest bearing or that otherwise could be considered passive under the PFIC rules. The IRS, has issued a notice, and has proposed regulations, that exclude from passive income any income derived in the active conduct of a banking business by a qualifying foreign bank, also known as the Active Bank Exception. The IRS notice and proposed regulations have different requirements for qualifying as a foreign bank, and for determining the banking income that may be excluded from passive income under the Active Bank Exception. Moreover, the proposed regulations have been outstanding since 1994 and will not be effective unless finalized.

Based on estimates of our current and projected gross income and gross assets, we do not believe that we will be classified as a PFIC for our current or future taxable years. The determination of whether we are a PFIC, however, is made annually and is based upon the composition of our income and assets (including income and assets of entities in which we hold at least a 25% interest), and the nature of our activities (including our ability to qualify for the Active Bank Exception).

Because final regulations have not been issued and because the notice and the proposed regulations are inconsistent, our status under the PFIC rules is subject to considerable uncertainty. While we conduct, and intend to continue to conduct, a significant banking business, there can be no assurance that we will satisfy the specific requirements for the Active Bank Exception under either the IRS notice or the proposed regulations. Accordingly, U.S. Holders could be subject to U.S. federal income tax under the rules described below.

If we are treated as a PFIC for any taxable year during which a U.S. Holder owns our preferred shares or ADSs, any gain realized on a sale or other taxable disposition of such preferred shares or ADSs and certain "excess distributions" (generally distributions in excess of 125% of the average distribution over the prior three-year period, or if shorter, the holding period for such preferred shares or ADSs) will be treated as ordinary income and will be subject to tax as if (i) the excess distribution or gain had been realized ratably over the U.S. Holder's holding period for such preferred shares or ADSs, (ii) the amount deemed realized in each year had been subject to tax in each such year at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at such U.S. Holder's regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (iii) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years.

If we are treated as a PFIC and, at any time, we invest in non-U.S. corporations that are classified as PFICs, or Subsidiary PFICs, U.S. Holders generally will be deemed to own, and also would be subject to the PFIC rules with respect to, their indirect ownership interest in any such Subsidiary PFIC. If we are treated as a PFIC, a U.S. Holder could incur liability for the deferred tax and interest charge described above if either (i) we receive a distribution from or dispose of all or part of our interest in, any such Subsidiary PFIC or (ii) such U.S. Holder disposes of all or part of our preferred shares or ADSs.

We do not expect to provide information that would allow U.S. Holders to avoid the foregoing consequences by making a "qualified electing fund" election.

A U.S. Holder of shares in a PFIC (but possibly not a Subsidiary PFIC, as discussed below) may make a "mark-to-market" election, provided the PFIC shares are "marketable stock" as defined under applicable Treasury regulations (i.e., "regularly traded" on a "qualified exchange or other market"). Under applicable Treasury regulations, a "qualified exchange or other market" includes (i) a national securities exchange that is registered with the U.S. Securities and Exchange Commission or the national market system established under the Exchange Act or (ii) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located and meets certain trading, listing, financial disclosure and other requirements set forth in applicable Treasury regulations. The ADSs are traded on the NYSE and the preferred shares are traded on the B3. The NYSE constitutes a qualified exchange or other market. Although the IRS has not addressed whether the B3 meets the requirements to be treated as a qualified exchange or other market, we believe that the B3 should be so treated. PFIC shares traded on a qualified exchange or other market are regularly traded on such exchange or other market for any calendar year during which such shares are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. We cannot assure U.S. Holders that our preferred shares or ADSs will be treated as "marketable stock" for any taxable year.

[Table of Contents](#)

The tax consequences that would apply if we were a PFIC would be different from those described above if a “mark-to-market” election is available and a U.S. Holder validly makes such an election as of the beginning of such U.S. Holder’s holding period. If such an election were made, such U.S. Holder generally would (i) include in gross income, entirely as ordinary income, an amount equal to the excess, if any, of the fair market value of our preferred shares or ADSs as of the close of each taxable year and such U.S. Holder’s adjusted tax basis in such preferred shares or ADSs, and (ii) deduct as an ordinary loss the excess, if any, of such U.S. Holder’s adjusted tax basis in such preferred shares or ADSs over the fair market value of such preferred shares or ADSs at the end of the taxable year, but only to the extent of the net amount previously included in gross income as a result of the mark-to-market election. Any gain from a sale, exchange or other disposition of our preferred shares or ADSs in a taxable year in which we were a PFIC would be treated as ordinary income, and any loss from such sale, exchange or other disposition would be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss. A U.S. Holder’s adjusted tax basis in such preferred shares or ADSs would increase or decrease by the amount of the gain or loss taken into account under the mark-to-market regime. Even if a U.S. Holder is eligible to make a mark-to-market election with respect to our preferred shares or ADSs, however, it is not clear whether or how such election would apply with respect to the shares of any Subsidiary PFIC that such U.S. Holder is treated as owning, because such Subsidiary PFIC shares might not be marketable stock. The mark-to-market election is made with respect to marketable stock in a PFIC on a shareholder-by-shareholder basis and, once made, can only be revoked with the consent of the IRS. Special rules would apply if the mark-to-market election is not made for the first taxable year in which a U.S. Holder owns any equity interest in us while we are a PFIC.

A U.S. Holder who owns our preferred shares or ADSs during any taxable year that we are treated as a PFIC generally would be required to file an information return with respect to us and any Subsidiary PFIC in which the U.S. Holder holds a direct or indirect interest. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to our preferred shares or ADSs and the availability and advisability of making a mark-to-market election should we be considered a PFIC for any taxable year.

Medicare Tax

In addition to regular U.S. federal income tax, certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income,” which may include all or a portion of their income arising from a distribution with respect to a preferred share or ADS and net gain from the sale, exchange or other disposition of a preferred share or ADS.

Backup Withholding and Information Reporting

Backup withholding at a rate of 24% and information reporting requirements generally apply to certain U.S. Holders with respect to payments made on or proceeds from the sale, exchange or other disposition of our preferred shares or ADSs. A U.S. Holder not otherwise exempt from backup withholding generally can avoid backup withholding by providing a properly executed IRS Form W-9. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against the U.S. Holder’s U.S. federal income tax liability, provided the required information is timely furnished by the U.S. Holder to the IRS.

Disclosure Requirements for Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury Department guidance) who, during any taxable year, hold any interest in any “specified foreign financial asset” generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. A “specified foreign financial asset” generally includes any financial account maintained with a non-U.S. financial institution and may also include our preferred shares or ADSs if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisors as to the possible application to them of this filing requirement.

[Table of Contents](#)Disclosure Requirements for Certain U.S. Holders Recognizing Significant Losses

A U.S. Holder that claims significant losses in respect of our preferred shares or ADSs for U.S. federal income tax purposes (generally (i) US\$10 million or more in a taxable year or US\$20 million or more in any combination of taxable years for corporations or partnerships all of whose partners are corporations, (ii) US\$2 million or more in a taxable year or US\$4 million or more in any combination of taxable years for all other taxpayers, or (iii) US\$50,000 or more in a taxable year for individuals or trusts) with respect to a foreign currency transaction, may be required to file Form 8886 for “reportable transactions.” U.S. Holders should consult their own tax advisors concerning any possible disclosure obligation with respect to our preferred shares or ADSs.

U.S. Foreign Account Tax Compliance Act (FATCA)

Please see “Item 4B, Business Overview – Taxes on Transactions Entered Into by Itaú Unibanco Group – U.S. Foreign Account Tax Compliance Act (FATCA)” for more clarification on FATCA.

10F. Dividends and Paying Agents

Not applicable.

10G. Statement by Experts

Not applicable.

10H. Documents on Display

We are subject to the reporting requirements under the Exchange Act, for foreign private issuers. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and current reports on Form 6-K. You may inspect and copy reports and other information filed with the SEC at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington D.C. 20549. Copies of the materials may be obtained by mail from the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. The public may obtain information on the operation of the SEC’s Public Reference Room by calling the SEC in the United States at 1-800-SEC-0330. In addition, the SEC maintains an Internet website at www.sec.gov, from which you can electronically access those materials, including this annual report and the accompanying exhibits. The information contained on this website does not form part of this annual report on Form 20-F. We also file financial statements and other periodic reports with the CVM located at Rua Sete de Setembro, 111, Rio de Janeiro, Rio de Janeiro 20050-901, Brazil. The CVM maintains an Internet website at www.cvm.gov.br. The information contained on this website does not form part of this annual report on Form 20-F.

Copies of our Form 20-F will be available for inspection upon request to the Investor Relations department at our office at Praça Alfredo Egydio de Souza Aranha, 100, Torre Alfredo Egydio, 3º andar – São Paulo – SP – 04309-010 – Brazil.

Investors may receive a hard copy of this annual report, including our audited consolidated financial statements for the last fiscal year, free of charge, by requesting a copy from our Investor Relations department, by e-mail, at ri@itau-unibanco.com.br, indicating their contact information and their complete mailing address.

10I. Subsidiary Information

Not required.

[Table of Contents](#)**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK****Credit Risk****Overview**

We define credit risk as the risk of loss associated with: (i) failure by a borrower, issuer or counterparty to fulfill their respective financial obligations as defined in the contracts;(ii) value loss of a credit agreement resulting from a deterioration of the borrower's, issuer's or counterparty's credit rating; (iii) reduction of profits or income; and (iv) benefits granted upon subsequent renegotiation; or debt recovery costs.

Our credit risk management is intended to preserve the quality of the loan portfolio at levels compatible with our risk appetite, for each market segment in which we operate.

Governance

The credit risk management structure is based on principles described in the internal Policy for Credit Risk Management and Control:

- To follow the guidelines established by the Board of Directors, as well as to provide information for the Board to monitor the strategies and policies related to credit risk, so that there is a clear understanding of the tolerance for risk and the level of profitability that the institution expects to achieve for incurring the various credit risks;
- Ensure that policies and strategies for credit risk management are clearly defined, establishing operating limits, risk mitigation mechanisms, and procedures designed to maintain credit risk exposure in line with our risk appetite;
- Establish processes and instruments to measure, monitor and control risk, which allow quantifying the credit risk inherent to all products, portfolio concentrations and the impacts of potential changes in the economic environment;
- To promote the continuous monitoring of our portfolio and the policies and strategies adopted, reporting to the executive board any indications of deterioration in the quality of operations and any exceptions to the established rules; and
- To ensure the compliance of operations and controls with the rules and legislation in force in each country.

Procedures and Key Indicators

The key assignments of the business units are (i) monitoring the portfolios under their responsibility, (ii) granting credit, considering approval levels, market conditions, macroeconomic prospects, changes in markets and products, and (iii) credit risk management aimed at making the business sustainable.

Our credit policy is based on internal factors, such as: client rating criteria, performance and evolution of our portfolio, default levels, return rates and allocated economic capital, among others; and also takes into account external factors such as: interest rates, market default indicators, inflation and changes in consumption, among others.

With respect to our individuals, small and medium companies, credit ratings are assigned based on statistical models (in the early stages of our relationship with a customer) and behavior score models (used for customers with whom we already have a relationship). For large companies, classification is based on information such as the counterparty's economic and financial situation, its cash-generating capacity, and the business group to which it belongs, the current and prospective situation of the economic sector in which it operates. Credit proposals are analyzed on a case-by-case basis through the approval governance.

The concentrations are continuously monitored for economic sectors, and largest debtors, allowing preventive measures to be taken to avoid the violation of the established limits.

We also strictly control our credit exposure to clients and counterparties, acting to reverse occasional limit breaches. We may use contractual covenants for these purposes, such as the right to demand early payment or require additional collateral.

To measure credit risk, we take into account the probability of default by the borrower, issuer or counterparty, the estimated amount of exposure in the event of default, past losses from default and concentration of borrowers. Quantifying these risk components is part of the lending process, portfolio management and definition of limits.

[Table of Contents](#)

The models used by us are independently validated, to ensure that the databases used in constructing the models are complete and accurate, and that the method of estimating parameters is adequate, so as to reduce the modeling risk and keep the models calibrated, so that they reflect risk parameters more accurately. In compliance with the principles of the CMN Resolution 3,721, our credit risk management structure and institutional policy are approved by our Board of Directors and are applicable to all companies and subsidiaries in Brazil and abroad.

Please see “Note 32 – Risk and Capital Management” to our audited consolidated financial statements for further details about credit risk.

[Table of Contents](#)

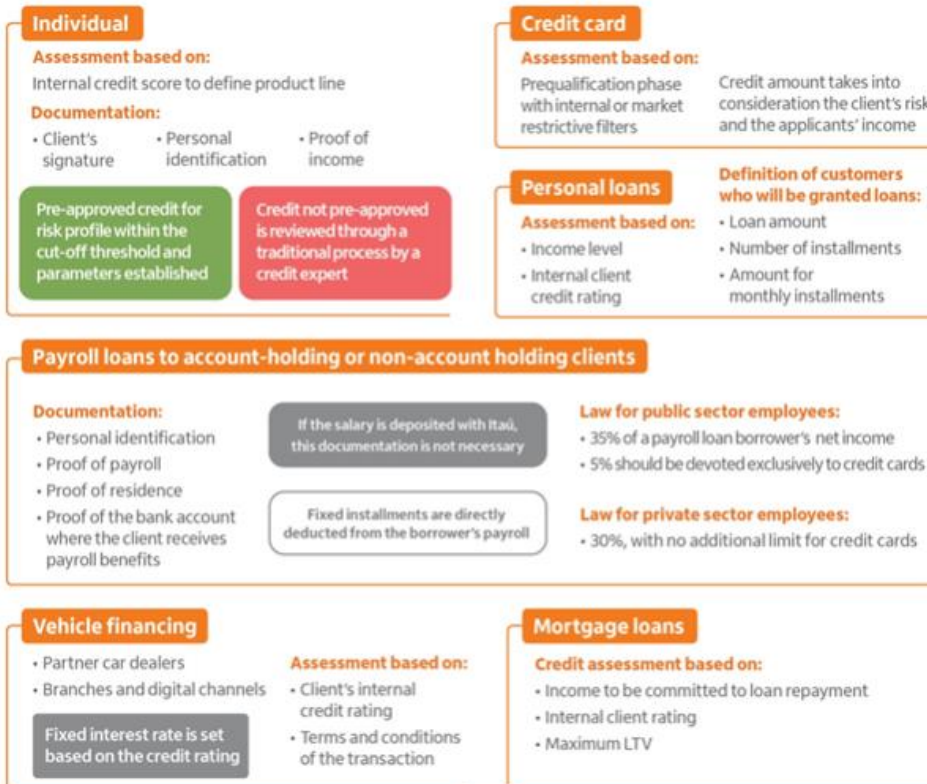
Loan Approval Process

Extensions of credit are approved based on policies at the business unit level, determined in accordance with the criteria of each department and our bank’s risk appetite. The decision to extend credit may be granted by means of a pre-approval process or the traditional approval mechanism, which is applied on a client by client basis. In both cases, decisions are made based on principles of credit quality such as credit rating supported by statistical models, percentage of income committed by/leverage of the client and credit restrictions determined by us and the market.

The business units prepare and maintain the policies and procedures of the credit cycle.

The credit granting process contemplates the use of credit protection services with the purpose of checking whether a client’s credit history includes information that could be considered an obstacle to granting a loan, such as assets blocked by court orders, invalid tax payer identification numbers, prior or pending debt restructuring or renegotiation processes and checks not honored due to insufficient funds.

The policy assessment process allows for the identification of potential risks and is intended to ensure that credit decisions make sense from both an economic and a risk perspective.



[Table of Contents](#)

<p>Foreign units</p> <p>Individual</p> <p>Assessment based on:</p> <ul style="list-style-type: none"> • Internal credit score to define limit 	<p>Documentation:</p> <ul style="list-style-type: none"> • Client's signature • Personal identification • Proof of income 	<p>Foreign units</p> <p>Corporate</p> <p>Assessment based on:</p> <ul style="list-style-type: none"> • Economic and financial analysis of the client
---	---	--

Credit granting in our subsidiaries operating outside Brazil follows the same corporate governance and policies described before. The Chief Risk Officer of each subsidiary is responsible for its own credit portfolio. Credit policies, as well as credit approvals are managed by the subsidiary up to a certain approval authority level, determined by the holding company, according to the characteristics of each subsidiary. The subsidiaries' credit portfolios and certain policies are monitored by the Holding Company, ensuring proper consistency throughout the Group.

Credit to very small and small companies

<p>Assessment based on:</p> <ul style="list-style-type: none"> • Revenues • Business risk assessment • Financial condition of the company's stockholders or partners <p>Documentation:</p> <ul style="list-style-type: none"> • Company's governing documents • Proof of revenues • Information on the partners or stockholders 	<div style="background-color: #76b82a; color: white; padding: 5px; text-align: center;">Pre-approved credit for risk profile within the cut-off threshold and parameters established</div> <div style="background-color: #e74c3c; color: white; padding: 5px; text-align: center;">Credit not pre-approved is reviewed through a traditional process by a credit expert</div>
---	---

Credit to middle-market and large companies

<p>Assessment based on:</p> <ul style="list-style-type: none"> • Financial condition of such companies and any corporate groups to which they belong • On-site meetings • Inquiries into credit protection services • History, financial capacity and adequacy of the requested transaction 	<ul style="list-style-type: none"> • Market conditions, analysis of the economic sector in which the company operates • Commensurate environmental and social assessment to the company's sector 	<p>Proposed maximum credit amount:</p> <ul style="list-style-type: none"> • Submitted to the appropriate credit authorization levels depending on the amount involved <p>Interest rates:</p> <ul style="list-style-type: none"> • Fixed or variable depending on the product that is chosen by the client within the credit limit approved
--	--	--

Please see [Note 32 – Risk and Capital Management, 1.1 Collateral and policies for mitigating credit risk], to our audited consolidated financial statements for further details about our risk mitigating instruments.

[Table of Contents](#)**Operational Risk****Overview**

Operational risk is defined as the possibility of losses arising from failure, deficiency or inadequacy of internal processes, people or systems or from external events that affect the achievement of strategic, tactical or operational objectives. It includes legal risk associated with inadequacy or deficiency in contracts signed by us, as well as penalties due to noncompliance with applicable laws and damages to third parties arising from the activities undertaken by us.

Internally, we classify these exposures to risk within the following categories:

- Internal fraud;
- External fraud;
- Labor claims and deficient security in the workplace;
- Inadequate practices related to clients, products and services;
- Damage to our own physical assets or assets in use;
- Interruption of our activities;
- Failures in information technology systems; and
- Failures in the performance, compliance with deadlines and management of our activities.

Operational risk management includes conduct risk, which is subject to mitigating procedures to assess product design (suitability) and incentive models. The inspection area is responsible for fraud prevention. Irrespective of their origin, specific cases may be handled by risk committees and integrity and ethics committees.

Governance

We have a governance process in place, structured through forums and corporate bodies composed of senior management, which report to the Board of Directors, with well-defined roles and responsibilities in order to segregate the business and management and control activities, ensuring independence between the areas and, consequently, well-balanced decisions with respect to risks. This is reflected in the risk management process carried out on a decentralized basis under the responsibility of the business areas and by a centralized control carried out by the operational risk, by means of established methodologies and procedures, trainings, risk assessments and monitoring of the control environment in an independent way.

Within the governance of the risk management process, reporting on risk monitoring, controls effectiveness, remediation action plans and operational losses are regularly presented to the business areas executives in specific forums.

Procedures and Key Indicators*Crisis Management and Business Continuity*

The purpose of our Business Continuity Program is to protect our employees, ensure the continuity of the critical functions of our business lines, safeguard revenue and sustain both a stable financial market in which we operate and the trust of our clients and strategic partners in providing our services and products.

Our Business Continuity Program is composed of procedures for relocating and/or recovering operations in response to a variety of interruption levels and can be divided into four key elements:

- Disaster Recovery Plan: focused on the recovery of our primary data center, ensuring the continuity of the processing of critical systems within minimum pre-established periods;
- Workplace Contingency Plan: Employees responsible for performing critical business functions have alternatives to perform their activities in the event of unavailability of the buildings in which they usually work. Remote work is also available activities are performed from remote work (home office).

[Table of Contents](#)

- Emergency Plan: procedures aimed at minimizing the effects of emergency situations that may impact our facilities, with a preventive focus; and
- Processes Contingency Plan: alternatives (Plan B) to carry out the critical processes identified in the business areas.

In order to keep the continuity solutions aligned with the business requirements the program applies the following tools to understand the institution:

- Business Impact Analysis (BIA): evaluates the criticality and resumption requirement of the processes that support the delivery of products and services. Through this analysis the businesses' resumption priorities are defined; and
- Threats and Vulnerabilities Analysis (AVA): identification of threats to the locations where our buildings are located.

In addition, we have a corporate-wide Crisis Management Program, which is aimed at managing business interruption events, natural disasters, impacts of an environmental, social, and infrastructural/operational (including information technology) nature or of any other nature that jeopardize the image and reputation and/or viability of Itaú Unibanco's processes with its employees, clients, strategic partners and regulators, with timely and integrated responses.

Our Corporate Business Continuity Policy is available on our website and is not incorporated by reference into this annual report.

Liquidity Risk

Overview

Liquidity risk is defined as the likelihood that an institution will not be able to effectively honor its expected and unexpected obligations, current and future, including those from guarantees commitment, without affecting its daily operations or incurring significant losses.

Governance

Our liquidity risk control is managed by an independent area and is responsible for determining the composition of our reserve, estimating cash flow and exposure to liquidity risk over several time horizons, and monitoring the minimum limits of the risk appetite in countries in which we operate. All activities are subject to assessment by an independent validation, internal controls and audit departments.

Procedures and Key Indicators

In accordance with the requirements of Central Bank regulations, we report monthly our Liquidity Risk Statements (DLR and DLP). Besides, the following items are periodically produced and submitted to the senior management for monitoring and decision support:

- Different scenarios for liquidity projections to decision support, also using stressed macroeconomics scenarios and reversed stress according to risk appetite;
- Contingency plans for potential crisis, which contains procedures ordered by levels of execution, considering each countries' characteristics;
- Reports of risk indicators; and
- Tracking, and monitoring of funding sources considering counterparty type, maturity and other aspects, considering the risk appetite.

[Table of Contents](#)**Market Risk****Overview**

Market risk is the possibility of losses resulting from fluctuations in the market value of positions held by a financial institution, including the risk of operations subject to variations in foreign exchange rates, interest rates, price indexes, equity and commodity prices.

Governance

Our policies and general market risk management framework are in line with the principles of CMN Resolution No. 4,557, and its subsequent amendments. These principles guide our approach to market risk control across our Itaú Unibanco Group.

Our market risk management strategy is aimed at balancing corporate business goals, taking into account, among other factors:

- Political, economic and market conditions;
- The profile of our portfolio; and
- Capacity to act in specific markets.

The key principles underlying our market risk control structure are as follows:

- Provide visibility and comfort for all senior management levels that market risks assumed must be in line with our risk-return objectives;
- Provide disciplined and informed dialogue on the overall market risk profile and its evolution over time;
- Increase transparency as to how the business works to optimize results;
- Provide early warning mechanisms to facilitate effective risk management, without obstructing the business objectives; and
- Monitor and avoid risk concentration.

Market risk is controlled by an area independent of the business units, which is responsible for the daily activities: (i) measuring and assessing risk; (ii) monitoring stress scenarios, limits and alerts; (iii) applying, analyzing and stress testing scenarios; (iv) reporting risk to the individuals responsible in the business units, in compliance with our governance procedures; (v) monitoring the measures needed to adjust positions and/or risk levels to make them viable; and (vi) supporting the secure launch of new financial products.

The CMN has regulations establishing the segregation of market risk exposure at a minimum into risk factors, such as: interest rates, exchange rates, stocks and commodities. Brazilian inflation indexes are also treated as a group of risk factors and follow the same structure.

Our structure of limits and alerts follows the Board of Directors guidelines, which are reviewed and approved by our Board of Directors on an annual basis. This structure extends to specific limits and is aimed at improving the process of risk monitoring and understanding as well as preventing risk concentration. Limits and alerts are calibrated based on projections of future balance sheets, stockholders' equity, liquidity, complexity and market volatility, as well as our risk appetite.

Procedures and key indicators

In an attempt to fit the transactions into the defined limits, we hedge transactions with clients and proprietary positions, including investments overseas. Derivatives are the most commonly used instruments for carrying out these hedging activities, and can be characterized as either accounting or economic hedge, both of which are governed by our institutional regulations.

[Table of Contents](#)

Our market risk framework categorizes transactions as ‘Trading Book’ or ‘Banking Book’, in accordance with general criteria established by specific regulation.

Our Trading Book is composed of all trades with financial and commodity instruments (including derivatives) undertaken with the intention of trading.

Our Banking Book is predominantly characterized by portfolios originated from the banking business and operations related to balance sheet management, and intended to be either held to maturity, or sold in the medium or long term.

Market risk management is based on the following key metrics:

- Value at Risk (VaR): a statistical metric that quantifies the maximum potential economic loss expected in normal market conditions, considering a defined holding period and confidence interval;
- Losses in Stress Scenarios (Stress Testing): a simulation technique to evaluate the impact, in the assets, liabilities and derivatives of the portfolio, of various risk factors in extreme market situations (based on prospective and historic scenarios);
- Stop Loss: metrics that trigger a management review of positions, if the accumulated losses in a given period reach specified levels;
- Concentration: cumulative exposure of certain financial instruments or risk factors calculated at market value (mark to market); and
- Stressed VaR: a statistical metric derived from VaR calculation, aimed at capturing the biggest risk in simulations of the current portfolio, taking into consideration the observable returns in historical scenarios of extreme volatility.

In addition to the risk metrics described above, sensitivity and loss control measures are also analyzed. They include:

- Gap Analysis: accumulated exposure of cash flows by risk factor, which are marked-to-market and positioned by settlement dates;
- Sensitivity (DV01 – Delta Variation Risk): impact on the market value of cash flows when a one basis point change is applied to current interest rates or on the index rates; and
- Sensitivities to Various Risk Factors (Greek): partial derivatives of a portfolio of options on the prices of the underlying assets, implied volatilities, interest rates and time.

Please see “Note 32 – Risk and Capital Management” to our audited consolidated financial statements for further details about market risk.

VaR – Consolidated Itaú Unibanco Holding

Our consolidated VaR is calculated through the Historical Simulation. The assumption underlying Historical Simulation is that the expected distribution for the possible gains and losses (P&Ls—Profit and Loss Statement) for a portfolio over a desired time horizon can be estimated based on the historical behavior of the returns of the market risk factors to which this portfolio is exposed. For the VaR calculation of non-linear instruments, a full re-pricing is carried out (full valuation), without any potential simplifications in the calculation.

The VaR is calculated with a confidence interval of 99%, a historical period of 4 years (1000 working days) and a holding period that varies in accordance with the portfolio’s market liquidity, considering a minimum horizon of 10 working days. Also, under a conservative approach, the VaR is calculated on a daily basis with and without volatility weighting, with the final VaR being the most restrictive value between the two methodologies.

As from the third quarter of 2016, we have been calculating VaR for the regulatory portfolio (exposure of the trading portfolio and exposure to foreign currency and commodities of the banking portfolio) according to internal models approved by the Central Bank. The Consolidated Total VaR table provides an analysis of our portfolio exposure to market risk.

[Table of Contents](#)

Consolidated VaR (Historical Simulation approach) ⁽¹⁾	Average	Minimum	Maximum	December 31, 2021	Average	Minimum	Maximum	December 31, 2020
	<i>(In millions of R\$)</i>							
Group of Risk Factor								
Interest rate	937	425	1,411	1,257	614	292	1,961	431
Currencies	18	10	37	13	20	9	71	24
Equities	42	17	98	24	23	9	49	30
Commodities	4	1	8	4	2	1	4	1
Diversification effect (2)				(602)				(263)
Total	441	198	707	696	282	166	763	223

(1) Determined in local currency and converted into Brazilian reais at the closing price on the reporting date.

(2) Reduction of risk due to the combination of all risk factors.

As of December 31, 2021, our average global VaR (Historical Simulation) was R\$441 million, or 0.3% of our consolidated stockholders' equity as of December 31, 2021, compared to our average global VaR (Historical Simulation) of R\$282 million as of December 31, 2020 or 0.2% of our consolidated stockholders' equity as of December 31, 2020.

VaR – Trading Book

The table below presents risks arising from all positions with the intention of trading, following the criteria defined above for our Trading Book. Our total average Trading Book VaR was R\$48.7 million as of December 31, 2021, compared to R\$42.0 million as of December 31, 2020 and to R\$44.0 million as of December 31, 2019.

Trading Book VaR⁽¹⁾	Average	Minimum	Maximum	December 31, 2021	Average	Minimum	Maximum	December 31, 2020
	<i>(In millions of R\$)</i>							
Group of Risk Factor								
Interest rate	39.4	11.9	80.8	40.6	38.0	12.3	146.6	20.7
Currencies	12.1	5.1	50.2	6.2	14.5	6.0	61.4	14.5
Equities	24.4	10.1	57.6	10.3	19.7	5.8	61.4	15.4
Commodities	4.2	1.1	7.6	3.1	1.8	0.7	5.8	1.1
Diversification effect (2)				(26.7)				(8.2)
Total	48.7	21.4	106.8	33.5	42.0	20.9	138.2	43.5

(1) Determined in local currency and converted into Brazilian reais at the closing price on the reporting date.

(2) Reduction of risk due to the combination of all risk factors.

[Table of Contents](#)**Business and Strategy Risk**

We define the business and strategy risk as the risk of a negative impact on our financial results or capital as a consequence of faulty strategic planning, making adverse strategic decisions, and our inability to implement the proper strategic plans and/or changes in its business environment.

We have implemented many mechanisms to ensure that both the business and the strategic decision-making processes follow proper governance standards, have the active participation of executives and the Board of Directors, are based on market, macroeconomic and risk information and are aimed at optimizing the risk-return ratio. Decision-making and the establishment of business and strategy guidelines, count on the full engagement of the Board of Directors, primarily through the Strategy Committee, and of the executives, through the Executive Committee. In order to handle risk adequately, we have governance and processes that involve the Risks and Finance Area in business and strategy decisions, so as to ensure that risk is managed and decisions are sustainable in the long term. They are: (i) the qualifications and incentives of board members and executives; (ii) the budgetary process; (iii) product assessment; (iv) the evaluation and prospecting of proprietary mergers and acquisitions; and (v) a risk appetite framework which, for example, restricts the concentration of credit and exposure to specific and material risks.

Regulatory or Compliance Risk

We consider regulatory or compliance risk as the risk associated with any nature, financial losses or damage to reputation, arising from non-compliance with external or internal standards, commitments to regulators, codes of self-regulation, methods or codes of conduct related to our activities.

The regulatory or compliance risk is managed through a structured process aimed at identifying changes in the regulatory environment, analyzing their impacts on the institution and monitoring the implementation of actions directed at adherence to the regulatory requirements.

This structured process includes the following actions: (i) to understand the changes in the regulatory environment; (ii) to monitor regulatory trends; (iii) to care for the relationship between the institution and the regulator, self-regulatory bodies and the representation entity; (iv) to monitor action plans on regulatory or self-regulatory compliance; (v) to coordinate a program to comply with significant norms, such as Integrity and Ethics; and (vi) to report regulatory issues in Operational and Compliance Risk forums, according to the structure of committees established in internal policies.

Insurance Products, Pension Plan and Premium Bonds Risks

Products that compose portfolios of our insurance companies are related to life and elementary insurance, as well as pension plans and premium bonds. Accordingly, we understand that the main risks inherent to these products are:

- Underwriting risk: the possibility of losses arising from insurance products, pension plans and premium bonds that go against our expectations, directly or indirectly associated with technical and actuarial bases used for calculating premiums, contributions and technical provisions;
- Market risk;
- Credit risk;
- Operational risk; and
- Liquidity risk.

In line with domestic and international practices, we have a risk management structure which ensures that risks resulting from insurance, pension and special savings products are properly assessed and reported to the relevant forums. The process of risk management for insurance, pensions and premium bond plans is independent and focuses on the special nature of each risk.

As part of the risk management process, there is a governance structure where decisions may be escalated to sub-committees, thus ensuring compliance with several regulatory and internal requirements, as well as balanced decisions relative to risks. Our objective is to ensure that assets serving as collateral for long-term products, with guaranteed minimum returns, are managed according to the characteristics of the liabilities, so that they are actuarially balanced and solvent over the long term.

[Table of Contents](#)**Model Risk**

Model risk is the risk that arises from the incorrect development or maintenance of models, such as mistaken assumptions and inappropriate use or application of the model.

The use of models can lead to decisions that are more accurate and therefore it is a major practice. The models have supported strategic decisions in several contexts, such as credit approval, pricing, volatility curve estimation, calculation of capital, among others.

Due to the increasing use of models, driven by the application of new technologies and the expansion of data use, we have improved our governance in relation to the development and monitoring, through the definition of guidelines, policies and procedures aimed at assuring the quality and mitigation of the associated risks.

[Table of Contents](#)**Step-in Risk**

Step-in Risk is the possibility of losses occurring for entities that are part of the Prudential Conglomerate as a result of financial support to unconsolidated entities, in a stressful situation, in the absence or in addition to the obligations provided for in the contract.

We have a structure for risk management and control, a dedicated team and a policy that defines roles and responsibilities. This structure covers (i) the identification of entities in relation to the potential generation of step-in Risk, (ii) the assessment of risks in relationships, (iii) the monitoring, control and mitigation of step-in Risk, (iv) the assessment of impact on capital and liquidity and (v) reports.

The scope of Step-in Risk governance is: Related Party audiences, mainly composed of controllers, controlled and related entities (as defined in Central Bank Resolution No. 4,693/18), investments in non-consolidated entities, suppliers of critical products and services, buyers and sellers of relevant assets, third parties with products distributed by us and third parties to whom we distribute products.

Cybersecurity Management and Processes

We consider cybersecurity and information security at the highest strategic level. Our Information Security department contributes to the security pillar by handling information and data. The purpose of this department is to safeguard our and our clients' data and to preserve the integrity, availability, and confidentiality of information, thus mitigating financial losses and reputational risk. Our cyber security information strategy is designed to prevent and detect security incidents, minimize unavailability, protect integrity and prevent data leakage. It is based on strict control processes aimed at preventing, detecting, and immediately responding to attacks and attempts to hack our infrastructure, thus ensuring the security risk is managed and a safe foundation is built for an increasingly digital future.

The information security strategy has been developed considering the global scenario, regulations and best practices and standards, in order to focus on establishing data protection for our customers. We also maintain an effective security governance through executive committees and a set of information security policies.

Our infrastructure defenses are structured to protect our organization against external and internal attacks, with tools such as network behavioral analysis, intrusion prevention systems (IPS), firewalls, antiviruses, antispam systems, among others.

In order to reach this purpose, we use the strategy of protecting an expanded perimeter. Under this concept, information must be protected regardless of where it is located, within our infrastructure, in a cloud provider, at a third party or a foreign unit. This strategy also takes into account the entire information lifecycle, from collection to processing, transmission, storage, analysis and destruction.

We have a specialized monitoring team, capable of identifying potential threats and establishing an active and effective defense (SOC – Security Operational Centers). Additionally, we have a cyber-intelligence team working to identify threats and manage any necessary counter measures.

In order to be successful in our information security defense strategy, we consider the culture of security as the basis to improve our information security program as well as the investment in awareness campaigns for employees and customers so they remain prepared to identify and address inherent risks and threats.

For more information about cybersecurity risks please see “Item 3D. Risk Factors – Operational Risks – We are exposed to failures, deficiency or inadequacy of our internal processes, human error or misconduct and cyberattacks. Additionally, we rely on third-party services. All these factors may adversely affect us” and “Item 3D. Risk Factors – Operational Risks – Failure to adequately protect ourselves against risks relating to cybersecurity could materially and adversely affect us”.

[Table of Contents](#)**Environmental and Social Risk**

We understand environmental and social risk as the possibility of losses resulting from events of environmental and/or social origin related to the activities developed by us. Social and environmental risk mitigation actions are carried out through mapping of processes, risks and controls, monitoring of new rules related to the theme and recording of occurrences in internal systems. In addition to identification, the stages of prioritization, risk response, monitoring and reporting of the assessed risks complement the management of this risk at Itaú Unibanco. Governance for climate-related risks is embedded into our existing governance structure and is complementary to governance of our sustainability strategy.

We publish our Sustainability and Social Environmental Responsibility Policy (PRSA) on our website at Investors Relations website (see – “Menu—Itaú Unibanco—Corporate Governance—Regulations and Policies—Policies—Policy For Sustainability And Social Environmental Responsibility”), which is not incorporated by reference into this annual report.

Environmental and social risk management is carried out by our business areas (i.e. first line of defense), which carry out the management in their daily activities, following the guidelines of PRSA, specific manuals and procedures, with specialized support and evaluation by dedicated technical teams located in the Corporate Compliance, Credit Risk and Modeling and Institutional Legal teams, which act in an integrated manner in the management of all dimensions of social and environment risk linked to the activities of the conglomerate. As an example of specific guidelines for the management of this risk, the governance for approval of new products and services applicable to our business units include environmental and social risks in their assessment, ensuring compliance with this requirement in the process of approving new products as well as with specific environmental and social processes applicable to our operations (equity, branch infrastructure and technology), suppliers, credit, investments and key subsidiaries. The second line of defense, in turn, is represented by Credit and Modeling Risk, by Internal Controls, and by Compliance, through the Corporate Social and Environmental Risk Management, which supports and guarantees the governance of the activities of the first line. The third line of defense, composed of Internal Audit, acts independently, carrying out the mapping and assessment of risk management, controls and governance. The governance of Environmental and Social Risk also counts on the Environmental and Social Committee, whose main role is to evaluate and deliberate on institutional and strategic matters, as well as deliberate on products, operations, services, among others that involve the theme of environmental and social risk, including Climate Risk as climate change also poses relevant risks for the whole financial system.

Climate risks encompass both physical risks, arising from changes in climate patterns such as rainfalls and temperature rise and extreme weather events; and transition risks arising from economic shifts occurred as a consequence of climate action such as carbon pricing, climate regulation, market risks and reputation risks. Given its relevance, climate risk has become one of our main priorities: we have supported the Task Force on Climate-related Financial Disclosures (TCFD) since 2017 and we are committed to implementing its recommendations by 2022. With this objective we are strengthening our climate risk governance and strategy and developing tools and methodologies to assess and manage climate risks.

Given the growing importance of an integrated approach for environmental and social risk management, in 2019, we increased our governance creating a new structure under the Compliance department: the Corporate Environmental and Social Risk Management unit. Such area has the mandate to strengthen the environmental and social risk governance, counsel on related matters, and to lead integrated reports to the high management.

We consistently pursue to evolve in environmental and social risk management, always attentive to challenges including those arising from regulations and from changes in stakeholders' expectations. We have assumed and incorporated several national and international voluntary commitments into our governance aiming at continuously improving our integrated environmental and social risk management. We have committed with the Principles for Responsible Investment (PRI), Principles for Responsible Banking (PRB), the Charter for Human Rights – Ethos, Equator Principles (EP), Global Impact, Carbon Disclosure Project (CDP), Brazilian GHG Protocol Program, National Pact for Eradicating Slave Labor (*Pacto Nacional para Erradicação do Trabalho Escravo*), among others. Our efforts to increase knowledge and governance of environmental and social risk have been recognized in Brazil and abroad, as shown by our recurring presence in sustainability indexes, such as Dow Jones Sustainability Index, Euronext Vigeo – Emerging 70, and in B3's Corporate Sustainability Index, as well as numerous prizes and recognitions which we have been awarded.

[Table of Contents](#)**Country Risk**

Country risk is the risk of losses arising from noncompliance with obligations in connection with borrowers, issuers, counterparties or guarantors as a result of political, economic and social events or actions taken by the government of the country where the borrower, issuer, counterparty or guarantor is located.

We have a specific structure for the management and control of country risk, consisting of corporate bodies and dedicated teams, with responsibilities defined in policies. The institution has a structured and consistent procedure for managing and controlling country risk, including: (i) the establishment of country ratings; (ii) the determination of limits for countries; and (iii) the monitoring of limits.

Reputational Risk

We understand reputational risk to be the risk arising from internal practices, risk events and external factors that may generate a negative perception of us among clients, counterparties, stockholders, investors, supervisors and commercial partners, among others, which could affect the value of our brand and financial losses, in addition to adversely affecting our capability to maintain our existing commercial relations, start new businesses and continue to have access to financing sources.

We believe that our reputation is extremely important for achieving our long-term goals. As a result, we strive to align our speech with ethical and transparent practices and work, which is essential to raise the confidence of our stakeholders. Our reputation depends on our strategy (vision, culture and skills) and derives from direct and indirect relationship between us and our stakeholders.

Since reputational risk directly or indirectly permeates all of our operations and processes, we have governance procedures that are structured in a way to ensure that potential reputational risks be identified, analyzed and managed in the initial phases of our operations and the analysis of new products.

The treatment given to reputational risk is structured by means of many processes and internal initiatives, which, in turn, are supported by our internal policies. Their main purpose is to provide mechanisms for the monitoring, management, control and mitigation of the main reputational risks. Among those processes and internal initiatives are (i) risk appetite statement; (ii) processes to prevent and combat the use of Itaú Unibanco in unlawful acts; (iii) crisis management processes and business continuity procedures; (iv) processes and guidelines with respect to governmental and institutional relations; (v) corporate communication processes; (vi) brand management processes; (vii) ombudsman offices initiatives and commitment to customer satisfaction; and (viii) ethics and corruption prevention guidelines.

[Table of Contents](#)

Money Laundering Prevention

Financial institutions play a key role in preventing and fighting illicit acts, which includes money laundering, terrorism financing and fraud.

The challenge is to identify and prevent increasingly sophisticated operations that seek to conceal the source, ownership and transfer of goods and assets, derived from illegal activities.

We have established a corporate policy to prevent our involvement in illicit activities, protecting our reputation and image among employees, customers, strategic partners, suppliers, service providers, regulators and the society. Our policy is based on a governance structure focused on transparency, strict compliance with the rules and regulations and cooperation with enforcement and judicial authorities. We also strive to conduct our business in accordance with the local and international best practices to prevent and fight illicit acts, through investments and training our employees on an ongoing basis.

In order to comply with our corporate policy, we have established a program to prevent and fight illicit acts, which includes the following pillars:

- Policies and Procedures;
- Customer Identification Process;
- Know Your Customer—KYC;
- Know Your Partner—KYP;
- Know Your Supplier—KYS;
- Know Your Employee—KYE;
- Evaluation of New Products and Services;
- Sanctions Compliance;
- Monitoring, Selection and Analysis of Suspicious Operations or Situations;
- Reporting Suspicious Transactions to Regulators and Authorities; and
- Training.

This program is applicable to us and our entities in Brazil and abroad. The oversight of prevention and detection of illegal activities is carried out by the Board of Directors, the Audit Committee, Compliance and Operational Risk Committees, Risks and Capital Management Committee and the Anti-Money Laundering Committee.

Please refer to “Item 4B. Business Overview – Supervision and Regulation – Anti-Money Laundering Regulations” for further details about money laundering regulation. Our Illicit Acts Prevention and Combat Corporate Policy is posted on our Investors Relation website (see: “Itaú Unibanco —Corporate Governance—Regulations and Policies—Policies—Corporate Policy for Prevention and Fight Against Illegal Acts”) which is not incorporated by reference in this annual report.

Politically Exposed Persons (“PEPs”)

Our commitment to compliance with applicable law and to the adoption of the best practices for prevention and detection of money laundering activity is also reflected in the identification, assessment and monitoring of PEPs, whether as individuals or entities.

As per our policies, we conduct enhanced due diligence with respect to PEPs, in line with our risk-based approach. We require a higher level of approval prior to establishing any relationship with a PEP.

Please refer to “Item 4B. Business Overview – Supervision and Regulation – Politically Exposed Persons (PEPs)” for further details about politically exposed persons.

[Table of Contents](#)**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES****12A. Debt Securities**

Not applicable.

12B. Warrants and Rights

Not applicable.

12C. Other Securities

Not applicable.

12D. American Depositary Shares

Our preferred shares have been traded on the NYSE in the form of ADSs (one ADS represents one preferred share) since February 21, 2002, in compliance with NYSE and SEC requirements. These requirements include disclosure of financial statements in IFRS since 2011 and compliance with U.S. legal requirements, including the Exchange Act and the Sarbanes-Oxley Act of 2002.

Our ADSs are issued by BNY Mellon, as depositary, under a Deposit Agreement, dated as of May 31, 2001, as amended and restated as of February 20, 2002, March 30, 2009, August 17, 2018, and January 13, 2020, among us, the depositary and the owners and beneficial owners of ADSs from time to time. The depositary's principal executive office is located at 240 Greenwich Street, New York, New York 10286.

ADS holders have no stockholder rights, which are governed by Brazilian Corporate Law. The depositary is the holder of the preferred shares underlying the ADSs. Holders of ADSs have ADS holder rights.

An investor may hold the ADSs directly, registered under his or her name, or indirectly, through a broker or another financial institution. The holders of our ADSs do not have the same rights as our stockholders and the depositary and holders of corresponding shares in Brazil. The deposit agreement determines the rights and obligations of the ADS holders and is governed by New York law.

[Please refer to Exhibit 2\(c\) to this annual report for further information relating to our American Depositary Shares.](#)

In the event of a capital increase that maintains or increases the proportion of our capital represented by preferred shares, the holders of ADSs, except as described above, have preemptive rights to subscribe only to newly issued preferred shares. In the event of a capital increase that reduces the proportion of capital represented by preferred shares, the holders of ADSs, except as described above, have preemptive rights to preferred shares in proportion to their interests and to common shares only to the extent necessary to prevent dilution of their interests.

Please refer to "Item 10E. Taxation" for further information.

Fees and Expenses

The following table summarizes the fees and expenses payable by holders of ADSs to the depositary:

Event	Fees
Issuance ⁽¹⁾ or cancellation for the purpose of withdrawal ⁽²⁾ of ADSs	US\$5.00 (or less) per 100 ADSs (or portion thereof) plus any additional fees charged by any governmental authorities or other institutions for the execution and delivery or surrender of ADSs.
Any cash distribution	US\$0.05 (or less) per ADS (or portion thereof).
Depositary services	US\$0.05 (or less) per ADS (or portion thereof) per calendar year (in addition to cash distribution fee of US\$0.05 per ADS during the year).

[Table of Contents](#)

- (1) Including issuances resulting from a distribution of preferred shares or rights or other property, substitution of underlying shares and transferring, splitting or grouping of receipts.
 (2) Including if the deposit agreement terminates.

In addition, set below are other fees and expenses payable by holders of ADSs:

- Registration fees: registration of transfers of preferred shares on our preferred share register to or from the name of the depositary or its agent when the holder deposit or withdraws preferred shares.
- Distribution of securities by the depositary to ADS holders fee: equivalent to the fee that would be payable if securities distributed to the holder thereof had been preferred shares and the shares had been deposited for issuance of ADSs.
- Foreign currency conversion expenses: expenses of the depositary in converting foreign currency to U.S. dollars.
- Depositary expenses: cable, telex and facsimile transmissions (when expressly provided in the Deposit Agreement).

Moreover, taxes and other governmental charges which the depositary or the custodian has to pay on any ADR or preferred share underlying an ADS (for example, stock transfer taxes, stamp duty or withholding taxes) would be payable by holders of ADSs. Any other charges incurred by the depositary or its agents for servicing the deposited securities are not currently assessed in the Brazilian market.

Payment of Taxes

The depositary may deduct the amount of any taxes owed from any payments to investors. It may also sell deposited securities, by public or private sale, to pay any taxes owed. Investors will remain liable if the proceeds of the sale are not sufficient to pay the taxes. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to investors any proceeds or send to investors any property remaining after it has paid the taxes.

Reimbursement of Fees

BNY Mellon, as depositary, has agreed to reimburse us for expenses we incur that are related to establishment and maintenance of the ADS program. The depositary has agreed to reimburse us for our continuing annual stock exchange listing fees. The depositary has also agreed to pay the standard out-of-pocket maintenance costs for the ADSs, which consist of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of United States federal tax information, mailing required tax forms, stationery, facsimile, and telephone calls, as well as to reimburse us annually for certain investor relationship programs or special investor relations promotional activities. In certain instances, the depositary has agreed to provide additional payments to us based on applicable performance indicators relating to the ADS facility. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depositary collects from investors.

The depositary collects its fees for delivery and surrender of ADSs directly from investors, depositing shares or surrendering ADSs in case of exercise of withdrawal rights or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deducting from cash distributions, by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide services subject to fees until its fees for those services have been paid.

In 2021, we received from the depositary US\$15.00 million for promoting and encouraging the ADR program in the market, out-of-pocket maintenance costs for the ADSs (as described above), any applicable performance indicators relating to the ADS facility, underwriting fees and legal fees.

ADS holders' Payment of Dividends

Preferred shares underlying ADSs are kept in Brazil by the custodian, Itaú Unibanco, which is the owner recorded in the register service of our preferred shares. The depositary of our ADS program is BNY Mellon. The payments of dividends and distributions in cash for our preferred shares underlying the ADSs are made directly to the depositary bank abroad, which is responsible for passing them on to the stockholders within an average period of 10 days after payment is made in Brazil. The amount received by the ADS holder may be reduced if we, the custodian or the depositary are required to retain an amount related to taxes and other government charges.

[Table of Contents](#)

Please see “Item 8A. Consolidated Statements and Other Financial Information—Stockholders’ Payment” for details on our dividend policy.

243

[Table of Contents](#)

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

244

[Table of Contents](#)**ITEM 15. CONTROLS AND PROCEDURES****15A. Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our CEO, and our CFO, of the effectiveness of our “disclosure controls and procedures” (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) as required by paragraph (b) of the Exchange Act Rules 13a-15 or 15d-15, as of December 31, 2021

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Therefore, our management does not expect that the controls will prevent all errors and all fraud.

Based upon the evaluation performed, our CEO and CFO have concluded that as of December 31, 2021, our disclosure controls and procedures were effective to provide reasonable assurance that material information relating to us and our consolidated subsidiaries is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to our management, including our principal executive officers and principal financial officers, to allow timely decisions regarding required disclosure.

15B. Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes, in accordance with the IFRS issued by the IASB. Because of its inherent limitations, internal control over financial reporting may not prevent all or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or a decline in the level of compliance with policies or procedures may occur. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, our management used the criteria set forth in “Internal Control – Integrated Framework (2013)” issued by the COSO. Based on its evaluation and those criteria, our management has concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021, has been audited by PricewaterhouseCoopers Auditores Independentes Ltda., an independent registered public accounting firm.

15C. Attestation Report of the Independent Registered Public Accounting Firm

The report of PricewaterhouseCoopers Auditores Independentes Ltda., our independent registered public accounting firm, dated April 28, 2022, on the effectiveness of our internal control over financial reporting as of December 31, 2021 is presented with our consolidated financial statements.

Please refer to our audited consolidated financial statements for further details about our independent auditor’s report.

15D. Changes in Internal Control Over Financial Reporting

In connection with the evaluation required by the Exchange Act Rule 13a-15(d), our management, including our CEO and CFO, concluded that the changes that occurred during the year ended December 31, 2021 have not materially affected, and are not reasonably likely to materially affect, our internal control over financial reporting.

[Table of Contents](#)**ITEM 16. [RESERVED]****16A. Audit Committee Financial Expert**

Our Board of Directors has designated Mr. Ricardo Baldin as our audit committee financial expert that meets the requirements set forth by the SEC, the NYSE and the Central Bank. Our audit committee financial expert along with the other members of our audit committee are independent pursuant to CMN Resolution No 4,190, which requires that the members not be, or have been in the last year, an officer or employee of the company or its affiliates or an employee with managerial responsibilities in the internal audit division of the financial institution. Other members of our audit committee are financially literate and we believe the skills, experience and education of our audit committee members qualify them to carry out all of their duties as members of the audit committee, including overseeing the preparation of our IFRS financial statements. In addition, our audit committee has the ability to retain independent accountants, financial advisors or other consultants, advisors and experts whenever it deems appropriate. For more information on our Audit Committee, see “Item 6A. Board Practices—Audit Committee.”

16B. Code of Ethics

We consider ethics to be an essential value for our reputation and longevity. We, including all of our employees, are subject to our Code of Ethics. We report each year under this Item 16B of our annual report on Form 20-F any waivers of the Code of Ethics, in favor of our principal executive officer, chief financial officer, principal accounting officer and persons performing similar functions. In 2021 we did not grant any such waivers. The Code of Ethics governs all relations between companies in our corporate group and their stakeholders (shareholders, clients, employees, suppliers, service providers, governments, communities and society).

A copy of the Code of Ethics is available on our Investors Relations website at <https://www.itau.com.br/relacoes-com-investidores/Download.aspx?Arquivo=uIL8iINya/kkvH3iUUaDJO=&IdCanal=52MuGxAVGm0eMs/GPF46EA=&linguagem=en>, (see: “Itaú Unibanco—Corporate Governance—Regulations and Policies—Code of Ethics and Conduct—Itaú Unibanco’s Code of Ethics), which is not incorporated by reference into this annual report. An update of our Code of Ethics was launched in December 2019. A new update is scheduled to 2022.

[Table of Contents](#)**16C. Principal Accountant Fees and Services****Pre-approval of Policies and Procedures**

The Audit Committee's responsibilities include establishing policies and procedures for services that can be provided by our external auditors. On an annual basis, the Audit Committee issues (i) the list of services that cannot be provided by our external auditors, due to the fact that such services could, eventually, affect their independence, (ii) the list of pre-approved services, and (iii) those services that need to be pre-approved by the Audit Committee.

Fees and Services of the Principal Auditor

The following table sets forth the total amount charged by PwC by category for services provided in the years ended December 31, 2021 and 2020:

Fees	2021	% Approved by the Audit Committee	2020	% Approved by the Audit Committee
	<i>(In thousands of R\$)</i>			
Audit Fees	75,536	100.0	66,631	100.0
Audit-Related Fees	4,472	100.0	4,896	100.0
Tax Fees	688	100.0	541	100.0
All Other Fees	962	100.0	88	100.0
Total	<u>81,658</u>		<u>72,156</u>	

<p>Audit fees:</p> <p>For the audit of our consolidated financial statements, the review of our quarterly financial statements, as well as the audit and review of financial statements of our subsidiaries, services relating to issuing comfort letters in securities offerings, issuance of reports required by regulatory bodies and audit of internal control over financial reporting in connection with the Sarbanes-Oxley Act requirements.</p>	<p>Audit-related fees:</p> <p>For independent assurance on internal controls, including certain services provided to customers, on our sustainability report, MD&A (Management Discussion & Analysis) report and Integrated Annual Report, on certain agreements signed with regulatory authorities, compliance with financial covenants, due diligence, independent opinions on the book value of assets / liabilities transferred on internal reorganizations and agreed upon procedures on the balance sheets and on profit share calculation on certain businesses.</p>
<p>Tax fees:</p> <p>For review of the calculations and tax settlement and compliance with tax regulations.</p>	<p>Other fees:</p> <p>For training acquisition, consultancy of risk management system implemented in a subsidiary, gap assessment on internal control's adequacy, use of technical materials and independent review of the financial and prudential information reporting processes.</p>

[Table of Contents](#)**16D. Exemptions from the Listing Standards for Audit Committees**

Under the audit committee rules of the NYSE and the SEC, listed companies must comply with Rule 10A-3 of the Exchange Act (Listing Standards Relating to Audit Committees). Rule 10A-3 requires that listed companies establish an audit committee composed of members of the Board of Directors that meets specified requirements, or designate and empower a board of auditors or similar body to perform the role of the audit committee in reliance on the general exemption for audit committees of foreign private issuers set forth in Rule 10A-3(c)(3) of the Exchange Act.

In accordance with Central Bank regulations, we have established a body similar to the audit committee of the board of directors of a U.S. company, which we are required to call an “audit committee.” All the members of our Audit Committee are independent in accordance with the criteria established by the Central Bank. For more information, see “Item 6A. Board Practices — Director and Senior Management – Statutory Bodies — Audit Committee.”

Our Audit Committee, to the extent permitted under Brazilian law, performs all the functions required of an audit committee under Rule 10A-3. As required by Brazilian law, our Board of Directors and Audit Committee are separate corporate bodies. In addition, under Brazilian law, the function of hiring independent auditors is a power reserved exclusively for a company’s Board of Directors. Therefore, our Board of Directors acts as our audit committee, as permitted under Rule 10A-3(c)(3)(v) of the Exchange Act for the purpose of the appointment of our independent auditors.

Except in these respects, our Audit Committee is comparable to, and performs the functions of, an audit committee of the Board of Directors of a U.S. company. We believe that our Audit Committee is able to act independently in performing the responsibilities of an audit committee under Sarbanes-Oxley, satisfies the other requirements of the exemption of Rule 10A-3(c)(3) and therefore is in compliance with Rule 10A-3 of the Exchange Act.

[Table of Contents](#)**16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

In conformity with best corporate governance practices, on November 18, 2004, we started to voluntarily disclose our Policy for Trading our securities. For further details, please refer to our Investors Relation website at (see “Itaú Unibanco—Corporate Governance—Regulations and Policies—Others—Operating Rules for the Trading of Own Shares as Treasury Stock”) which is not incorporated by reference to this annual report. We disclose to the market the transactions carried out with our own shares by our Treasury department through “Announcements to the Market” on a monthly basis, as well as the other disclosure requirements imposed by the Brazilian securities regulation and the SEC.

The last repurchase program was approved by our Board of Directors on May 30, 2019 and was effective from May 30, 2019 to November 30, 2020.

The share repurchase program has the following potential objectives: (i) to maximize the allocation of capital through the efficient application of available funds; (ii) to provide for the delivery of shares to the employees and management of our company and those of its subsidiaries within the scope of the compensation models and the long-term incentive plans; and (iii) to use the repurchased shares in the event of business opportunities arising in the future. All repurchases shall be made on the open market through stock exchanges.

As of the date of this annual report, we did not have an active share repurchase program and since June 2018 we have not repurchased any our equity securities, including our shares.

16F. Change in Registrant’s Certifying Accountant

Not applicable.

16G. Corporate Governance

Our ADSs are registered on the NYSE in the US as a foreign private issuer. As a result, NYSE allows us to comply with certain corporate governance requirements established by applicable Brazilian legislation, rather than those set forth in the NYSE corporate governance listing rules applicable to US companies with securities traded on that exchange.

The following is a description of the main differences between our corporate governance practices and those required for US publicly traded companies.

NYSE REQUIREMENTS	OUR PRACTICES
Independent members of the Board of Directors	
Companies listed on the NYSE must have a majority of independent members on their Board of Directors (as defined in applicable rules). However, controlled listed companies (companies with more than 50% of capital held by an individual, group or another company), do not need to comply with this requirement and are exempt from the rule.	Even though we fall under the exception to the NYSE’s rule and there is no similar requirement under Brazilian law, our Board of Directors has five directors considered independent pursuant to the criteria established in our Corporate Governance Policy. The criteria we use to determine independence are also different from those adopted by the NYSE.
Executive Sessions	
Non-executive members of the Board of Directors should meet at regularly scheduled executive sessions without the presence of directors who are also officers of the company	All members of our Board of Directors are currently non-executive.

[Table of Contents](#)

Nomination and Corporate Governance Committee	
Companies listed on the NYSE should have a nomination and corporate governance committee entirely comprised of independent directors and governed by charters on the purposes and responsibilities of such committee. However, controlled listed companies of which more than 50% of the voting power is held by an individual, a group or another company, such as in our case, are not required to comply with such requirement.	We have a Nomination and Corporate Governance Committee responsible for encouraging and overseeing the discussion of the company's governance-related matters. All members of our Nomination and Corporate Governance Committee are non-executive, and two of them are independent, in accordance with our Corporate Governance Policy.
Compensation Committee	
Companies listed on the NYSE have a compensation committee composed of independent directors and governed by charters on the purposes and responsibilities of such committee. However, controlled listed companies of which more than 50% of voting capital is held by an individual, a group or another company, such as in our case, are not required to comply with such requirements.	CVM rules do not require publicly-listed companies to have a compensation committee. Nonetheless, Brazilian banking regulation requires that we have a compensation committee. In compliance with this regulation, our Compensation Committee reports to the Board of Directors and the members of this committee are not required to be independent. However, currently one of four members of our Compensation Committee is considered independent under our Corporate Governance Policy.
Audit Committee	
Companies listed on the NYSE are required to have an audit committee that: (i) is composed of at least three independent members who are financially literate; (ii) complies with SEC rules on audit committees of companies registered with the NYSE; (iii) has at least one member who has accounting or financial management expertise; and (iv) is governed by a charter that expressly sets out the purpose and responsibilities of the committee and establishes annual performance evaluations.	CMN regulates independent audit services rendered to financial institutions and requires the establishment of an audit committee composed of at least three independent members, in accordance with the independence criteria set forth in these rules. Our Audit Committee, that was established on April 28, 2004, meets the applicable Brazilian legal requirements, is elected annually by the Board of Directors and composed of professionals with proven technical qualifications compatible with this Committee's responsibilities. Under SEC rules, we are not required to have an Audit Committee established or operating in accordance with NYSE rules if we meet some specified SEC requirements. We believe that our Audit Committee meets the requirements of Rule 10A-3(c)(3) under the Exchange Act and is able to act independently when performing its duties. To the extent permitted by Brazilian legislation, our Audit Committee performs all functions required to be performed by an audit committee by Rule 10A-3 under the Exchange Act.
Stockholders' approval of management members' compensation and stock options plans	
Stockholders have the opportunity to vote on all stock-based compensation plans and significant amendments thereto, as well as on significant increases in the number of shares available to the plan, with a few exceptions	Brazilian legislation sets forth a similar requirement, as it establishes the need for approval to the aggregate annual compensation of management members (including shares) at the General Stockholders' Meeting.

[Table of Contents](#)

Corporate Governance Code	
<p>Companies listed on NYSE are required to adopt and disclose their corporate governance guidance.</p>	<p>We have a Corporate Governance Policy that consolidates the corporate governance principles and practices we adopt. We believe these principles and practices, consistent with Brazilian legislation, are compatible with the guidelines established by the NYSE. We have adopted stricter rules than those required by Brazilian legislation, as we have voluntarily adhered to B3's Level 1 of Corporate Governance and have granted tag-along rights to all stockholders, regardless of their voting rights. In 2021, we disclosed the Brazilian Corporate Governance Code, in accordance with CVM Instruction No. 480/09, and we have complied or partially complied with 96,29% of the 54 practices recommended.</p>
Code of Ethics	
<p>NYSE rules require that listed companies adopt and disclose a code of business conduct and ethics for their directors, officers and employees. NYSE also requires that listed companies promptly disclose any waiver of the provisions of the code of ethics for directors or executive officers.</p>	<p>Brazilian legislation has no similar requirement. However, we have a Code of Ethics that, among other matters, governs the conduct of all members of the Board of Directors, officers and employees of the Itaú Unibanco Group, detailing the principles that guide our attitudes and practices.</p>
Internal Audit	
<p>NYSE rules require that listed companies have an internal audit function to provide management and the Audit Committee with ongoing assessments of the company's risk management processes and internal control systems.</p>	<p>Brazilian banking legislation establishes a similar requirement, since it requires that financial institution have an internal audit function compatible with the nature, size, complexity, structure, risk profile and business model of the financial institution, that it is undertaken by a specific unit directly reporting to the Board of Directors or by an independent auditor (provided that such auditor is not responsible for auditing the financial statements of the institution or any other activity that may imply a conflict of interest).</p> <p>Our internal audit function is responsible for assessing the sufficiency and effectiveness of our operating and management controls, as well as the adequacy of our risk identification and management process. In addition, our internal audit function is independent from management in carrying out its activities and has access to all places, executives and information necessary to carry out its duties. The internal audit function administratively reports to the Chairman of the Board of Directors, and its activities are supervised by the Audit Committee.</p>

[Table of Contents](#)**16H. Mine Safety Disclosure**

Not applicable.

16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III**ITEM 17. FINANCIAL STATEMENTS**

We have responded to Item 18 in lieu of responding to this item.

ITEM 18. FINANCIAL STATEMENTS

Our audited consolidated financial statements, together with the Report of Independent Registered Public Accounting Firm, are embedded as part of this annual report.

ITEM 19. EXHIBITS

No.	Description
1	Bylaws of Itaú Unibanco Holding S.A. (unofficial English translation) (incorporated by reference to our Report on Form 6-K filed on April 27, 2022 (Commission File No. 001-15276))
2(a)	Amended and Restated Deposit Agreement among the Registrant, The Bank of New York, as depository, and the Holders, as amended from time to time, of American Depositary Shares issued thereunder, including in the form of American Depositary Receipts (incorporated by reference to our Registration Statement on Form F-6 Post-effective amendment filed on January 13, 2020 (Commission File No. 333-191758))
2(b)(i)	The total amount of long-term debt securities of Itaú Unibanco Holding S.A. and our subsidiaries under any instrument does not exceed 10.0% of our total assets on a consolidated basis. We agree to furnish copies of instruments defining the rights of certain holders of long-term debt to the SEC upon request.
2(c) *	Description of Securities Registered Under Section 12 of the Exchange Act
4(a)	Shareholders' Agreement, dated as of January 27, 2009, between Itaú—Investimentos Itaú S.A. and the Moreira Salles family (unofficial English translation) (incorporated by reference to our Annual Report on Form 20-F/A filed on May 17, 2010 (Commission File No. 001-15276))
4(b)	Stock Grant Plan (unofficial English translation) (incorporated by reference to our Report on Form 6-K filed on April 27, 2022 (Commission File No. 001-15276))
8.1	List of subsidiaries (incorporated by reference to "Note 2.4 - Summary of Main Accounting Practices, item a) Consolidation, I. Subsidiaries" to our audited Consolidated financial statements included in this Annual Report on Form 20-F)
11.1	Code of Ethics (unofficial English translation) (incorporated by reference to our Report on Form 6-K filed with the Commission on February 11, 2020 (Commission File No.: 001-15276))
12.1 *	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2 *	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13 *	Chief Executive Officer and Chief Financial Officer Certification pursuant to 18 U.S.C Section 1350 as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS **	Inline XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH **	Inline XBRL Taxonomy Extension Schema Document
101.CAL **	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE **	Inline XBRL Taxonomy Extension Linkbase Document
104 **	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed with this Annual Report on Form 20-F.

** In accordance with Rule 402 of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

[Table of Contents](#)

Glossary

A

- ABECS – Associação Brasileira de Empresas de Cartões de Crédito e Serviços (Brazilian Association of Credit Cards and Services Companies)
- ABECIP – Associação Brasileira das Entidades de Crédito Imobiliário e Poupança (the Brazilian Association of Real Estate Loans and Savings Companies)
- ABRASCA – Associação Brasileira de Companhias Abertas (Brazilian Association of Public Companies)
- ADS – American Depositary Shares
- ANBIMA – Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais (Brazilian Financial and Capital Markets Association)
- ANS – Agência Nacional de Saúde Suplementar (National Regulatory Agency for Private Health Insurance and Plans)
- APIMEC – Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais (Association of Capital Markets Analysts and Investment Professionals)
- ATM – Automated Teller Machine

B

- B3 S.A. – Brasil, Bolsa, Balcão (Brazilian Exchange and OTC, formerly BM&FBovespa – Bolsa de Valores, Mercadorias e Futuros S.A.)
- Banco Itaú Argentina – Banco Itaú Argentina S.A
- Banco Itaú Chile – Banco Itaú Chile S.A.
- Banco Itaú Paraguay – Banco Itaú Paraguay S.A
- Banco Itaú Uruguay – Banco Itaú Uruguay S.A
- BCBS – Basel Committee for Banking Supervision
- BIS – Bank for International Settlements
- BNDES – Banco Nacional de Desenvolvimento Econômico e Social (Brazilian Development Bank)
- BNY Mellon – The Bank of New York Mellon
- Brazilian Corporate Law – Law No. 6,404, of December 15, 1976, as amended (including by Law No. 11,638)
- Brazilian Payment System – encompasses the institutions, the systems and the procedures related to the transfer of funds and other financial assets, among the diverse economic agents of the Brazilian market, or that involve the processing, clearing and settlement of payments in any of its forms.

C

- CADE – Conselho Administrativo de Defesa Econômica (Administrative Council for Economic Defense)
- CCR – Counterparty Credit Risk
- CDC – Código de Defesa do Consumidor (Consumer Protection Code)
- CDI – Certificado de Depósito Interbancário (Interbank Deposit Certificate)
- CEDEAR – Argentine Certificates of Deposits
- Central Bank – Banco Central do Brasil (Brazilian Central Bank)
- CFC – Conselho Federal de Contabilidade (Federal Accounting Council)
- CGRC – Risk and Capital Management Committee
- Cia E. Johnston – Companhia E. Johnston de Participações
- CMN – Conselho Monetário Nacional (National Monetary Council)
- COPOM – Comitê de Política Monetária (Central Banks Monetary Policy Committee)
- CNSEG – Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização (National Council of General Insurance, Private Pension and Life, Supplementary Health and Capitalization Companies)
- CNSP – Conselho Nacional de Seguros Privados (National Council of Private Insurance)
- COAF – Conselho de Controle de Atividades Financeiras (Financial Activities Control Council)
- COSO – Committee of Sponsoring Organizations of the Treadway Commission
- COFINS – Contribuição Para o Financiamento da Seguridade Social (Social Security Financing Contribution)
- CONSIF – Confederação Nacional do Sistema Financeiro (National Association of the Financial System)
- CSB – Client Service Branches
- CSC – Superior Credit Committee
- CSCCA – Superior Wholesale Credit and Collection Committee
- CSCCV – Superior Retail Credit and Collection Committee
- CSLL – Contribuição Social Sobre o Lucro Líquido (Social Contribution on Profits)

- CSP – Superior Products Committee
- CSRML – Superior Market Risk and Liquidity Committee
- CSRO – Superior Operational Risk Management Committee
- CTAM – Model Assessment Technical Committee
- CVM – Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission)

D

- DJSI – Dow Jones Sustainability Index

E

- ECB – European Central Bank

[Table of Contents](#)**F**

- FATF – Financial Action Task Force
- FEBRABAN – Federação Brasileira de Bancos (Brazilian Federation of Banks)
- FENAPREVI – Federação Nacional de Previdência Privada e Vida (National Federation of Private Pension and Life)
- Fed – U.S. Federal Reserve System
- FGC – Fundo Garantidor de Crédito (Credit Insurance Fund)
- FGTS – Fundo de Garantia do Tempo de Serviço (The Brazilian Government Severance Indemnity Fund for Employees)
- FOMC – Federal Open Market Committee

I

- IASB – International Accounting Standards Board
- IBGE – Instituto Brasileiro de Geografia e Estatística
- IBRACON – Instituto de Auditores Independentes do Brasil (Institute of Independent Auditors of Brazil)
- IBRI – Instituto Brasileiro de Relações com Investidores (Brazilian Investor Relations Institute)
- ICAAP – Internal Capital Adequacy Assessment Process
- IFRS – International Financial Reporting Standards
- IMF – International Monetary Fund
- IOF – Imposto Sobre Operações Financeiras (Tax on Financial Transactions)
- IPCA – Índice de Preços ao Consumidor Amplo (Extended National Consumer Price Index)
- IRPJ – Imposto de Renda da Pessoa Jurídica (Corporate Income Tax)
- IRS – U.S. Internal Revenue Service
- ISE – Índice de Sustentabilidade Empresarial (Corporate Sustainability Index)
- ISS – Imposto sobre Serviços (Service Tax)
- Itaú BBA Colombia – Itaú BBA Colombia S.A. Corporación Financiera
- Itau BBA International – Itau BBA International plc
- Itaucard – Banco Itaucard S.A.
- Itaú Europe – Itaú BBA Europe S.A.
- Itaú Holding Financeira – Itaú Holding Financeira S.A.
- Itaú Unibanco Group – Itaú Unibanco Holding S.A. and all its subsidiaries and affiliates
- Itaúsa – Itaú Investimentos S.A.
- IUPAR – Itaú Unibanco Participações S.A.

K

- KYC – Know Your Customer
- KYP – Know Your Partner
- KYS – Know Your Supplier
- KYE – Know Your Employee

L

- LCR – Liquidity Coverage Ratio

N

- NSFR – Net Stable Funding Ratio
- NYSE – New York Stock Exchange

P

- PEP – Politically Exposed Person
- PFIC – Passive Foreign Investment Company
- PIS – Programa de Integração Social (Social Integration Program)
- PwC – PricewaterhouseCoopers Auditores Independentes Ltda.

R

- RAET – Regime Especial de Administração Temporária (Temporary Special Administration Regime)

S

- SEC – U.S. Securities and Exchange Commission
- SELIC – Sistema Especial de Liquidação e Custódia (Special Clearing and Escrow System)
- SOX – The Sarbanes-Oxley Act of 2002
- STF – Superior Tribunal Federal (Brazilian Federal Supreme Court)
- STJ – Superior Tribunal de Justiça (Brazilian Superior Court of Justice)
- SUSEP – Superintendência de Seguros Privados (Superintendency of Private Insurance)

T

- TR – Taxa Referencial (Brazilian Reference Interest Rate)

U

- Unibanco – União de Bancos Brasileiros S.A.

[Table of Contents](#)

V

- VaR – Value at Risk

255

[Table of Contents](#)**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

ITAÚ UNIBANCO HOLDING S.A.By: /s/ Milton Maluhy Filho

Name: Milton Maluhy Filho

Title: Chief Executive Officer

By: /s/ Aleksandro Broedel Lopes

Name: Aleksandro Broedel Lopes

Title: Chief Financial Officer

Dated: April 28, 2022

[Table of Contents](#)**Table of Contents**

Report of independent registered public accounting firm PCAOB Auditor ID 1351	F-2
Consolidated Balance Sheet	F-6
Consolidated Statement of Income	F-8
Consolidated Statement of Comprehensive Income	F-9
Consolidated Statement of Changes in Stockholder's Equity	F-10
Consolidated Statement of Cash Flows	F-11
Notes to the Consolidated Financial Statements	F-12

[Table of Contents](#)**Report of independent registered public accounting firm**

To the Board of Directors and Stockholders
Itaú Unibanco Holding S.A.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Itaú Unibanco Holding S.A. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

PricewaterhouseCoopers, Av. Brigadeiro Faria Lima 3732, 16º andar, partes 1 e 6, Edifício Adalmiro Dellape Baptista B32, São Paulo, SP, Brasil, 04538-132 T: +55 (11) 4004-8000, www.pwc.com.br

[Table of Contents](#)

Itaú Unibanco Holding S.A.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Measurement of the provision for expected credit loss of loan and lease operations

As described in Notes 2.3(f), 10 and 33(a) to the consolidated financial statements, the measurement of the provision for expected credit loss of loan and lease operations involves management's judgment in the application of methodologies and assumptions, including term to maturity, prospective information and

[Table of Contents](#)

Itaú Unibanco Holding S.A.

probability weighted loss scenarios. At December 31, 2021, the provision for expected credit loss of loan and lease operations was BRL 44,316 million on a total loan and lease operations portfolio of BRL 822,590 million.

The principal considerations for our determination that performing procedures relating to the measurement of the provision for expected credit loss of loan and lease operations is a critical audit matter are (i) the significant judgment used by management in determining the appropriate methodologies and assumptions used, which in turn led to a high degree of auditor judgment and subjectivity in performing procedures relating to the methodologies and assumptions used, (ii) the significant judgment in evaluating audit evidence obtained relating to the methodologies and assumptions; and (iii) the audit effort involved the use of professionals with specialized skills and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included: i) testing the effectiveness of controls related to management's measurement of the provision for expected credit loss of loan and lease operations, which included controls over the methodologies and assumptions used; ii) testing of the reasonableness of significant assumptions and data inputs used in the calculation of the provision for expected loss, including management's approval and validation process; and iii) evaluating the disclosures in the financial statements in relation to the measurement of the provision for expected credit loss.

Valuation of financial assets not actively traded in the market

As described in Notes 2.3(b), and 28 to the consolidated financial statements, the valuation of financial assets not actively traded in the market is calculated using valuation techniques that use assumptions such as historical data, information on similar transactions and pricing techniques derived from market information or internally developed models when no pricing information in active market is available. At December 31, 2021, the Company had total financial assets measured at fair value of BRL 470,589 million, of which BRL 7,489 million is represented by Level 2 shares and real estate receivables certificates and Level 3 debentures not actively traded in the market.

The principal considerations for our determination that performing procedures relating to these financial assets not actively traded in the market is a critical audit matter due to the significant judgments applied by management in choosing the pricing techniques and the assumptions to determine the fair value of not actively traded financial assets. This in turn led to a high degree of auditor judgment, effort and subjectivity in performing procedures, including the involvement of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included: i) evaluating the appropriateness of the valuation techniques used for these financial assets at fair value not actively traded in the market and the significant assumptions used by management, by comparing them with independent methodologies and assumptions; ii) testing the effectiveness of controls in relation to valuation techniques, including the relevant inputs and data to these controls; iii) calculating with the assistance of professionals with specialized skills and knowledge, an independent estimate of fair value for a sample of certain financial instruments and comparing management's estimate with the independently developed estimate of fair value; iv) evaluating disclosures in the financial statements in relation to the valuation of financial assets.

[Table of Contents](#)

Itaú Unibanco Holding S.A.

Provision for litigations

As described in Notes 2.3(j), 2.4(n) and 29 to the consolidated financial statements, the Company recognizes liabilities in the consolidated financial statements for the resolution of pending litigation when management determines that a loss is probable, and the amount of the loss can be reasonably estimated. The Company's consolidated provisions for pending litigations related to civil, labor, tax and social security provisions were BRL 18,034 million at December 31, 2021. No liability for an estimated loss is accrued in the consolidated financial statements for unfavorable outcomes when, after assessing the information available, (i) management concludes that it is not probable that a loss has been incurred in any of the pending litigation; or (ii) management is unable to estimate the loss or range of loss for any of the pending matters. The Company also discloses the contingency in circumstances where management concludes no loss is probable or reasonably estimable, but it is reasonably possible that a loss may be incurred.

The principal consideration for our determination that performing procedures relating to the provision for litigations is a critical audit matter is there was significant judgment by management when assessing the likelihood of a loss being incurred and when determining whether a reasonable estimate of the loss or range of loss for each claim can be made, which in turn led to a high degree of auditor judgment and effort in evaluating management's assessment of the loss contingencies associated with litigation claims.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the design and the effectiveness of controls relating to identifying, assessing, monitoring, measuring, recording, disclosing the provision for litigations, and the completeness and the accuracy of the data used. Our procedures also included testing the models used to quantify judicial proceedings of civil and labor natures considered on a collective basis and performing, on a sample basis, external confirmation procedures with lawyers responsible for the proceedings.

/s / PricewaterhouseCoopers Auditores Independentes Ltda.
São Paulo, Brazil
April 28, 2022

We have served as the Company's auditor since 2001.

[Table of Contents](#)

ITAÚ UNIBANCO HOLDING S.A.
Consolidated Balance Sheet
(In millions of Reais)

<u>Assets</u>	<u>Note</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Cash		44,512	46,224
Financial Assets		1,915,573	1,851,322
At Amortized Cost		1,375,782	1,275,799
Compulsory deposits in the Central Bank of Brazil		104,592	90,059
Interbank deposits	4	69,942	55,685
Securities purchased under agreements to resell	4	169,718	239,943
Voluntary investments with the Central Bank of Brazil	4	5,800	—
Securities	9	147,746	129,804
Loan and lease operations	10	822,590	714,104
Other financial assets	18a	96,473	93,255
(-) Provision for Expected Loss	4, 9 and 10	(41,079)	(47,051)
At Fair Value Through Other Comprehensive Income		105,622	109,942
Securities	8	105,622	109,942
At Fair Value Through Profit or Loss		434,169	465,581
Securities	5	364,967	389,071
Derivatives	6 and 7	69,045	76,504
Other financial assets	18a	157	6
Tax assets		58,433	66,095
Income tax and social contribution - current		1,636	3,547
Income tax and social contribution - deferred	24b	50,831	56,583
Other		5,966	5,965
Other assets	18a	16,494	15,773
Investments in associates and joint ventures	11	6,121	15,570
Fixed assets, net	13	6,963	6,937
Goodwill and Intangible assets, net	14	21,110	17,330
Total assets		<u>2,069,206</u>	<u>2,019,251</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

ITAÚ UNIBANCO HOLDING S.A.
Consolidated Balance Sheet
(In millions of Reais)

<u>Liabilities and stockholders' equity</u>	<u>Note</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Financial Liabilities		1,621,786	1,579,686
At Amortized Cost		1,553,107	1,495,641
Deposits	15	850,372	809,010
Securities sold under repurchase agreements	17a	252,848	273,364
Interbank market funds	17b	177,145	156,035
Institutional market funds	17c	138,636	138,308
Other financial liabilities	18b	134,106	118,924
At Fair Value Through Profit or Loss		63,479	79,653
Derivatives	6 and 7	63,204	79,505
Structured notes	16	114	143
Other financial liabilities	18b	161	5
Provision for Expected Loss	10	5,200	4,392
Loan commitments		4,433	3,485
Financial guarantees		767	907
Provision for insurance and private pensions	27c	214,976	221,000
Provisions	29	19,592	19,819
Tax liabilities	24c	6,246	5,710
Income tax and social contribution—current		2,450	2,878
Income tax and social contribution—deferred	24b	280	421
Other		3,516	2,411
Other liabilities	18b	42,130	38,511
Total liabilities		1,904,730	1,864,726
Total stockholders' equity attributed to the owners of the parent company		152,864	142,993
Capital	19a	90,729	97,148
Treasury shares	19a	(528)	(907)
Capital reserves	19c	2,250	2,326
Revenue reserves	19c	66,161	47,347
Other comprehensive income		(5,748)	(2,921)
Non-controlling interests	19d	11,612	11,532
Total stockholders' equity		164,476	154,525
Total liabilities and stockholders' equity		<u>2,069,206</u>	<u>2,019,251</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)**ITAÚ UNIBANCO HOLDING S.A.****Consolidated Statement of Income****Periods ended***(In millions of Reais, except for number of shares and earnings per share information)*

	Note	01/01 to 12/31/2021	01/01 to 12/31/2020	01/01 to 12/31/2019
Operating Revenues		126,374	100,199	117,079
Interest and similar income	21a	129,253	114,369	118,151
Interest and similar expenses	21b	(69,305)	(73,558)	(75,958)
Income of Financial Assets and Liabilities at Fair Value through Profit or Loss	21c	16,678	6,553	26,230
Foreign exchange results and exchange variations in foreign transactions		(1,417)	2,689	927
Commissions and Banking Fees	22	42,324	38,557	39,032
Income from insurance and private pension operations before claim and selling		5,354	4,488	4,553
Revenues from insurance premiums and private pensions		15,023	14,804	19,624
Change in provision for insurance and private pension		(9,669)	(10,316)	(15,071)
Other income	3	3,487	7,101	4,144
Expected Loss from Financial Assets and Claims		(14,379)	(25,980)	(18,567)
Expected Loss with Loan and Lease Operations	10c	(14,001)	(24,452)	(18,298)
Expected Loss with Other Financial Asset, net		1,222	(174)	1,026
(Expenses) / Recovery of claims		(1,600)	(1,354)	(1,295)
Operating Revenues Net of Expected Losses from Financial Assets and Claims		111,995	74,219	98,512
Other operating income / (expenses)		(69,764)	(68,989)	(67,269)
General and administrative expenses	23	(62,549)	(64,207)	(61,012)
Tax expenses		(8,379)	(6,181)	(7,572)
Share of profit or (loss) in associates and joint ventures	11	1,164	1,399	1,315
Income / (loss) before income tax and social contribution		42,231	5,230	31,243
Current income tax and social contribution	24a	(6,661)	(8,655)	(9,092)
Deferred income tax and social contribution	24a	(7,186)	18,489	5,662
Net income / (loss)		28,384	15,064	27,813
Net income attributable to owners of the parent company	25	26,760	18,896	27,113
Net income / (loss) attributable to non-controlling interests	19d	1,624	(3,832)	700
Earnings per share - basic	25			
Common		2.74	1.94	2.78
Preferred		2.74	1.94	2.78
Earnings per share - diluted	25			
Common		2.72	1.93	2.77
Preferred		2.72	1.93	2.77
Weighted average number of outstanding shares - basic	25			
Common		4,958,290,359	4,958,290,359	4,958,290,359
Preferred		4,818,741,579	4,801,324,161	4,781,855,588
Weighted average number of outstanding shares - diluted	25			
Common		4,958,290,359	4,958,290,359	4,958,290,359
Preferred		4,873,042,114	4,843,233,835	4,826,925,107

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

ITAÚ UNIBANCO HOLDING S.A.
Consolidated Statement of Comprehensive Income
Periods ended
(In millions of Reais)

	<u>Note</u>	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Net income / (loss)		28,384	15,064	27,813
Financial assets at fair value through other comprehensive income		(3,248)	148	1,810
Change in fair value		(7,611)	1,214	2,883
Tax effect		3,320	(457)	(696)
(Gains) / losses transferred to income statement		2,086	(1,107)	(628)
Tax effect		(1,043)	498	251
Hedge		699	(3,557)	(16)
Cash flow hedge	7	549	499	(56)
Change in fair value		998	947	(191)
Tax effect		(449)	(448)	135
Hedge of net investment in foreign operation	7	150	(4,056)	40
Change in fair value		194	(7,616)	83
Tax effect		(44)	3,560	(43)
Remeasurements of liabilities for post-employment benefits (*)		45	(192)	(350)
Remeasurements	26	74	(349)	(648)
Tax effect		(29)	157	298
Foreign exchange variation in foreign investments		(323)	4,630	(1,582)
Total other comprehensive income		(2,827)	1,029	(138)
Total comprehensive income		25,557	16,093	27,675
Comprehensive income attributable to the owners of the parent company		23,933	19,925	26,975
Comprehensive income attributable to non-controlling interests		1,624	(3,832)	700

(*) Amounts that will not be subsequently reclassified to income.

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

ITAÚ UNIBANCO HOLDING S.A.
Consolidated Statement of Changes in Stockholders' Equity (Notes 19 and 20)
Periods ended December 31, 2021, 2020 and 2019
(In millions of Reais)

	Attributed to owners of the parent company					Other comprehensive income				Total stockholders' equity - owners of the parent company	Total stockholders' equity - non-controlling interests	Total
	Capital	Treasury shares	Capital reserves	Revenue reserves	Retained earnings	Financial Assets at Fair Value Through Other Comprehensive Income ⁽¹⁾	Remeasurements of liabilities of post-employment benefits	Conversion adjustments of foreign investments	Gains and losses - hedge ⁽²⁾			
Balance at 01/01/2019	97,148	(1,820)	1,927	43,339	—	(1,110)	(989)	3,806	(5,519)	136,782	13,684	150,466
Transactions with owners	—	546	55	—	—	—	—	—	—	601	—	601
Result of delivery of treasury shares	—	546	351	—	—	—	—	—	—	897	—	897
Recognition of share-based payment plans	—	—	(296)	—	—	—	—	—	—	(296)	—	(296)
(Increase) / Reduction of interest of controlling stockholders (Note 2.4a I and 3)	—	—	—	—	—	—	—	—	—	—	(1,567)	(1,567)
Dividends	—	—	—	4,709	(14,129)	—	—	—	—	(9,420)	(277)	(9,697)
Interest on capital	—	—	—	5,102	(5,468)	—	—	—	—	(366)	—	(366)
Dividends / Interest on capital - declared after previous period	—	—	—	(17,500)	—	—	—	—	—	(17,500)	—	(17,500)
Unclaimed dividends and Interest on capital	—	—	—	—	42	—	—	—	—	42	—	42
Other (3)	—	—	—	(189)	—	—	—	—	—	(189)	—	(189)
Total comprehensive income	—	—	—	—	27,113	1,810	(350)	(1,582)	(16)	26,975	700	27,675
Net income	—	—	—	—	27,113	—	—	—	—	27,113	700	27,813
Other comprehensive income for the period	—	—	—	—	—	1,810	(350)	(1,582)	(16)	(138)	—	(138)
Appropriations:	—	—	—	—	—	—	—	—	—	—	—	—
Legal reserve	—	—	—	1,336	(1,336)	—	—	—	—	—	—	—
Statutory reserve	—	—	—	6,222	(6,222)	—	—	—	—	—	—	—
Balance at 12/31/2019	97,148	(1,274)	1,982	43,019	—	700	(1,339)	2,224	(5,535)	136,925	12,540	149,465
Change in the period	—	546	55	(320)	—	1,810	(350)	(1,582)	(16)	143	(1,144)	(1,001)
Balance at 01/01/2020	97,148	(1,274)	1,982	43,019	—	700	(1,339)	2,224	(5,535)	136,925	12,540	149,465
Transactions with owners	—	367	344	—	—	—	—	—	—	711	3,329	4,040
Result of delivery of treasury shares	—	367	200	—	—	—	—	—	—	567	—	567
Recognition of share-based payment plans	—	—	144	—	—	—	—	—	—	144	—	144
(Increase) / Reduction of interest of controlling stockholders (Note 2.4a I and 3)	—	—	—	—	—	—	—	—	—	—	3,329	3,329
Dividends	—	—	—	—	(1,756)	—	—	—	—	(1,756)	(505)	(2,261)
Interest on capital	—	—	—	—	(3,232)	—	—	—	—	(3,232)	—	(3,232)
Dividends / Interest on capital - declared after previous period	—	—	—	(9,811)	—	—	—	—	—	(9,811)	—	(9,811)
Unclaimed dividends and Interest on capital	—	—	—	—	118	—	—	—	—	118	—	118
Other (3)	—	—	—	113	—	—	—	—	—	113	—	113
Total comprehensive income	—	—	—	—	18,896	148	(192)	4,630	(3,557)	19,925	(3,832)	16,093
Net income	—	—	—	—	18,896	—	—	—	—	18,896	(3,832)	15,064
Other comprehensive income for the period	—	—	—	—	—	148	(192)	4,630	(3,557)	1,029	—	1,029
Appropriations:	—	—	—	—	—	—	—	—	—	—	—	—
Legal reserve	—	—	—	948	(948)	—	—	—	—	—	—	—
Statutory reserve	—	—	—	13,078	(13,078)	—	—	—	—	—	—	—
Balance at 12/31/2020	97,148	(907)	2,326	47,347	—	848	(1,531)	6,854	(9,092)	142,993	11,532	154,525
Change in the period	—	367	344	4,328	—	148	(192)	4,630	(3,557)	6,068	(1,008)	5,060
Balance at 01/01/2021	97,148	(907)	2,326	47,347	—	848	(1,531)	6,854	(9,092)	142,993	11,532	154,525
Transactions with owners	—	379	111	—	—	—	—	—	—	490	(1,414)	(924)
Result of delivery of treasury shares	—	379	193	—	—	—	—	—	—	572	—	572
Recognition of share-based payment plans	—	—	(82)	—	—	—	—	—	—	(82)	—	(82)
(Increase) / Reduction of interest of controlling stockholders (Note 2.4a I and 3)	—	—	—	—	—	—	—	—	—	—	(1,414)	(1,414)
Partial spin-off (Note 3)	(6,419)	—	(187)	(3,457)	—	77	—	(23)	24	(9,985)	(130)	(9,985)
Dividends	—	—	—	—	(1,466)	—	—	—	—	(1,466)	(130)	(1,596)
Interest on capital	—	—	—	—	(5,607)	—	—	—	—	(5,607)	—	(5,607)
Reversal of Dividends or Interest on capital - declared after previous period	—	—	—	166	—	—	—	—	—	166	—	166
Unclaimed dividends and Interest on capital	—	—	—	—	102	—	—	—	—	102	—	102
Corporate reorganization (Note 2.4a IV and 3)	—	—	—	1,547	—	—	—	—	—	1,547	—	1,547
Other (3)	—	—	—	769	—	—	—	—	—	769	—	769
Total comprehensive income	—	—	—	—	26,760	(3,325)	45	(300)	675	23,855	1,624	25,479
Net income	—	—	—	—	26,760	—	—	—	—	26,760	1,624	28,384
Other comprehensive income for the period	—	—	—	—	—	(3,325)	45	(300)	675	(2,905)	—	(2,905)
Appropriations:	—	—	—	—	—	—	—	—	—	—	—	—
Legal reserve	—	—	—	1,312	(1,312)	—	—	—	—	—	—	—
Statutory reserve	—	—	—	18,477	(18,477)	—	—	—	—	—	—	—
Balance at 12/31/2021	90,729	(528)	2,250	66,161	—	(2,400)	(1,486)	6,531	(8,393)	152,864	11,612	164,476
Change in the period	(6,419)	379	(76)	18,814	—	(3,248)	45	(323)	699	9,871	80	9,951

- (1) Includes the share in other comprehensive income of investments in associates and joint ventures related to financial assets at fair value through other comprehensive income.
(2) Includes cash flow hedge and hedge of net investment in foreign operation.
(3) Includes Argentina's hyperinflation adjustment.

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

ITAÚ UNIBANCO HOLDING S.A.
Consolidated Statement of Cash Flows
(In millions of Reais)

	Note	01/01 to 12/31/2021	01/01 to 12/31/2020	01/01 to 12/31/2019
Adjusted net income		93,298	60,214	60,824
Net income		28,384	15,064	27,813
Adjustments to net income:		64,914	45,150	33,011
Share-based payment		(20)	217	(141)
Effects of changes in exchange rates on cash and cash equivalents		19,941	11,677	(54)
Expected Loss from Financial Assets and Claims		14,379	25,980	18,567
Income from interest and foreign exchange variation from operations with subordinated debt		24,279	20,774	4,433
Provision for insurance and private pension		9,669	10,316	15,071
Depreciation and amortization		4,233	3,729	3,561
Expense from update / charges on the provision for civil, labor, tax and legal obligations		578	893	1,925
Provision for civil, labor, tax and legal obligations		3,565	3,602	5,132
Revenue from update / charges on deposits in guarantee		(376)	(344)	(519)
Deferred taxes (excluding hedge tax effects)	24b	10,024	(239)	2,499
Income from share in the net income of associates and joint ventures and other investments		(1,164)	(1,399)	(1,315)
Income from Financial assets - At fair value through other comprehensive income		2,086	(1,107)	(628)
Income from interest and foreign exchange variation of financial assets at fair value through other comprehensive income		(18,311)	(21,057)	(8,420)
Income from Interest and foreign exchange variation of financial assets at amortized cost		(6,541)	(8,309)	(3,332)
(Gain) loss on sale of investments and fixed assets		(565)	(4,165)	(168)
Other	23	3,137	4,582	(3,600)
Change in assets and liabilities		(33,192)	(723)	(25,664)
(Increase) / decrease in assets				
Interbank deposits		(5,590)	(21,775)	(6,897)
Securities purchased under agreements to resell		61,293	(21,639)	62,487
Compulsory deposits with the Central Bank of Brazil		(14,533)	1,189	2,900
Loan operations		(126,493)	(141,951)	(63,999)
Derivatives (assets / liabilities)		(8,842)	(2,973)	1,921
Financial assets designated at fair value through profit or loss		24,104	(107,996)	(17,895)
Other financial assets		(2,999)	1,841	(19,143)
Other tax assets		1,910	534	3
Other assets		506	(18,008)	(9,232)
(Decrease) / increase in liabilities				
Deposits		41,362	301,950	43,636
Deposits received under securities repurchase agreements		(20,516)	16,781	(73,654)
Funds from interbank markets		21,110	(18,827)	40,192
Funds from institutional markets		208	18,611	121
Other financial liabilities		15,343	1,843	19,652
Financial liabilities at fair value through profit or loss		(29)	(60)	9
Provision for insurance and private pension		(17,293)	(9,004)	781
Provisions		709	(3,550)	673
Tax liabilities		(898)	(1,910)	(3,526)
Other liabilities		3,341	10,048	2,568
Payment of income tax and social contribution		(5,885)	(5,827)	(6,261)
Net cash from / (used in) operating activities		60,106	59,491	35,160
Dividends / Interest on capital received from investments in associates and joint ventures		661	487	838
Cash upon sale of investments in associates and joint ventures		623	4,982	68
Cash and Cash equivalents, net of assets and liabilities arising from the spin-off of XP Inc.	3	(10)	—	—
Cash upon sale of fixed assets		172	331	175
Mutual rescission of intangible assets agreements		95	309	64
(Purchase) / Cash from the sale of financial assets - At fair value through other comprehensive income		14,028	(11,860)	(15,746)
(Purchase) / redemptions of financial assets at amortized cost		(11,296)	11,863	(19,359)
(Purchase) of investments in associates and joint ventures		(33)	(52)	(387)
(Purchase) of fixed assets		(1,414)	(1,716)	(1,621)
(Purchase) of intangible assets	14	(7,667)	(3,591)	(2,691)
Net cash from / (used in) investment activities		(4,841)	753	(38,659)
Funding from institutional markets		8,229	5,260	8,548
Redemptions in institutional markets		(32,388)	(10,581)	(2,833)
Change in non-controlling interests stockholders		(1,414)	3,330	(1,617)
Result of delivery of treasury shares		510	494	742
Dividends and interest on capital paid to non-controlling interests		(130)	(506)	(227)
Dividends and interest on capital paid		(6,267)	(11,552)	(25,915)
Net cash from / (used in) financing activities		(31,460)	(13,555)	(21,302)
Net increase / (decrease) in cash and cash equivalents	2.4c	23,805	46,689	(24,801)
Cash and cash equivalents at the beginning of the period		105,823	70,811	95,558
Effects of changes in exchange rates on cash and cash equivalents		(19,941)	(11,677)	54
Cash and cash equivalents at the end of the period		109,687	105,823	70,811
Cash		44,512	46,224	30,367
Interbank deposits		12,555	3,888	4,561
Securities purchased under agreements to resell - Collateral held		46,820	55,711	35,883
Voluntary investments with the Central Bank of Brazil		5,800	—	—
Additional information on cash flow (Mainly Operating activities)				
Interest received		131,661	121,558	134,225
Interest paid		73,458	77,011	77,315

Non-cash transactions

Loans transferred to assets held for sale	—	—	—
Spin-off of XP Inc. investment	9,975	—	—
Dividends and interest on capital declared and not yet paid	2,864	3,178	838

The accompanying notes are an integral part of these consolidated financial statements.

F-11

[Table of Contents](#)

ITAÚ UNIBANCO HOLDING S.A.
Notes to the Consolidated Financial Statements
At 12/31/2021 and 12/31/2020 for balance sheet accounts and
from 01/01 to 12/31 of 2021, 2020 and 2019 for income statement accounts
(In millions of Reais, except information per share)

Note 1 - Overview

Itaú Unibanco Holding S.A. (ITAÚ UNIBANCO HOLDING) is a publicly-held company, organized and existing under the laws of Brazil. The head office is located at Praça Alfredo Egydio de Souza Aranha, nº 100, in the city of São Paulo, state of São Paulo, Brazil.

ITAÚ UNIBANCO HOLDING has a presence in 18 countries and territories and offers a wide variety of financial products and services to personal and corporate customers in Brazil and abroad, not necessarily related to Brazil, through its branches, subsidiaries and international affiliates. It offers a full range of banking services, through its different portfolios: commercial banking; investment banking; real estate lending; loans, financing and investment; leasing and foreign exchange business. Its operations are divided into three segments: Retail Banking, Wholesale Banking, and Activities with the Market + Corporation. Further detailed segment information is presented in Note 30.

ITAÚ UNIBANCO HOLDING is a financial holding company controlled by Itaú Unibanco Participações S.A. ("IUPAR"), a holding company which owns 51.71% of our common shares, and which is jointly controlled by (i) Itaúsa S.A. ("ITAÚSA"), a holding company controlled by members of the Egydio de Souza Aranha family, and (ii) Companhia E. Johnston de Participações ("E. JOHNSTON"), a holding company controlled by the Moreira Salles family. Itaúsa also directly holds 39.21% of ITAÚ UNIBANCO HOLDING's common shares.

These consolidated financial statements were approved by the Board of Directors on April 28, 2022.

[Table of Contents](#)

Note 2 – Significant accounting policies

2.1. Basis of preparation

The Consolidated Financial Statements of ITAÚ UNIBANCO HOLDING were prepared in accordance with the requirements and guidelines of the National Monetary Council (CMN), which require that as from December 31, 2010 annual Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

In the preparation of these Consolidated Financial Statements, ITAÚ UNIBANCO HOLDING adopted the criteria for recognition, measurement and disclosure established in the IFRS and in the interpretations of the International Financial Reporting Interpretation Committee (IFRIC).

The information in the financial statements and accompanying notes evidence all relevant information inherent in the financial statements, and only them, which are consistent with information used by management in its administration.

2.2. New accounting standards changes and interpretations of existing standards

a) Accounting standards applicable for period ended December 31, 2021

- Interest Rate Benchmark Reform (IBOR Reform) Phase II - Amendments to IFRS 4 – Insurance Contracts, IFRS 7 – Financial Instruments: Disclosures, IFRS 9 – Financial Instruments, IFRS 16 – Leases and IAS 39 – Financial Instruments: Recognition and Measurement: Phase II of the inter-bank offered rates reform used as market benchmarks (IBOR). The amendments are summarized as:
 - Changes in financial assets and liabilities: Practical expedient that allows to replace, as a consequence of the reform, the effective interest rate of a financial asset or financial liability with a new economically equivalent rate, without derecognition of the contract;
 - Hedge accounting: End of exemptions for evaluating the effectiveness of hedge relationships (Phase I) with recognition in Profit or Loss of the ineffective portion, creation of sub-portfolios to segregate contracts with the amended rates for hedges of group items, 24-month term for identification and segregation of new risk based on changes in interest rates, and updates of hedge documentation;
 - Disclosure: Requirements about the disclosure of risks to which the entity is exposed by the reform, risk management and evolution of the IBORs transition.

These amendments are effective for years beginning on January 1st, 2021. ITAÚ UNIBANCO HOLDING is exposed mainly to Libor and Euribor rates in hedge accounting structures and financial assets and liabilities, including derivatives. Agreements linked to Libor, due to its extinction will be (i) updated to an alternative rate plus spread; or (ii) settled in advance should there be no agreement between the parties. The main risks identified by IBOR Reform are:

- Change in the hierarchy level for measuring the fair value of contracts that remain referenced in IBORs under extinction due to the expectation of reduction in the liquidity of these contracts;
- Effect as a result of the change of financial instruments in which the renegotiated cash flows are not economically equivalent to the original cash flows; and
- Early settlement of contracts where there is no agreement between the parties.

[Table of Contents](#)

To mitigate the risks associated with IBOR Reform in standardized agreements, ITAÚ UNIBANCO HOLDING will assume the update of rates made by the respective clearing houses with the accretion of a spread so that the restated cash flows are economically equivalent to the original cash flows. The fallback clauses protocols suggested by international self-regulatory entities (International Swaps and Derivatives Association - ISDA) will be adopted. The other agreements will be negotiated between the parties seeking approach to the model adopted for standardized agreements and they will be gradually adjusted until the date expected for the end of disclosure of Libor. Accordingly, ITAÚ UNIBANCO HOLDING does not expect significant impacts resulting from the IBOR Reform.

b) Accounting standards recently issued and applicable in future periods

- IFRS 17 – Insurance Contracts: The pronouncement replaces IFRS 4 – Insurance Contracts and presents three approaches for valuation:
 - General Model: applicable to all contracts without direct participation features;
 - Premium Allocation Approach (PAA): applicable to contracts with term is up to 12 months or when it produces results similar to those that would be obtained if the general model was used. It is more simplified than the general model;
 - Variable Fee Approach: applicable to insurance contracts with direct participation features, the insurance contracts which are substantially investment related service contracts under which an entity promises an investment return based on underlying items.

Insurance contracts must be recognized based on an analysis of four components:

- Expected Future Cash Flows: estimate of all components of cash flow of the contract, considering inflows and outflows;
- Risk Adjustment: estimate of offset required for differences that may occur between cash flows;
- Contractual Margin: difference between any amounts received before the beginning of the contract coverage and present value of cash flows estimated at the beginning of the contract;
- Discount: projected cash flows must be discounted to present value, to reflect the time value of money, at rates that reflect the characteristics of the respective flows.

This standard is effective for annual periods beginning January 1st, 2023. Possible impacts are being assessed and the assessment will be completed by the date this standard comes into force.

- Amendments to IAS 1 – Presentation of Financial Statements – Requires that only information about material accounting policies are disclosed, eliminating disclosures of information that duplicate or summarize IFRS requirements. These amendments are effective for the years beginning January 1st, 2023 and they have no financial impacts. Analyzes regarding changes in disclosure will be completed by the date the standard becomes effective.
- Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors – Includes the definition of accounting estimates: monetary amounts subject to uncertainties in their measurement. Expected credit loss and the fair value of an asset or liability are examples of accounting estimates. This change is effective for the years beginning January 1st, 2023 and there are no impacts for the Consolidated Financial Statements of ITAÚ UNIBANCO HOLDING.
- Amendments to IAS 12 – Income Taxes – Clarifies that the exemption for accounting for deferred taxes arising from temporary differences generated in the initial recognition of assets or liabilities is no applicable to lease operations. These amendments are effective for years beginning January 1st, 2023. Possible impacts are being evaluated and will be completed by the date the standard becomes effective.

2.3. Critical accounting estimates and judgments

The preparation of Consolidated Financial Statements in accordance with the IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent assets and liabilities at the date of the Financial Statements, due to uncertainties and the high level of subjectivity involved in the recognition and measurement of certain items. Estimates and judgments that present a significant risk and may have a material impact on the values of assets and liabilities are disclosed below. Actual results may differ from those established by these estimates and judgments.

[Table of Contents](#)

<u>Topic</u>	<u>Notes</u>
Consolidation	Note 2.3 (a) and Note 3
Fair value of financial instruments	Note 2.3 (b) and Note 28
Effective interest rate	Note 2.3 (c), Notes 5, 8, 9 and 10
Change to financial assets	Note 2.3 (d), Notes 5, 8, 9 and 10
Transfer and write-off of financial assets	Note 2.3 (e), Notes 5, 8, 9 and 10
Expected credit loss	Note 2.3 (f), Notes 8, 9, 10 and 32
Goodwill impairment	Note 2.3 (g) and Note 14
Deferred income tax and social contribution	Note 2.3 (h) and Note 24
Defined benefit pension plan	Note 2.3 (i) and Note 26
Provisions, contingencies and legal obligations	Note 2.3 (j) and Note 29
Technical provisions for insurance and private pension	Note 2.3 (k) and Note 27

a) Consolidation

Subsidiaries are all those in which ITAÚ UNIBANCO HOLDING, either directly or through other subsidiaries, is the holder of partner rights that permanently ensure preponderance in corporate resolutions and the power to elect the majority of managers. The existence of control is assessed continuously. Subsidiaries are consolidated from the date control is established to the date on which it ceases to exist.

The consolidated financial statements are prepared using consistent accounting policies. Intercompany asset and liability account balances, income accounts and transaction values have been eliminated.

b) Fair value of financial instruments not traded in active markets, including derivatives

The fair value of financial instruments, including derivatives that are not traded in active markets, is calculated by using valuation techniques based on assumptions that consider market information and conditions. The main assumptions are: historical data, information on similar transactions and pricing techniques. For more complex or illiquid instruments, significant judgment is necessary to determine the model used with the selection of specific inputs and, in certain cases, evaluation adjustments are applied to the model amount our price quoted for financial instruments that are not actively traded.

The methodologies used to estimate the fair value of certain financial instruments are described in Note 28.

c) Effective interest rate

For the calculation of the effective interest rate, ITAÚ UNIBANCO HOLDING estimates cash flows considering all contractual terms of the financial instrument, but without consider future credit losses. The calculation includes all commissions paid or received between parties to the contract, transaction costs, and all other premiums or discounts.

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. In the case of purchased or originated credit impaired financial assets, the adjusted effective interest rate is applied, taking into account the expected credit loss, to the amortized cost of the financial asset.

d) Modification of financial assets

The factors used to determine whether there has been substantial modification of a contract are: evaluation if there is a renegotiation that is not part of the original contractual terms, significant change to contractual cash flows and significant extensions of the term of the transaction due to the debtor's financial constraints, significant change to the interest rate and change to the currency in which the transaction is denominated.

e) Transfer and write-off of financial assets

When there are no reasonable expectations of recovery of a financial asset, considering historical curves, its total or partial write-off is carried out concurrently with the use of the related allowance for expected credit loss, with no effect on the Consolidated Statement of Income of ITAÚ UNIBANCO HOLDING. Subsequent recoveries of amounts previously written off are accounted for as income in the Consolidated Statement of Income.

[Table of Contents](#)

Thus, financial assets are written off, either totally or partially, when there is no reasonable expectation of recovering a financial asset or when ITAÚ UNIBANCO HOLDING substantially transfers all risks and benefits of ownership and said transfer is qualified to be written off.

f) Expected credit loss

The measurement of expected credit loss requires the application of significant assumptions and use of quantitative models. Management exercises its judgment in the assessment of the adequacy of the expected loss amounts resulting from models and, according to its experience, makes adjustments that may result from certain client's credit condition or temporary adjustments resulting from situations or new circumstances that have not been reflected in the modeling yet.

The main assumptions are:

- **Term to maturity:** ITAÚ UNIBANCO HOLDING considers the maximum contractual period on which it will be exposed to financial instrument's credit risk. However, the estimated useful life of assets that do not have fixed maturity date is based on the period of exposure to credit risk. Additionally, all contractual terms are taken into account when determining the expected life, including prepayment and rollover options.
- **Prospective information:** IFRS 9 requires a balanced and impartial estimate of credit loss that includes forecasts of future economic conditions. ITAÚ UNIBANCO HOLDING uses macroeconomic forecasts and public information with projections prepared internally to determine the impact of these estimates on the calculation of expected credit loss. Main prospective information used to determine the expected loss is related to Selic Rate, Credit Default Swap (CDS), unemployment rate, Gross Domestic Product (GDP), wages, industrial production and retail sales.
- **Macroeconomic scenarios:** This information involves inherent risks, market uncertainties and other factors that may give rise to results different from expected.
- **Probability-weighted loss scenarios:** ITAÚ UNIBANCO HOLDING uses weighted scenarios to determine credit loss expected over a suitable observation horizon adequate to classification in stages, considering the projection based on economic variables.
- **Determining criteria for significant increase or decrease in credit risk:** in each period of the consolidated financial statements, ITAÚ UNIBANCO HOLDING assesses whether the credit risk of a financial asset has increased significantly since the initial recognition using absolute and relative triggers (indicators). The migration of the financial asset to an earlier stage occurs with a significant reduction in credit risk, mainly characterized by the non-activation of credit deterioration triggers for at least 6 months.

ITAÚ UNIBANCO HOLDING assesses whether the credit risk has significantly increased on an individual or collective basis. For collective assessment purposes, financial assets are grouped based on characteristics of shared credit risk, considering the type of instrument, credit risk classifications, initial recognition date, remaining term, industry, geographical location of the counterparty, among other significant factors.

Details on the expected credit loss and criteria for a significant increase or decrease in credit risk are in Note 32.

g) Goodwill impairment

The review of goodwill due to impairment reflects the Management's best estimate for future cash flows of Cash Generating Units (CGU), with the identification of the CGU and estimate of their fair value less costs to sell and/or value in use.

To determine this estimate, ITAÚ UNIBANCO HOLDING adopts the discounted cash flow methodology for a period of 5 years, macroeconomic assumptions, growth rate and discount rate.

[Table of Contents](#)

The discount rate generally reflects financial and economic variables, such as the risk-free interest rate and a risk premium.

Cash-Generating Units or CGU groups are identified at the lowest level at which goodwill is monitored for internal management purposes.

h) Deferred income tax and social contribution

Deferred tax assets are recognized only in relation to deductible temporary differences, tax losses and social contribution loss carryforwards for offset only to the extent that it is probable that ITAÚ UNIBANCO HOLDING will generate future taxable profit for its use. The expected realization of deferred tax assets is based on the projection of future taxable profits and technical studies, as disclosed in Note 24.

i) Defined benefit pension plan

The current amount of pension plans is obtained from actuarial calculations, which use assumptions such as discount rate, which is appropriated at the end of each year and used to determine the present value of estimated future cash outflows. To determine the appropriate discount rate, ITAÚ UNIBANCO HOLDING considers the interest rates of National Treasury Notes that have maturity terms similar to the terms of the respective liabilities.

The main assumptions for Pension plan obligations are partly based on current market conditions. Additional information is disclosed in Note 26.

j) Provisions, contingencies and legal obligations

ITAÚ UNIBANCO HOLDING periodically reviews its contingencies. These contingencies are evaluated based on management's best estimates, taking into account the opinion of legal counsel when there is a likelihood that financial resources will be required to settle the obligations and the amounts may be reasonably estimated.

Contingencies classified as probable losses are recognized in the Balance Sheet under Provisions.

Contingent amounts are measured using appropriate models and criteria, despite the uncertainty surrounding the ultimate timing and amounts. Additional information is described in Note 29.

k) Technical provisions for insurance and private pension

Technical provisions are liabilities arising from obligations of ITAÚ UNIBANCO HOLDING to its policyholders and participants. These obligations may be short term liabilities (property and casualty insurance) or medium and long term liabilities (life insurance and pension plans).

The determination of the actuarial liability is subject to several uncertainties inherent in the coverage of insurance and pension contracts, such as assumptions of persistence, mortality, disability, life expectancy, morbidity, expenses, frequency and severity of claims, conversion of benefits into annuities, redemptions and return on assets.

The estimates for these assumptions are based on the historical experience of ITAÚ UNIBANCO HOLDING, benchmarks and the experience of the actuary, in order to comply with best market practices and constantly review of the actuarial liability. The adjustments resulting from these continuous improvements, when necessary, are recognized in the statement of income for the corresponding period. Additional information is described in Note 27.

2.4. Summary of main accounting practices

a) Consolidation

I. Subsidiaries

In accordance with IFRS 10 - Consolidated Financial Statements, subsidiaries are all entities in which ITAÚ UNIBANCO HOLDING holds control.

In the 3rd quarter of 2018, ITAÚ UNIBANCO HOLDING started adjusting the financial statements of its subsidiaries in Argentina to reflect the effects of hyperinflation, pursuant to IAS 29 – Financial Reporting in Hyperinflationary Economies.

[Table of Contents](#)

The following table shows the main consolidated companies, which together represent over 95% of total consolidated assets, as well as the interests of ITAÚ UNIBANCO HOLDING in their voting capital.

	Functional currency ⁽¹⁾	Incorporation country	Activity	Interest in voting capital %		Interest in total capital %	
				12/31/2021	12/31/2020	12/31/2021	12/31/2020
In Brazil							
Banco Itaú BBA S.A.	Real	Brazil	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itaú Consignado S.A.	Real	Brazil	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itaucard S.A.	Real	Brazil	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itauleasing S.A.	Real	Brazil	Financial institution	100.00%	100.00%	100.00%	100.00%
Cia. Itaú de Capitalização	Real	Brazil	Premium Bonds	100.00%	100.00%	100.00%	100.00%
Dibens Leasing S.A. - Arrendamento Mercantil	Real	Brazil	Leasing	100.00%	100.00%	100.00%	100.00%
Finaceira Itaú CBD S.A. Crédito, Financiamento e Investimento	Real	Brazil	Consumer finance credit	50.00%	50.00%	50.00%	50.00%
Hipercard Banco Múltiplo S.A.	Real	Brazil	Financial institution	100.00%	100.00%	100.00%	100.00%
Itauseg Seguradora S.A.	Real	Brazil	Insurance	100.00%	100.00%	100.00%	100.00%
Itaú Corretora de Valores S.A.	Real	Brazil	Securities Broker	100.00%	100.00%	100.00%	100.00%
Itaú Seguros S.A.	Real	Brazil	Insurance	100.00%	100.00%	100.00%	100.00%
Itaú Unibanco S.A.	Real	Brazil	Financial institution	100.00%	100.00%	100.00%	100.00%
Itaú Vida e Previdência S.A.	Real	Brazil	Pension plan	100.00%	100.00%	100.00%	100.00%
Luizacred S.A. Sociedade de Crédito, Financiamento e Investimento	Real	Brazil	Consumer finance credit	50.00%	50.00%	50.00%	50.00%
Redecard Instituição de Pagamento S.A. ⁽²⁾	Real	Brazil	Acquirer	100.00%	100.00%	100.00%	100.00%
Foreign							
Itaú CorpBanca Colombia S.A.	Colombian peso	Colombia	Financial institution	49.30%	34.16%	49.30%	34.16%
Banco Itaú (Suisse) S.A.	Swiss franc	Switzerland	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itaú Argentina S.A.	Argentinian peso	Argentina	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itaú Paraguay S.A.	Guarani	Paraguay	Financial institution	100.00%	100.00%	100.00%	100.00%
Banco Itaú Uruguay S.A.	Uruguayan peso	Uruguay	Financial institution	100.00%	100.00%	100.00%	100.00%
Itaú Bank, Ltd.	Real	Cayman Islands	Financial institution	100.00%	100.00%	100.00%	100.00%
Itaú BBA International plc	US Dollar	United Kingdom	Financial institution	100.00%	100.00%	100.00%	100.00%
Itaú BBA USA Securities Inc.	Real	United States	Securities Broker	100.00%	100.00%	100.00%	100.00%
Itaú CorpBanca ⁽³⁾	Chilean peso	Chile	Financial institution	56.60%	39.22%	56.60%	39.22%

(1) All overseas offices of ITAÚ UNIBANCO HOLDING have the same functional currency as the parent company, except for CorpBanca New York Branch, which uses the US dollar.

(2) New company name of Redecard S.A.

(3) ITAÚ UNIBANCO HOLDING controls ITAÚ CORPBANCA due to the shareholders' agreement.

[Table of Contents](#)**II. Business combinations**

In general, a business consists of an integrated set of activities and assets that may be conducted and managed so as to provide a return, in the form of dividends, lower costs or other economic benefits, to investors or other stockholders, members or participants. If there is goodwill in a set of activities and assets transferred, it is presumed to be a business.

The acquisition method is used to account for business combinations, except for those classified as under common control.

Acquisition cost is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the acquisition date. Acquired assets and assumed liabilities and contingent liabilities identifiable in a business combination are initially measured at fair value at the date of acquisition, regardless of the existence of non-controlling interests. When the amount paid, plus non-controlling interests, is higher than the fair value of identifiable net assets acquired, the difference will be accounted for as goodwill. On the other hand, if the difference is negative, it will be treated as negative goodwill and the amount will be recognized directly in income.

III. Goodwill

Goodwill is not amortized, but its recoverable value is assessed semi-annually or when there is an indication of impairment loss using an approach that involves the identification of Cash Generating Units (CGU) and the estimate of its fair value less the cost to sell and/or its value in use.

The breakdown of intangible assets is described in Note 14.

IV. Capital Transactions with non-controlling stockholders

Changes in an ownership interest in a subsidiary, which do not result in a loss of control, are accounted for as capital transactions and any difference between the amount paid and the carrying amount of non-controlling stockholders is recognized directly in consolidated stockholders' equity.

b) Foreign currency translation**I. Functional and presentation currency**

The Consolidated Financial Statements of ITAÚ UNIBANCO HOLDING are presented in Brazilian Reais, its functional and presentation currency. For each subsidiary, joint venture or investment in associates, ITAÚ UNIBANCO HOLDING defines the functional currency as the currency of the primary economic environment in which the entity operates.

II. Foreign currency operations

Foreign currency operations are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses are recognized in the consolidated statement of income, unless they are related to cash flow hedges and hedge of net investment in foreign operations, which are recognized in stockholders' equity.

c) Cash and cash equivalents

Defined as cash and current accounts with banks, shown in the Consolidated Balance Sheet under the heading Cash, Interbank Deposits, Securities purchased under agreements to resell (Collateral Held) and Voluntary investments with the Central Bank of Brazil with original maturities not exceeding 90 days.

d) Financial assets and liabilities

Financial assets and liabilities are offset against each other and the net amount is reported in the Balance Sheet only solely when there is a legally enforceable right to offset them and the intention to settle them on a net basis, or to simultaneously realize the asset and settle the liability.

[Table of Contents](#)**I - Initial recognition and derecognition**

Financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost or fair value.

Regular purchases and sales of financial assets are recognized and derecognized, respectively, on the trading date.

Financial assets are partially or fully derecognised when:

- the contractual rights to the cash flows of the financial asset expire, or
- ITAÚ UNIBANCO HOLDING transfers the financial asset and this transfer qualifies for derecognition.

The financial liabilities are derecognized when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires.

Derecognition of financial assets

Financial assets are derecognized when ITAÚ UNIBANCO HOLDING substantially transfers all risks and benefits of its property. In the event it is not possible to identify the transfer of all risks and benefits, the control should be assessed to determine the continuous involvement related to the transaction.

If there is a retention of risks and benefits, the financial asset continues to be recorded and a liability is recognized for the consideration received.

II - Classification and subsequent measurement of financial assets

Financial assets are classified in the following categories:

- Amortized cost: used when financial assets are managed to obtain contractual cash flows, consisting solely of payments of principal and interest;
- Fair value through other comprehensive income: used when financial assets are held both for obtaining contractual cash flows, consisting solely of payments of principal and interest, and for sale;
- Fair value through profit or loss: used for financial assets that do not meet the aforementioned criteria.

The classification and subsequent measurement of financial assets depend on:

- The business model under which they are managed;
- The characteristics of their cash flows (Solely Payment of Principal and Interest Test – SPPI Test).

Business model: represents how financial assets are managed to generate cash flows and does not depend on the Management's intention regarding an individual instrument. Financial assets may be managed with the purpose of: i) obtaining contractual cash flows; ii) obtaining contractual cash flows and sale; or iii) others. To assess business models, ITAÚ UNIBANCO HOLDING considers risks that affect the performance of the business model; how the managers of the business are compensated; and how the performance of the business model is assessed and reported to Management.

When a financial asset is subject to business models i) or ii) the application of the SPPI Test is required.

SPPI Test: assessment of cash flows generated by a financial instrument for the purpose of checking whether they represent solely payments of principal and interest. To fit into this concept, cash flows should include only consideration for the time value of money and credit risk. If contractual terms introduce risk exposure or cash flow volatilities, such as exposure to changes in prices of equity instruments or prices of commodities, the financial asset is classified at fair value

[Table of Contents](#)

through profit or loss. Hybrid contracts must be assessed as a whole, including all embedded characteristics. The accounting of a hybrid contract that contains an embedded derivative is performed on a joint basis, i.e. the whole instrument is measured at fair value through profit or loss.

Amortized cost

Amortized cost is the amount for which a financial asset or liability is measured at its initial recognition, plus adjustments made under the effective interest method, less amortization of principal and interest, and any provision for expected credit loss.

Fair value

Fair value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in an orderly transaction between market players on the measurement date.

ITAÚ UNIBANCO HOLDING classifies the fair value hierarchy according to the relevance of data observed in the measurement process.

Details of the fair value of financial instruments, including Derivatives, and of the hierarchy of fair value are given in Note 28.

The adjustment to fair value of financial assets and liabilities is recognized:

- In stockholders' equity for financial assets and liabilities measured at fair value through other comprehensive income; and
- In the Consolidated Statement of Income, under the heading Income of Financial Assets and Liabilities at Fair Value through Profit or Loss, for the other financial assets and liabilities.

Average cost is used to determine the gains and losses realized on disposal of financial assets at fair value, which are recorded in the Consolidated Statement of Income as Interest and similar income and Income of Financial Assets and Liabilities at Fair Value through Profit or Loss. Dividends on assets at fair value through other comprehensive income are recognized in the Consolidated Statement of Income as Interest and similar income when it is probable that ITAÚ UNIBANCO HOLDING's right to receive such dividends is assured.

Equity instruments

An equity instrument is any contract that evidences a residual interest in an entity's assets, after the deduction of all its liabilities, such as Shares and Units.

ITAÚ UNIBANCO HOLDING subsequently measures all its equity instruments at fair value through profit or loss, except when Management opts, on initial recognition, to irrevocably designate an equity instrument at fair value through other comprehensive income when it is held for a purpose other than only generating returns. When this option is selected, gains and losses on the fair value of the instrument are recognized in the Consolidated Statement of Comprehensive Income and are not subsequently reclassified to the Consolidated Statement of Income, even on sale. Dividends continue to be recognized in the Consolidated Statement of Income as Interest and similar income, when ITAÚ UNIBANCO HOLDING's right to receive them is assured.

Gains and losses on equity instruments measured at fair value through profit or loss are accounted in the Consolidated Statement of Income.

Expected credit loss

ITAÚ UNIBANCO HOLDING makes a forward-looking assessment of the expected credit loss on financial assets measured at amortized cost or through other comprehensive income, loan commitments and financial guarantee contracts:

- **Financial assets:** loss is measured at present value of the difference between contractual cash flows and the cash flows that ITAÚ UNIBANCO HOLDING expects to receive;

[Table of Contents](#)

- **Loan commitments:** expected loss is measured at present value of the difference between contractual cash flows that would be due if the commitment was drawn down and the cash flows that ITAÚ UNIBANCO HOLDING expects to receive;
- **Financial guarantees:** the loss is measured at the difference between the payments expected for refunding the counterparty and the amounts that ITAÚ UNIBANCO HOLDING expects to recover.

ITAÚ UNIBANCO HOLDING applies a three-stage approach to measuring the expected credit loss, in which financial assets migrate from one stage to the other in accordance with changes in credit risk.

- Stage 1 – 12-month expected credit loss: represents default events possible within 12 months. Applicable to financial assets which are not credit impaired when purchased or originated;
- Stage 2 – Lifetime expected credit loss of financial instrument: considers all possible default events. Applicable to financial assets originated which are not credit impaired when originated or purchased but for which credit risk has increased significantly; and
- Stage 3 – Credit loss expected for credit-impaired assets: considers all possible default events. Applicable to financial assets which are credit impaired when purchased or originated. The measurement of assets classified in this stage is different from Stage 2 due to the recognition of interest income by applying the effective interest rate to amortized cost (net of provision) rather than to the gross carrying amount.

An asset will migrate between stages as its credit risk increases or decreases. Therefore, a financial asset that migrated to stages 2 and 3 may return to stage 1, unless it was purchased or originated credit impaired financial asset.

Macroeconomic scenarios

Forward-looking information is based on macroeconomic scenarios that are reassessed annually or when market conditions so require.

Additional information is described in Note 32.

Modification of contractual cash flows

When contractual cash flows of a financial asset are renegotiated or otherwise modified and this does not substantially change its terms and conditions, ITAÚ UNIBANCO HOLDING does not derecognize it. However, the gross carrying amount of this financial asset is recalculated as the present value of the renegotiated or changed contractual cash flows, discounted at the original effective interest rate and a modification gain or loss is recognized in profit or loss. Any costs or fees incurred adjust the modified carrying amount and are amortized over the remaining term of the financial asset.

If, on the other hand, the renegotiation or change substantially modifies the terms and conditions of the financial asset, ITAÚ UNIBANCO HOLDING derecognises the original asset and recognizes a new one. Accordingly, the renegotiation date is taken as the initial recognition date of the new asset for expected credit loss calculation purposes, and to determine significant increases in credit risk.

ITAÚ UNIBANCO HOLDING also assesses if the new financial asset may be considered as purchased or originated credit impaired financial asset, particularly when the renegotiation was motivated by the debtor's financial constraints. Differences between the carrying amount of the original asset and fair value of the new asset are immediately recognized in the Consolidated Statement of Income.

The effects of changes in cash flows of financial assets and other details about methodologies and assumptions adopted by Management to measure the allowance for expected credit loss, including the use of prospective information, are detailed in Note 32.

III - Classification and subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortized cost, except for:

[Table of Contents](#)

- **Financial liabilities at fair value through profit or loss:** this classification applied to derivatives and other financial liabilities designated at fair value through profit or loss to reduce “accounting mismatches”. ITAÚ UNIBANCO HOLDING irrevocably designates financial liabilities at fair value through profit or loss in the initial recognition (fair value option), when the option eliminates or significantly reduces measurement or recognition inconsistencies.
- **Loan commitments and financial guarantees:** see details in Note 2.4d VIII.

Modification of financial liabilities

A debt instrument change or substantial terms modification of a financial liability is accounted as a derecognition of the original financial liability and a new one is recognized.

A substantial change to contractual terms occurs when the discounted present value of cash flows under the new terms, including any fees paid/received and discounted using the original effective interest rate, is at least 10% different from discounted present value of the remaining cash flow of the original financial liabilities.

IV – Securities purchased under agreements to resell

ITAÚ UNIBANCO HOLDING purchases financial assets with a resale commitment (resale agreements) and sells securities with a repurchase commitment (repurchase agreement) of financial assets. Resale and repurchase agreements are accounted for under Securities purchased under agreements to resell and Securities sold under repurchase agreements, respectively.

The difference between the sale and repurchase prices is treated as interest and recognized over the life of the agreements using the effective interest rate method.

The financial assets taken as collateral in resale agreements can be used as collateral for repurchase agreements it provided for in the agreements or can be sold.

V - Derivatives

All derivatives are accounted for as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The valuation of active hybrid contracts that are subject to IFRS 9 is carried out as a whole, including all embedded characteristics, whereas the accounting is carried out on a joint basis, i.e. each instrument is measured at fair value through profit or loss.

When a contract has a main component outside the scope of IFRS 9, such as a lease agreement receivable or an insurance contract, or even a financial liability, embedded derivatives are treated as separate financial instruments if:

- their characteristics and economic risks are not closely related to those of the main component;
- the separate instrument meets the definition of a derivative; and
- the underlying instrument is not booked at fair value through profit or loss.

These embedded derivatives are accounted for separately at fair value, with variations recognized in the Consolidated Statement of Income as Adjustments to Fair Value of Financial Assets and Liabilities.

ITAÚ UNIBANCO HOLDING will continue applying all the hedge accounting requirements of IAS 39; however, it may adopt the provisions of IFRS 9, if Management so decides.

According to this standard, derivatives may be designated and qualified as hedging instruments for accounting purposes and, the method for recognizing gains or losses of fair value will depending on the nature of the hedged item.

At the beginning of a hedging transaction, ITAÚ UNIBANCO HOLDING documents the relationship between the hedging instrument and the hedged items, as well as its risk management objective and

[Table of Contents](#)

strategy. The hedge is assessed on an ongoing basis to determine if it has been highly effective throughout all periods of the Financial Statements for which it was designated.

IAS 39 describes three hedging strategies: fair value hedge, cash flow hedge, and hedge of net investments in a foreign operation. ITAÚ UNIBANCO HOLDING uses derivatives as hedging instruments under all three hedge strategies, as detailed in Note 7.

Fair value hedge

The following practices are adopted for these operations:

- a) The gain or loss arising from the remeasurement of the hedging instrument at fair value is recognized in income; and
- b) The gain or loss arising from the hedged item, attributable to the effective portion of the hedged risk, is applied to the book value of the hedged item and is also recognized in income.

When a derivative expires or is sold or a hedge no longer meets the hedge accounting criteria or in the event the designation is revoked, the hedge accounting must be prospectively discontinued. In addition, any adjustment to the book value of the hedged item must be amortized in income.

Cash flow hedge

For derivatives that are designated and qualify as hedging instruments in a cash flow hedge, the practices are:

- a) The effective portion of gains or losses on derivatives is recognized directly in Other comprehensive income – Cash flow hedge;
- b) The portion of gain or loss on derivatives that represents the ineffective portion or on hedge components excluded from the assessment of effectiveness is recognized in income.

Amounts originally recorded in Other comprehensive income and subsequently reclassified to Income are recognized in the caption Income of financial assets and Liabilities at fair value through profit or loss at the same time that the corresponding income or expense item of the financial hedge item affects income. For non-financial hedge items, the amounts originally recognized in Other comprehensive income are included in the initial cost of the corresponding asset or liability.

When a derivative expires or is sold, when hedge accounting criteria are no longer met or when the entity revokes the hedge accounting designation, any cumulative gain or loss existing in Other comprehensive income will be reclassified to income at the time the expected transaction occurs or is no longer expected to occur.

Hedge of net investments in foreign operations

The hedge of a net investment in a foreign operation, including the hedge of a monetary item that is booked as part of the net investment, is accounted for in a manner similar to a cash flow hedge:

- a) The portion of gain or loss on the hedging instrument determined as effective is recognized in Other comprehensive income;
- b) The ineffective portion is recognized in income.

Gains or losses on the hedging instrument related to the effective portion of the hedge which are recognized in Other comprehensive income are reclassified to income for the period when the foreign operation is partially or totally sold.

VI - Loan operations

ITAÚ UNIBANCO HOLDING classifies a loan as non-performing if the payment of the principal or interest has been overdue for 60 days or more. In this case, accrual of interest is no longer recognized.

[Table of Contents](#)

VII – Premium bonds plans

In Brazil they are regulated by the insurance regulator. These plans do not meet the definition of an insurance contract under IFRS 4, and therefore they are classified as a financial liability at amortized cost under IFRS 9.

Revenue from premium bonds plans is recognized during the period of the contract and measured as the difference between the amount deposited by the customer and the amount that ITAÚ UNIBANCO HOLDING has to reimburse.

VIII – Loan commitments and financial guarantees

ITAÚ UNIBANCO HOLDING recognizes as an obligation in the Consolidated Balance Sheet, on the issue date, the fair value of commitments for loans and financial guarantees. The fair value is generally represented by the fee charged to the customer. This amount is amortized over the term of the instrument and is recognized in the Consolidated Statement of Income under the heading Commissions and Banking Fees.

After issue, if ITAÚ UNIBANCO HOLDING concludes based on the best estimate, that the expected credit loss in relation to the guarantee issued is higher than the fair value less accumulated amortization, this amount is replaced by a provision for loss.

e) Investments in associates and joint ventures

I – Associates

Associates are companies in which the investor has a significant influence but does not hold control. Investments in these companies are initially recognized at cost of acquisition and subsequently accounted for using the equity method. Investments in associates and joint ventures include the goodwill identified upon acquisition, net of any cumulative impairment loss.

II – Joint ventures

ITAÚ UNIBANCO HOLDING has joint venture whereby the parties that have joint control of the arrangement have rights to the net assets.

ITAÚ UNIBANCO HOLDING's share in profits or losses of its associates and joint ventures after acquisition is recognized in the Consolidated statement of income. Its share of the changes in the share in other comprehensive income of corresponding stockholders' equity of its associates and joint ventures is recognized in its own capital reserves. The cumulative changes after acquisition are adjusted against the carrying amount of the investment. When the ITAÚ UNIBANCO HOLDING's share of losses in an associates and joint ventures is equal to or more than the value of its interest, including any other receivables, ITAÚ UNIBANCO HOLDING does not recognize additional losses, unless it has incurred any obligations or made payments on behalf of the associates and joint ventures.

Unrealized profits on transactions between ITAÚ UNIBANCO HOLDING and its associates and joint ventures are eliminated to the extent of the interest of ITAÚ UNIBANCO HOLDING. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset. The accounting policies on associates and joint ventures entities are changed, as necessary, to ensure consistency with the policies adopted by ITAÚ UNIBANCO HOLDING.

If its interest in the associates and joint ventures decreases, but ITAÚ UNIBANCO HOLDING retains significant influence or joint control, only the proportional amount of the previously recognized amounts in Other comprehensive income is reclassified in Income, when appropriate.

f) Lease operations (Lessee)

ITAÚ UNIBANCO HOLDING leases mainly real estate properties (underlying assets) to carry out its business activities. The initial recognition occurs when the agreement is signed, in the heading Other Liabilities, which corresponds to the total future payments at present value as a contra entry to the Right-of-Use Assets, depreciated under the straight-line method for the lease term and tested semiannually to identify possible impairment losses.

The financial expense corresponding to interest on lease liabilities is recognized in the heading Interest and similar expenses in the Consolidated Statement of Income.

[Table of Contents](#)**g) Fixed assets**

Fixed assets are booked at their acquisition cost less accumulated depreciation, and adjusted for impairment, if applicable. Depreciation is calculated on the straight-line method using rates based on the estimated useful lives of these assets. Such rates and other details are presented in Note 13.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of each period.

ITAÚ UNIBANCO HOLDING reviews its assets in order to identify indications of impairment in their recoverable amounts. The recoverable amount of an asset is defined as the higher of its fair value less the cost to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which independent cash flows can be identified (cash-generating units). The assessment may be made at an individual asset level when the fair value less the cost to sell can be reliably determined.

Gains and losses on disposals of fixed assets are recognized in the Consolidated statement of income under Other income or General and administrative expenses.

h) Intangible assets

Intangible assets are non-physical assets, including software and other assets, and are initially recognized at cost. Intangible assets are recognized when they arise from legal or contractual rights, their costs can be reliably measured, and in the case of intangible assets not arising from separate acquisitions or business combinations, it is probable that future economic benefits may arise from their use. The balance of intangible assets refers to acquired assets or those internally generated.

Intangible assets may have definite or indefinite useful lives. Intangible assets with definite useful lives are amortized using the straight-line method over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized, but periodically tested in order to identify any impairment.

ITAÚ UNIBANCO HOLDING semi-annually assesses its intangible assets in order to identify whether any indications of impairment exist, as well as possible reversal of previous impairment losses. If such indications are found, intangible assets are tested for impairment. The recoverable amount of an asset is defined as the higher of its fair value less the cost to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which independent cash flows can be identified (cash-generating units). The assessment may be made at an individual asset level when the fair value less the cost to sell can be reliably determined.

ITAÚ UNIBANCO HOLDING uses the cost model to measure its intangible assets after its initial recognition.

A breakdown of intangible assets is given in Note 14.

i) Assets held for sale

Assets held for sale are recognized in the consolidated balance sheet under the line Other assets when they are actually repossessed or there is intention to sell. These assets are initially recorded at the lower of: (i) the fair value of the asset less the estimated selling expenses, or (ii) the carrying amount of the related asset held for sale.

j) Income tax and social contribution

There are two components of the provision for income tax and social contribution: current and deferred.

The current component is approximately the total of taxes to be paid or recovered during the reporting period.

Deferred income tax and social contribution, represented by deferred tax assets and liabilities, is obtained based on the differences between the tax bases of assets and liabilities and the amounts reported in the financial statements at each period.

The income tax and social contribution expense is recognized in the Consolidated statement of income under Income tax and social contribution, except when it refers to items directly recognized in Other

[Table of Contents](#)

comprehensive income, such as: tax on fair value of financial assets measured at fair value through Other comprehensive income, post-employment benefits and tax on cash flow hedges and hedge of net investment in foreign operations. Subsequently, these items are recognized in income upon realization of the gain/loss on the instruments.

Changes in tax legislation and rates are recognized in the Consolidated statement of income in the period in which they are enacted or substantially enacted. Interest and fines are recognized in the Consolidated statement of income under General and administrative expenses.

To determine the proper level of provisions for taxes to be maintained for uncertain tax positions, the approach applied, is that a tax benefit is recognized if it is more likely than not that a position can be sustained, under the assumptions for recognition, detailed in item 2.4 n.

k) Insurance contracts and private pensions

Insurance contracts are contracts under which ITAÚ UNIBANCO HOLDING accepts a significant insurance risk of the counterparty, by agreeing to compensate it if a specified uncertain future event adversely affects it. An insurance risk is significant only if the insurance event could cause ITAÚ UNIBANCO HOLDING to pay significant additional benefits in any scenario, other than those that do not have commercial substance. Additional benefits refer to amounts that exceed those that would be payable if no insured event occurred.

Upon its first-time adoption of the IFRS, ITAÚ UNIBANCO HOLDING decided not to change its accounting policies for insurance contracts, which follow the accounting practices generally accepted in Brazil (“BRGAAP”).

Although investment agreements with discretionary participation characteristics are financial instruments, they are treated as insurance contracts, as established by IFRS 4, as well as those transferring a significant financial risk.

Once a contract is classified as an insurance contract, it remains as such until the end of its life, even if the insurance risk is significantly reduced during the period, unless all rights and obligations are extinguished or expire.

Note 27 provides a detailed description of all products classified as insurance contracts.

Private pension plans

Contracts that provide for retirement benefits after an accumulation period (known as PGBL, VGBL and FGB) provide a guarantee, at the commencement date of the contract, of the basis for calculating the retirement benefit (mortality table and minimum interest rates). The contracts specify the annuity rates and, therefore, the insurance risk is transferred to the issuer from the start. These contracts are classified as insurance contracts.

Insurance premiums

Insurance premiums are recognized upon issue of an insurance policy or over the period of the contracts in proportion to the amount of the insurance coverage.

If there is evidence of impairment losses with respect to receivables for insurance premiums, ITAÚ UNIBANCO HOLDING recognizes a provision, sufficient to cover this loss, based on a risk analysis of realization of insurance premiums receivable with installments overdue for over 60 days.

Reinsurance

In the ordinary course of business, ITAÚ UNIBANCO HOLDING reinsures a portion of the risks underwritten, particularly property and casualty risks that exceed the maximum limits of responsibility that determine to be appropriate for each segment and product (after a study which considers size, experience, special features, and the capital necessary to support these limits). These reinsurance agreements allow the recovery of a portion of the losses from the reinsurer, although they do not release the insurer from the main obligation as direct insurer of the risks covered by the reinsurance.

ITAÚ UNIBANCO HOLDING mainly holds non-proportional contracts, which transfer part of responsibility to the reinsurance company for losses that will materialize after a certain level of claims in the portfolio.

[Table of Contents](#)

Reinsurance premiums of these contracts are accounted for under Other Assets, over the life of each contract.

If there is any evidence of impairment loss, ITAÚ UNIBANCO HOLDING recognizes a provision when the default period exceeds 180 days from the registration of the request for fund of claims paid.

Acquisition costs

Acquisition costs include direct and indirect costs related to the origination of insurance. These costs are recorded directly in result as incurred, except for deferred acquisition costs (commissions paid for brokerage services, agency and prospecting efforts), which are recorded proportionally to the recognition of premium revenues, i.e. over the term corresponding to the insurance contract.

Insurance Contract Liabilities

Reserves for claims are established based on past experience, claims in process of payment, estimated amounts of claims incurred but not yet reported, and other factors relevant to the required reserve levels.

Liability Adequacy Test

ITAÚ UNIBANCO HOLDING tests liability adequacy by adopting current actuarial assumptions for future cash flows of all insurance contracts in force at the balance sheet date.

Should the analysis show insufficiency, any shortfall identified will immediately be accounted for in income for the period.

The assumptions used to conduct the liability adequacy test are detailed in Note 27.

l) Post-employments benefits

ITAÚ UNIBANCO HOLDING sponsors Defined Benefit Plans and Defined Contribution Plans, which are accounted for in accordance with IAS 19 – Benefits to Employees.

ITAÚ UNIBANCO HOLDING is required to make contributions to government social security and labor indemnity plans, in Brazil and in other countries where it operates.

Pension plans - Defined benefit plans

The liability or asset, as the case may be, is recognized in the Consolidated Balance Sheet with respect to a defined benefit plan corresponds to the present value of defined benefit obligations at the balance sheet date less the fair value of plan assets. The defined benefit obligations are calculated annually using the projected unit credit method.

Pension plans - Defined contribution

For defined contribution plans, contributions to plans made by ITAÚ UNIBANCO HOLDING, through pension plan funds, are recognized as liabilities, with a counter-entry to expenses, when due. If contributions made exceed the liability for a service provided, it will be accounted for as an asset recognized at fair value, and any adjustments are recognized in Stockholders' equity, under Other comprehensive income, in the period when they occur.

Other post-employment benefit obligations

Like defined benefit pension plans, these obligations are assessed annually by independent, qualified actuaries, and costs expected from these benefits are accrued over the period of employment. Gains and losses arising from changes in practices and variations in actuarial assumptions are recognized in Stockholders' equity, under Other comprehensive income, in the period in which they occur.

[Table of Contents](#)**m) Share-based payments**

Share-based payments are booked for the value of equity instruments granted based on their fair value at the grant date. This cost is recognized during the vesting period of the instruments right.

The total amount to be expensed is determined by reference to the fair value of the equity instruments excluding the impact of any service commissions and fees and non-market performance vesting conditions (in particular when an employee remains with the company for specific period of time).

n) Provisions, contingent assets and contingent liabilities

Contingent assets and liabilities are possible rights and potential obligations arising from past events for which realization depends on uncertain future events.

Contingent assets are not recognized in the Consolidated Financial Statements, except when the Management of ITAÚ UNIBANCO HOLDING considers that realization is practically certain. In general they correspond to lawsuits with favorable outcomes in final and unappealable judgments and to the withdrawal of lawsuits as a result of a settlement payment received or an agreement for set-off against an existing liability.

These contingencies are evaluated based on Management's best estimates, and are classified as:

- **Probable:** in which liabilities are recognized in the consolidated balance sheet under Provisions;
- **Possible:** which are disclosed in the Consolidated Financial Statements, but no provision is recorded;
- **Remote:** which require neither a provision nor disclosure.

The amount of deposits in guarantee is adjusted in accordance with current legislation.

o) Capital

Common and preferred shares, which for accounting purposes are equivalent to common shares but without voting rights are classified in Stockholders' equity. The additional costs directly attributable to the issue of new shares are included in Stockholders' equity as a deduction from the proceeds, net of taxes.

p) Treasury shares

Common and preferred shares repurchased are recorded in Stockholders' equity under Treasury shares at their average purchase price.

Shares that are subsequently sold, such as those sold to grantees under our share-based payment scheme, are recorded as a reduction in treasury shares, measured at the average price of treasury stock held at that date.

The difference between the sale price and the average price of the treasury shares is recorded as a reduction or increase in Capital Reserves. The cancellation of treasury shares is recorded as a reduction in Treasury shares against Capital Reserves, at the average price of treasury shares at the cancellation date.

q) Dividends and interest on capital

Minimum dividend amounts established in the bylaws are recorded as liabilities at the end of each year. Any other amount above the mandatory minimum dividend is accounted for as a liability when approved by of the Board of Directors.

Interest on capital is treated for accounting purposes as a dividend, and it is presented as a reduction of stockholders' equity in the consolidated financial statements.

[Table of Contents](#)

Dividends have been and continue to be calculated and paid on the basis of the financial statements prepared under Brazilian accounting standards and regulations for financial institutions, not these Consolidated financial statements prepared according to the IFRS.

Dividends and interest on capital are presented in Note 19.

r) Earnings per share

ITAÚ UNIBANCO HOLDING grants stock options whose dilutive effect is reflected in diluted earnings per share, with the application of the “treasury stock method“. Whereby earnings per share are calculated as if all the stock options had been exercised and the proceeds used to purchase shares of ITAÚ UNIBANCO HOLDING.

Earnings per share are presented in Note 25.

s) Segment information

Segment information disclosed is consistent with the internal reports prepared for the Executive Committee which makes the operational decisions ITAÚ UNIBANCO HOLDING.

ITAÚ UNIBANCO HOLDING has three reportable segments: (i) Retail Banking (ii) Wholesale Banking and (iii) Market + Corporation.

Segment information is presented in Note 30.

t) Commissions and Banking Fees

Commissions and Banking Fees is recognized when ITAÚ UNIBANCO HOLDING provides or offers services to customers, in an amount that reflects the consideration ITAÚ UNIBANCO HOLDING expects to collect in exchange for those services. A five-step model is applied to account for revenues: i) identification of the contract with a customer; ii) identification of the performance obligations in the contract; iii) determination of the transaction price; iv) allocation of the transaction price to the performance obligations in the contract; and v) revenue recognition, when performance obligations agreed upon in agreements with clients are met. Incremental costs and costs to fulfill agreements with clients are recognized as an expense as incurred.

The main services provided by ITAÚ UNIBANCO HOLDING are:

- **Credit and debit cards** - refer mainly to fees charged by card issuers and acquirers for processing card transactions; annuities charged for the availability and management of credit card; and the rental of Rede machines.
- **Current account services** - substantially comprised of current account maintenance fees, according to each service package granted to the customer; transfers carried through TED/DOC; withdrawals from demand deposit account and money order.
- **Economic, Financial and Brokerage Advisory** - refer mainly to financial transaction structuring services; placement of securities, and intermediation of operations on stock exchanges.

Service revenues related to credit, debit, current account and economic, financial and brokerage advisory cards are recognized when said services are provided.

- **Funds management** - refers to fees charged for the management and performance of investment funds and consortia administration.
- **Credit operations and financial guarantees provided** - refer mainly to advance depositor fees; asset appraisal service; and commission on guarantees provided.
- **Collection services** - refer to collection and charging services.

Revenue from certain services, such as fees from funds management, collection and custody, are recognized over the life of the respective agreements, as services are provided.

[Table of Contents](#)

Note 3 – Business development

Reduction of non-controlling interest in XP Inc.

On November 26, 2020, ITAÚ UNIBANCO HOLDING disclosed that the Board of Directors approved the partial spin-off of the investment held in XP Inc. (XP INC) to a new company (XPart S.A.).

On December 2 and 17, 2020, ITAÚ UNIBANCO HOLDING sold 4.44% and 0.07%, respectively, of its investments in XP INC, through the public offering on the Nasdaq, giving a result before taxes of R\$ 3,996. Concurrently with the sales, XP INC completed a public offering (follow-on) which resulted in the dilution of the interest held by ITAÚ UNIBANCO HOLDING to 41.00% of capital, giving a result in XP INC primary subscription of R\$ 545.

Additionally, on May 14, 2021, ITAÚ UNIBANCO HOLDING sold 0.48% of its interest in XP INC, generating income before taxes of R\$ 486.

After a favorable opinion of the US Federal Reserve Board, XPart S.A. was constituted on May 31, 2021 by the portion of investment in XP INC plus a cash amount corresponding to R\$ 10, as approved in the Extraordinary Stockholders' Meeting held on January 31, 2021. The percentage of XP INC's capital spun-off to XPart S.A. was 40.52%, which corresponded to XPart S.A. stockholders' equity value of R\$ 9,985 on the base date May 31, 2021.

In General Meetings on October 1, 2021, the merger of XPart S.A. into XP INC. was approved.

In view of the merger and subsequent extinction of XPart S.A. into XP INC, ITAÚ UNIBANCO HOLDING's stockholders that hold an ownership interest in XPart S.A., received in replacement, an ownership interest of XP INC.

After all the events described above, ITAÚ UNIBANCO HOLDING no longer holds an equity interest in XP INC.

Itaú CorpBanca

Itaú CorpBanca (ITAÚ CORPBANCA) is controlled as of April 1st, 2016 by ITAÚ UNIBANCO HOLDING. On the same date, ITAÚ UNIBANCO HOLDING entered into a shareholders' agreement with Corp Group, which sets forth, among others, the right of ITAÚ UNIBANCO HOLDING and Corp Group to appoint members for the Board of Directors of ITAÚ CORPBANCA in accordance to their interests in capital stock, and this group of shareholders have the right to appoint the majority of members of the Board of Directors of ITAÚ CORPBANCA and ITAÚ UNIBANCO HOLDING are entitled to appoint the majority of members elected by this block.

On September 10, 2020, ITAÚ UNIBANCO HOLDING, through its subsidiary ITB Holding Brasil Participações Ltda, indirectly acquired additional ownership interest of 1.08% (5,558,780,153 shares) in the ITAÚ CORPBANCA's capital for the amount of R\$ 229, and now it holds 39.22%.

The effective acquisition and financial settlement occurred on September 14, 2020, after obtaining the regulatory authorizations.

At the Extraordinary Stockholders' Meeting of Itaú CorpBanca held on July 13, 2021, the capital increase of Itaú CorpBanca in the total amount of CLP 830 billion was approved, through the issuance of 461,111,111,111 shares, which were fully subscribed, paid in and settled in October and November 2021, after regulatory approvals. ITAÚ UNIBANCO HOLDING subscribed the total of 350,048,242,004 shares for the amount of CLP 630 billion (approximately R\$ 4,296), then holding 56.60% of the capital of ITAÚ CORPBANCA.

Recovery do Brasil Consultoria S.A.

On December 31, 2015, ITAÚ UNIBANCO HOLDING, through its subsidiary Itaú Unibanco S.A. (ITAÚ UNIBANCO), entered into an agreement for purchase and sale and other covenants with Banco BTG Pactual S.A. (BTG) and with Misben S.A. for acquisition of 89.08% of interest in capital of Recovery do Brasil Consultoria S.A. (RECOVERY), corresponding to total interest of RECOVERY's parties, for the amount of R\$ 735. On July 7, 2016 an additional interest of 6.92% was acquired from International Finance Corporation, for the amount of R\$ 59, then holding 96% of its capital.

[Table of Contents](#)

On May 26, 2020, ITAÚ UNIBANCO HOLDING, through its subsidiary ITAÚ UNIBANCO, acquired from International Finance Corporation an additional interest of 4% for the amount of R\$ 20.7, then holding 100% of capital of RECOVERY.

The effective acquisition and financial settlement occurred on May 28, 2020.

Acquisition of Zup I.T. Serviços em Tecnologia e Inovação S.A.

On October 31, 2019, ITAÚ UNIBANCO HOLDING, through its subsidiary Redecard Instituição de Pagamento S.A. (REDE), entered into a purchase and sale agreement of 100% of the capital of Zup I.T. Serviços em Tecnologia e Inovação S.A. (ZUP). The purchase will be carried out in three phases over four years. In the first phase, ITAÚ UNIBANCO HOLDING acquired 52.96% of ZUP's total voting capital for approximately R\$ 293, then holding the company's control. In the third year, after the operation is closed, ITAÚ UNIBANCO HOLDING will acquire an additional 19.6% interest; in the fourth year, the remaining interest, so as to achieve 100% of ZUP's capital.

Effective acquisitions and financial settlements occurred on March 31, 2020, after obtaining the regulatory authorizations required.

Note 4 - Interbank deposits and securities purchased under agreements to resell

	12/31/2021			12/31/2020		
	Current	Non-current	Total	Current	Non-current	Total
Securities purchased under agreements to resell ⁽¹⁾	168,937	774	169,711	239,848	87	239,935
Collateral held	54,187	774	54,961	63,087	87	63,174
Collateral repledge	103,968	—	103,968	150,591	—	150,591
Assets received as collateral with right to sell or repledge	22,139	—	22,139	20,367	—	20,367
Assets received as collateral without right to sell or repledge	81,829	—	81,829	130,224	—	130,224
Collateral sold	10,782	—	10,782	26,170	—	26,170
Interbank deposits	64,049	5,885	69,934	48,586	7,051	55,637
Voluntary investments with the Central Bank of Brazil	5,800	—	5,800	—	—	—
Total ⁽²⁾	238,786	6,659	245,445	288,434	7,138	295,572

(1) The amounts of R\$ 9,266 (R\$ 11,119 at 12/31/2020) are pledged in guarantee of operations on B3 S.A. - Brasil, Bolsa, Balcão (B3) and Central Bank of Brazil and the amounts of R\$ 114,750 (R\$ 176,760 at 12/31/2020) are pledged in guarantee of repurchase commitment transactions.

(2) Includes losses in the amounts of R\$ (15) (R\$ (56) at 12/31/2020).

[Table of Contents](#)**Note 5 – Financial assets at fair value through profit or loss and designated at fair value through profit or loss—Securities**

a) Financial assets at fair value through profit or loss—Securities are presented in the following table:

	12/31/2021			12/31/2020		
	Cost	Adjustments to Fair Value (in Income)	Fair value	Cost	Adjustments to Fair Value (in Income) ⁽²⁾	Fair value
Investment funds	20,130	9	20,139	15,407	(1,203)	14,204
Brazilian government securities^(1a)	223,529	(1,774)	221,755	284,280	1,605	285,885
Government securities – abroad^(1b)	5,581	(20)	5,561	8,199	11	8,210
Argentina	901	29	930	1,480	18	1,498
Chile	839	(2)	837	839	1	840
Colombia	1,071	(12)	1,059	3,599	4	3,603
United States	2,706	(35)	2,671	2,096	(11)	2,085
Mexico	19	—	19	5	—	5
Paraguay	10	—	10	3	—	3
Peru	8	—	8	4	1	5
Uruguay	27	—	27	40	1	41
Italy	—	—	—	133	(3)	130
Corporate securities^(1a)	116,346	(1,878)	114,468	78,113	(1,081)	77,032
Shares	20,293	(936)	19,357	20,063	(1,016)	19,047
Rural product note	6,752	100	6,852	2,371	(22)	2,349
Bank deposit certificates	150	—	150	729	—	729
Real estate receivables certificates	1,075	(63)	1,012	561	(13)	548
Debentures	66,730	(942)	65,788	30,022	(85)	29,937
Eurobonds and other	5,293	(40)	5,253	2,341	42	2,383
Financial bills	10,128	(17)	10,111	15,784	(1)	15,783
Promissory and commercial notes	4,655	29	4,684	5,588	28	5,616
Other	1,270	(9)	1,261	654	(14)	640
Total	365,586	(3,663)	361,923	385,999	(668)	385,331

(1) Financial assets at fair value through profit or loss – Securities pledged as Guarantee of Funding of Financial Institutions and Customers were: a) R\$ 50,116 (R\$ 12,181 at 12/31/2020), b) R\$ 171 (R\$ 765 at 12/31/2020) and c) R\$ 15,984 (R\$ 8,556 at 12/31/2020), totaling R\$ 66,271 (R\$ 21,502 at 12/31/2020).

(2) In the period, the result of Adjustment to Fair Value of Financial Assets (particularly private securities) had their amounts affected by oscillations of rates and other market variables arising from the impact of the COVID-19 pandemic on the macroeconomic scenario in the period (Note 33a).

[Table of Contents](#)

The cost and fair value per maturity of Financial Assets at Fair Value Through Profit or Loss - Securities were as follows:

	12/31/2021		12/31/2020	
	Cost	Fair value	Cost	Fair value
Current	78,151	77,057	152,413	150,298
Non-stated maturity	33,781	32,853	35,470	33,251
Up to one year	44,370	44,204	116,943	117,047
Non-current	287,435	284,866	233,586	235,033
From one to five years	212,424	211,325	175,530	176,651
From five to ten years	51,434	50,688	37,783	37,600
After ten years	23,577	22,853	20,273	20,782
Total	365,586	361,923	385,999	385,331

Financial Assets at Fair Value Through Profit or Loss - Securities include assets with a fair value of R\$ 197,648 (R\$ 205,820 at 12/31/2020) that belong to investment funds wholly owned by Itaú Vida e Previdência S.A.. The return of those assets (positive or negative) is fully transferred to customers of our PGBL and VGBL private pension plans whose premiums (net of fees) are used by our subsidiary to purchase quotas of those investment funds.

b) Financial assets designated at fair value through profit or loss - Securities are presented in the following table:

	12/31/2021		
	Cost	Adjustments to Fair Value (in Income)	Fair value
Brazilian external debt bonds	3,075	(31)	3,044
Total	3,075	(31)	3,044

	12/31/2020		
	Cost	Adjustments to Fair Value (in Income)	Fair value
Brazilian external debt bonds	3,699	41	3,740
Total	3,699	41	3,740

The cost and fair value by maturity of financial assets designated as fair value through profit or loss - Securities were as follows:

	12/31/2021		12/31/2020	
	Cost	Fair value	Cost	Fair value
Current	1,474	1,458	1,806	1,826
Up to one year	1,474	1,458	1,806	1,826
Non-current	1,601	1,586	1,893	1,914
From one to five years	1,601	1,586	1,893	1,914
Total	3,075	3,044	3,699	3,740

[Table of Contents](#)**Note 6 – Derivatives**

ITAÚ UNIBANCO HOLDING trades in derivative financial instruments with various counterparties to manage its overall exposures and to assist its customers in managing their own exposures.

Futures – Interest rate and foreign currency futures contracts are commitments to buy or sell a financial instrument at a future date, at an agreed price or yield, and may be settled in cash or through delivery. The notional amount represents the face value of the underlying instrument. Commodity futures contracts or financial instruments are commitments to buy or sell commodities (mainly gold, coffee and orange juice) at a future date, at an agreed price, which are settled in cash. The notional amount represents the quantity of such commodities multiplied by the future price on the contract date. Daily cash settlements of price movements are made for all instruments.

Forwards – Interest rate forward contracts are agreements to exchange payments on a specified future date, based on the variation in market interest rates from trade date to contract settlement date. Foreign exchange forward contracts represent agreements to exchange the currency of one country for the currency of another at an agreed price, on an agreed settlement date. Financial instrument forward contracts are commitments to buy or sell a financial instrument on a future date at an agreed price and are settled in cash.

Swaps – Interest rate and foreign exchange swap contracts are commitments to settle in cash on a future date or dates the differentials between specific financial indices (either two different interest rates in a single currency or two different rates each in a different currency), as applied to a notional principal amount. Swap contracts shown under Other in the table below correspond substantially to inflation rate swap contracts.

Options – Option contracts give the purchaser, for a fee, the right, but not the obligation, to buy or sell a financial instrument within a limited time, including a flow of interest, foreign currencies, commodities, or financial instruments at an agreed price that may also be settled in cash, based on the differential between specific indices.

Credit Derivatives – Credit derivatives are financial instruments with value deriving from the credit risk on debt issued by a third party (the reference entity), which permits one party (the buyer of the hedge) to transfer the risk to the counterparty (the seller of the hedge). The seller of the hedge must pay out as provided for in the contract if the reference entity undergoes a credit event, such as bankruptcy, default or debt restructuring. The seller of the hedge receives a premium for the hedge but, on the other hand, assumes the risk that the underlying instrument referenced in the contract undergoes a credit event, and the seller may have to make payment to the purchaser of the hedge for up to the notional amount of the credit derivative.

The total value of margins pledged in guarantee by ITAÚ UNIBANCO HOLDING was R\$ 11,011 (R\$ 18,000 at 12/31/2020) and was basically comprised of government securities.

Further information on internal controls and parameters used to management risks, may be found in Note 32 – Risk and Capital Management.

[Table of Contents](#)

See below the composition of the Derivative financial instruments portfolio (assets and liabilities) by type of instrument, stated fair value and maturity date.

	12/31/2020							Over 720 days
	Fair value (*)	%	0-30	31-90	91-180	181-365	366-720	
Assets								
Swaps – adjustment receivable	46,019	60.2	4,064	515	629	1,808	5,117	33,886
Option agreements	20,418	26.7	10,103	2,325	523	5,935	992	540
Forwards	2,085	2.7	1,323	367	297	93	5	—
Credit derivatives	156	0.2	—	—	8	7	29	112
NDF - Non Deliverable Forward	7,596	9.9	2,088	2,345	1,387	1,255	323	198
Other Derivative Financial Instruments	230	0.3	56	1	6	1	12	154
Total	76,504	100.0	17,634	5,553	2,850	9,099	6,478	34,890
% per maturity date			23.0	7.3	3.7	11.9	8.5	45.6

	12/31/2020							Over 720 days
	Fair value (*)	%	0-30	31-90	91-180	181-365	366-720	
Liabilities								
Swaps – adjustment payable	(51,789)	65.1	(7,344)	(651)	(1,135)	(1,826)	(5,573)	(35,260)
Option agreements	(20,262)	25.5	(6,355)	(1,969)	(543)	(9,869)	(998)	(528)
Forwards	(905)	1.1	(892)	—	(11)	(2)	—	—
Credit derivatives	(76)	0.1	—	—	—	(2)	(9)	(65)
NDF - Non Deliverable Forward	(6,426)	8.1	(2,200)	(1,669)	(1,013)	(972)	(301)	(271)
Other Derivative Financial Instruments	(47)	0.1	—	(1)	(10)	(1)	(14)	(21)
Total	(79,505)	100.0	(16,791)	(4,290)	(2,712)	(12,672)	(6,895)	(36,145)
% per maturity date			21.1	5.4	3.4	15.9	8.7	45.5

(*) In the period, the result of Derivative had its amounts affected by oscillations of rates and other market variables arising from the impact of the COVID-19 pandemic on the macroeconomic scenario in the period (Note 33a).

[Table of Contents](#)

II - Derivatives by index and Risk Factor

	Off-balance sheet notional amount	Balance sheet account receivable / (received) (payable) / paid	Adjustment to fair value (in income / stockholders' equity)	Fair value
	12/31/2021	12/31/2021	12/31/2021	12/31/2021
Future contracts	857,781	—	—	—
Purchase commitments	470,895	—	—	—
Shares	14,627	—	—	—
Commodities	703	—	—	—
Interest	429,862	—	—	—
Foreign currency	25,703	—	—	—
Commitments to sell	386,886	—	—	—
Shares	14,181	—	—	—
Commodities	3,308	—	—	—
Interest	342,575	—	—	—
Foreign currency	26,822	—	—	—
Swap contracts		(1,861)	5,229	3,368
Asset position	1,338,457	13,410	24,604	38,014
Commodities	2	—	—	—
Interest	1,318,082	10,339	23,835	34,174
Foreign currency	20,373	3,071	769	3,840
Liability position	1,338,457	(15,271)	(19,375)	(34,646)
Shares	497	(37)	(3)	(40)
Commodities	130	—	(1)	(1)
Interest	1,309,778	(13,331)	(19,377)	(32,708)
Foreign currency	28,052	(1,903)	6	(1,897)
Option contracts	1,621,736	154	(1,449)	(1,295)
Purchase commitments – long position	145,412	17,981	1,496	19,477
Shares	11,929	521	1,140	1,661
Commodities	471	20	20	40
Interest	63,697	127	98	225
Foreign currency	69,315	17,313	238	17,551
Commitments to sell – long position	668,380	2,433	(658)	1,775
Shares	18,928	878	339	1,217
Commodities	306	9	(3)	6
Interest	582,086	154	(148)	6
Foreign currency	67,060	1,392	(846)	546
Purchase commitments – short position	79,734	(17,595)	(2,781)	(20,376)
Shares	14,045	(348)	(1,185)	(1,533)
Commodities	274	(8)	(1)	(9)
Interest	3,284	(68)	(48)	(116)
Foreign currency	62,131	(17,171)	(1,547)	(18,718)
Commitments to sell – short position	728,210	(2,665)	494	(2,171)
Shares	16,545	(648)	(368)	(1,016)
Commodities	266	(19)	11	(8)
Interest	642,475	(227)	211	(16)
Foreign currency	68,924	(1,771)	640	(1,131)
Forward operations	26,129	2,362	(13)	2,349
Purchases receivable	1,016	1,186	(27)	1,159
Shares	948	948	(27)	921
Interest	68	238	—	238
Purchases payable obligations	—	(68)	—	(68)
Interest	—	(68)	—	(68)
Sales receivable	20,765	1,938	14	1,952
Shares	1,258	1,244	(1)	1,243
Interest	—	694	—	694
Foreign currency	19,507	—	15	15
Sales deliverable obligations	4,348	(694)	—	(694)
Interest	694	(694)	—	(694)
Foreign currency	3,654	—	—	—
Credit derivatives	21,556	(532)	576	44
Asset position	13,414	(271)	513	242
Shares	1,784	(37)	101	64
Commodities	18	—	—	—
Interest	11,612	(234)	412	178
Liability position	8,142	(261)	63	(198)
Shares	1,865	(63)	17	(46)
Interest	6,277	(198)	46	(152)
NDF – Non Deliverable Forward	278,531	239	808	1,047
Asset position	144,123	5,256	687	5,943
Shares	5	—	—	—
Commodities	2,489	478	(1)	477
Foreign currency	141,629	4,778	688	5,466
Liability position	134,408	(5,017)	121	(4,896)
Commodities	1,104	(50)	3	(47)
Foreign currency	133,304	(4,967)	118	(4,849)
Other derivative financial instruments	6,064	25	303	328
Asset position	5,132	164	319	483

Shares	202	—	8	8
Interest	4,869	161	29	190
Foreign currency	61	3	282	285
Liability position	932	(139)	(16)	(155)
Shares	576	(9)	(12)	(21)
Interest	347	(130)	(3)	(133)
Foreign currency	9	—	(1)	(1)
Asset	42,097		26,948	69,045
Liability	(41,710)		(21,494)	(63,204)
Total	387		5,454	5,841

Derivative contracts mature as follows (in days):

<u>Off-balance sheet – notional amount ^(*)</u>	<u>0 - 30</u>	<u>31 - 180</u>	<u>181 - 365</u>	<u>Over 365 days</u>	<u>12/31/2021</u>
Future contracts	370,243	248,922	74,456	164,160	857,781
Swap contracts	131,681	155,022	121,040	930,714	1,338,457
Option contracts	1,230,470	268,254	45,731	77,281	1,621,736
Forwards	3,173	13,402	9,551	3	26,129
Credit derivatives	—	6,602	826	14,128	21,556
NDF - Non Deliverable Forward	77,962	113,359	48,091	39,119	278,531
Other derivative financial instruments	199	739	624	4,502	6,064

(*) Comprises R\$ 289,252 (R\$ 353,672 at 12/31/2020) pegged to Libor.

F-38

[Table of Contents](#)

	Off-balance sheet notional amount 12/31/2020	Balance sheet account receivable / (received) (payable) / paid 12/31/2020	Adjustment to fair value (in income / stockholders' equity) 12/31/2020	Fair value 12/31/2020
Future contracts	781,453	—	—	—
Purchase commitments	338,165	—	—	—
Shares	8,300	—	—	—
Commodities	1,170	—	—	—
Interest	304,454	—	—	—
Foreign currency	24,241	—	—	—
Commitments to sell	443,288	—	—	—
Shares	7,535	—	—	—
Commodities	2,201	—	—	—
Interest	397,157	—	—	—
Foreign currency	36,395	—	—	—
Swap contracts		(6,054)	284	(5,770)
Asset position	1,442,449	16,840	29,179	46,019
Commodities	278	1	—	1
Interest	1,423,134	14,030	27,953	41,983
Foreign currency	19,037	2,809	1,226	4,035
Liability position	1,442,449	(22,894)	(28,895)	(51,789)
Shares	108	(12)	2	(10)
Commodities	341	(9)	—	(9)
Interest	1,425,904	(19,112)	(28,584)	(47,696)
Foreign currency	16,096	(3,761)	(313)	(4,074)
Option contracts	1,738,849	22	134	156
Purchase commitments – long position	131,134	14,538	1,828	16,366
Shares	12,400	345	976	1,321
Commodities	356	14	13	27
Interest	50,771	614	(282)	332
Foreign currency	67,607	13,565	1,121	14,686
Commitments to sell – long position	743,573	2,933	1,119	4,052
Shares	14,659	728	62	790
Commodities	75	2	(1)	1
Interest	659,826	1,087	1,373	2,460
Foreign currency	69,013	1,116	(315)	801
Purchase commitments – short position	129,150	(13,934)	(1,797)	(15,731)
Shares	13,080	(348)	(1,119)	(1,467)
Commodities	899	(28)	(18)	(46)
Interest	55,369	(532)	318	(214)
Foreign currency	59,802	(13,026)	(978)	(14,004)
Commitments to sell – short position	734,992	(3,515)	(1,016)	(4,531)
Shares	13,200	(524)	(156)	(680)
Commodities	246	(10)	6	(4)
Interest	653,376	(978)	(1,317)	(2,295)
Foreign currency	68,170	(2,003)	451	(1,552)
Forward operations	23,989	1,195	(15)	1,180
Purchases receivable	18,666	1,014	(3)	1,011
Shares	304	304	(3)	301
Interest	584	710	—	710
Foreign currency	17,778	—	—	—
Purchases payable obligations	—	(584)	—	(584)
Interest	—	(584)	—	(584)
Sales receivable	1,132	1,073	1	1,074
Shares	770	765	1	766
Interest	—	308	—	308
Foreign currency	362	—	—	—
Sales deliverable obligations	4,191	(308)	(13)	(321)
Interest	308	(308)	—	(308)
Foreign currency	3,883	—	(13)	(13)
Credit derivatives	20,060	(432)	512	80
Asset position	15,877	(270)	426	156
Shares	2,796	(84)	172	88
Commodities	19	—	1	1
Interest	13,062	(186)	253	67
Liability position	4,183	(162)	86	(76)
Shares	1,154	(45)	11	(34)
Commodities	3	—	—	—
Interest	3,026	(117)	75	(42)
NDF – Non Deliverable Forward	313,463	1,214	(44)	1,170
Asset position	156,542	7,467	129	7,596
Commodities	1,715	278	(16)	262
Foreign currency	154,827	7,189	145	7,334
Liability position	156,921	(6,253)	(173)	(6,426)
Commodities	975	(37)	(1)	(38)
Foreign currency	155,946	(6,216)	(172)	(6,388)
Other derivative financial instruments	6,413	181	2	183
Asset position	5,274	196	34	230
Shares	47	(3)	3	—
Interest	5,225	199	(26)	173

Foreign currency	2	—	57	57
Liability position	1,139	(15)	(32)	(47)
Shares	705	(6)	(22)	(28)
Interest	434	(9)	(10)	(19)
Asset	43,791	32,713	76,504	
Liability	(47,665)	(31,840)	(79,505)	
Total	(3,874)	873	(3,001)	

Derivative contracts mature as follows (in days):

<u>Off-balance sheet – notional amount</u>	<u>0 - 30</u>	<u>31 - 180</u>	<u>181 - 365</u>	<u>Over 365 days</u>	<u>12/31/2020</u>
Future contracts	305,076	242,842	108,338	125,197	781,453
Swap contracts	272,932	123,360	118,617	927,540	1,442,449
Option contracts	1,012,965	216,425	250,966	258,493	1,738,849
Forwards	19,013	3,999	972	5	23,989
Credit derivatives	—	8,515	804	10,741	20,060
NDF - Non Deliverable Forward	131,205	124,470	38,006	19,782	313,463
Other derivative financial instruments	15	709	279	5,410	6,413

F-39

[Table of Contents](#)**III - Derivatives by notional amount**

See below the composition of the Derivative Financial Instruments portfolio by type of instrument, stated at their notional amounts, per trading location (organized or over-the-counter market) and counterparties.

	12/31/2021						Other derivative financial instruments
	Future contracts	Swap contracts	Option contracts	Forwards	Credit derivatives	NDF - Non Deliverable Forward	
Stock exchange	857,781	817,629	1,530,730	25,368	7,535	65,035	—
Over-the-counter market	—	520,828	91,006	761	14,021	213,496	6,064
Financial institutions	—	413,651	57,540	761	14,021	76,415	4,861
Companies	—	103,758	32,415	—	—	136,270	1,200
Individuals	—	3,419	1,051	—	—	811	3
Total	857,781	1,338,457	1,621,736	26,129	21,556	278,531	6,064

	12/31/2020						Other derivative financial instruments
	Future contracts	Swap contracts	Option contracts	Forwards	Credit derivatives	NDF - Non Deliverable Forward	
Stock exchange	781,453	835,744	1,617,643	23,097	3,743	67,887	—
Over-the-counter market	—	606,705	121,206	892	16,317	245,576	6,413
Financial institutions	—	531,303	84,865	892	16,317	124,124	5,140
Companies	—	69,337	35,021	—	—	120,476	1,273
Individuals	—	6,065	1,320	—	—	976	—
Total	781,453	1,442,449	1,738,849	23,989	20,060	313,463	6,413

F-40

[Table of Contents](#)

	<u>12/31/2021</u>		
	<u>Notional amount of credit protection sold</u>	<u>Notional amount of credit protection purchased with identical underlying amount</u>	<u>Net position</u>
CDS	(9,837)	6,109	(3,728)
TRS	(5,610)	—	(5,610)
Total	(15,447)	6,109	(9,338)
	<u>12/31/2020</u>		
	<u>Notional amount of credit protection sold</u>	<u>Notional amount of credit protection purchased with identical underlying amount</u>	<u>Net position</u>
CDS	(8,501)	3,705	(4,796)
TRS	(7,854)	—	(7,854)
Total	(16,355)	3,705	(12,650)

F-42

[Table of Contents](#)**V - Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements**

The following tables set forth the financial assets and liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements, as well as how these financial assets and liabilities have been presented in ITAÚ UNIBANCO HOLDING's consolidated financial statements. These tables also reflect the amounts of collateral pledged or received in relation to financial assets and liabilities subject to enforceable arrangements that have not been presented on a net basis in accordance with IAS 32.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	12/31/2021					
	Gross amount of recognized financial assets ⁽¹⁾	Gross amount offset in the Balance Sheet	Net amount of financial assets presented in the Balance Sheet	Related amounts not offset in the Balance Sheet ⁽²⁾		Total
				Financial instruments ⁽³⁾	Cash collateral received	
Securities purchased under agreements to resell	169,711	—	169,711	(3,649)	—	166,062
Derivatives financial instruments	69,045	—	69,045	(14,517)	(217)	54,311

	12/31/2020					
	Gross amount of recognized financial assets ⁽¹⁾	Gross amount offset in the Balance Sheet	Net amount of financial assets presented in the Balance Sheet	Related amounts not offset in the Balance Sheet ⁽²⁾		Total
				Financial instruments ⁽³⁾	Cash collateral received	
Securities purchased under agreements to resell	239,935	—	239,935	(1,657)	—	238,278
Derivatives financial instruments	76,504	—	76,504	(15,621)	—	60,883

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	12/31/2021					
	Gross amount of recognized financial liabilities ⁽¹⁾	Gross amount offset in the Balance Sheet	Net amount of financial liabilities presented in the Balance Sheet	Related amounts not offset in the Balance Sheet ⁽²⁾		Total
				Financial instruments ⁽³⁾	Cash collateral pledged	
Securities sold under repurchase agreements	252,848	—	252,848	(39,317)	—	213,531
Derivatives financial instruments	63,204	—	63,204	(14,517)	—	48,687

	12/31/2020					
	Gross amount of recognized financial liabilities ⁽¹⁾	Gross amount offset in the Balance Sheet	Net amount of financial liabilities presented in the Balance Sheet	Related amounts not offset in the Balance Sheet ⁽²⁾		Total
				Financial instruments ⁽³⁾	Cash collateral pledged	
Securities sold under repurchase agreements	273,364	—	273,364	(42,161)	—	231,203
Derivatives financial instruments	79,505	—	79,505	(15,621)	(574)	63,310

(1) Includes amounts of master offset agreements and other such agreements, both enforceable and unenforceable.

(2) Limited to amounts subject to enforceable master offset agreements and other such agreements.

(3) Includes amounts subject to enforceable master offset agreements and other such agreements, and guarantees in financial instruments.

Financial assets and financial liabilities are offset in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Derivatives financial instruments and repurchased agreements not set off in the balance sheet relate to transactions in which there are enforceable master netting agreements or similar agreements, but the offset criteria have not been met in accordance with paragraph 42 of IAS 32 mainly because ITAÚ UNIBANCO HOLDING has no intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

[Table of Contents](#)

Note 7 – Hedge accounting

There are three types of hedge relations: Fair value hedge, Cash flow hedge and Hedge of net investment in foreign operations.

In hedge accounting, the groups of risk factors measured by ITAÚ UNIBANCO HOLDING are:

- Interest Rate: Risk of loss in transactions subject to interest rate variations;
- Currency: Risk of loss in transactions subject to foreign exchange variation.

The structure of risk limits is extended to the risk factor level, where specific limits aim at improving the monitoring and understanding process, as well as avoiding concentration of these risks.

The structures designed for interest rate and exchange rate categories take into account total risk when there are compatible hedging instruments. In certain cases, management may decide to hedge a risk for the risk factor term and limit of the hedging instrument.

The other risk factors hedged by the institution are shown in Note 32.

To protect cash flows and fair value of instruments designated as hedged items, ITAÚ UNIBANCO HOLDING uses derivative financial instruments and financial assets. Currently, Futures Contracts, Options, NDF (non deliverable forwards), Forwards, Swaps and Financial Assets are used.

ITAÚ UNIBANCO HOLDING manages risks through the economic relationship between hedging instruments and hedged items, where the expectation is that these instruments will move in opposite directions and in the same proportion, with the purpose of neutralizing risk factors.

The designated coverage ratio is always 100% of the risk factor eligible for coverage. Sources of ineffectiveness are in general related to the counterparty's credit risk and possible mismatches of terms between the hedging instrument and the hedged item.

a) Cash flow hedge

The cash flow hedge strategies of ITAÚ UNIBANCO HOLDING consist of hedging exposure to variations in cash flows, in interest payment and currency exposure which are attributable to changes in interest rates on recognized and unrecognized assets and liabilities.

ITAÚ UNIBANCO HOLDING applies cash flow hedge strategies as follows:

Interest rate risks:

- Hedge of time deposits and repurchase agreements: to hedge fluctuations in cash flows of interest payments resulting from changes in the DI interest rate, through futures contracts;
- Hedge of asset transactions: to hedge fluctuations in cash flows of interest receipts resulting from changes in the DI rate, through futures contracts;
- Hedge of assets denominated in UF*: to hedge fluctuations in cash flows of interest receipts resulting from changes in the UF*, through swap contracts;
- Hedge of Funding: to hedge fluctuations in cash flows of interest payments resulting from changes in the TPM* rate, through swap contracts;
- Hedge of loan operations: to hedge fluctuations in cash flows of interest receipts resulting from changes in the TPM* rate, through swap contracts;
- Hedge of repurchase agreements: to hedge fluctuations in cash flows of interest received from changes in Selic (benchmark interest rate), through futures contracts;
- Hedging of expected highly probable transactions: to hedge the risk of variation in the amount of the commitments assumed when resulting from variation in the exchange rates.

*UF– Chilean unit of account / TPM – Monetary policy rate

ITAÚ UNIBANCO HOLDING does not use the qualitative method to evaluate the effectiveness or to measure the ineffectiveness of these strategies.

For cash flow hedge strategies, ITAÚ UNIBANCO HOLDING uses the hypothetical derivative method. This method is based on a comparison of the change in the fair value of a hypothetical derivative with terms identical to the critical terms of the variable-rate liability, and this change in the fair value is considered a proxy of the present value of the cumulative change in the future cash flow expected for the hedged liability.

[Table of Contents](#)

		12/31/2021					
		Hedged item			Hedge instrument		
Strategies	Heading	Book Value		Variation in value recognized in Other comprehensive income	Cash flow hedge reserve	Notional Amount	Variation in fair value used to calculate hedge ineffectiveness
		Assets	Liabilities				
Interest rate risk							
Hedge of deposits and repurchase agreements	Securities purchased under agreements to resell	—	39,142	1,065	1,065	39,136	1,072
Hedge of assets transactions	Loans and lease operations and Securities	8,621	—	(409)	(409)	8,213	(409)
Hedge of asset-backed securities under repurchase agreements	Securities purchased under agreements to resell	40,526	—	(1,686)	(1,686)	39,962	(1,698)
Hedge of loan operations	Loans and lease operations	131	—	—	—	131	1
Hedge of funding	Deposits	—	5,749	30	30	5,779	30
Hedge of assets denominated in UF	Securities	14,558	—	(127)	(127)	14,683	(127)
Foreign exchange risk							
Hedge of highly probable forecast transactions		3,508	—	185	740	3,508	185
Total		67,344	44,891	(942)	(387)	111,412	(946)
		12/31/2020					
		Hedged item			Hedge instrument		
Strategies	Heading	Book Value		Variation in value recognized in Other comprehensive income	Cash flow hedge reserve	Notional Amount	Variation in fair value used to calculate hedge ineffectiveness
		Assets	Liabilities				
Interest rate risk							
Hedge of deposits and repurchase agreements	Securities purchased under agreements to resell	—	103,407	(2,423)	(2,458)	103,407	(2,429)
Hedge of assets transactions	Loans and lease operations and Securities	5,673	—	66	66	5,743	66
Hedge of asset-backed securities under repurchase agreements	Securities purchased under agreements to resell	29,533	—	697	697	31,417	699
Hedge of loan operations	Loans and lease operations	327	—	12	12	316	15
Hedge of funding	Deposits	—	2,007	(10)	(10)	1,996	(11)
Hedge of assets denominated in UF	Securities	16,674	—	(4)	(4)	16,677	(1)
Foreign exchange risk							
Hedge of highly probable forecast transactions		1,314	—	(105)	148	1,314	(105)
Total		53,521	105,414	(1,767)	(1,549)	160,870	(1,766)

For strategies of deposits and repurchase agreements to resell, asset transactions and asset-backed securities under repurchase agreements, the entity frequently reestablishes the coverage ratio, since both the hedged item and the instruments change over time. This occurs because they are portfolio strategies that reflect the risk management strategy guidelines approved in the proper authority level.

The remaining balance in the reserve of cash flow hedge for which the hedge accounting is no longer applied is R\$ 555 (R\$ 218 at 12/31/2020).

Hedge Instruments	12/31/2021						
	Notional amount	Book Value ^(*)		Variations in fair value used to calculate hedge ineffectiveness	Variation in value recognized in Other comprehensive income	Hedge ineffectiveness recognized in income	Amount reclassified from Cash flow hedge reserve to income
		Assets	Liabilities				
Interest rate risk							
Futures	87,311	144	—	(1,035)	(1,030)	(5)	(13)
Swap	20,593	5,749	14,688	(96)	(97)	1	—
Foreign exchange risk							
Futures	3,508	—	3,665	185	185	—	—
Total	111,412	5,893	18,353	(946)	(942)	(4)	(13)

Hedge Instruments	12/31/2020						
	Notional amount	Book Value ^(*)		Variations in fair value used to calculate hedge ineffectiveness	Variation in value recognized in Other comprehensive income	Hedge ineffectiveness recognized in income	Amount reclassified from Cash flow hedge reserve to income
		Assets	Liabilities				
Interest rate risk							
Futures	140,567	146	—	(1,664)	(1,660)	(4)	(381)
Swap	18,989	2,007	17,006	3	(2)	5	—
Foreign exchange risk							
Futures	1,314	5	298	(105)	(105)	—	—
Total	160,870	2,158	17,304	(1,766)	(1,767)	1	(381)

(*) Amounts recorded under heading Derivatives.

[Table of Contents](#)**b) Hedge of net investment in foreign operations**

ITAÚ UNIBANCO HOLDING's strategies for net investments in foreign operations consist of hedging the exposure in the functional currency of the foreign operation against the functional currency of head office.

The risk hedged in this type of strategy is the currency risk.

ITAÚ UNIBANCO HOLDING does not use the qualitative method to evaluate the effectiveness or to measure the ineffectiveness of these strategies.

Instead, ITAÚ UNIBANCO HOLDING uses the Dollar Offset Method, which is based on a comparison of the change in fair value (cash flow) of the hedging instrument, attributable to changes in the exchange rate and the gain (loss) arising from variations in exchange rates on the amount of investment abroad designated as the object of the hedge.

Strategies	12/31/2021					
	Hedged item			Hedge instrument		
	Book Value ⁽²⁾		Variation in value recognized in Other comprehensive income	Foreign currency conversion reserve	Notional amount	Variation in fair value used to calculate hedge ineffectiveness
Assets	Liabilities					
Foreign exchange risk						
Hedge of net investment in foreign operations ⁽¹⁾	9,646	—	(14,701)	(14,701)	13,888	(14,688)
Total	9,646	—	(14,701)	(14,701)	13,888	(14,688)

Strategies	12/31/2020					
	Hedged item			Hedge instrument		
	Book Value ⁽²⁾		Variation in value recognized in Other comprehensive income	Foreign currency conversion reserve	Notional amount	Variation in fair value used to calculate hedge ineffectiveness
Assets	Liabilities					
Foreign exchange risk						
Hedge of net investment in foreign operations ⁽¹⁾	15,277	—	(14,598)	(14,598)	24,619	(14,601)
Total	15,277	—	(14,598)	(14,598)	24,619	(14,601)

(1) Hedge instruments consider the gross tax position.

(2) Amounts recorded under heading Derivatives.

In the period, the amount of R\$ 11,752 was reversed from the hedge relationship, which remaining balance in the Foreign currency conversion reserve (Stockholders' equity) is R\$ (6,238), with no effect on the result as foreign investments were maintained.

Hedge instruments	12/31/2021						
	Notional amount	Book Value ^(*)		Variations in fair value used to calculate hedge ineffectiveness	Variation in the value recognized in Other comprehensive income	Hedge ineffectiveness recognized in income	Amount reclassified from foreign currency conversion reserve into income
		Assets	Liabilities				
Foreign exchange risk							
Futures	2,126	286	—	(3,252)	(3,241)	(11)	—
Futures / NDF - Non Deliverable	6,000	208	—	(3,502)	(3,529)	27	—
Futures / Financial Assets	5,762	6,566	3,653	(7,934)	(7,931)	(3)	—
Total	13,888	7,060	3,653	(14,688)	(14,701)	13	—

Hedge instruments	12/31/2021						
	Notional amount	Book Value ^(*)		Variations in fair value used to calculate hedge ineffectiveness	Variation in the value recognized in Other comprehensive income	Hedge ineffectiveness recognized in income	Amount reclassified from foreign currency conversion reserve into income
		Assets	Liabilities				
Foreign exchange risk							
Futures	5,052	—	31	(3,844)	(3,836)	(8)	—
Futures / NDF - Non Deliverable	15,196	445	—	(8,006)	(7,993)	(13)	—
Futures / Financial Assets	4,371	4,556	2,762	(2,751)	(2,769)	18	—
Total	24,619	5,001	2,793	(14,601)	(14,598)	(3)	—

(*) Amounts recorded under heading Derivatives.

[Table of Contents](#)

<u>Hedge Instruments</u>	<u>12/31/2021</u>				
	<u>Notional amount</u>	<u>Book value ⁽¹⁾</u>		<u>Variation in fair value used to calculate hedge ineffectiveness</u>	<u>Hedge ineffectiveness recognized in income</u>
		<u>Assets</u>	<u>Liabilities</u>		
Interest rate risk					
Swap	23,161	2	5,428	(210)	(4)
Total	23,161	2	5,428	(210)	(4)
	<u>12/31/2020</u>				
<u>Hedge Instruments</u>	<u>Notional amount</u>	<u>Book value ⁽¹⁾</u>		<u>Variation in fair value used to calculate hedge ineffectiveness</u>	<u>Hedge ineffectiveness recognized in income</u>
		<u>Assets</u>	<u>Liabilities</u>		
Interest rate risk					
Swap	29,788	2,871	5,812	741	(19)
Total	29,788	2,871	5,812	741	(19)

(1) Amounts recorded under heading Derivatives.

[Table of Contents](#)

The table below presents, for each strategy, the notional amount and the fair value adjustments of hedge instruments and the book value of the hedged item:

Strategies	12/31/2021			12/31/2020		
	Hedge instruments		Hedged item	Hedge instruments		Hedged item
	Notional amount	Fair value adjustments	Book Value	Notional amount	Fair value adjustments	Book Value
Hedge of deposits and repurchase agreements	39,136	86	39,142	103,407	158	103,407
Hedge of highly probable forecast transactions	3,508	185	3,508	1,314	(105)	1,314
Hedge of net investment in foreign operations	13,888	3,407	9,646	24,619	2,208	15,277
Hedge of loan operations (Fair value)	8,890	(28)	8,890	9,205	(423)	9,205
Hedge of loan operations (Cash flow)	131	1	131	316	15	327
Hedge of funding (Fair value)	11,051	(388)	11,051	10,200	1,390	10,200
Hedge of funding (Cash flow)	5,779	30	5,749	1,996	(11)	2,007
Hedge of assets transactions	8,213	(409)	8,621	5,743	66	5,673
Hedge of asset-backed securities under repurchase agreements	39,962	50	40,526	31,417	(11)	29,533
Hedge of assets denominated in UF	14,683	(127)	14,558	16,677	(1)	16,674
Hedge of securities at fair value through other comprehensive income	3,220	206	3,187	10,383	(226)	10,192
Total		3,013			3,060	

The table below shows the breakdown by maturity of the hedging strategies:

	12/31/2021							Total
	0-1 ano	1-2 anos	2-3 anos	3-4 anos	4-5 anos	5-10 anos	Acima de 10 anos	
Hedge of deposits and repurchase agreements	1,284	9,453	14,221	7,313	5,332	1,533	—	39,136
Hedge of highly probable forecast transactions	3,508	—	—	—	—	—	—	3,508
Hedge of net investment in foreign operations (*)	13,888	—	—	—	—	—	—	13,888
Hedge of loan operations (Fair value)	3,377	1,522	797	838	809	1,547	—	8,890
Hedge of loan operations (Cash flow)	131	—	—	—	—	—	—	131
Hedge of funding (Fair value)	1,206	1,072	302	273	2,920	3,916	1,362	11,051
Hedge of funding (Cash flow)	2,147	3,632	—	—	—	—	—	5,779
Hedge of assets transactions	2,198	—	6,015	—	—	—	—	8,213
Hedge of asset-backed securities under repurchase agreements	2,322	14,963	8,976	13,098	—	603	—	39,962
Hedge of assets denominated in UF	10,148	4,535	—	—	—	—	—	14,683
Hedge of securities at fair value through other comprehensive income	—	453	56	1,692	26	993	—	3,220
Total	40,209	35,630	30,367	23,214	9,087	8,592	1,362	148,461

	12/31/2020							Total
	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	over 10 years	
Hedge of deposits and repurchase agreements	70,200	9,077	13,059	5,504	4,848	719	—	103,407
Hedge of highly probable forecast transactions	1,314	—	—	—	—	—	—	1,314
Hedge of net investment in foreign operations (*)	24,619	—	—	—	—	—	—	24,619
Hedge of loan operations (Fair value)	2,999	1,793	1,297	447	898	1,771	—	9,205
Hedge of loan operations (Cash flow)	212	104	—	—	—	—	—	316
Hedge of funding (Fair value)	213	657	549	176	581	5,448	2,576	10,200
Hedge of funding (Cash flow)	1,765	27	204	—	—	—	—	1,996
Hedge of assets transactions	3,604	2,139	—	—	—	—	—	5,743
Hedge of asset-backed securities under repurchase agreements	22,186	2,297	6,130	—	804	—	—	31,417
Hedge of assets denominated in UF	15,400	1,277	—	—	—	—	—	16,677
Hedge of securities at fair value through other comprehensive income	5,876	1,382	10	—	719	2,396	—	10,383
Total	148,388	18,753	21,249	6,127	7,850	10,334	2,576	215,277

(*) Classified as current, since instruments are frequently renewed.

[Table of Contents](#)**Note 8 – Financial assets at fair value through other comprehensive income - Securities**

The fair value and corresponding gross carrying amount of Financial Assets at Fair Value Through Other Comprehensive Income - Securities assets are as follows:

	12/31/2021				12/31/2020			
	Gross carrying amount	Fair value adjustments (in stockholders' equity)	Expected loss	Fair value	Gross carrying amount	Fair value adjustments (in stockholders' equity) ⁽²⁾	Expected loss	Fair value
Brazilian government securities^(1a)	71,298	(1,656)	—	69,642	65,235	2,714	—	67,949
Other government securities	36	—	(36)	—	36	—	(36)	—
Government securities – abroad^(1b)	30,507	(313)	—	30,194	34,365	38	(1)	34,402
Argentina	409	(4)	—	405	—	—	—	—
Colombia	1,942	(95)	—	1,847	3,913	73	—	3,986
Chile	19,885	(151)	—	19,734	21,639	12	—	21,651
United States	4,520	(2)	—	4,518	3,751	(1)	—	3,750
Mexico	1,028	(6)	—	1,022	1,180	1	—	1,181
Paraguay	1,516	(57)	—	1,459	3,008	(60)	(1)	2,947
Uruguay	1,207	2	—	1,209	874	13	—	887
Corporate securities^(1a)	6,714	(880)	(48)	5,786	7,799	(152)	(56)	7,591
Shares	1,629	(886)	—	743	1,640	(258)	—	1,382
Bank deposit certificates	132	(1)	—	131	305	2	—	307
Debentures	392	3	(44)	351	956	(23)	(44)	889
Eurobonds and other	4,498	1	(1)	4,498	4,895	127	(9)	5,013
Financial bills	6	—	—	6	—	—	—	—
Other	57	3	(3)	57	3	—	(3)	—
Total	108,555	(2,849)	(84)	105,622	107,435	2,600	(93)	109,942

(1) Financial assets at fair value through other comprehensive income - Securities pledged in guarantee of funding transactions of financial institutions and customers were: a) R\$ 43,500 (R\$ 35,203 at 12/31/2020), b) R\$ 2,385 (R\$ 2,398 at 12/31/2020) and c) R\$ 778 (R\$ 518 at 12/31/2020), totaling R\$ 40,723 (R\$ 38,119 at 12/31/2020).

(2) In the period, the result of Adjustment to Fair Value of Financial Assets (particularly private securities) had their amounts affected by oscillations of rates and other market variables arising from the impact of the COVID-19 pandemic on the macroeconomic scenario in the period (Note 33a).

The gross carrying amount and the fair value of financial assets through other comprehensive income - securities by maturity are as follows:

	12/31/2021		12/31/2020	
	Gross carrying amount	Fair value	Gross carrying amount	Fair value
Current	27,398	26,428	33,094	32,872
Non-stated maturity	1,629	743	1,640	1,382
Up to one year	25,769	25,685	31,454	31,490
Non-current	81,157	79,194	74,341	77,070
From one to five years	64,034	63,256	52,825	54,452
From five to ten years	12,017	11,557	14,084	14,852
After ten years	5,106	4,381	7,432	7,766
Total	108,555	105,622	107,435	109,942

Equity instruments at fair value through other comprehensive income - securities are presented in the table below:

	12/31/2021			
	Gross carrying amount	Adjustments to fair value (in Stockholders' equity)	Expected loss	Fair Value
Shares	1,629	(886)	—	743
Total	1,629	(886)	—	743

	12/31/2020			
	<u>Gross carrying amount</u>	<u>Adjustments to fair value (in Stockholders' equity)</u>	<u>Expected loss</u>	<u>Fair Value</u>
Shares	1,640	(258)	—	1,382
Total	<u>1,640</u>	<u>(258)</u>	<u>—</u>	<u>1,382</u>

In the period there was no receipt of dividends and there was no reclassification within Stockholders' Equity.

ITAÚ UNIBANCO HOLDING adopted the option of designating equity instruments at fair value through other comprehensive income due to the particularities of a certain market.

	12/31/2021		12/31/2020	
	<u>Gross carrying amount</u>	<u>Fair Value</u>	<u>Gross carrying amount</u>	<u>Fair Value</u>
Current	1,629	743	1,640	1,382
Non-stated maturity	1,629	743	1,640	1,382

F-50

[Table of Contents](#)

Reconciliation of expected loss for Other financial assets, segregated by stages:

Stage 1	Expected loss 12/31/2020	Gains / (Losses)	Purchases	Settlements	Transfer to stage 2	Transfer to stage 3	Cure from stage 2	Cure from stage 3	Expected loss 12/31/2021
Financial assets at fair value through other comprehensive income	(93)	3	(2)	8	—	—	—	—	(84)
Brazilian government securities	(36)	—	—	—	—	—	—	—	(36)
Other	(36)	—	—	—	—	—	—	—	(36)
Government securities - abroad	(1)	1	—	—	—	—	—	—	—
Corporate securities	(56)	2	(2)	8	—	—	—	—	(48)
Debentures	(44)	—	—	—	—	—	—	—	(44)
Eurobonds and other	(9)	2	(2)	8	—	—	—	—	(1)
Other	(3)	—	—	—	—	—	—	—	(3)

Stage 1	Expected loss 12/31/2019	Gains / (Losses)	Purchases	Settlements	Transfer to stage 2	Transfer to stage 3	Cure from stage 2	Cure from stage 3	Expected loss 12/31/2020
Financial assets at fair value through other comprehensive income	(86)	(8)	(17)	18	—	—	—	—	(93)
Brazilian government securities	(36)	—	—	—	—	—	—	—	(36)
Other	(36)	—	—	—	—	—	—	—	(36)
Government securities - abroad	(3)	2	(1)	1	—	—	—	—	(1)
Corporate securities	(47)	(10)	(16)	17	—	—	—	—	(56)
Debentures	(43)	—	(1)	—	—	—	—	—	(44)
Eurobonds and other	(1)	(10)	(15)	17	—	—	—	—	(9)
Other	(3)	—	—	—	—	—	—	—	(3)

Note 9 - Financial assets at amortized cost - Securities

The Financial assets at amortized cost - Securities are as follows:

	12/31/2021			12/31/2020		
	Amortized Cost	Expected Loss	Net Amortized Cost	Amortized Cost	Expected Loss	Net Amortized Cost
Brazilian government securities ^(1a)	68,045	(37)	68,008	64,568	(44)	64,524
Government securities – abroad	24,888	(7)	24,881	19,095	(14)	19,081
Colombia	925	(1)	924	500	—	500
Chile	828	—	828	705	(1)	704
Korea	5,604	—	5,604	3,951	(4)	3,947
Spain	6,132	(1)	6,131	4,847	(3)	4,844
Mexico	11,377	(5)	11,372	9,042	(6)	9,036
Uruguay	22	—	22	50	—	50
Corporate securities ^(1b)	54,813	(1,904)	52,909	46,141	(3,007)	43,134
Rural product note	5,906	(14)	5,892	3,499	(25)	3,474
Bank deposit certificates	110	(1)	109	30	—	30
Real estate receivables certificates	3,988	(1)	3,987	4,806	(12)	4,794
Debentures	39,403	(1,883)	37,520	34,849	(2,952)	31,897
Eurobonds and other	457	(2)	455	209	(1)	208
Financial bills	51	—	51	—	—	—
Promissory and commercial notes	4,219	(2)	4,217	2,023	(10)	2,013
Other	679	(1)	678	725	(7)	718
Total	147,746	(1,948)	145,798	129,804	(3,065)	126,739

(1) *Financial Assets at Amortized Cost – Securities Pledged as Collateral of Funding Transactions of Financial Institutions and Customers were: a) R\$ 12,570 (R\$ 13,786 at 12/31/2020); and b) R\$ 11,358 (R\$ 14,364 at 12/31/2020), totaling R\$ 23,928 (R\$ 28,150 at 12/31/2020).*

The amortized cost of Financial assets at amortized cost - Securities by maturity is as follows:

	12/31/2021		12/31/2020	
	Amortized Cost	Net Amortized Cost	Amortized Cost	Net Amortized Cost
Current	45,353	45,169	38,285	37,672
Up to one year	45,353	45,169	38,285	37,672
Non-current	102,393	100,629	91,519	89,067
From one to five years	70,924	69,965	56,447	55,070
From five to ten years	26,404	25,600	24,434	23,697
After ten years	5,065	5,064	10,638	10,300
Total	147,746	145,798	129,804	126,739

[Table of Contents](#)

Reconciliation of expected loss to financial assets at amortized cost - securities, segregated by stages:

Stage 1	Expected loss 12/31/2020	Gains / (Losses)	Purchases	Settlements	Transfer to Stage 2	Transfer to Stage 3	Cure from Stage 2	Cure from Stage 3	Expected loss 12/31/2021
Financial assets at amortized cost	(185)	188	(147)	70	—	—	—	—	(74)
Brazilian government securities	(44)	7	—	—	—	—	—	—	(37)
Government securities - abroad	(14)	37	(36)	6	—	—	—	—	(7)
Chile	(1)	1	—	—	—	—	—	—	—
Colombia	—	4	(6)	1	—	—	—	—	(1)
Korea	(4)	7	(3)	—	—	—	—	—	—
Spain	(3)	6	(5)	1	—	—	—	—	(1)
Mexico	(6)	19	(22)	4	—	—	—	—	(5)
Corporate securities	(127)	144	(111)	64	—	—	—	—	(30)
Rural product note	(23)	39	(24)	3	—	—	—	—	(5)
Bank deposit certificate	—	1	(10)	8	—	—	—	—	(1)
Real estate receivables certificates	(8)	6	—	1	—	—	—	—	(1)
Debentures	(78)	74	(52)	38	—	—	—	—	(18)
Eurobonds and other	(1)	8	(20)	11	—	—	—	—	(2)
Promissory and commercial notes	(10)	10	(5)	3	—	—	—	—	(2)
Other	(7)	6	—	—	—	—	—	—	(1)
Stage 2	Expected loss 12/31/2020	Gains / (Losses)	Purchases	Settlements	Cure to Stage 1	Transfer to Stage 3	Transfer from Stage 1	Cure from Stage 3	Expected loss 12/31/2021
Financial assets at amortized cost	(53)	19	(20)	16	—	—	—	—	(38)
Corporate securities	(53)	19	(20)	16	—	—	—	—	(38)
Rural product note	(2)	2	—	—	—	—	—	—	—
Real estate receivables certificates	(4)	—	—	4	—	—	—	—	—
Debentures	(47)	17	(20)	12	—	—	—	—	(38)
Stage 3	Expected loss 12/31/2020	Gains / (Losses)	Purchases	Settlements	Cure to Stage 1	Cure to Stage 2	Transfer from Stage 1	Transfer from Stage 2	Expected loss 12/31/2021
Financial assets at amortized cost	(2,827)	610	(51)	432	—	—	—	—	(1,836)
Corporate securities	(2,827)	610	(51)	432	—	—	—	—	(1,836)
Rural product note	—	6	(15)	—	—	—	—	—	(9)
Debentures	(2,827)	604	(36)	432	—	—	—	—	(1,827)
Stage 1	Expected loss 12/31/2020	Gains / (Losses)	Purchases	Settlements	Transfer to Stage 2	Transfer to Stage 3	Cure from Stage 2	Cure from Stage 3	Expected loss 12/31/2020
Financial assets at amortized cost	(198)	(113)	(172)	311	21	—	—	(34)	(185)
Brazilian government securities	(52)	8	—	—	—	—	—	—	(44)
Government securities - abroad	—	8	(34)	12	—	—	—	—	(14)
Chile	—	(1)	—	—	—	—	—	—	(1)
Colombia	—	—	(2)	2	—	—	—	—	—
Korea	—	7	(14)	3	—	—	—	—	(4)
Spain	—	—	(3)	—	—	—	—	—	(3)
Mexico	—	2	(15)	7	—	—	—	—	(6)
Corporate securities	(146)	(129)	(138)	299	21	—	—	(34)	(127)
Rural product note	(9)	15	(44)	15	—	—	—	—	(23)
Real estate receivables certificates	(2)	(10)	(9)	13	—	—	—	—	(8)
Debentures	(131)	(124)	(60)	250	21	—	—	(34)	(78)
Eurobonds and other	(1)	(6)	(2)	8	—	—	—	—	(1)
Promissory and commercial notes	(3)	(7)	(10)	10	—	—	—	—	(10)
Other	—	3	(13)	3	—	—	—	—	(7)
Stage 2	Expected loss 12/31/2019	Gains / (Losses)	Purchases	Settlements	Cure to Stage 1	Transfer to Stage 3	Transfer from Stage 1	Cure from Stage 3	Expected loss 12/31/2020
Financial assets at amortized cost	(58)	(9)	(67)	61	—	54	(21)	(13)	(53)
Corporate securities	(58)	(9)	(67)	61	—	54	(21)	(13)	(53)
Rural product note	(5)	(3)	—	5	—	1	—	—	(2)
Real estate receivables certificates	—	(4)	—	—	—	—	—	—	(4)
Debentures	(53)	(1)	(67)	55	—	53	(21)	(13)	(47)
Eurobonds and other	—	(1)	—	1	—	—	—	—	—
Stage 3	Expected loss 12/31/2019	Gains / (Losses)	Purchases	Settlements	Cure to Stage 1	Cure to Stage 2	Transfer from Stage 1	Transfer from Stage 2	Expected loss 12/31/2020
Financial assets at amortized cost	(2,397)	(1,278)	(238)	1,093	34	13	—	(54)	(2,827)
Corporate securities	(2,397)	(1,278)	(238)	1,093	34	13	—	(54)	(2,827)
Rural product note	(33)	(7)	(1)	42	—	—	—	(1)	—
Debentures	(2,348)	(1,287)	(207)	1,021	34	13	—	(53)	(2,827)
Other	(16)	16	(30)	30	—	—	—	—	—

[Table of Contents](#)

Note 10 - Loan and lease operations

a) Composition of loans and lease operations portfolio

Below is the composition of the carrying amount of loan operations and lease operations by type, sector of debtor, maturity and concentration:

<u>Loans and lease operations by type</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Individuals	332,536	255,483
Credit card	112,809	87,073
Personal loan	42,235	35,346
Payroll loans	63,416	55,508
Vehicles	29,621	23,290
Mortgage loans	84,455	54,266
Corporate	135,034	134,521
Micro / small and medium companies	149,970	121,955
Foreign loans - Latin America	205,050	202,145
Total loans and lease operations	822,590	714,104
Provision for Expected Loss ⁽¹⁾	(44,316)	(48,322)
Total loans and lease operations, net of Expected Credit Loss	778,274	665,782

(1) Comprises Expected Credit Loss for Financial Guarantees Pledged R\$ (767) (R\$ (907) at 12/31/2020) and Loan commitments R\$ (4,433) (R\$ (3,485) at 12/31/2020).

<u>By maturity</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Overdue as from 1 day	20,960	18,683
Falling due up to 3 months	211,329	172,497
Falling due from 3 months to 12 months	205,119	181,033
Falling due after 1 year	385,182	341,891
Total loans and lease operations	822,590	714,104

<u>By concentration</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Largest debtor	6,414	7,243
10 largest debtors	33,694	37,863
20 largest debtors	49,541	54,812
50 largest debtors	79,403	83,438
100 largest debtors	111,116	112,333

The breakdown of the loans and lease operations portfolio by debtor's industry is described in Note 32, item 1.4.1 - By business sector.

[Table of Contents](#)**b) Gross Carrying Amount (Loan Portfolio)**

Reconciliation of gross portfolio of loans and lease operations, segregated by stages:

	Balance at 12/31/2020	Transfer to Stage 2	Transfer to Stage 3 ⁽¹⁾	Cure from Stage 2	Cure from Stage 3	Derecognition	Acquisition / (Settlement)	Closing balance 12/31/2021
Stage 1								
Individuals	199,158	(30,578)	(1,663)	12,788	—	—	90,666	270,371
Corporate	123,665	(865)	(109)	1,338	43	—	4,447	128,519
Micro / Small and medium companies	96,784	(14,019)	(960)	9,630	146	—	32,974	124,555
Foreign loans - Latin America	167,601	(8,527)	(929)	5,794	468	—	14,312	178,719
Total	587,208	(53,989)	(3,661)	29,550	657	—	142,399	702,164
Stage 2								
Individuals	30,793	(12,788)	(7,207)	30,578	1,141	—	(4,349)	38,168
Corporate	2,793	(1,338)	(182)	865	20	—	(558)	1,600
Micro / Small and medium companies	15,965	(9,630)	(2,867)	14,019	742	—	(1,480)	16,749
Foreign loans - Latin America	16,692	(5,794)	(3,630)	8,527	959	—	(3,365)	13,389
Total	66,243	(29,550)	(13,886)	53,989	2,862	—	(9,752)	69,906
Stage 3								
Individuals	25,532	—	(1,141)	1,663	7,207	(10,309)	1,045	23,997
Corporate	8,063	(43)	(20)	109	182	(310)	(3,066)	4,915
Micro / Small and medium companies	9,206	(146)	(742)	960	2,867	(2,354)	(1,125)	8,666
Foreign loans - Latin America	17,852	(468)	(959)	929	3,630	(5,034)	(3,008)	12,942
Total	60,653	(657)	(2,862)	3,661	13,886	(18,007)	(6,154)	50,520
Consolidated 3 Stages				Balance at 12/31/2020		Derecognition	Acquisition / (Settlement)	Closing balance 12/31/2021
Individuals				255,483		(10,309)	87,362	332,536
Corporate				134,521		(310)	823	135,034
Micro / Small and medium companies				121,955		(2,354)	30,369	149,970
Foreign loans - Latin America				202,145		(5,034)	7,939	205,050
Total ⁽²⁾				714,104		(18,007)	126,493	822,590

(1) In the movement of transfer of operations from stage 1 to stage 3 over the period, a representative part thereof have first gone through stage 2.

(2) Comprises R\$ 29,875 pegged to Libor.

Reconciliation of gross portfolio of loan and lease operations, segregated by stages:

	Balance at 12/31/2019	Transfer to Stage 2	Transfer to Stage 3 ⁽¹⁾	Cure from Stage 2	Cure from Stage 3	Derecognition	Acquisition / (Settlement)	Closing balance 12/31/2020
Stage 1								
Individuals	199,907	(32,363)	(1,779)	10,186	38	—	23,169	199,158
Corporate	91,448	(2,822)	(82)	996	299	—	33,826	123,665
Micro / Small and medium companies	77,722	(14,370)	(1,501)	4,827	875	—	29,231	96,784
Foreign loans - Latin America	132,812	(12,793)	(2,456)	3,229	47	—	46,762	167,601
Total	501,889	(62,348)	(5,818)	19,238	1,259	—	132,988	587,208
Stage 2								
Individuals	19,070	(10,186)	(7,158)	32,363	964	—	(4,260)	30,793
Corporate	911	(996)	(370)	2,822	51	—	375	2,793
Micro / Small and medium companies	7,225	(4,827)	(2,193)	14,370	483	—	907	15,965
Foreign loans - Latin America	14,714	(3,229)	(11,998)	12,793	834	—	3,578	16,692
Total	41,920	(19,238)	(21,719)	62,348	2,332	—	600	66,243
Stage 3								
Individuals	21,513	(38)	(964)	1,779	7,158	(11,764)	7,848	25,532
Corporate	8,430	(299)	(51)	82	370	570	(1,039)	8,063
Micro / Small and medium companies	5,786	(875)	(483)	1,501	2,193	(1,836)	2,920	9,206
Foreign loans - Latin America	6,253	(47)	(834)	2,456	11,998	(608)	(1,366)	17,852
Total	41,982	(1,259)	(2,332)	5,818	21,719	(13,638)	8,363	60,653
Consolidated 3 Stages				Balance at 12/31/2019		Derecognition	Acquisition / (Settlement)	Closing balance 12/31/2020
Individuals				240,490		(11,764)	26,757	255,483
Corporate				100,789		570	33,162	134,521
Micro / Small and medium companies				90,733		(1,836)	33,058	121,955
Foreign loans - Latin America				153,779		(608)	48,974	202,145
Total ⁽²⁾				585,791		(13,638)	141,951	714,104

(1) In the movement of transfer of operations from stage 1 to stage 3 over the period, a representative part thereof have first gone through stage 2.

(2) Comprises R\$ 40,454 pegged to Libor.

Modification of financial assets

In the period, financial assets were modified in stages 2 and stage 3 which net of allowance for expected loan losses was R\$ 10,330 (R\$ 9,017 at 12/31/2020) before modification, giving effect on the result of R\$ 5 (R\$ (43) from 01/01 to 12/31/2020). At 12/31/2021, financial assets that were modified in the period and migrated to stage 1 correspond to the amount of R\$ 1,330 (R\$ 678 at 12/31/2020).

F-54

[Table of Contents](#)

c) Expected credit loss

Reconciliation of expected credit loss of loans and lease operations, segregated by stages:

	Balance at 12/31/2020	Transfer to Stage 2	Transfer to Stage 3 ⁽¹⁾	Cure from Stage 2	Cure from Stage 3	Derecognition	(Increase) / Reversal	Closing balance 12/31/2021
Stage 1								
Individuals	(5,403)	1,435	203	(579)	—	—	(2,507)	(6,851)
Corporate	(740)	36	8	(132)	(2)	—	417	(413)
Micro / Small and medium companies	(1,273)	592	64	(464)	(51)	—	(680)	(1,812)
Foreign loans - Latin America	(2,389)	226	12	(179)	(46)	—	3	(2,373)
Total	(9,805)	2,289	287	(1,354)	(99)	—	(2,767)	(11,449)
Stage 2								
Individuals	(3,255)	579	2,639	(1,435)	(79)	—	(2,950)	(4,501)
Corporate	(1,261)	132	32	(36)	(6)	—	274	(865)
Micro / Small and medium companies	(1,337)	464	685	(592)	(112)	—	(664)	(1,556)
Foreign loans - Latin America	(2,029)	179	867	(226)	(284)	—	140	(1,353)
Total	(7,882)	1,354	4,223	(2,289)	(481)	—	(3,200)	(8,275)
Stage 3								
Individuals	(12,472)	—	79	(203)	(2,639)	10,309	(7,942)	(12,868)
Corporate	(5,952)	2	6	(8)	(32)	310	2,145	(3,529)
Micro / Small and medium companies	(3,759)	51	112	(64)	(685)	2,354	(2,032)	(4,023)
Foreign loans - Latin America	(8,452)	46	284	(12)	(867)	5,034	(205)	(4,172)
Total	(30,635)	99	481	(287)	(4,223)	18,007	(8,034)	(24,592)
Consolidated 3 Stages				Balance at 12/31/2020	Derecognition	(Increase) / Reversal	Closing balance at 12/31/2021 ⁽²⁾	
Individuals				(21,130)	10,309	(13,399)	(24,220)	
Corporate				(7,953)	310	2,836	(4,807)	
Micro / Small and medium companies				(6,369)	2,354	(3,376)	(7,391)	
Foreign loans - Latin America				(12,870)	5,034	(62)	(7,898)	
Total				(48,322)	18,007	(14,001)	(44,316)	

(1) In the movement of transfer of operations from stage 1 to stage 3 over the period, a representative part thereof have first gone through stage 2.

(2) Comprises Expected Credit Loss for Financial Guarantees R\$ (767) (R\$ (907) at 12/31/2020) and Loan Commitments R\$ (4,433) (R\$ (3,485) at 12/31/2020).

Reconciliation of expected credit loss of loans and lease operations, segregated by stages:

	Balance at 12/31/2019	Transfer to Stage 2	Transfer to Stage 3 ⁽¹⁾	Cure from Stage 2	Cure from Stage 3	Derecognition	(Increase) / Reversal	Closing balance 12/31/2020
Stage 1								
Individuals	(5,215)	1,541	197	(525)	—	—	(1,401)	(5,403)
Corporate	(506)	205	3	(180)	(17)	—	(245)	(740)
Micro / Small and medium companies	(1,092)	698	90	(306)	(41)	—	(622)	(1,273)
Foreign loans - Latin America	(1,353)	275	513	(104)	(12)	—	(1,708)	(2,389)
Total	(8,166)	2,719	803	(1,115)	(70)	—	(3,976)	(9,805)
Stage 2								
Individuals	(2,811)	525	2,872	(1,541)	(69)	—	(2,231)	(3,255)
Corporate	(91)	180	63	(205)	(9)	—	(1,199)	(1,261)
Micro / Small and medium companies	(890)	306	550	(698)	(92)	—	(513)	(1,337)
Foreign loans - Latin America	(2,765)	104	2,084	(275)	(218)	—	(959)	(2,029)
Total	(6,557)	1,115	5,569	(2,719)	(388)	—	(4,902)	(7,882)
Stage 3								
Individuals	(11,427)	—	69	(197)	(2,872)	11,764	(9,809)	(12,472)
Corporate	(6,288)	17	9	(3)	(63)	(570)	946	(5,952)
Micro / Small and medium companies	(2,567)	41	92	(90)	(550)	1,836	(2,521)	(3,759)
Foreign loans - Latin America	(2,503)	12	218	(513)	(2,084)	608	(4,190)	(8,452)
Total	(22,785)	70	388	(803)	(5,569)	13,638	(15,574)	(30,635)
Consolidated 3 Stages				Balance at 12/31/2019	Derecognition	(Increase) / Reversal ⁽²⁾	Closing balance at 12/31/2020 ⁽²⁾	

Individuals	(19,453)	11,764	(13,441)	(21,130)
Corporate	(6,885)	(570)	(498)	(7,953)
Micro / Small and medium companies	(4,549)	1,836	(3,656)	(6,369)
Foreign loans - Latin America	(6,621)	608	(6,857)	(12,870)
Total	(37,508)	13,638	(24,452)	(48,322)

- (1) In the movement of transfer of operations from stage 1 to stage 3 over the period, a representative part thereof have first gone through stage 2.
- (2) The increase in the Expected Credit Loss is related to the change in the macroeconomic scenario as from the second half of March 2020 and that impacted our provisioning model for expected loss (Note 33a).
- (3) Comprises expected credit loss for Financial Guarantees R\$ (907) (R\$ (837) at 12/31/2019) and Loan Commitments R\$ (3,485) (R\$ (3,303) at 12/31/2019).

F-55

[Table of Contents](#)**d) Lease operations - Lessor**

Finance leases are composed of vehicles, machines, equipment and real estate in Brazil and abroad. The analysis of portfolio maturities is presented below:

	12/31/2021			12/31/2020		
	Payments receivable	Future financial income	Present value	Payments receivable	Future financial income	Present value
Current	2,365	(351)	2,014	2,277	(597)	1,680
Up to 1 year	2,365	(351)	2,014	2,277	(597)	1,680
Non-current	9,342	(2,743)	6,599	10,553	(2,956)	7,597
From 1 to 2 years	1,727	(456)	1,271	1,809	(472)	1,337
From 2 to 3 years	1,394	(369)	1,025	1,424	(398)	1,026
From 3 to 4 years	1,042	(296)	746	1,153	(337)	816
From 4 to 5 years	834	(251)	583	930	(289)	641
Over 5 years	4,345	(1,371)	2,974	5,237	(1,460)	3,777
Total	11,707	(3,094)	8,613	12,830	(3,553)	9,277

Financial lease revenues are composed of:

	01/01 to 12/31/2021	01/01 to 12/31/2020	01/01 to 12/31/2019
Financial Income	742	645	612
Variable payments	10	40	39
Total	752	685	651

e) Operations of securitization or transfer and acquisition of financial assets

ITAÚ UNIBANCO HOLDING carried out operations of securitization or transfer of financial assets in which there was retention of credit risks of financial assets transferred under co-obligation covenants. Thus, these credits are still recorded in the Consolidated Balance Sheet and are represented as follows:

Nature of operation	12/31/2021				12/31/2020			
	Assets		Liabilities (*)		Assets		Liabilities (*)	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Mortgage loan	235	235	235	234	349	366	347	362
Working capital	800	800	795	795	1,297	1,299	1,310	1,312
Total	1,035	1,035	1,030	1,029	1,646	1,665	1,657	1,674

(*) Under Other liabilities.

From 01/01 to 12/31/2021 operations of transfer of financial assets with no retention of risks and benefits generated impact on the result of R\$ 810, net of the Allowance for Loan Losses (R\$ 309 from 01/01 to 12/31/2020).

[Table of Contents](#)

Note 11 - Investments in associates and joint ventures

a) The following table presents non-material individual investments of ITAU UNIBANCO HOLDING:

	12/31/2021		01/01 to 12/31/2021		Total Income
	Investment	Equity in earnings	Other comprehensive income	Total Income	
Associates ⁽¹⁾	5,891	1,238	(60)		1,178
Joint ventures ⁽²⁾	230	(74)	—		(74)
Total	6,121	1,164	(60)		1,104

	12/31/2020		01/01 to 12/31/2020		01/01 to 12/31/2019
	Investment	Equity in earnings	Other comprehensive income	Total Income	Equity in earnings
Associates ⁽¹⁾	15,344	1,556	(59)	1,497	1,380
Joint ventures ⁽²⁾	226	0571	—	(157)	(65)
Total	15,570	1,399	(59)	1,340	1,315

- (1) At 12/31/2021, this includes interest in total capital and voting capital of the following companies: Pravalter S.A. (52.64% total capital and 42.37% voting capital, 52.65% total capital and 42.42% voting capital at 12/31/2020); Porto Seguro Itaú Unibanco Participações S.A. (42.93% total and voting capital; 42.93% at 12/31/2020); BSF Holding S.A. (49% total and voting capital; 49% at 12/31/2020); Gestora de Inteligência de Crédito S.A. (19.64% total capital and 20% voting capital; 20% total and voting capital at 12/31/2020), Companhia Uruguaya de Medios de Procesamiento S.A. (29.24% total and voting capital; 31.47% at 12/31/2020); Rias Redbanc S.A. (25% total and voting capital; 25% at 12/31/2020); Kinea Private Equity Investimentos S.A. (80% total capital and 49% voting capital; 80% total capital and 49% voting capital at 12/31/2020) and Tecnologia Bancária S.A. (28.05% total capital and 28.95% voting capital; 28.05% total capital and 28.95% voting capital at 12/31/2020). At 05/31/2021 occurred the spin-off of the investment in XP Inc. (Note 3) (41% total capital and 29.32% voting capital at 12/31/2020). As from April 20, 2020, ITAÚ UNIBANCO HOLDING does not exercise significant influence on IRB-Brasil Resseguros S.A., so that its ownership interest is no longer classified as associate and started being classified as Financial Asset at Fair Value through Other Comprehensive Income.
- (2) At 12/31/2021, this includes interest in total and voting capital of the following companies: Olímpia Promoção e Serviços S.A. (50% total and voting capital; 50% at 12/31/2020); ConectCar Soluções de Mobilidade Eletrônica S.A. (50% total and voting capital; 50% at 12/31/2020) and includes result not arising from subsidiaries' net income.

[Table of Contents](#)**Note 12 – Lease Operations - Lessee**

ITAÚ UNIBANCO HOLDING is the lessee mainly of properties for use in its operations, which include renewal options and restatement clauses. During the period ended 12/31/2021, total cash outflow with lease amounted to R\$ 1,448 and lease agreements in the amount of R\$ 661 were renewed. There are no relevant sublease agreements.

Total liabilities in accordance with remaining contractual maturities, considering their undiscounted flows, is presented below:

	<u>12/31/2021</u>	<u>12/31/2020</u>
Up to 3 months	304	333
3 months to 1 year	842	945
From 1 to 5 years	3,088	2,830
Over 5 years	1,980	1,930
Total Financial Liability	<u>6,214</u>	<u>6,038</u>

Lease amounts recognized in the Consolidated Statement of Income:

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Sublease revenues	16	8	12
Depreciation expenses	(1,279)	(1,209)	(1,060)
Interest expenses	(302)	(227)	(271)
Lease expenses for low value assets	(84)	(87)	(82)
Variable expenses not include in lease liabilities	(68)	(66)	(81)
Total	<u>(1,717)</u>	<u>(1,581)</u>	<u>(1,482)</u>

In the period from 01/01 to 12/31/2021 and 01/01 to 12/31/2020, there was no impairment adjustment (R\$ (175) from 01/01 to 12/31/2019), recorded under the heading General and Administrative Expenses.

[Table of Contents](#)**Note 13 - Fixed assets**

12/31/2021

<u>Fixed Assets ⁽¹⁾</u>	<u>Annual depreciation rates</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Impairment</u>	<u>Residual</u>
Real estate		7,372	(4,089)	(110)	3,173
Land	—	1,127	—	—	1,127
Buildings and Improvements	4% to 10%	6,245	(4,089)	(110)	2,046
Other fixed assets		14,659	(10,832)	(37)	3,790
Installations and furniture	10% to 20%	3,312	(2,463)	(10)	839
Data processing systems	20% to 50%	9,094	(7,170)	(27)	1,897
Other ⁽²⁾	10% to 20%	2,253	(1,199)	—	1,054
Total		<u>22,031</u>	<u>(14,921)</u>	<u>(147)</u>	<u>6,963</u>

(1) The contractual commitments for purchase of the fixed assets totaled R\$ 3, achievable by 2022 (Note 32b 3.2 - Off balance commitments).

(2) Others refer to negotiations of Fixed assets in progress and other Communication, Security and Transportation equipment.

12/31/2020

<u>Fixed Assets ⁽¹⁾</u>	<u>Annual depreciation rates</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Impairment</u>	<u>Residual</u>
Real estate		7,106	(3,735)	(115)	3,256
Land	—	1,102	—	—	1,102
Buildings and Improvements	4% to 10%	6,004	(3,735)	(115)	2,154
Other fixed assets		13,492	(9,779)	(32)	3,681
Installations and furniture	10% to 20%	3,248	(2,271)	(5)	972
Data processing systems	20% to 50%	8,274	(6,400)	(27)	1,847
Other ⁽²⁾	10% to 20%	1,970	(1,108)	—	862
Total		<u>20,598</u>	<u>(13,514)</u>	<u>(147)</u>	<u>6,937</u>

(1) The contractual commitments for purchase of the fixed assets totaled R\$ 36, achievable by 2024 (Note 32b 3.2 - Off balance commitments).

(2) Others refer to negotiations of Fixed assets in progress and other Communication, Security and Transportation equipment.

[Table of Contents](#)**Note 14 - Goodwill and Intangible assets**

	Intangible assets					Total
	Goodwill and intangible from acquisition	Association for the promotion and offer of financial products and services 8%	Software Acquired 20%	Internally developed software 20%	Other intangible assets ⁽¹⁾ 10% to 20%	
Annual amortization rates						
Cost						
Balance at 12/31/2020	13,959	2,822	6,484	7,664	3,274	34,203
Acquisitions ⁽⁴⁾	—	5	738	3,511	3,413	7,667
Rescissions / disposals	(10)	—	(65)	(13)	(236)	(324)
Exchange variation	(918)	(155)	(238)	—	(20)	(1,331)
Other ^(3,5)	—	(15)	(443)	(5)	—	(463)
Balance at 12/31/2021	13,031	2,657	6,476	11,157	6,431	39,752
Amortization						
Balance at 12/31/2020	—	(1,347)	(3,680)	(3,288)	(1,410)	(9,725)
Amortization expense ⁽²⁾	—	(109)	(819)	(942)	(791)	(2,661)
Rescissions / disposals	—	—	28	10	214	252
Exchange variation	—	68	125	—	3	196
Other ^(3,5)	—	14	197	—	—	211
Balance at 12/31/2021	—	(1,374)	(4,149)	(4,220)	(1,984)	(11,727)
Impairment (Note 2.4h)						
Balance at 12/31/2020	(5,772)	(789)	(204)	(383)	—	(7,148)
Increase	—	—	—	(440)	—	(440)
Disposals	—	—	33	—	—	33
Exchange variation	563	77	—	—	—	640
Balance at 12/31/2021	(5,209)	(712)	(171)	(823)	—	(6,915)
Book value						
Balance at 12/31/2021	7,822	571	2,156	6,114	4,447	21,110

- (1) Includes amounts paid for acquisition of rights to provide services of payment of salaries, proceeds, retirement and pension benefits and similar benefits.
- (2) Amortization expenses related to the rights for acquisition of payrolls and associations, in the amount of R\$ (860) (R\$ (594) from 01/01 to 12/31/2020) are disclosed in the General and administrative expenses (Note 23).
- (3) Includes the total amount of R\$ 34 related to the hyperinflationary adjustment for Argentina.
- (4) Other intangible assets: includes the effect of R\$ 2,422 related to acquisition on 07/16/2021 of payroll management of the Government of the State of Minas Gerais.
- (5) Includes reclassifications of Software licenses necessary to put data processing systems into use, in the net amount of R\$ 327.

[Table of Contents](#)

	Intangible assets					Total
	Goodwill and intangible from acquisition	Association for the promotion and offer of financial products and services	Software Acquired	Internally developed software	Other intangible assets ⁽¹⁾	
Annual amortization rates		8%		20%		10% to 20%
Cost						
Balance at 12/31/2019	11,158	2,518	5,899	5,716	2,971	28,262
Acquisitions	287	—	795	1,968	541	3,591
Rescissions / disposals	—	—	(1,121)	(20)	(137)	(1,278)
Exchange variation	2,514	320	901	—	232	3,967
Other ⁽²⁾	—	(16)	10	—	(333)	(339)
Balance at 12/31/2020	13,959	2,822	6,484	7,664	3,274	34,203
Amortization						
Balance at 12/31/2019	—	(1,057)	(3,206)	(2,497)	(1,242)	(8,002)
Amortization expense ⁽²⁾	—	(174)	(825)	(779)	(457)	(2,235)
Rescissions / disposals	—	—	834	—	136	970
Exchange variation	—	(126)	(451)	—	(174)	(751)
Other ⁽³⁾	—	10	(32)	(12)	327	293
Balance at 12/31/2020	—	(1,347)	(3,680)	(3,288)	(1,410)	(9,725)
Impairment (Note 2.4h)						
Balance at 12/31/2019	—	—	(171)	(370)	—	(541)
Increase	(5,772)	(789)	(33)	(13)	—	(6,607)
Disposals	—	—	—	—	—	—
Balance at 12/31/2020	(5,772)	(789)	(204)	(383)	—	(7,148)
Book value						
Balance at 12/31/2020	8,187	686	2,600	3,993	1,864	17,330

- (1) Includes amounts paid for acquisition of rights to provide services of payment of salaries, proceeds, retirement and pension benefits and similar benefits.
- (2) Amortization expenses related to the rights for acquisition of payrolls and associations, in the amount of R\$ (594) (R\$ (519) from 01/01 to 12/31/2019) are disclosed in the General and administrative expenses (Note 23).
- (3) Includes the total amount of R\$ 17 related to the hyperinflationary adjustment for Argentina.

Goodwill and Intangible Assets from Acquisition are mainly represented by Itaú CorpBanca's goodwill in the amount of R\$ 3,375 (R\$ 3,606 at 12/31/2020).

ITAÚ UNIBANCO HOLDING recognized at June 30, 2020, adjustments to the recoverable amount of goodwill and intangible assets related to Itaú CorpBanca, in the amounts of R\$ 5,772 and R\$ 789.

The value in use of the Cash Generating Unit (CGU) in which Itaú CorpBanca is allocated was considered and cash flows were based on the result of June 2020 and internal projects of results until 2025.

The adjustment to recoverable amount results from economic conditions at June 30, 2020, of Itaú CorpBanca's market capitalization, discount rates applicable and other changes in variables triggered by the current uncertain macroeconomic condition that, when combined, resulted in a CGU amount lower than its book value. The discount rates used for the impairment test were 10.4% for operations in Chile and 12.3% for operations in Colombia, determined by the cost of capital calculated based on CAPM model. Long-term interest rates considered were 5.2% p.a. and 6.5% p.a. for Chile and Colombia, respectively. The most sensitive assumptions are cost of capital and perpetuity growth rate.

Impairment was recognized in the Consolidated Statement of Income under General and administrative expenses (Note 23).

[Table of Contents](#)**Note 15 - Deposits**

	12/31/2021			12/31/2020		
	Current	Non-current	Total	Current	Non-current	Total
Interest-bearing deposits	334,808	356,620	691,428	376,139	297,995	674,134
Savings deposits	190,601	—	190,601	179,470	—	179,470
Interbank deposits	3,490	286	3,776	3,185	245	3,430
Time deposits	140,717	356,334	497,051	193,484	297,750	491,234
Non-interest bearing deposits	158,944	—	158,944	134,876	—	134,876
Demand deposits	158,116	—	158,116	134,805	—	134,805
Other deposits	828	—	828	71	—	71
Total	493,752	356,620	850,372	511,015	297,995	809,010

Note 16 – Financial liabilities designated at fair value through profit or loss

	12/31/2021			12/31/2020		
	Current	Non-current	Total	Current	Non-current	Total
Structured notes						
Debt securities	16	98	114	11	132	143
Total	16	98	114	11	132	143

The effect of credit risk of these instruments is not significant at 12/31/2021 and 12/31/2020.

Debt securities do not have a defined amount on maturity, since they vary according to market quotation and an exchange variation component, respectively.

[Table of Contents](#)

Note 17 – Securities sold under repurchase agreements and interbank and institutional market funds

a) Securities sold under repurchase agreements

The table below shows the breakdown of funds:

	Interest rate (p.a.)	12/31/2021			12/31/2020		
		Current	Non-current	Total	Current	Non-current	Total
Assets pledged as collateral		94,899	81	94,980	45,961	564	46,525
Government securities	95% of CDI to 9.15%	67,060	—	67,060	22,088	—	22,088
Corporate securities	45% of CDI to 100% of CDI	25,676	—	25,676	20,773	—	20,773
Own issue	100.5% of CDI to 16.40%	1	20	21	1,965	20	1,985
Foreign	0.21% to 3.12%	2,162	61	2,223	1,135	544	1,679
Assets received as collateral	8.8% to 9.15%	105,036	—	105,036	151,370	—	151,370
Right to sell or repledge the collateral	0.15% to 10.0%	43,260	9,572	52,832	50,491	24,978	75,469
Total		243,195	9,653	252,848	247,822	25,542	273,364

b) Interbank market funds

	Interest rate (p.a.)	12/31/2021			12/31/2020		
		Current	Non-current	Total	Current	Non-current	Total
Financial bills	3.40 to IGPM + 3.95%	20,310	3,749	24,059	21,898	21,691	43,589
Real estate credit bills	2.92% to IPCA + 3.70%	3,628	7,035	10,663	2,600	1,605	4,205
Agribusiness credit bills	2.56% to 12.36%	4,342	9,359	13,701	10,166	4,119	14,285
Guaranteed real estate bills	95% of CDI to IPCA + 6.08%	1,623	29,375	30,998	437	10,592	11,029
Import and export financing	0% to 13.14%	64,274	22,674	86,948	56,148	15,322	71,470
On-lending-domestic	0% to 17%	3,929	6,847	10,776	3,672	7,785	11,457
Total (*)		98,106	79,039	177,145	94,921	61,114	156,035

(*) Comprises R\$ 34,942 (R\$ 34,372 at 12/31/2020) pegged to Libor.

Funding for import and export financing represents credit facilities available for financing of imports and exports of Brazilian companies, in general denominated in foreign currency.

c) Institutional market funds

	Interest rate (p.a.)	12/31/2021			12/31/2020		
		Current	Non-current	Total	Current	Non-current	Total
Subordinated debt	100% of LIB to IGPM + 4.63%	21,203	53,833	75,036	12,125	62,791	74,916
Foreign loans through securities	(3.17%) to 34.16%	6,560	56,283	62,843	6,636	55,797	62,433
Funding from structured operations certificates ⁽¹⁾	0.3% to IPCA + 4.80%	143	614	757	578	381	959
Total		27,906	110,730	138,636	19,339	118,969	138,308

(1) The fair value of funding from structured operations certificates issued is R\$ 790 (R\$ 1,018 at 12/31/2020).

[Table of Contents](#)

d) Subordinated debt, including perpetual debts

<u>Name of security / currency</u>	<u>Principal amount (original currency)</u>	<u>Issue</u>	<u>Maturity</u>	<u>Return p.a.</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Subordinated financial bills—BRL						
	6	2011	2021	109.25% to 110.5% of CDI	—	14
	2,313	2012	2022	IPCA + 5.15% to 5.83%	6,380	5,484
	20	2012	2022	IGPM + 4.63%	44	38
	2,146	2019	Perpetual	114% of SELIC	2,187	2,143
	935	2019	Perpetual	SELIC + 1.17% to 1.19%	976	963
	50	2019	2028	CDI + 0.72%	55	52
	2,281	2019	2029	CDI + 0.75%	2,502	2,379
	450	2020	2029	CDI + 2%	481	452
	106	2020	2030	IPCA + 4.64%	125	109
	1,556	2020	2030	CDI + 2%	1,664	1,562
	5,488	2021	2031	CDI + 2%	5,651	—
				Total	20,065	13,196
Subordinated euronotes—USD						
	1,000	2010	2021	5.75%	—	5,361
	1,042	2011	2021	5.75% to 6.2%	—	3,891
	550	2012	2021	6.2%	—	2,858
	2,592	2012	2022	5.5% to 5.65%	14,742	13,839
	1,858	2012	2023	5.13%	10,432	9,762
	1,250	2017	Perpetual	6.13%	6,997	6,510
	750	2018	Perpetual	6.5%	4,262	3,967
	750	2019	2029	4.5%	4,205	3,915
	700	2020	Perpetual	4.6%	3,967	3,696
	500	2021	2031	3.9%	2,804	—
				Total	47,409	53,799
Subordinated bonds—CLP						
	27,776	1997	2022	7.45% to 8.30%	36	74
	180,351	2008	2033	3.50% to 4.92%	1,423	1,515
	97,962	2009	2035	4.75%	1,079	1,135
	1,060,250	2010	2032	4.35%	106	111
	1,060,250	2010	2035	3.90% to 3.96%	244	255
	1,060,250	2010	2036	4.48%	1,160	885
	1,060,250	2010	2038	3.9%	845	1,215
	1,060,250	2010	2040	4.15% to 4.29%	651	682
	1,060,250	2010	2042	4.45%	317	332
	57,168	2014	2034	3.8%	414	434
				Total	6,275	6,638
Subordinated bonds—COP						
	104,000	2013	2023	IPC + 2%	145	160
	146,000	2013	2028	IPC + 2%	203	224
	648,171	2014	2024	LIB	939	899
				Total	1,287	1,283
Total					<u>75,036</u>	<u>74,916</u>

[Table of Contents](#)**Note 18 - Other assets and liabilities****a) Other assets**

	<u>12/31/2021</u>	<u>12/31/2020</u>
Financial	96,630	93,261
At Amortized Cost	96,473	93,255
Receivables from credit card issuers	53,968	43,511
Deposits in guarantee for contingent liabilities, provisions and legal obligations (Note 29d)	12,264	12,693
Trading and intermediation of securities	17,218	28,254
Income receivable	3,839	2,979
Operations without credit granting characteristics, net of provisions	4,720	3,476
Insurance and reinsurance operations	1,565	1,322
Net amount receivables from reimbursement of provisions (Note 29c)	888	919
Deposits in guarantee of fund raisings abroad	660	101
Foreign exchange portfolio	1,213	—
Other	138	—
At Fair Value Through Profit or Loss	157	6
Other financial assets	157	6
Non-financial	16,494	15,773
Sundry foreign	621	717
Prepaid expenses	5,243	4,404
Sundry domestic	2,868	2,555
Assets of post-employment benefit plans (Note 26e)	493	585
Lease right-of-use	5,046	4,908
Other	2,223	2,604
Current	93,604	89,632
Non-current	19,520	19,402

b) Other liabilities

	<u>12/31/2021</u>	<u>12/31/2020</u>
Financial	134,267	118,929
At Amortized Cost	134,106	118,924
Credit card operations	108,997	92,580
Trading and intermediation of securities	12,161	15,121
Foreign exchange portfolio	2,485	859
Lease liabilities	5,324	5,069
Other	5,139	5,295
At Fair Value Through Profit or Loss	161	5
Other financial liabilities	161	5
Non-financial	42,130	38,511
Funds in transit	18,027	16,071
Charging and collection of taxes and similar	457	339
Social and statutory	7,853	6,759
Deferred income	3,278	3,201
Sundry domestic	3,183	3,023
Personnel provision	2,244	1,900
Provision for sundry payments	2,348	2,576
Obligations on official agreements and rendering of payment services	1,261	1,326
Liabilities from post-employment benefit plans (Note 26e)	2,209	2,083
Other	1,270	1,233
Current	167,789	147,993
Non-current	8,608	9,447

[Table of Contents](#)**Note 19 – Stockholders' equity****a) Capital**

Capital is represented by 9,804,135,348 book-entry shares with no par value, of which 4,958,290,359 are common shares and 4,845,844,989 are preferred shares with no voting rights, but with tag-along rights in a public offering of shares, in an eventual transfer of control, assuring them a price equal to eighty per cent (80%) of the amount paid per voting share in the controlling block, and a dividend at least equal to that of the common shares.

The breakdown and change in shares of paid-in capital in the beginning and end of the period are shown below:

	12/31/2021			
	Number			Amount
	Common	Preferred	Total	
Residents in Brazil at 12/31/2020	4,929,824,281	1,820,159,657	6,749,983,938	66,885
Residents abroad at 12/31/2020	28,466,078	3,025,685,332	3,054,151,410	30,263
Shares of capital stock at 12/31/2020	4,958,290,359	4,845,844,989	9,804,135,348	97,148
Shares of capital stock at 12/31/2021 ⁽¹⁾	4,958,290,359	4,845,844,989	9,804,135,348	90,729
Residents in Brazil at 12/31/2021	4,929,997,183	1,771,808,645	6,701,805,828	62,020
Residents abroad at 12/31/2021	28,293,176	3,074,036,344	3,102,329,520	28,709
Treasury shares at 12/31/2020 ⁽¹⁾	—	41,678,452	41,678,452	(907)
Result from delivery of treasury shares	—	(17,433,727)	(17,433,727)	379
Treasury shares at 12/31/2021 ⁽¹⁾	—	24,244,725	24,244,725	(528)
Outstanding shares at 12/31/2021	4,958,290,359	4,821,600,264	9,779,890,623	
Outstanding shares at 12/31/2020	4,958,290,359	4,804,166,537	9,762,456,896	

	12/31/2020			
	Number			Amount
	Common	Preferred	Total	
Residents in Brazil at 12/31/2019	4,931,023,416	1,665,657,332	6,596,680,748	65,366
Residents abroad at 12/31/2019	27,266,943	3,180,187,657	3,207,454,600	31,782
Shares of capital stock at 12/31/2019	4,958,290,359	4,845,844,989	9,804,135,348	97,148
Shares of capital stock at 12/31/2020	4,958,290,359	4,845,844,989	9,804,135,348	97,148
Residents in Brazil at 12/31/2020	4,929,824,281	1,820,159,657	6,749,983,938	66,885
Residents abroad at 12/31/2020	28,466,078	3,025,685,332	3,054,151,410	30,263
Treasury shares at 12/31/2019 ⁽¹⁾	—	58,533,585	58,533,585	(1,274)
Result from delivery of treasury shares	—	(16,855,133)	(16,855,133)	367
Treasury shares at 12/31/2020 ⁽¹⁾	—	41,678,452	41,678,452	(907)
Outstanding shares at 12/31/2020	4,958,290,359	4,804,166,537	9,762,456,896	
Outstanding shares at 12/31/2019	4,958,290,359	4,787,311,404	9,745,601,763	

(1) Own shares, purchased based on authorization of the Board of Directors, to be held in Treasury for subsequent cancellation of replacement in the market.

(2) Partial spin-off (Note 3).

Below is the average cost of treasury shares and their market price in reais. In 2021, there was none acquisition of treasury shares.

Cost / market value	12/31/2021	
	Common	Preferred
Average cost	—	21.76
Market value at 12/31/2021	19.09	20.95

Cost / market value	12/31/2020	
	Common	Preferred
Average cost	—	21.76
Market value at 12/31/2020	27.93	31.63

[Table of Contents](#)

b) Dividends

Shareholders are entitled to a mandatory minimum dividend in each fiscal year, corresponding to 25% of adjusted net income, as set forth in the Bylaws. Common and preferred shares participate equally in income distributed, after common shares have received dividends equal to the minimum annual priority dividend payable to preferred shares (R\$ 0.022 non-cumulative per share).

ITAÚ UNIBANCO HOLDING monthly advances the mandatory minimum dividend, using the share position of the last day of the previous month as the calculation basis, and the payment made on the first business day of the subsequent month in the amount of R\$ 0.015 per share.

On October 14, 2021, ITAÚ UNIBANCO HOLDING approved the payment of interest on capital, replacing the monthly dividend for November and December, in the net amount of R\$ 0.015 per share, having as calculation basis the final ownership position registered on October 29, 2021 and November 30, 2021. Additionally, the payment of interest on supplementary capital was also approved, in the net amount of R\$ 0.224868 per share, resulting in the total amount of R\$ 2,199 million to be distributed net of taxes.

I - Calculation of dividends and interest on capital

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Statutory net income	26,236	18,961	26,712
Adjustments:			
(-) Legal reserve - 5%	(1,312)	(948)	(1,336)
Dividend calculation basis	24,924	18,013	25,376
Minimum mandatory dividend - 25%	6,231	4,503	6,344
Dividends and Interest on Capital Paid / Accrued	6,231	4,503	18,777

F-67

[Table of Contents](#)

II - Stockholders' compensation

	12/31/2021			
	Gross value per share (R\$)	Value	WHT (With holding tax)	Net
Paid / Prepaid		4,179	(407)	3,772
Dividends - 10 monthly installments paid from February to November 2021	0.0150	1,466	—	1,466
Interest on capital - 1 monthly installment paid on December 2021	0.0150	173	(26)	147
Interest on capital - paid on 08/26/2021	0.2207	2,540	(381)	2,159
Accrued (Recorded in Other Liabilities - Social and Statutory)		2,894	(435)	2,459
Interest on capital - 1 monthly installment paid on 01/03/2022	0.0150	173	(26)	147
Interest on capital - credited on 11/26/2021 to be paid until 04/29/2022	0.2249	2,587	(388)	2,199
Interest on capital	0.0116	134	(21)	113
Total from 01/01 to 12/31/2021		7,073	(842)	6,231
	12/31/2020			
	Gross value per share (R\$)	Value	WHT (With holding tax)	Net
Paid / Prepaid		2,127	(78)	2,049
Dividends - 11 monthly installments paid from February to December de 2020	0.0150	1,610	—	1,610
Interest on capital - paid on 08/26/2020	0.0450	517	(78)	439
Accrued (Recorded in Other Liabilities - Social and Statutory)		2,861	(407)	2,454
Dividends - 1 monthly installment paid on 01/04/2021	0.0150	146	—	146
Interest on capital - credited on 12/17/2020 to be paid until 04/30/2021	0.0544	624	(93)	531
Interest on capital - credited on 01/28/2021 to be paid until 04/30/2021	0.0426	490	(74)	416
Dividends or Interest on capital	0.1394	1,601	(240)	1,361
Total from 01/01 to 12/31/2020		4,988	(485)	4,503
	12/31/2019			
	Gross value per share (R\$)	Value	WHT (With holding tax)	Net
Paid / prepaid		9,274	—	9,274
Dividends - 11 monthly installments from February to December 2019	0.0150	1,606	—	1,606
Dividends - paid on 08/23/2019	0.7869	7,668	—	7,668
Accrued (Recorded in Other Liabilities)		512	(55)	457
Dividends - 1 monthly installment paid on 01/02/2020	0.0150	146	—	146
Interest on capital - credited on 12/19/2019 to be paid until 04/30/2020	0.0376	366	(55)	311
Identified in Profit Reserve In Stockholders' Equity	1.0067	9,811	(765)	9,046
Total from 01/01 to 12/31/2019		19,597	(820)	18,777

c) Capital reserves and profit reserves

	12/31/2021	12/31/2020	12/31/2019
Capital reserves	2,250	2,326	1,982
Premium on subscription of shares	284	284	284
Share-based payment	1,962	2,038	1,694
Reserves from tax incentives, restatement of equity securities and other	4	4	4
Profit reserves	66,161	47,347	43,019
Legal ⁽¹⁾	13,586	12,274	11,326
Statutory ⁽²⁾⁽³⁾	64,092	46,590	43,210
Corporate reorganizations (Note 2.4 a IV)	(11,517)	(11,517)	(11,517)
Total reserves at parent company	68,411	49,673	45,001

(1) Its purpose is to ensure the integrity of capital, compensate loss or increase capital.

(2) Its main purpose is to ensure the yield flow to shareholders.

(3) Includes R\$ 1,772 refers to net income remaining after the distribution of dividends and appropriations to statutory reserves in the statutory accounts of ITAÚ UNIBANCO HOLDING.

[Table of Contents](#)

d) Non-controlling interests

	Stockholders' equity		Income		
	12/31/2021	12/31/2020	01/01 to 12/31/2021	01/01 to 12/31/2020	01/01 a 12/31/2019
Itaú CorpBanca	9,836	9,891	1,310	(4,135)	504
Itaú CorpBanca Colômbia S.A.	476	491	38	(15)	(16)
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento	666	580	131	164	131
Luizacred S.A. Soc. Cred. Financiamento Investimento	426	385	76	102	20
Other	208	185	69	52	61
Total	11,612	11,532	1,624	(3,832)	700

F-69

[Table of Contents](#)**Note 20 – Share-based payment**

ITAÚ UNIBANCO HOLDING and its subsidiaries have share-based payment plans aimed at involving its management members and employees in the medium and long term corporate development process.

The grant of these benefits is only made in years in which there are sufficient profits to permit the distribution of mandatory dividends, limiting dilution to 0.5% of the total shares held by the controlling and minority stockholders at the balance sheet date. These programs are settled through the delivery of ITUB4 treasury shares to stockholders.

Expenses on share-based payment plans are presented in the table below:

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Partner Plan	(129)	(241)	(242)
Share-based plan	(381)	(489)	(384)
Total	<u>(510)</u>	<u>(730)</u>	<u>(626)</u>

1 – Partner Plan

The program enables employees and managers of ITAÚ UNIBANCO HOLDING to invest a percentage of their bonus to acquire shares and share-based instruments. There is a lockup period of from three to five years, counted from the initial investment date, and the shares are thus subject to market price variations. After complying with the preconditions outlined in the program, beneficiaries are entitled to receive shares as consideration, in accordance with the number of shares indicated in the regulations.

The acquisition price of shares and share-based instruments is established every six months as the average of the share price over the last 30 days, which is performed on the seventh business day prior to the remuneration grant date.

The fair value of the consideration in shares is the market price at the grant date, less expected dividends.

Change in the Partner Program

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>
	<u>Quantity</u>	<u>Quantity</u>
Opening balance	36,291,760	39,305,211
New ⁽¹⁾	14,583,318	10,488,126
Delivered	(11,652,700)	(11,408,109)
Cancelled	(2,278,382)	(2,093,468)
Closing balance	36,943,996	36,291,760
Weighted average of remaining contractual life (years)	1.80	1.69
Market value weighted average (R\$)	16.71	23.37

(1) As a result of the reduction of the minority interest in XP Inc. and subsequent merger of Xpart S.A. (Note 3), as from October 2021, there was and increase in the number of ITUB4 shares to be delivered under the variable compensation plans.

[Table of Contents](#)

II – Variable compensation

In this plan, part of the administrators variable remuneration is paid in cash and part in shares during a period of three years. Shares are delivered on a deferred basis, of which one-third per year, upon compliance with the conditions provided for in internal regulation. The deferred unpaid portions may be reversed proportionally to a significant reduction in the recurring income realized or the negative income for the period.

Management members become eligible for the receipt of these benefits according to individual performance, business performance or both. The benefit amount is established according to the activities of each management member who should meet at least the performance and conduct requirements.

The fair value of the share is the market price at its grant date.

Change in share-based variable compensation

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>
	<u>Quantity</u>	<u>Quantity</u>
Opening balance	27,407,231	20,220,934
New ⁽¹⁾	21,767,235	18,329,108
Delivered	(10,818,958)	(10,574,321)
Cancelled	(1,541,260)	(568,490)
Closing balance	36,814,248	27,407,231
Weighted average of remaining contractual life (years)	1.04	1.21
Market value weighted average (R\$)	23.59	31.22

(1) As a result of the reduction of the minority interest in XP Inc. and subsequent merger of XPart S.A. (Note 3), as from October 2021, there was an increase in the number of ITUB4 shares to be delivered under the variable compensation plans.

[Table of Contents](#)**Note 21 - Interest and similar income and expenses and Income of financial assets and liabilities at fair value through profit or loss****a) Interest and similar income**

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Compulsory deposits in the Central Bank of Brazil	3,613	2,242	4,734
Interbank deposits	1,203	1,102	1,173
Securities purchased under agreements to resell	9,812	9,832	16,197
Financial assets at fair value through other comprehensive income	17,193	18,089	11,386
Financial assets at amortized cost	4,820	3,629	2,582
Loan operations	92,789	79,503	81,046
Other financial assets	(177)	(28)	1,033
Total	<u>129,253</u>	<u>114,369</u>	<u>118,151</u>

b) Interest and similar expense

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Deposits	(20,492)	(17,478)	(18,559)
Securities sold under repurchase agreements	(8,635)	(10,690)	(20,473)
Interbank market funds	(24,929)	(28,878)	(13,231)
Institutional market funds	(9,865)	(8,400)	(6,837)
Financial expense from technical provisions for insurance and private pension	(5,346)	(8,121)	(16,720)
Other	(38)	9	(138)
Total	<u>(69,305)</u>	<u>(73,558)</u>	<u>(75,958)</u>

c) Income of financial assets and liabilities at fair value through profit or loss

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Securities	7,439	16,035	26,388
Derivatives (*)	9,716	(9,393)	(70)
Financial assets designated at fair value through profit or loss	(483)	(118)	(64)
Other financial assets at fair value through profit or loss	838	—	—
Financial liabilities at fair value through profit or loss	(843)	(9)	—
Financial liabilities designated at fair value	11	38	(24)
Total	<u>16,678</u>	<u>6,553</u>	<u>26,230</u>

(*) Includes the ineffective derivatives portion related to hedge accounting.

During the period ended 12/31/2021, ITAÚ UNIBANCO HOLDING derecognized/(recognized) R\$ 1,127 of Expected Losses (R\$ (419) at 12/31/2020) with reversal of R\$ 10 for Financial Assets – Fair Value through Other Comprehensive Income (R\$ (7) at 12/31/2020) and reversal of R\$ 1,117 for Financial Assets – Amortized Cost (R\$ (412) at 12/31/2020).

[Table of Contents](#)**Note 22 - Commissions and Banking Fees**

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Credit and debit cards	16,051	13,813	15,619
Current account services	7,803	8,002	7,969
Asset management	7,177	6,951	6,322
Funds	6,545	6,316	5,702
Consortia	632	635	620
Credit operations and financial guarantees provided	2,511	2,298	2,418
Credit operations	1,307	964	1,048
Financial guarantees provided	1,204	1,334	1,370
Collection services	2,020	1,897	1,831
Advisory services and brokerage	3,579	2,891	2,509
Custody services	605	573	501
Other	2,578	2,132	1,863
Total	<u>42,324</u>	<u>38,557</u>	<u>39,032</u>

Note 23 - General and administrative expenses

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Personnel expenses	(28,245)	(25,158)	(28,415)
Compensation	(10,287)	(10,212)	(9,548)
Employees' profit sharing	(5,843)	(4,224)	(5,183)
Welfare benefits	(4,385)	(4,059)	(3,856)
Provision for labor claims and dismissals	(3,852)	(2,922)	(5,640)
Payroll charges	(3,640)	(3,330)	(3,276)
Share-based payment (Note 20)	(129)	(241)	(242)
Training	(118)	(107)	(178)
Other	9	(63)	(492)
Administrative expenses	(16,080)	(16,904)	(15,912)
Third party services, Financial services expenses, Security and Transportation	(7,276)	(7,140)	(6,477)
Data processing and telecommunications	(3,953)	(3,983)	(4,278)
Installations	(1,677)	(2,005)	(2,068)
Advertising, promotions and publicity	(1,389)	(1,095)	(1,325)
Materials	(465)	(321)	(330)
Travel expenses	(59)	(84)	(240)
Other ⁽¹⁾	(1,261)	(2,276)	(1,194)
Depreciation and Amortization	(5,548)	(5,064)	(4,630)
Other expenses	(12,676)	(17,081)	(12,055)
Selling - credit cards	(5,292)	(4,391)	(4,958)
Claims losses	(1,038)	(778)	(825)
Loss on sale of other assets, fixed assets and investments in associates and joint ventures	(119)	(683)	(719)
Provision for lawsuits civil (Note 29)	(1,041)	(1,080)	(848)
Provision for tax and social security lawsuits	317	(191)	(1,898)
Refund of interbank costs	(352)	(270)	(307)
Impairment ⁽²⁾	(440)	(6,201)	(233)
Other	(4,711)	(3,487)	(2,267)
Total	<u>(62,549)</u>	<u>(64,207)</u>	<u>(61,012)</u>

(1) At 12/31/2020 comprises R\$ (1,047) related to donations for the initiative "Todos pela Saúde" (All for Health) (Note 33a).

(2) At 12/31/2020 comprises the effects of impairment of goodwill and intangible assets of Itaú Corpbanca, net of tax effects and ownership interest of non-controlling shareholders total R\$ (1,452).

[Table of Contents](#)**Note 24 – Taxes**

ITAÚ UNIBANCO HOLDING and each one of its subsidiaries calculate separately, in each fiscal year, Income Tax and Social Contribution on Net Income.

Taxes are calculated at the rates shown below and consider, for effects of respective calculation bases, the legislation in force applicable to each charge.

Income tax	15.00%
Additional income tax	10.00%
Social contribution on net income ⁽¹⁾	25.00%

- (1) Law No. 14,183/21 (conversion of Provisional Measure (MP) No. 1,034/21): published on July 15, 2021, sets forth the increase in the rate of Social Contribution on Net Income of banks, which increased to 25%. For insurance, capitalization and other financial companies, it increased to 20% and for non-financial companies it remained at 9%. The increase in rate is applied as from July 1 to December 31, 2021.

a) Expenses for taxes and contributions

Breakdown of income tax and social contribution calculation on net income:

	<u>01/01 to</u> <u>12/31/2021</u>	<u>01/01 to</u> <u>12/31/2020</u>	<u>01/01 to</u> <u>12/31/2019</u>
Due on operations for the period			
Income / (loss) before income tax and social contribution	42,231	5,230	31,243
Charges (income tax and social contribution) at the rates in effect ⁽¹⁾	(19,989)	(2,354)	(12,497)
Increase / decrease in income tax and social contribution charges arising from:			
Share of profit or (loss) of associates and joint ventures	821	384	614
Foreign exchange variation on investments abroad	437	7,201	711
Interest on capital	2,889	2,765	3,012
Other nondeductible expenses net of non taxable income ⁽²⁾	9,181	(16,651)	(932)
Income tax and social contribution expenses	(6,661)	(8,655)	(9,092)
Related to temporary differences			
Increase / (reversal) for the period	(7,186)	18,489	5,750
Increase / (reversal) of prior periods	—	—	(88)
(Expenses) / Income from deferred taxes	(7,186)	18,489	5,662
Total income tax and social contribution expenses	<u>(13,847)</u>	<u>9,834</u>	<u>(3,430)</u>

- (1) It considers that in the first half of 2021 the current IRPJ and CSLL rate is equal to 45% and, in the second half of 2021, it is equal to 50%.
- (2) Includes temporary (additions) and exclusions.

[Table of Contents](#)

b) Deferred taxes

I - The deferred tax asset balance and its changes, segregated based on its origin and disbursements, are represented by:

	12/31/2020	Realization / Reversal	Increase	12/31/2021
Reflected in income	60,248	(24,407)	17,148	52,989
Provision for expected loss	27,933	(6,274)	6,769	28,428
Related to tax losses and social contribution loss carryforwards	5,528	(1,952)	175	3,751
Provision for profit sharing	1,903	(1,903)	2,265	2,265
Provision for devaluation of securities with permanent impairment	1,570	(1,013)	441	998
Provisions	5,845	(1,923)	1,926	5,848
Civil lawsuits	1,331	(591)	517	1,257
Labor claims	3,056	(1,188)	1,307	3,175
Tax and social security lawsuits	1,458	(144)	102	1,416
Legal obligations	774	(36)	84	822
Adjustments of operations carried out on the futures settlement market	52	(52)	—	—
Adjustment to Fair Value of Financial Assets – At Fair Value Through Profit or Loss	8,315	(8,315)	2,726	2,726
Provision relating to health insurance operations	356	—	6	362
Other	7,972	(2,939)	2,756	7,789
Reflected in stockholders' equity	1,375	(343)	1,299	2,331
Adjustment to Fair Value of Financial Assets – At Fair Value Through Other Comprehensive Income	60	(30)	1,299	1,329
Cash flow hedge	758	(297)	—	461
Other	557	(16)	—	541
Total ⁽¹⁾⁽²⁾	61,623	(24,750)	18,447	55,320

(1) Deferred income tax and social contribution assets and liabilities are recorded in the balance sheet offset by a taxable entity and amounting to R\$ 50,831 and R\$ 280, respectively.

(2) The accounting records of deferred tax assets on income tax losses and/or social contribution loss carryforwards, as well as those arising from temporary differences, are based on technical feasibility studies which consider the expected generation of future taxable income, considering the history of profitability for each subsidiary individually, and for the consolidated taken as a whole.

	12/31/2019	Realization / Reversal	Increase	12/31/2020
Reflected in income	43,380	(12,631)	29,499	60,248
Provision for expected loss	22,860	(3,885)	8,958	27,933
Related to tax losses and social contribution loss carryforwards	2,585	(540)	3,483	5,528
Provision for profit sharing	2,162	(2,162)	1,903	1,903
Provision for devaluation of securities with permanent impairment	1,530	(877)	917	1,570
Provisions	6,208	(2,064)	1,701	5,845
Civil lawsuits	1,413	(547)	465	1,331
Labor claims	3,251	(1,338)	1,143	3,056
Tax and social security lawsuits	1,544	(179)	93	1,458
Legal obligations	723	(7)	58	774
Adjustments of operations carried out in futures settlement market	84	(84)	52	52
Adjustment to Fair Value of Financial Assets – At Fair Value Through Profit or Loss	738	(738)	8,315	8,315
Provision relating to health insurance operations	348	—	8	356
Other	6,142	(2,274)	4,104	7,972
Reflected in stockholders' equity	2,354	(1,191)	212	1,375
Adjustment to Fair Value of Financial Assets – At Fair Value Through Other Comprehensive Income	766	(762)	56	60
Cash flow hedge	1,187	(429)	—	758
Other	401	—	156	557
Total ⁽¹⁾⁽²⁾	45,734	(13,822)	29,711	61,623

(1) Deferred income tax and social contribution assets and liabilities are recorded in the balance sheet offset by a taxable entity and amounting to R\$ 56,583 and R\$ 421, respectively.

(2) At 12/31/2019, deferred tax asset balance comprised its annual revaluation and effects caused by EC 103/2019 in tax rate of the Social Contribution on Net Income, which was increased from 15% to 20%, reaching the institutions set forth in item I of paragraph 1 of article 1 of Supplementary Law No. 105, of January 10, 2001, totaling R\$ 1,614.

[Table of Contents](#)**II - The deferred tax liabilities and its changes are represented by:**

	<u>12/31/2020</u>	<u>Realization / reversal</u>	<u>Increase</u>	<u>12/31/2021</u>
Reflected in income	4,853	(1,029)	756	4,580
Depreciation in excess finance lease	145	(8)	—	137
Adjustment of deposits in guarantee and provisions	1,404	(21)	39	1,422
Post-employment benefits	180	(178)	4	6
Adjustments of operations carried out on the futures settlement market	452	(452)	237	237
Adjustment to Fair Value of Financial Assets - At Fair Value Through Profit or Loss	136	(136)	71	71
Taxation of results abroad – capital gains	644	(7)	197	834
Other	1,892	(227)	208	1,873
Reflected in stockholders' equity	608	(580)	161	189
Adjustment to Fair Value of Financial Assets - At Fair Value Through Other Comprehensive Income	601	(577)	158	182
Cash flow hedge	4	(3)	—	1
Post-employment benefits	3	—	3	6
Total ^(*)	<u>5,461</u>	<u>(1,609)</u>	<u>917</u>	<u>4,769</u>

(*) *Deferred income tax and social contribution asset and liabilities are recorded in the balance sheet offset by a taxable entity and amounting to R\$ 50,831 and R\$ 280, respectively.*

	<u>12/31/2019</u>	<u>Realization / reversal</u>	<u>Increase</u>	<u>12/31/2020</u>
Reflected in income	6,610	(2,951)	1,194	4,853
Depreciation in excess finance lease	202	(57)	—	145
Adjustment of deposits in guarantee and provisions	1,531	(133)	6	1,404
Post-employment benefits	282	(111)	9	180
Adjustments of operations carried out on the futures settlement market	1,330	(1,330)	452	452
Adjustment to Fair Value of Financial Assets - At Fair Value Through Profit or Loss	1,149	(1,149)	136	136
Taxation of results abroad – capital gains	581	—	63	644
Other	1,535	(171)	528	1,892
Reflected in stockholders' equity	1,268	(859)	199	608
Adjustment to Fair Value of Financial Assets - At Fair Value Through Other Comprehensive Income	1,228	(826)	199	601
Cash flow hedge	30	(26)	—	4
Post-employment benefits	10	(7)	—	3
Total ^(*)	<u>7,878</u>	<u>(3,810)</u>	<u>1,393</u>	<u>5,461</u>

(*) *Deferred income tax and social contribution asset and liabilities are recorded in the balance sheet offset by a taxable entity and amounting to R\$ 56,583 and R\$ 421, respectively.*

III - The estimate of realization and present value of deferred tax assets and deferred tax liabilities are:

Year of realization	Deferred tax assets						Deferred tax liabilities		Net deferred taxes	
	Temporary differences	%	Tax loss / social contribution loss carryforwards	%	Total	%	%	%	%	
2022	14,278	27.7%	637	17.0%	14,915	27.0%	(151)	3.2%	14,764	29.2%
2023	15,661	30.4%	697	18.6%	16,358	29.6%	(330)	6.9%	16,028	31.7%
2024	9,883	19.2%	581	15.5%	10,464	18.9%	(64)	1.3%	10,400	20.6%
2025	2,094	4.1%	306	8.2%	2,400	4.3%	(49)	1.0%	2,351	4.7%
2026	2,002	3.9%	312	8.3%	2,314	4.2%	(95)	2.0%	2,219	4.4%
After 2026	7,651	14.7%	1,218	32.4%	8,869	16.0%	(4,080)	85.6%	4,789	9.4%
Total	51,569	100.0%	3,751	100.0%	55,320	100.0%	(4,769)	100.0%	50,551	100.0%
Present value ^(*)	<u>45,790</u>		<u>3,205</u>		<u>48,995</u>		<u>(3,564)</u>		<u>45,431</u>	

(*) *The average funding rate, net of tax effects, was used to determine the present value.*

Projections of future taxable income include estimates of macroeconomic variables, exchange rates, interest rates, volumes of financial operations and service fees and others factors, which can vary in relation to actual data and amounts.

Net income in the financial statements is not directly related to the taxable income for income tax and social contribution, due to differences between accounting criteria and the tax legislation, in addition to corporate aspects. Accordingly, it is recommended that changes in realization of deferred tax assets presented below are not considered as an indication of future net income.

IV - At 12/31/2021, deferred tax assets not accounted for correspond to R\$ 1,909 and result from Management's evaluation of their perspectives of realization in the long term (R\$ 780 at 12/31/2020).

[Table of Contents](#)

c) Tax liabilities

	<u>12/31/2021</u>	<u>12/31/2020</u>
Taxes and contributions on income payable	2,450	2,878
Deferred tax liabilities (Note 24b II)	280	421
Other	3,516	2,411
Total	6,246	5,710
Current	<u>5,788</u>	<u>4,819</u>
Non-current	<u>458</u>	<u>891</u>

Note 25 – Earnings per share

a) Basic earnings per share

Net income attributable to ITAÚ UNIBANCO HOLDING's shareholders is divided by the average number of outstanding shares in the period, excluding treasury shares.

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Net income attributable to owners of the parent company	26,760	18,896	27,113
Minimum non-cumulative dividends on preferred shares	(106)	(106)	(105)
Retained earnings to be distributed to common equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(109)	(109)	(109)
Retained earnings to be distributed, on a pro rata basis, to common and preferred equity owners:			
Common	13,462	9,491	13,693
Preferred	13,083	9,190	13,206
Total net income available to equity owners:			
Common	13,571	9,600	13,802
Preferred	13,189	9,296	13,311
Weighted average number of outstanding shares			
Common	4,958,290,359	4,958,290,359	4,958,290,359
Preferred	4,818,741,579	4,801,324,161	4,781,855,588
Basic earnings per share – R\$			
Common	2.74	1.94	2.78
Preferred	2.74	1.94	2.78

b) Diluted earnings per share

Calculated similarly to the basic earnings per share; however, it includes the conversion of all preferred shares potentially dilutable in the denominator.

	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Net income available to preferred equity owners	13,189	9,296	13,311
Dividends on preferred shares after dilution effects	75	41	64
Net income available to preferred equity owners considering preferred shares after the dilution effect	13,264	9,337	13,375
Net income available to ordinary equity owners	13,571	9,600	13,802
Dividend on preferred shares after dilution effects	(75)	(41)	(64)
Net income available to ordinary equity owners considering preferred shares after the dilution effect	13,496	9,559	13,738
Adjusted weighted average of shares			
Common	4,958,290,359	4,958,290,359	4,958,290,359
Preferred	4,873,042,114	4,843,233,835	4,826,925,107
Preferred	4,818,741,579	4,801,324,161	4,781,855,588
Incremental as per share-based payment plans	54,300,535	41,909,674	45,069,519
Diluted earnings per share – R\$			
Common	2.72	1.93	2.77
Preferred	2.72	1.93	2.77

There was no potentially antidilutive effect of the shares in share-based payment plans, in all periods.

[Table of Contents](#)**Note 26 – Post-employment benefits**

ITAÚ UNIBANCO HOLDING, through its subsidiaries, sponsors retirement plans for its employees.

Retirement plans are managed by Closed-end Private Pension Entities (EFPC) and are closed to new applicants. These entities have an independent structure and manage their plans according to the characteristics of their regulations.

There are three types of retirement plan:

- Defined Benefit Plans (BD): plans which scheduled benefits have their value established in advance, based on salaries and/or length of service of employees, and its cost is actuarially determined;
- Defined Contribution Plans (CD): are those plans which scheduled benefits have their value permanently adjusted to the investments balance, kept in favor of the participant, including in the benefit concession phase, considering net proceedings of its investment, amounts contributed and benefits paid; and
- Variable Contribution Plans (CV): in this type of plan, scheduled benefits present a combination of characteristics of defined contribution and defined benefit modalities, and the benefit is actuarially determined based on the investments accumulated balance by the participant on the retirement date.

Below is a list of benefit plans and their modalities:

Entity	Benefit Plan	Modality
Fundação Itaú Unibanco – Previdência Complementar - FIU	Supplementary Retirement Plan	Defined Benefit
	Supplementary Retirement Plan – Flexible Premium Annuity Franprev Benefit Plan	
	002 Benefit Plan	
	Prebeg Benefit Plan	
	UBB PREV Defined Benefit Plan	
	Benefit Plan II	
	Itaulam Basic Plan	
	Itaucard Defined Benefit Plan	
	Itaú Unibanco Main Retirement Plan	
	Itaubanco Defined Contribution Plan	
Itaubank Retirement Plan		
Redecard Pension Plan		
FUNBEP – Fundo de Pensão Multipatrocinado	Unibanco Pension Plan – Intelligent Future	Variable Contribution
	Itaulam Supplementary Plan	
	Itaucard Variable Contribution Plan	
	Itaú Unibanco Supplementary Retirement Plan	
FUNBEP – Fundo de Pensão Multipatrocinado	Benefit Plan I	Defined Benefit
	Benefit Plan II	Variable Contribution

Defined Contribution plans include pension funds consisting of the portions of sponsor's contributions not included in a participant's account balance due to loss of eligibility for the benefit, and of monies arising from the migration of retirement plans in defined benefit modality. These funds are used for future contributions to individual participants' accounts, according to the respective benefit plan regulations.

[Table of Contents](#)

a) Main Actuarial Assumptions

Actuarial assumptions of demographic and financial nature should reflect the best estimates about the variables that determine the post-employment benefit obligations.

The most relevant demographic assumption comprise of mortality table and the most relevant financial assumptions include: discount rate and inflation.

	12/31/2021	12/31/2020
Mortality table ⁽¹⁾	AT-2000	AT-2000
Discount rate ⁽²⁾	9.46% p.a.	7.64% p.a.
Inflation ⁽³⁾	4.00% p.a.	4.00% p.a.
Actuarial method	Projected Unit Credit	Projected Unit Credit

- (1) *Correspond to those disclosed by SOA – “Society of Actuaries”, that reflect a 10% increase in the probabilities of survival regarding the respective basic tables.*
- (2) *Determined based on market yield relating to National Treasury Notes (NTN-B) and compatible with the economic scenario observed on the balance sheet closing date, considering the volatility of interest market and models used.*
- (3) *Refers to estimated long-term projection.*

Retired plans sponsored by foreign subsidiaries - Banco Itaú (Suisse) S.A., Itaú CorpBanca Colombia S.A. and PROSERV - Promociones y Servicios S.A. de C.V. - are structured as Defined Benefit modality and adopt actual assumptions adequate to masses of participants and the economic scenario of each country.

b) Risk Management

The EFPCs sponsored by ITAÚ UNIBANCO HOLDING are regulated by the National Council for Complementary Pension (CNPC) and PREVIC, has an Executive Board, Advisory and Tax Councils.

Benefits offered have long-tem characteristics and the main factors involved in the management and measurement of their risks are financial risk, inflation risk and demographic risk.

- **Financial Risk** – the actuarial liability is calculated by adopting a discount, which may differ from rates earned in investments. If real income from plan investments is lower than yield expected, this may give rise to a deficit. To mitigate this risk and assure the capacity to pay long-term benefits, the plans have a significant percentage of fixed-income securities pegged to the plan commitments, aiming at minimizing volatility and risk of mismatch between assets and liabilities. Additionally, adherence tests are carried out in financial assumptions to ensure their adequacy to obligations of respective plans.

- **Inflation risk** – a large part of liabilities is pegged to inflation risk, making actuarial liabilities sensitive to increase in rates. To mitigate this risk, the same financial risks mitigation strategies are used.

- **Demographic Risk** – plans that have any obligation actuarially assessed are exposed to demographic risk. In the event the mortality tables used are not adherent to the mass of plan participants, a deficit or surplus may arise in actuarial evaluation. To mitigate this risk, adherence tests to demographic assumptions are conducted to ensure their adequacy to liabilities of respective plans.

For purposes of registering in the balance sheet the EFPCs that manage them, actuarial liabilities of plans use discount rate adherent to its asset portfolio and income and expense flows, according to a study prepared by an independent consulting company. The actuarial method used is the aggregate method, through which the plan costing is defined by the difference between its equity coverage and the current value of its future liabilities, observing the methodology established in the respective actuarial technical note.

When deficit in the concession period above the legally defined limits is noted, debt agreements are entered into with the sponsor according to costing policies, which affect the future contributions of the plan, and a plan for solving such deficit is established respecting the guarantees set forth by the legislation in force. The plans that are in this situation are resolved through extraordinary contributions that affect the values of the future contribution of the plan.

[Table of Contents](#)**c) Asset management**

The purpose of the management of the funds is the long-term balance between pension assets and liabilities with payment of benefits by exceeding actuarial goals (discount rate plus benefit adjustment index, established in the plan regulations).

Below is a table with the allocation of assets by category, segmented into Quoted in an Active Market and Not Quoted in an Active Market:

Types	Fair value		% Allocation	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Fixed income securities	19,904	21,172	90.8%	91.2%
Quoted in an active market	19,508	20,804	89.0%	89.6%
Non quoted in an active market	396	368	1.8%	1.6%
Variable income securities	1,323	1,387	6.1%	5.9%
Quoted in an active market	1,312	1,378	6.0%	5.9%
Non quoted in an active market	11	9	0.1%	0.0%
Structured investments	150	82	0.7%	0.4%
Non quoted in an active market	150	82	0.7%	0.4%
Real estate	462	506	2.1%	2.2%
Loans to participants	73	78	0.3%	0.3%
Total	21,912	23,225	100.0%	100.0%

The defined benefit plan assets include shares of ITAÚ UNIBANCO HOLDING, its main parent company (ITAÚSA) and of subsidiaries of the latter, with a fair value of R\$ 11 (R\$ 11 at 12/31/2020), and real estate rented to group companies, with a fair value of R\$ 374 (R\$ 410 at 12/31/2020).

d) Other post-employment benefits

ITAÚ UNIBANCO HOLDING and its subsidiaries do not have additional liabilities related to post-employment benefits, except in cases arising from maintenance commitments assumed in acquisition agreements occurred over the years, as well as those benefits originated from court decision in the terms and conditions established, in which there is total or partial sponsorship of health care plan for a specific mass of former employees and their beneficiaries. Its costing is actuarially determined so as to ensure coverage maintenance. These plans are closed to new applicants.

Assumptions for discount rate, inflation, mortality table and actuarial method are the same used for retirement plans. ITAÚ UNIBANCO HOLDING used the percentage of 4% p.a. for medical inflation, additionally considering, inflation rate of 4% p.a.

Particularly in other post-employment benefits, there is medical inflation risk associated to increase in medical costs above expectation. To mitigate this risk, the same financial risks mitigation strategies are used.

[Table of Contents](#)**e) Change in the net amount recognized in the balance sheet**

The net amount recognized in the Balance Sheet is limited by the asset ceiling and it is computed based on estimated future contributions to be realized by the sponsor, so that it represents the maximum reduction amount in the contributions to be made.

	12/31/2021								
	BD and CV plans				CD plans			Other post-employment benefits Liabilities	Total Recognized amount
	Net assets	Actuarial liabilities	Asset ceiling	Recognized amount	Pension plan fund	Asset ceiling	Recognized amount		
Amounts at the beginning of the period	23,225	(20,662)	(3,642)	(1,079)	1,454	(951)	503	(922)	(1,498)
Amounts recognized in income (1+2+3+4)	1,722	(1,575)	(278)	(131)	41	(68)	(27)	(66)	(224)
1 - Cost of current service	—	(53)	—	(53)	—	—	—	—	(53)
2 - Cost of past service	—	—	—	—	—	—	—	—	—
3 - Net interest ⁽¹⁾	1,722	(1,522)	(278)	(78)	104	(68)	36	(66)	(108)
4 - Other expenses ⁽²⁾	—	—	—	—	(63)	—	(63)	—	(63)
Amounts recognized in stockholders' equity - other comprehensive income (5+6+7)	(1,764)	817	665	(282)	(725)	1,017	292	81	91
5 - Effects on asset ceiling ⁽⁴⁾	—	—	665	665	(484)	1,017	533	—	1,198
6 - Remeasurements	(1,766)	801	—	(965)	(241)	—	(241)	81	(1,125)
Changes in demographic assumptions	—	4	—	4	—	—	—	—	4
Changes in financial assumptions	—	3,708	—	3,708	—	—	—	113	3,821
Experience of the plan ⁽³⁾	(1,766)	(2,911)	—	(4,677)	(241)	—	(241)	(32)	(4,950)
7 - Exchange variation	2	16	—	18	—	—	—	—	18
Other (8+9+10)	(1,271)	1,381	—	110	(323)	—	(323)	128	(85)
8 - Receipt by Destination of Resources ⁽⁴⁾	—	—	—	—	(323)	—	(323)	—	(323)
9 - Benefits paid	(1,381)	1,381	—	—	—	—	—	128	128
10 - Contributions and investments from sponsor	110	—	—	110	—	—	—	—	110
Amounts at end of the period	21,912	(20,039)	(3,255)	(1,382)	447	(2)	445	(779)	(1,716)
Amount recognized in Assets (Note 18a)				48			445	—	493
Amount recognized in Liabilities (Note 18b)				(1,430)			—	(779)	(2,209)

	12/31/2020								
	BD and CV plans				CD plans			Other post-employment benefits Liabilities	Total Recognized amount
	Net assets	Actuarial liabilities	Asset ceiling	Recognized amount	Pension plan fund	Asset ceiling	Recognized amount		
Amounts at the beginning of the period	22,732	(19,659)	(3,761)	(688)	1,475	(849)	626	(967)	(1,029)
Amounts recognized in income (1+2+3+4)	1,731	(1,578)	(287)	(134)	20	(65)	(45)	(76)	(255)
1 - Cost of current service	—	(80)	—	(80)	—	—	—	—	(80)
2 - Cost of past service	—	(1)	—	(1)	—	—	—	—	(1)
3 - Net interest ⁽¹⁾	1,731	(1,497)	(287)	(53)	112	(65)	47	(76)	(82)
4 - Other expenses ⁽²⁾	—	—	—	—	(92)	—	(92)	—	(92)
Amounts recognized in stockholders' equity - other comprehensive income (5+6+7)	(75)	(669)	406	(338)	(41)	(37)	(78)	6	(410)
5 - Effects on asset ceiling	—	—	406	406	—	(37)	(37)	—	369
6 - Remeasurements	(113)	(588)	—	(701)	(41)	—	(41)	6	(736)
Changes in demographic assumptions	—	(11)	—	(11)	—	—	—	—	(11)
Changes in financial assumptions	—	13	—	13	—	—	—	12	25
Experience of the plan ⁽³⁾	(113)	(590)	—	(703)	(41)	—	(41)	(6)	(750)
7 - Exchange variation	38	(81)	—	(43)	—	—	—	—	(43)
Other (8+9)	(1,163)	1,244	—	81	—	—	—	115	196
8 - Benefits paid	(1,244)	1,244	—	—	—	—	—	115	115
9 - Contributions and investments from sponsor	81	—	—	81	—	—	—	—	81
Amounts at end of the period	23,225	(20,662)	(3,642)	(1,079)	1,454	(951)	503	(922)	(1,498)
Amount recognized in Assets (Note 18a)				82			503	—	585
Amount recognized in Liabilities (Note 18b)				(1,161)			—	(922)	(2,083)

(1) Corresponds to the amount calculated on 01/01/2021 based on the initial amount (Net Assets, Actuarial Liabilities and Restriction of Assets), taking into account the estimated amount of payments/ receipts of benefits/ contributions, multiplied by the discount rate of 7.64% p.a. (on 01/01/2020 the rate used was 7.64% p.a.).

(2) Corresponds to the use of asset amounts allocated in pension funds of the defined contribution plans.

(3) Correspond to the income obtained above/below the expected return and comprise the contributions made by participants.

(4) Includes the effects of the allocation of the surplus from the pension fund of Itaubanco Defined Contribution Plan.

[Table of Contents](#)**f) Defined benefit contribution**

	Estimated contribution	Contributions made	
		01/01 to 12/31/2021	01/01 to 12/31/2020
Retirement plan - FIU	34	43	45
Retirement plan - FUNBEP	22	32	5
Total	56	75	50

g) Maturity profile of defined benefit liabilities

	Duration (*)	2022	2023	2024	2025	2026	2027 to 2031
Pension plan - FIU	9.80	1,050	943	984	1,025	1,072	5,862
Pension plan - FUNBEP	9.10	594	614	634	652	667	3,541
Other post-employment benefits	7.09	140	157	149	36	37	209
Total		1,784	1,714	1,767	1,713	1,776	9,612

(*) Average duration of plan's actuarial liabilities.

h) Sensitivity analysis

To measure the effects of changes in the key assumptions, sensitivity tests are conducted in actuarial liabilities annually. The sensitivity analysis considers a vision of the impacts caused by changes in assumptions, which could affect the income for the period and stockholders' equity at the balance sheet date. This type of analysis is usually carried out under the *ceteris paribus* condition, in which the sensitivity of a system is measured when only one variable of interest is changed and all the others remain unchanged. The results obtained are shown in the table below:

Main assumptions	BD and CV plans			Other post-employment benefits		
	Present value of liability	Income	Stockholders' equity (Other Comprehensive Income) (*)	Present value of liability	Income	Stockholders' equity (Other Comprehensive Income) (*)
Discount rate						
Increase by 0.5%	(835)	—	308	(24)	—	24
Decrease by 0.5%	905	—	(420)	27	—	(27)
Mortality table						
Increase by 5%	(234)	—	87	(10)	—	10
Decrease by 5%	245	—	(91)	11	—	(11)
Medical inflation						
Increase by 1%	—	—	—	63	—	(63)
Decrease by 1%	—	—	—	(53)	—	53

(*) Net of effects of asset ceiling

[Table of Contents](#)

Note 27 – Insurance contracts and private pension

ITAÚ UNIBANCO HOLDING, through its subsidiaries, offers to the market insurance and private pension products, with the purpose of assuming risks and restoring the economic balance of the insured's assets. Products are offered through insurance brokers (independent and captive brokers), Itaú Unibanco's electronic channels and branches, in compliance with the regulatory requirements, of the National Council of Private Insurance – CNSP and the Superintendence of Private Insurance—SUSEP.

I – Insurance

A contract entered into by the parties to protect the customer's assets, upon payment of a premium, by means of replacement or pre-established financial compensation, against damage their property or their person. As backing, ITAÚ UNIBANCO HOLDING insurance companies set up technical reserves, through specialized areas within the conglomerate, with the objective of indemnifying policyholders' losses in the event of claims of insured risks.

The insurance risks sold by ITAÚ UNIBANCO HOLDING's insurance companies are divided into property and casualty insurance, covering loss, damage or liabilities for assets or persons, and life insurance that includes coverage for death and personal accidents.

II – Private pension

Designed to ensure the maintenance of the quality of life of participants, as a supplement to the government plans, through long term investments, private pension products are divided into three major groups:

- **PGBL – Free Benefit Generating Plan:** The main objective of this plan is the accumulation of financial resources, but it can be purchased with additional risk coverage. Recommended for customers that file the full version of the income tax return, because they can deduct contributions paid for tax purposes up to 12% of their annual taxable gross income;
- **VGBL - Free Benefit Generating Life Plan:** This is insurance structured as a pension plan. Its taxation differs from the PGBL; in this case, the tax basis is the earned income; and
- **FGB – Benefit Generating Fund:** This is a pension plan with minimum income guarantee, and possibility of receiving earnings from asset performance. Although there are plans still in existence, they are no longer sold.

III – Technical provision for insurance and private pensions

The technical provisions for insurance and private pensions are recognized according to the technical notes approved by SUSEP and criteria established by current legislation, as follows:

- **Provision for unearned premiums (PPNG)** - this provision is recognized, based on insurance premiums, to cover amounts payable for future claims and expenses. In the calculation, the term to maturity of risks assumed and issued and risks in effect but not issued (PPNG-RVNE) in the policies or endorsements of contracts in force is taken pro rata on a daily basis;
- **Provision for unsettled claims (PSL)** - this provision is recognized to cover expected amounts for reported and unpaid claims, including administrative and judicial claims. It includes amounts related to indemnities, reserve funds and past-due income, all gross of reinsurance operations and net of coinsurance operations, when applicable. When necessary, it must cover adjustments for IBNER (claims incurred but not sufficiently reported) for the total of claims reported but not yet paid, a total which may change during the process up to final settlement;
- **Provision for claims incurred and not reported (IBNR)** - this provision is recognized for the coverage of expected amount for settlement of claims incurred but not reported up to the calculation base date, including administrative and judicial claims. It includes amounts related to indemnities, reserve funds and income, all gross of reinsurance operations and net of coinsurance operations;
- **Mathematical provisions for benefits to be granted (PMBAC)** - recognized for the coverage of commitments assumed to participants or policyholders, based on the provisions of the contract, while the event that gives rise to the benefit and/or indemnity has not occurred;

[Table of Contents](#)

- **Mathematical provisions for benefits granted (PMBC)** - recognized for the coverage of commitments to payment of indemnities and/or benefits to participants or insured parties, based on the provisions of the contract, after the event has occurred;
- **Provision for financial surplus (PEF)** - it is recognized to guarantee amounts intended for the distribution of financial surplus, if provided for in the contract. Corresponds to the financial income exceeding the minimum return guaranteed in the product;
- **Supplemental Coverage Reserve (PCC)** - recognized when technical reserves are found to be insufficient, as shown by the Liability Adequacy Test, provided for in the regulations;
- **Provision for redemptions and other amounts to be regularized (PVR)** - this provision is recognized for the coverage of amounts related to redemptions to be regularized, returned premiums or funds, transfers requested but, for any reason, not yet transferred to the recipient insurance company or open private pension entity, and where premiums have been received but not quoted;
- **Provision for related expenses (PDR)** - recognized for the coverage of expected amounts related to expenses on benefits and indemnities, due to events which have occurred or will occur.

IV - Main information related to Insurance and Private Pension operations

a) Indexes

	Sales ratio			Loss ratio		
	%			%		
<u>Main Insurance Lines</u>	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
Group Accident Insurance	31.5	33.8	35.1	14.5	11.3	6.8
Individual Accident Insurance	18.7	18.8	18.8	26.7	29.4	24.1
Credit Life Insurance	22.9	24.2	23.7	26.1	22.3	18.0
Random Events	23.3	23.5	23.5	32.0	34.3	26.3
Multiple Peril	43.1	44.4	46.4	24.0	52.9	60.2
Mortgage Insurance in Market Policies – Credit Life Insurance	20.3	20.4	20.0	26.5	18.5	17.3
Group Life	23.8	24.0	23.2	53.5	41.0	34.4

b) Revenues from insurance premiums and private pension

	Premiums and contributions		
	<u>01/01 to 12/31/2021</u>	<u>01/01 to 12/31/2020</u>	<u>01/01 to 12/31/2019</u>
<u>Main lines</u>			
Group Accident Insurance	883	847	867
Individual Accident Insurance	175	187	222
Disability Savings Pension	240	258	269
PGBL	2,460	2,235	2,282
Credit Life Insurance	1,008	624	946
Random Events	192	195	227
Multiple Peril	542	370	290
Mortgage Insurance in Market Policies – Credit Life Insurance	437	339	324
Traditional	128	117	115
VGBL	7,054	8,022	12,335
Group Life	1,165	955	947
Other lines	739	655	800
Total	15,023	14,804	19,624

[Table of Contents](#)**c) Technical provisions balances**

	12/31/2021			12/31/2020		
	<u>Insurance</u>	<u>Private Pension</u>	<u>Total</u>	<u>Insurance</u>	<u>Private Pension</u>	<u>Total</u>
Unearned premiums (PPNG)	2,846	12	2,858	2,298	12	2,310
Mathematical provisions for benefits to be granted (PMBAC) and granted benefits (PMBC)	19	209,196	209,215	17	215,216	215,233
Redemptions and Other Unsettled Amounts (PVR)	19	358	377	16	332	348
Financial surplus (PEF)	1	691	692	2	655	657
Unsettled claims (PSL)	506	79	585	515	68	583
Claims / events incurred but not reported (IBNR)	334	27	361	294	22	316
Related Expenses (PDR)	29	65	94	29	88	117
Other provisions	129	665	794	132	1,304	1,436
Total	3,883	211,093	214,976	3,303	217,697	221,000
Current	3,102	541	3,643	2,537	526	3,063
Non-current	781	210,552	211,333	766	217,171	217,937

d) Change in technical provisions

	12/31/2021			12/31/2020		
	<u>Insurance</u>	<u>Private pension</u>	<u>Total</u>	<u>Insurance</u>	<u>Private pension</u>	<u>Total</u>
Opening balance - 01/01	3,303	217,697	221,000	3,688	214,646	218,334
(+) Additions arising from premiums / contributions	5,106	9,676	14,782	4,176	10,389	14,565
(-) Deferral due to elapsed risk	(4,563)	—	(4,563)	(4,221)	—	(4,221)
(-) Payment of claims / benefits	(1,598)	(373)	(1,971)	(1,263)	(364)	(1,627)
(+) Reported claims	1,534	—	1,534	1,322	—	1,322
(-) Redemptions	—	(16,872)	(16,872)	—	(15,431)	(15,431)
(+/-) Net Portability	—	(3,417)	(3,417)	—	563	563
(+) Adjustment of reserves and financial surplus	14	5,009	5,023	12	7,837	7,849
(+/-) Other (increase / reversal)	83	(627)	(544)	(190)	57	(133)
(+/-) Corporate Reorganization	4	—	4	(221)	—	(221)
Closing balance	3,883	211,093	214,976	3,303	217,697	221,000

Through actuarial models based mainly on the portfolio historical experience and on macroeconomic projections, ITAÚ UNIBANCO HOLDING establishes the assumptions that influence the assessment of technical provisions. The assumptions are reassessed annually by experts of the actuarial and risk area, and are subsequently submitted to the executive's approval. The effects on assumptions are recognized in income for the period in which they occurred.

[Table of Contents](#)**V - Deferred acquisition costs**

They are recorded in assets and charges are shown in the table below:

	<u>12/31/2021</u>	<u>12/31/2020</u>
Opening Balance - 01/01	496	495
Increase	1,298	1,089
Amortization	<u>(1,163)</u>	<u>(1,088)</u>
Closing Balance	631	496
Balance to be amortized in up to 12 months	464	380
Balance to be amortized after 12 months	<u>167</u>	<u>116</u>

VI - Table of Claims Development

Provision for unsettled claims (PSL)	585
(-) IBNER	214
(-) Reinsurance	19
(-) Retrocession and other estimates	—
Liability claims presented in the claims development table (a + b)	<u>352</u>

The amount of obligations of the ITAÚ UNIBANCO HOLDING may change. The first part of the table below shows how the final loss estimate changes through time. The second part of the table reconciles the amounts pending payment and the liability disclosed in the balance sheet.

a) Administratives claims - net of reinsurance

<u>Occurrence date</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>Total</u>
At the end of reporting period	934	954	1,121	1,231	1,401	
After 1 year	977	1,012	1,133	1,237		
After 2 years	975	1,015	1,133			
After 3 years	973	1,012				
After 4 years	969					
Current estimate	969	1,012	1,133	1,237	1,401	
Accumulated payments through base date	958	999	1,123	1,226	1,300	5,606
Liabilities recognized in the balance sheet	11	13	10	11	101	146
Liabilities in relation to prior periods						54
Total administratives claims						<u>200</u>

b) Judicial claims - net of reinsurance

<u>Occurrence date</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>Total</u>
At the end of reporting period	28	16	20	12	12	
After 1 year	40	33	36	23		
After 2 years	51	47	43			
After 3 years	60	54				
After 4 years	64					
Current estimate	64	54	43	23	12	
Accumulated payments through base date	55	43	30	10	4	142
Liabilities recognized in the balance sheet	9	11	13	13	8	54
Liabilities in relation to prior periods						98
Total judicial claims						<u>152</u>

The breakdown of the claims development table into administrative and judicial shows the reallocation of administrative claims up to a certain base date and that become judicial claims afterwards, which may give the wrong impression of need for adjusting the provisions in each breakdown.

[Table of Contents](#)**VII - Liability Adequacy Test**

ITAÚ UNIBANCO HOLDING tests for Liability Adequacy semiannually, by comparing the amount recognized for its technical reserves with the current estimate of cash flow of its future obligations. The estimate should include all cash flows related to the business, which is the minimum requirement for carrying out the adequacy test.

The Liability Adequacy Test did not indicate significant insufficiency in 2021, 2020 and 2019.

The assumptions used in the test are periodically reviewed and are based on best practices and an analysis of subsidiaries' experience, thus representing the best estimates for cash flow projections.

Methodology and test grouping

Specifically for insurance products, cash flows were projected using the method known as the run-off triangle for quarterly frequency periods. For pension products, cash flows for the deferral and concession phases are tested separately.

The risk grouping criteria include groups subject to similar risks that are jointly managed as a single portfolio.

Demographic tables

Demographic tables are instruments to measure the demographic risk represented by the probability of death, survival or disability of a participant.

For death and survival estimates, the latest Brazilian Market Insurer Experience tables (BR-EMS) are used, adjusted according to Scale G life expectancy development, and the Álvaro Vindas table is used to estimate benefit requests for disability.

Risk-free interest rate

The relevant risk-free forward interest-rate structure (ETTJ) is an indicator of the pure time value of money used to price the set of projected cash flows.

The ETTJ was obtained from the curve of securities deemed to be credit risk free, available in the Brazilian financial market and determined by ITAÚ UNIBANCO HOLDING using its own method, plus a spread, which takes into account the impact of the market result of securities classified as Financial assets at amortized cost in the Guarantee assets portfolio.

Annuity conversion rate

The annuity conversion rate represents the expected conversion of balances accumulated by participants in retirement benefits. The decision by participants convert into an annuity is influenced by behavioral, economic and tax factors.

Other assumptions

Related expenses, cancellations and partial redemptions, future additions and contributions, are among the assumptions that affect the estimate of projected cash flows since they represent expenses and income arising from insurance agreements assumed.

[Table of Contents](#)**Note 28 – Fair value of financial instruments**

In cases where market prices are not available, fair values are based on estimates using discounted cash flows or other valuation techniques. These techniques are significantly affected by the assumptions adopted, including the discount rate and estimate of future cash flows. The estimated fair value obtained through these techniques cannot be substantiated by comparison with independent markets and, in many cases, cannot be achieved on immediate settlement of the instrument.

The following table summarizes the book values and estimated fair values for financial instruments:

	12/31/2021		12/31/2020	
	Book value	Fair value	Book value	Fair value ^(*)
Financial assets	1,915,573	1,916,325	1,851,322	1,861,146
At Amortized Cost	1,375,782	1,376,534	1,275,799	1,285,623
Central Bank compulsory deposits	(a) 104,592	104,592	90,059	90,059
Interbank deposits	(b) 69,942	70,112	55,685	55,883
Securities purchased under agreements to resell	(a) 169,718	169,718	239,943	239,943
Voluntary investments with the Central Bank of Brazil	(a) 5,800	5,800	—	—
Securities	(c) 147,746	147,219	129,804	131,159
Loan and Financial Lease	(d) 822,590	823,699	714,104	722,375
Other financial assets	(e) 96,473	96,473	93,255	93,255
(-) Provision for Expected Loss	(41,079)	(41,079)	(47,051)	(47,051)
At Fair Value Through Other Comprehensive Income	105,622	105,622	109,942	109,942
Securities	(c) 105,622	105,622	109,942	109,942
At Fair Value Through Profit or Loss	434,169	434,169	465,581	465,581
Securities	(c) 364,967	364,967	389,071	389,071
Derivatives	(c) 69,045	69,045	76,504	76,504
Other financial assets	157	157	6	6
Financial liabilities	1,621,786	1,622,317	1,579,686	1,581,953
At Amortized Cost	1,553,107	1,553,638	1,495,641	1,497,908
Deposits	(b) 850,372	850,277	809,010	808,965
Securities sold under repurchase agreements	(a) 252,848	252,848	273,364	273,364
Interbank market funds	(b) 177,145	177,181	156,035	156,106
Institutional market funds	(b) 138,636	139,226	138,308	140,549
Other financial liabilities	(e) 134,106	134,106	118,924	118,924
At Fair Value Through Profit or Loss	63,479	63,479	79,653	79,653
Derivatives	(c) 63,204	63,204	79,505	79,505
Structured notes	114	114	143	143
Other financial liabilities	161	161	5	5
Provision for Expected Loss	5,200	5,200	4,392	4,392
Loan Commitments	4,433	4,433	3,485	3,485
Financial Guarantees	767	767	907	907

(*) In the period, the result of Derivatives, as well as Adjustment to Fair Value of Financial Assets (particularly private securities) had their amounts affected by oscillations of rates and other market variables arising from the impact of the COVID-19 pandemic on the macroeconomic scenario in the period (Note 33a).

Financial instruments not included in the Balance Sheet (Note 32) are represented by Standby letters of credit and financial guarantees provided, which amount to R\$ 128,683 (R\$ 110,410 at 12/31/2020) with an estimated fair value of R\$ 217 (R\$ 520 at 12/31/2020).

[Table of Contents](#)

The methods and assumptions used to estimate the fair value are defined below:

- a) **Central Bank deposits, Securities purchased under agreements to resell and Securities sold under repurchase agreements** – The carrying amounts for these instruments are close to their fair values.
- b) **Interbank deposits, Deposits, Interbank and Institutional Market Funds** – they are calculated by discounting estimated cash flows at market interest rates.
- c) **Securities and Derivatives** – Under normal conditions, the prices quoted in the market are the best indicators of the fair values of these financial instruments. However, not all instruments have liquidity or quoted market prices and, in such cases, it is necessary to adopt present value estimates and other techniques to establish their fair value. In the absence of prices quoted by the Brazilian Association of Financial and Capital Markets Entities (ANBIMA), the fair values of government securities are calculated by discounting estimated cash flows at market interest rates, as well as corporate securities.
- d) **Loans and financial leases** – Fair value is estimated for groups of loans with similar financial and risk characteristics, using valuation models. The fair value of fixed-rate loans was determined by discounting estimated cash flows, at interest rates applicable to similar loans. For the majority of loans at floating rates, the carrying amount was considered to be close to their market value. The fair value of loan and lease operations not overdue was calculated by discounting the expected payments of principal and interest to maturity. The fair value of overdue loan and lease transactions was based on the discount of estimated cash flows, using a rate proportional to the risk associated with the estimated cash flows, or on the underlying collateral. The assumptions for cash flows and discount rates rely on information available in the market and knowledge of the individual debtor.
- e) **Other financial assets / liabilities** – primarily composed of receivables from credit card issuers, deposits in guarantee for contingent liabilities, provisions and legal obligations and trading and intermediation of securities. The carrying amounts for these assets/liabilities substantially approximate to their fair values, since they principally represent amounts to be received in the short term from credit card holders and to be paid to credit card issuers, deposits in guarantee (indexed to market rates) made by ITAÚ UNIBANCO HOLDING to secure lawsuits or very short-term receivables (generally with a maturity of approximately 5 business days). All of these items represent assets / liabilities without significant associated market, credit or liquidity risks.

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. An active market is a market in which transactions for the asset or liability being measured occur often enough and with sufficient volume to provide pricing information on an ongoing basis.

[Table of Contents](#)

Level 2: Input that is not observable for the asset or liability either directly or indirectly. Level 2 generally includes: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or quoted prices vary substantially either over time or among market makers, or in which little information is released publicly; (iii) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, etc.); (iv) inputs that are mainly derived from or corroborated by observable market data through correlation or by other means.

Level 3: Inputs are not observable for the asset or liability. Unobservable information is used to measure fair value to the extent that observable information is not available, thus allowing for situations in which there is little, or no market activity for the asset or liability at the measurement date.

Financial assets at fair value through profit or loss, including Derivatives, and at fair value through other comprehensive income:

Level 1: Securities with prices available in an active market and derivatives traded on stock exchanges. This classification level includes most of the Brazilian government securities, government securities from other countries, shares, debentures with price published by ANBIMA and other securities traded in an active market.

Level 2: Bonds, securities and derivatives that do not have price information available and are priced based on conventional or internal models. The inputs used by these models are captured directly or built from observations of active markets. Most of derivatives traded over-the-counter, certain Brazilian government bonds, debentures and other private securities whose credit component effect is not considered relevant, are at this level.

Level 3: Bonds, securities and derivatives for which pricing inputs are generated by statistical and mathematical models. Debentures and other private securities that do not fit into level 2 rule and derivatives with maturities greater than the last observable vertices of the discount curves are at this level.

All the above methods may result in a fair value that is not indicative of the net realizable value or future fair values. However, ITAÚ UNIBANCO HOLDING believes that all the method used are appropriate and consistent with other market participants. Moreover, the adoption of different methods or assumptions to estimate fair value may result in different fair value estimates at the balance sheet date.

[Table of Contents](#)

Distribution by level

The following table presents the breakdown of fair value hierarchy levels.

	12/31/2021				12/31/2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	259,868	100,492	1,563	361,923	312,572	70,791	1,968	385,331
Investment funds	653	19,486	—	20,139	576	13,628	—	14,204
Brazilian government securities	215,405	6,350	—	221,755	279,180	6,705	—	285,885
Government securities – other countries	5,561	—	—	5,561	8,210	—	—	8,210
Argentina	930	—	—	930	1,498	—	—	1,498
Chile	837	—	—	837	840	—	—	840
Colombia	1,059	—	—	1,059	3,603	—	—	3,603
United States	2,671	—	—	2,671	2,085	—	—	2,085
Italy	—	—	—	—	130	—	—	130
Mexico	19	—	—	19	5	—	—	5
Paraguay	10	—	—	10	3	—	—	3
Peru	8	—	—	8	5	—	—	5
Uruguay	27	—	—	27	41	—	—	41
Corporate securities	38,249	74,656	1,563	114,468	24,606	50,458	1,968	77,032
Shares	14,355	5,002	—	19,357	14,176	4,871	—	19,047
Rural product note	—	6,791	61	6,852	—	2,285	64	2,349
Bank deposit certificates	—	150	—	150	—	729	—	729
Real estate receivables certificates	—	1,009	3	1,012	—	—	548	548
Debentures	18,638	45,672	1,478	65,788	7,962	20,625	1,350	29,937
Eurobonds and others	5,244	1	8	5,253	2,383	—	—	2,383
Financial bills	—	10,098	13	10,111	—	15,777	6	15,783
Promissory and commercial notes	—	4,684	—	4,684	—	5,616	—	5,616
Other	12	1,249	—	1,261	85	555	—	640
Other Financial Assets	—	157	—	157	—	6	—	6
Financial assets at fair value through other comprehensive income	104,018	1,604	—	105,622	108,018	1,924	—	109,942
Brazilian government securities	68,457	1,185	—	69,642	66,701	1,248	—	67,949
Government securities – other countries	30,194	—	—	30,194	34,402	—	—	34,402
Argentina	405	—	—	405	—	—	—	—
Chile	19,734	—	—	19,734	21,651	—	—	21,651
Colombia	1,847	—	—	1,847	3,986	—	—	3,986
United States	4,518	—	—	4,518	3,750	—	—	3,750
Mexico	1,022	—	—	1,022	1,181	—	—	1,181
Paraguay	1,459	—	—	1,459	2,947	—	—	2,947
Uruguay	1,209	—	—	1,209	887	—	—	887
Corporate securities	5,367	419	—	5,786	6,915	676	—	7,591
Shares	743	—	—	743	1,382	—	—	1,382
Bank deposit certificates	—	131	—	131	109	198	—	307
Debentures	134	217	—	351	419	470	—	889
Eurobonds and others	4,490	8	—	4,498	5,005	8	—	5,013
Financial credit bills	—	6	—	6	—	—	—	—
Other	—	57	—	57	—	—	—	—
Financial assets designated at fair value through profit or loss	3,044	—	—	3,044	3,740	—	—	3,740
Brazilian external debt bonds	3,044	—	—	3,044	3,740	—	—	3,740
Financial liabilities at fair value through profit or loss	—	161	—	161	—	5	—	5
Other financial liabilities	—	161	—	161	—	5	—	5
Financial liabilities designated at fair value through profit or loss	—	114	—	114	—	143	—	143
Structured notes	—	114	—	114	—	143	—	143

The following table presents the breakdown of fair value hierarchy levels for derivative assets and liabilities.

	12/31/2021				12/31/2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	6	68,887	152	69,045	23	76,376	105	76,504
Swap Contracts – adjustment receivable	—	37,924	90	38,014	—	45,926	93	46,019
Option Contracts	3	21,187	62	21,252	4	20,402	12	20,418
Forward Contracts	—	3,111	—	3,111	—	2,085	—	2,085
Credit derivatives	—	242	—	242	—	156	—	156
NDF - Non Deliverable Forward	—	5,943	—	5,943	—	7,596	—	7,596
Other derivative financial instruments	3	480	—	483	19	211	—	230
Liabilities	(3)	(63,076)	(125)	(63,204)	(22)	(79,373)	(110)	(79,505)
Swap Contracts – adjustment payable	—	(34,535)	(111)	(34,646)	—	(51,680)	(109)	(51,789)
Option Contracts	(2)	(22,531)	(14)	(22,547)	(13)	(20,248)	(1)	(20,262)
Forward Contracts	—	(762)	—	(762)	—	(905)	—	(905)
Credit derivatives	—	(198)	—	(198)	—	(76)	—	(76)
NDF - Non Deliverable Forward	—	(4,896)	—	(4,896)	—	(6,426)	—	(6,426)
Other derivative financial instruments	(1)	(154)	—	(155)	(9)	(38)	—	(47)

There were no significant transfer between Level 1 and Level 2 during the periods of 12/31/2021 and 12/31/2020. Transfers to and from Level 3 are presented in movements of Level 3.

[Table of Contents](#)**Governance of Level 3 recurring fair value measurement**

The departments in charge of defining and applying the pricing models are segregated from the business areas. The models are documented, submitted to validation by an independent area and approved by a specific committee. The daily process of price capture, calculation and disclosure is periodically checked according to formally defined tests and criteria and the information is stored in a single corporate data base.

The most frequent cases of assets classified as Level 3 are justified by the discount factors used and corporate bonds whose credit component is relevant. Factors such as the fixed interest curve in Brazilian Reais and the TR coupon curve – and, as a result, their related factors – have inputs with terms shorter than the maturities of fixed-income assets.

[Table of Contents](#)
Level 3 recurring fair value changes

The tables below show balance sheet changes for financial instruments classified by ITAÚ UNIBANCO HOLDING in Level 3 of the fair value hierarchy. Derivative financial instruments classified in Level 3 correspond to other derivatives indexed to shares.

	Total gains or losses (realized / unrealized)						Fair value at 12/31/2021	Total Gains or Losses (Unrealized)
	Fair value at 12/31/2020	Recognized in income	Recognized in other comprehensive income	Purchases	Settlements	Transfers in and / or out of Level		
Financial assets at fair value through profit or loss	1,968	(505)	—	1,993	(865)	(1,028)	1,563	(434)
Corporate securities	1,968	(505)	—	1,993	(865)	(1,028)	1,563	(434)
Real estate receivables certificates	548	(167)	—	1,039	(616)	(801)	3	—
Debentures	1,350	(313)	—	855	(211)	(203)	1,478	(432)
Rural Product Note	64	(15)	—	62	(32)	(18)	61	—
Eurobonds and other	—	(9)	—	23	(6)	—	8	(2)
Financial bills	6	(1)	—	14	—	(6)	13	—

	Total gains or losses (realized / unrealized)						Fair value at 12/31/2021	Total Gains or Losses (Unrealized)
	Fair value at 12/31/2020	Recognized in income	Recognized in other comprehensive income	Purchases	Settlements	Transfers in and / or out of Level		
Derivatives – assets	105	46	—	327	(284)	(42)	152	56
Swap Contracts – adjustment receivable	93	26	—	56	(43)	(42)	90	90
Option Contracts	12	20	—	271	(241)	—	62	(34)
Derivatives – liabilities	(110)	72	—	(233)	148	(2)	(125)	(24)
Swap Contracts – adjustment payable	(109)	8	—	(30)	22	(2)	(111)	(46)
Option Contracts	(1)	64	—	(203)	126	—	(14)	22

	Total gains or losses (realized / unrealized)						Fair value at 12/31/2020	Total Gains or Losses (Unrealized)
	Fair value at 12/31/2019	Recognized in income	Recognized in other comprehensive income	Purchases	Settlements	Transfers in and / or out of Level		
Financial assets at fair value through profit or loss	1,719	(1,160)	—	1,619	(779)	569	1,968	(700)
Corporate securities	1,719	(1,160)	—	1,619	(779)	569	1,968	(700)
Real estate receivables certificates	1,444	(726)	—	263	(433)	—	548	(14)
Debentures	225	(369)	—	1,050	(272)	716	1,350	(635)
Rural Product Note	—	(55)	—	227	(19)	(89)	64	(51)
Eurobonds and other	7	(6)	—	69	(12)	(58)	—	—
Financial bills	13	(2)	—	—	(5)	—	6	—
Other	30	(2)	—	10	(38)	—	—	—
Financial assets at fair value through other comprehensive income	34	5	—	298	(221)	(116)	—	—
Corporate securities	34	5	—	298	(221)	(116)	—	—
Real estate receivables certificates	26	—	—	—	(26)	—	—	—
Debentures	—	(2)	6	50	(54)	—	—	—
Eurobonds and other	8	7	(6)	248	(141)	(116)	—	—

	Total gains or losses (realized / unrealized)						Fair value at 12/31/2020	Total Gains or Losses (Unrealized)
	Fair value at 12/31/2019	Recognized in income	Recognized in other comprehensive income	Purchases	Settlements	Transfers in and / or out of Level		
Derivatives – Assets	103	89	—	193	(234)	(46)	105	51
Swap Contracts – adjustment receivable	32	107	—	10	(11)	(45)	93	91
Option Contracts	71	(18)	—	183	(223)	(1)	12	(40)
Derivatives – Liabilities	(85)	(93)	—	(130)	177	21	(110)	(90)
Swap Contracts – adjustment payable	(46)	(74)	—	(12)	1	22	(109)	(90)
Option Contracts	(39)	(19)	—	(118)	176	(1)	(1)	—

[Table of Contents](#)**Sensitivity analysis of Level 3 operations**

The fair value of financial instruments classified in Level 3 is measured through valuation techniques based on correlations and associated products traded in active markets, internal estimates and internal models.

Significant unobservable inputs used for measurement of the fair value of instruments classified in Level 3 are: interest rates, underlying asset prices and volatility. Significant variations in any of these inputs separately may give rise to substantial changes in the fair value.

The table below shows the sensitivity of these fair values in scenarios of changes of interest rates or, asset prices, or in scenarios with varying shocks to prices and volatilities for nonlinear assets:

Sensitivity – Level 3 Operations

<u>Market risk factor groups</u>	<u>Scenarios</u>	<u>12/31/2021</u>		<u>12/31/2020</u>	
		<u>Impact</u>		<u>Impact</u>	
		<u>Income</u>	<u>Stockholders' equity</u>	<u>Income</u>	<u>Stockholders' equity</u>
Interest rates	I	(1.5)	—	(0.8)	—
	II	(38.2)	—	(19.8)	—
	III	(76.4)	—	(38.2)	—
Commodities, Index and Shares	I	—	—	—	—
	II	—	—	—	—
Nonlinear	I	(56.5)	—	(8.3)	—
	II	(93.3)	—	(11.6)	—

The following scenarios are used to measure sensitivity:

Interest rate

Based on reasonably possible changes in assumptions of 1, 25 and 50 basis points (scenarios I, II and III respectively) applied to the interest curves, both up and down, taking the largest losses resulting in each scenario.

Commodities, Index and Shares

Based on reasonably possible changes in assumptions of 5 and 10 percentage points (scenarios I and II respectively) applied to share prices, both up and down, taking the largest losses resulting in each scenario.

Nonlinear

Scenario I: Based on reasonably possible changes in assumptions of 5 percentage points on prices and 25 percentage points on the volatility level, both up and down, taking the largest losses resulting in each scenario.

Scenario II: Based on reasonably possible changes in assumptions of 10 percentage points on prices and 25 percentage points on the volatility level, both up and down, taking the largest losses resulting in each scenario.

Note 29 – Provisions, Contingent Assets and Contingent Liabilities

In the ordinary course of its business, ITAÚ UNIBANCO HOLDING may be a party to legal proceedings to labor, civil and tax nature. The contingencies related to these lawsuits are classified as follows:

a) Contingent Assets: There are no contingent assets recorded.

b) Provisions and contingencies: ITAÚ UNIBANCO HOLDING's provisions for judicial and administrative challenges are long-term, considering the time required for their questioning, and this prevents the disclosure of a deadline for their conclusion.

The legal advisors believe that ITAÚ UNIBANCO HOLDING is not a party to this or any other administrative proceedings or lawsuits, in addition to those highlighted throughout this note, that could significantly affect the results of its operations.

[Table of Contents](#)**Civil lawsuits**

In general, provisions and contingencies arise from claims related to the revision of contracts and compensation for material and moral damages. The lawsuits are classified as follows:

Collective lawsuits: Related to claims of a similar nature and with individual amounts that are not considered significant. Provisions are calculated on a monthly basis and the expected amount of losses is accrued according to statistical references that take into account the nature of the lawsuit and the characteristics of the court (Small Claims Court or Regular Court). Contingencies and provisions are adjusted to reflect the amounts deposited into court as guarantee for their execution when realized.

Individual lawsuits: Related to claims with unusual characteristics or involving significant amounts. The probability of loss is ascertained periodically, based on the amount claimed and the special nature of each case. The amounts considered as probable losses are recorded as provisions.

ITAÚ UNIBANCO HOLDING, despite having complied with the rules in force at the time, is a defendant in lawsuits filed by individuals referring to payment of inflation adjustments to savings accounts resulting from economic plans implemented in the 1980s and the 1990s, as well as in collective lawsuits filed by: (i) consumer protection associations; and (ii) the Public Attorney's Office, on behalf of the savings accounts holders. ITAÚ UNIBANCO HOLDING recognizes provisions upon receipt of summons, and when individuals demand the enforcement of a ruling handed down by the courts, using the same criteria as for provisions for individual lawsuits.

The Federal Supreme Court (STF) has issued some decisions favorable to savings account holders, but it has not established its understanding with respect to the constitutionality of the economic plans and their applicability to savings accounts. Currently, the appeals involving these matters are suspended, by order of the STF, until it pronounces its final decision.

In December 2017, through mediation of the Federal Attorney's Office (AGU) and supervision of the BACEN, savers (represented by two civil associations, FEBRAPO and IDEC) and FEBRABAN entered into an instrument of agreement aiming at resolving lawsuits related the economic plans, and ITAÚ UNIBANCO HOLDING has already accepted its terms. Said agreement was approved on March 1, 2018, by the Plenary Session of the Federal Supreme Court (STF) and savers could adhere to its terms for a 24-month period.

Due to the end of this term, the parties signed an amendment to the instrument of agreement to extend this period in order to contemplate a higher number of holders of savings accounts and, consequently, to increase the end of lawsuits. In May, 2020 the Federal Supreme Court (STF) approved this amendment and granted a 30-month term for new adhesions, and this term may be extended for another 30 months, subject to the reporting of the number of adhesions over the first period.

Labor claims

Provisions and contingencies arise from lawsuits in which labor rights provided for in labor legislation specific to the related profession are discussed, such as: overtime, salary equalization, reinstatement, transfer allowance and, pension plan supplement. These lawsuits are classified as follows:

Collective lawsuits: related to claims considered similar and with individual amounts that are not considered significant. The expected amount of loss is determined and accrued on a monthly basis in accordance with a statistical model which calculates the amount of the claims and it is reassessed taking into account court rulings. Provisions for contingencies are adjusted to reflect the amounts deposited into court as security for execution.

Individual lawsuits: related to claims with unusual characteristics or involving significant amounts. These are periodically calculated based on the amounts claimed. The probability of loss is estimated in accordance with the actual and legal characteristics of each lawsuit.

Other Risks

These are quantified and accrued on the basis of the value of rural credit transactions with joint liability and FCVS (salary variations compensation fund) credits assigned to Banco Nacional.

[Table of Contents](#)**I - Civil, labor and other risks provisions**

Below are the changes in civil, labor and other risks provisions:

	12/31/2021			
	Civil	Labor	Other Risks	Total
Opening balance – 01/01	3,511	8,015	1,483	13,009
(-) Provisions guaranteed by indemnity clause (Note 2.4.n)	(216)	(950)	—	(1,166)
Subtotal	3,295	7,065	1,483	11,843
Adjustment / Interest (Note 23)	221	155	—	376
Changes in the period reflected in income (Note 23)	820	2,652	85	3,557
Increase	1,176	2,888	119	4,183
Reversal	(356)	(236)	(34)	(626)
Payment	(1,244)	(2,532)	(10)	(3,786)
Subtotal	3,092	7,340	1,558	11,990
(+) Provisions guaranteed by indemnity clause (Note 2.4.n)	225	879	—	1,104
Closing balance	3,317	8,219	1,558	13,094
Current	1,266	2,528	1,558	5,352
Non-current	2,051	5,691	—	7,742

	12/31/2020			
	Civil	Labor	Other Risks	Total
Opening balance – 01/01	3,634	8,579	976	13,189
(-) Provisions guaranteed by indemnity clause (Note 2.4.n)	(216)	(980)	—	(1,196)
Subtotal	3,418	7,599	976	11,993
Adjustment / Interest (Note 23)	191	482	—	673
Changes in the period reflected in income (Note 23)	889	2,110	547	3,546
Increase	1,179	2,296	550	4,025
Reversal	(290)	(186)	(3)	(479)
Payment	(1,203)	(3,126)	(40)	(4,369)
Subtotal	3,295	7,065	1,483	11,843
(+) Provisions guaranteed by indemnity clause (Note 2.4.n)	216	950	—	1,166
Closing balance	3,511	8,015	1,483	13,009
Current	1,254	3,125	1,483	5,862
Non-current	2,257	4,890	—	7,147

II - Tax and social security provisions

Tax and social security provisions correspond to the principal amount of taxes involved in administrative or judicial tax lawsuits, subject to tax assessment notices, plus interest and, when applicable, fines and charges.

The table below shows the changes in the provisions:

	12/31/2021	12/31/2020
Opening balance - 01/01	6,810	8,266
(-) Provisions guaranteed by indemnity clause (Note 2.4 n)	(71)	(68)
Subtotal	6,739	8,198
Adjustment / Interest (*)	202	220
Changes in the period reflected in income	8	56
Increase (*)	180	142
Reversal (*)	(172)	(86)
Payment	(523)	(1,735)
Subtotal	6,426	6,739
(+) Provisions guaranteed by indemnity clause (Note 2.4 n)	72	71
Closing balance	6,498	6,810
Current	10	65
Non-current	6,488	6,745

(*) The amounts are included in the headings Tax Expenses, General and Administrative Expenses and Current Income Tax and Social Contribution.

[Table of Contents](#)

The main discussions related to tax and social security obligations are described below:

- INSS – Non-compensatory Amounts – R\$ 1,823: the non-levy of social security contribution on amounts paid as profit sharing is defended. The balance of the deposits in guarantee is R\$ 1,032;
- PIS and COFINS – Calculation Basis – R\$ 641: defending the levy of PIS and COFINS on revenue, a tax on revenue from the sales of assets and services. The balance of the deposits in guarantee is R\$ 628.

III - Contingencies not provided for in the Balance Sheet

Amounts involved in administrative and judicial arguments with the risk of loss estimated as possible are not provided for and they are basically composed of:

Civil and Labor Claims

In Civil Lawsuits with possible loss, total estimated risk is R\$ 4,903 (R\$ 4,470 at 12/31/2020), and in this total there are no amounts arising from interests in Joint Ventures.

For Labor Claims with possible loss, estimated risk is R\$ 448 (R\$ 389 at 12/31/2020).

Tax and social security obligations

Tax and social security obligations of possible loss totaled R\$ 35,855 (R\$ 31,330 at 12/31/2020), and the main cases are described below:

- INSS – Non-compensatory Amounts – R\$ 8,119: defends the non-levy of this contribution on these amounts, among which are profit sharing and stock options;
- IRPJ, CSLL, PIS and COFINS – Funding Expenses – R\$ 4,923: the deductibility of raising costs (Interbank deposits rates) for funds that were capitalized between Group companies;
- ISS – Banking Activities – R\$ 4,680: the levy and/or payment place of ISS for certain banking revenues are discussed;
- IRPJ and CSLL – Goodwill – Deduction – R\$ 3,479: the deductibility of goodwill for future expected profitability on the acquisition of investments;
- PIS and COFINS – Reversal of Revenues from Depreciation in Excess – R\$ 2,428: discussing the accounting and tax treatment of PIS and COFINS upon settlement of leasing operations;
- IRPJ, CSLL, PIS and COFINS – Requests for Offsetting Dismissed – R\$ 1,517: cases in which the liquidity and the certainty of credits offset are discussed;
- IRPJ and CSLL – Disallowance of Losses – R\$ 1,233: discussion on the amount of tax loss (IRPJ) and/or social contribution (CSLL) tax loss carryforwards used by the Federal Revenue Service when drawing up tax assessment notes that are still pending a final decision;

[Table of Contents](#)**c) Accounts Receivables – Reimbursement of Provisions**

The receivables balance arising from reimbursements of contingencies totals R\$ 888 (R\$ 919 at 12/31/2020) (Note 18a), arising basically from the collateral established in Banco Banerj S.A. privatization process occurred in 1997, when the State of Rio de Janeiro created a fund to guarantee the equity recomposition in provisions for civil, labor and tax and social security claims.

d) Guarantees of contingencies, provisions and legal obligations

The guarantees related to legal proceedings involving ITAÚ UNIBANCO HOLDING and basically consist of:

	12/31/2021			12/31/2020	
	Civil	Labor	Tax	Total	Total
Deposits in guarantee (Note 18a)	1,427	1,990	8,847	12,264	12,693
Investment fund quotas	408	204	78	690	987
Surety	70	48	3,997	4,115	4,012
Insurance bond	1,710	1,325	15,736	18,771	18,402
Guarantee by government securities	7	—	235	242	249
Total	3,622	3,567	28,893	36,082	36,343

F-98

[Table of Contents](#)

Note 30 – Segment Information

The current operational and reporting segments of ITAÚ UNIBANCO HOLDING are described below:

- **Retail Banking**

The segment comprises retail customers, account holders and non-account holders, individuals and legal entities, high income clients (Itaú Uniclass and Personnalité) and the companies segment (microenterprises and small companies). It includes financing and credit offers made outside the branch network, in addition to credit cards and payroll loans.

- **Wholesale Banking**

It comprises products and services offered to middle-market companies, high net worth clients (Private Banking), and the operation of Latin American units and Itaú BBA, which is the unit responsible for business with large companies and Investment Banking operations.

- **Activities with the Market + Corporation**

Basically, corresponds to the result arising from capital surplus, subordinated debt surplus and the net balance of tax credits and debits. It also includes the financial margin on market trading, Treasury operating costs, and equity in earnings of companies not included in either of the other segments.

a) Basis of Presentation

Segment information is based on the reports used by senior management of ITAÚ UNIBANCO HOLDING to assess performance and to make decisions about allocation of funds for investment and other purposes.

These reports use a variety of information for management purposes, including financial and non-financial information supported by bases different from information prepared according to accounting practices adopted in Brazil. The main indicators used for monitoring business performance are Recurring Income, and Return on Economic Capital allocated to each business segment.

Information by segment has been prepared in accordance with accounting practices adopted in Brazil and is adjusted by the items below:

Allocated capital: The statements for each segment consider capital allocation based on a proprietary model and consequent impacts on results arising from this allocation. This model includes the following components: Credit risk, operating risk, market risk and insurance underwriting risk.

Income tax rate: We take the total income tax rate, net of the tax effect from the payment of interest on capital, for the Retail Banking, Wholesale Banking and Activities with the Market + Corporation. The difference between the income tax amount calculated by segment and the effective income tax amount, as stated in the consolidated financial statements, is allocated to the Trading + Institutional column.

- **Reclassification and application of managerial criteria**

The managerial statement of income was used to prepare information per segment. These statements were obtained based on the statement of income adjusted by the impact of non-recurring events and the managerial reclassifications in income.

The main reclassifications between the accounting and managerial results are:

Operating revenues: Considers the opportunity cost for each operation. The financial statements were adjusted so that the stockholders' equity was replaced by funding at market price. Subsequently, the financial statements were adjusted to include revenues related to capital allocated to each segment. The cost of subordinated debt and the respective remuneration at market price were proportionally allocated to the segments, based on the economic capital allocated.

[Table of Contents](#)

Tax effects of hedging: The tax effects of hedging of investments abroad were adjusted – they were originally recorded as tax expenses (PIS and COFINS) and Income Tax and Social Contribution on Net Income – and are now reclassified to financial margin.

Insurance: The main reclassifications of revenues refer to the financial margins obtained from technical provisions for insurance, pension plans and premium bonds, in addition to revenue from management of pension plan funds.

Other reclassifications: Other Income, Share of Income of Associates and joint ventures, Non-Operating Income, Profit Sharing of Management Members and Expenses for Credit Card Reward Program were reclassified to those lines representing the way the ITAÚ UNIBANCO HOLDING manages its business, to provide a clearer understanding of our performance.

The adjustments and reclassifications column shows the effects of the differences between the accounting principles followed for the presentation of segment information, which are substantially in line with the accounting practices adopted for financial institutions in Brazil, except as described above, and the policies used in the preparation of these consolidated financial statements according to IFRS. Significant adjustments are as follows:

- Requirements for impairment testing of financial assets are based on the expected credit losses model;
- Adjustment to fair value due to reclassifications of financial assets to categories of measurement at amortized cost, at fair value through profit and loss or at fair value through other comprehensive income, as a result of the concept of business models of IFRS 9;
- Financial assets modified and not written-off, with their balances recalculated in accordance with the requirements of IFRS 9;
- Effective interest rate of financial assets and liabilities measured at amortized cost, appropriating revenues and costs directly attributable to their acquisition, issue or disposal over the transaction term, where as in the standards adopted in Brazil, recognition of expenses and revenues from fees occurs at the time these transactions are contracted;
- Goodwill generated in a business combination is not amortized, where as in the standards adopted in Brazil, it is amortized.

[Table of Contents](#)

	01/01 to 12/31/2021					
	Retail Banking	Wholesale Banking	Activities with the Market + Corporation	ITAÚ UNIBANCO	Adjustments	IFRS consolidated ⁽³⁾
Operating revenues	75,443	38,228	11,930	125,601	773	126,374
Interest margin ⁽¹⁾	43,042	24,005	11,099	78,146	(2,937)	75,209
Revenues from banking services and bank charges	25,169	13,817	884	39,870	2,454	42,324
Income from insurance and private pension operations before claim and selling expenses	7,232	406	(53)	7,585	(2,231)	5,354
Other revenues	—	—	—	—	3,487	3,487
Cost of Credit	(18,278)	(1,956)	—	(20,234)	7,455	(12,779)
Claims	(1,591)	(9)	—	(1,600)	—	(1,600)
Operating margin	55,574	36,263	11,930	103,767	8,228	111,995
Other operating income / (expenses)	(40,116)	(17,743)	(1,055)	(58,914)	(10,850)	(69,764)
Non-interest expenses ⁽²⁾	(35,031)	(15,699)	(478)	(51,208)	(11,341)	(62,549)
Tax expenses for ISS, PIS and COFINS and Other	(5,085)	(2,044)	(577)	(7,706)	(673)	(8,379)
Share of profit or (loss) in associates and joint ventures	—	—	—	—	1,164	1,164
Income before income tax and social contribution	15,458	18,520	10,875	44,853	(2,622)	42,231
Income tax and social contribution	(5,593)	(6,799)	(3,997)	(16,389)	2,542	(13,847)
Non-controlling interest in subsidiaries	(330)	(591)	(664)	(1,585)	(39)	(1,624)
Net income	9,535	11,130	6,214	26,879	(119)	26,760
Total assets ^(*) – 12/31/2021	1,311,330	1,013,836	133,123	2,166,019	(96,813)	2,069,206
Total liabilities – 12/31/2021	1,252,211	945,311	105,190	2,010,442	(105,712)	1,904,730
^(*) Includes:						
Investments in associates and joint ventures	2,008	—	4,338	6,346	(225)	6,121
Fixed assets, net	5,420	997	—	6,417	546	6,963
Goodwill and Intangible assets, net	8,371	9,557	—	17,928	3,182	21,110

(1) Includes interest and similar income and expenses of R\$ 59,948, result of financial assets and liabilities at fair value through profit or loss of R\$ 16,678 and foreign exchange results and exchange variations in foreign transactions of R\$ (1,417).

(2) Refers to general and administrative expenses including depreciation and amortization expenses of R\$ (5,548).

(3) The IFRS Consolidated figures do not represent the sum of the parties because there are intercompany transactions that were eliminated only in the consolidated statements. Segments are assessed by top management, net of income and expenses between related parties.

[Table of Contents](#)

	01/01 to 12/31/2020					
	Retail Banking	Wholesale Banking	Activities with the Market + Corporation	ITAÚ UNIBANCO	Adjustments	IFRS consolidated ⁽³⁾
Operating revenues	72,680	32,187	9,918	114,785	(14,586)	100,199
Interest margin ⁽¹⁾	41,818	19,883	8,394	70,095	(20,042)	50,053
Commissions and Banking Fees	23,918	11,911	1,401	37,230	1,327	38,557
Income from insurance and private pension operations before claim and selling expenses	6,944	393	123	7,460	(2,972)	4,488
Other revenues	—	—	—	—	7,101	7,101
Cost of Credit	(21,247)	(8,968)	6	(30,209)	5,583	(24,626)
Claims	(1,345)	(8)	—	(1,353)	(1)	(1,354)
Operating margin	50,088	23,211	9,924	83,223	(9,004)	74,219
Other operating income / (expenses)	(40,221)	(16,133)	(650)	(57,004)	(11,985)	(68,989)
Non-interest expenses ⁽²⁾	(35,310)	(14,592)	(287)	(50,189)	(14,018)	(64,207)
Tax expenses for ISS, PIS and COFINS and Other	(4,911)	(1,541)	(363)	(6,815)	634	(6,181)
Share of profit or (loss) in associates and joint ventures	—	—	—	—	1,399	1,399
Income before income tax and social contribution	9,867	7,078	9,274	26,219	(20,989)	5,230
Income tax and social contribution	(3,071)	(1,893)	(3,099)	(8,063)	17,897	9,834
Non-controlling interest in subsidiaries	(175)	601	(46)	380	3,452	3,832
Net income	6,621	5,786	6,129	18,536	360	18,896
Total assets ^(*) - 12/31/2020	1,265,620	981,034	143,715	2,112,586	(93,335)	2,019,251
Total liabilities - 12/31/2020	1,218,977	915,253	108,432	1,964,880	(100,154)	1,864,726
^(*) Includes:						
Investments in associates and joint ventures	2,012	—	13,879	15,891	(321)	15,570
Fixed assets, net	4,587	806	—	5,393	1,544	6,937
Goodwill and Intangible assets, net	4,978	9,901	—	14,879	2,451	17,330

(1) Includes interest and similar income and expenses of R\$ 40,811, result of financial assets and liabilities at fair value through profit or loss of R\$ 6,553 and foreign exchange results and exchange variations in foreign transactions of R\$ 2,689.

(2) Refers to general and administrative expenses including depreciation and amortization expenses of R\$ (5,064).

(3) The IFRS Consolidated figures do not represent the sum of the segments because there are intercompany transactions that were eliminated only in the consolidated financial statements. Segments are assessed by top management, net of income and expenses between related parties.

[Table of Contents](#)

	01/01 to 12/31/2019					
	Retail Banking	Wholesale Banking	Activities with the Market + Corporation	ITAÚ UNIBANCO	Adjustments	IFRS consolidated ⁽³⁾
Operating revenues	79,227	30,650	9,913	119,790	(2,711)	117,079
Interest margin ⁽¹⁾	46,764	18,778	9,088	74,630	(5,280)	69,350
Commissions and Banking Fees	25,411	11,306	590	37,307	1,725	39,032
Income from insurance and private pension operations before claim and selling expenses	7,052	566	235	7,853	(3,300)	4,553
Other revenues	—	—	—	—	4,144	4,144
Cost of Credit	(16,072)	(2,082)	—	(18,154)	882	(17,272)
Claims	(1,206)	(59)	—	(1,265)	(30)	(1,295)
Operating margin	61,949	28,509	9,913	100,371	(1,859)	98,512
Other operating income / (expenses)	(41,430)	(15,403)	(986)	(57,819)	(9,450)	(67,269)
Non-interest expenses ⁽²⁾	(36,346)	(13,940)	(365)	(50,651)	(10,361)	(61,012)
Tax expenses for ISS, PIS and COFINS and Other	(5,084)	(1,463)	(621)	(7,168)	(404)	(7,572)
Share of profit or (loss) in associates and joint ventures	—	—	—	—	1,315	1,315
Net income before income tax and social contribution	20,519	13,106	8,927	42,552	(11,309)	31,243
Income tax and social contribution	(7,095)	(3,856)	(2,545)	(13,496)	10,066	(3,430)
Non-controlling interest in subsidiaries	(198)	(444)	(51)	(693)	(7)	(700)
Net income	13,226	8,806	6,331	28,363	(1,250)	27,113
Total assets ^(*) – 12/31/2019	1,056,275	682,271	147,901	1,738,713	(101,232)	1,637,481
Total liabilities – 12/31/2019	1,013,186	625,614	104,799	1,595,865	(107,849)	1,488,016
^(*) Includes:						
Investments in associates and joint ventures	1,911	—	13,666	15,577	(480)	15,097
Fixed assets, net	5,252	1,160	—	6,412	754	7,166
Goodwill and Intangible assets, net	6,681	7,645	—	14,326	5,393	19,719

(1) Includes interest and similar income and expenses of R\$ 42,193, result of financial assets and liabilities at fair value through profit or loss of R\$ 26,230 and foreign exchange results and exchange variations in foreign transactions of R\$ 927.

(2) Refers to general and administrative expenses including depreciation and amortization expenses of R\$ (4,630).

(3) The IFRS Consolidated figures do not represent the sum of the segments because there are intercompany transactions that were eliminated only in the consolidated financial statements. Segments are assessed by top management, net of income and expenses between related parties.

[Table of Contents](#)**c) Result of Non-Current Assets and Main Services and Products by Geographic Region**

	12/31/2021			12/31/2020					
	Brazil	Abroad	Total	Brazil	Abroad	Total			
Non-current assets	21,390	6,683	28,073	17,095	7,172	24,267			
	01/01 to 12/31/2021			01/01 to 12/31/2020			01/01 to 12/31/2019		
	Brazil	Abroad	Total	Brazil	Abroad	Total	Brazil	Abroad	Total
Income related to financial operations ⁽¹⁾⁽²⁾	107,741	36,773	144,514	102,016	21,595	123,611	117,541	27,767	145,308
Income from insurance and private pension operations before claim and selling expenses	5,332	22	5,354	4,488	—	4,488	4,423	130	4,553
Commissions and Banking Fees	37,635	4,689	42,324	34,533	4,024	38,557	35,283	3,749	39,032

(1) Includes interest and similar income, result of financial assets and liabilities at fair value through profit or loss and foreign exchange results and exchange variations in foreign transactions.

(2) ITAÚ UNIBANCO HOLDING does not have customers representing 10% or higher of its revenues.

Note 31 – Related parties

Transactions between related parties are carried out for amounts, terms and average rates in accordance with normal market practices during the period, and under reciprocal conditions.

Transactions between companies and investment funds, included in consolidation (note 2.4a), have been eliminated and do not affect the consolidated statements.

The principal unconsolidated related parties are as follows:

- Itaú Unibanco Participações S.A. (IUPAR), Companhia E. Johnston de Participações S.A. (shareholder of IUPAR) and ITAÚSA, direct and indirect shareholders of ITAÚ UNIBANCO HOLDING.
- The associates, non-financial subsidiaries and joint ventures of ITAÚSA, in particular Dexco S.A. ⁽¹⁾, Copagaz – Distribuidora de Gás S.A., Aegea Saneamento e Participações S.A., Águas do Rio 1 SPE S.A., Águas do Rio 4 SPE S.A., Alparagas S.A. and XP Inc. (Note 3).
- Investments in associates and joint ventures, in particular Porto Seguro Itaú Unibanco Participações S.A., BSF Holding S.A. and XP Inc. (Note 3).
- Pension Plans: Fundação Itaú Unibanco – Previdência Complementar and FUNBEP – Fundo de Pensão Multipatrocinado, closed-end supplementary pension entities, that administer retirement plans sponsored by ITAÚ UNIBANCO HOLDING, created exclusively for employees.
- Associations: Associação Cubo Coworking Itaú – a partner entity of ITAÚ UNIBANCO HOLDING its purpose is to encourage and promote the discussion and development of alternative and innovative technologies, business models and solutions; the produce and disseminate the resulting technical and scientific knowledge; the attract and bring in new information technology talents that may be characterized as startups; and to research, develop and establish ecosystems for entrepreneur and startups.
- Foundations and Institutes maintained by donations from ITAÚ UNIBANCO HOLDING and by the proceeds generated by their assets, so that they can accomplish their objectives and to maintain their operational and administrative structure:

Fundação Itaú para a Educação e Cultura – promotes education, culture, social assistance, defense and guarantee of rights, and strengthening of civil society.

Instituto Unibanco – supports projects focused on social assistance, particularly education, culture, promotion of integration into the labor market, and environmental protection, directly or as a supplement to civil institutions.

Instituto Unibanco de Cinema – promotes culture in general and provides access of low-income population to cinematography, videography and similar productions, for which it should maintain movie theaters and movie clubs owned or managed by itself to screen films, videos, video-laser discs and other related activities, as well as to screen and disseminate movies in general, especially those produced in Brazil.

Associação Itaú Viver Mais – provides social services for the welfare of beneficiaries, on the terms defined in its Internal Regulations, and according to the funds available. These services may include the promotion of cultural, educational, sports, entertainment and healthcare activities.

(1) New legal name of Duratex S.A.

[Table of Contents](#)

a) Transactions with related parties:

	ITAÚ UNIBANCO HOLDING					
	Annual rate	Assets / (Liabilities)		Revenues / (Expenses)		
		12/31/2021	12/31/2020	01/01 to 12/31/2021	01/01 to 12/31/2020	01/01 to 12/31/2019
Interbank investments		2,301	18,539	84	63	58
Other	9.15%	2,301	18,539	84	63	58
Loan operations		654	727	35	56	6
Dexco S.A.	CDI + 1.45%	546	515	31	19	—
Other	100% CDI /2.5% to 6%	108	212	4	37	6
Securities and derivative financial instruments (assets and liabilities)		5,397	1,716	303	6	—
Investment funds		183	107	34	14	—
Copagaz – Distribuidora de Gás S.A.	CDI + 1.7% to 2.95%	1,082	950	71	1	—
Itaúsa S.A.	CDI + 2% to 2.4%	1,200	771	74	1	—
Águas do Rio 4 SPE S.A.	CDI + 3.5%	1,574	—	60	—	—
Aegea Saneamento e Participações S.A.	CDI + 1.5% to 2.9%	844	—	34	—	—
Other	CDI + 3.5%	514	(112)	30	(10)	—
Deposits		—	—	(2)	(1)	(1)
Other		—	—	(2)	(1)	(1)
Deposits received under securities repurchase agreements		(443)	(165)	(34)	(13)	(14)
Alpargatas S.A.	99% to 101% CDI	(22)	(107)	(1)	(11)	—
Dexco S.A.	82% to 99% CDI	(15)	(49)	(1)	(2)	(2)
Águas do Rio 4 SPE S.A.	99% CDI	(32)	—	(3)	—	—
Águas do Rio 1 SPE S.A.	99% CDI	(13)	—	(1)	—	—
Aegea Saneamento e Participações S.A.	97% to 99.3% CDI	(158)	—	(5)	—	—
Other	75% to 96% CDI	(203)	(9)	(23)	—	(12)
Amounts receivable (payable) / Commissions and/or Other General and Administrative expenses		(273)	(26)	(122)	26	3
Instituto Unibanco		—	123	3	3	—
Fundação Itaú Unibanco – Previdência Complementar		(78)	(93)	37	42	43
ConectCar Soluções de Mobilidade Eletrônica S.A.		(8)	(46)	(4)	7	7
Olimpia Promoção e Serviços S.A.		(5)	(9)	—	(45)	(31)
FUNBEP—Fundo de Pensão Multipatrocinado		(158)	(1)	(172)	7	7
Itaúsa S.A.		(10)	1	13	12	(28)
Águas do Rio 4 SPE S.A.		(20)	—	—	—	—
Águas do Rio 1 SPE S.A.		(12)	—	—	—	—
Other		18	(1)	1	—	5
Rent		—	—	(37)	(31)	(39)
Fundação Itaú Unibanco – Previdência Complementar		—	—	(34)	(28)	(32)
FUNBEP – Fundo de Pensão Multipatrocinado		—	—	(3)	(3)	(6)
Other		—	—	—	—	(1)
Donation		—	(500)	—	(1,002)	(35)
Fundação Itaú para a Educação e Cultura		—	(500)	—	(1,000)	(35)
Other		—	—	—	(2)	—
Sponsorship		12	12	(14)	(16)	(15)
Associação Cubo Coworking Itaú		12	12	(14)	(16)	(14)
Other		—	—	—	—	(1)

Operations with Key Management Personnel of ITAÚ UNIBANCO HOLDING present Assets of R\$ 100, Liabilities of R\$ (6,136) and Results of R\$ (20) (R\$ 65, R\$ (6,623) at 12/31/2020 and R\$ (58) from 01/01 to 12/31/2020, respectively).

b) Compensation and Benefits of Key Management Personnel

Compensation and benefits attributed to Managers Members, members of the Audit Committee and the Board of Directors of ITAÚ UNIBANCO HOLDING in the period correspond to:

	<u>01/01 to</u> <u>12/31/2021</u>	<u>01/01 to</u> <u>12/31/2020</u>	<u>01/01 to</u> <u>12/31/2019</u>
Fees	(460)	(578)	(499)
Profit sharing	(208)	(112)	(363)
Post-employment benefits	(9)	(9)	(6)
Share-based payment plan	<u>(120)</u>	<u>(228)</u>	<u>(224)</u>
Total	<u><u>(797)</u></u>	<u><u>(927)</u></u>	<u><u>(1,092)</u></u>

Total amounts related to share-based payment plans, personnel expenses and post-employment benefits is detailed in Notes 20, 23 and 26, respectively.

F-105

[Table of Contents](#)
Note 32 – Risk and Capital Management
a) Corporate Governance

ITAÚ UNIBANCO HOLDING invests in robust risk management processes and capital management that are the basis for its strategic decisions to ensure business sustainability and maximize shareholder value creation.

These processes are aligned with the guidelines of the Board of Directors and Executive which, through collegiate bodies, define the global objectives expressed as targets and limits for the business units that manage risk. Control and capital management units, in turn, support ITAÚ UNIBANCO HOLDING's management by monitoring and analyzing risk and capital.

The Board of Directors is the main body responsible for establishing guidelines, policies and approval levels for risk and capital management. The Capital and Risk Management Committee (CGRC), in turn, is responsible for supporting the Board of Directors in managing capital and risk. At the executive level, collegiate bodies, presided over by the Chief Executive Officer (CEO) of ITAÚ UNIBANCO HOLDING, are responsible for capital and risk management, and their decisions are monitored by the CGRC.

Additionally, ITAÚ UNIBANCO HOLDING has collegiate bodies with capital and risk management responsibilities delegated to them, under the responsibility of CRO (Chief Risk Officer). To support this structure, the Risk Department has departments to ensure, on an independent and centralized basis, that the institution's risks and capital are managed in compliance with the defined policies and procedures.

b) Risk Management
Risk Appetite

The risk appetite of ITAÚ UNIBANCO HOLDING is based on the Board of Director's statement:

"We are a universal bank, operating mainly in Latin America. Supported by our risk culture, we insist on with strict ethical standards and regulatory compliance, seeking high and increasing returns, with low volatility, through lasting relationships with our customers, accurate risk pricing, widespread funding and proper use of capital."

Based on this statement, five dimensions have been defined, each dimension consists of a set of metrics associated with the main risks involved, combining supplementary measurement methods, to give a comprehensive vision of our exposure.

The Board of Directors is responsible for approving guidelines and limits for risk appetite, with the support of CGRC and the CRO (Chief Risk Officer).

The limits for risk appetite are monitored regularly and reported to risk committees and to the Board of Directors, which will oversee the preventive measures to be taken to ensure that exposure is aligned with the strategies of ITAÚ UNIBANCO HOLDING.

The five dimensions of risk appetite are:

- **Capitalization:** establishes that ITAÚ UNIBANCO HOLDING must have capital sufficient to face any serious recession period or a stress event without the need to adjust its capital structure under unfavorable circumstances. It is monitored by tracking ITAÚ UNIBANCO HOLDING's capital ratios, both in normal and stress scenarios, and of the ratings of the institution's debt issues.
- **Liquidity:** establishes that the liquidity of ITAÚ UNIBANCO HOLDING must withstand long periods of stress. It is monitored tracking liquidity indicators.
- **Composition of results:** defines that business will be focused primarily on Latin America, where ITAÚ UNIBANCO HOLDING has a diversified base of customers and products, with low appetite for income volatility or for high risk. This dimension comprises aspects related to business, profitability, market risk and credit risk. By adopting exposure concentration limits, such as industry sectors, counterparty quality, countries and geographical regions and risk factors, these monitored metrics are intended to ensure well-adjusted portfolios, low income volatility and business sustainability.

[Table of Contents](#)

- **Operational risk:** focuses on the control of operating risk events that may adversely impact business and operating strategy, and involves monitoring the main operational risk events and losses incurred.
- **Reputation:** addresses risks that may impact the institution's brand value and reputation with customers, employees, regulatory bodies, investors and the general public. The risk monitoring in this dimension is carried out by tracking customer satisfaction or dissatisfaction and media exposure, in addition to monitoring the institution's conduct.

Risk appetite, risk management and guidelines for employees of ITAÚ UNIBANCO HOLDING for routine decision-making purposes are based on:

- **Sustainability and customer satisfaction:** ITAÚ UNIBANCO HOLDING vision is to be the leading bank in sustainable performance and customer satisfaction and, accordingly, we are committed to creating shared value for staff, customers, stockholders and society, ensuring the continuity of the business. ITAÚ UNIBANCO HOLDING is committed to doing business that is good both for the customer and the institution itself;
- **Risk culture:** ITAÚ UNIBANCO HOLDING's risk culture goes beyond policies, procedures or processes, reinforcing the individual and collective responsibility of all employees so that they will do the right thing at the right time and in the proper manner, respecting the ethical way of doing business;
- **Risk pricing:** ITAÚ UNIBANCO HOLDING's operates and assumes risks in business that it knows and understands, avoids the ones that are unknown or that do not provide competitive advantages, and carefully assesses risk-return ratios;
- **Diversification:** ITAÚ UNIBANCO HOLDING has little appetite for volatility in earnings, and it therefore operates with a diverse base of customers, products and business, seeking to diversify risks and giving priority to lower risk business;
- **Operational excellence:** It is the wish of ITAÚ UNIBANCO HOLDING to be an agile bank, with a robust and stable infrastructure enabling us to offer top quality services;
- **Ethics and respect for regulations:** for ITAÚ UNIBANCO HOLDING, ethics is non-negotiable, and it therefore promotes an institutional environment of integrity, encouraging staff to cultivate ethics in relationships and business and to respect the rules, thus caring for the institution's reputation.

ITAÚ UNIBANCO HOLDING has various ways of disseminating risk culture, based on four principles: conscious risk-taking, discussion of the risks the institution faces, the corresponding action taken, and the responsibility of everyone for managing risk.

These principles serve as a basis for ITAÚ UNIBANCO HOLDING guidelines, helping employees to conscientiously understand, identify, measure, manage and mitigate risks.

1. Credit risk

The possibility of losses arising from failure by a borrower, issuer or counterparty to meet their financial obligations, the impairment of a loan due to downgrading of the risk rating of the borrower, the issuer or the counterparty, a decrease in earnings or remuneration, advantages conceded on renegotiation or the costs of recovery.

There is a credit risk control and management structure, centralized and independent from the business units, that provides for operating limits and risk mitigation mechanisms, and also establishes processes and tools to measure, monitor and control the credit risk inherent in all products, portfolio concentrations and impacts of potential changes in the economic environment.

The credit policy of ITAÚ UNIBANCO HOLDING is based on internal criteria such as: classification of customers, portfolio performance and changes, default levels, rate of return and economic capital allocated, and external factors such as interest rates, market default indicators, inflation, changes in consumption, and so on.

[Table of Contents](#)

For personal customers and small and middle-market companies, credit rating is based on statistical application models (at the early stages of the relationship with a customer) and behavior score (used for customers with which ITAÚ UNIBANCO HOLDING already has a relationship).

For large companies, the rating is based on information such as economic and financial condition of the counterparty, their cash-generating capability, the economic group to which they belong, and the current and prospective situation of the economic sector in which they operate, including the assessment of Social and Environmental Risk, in accordance with the guidelines of the Sustainability and Social and Environmental Responsibility Policy (PRSA) and specific manuals and procedures of ITAÚ UNIBANCO HOLDING. Credit proposals are analyzed on a case by case basis, through an approval-level mechanism.

ITAÚ UNIBANCO HOLDING strictly controls the credit exposure of customers and counterparties, taking action to address situations in which the current exposure exceeds what is desirable. For this purpose, measures provided for in loan agreements are available, such as accelerated maturity or a requirement for additional collateral.

1.1 Collateral and policies for mitigating credit risk

ITAÚ UNIBANCO HOLDING uses guarantees to increase its capacity for recovery in operations exposed to credit risk. The guarantees may be personal, secured, legal structures with mitigating power and offset agreements.

For collateral to be considered instruments that mitigate credit risk, they must comply with the requirements and standards that regulate them, both internal and external ones, and they must be legally valid (effective), enforceable, and assessed on a regular basis.

ITAÚ UNIBANCO HOLDING also uses credit derivatives, to mitigate credit risk of its portfolios of loans and securities. These instruments are priced based on models that use the fair value of market inputs, such as credit spreads, recovery rates, correlations and interest rates.

1.2 Policy for Provisioning and Economic Scenarios

Both the credit risk and the finance areas are responsible for defining the methods used to measure expected loan losses and for periodically assessing changes in the provision amounts.

These areas monitor the trends observed in provisions for expected credit losses by segment, in addition to establishing an initial understanding of the variables that may trigger changes in the allowance for loan losses, the probability of default (PD) or the loss given default (LGD).

Once the trends have been identified and an initial assessment of the variables has been made at the corporate level, the business areas are responsible for further analyzing these trends in more detail and for each segment, in order to understand the underlying reasons for the trends and to decide whether changes are required in credit policies.

Provisions for expected losses take into account the expected risk linked to contracts with similar characteristics and in anticipation of signs of deterioration, over a loss horizon suitable for the remaining period of the contract to maturity. For contracts of products with no determined termination date, average results of deterioration and default are used to determine the loss horizon.

Additionally, information on economic scenarios and public data with internal projections are used to determine and adjust the expected credit loss in line with expected macroeconomic realities.

[Table of Contents](#)

Sensitivity analysis

ITAÚ UNIBANCO HOLDING prepares studies on the impact of estimates in the calculation of expected credit loss. The expected loss models use three different scenarios: Optimistic, Base and Pessimistic. In Brazil, where operations are substantially carried out, these scenarios are combined by weighting their probabilities: 5%, 45% and 50%, respectively, which are updated so as to reflect the new economic conditions. For loan portfolios originated in other countries, the scenarios are weighted by different probabilities, considering regional economic aspects and conditions

The table below shows the amount of financial assets at amortized cost and at fair value through other comprehensive income, expected loss and the impacts on the calculation of expected credit loss in the adoption of 100% of each scenario:

Financial Assets ⁽¹⁾	12/31/2021			12/31/2020					
	Expected Loss ⁽²⁾	Reduction/(Increase) of Expected Loss			Financial Assets ⁽¹⁾	Expected Loss ⁽²⁾	Reduction/(Increase) of Expected Loss		
		Pessimistic scenario	Base scenario	Optimistic scenario			Pessimistic scenario	Base scenario	Optimistic scenario
1,078,891	(46,348)	(340)	163	1,788	951,343	(51,480)	(830)	491	1,416

(1) Composed of Loan operations, lease operations and securities.

(2) Comprises expected credit loss for Financial Guarantees R\$ (767) (R\$ (907) at 12/31/2020) and Loan Commitments R\$ (4,433) (R\$ (3,485) at 12/31/2020).

1.3 Classification of Stages of Credit Impairment

ITAÚ UNIBANCO HOLDING uses customers' internal information, statistic models, days of default and quantitative analysis in order to determine the credit status of portfolio agreements.

Rules for changing stages take into account:

- **Stage 1 to stage 2:** delay or evaluation of absolute and relative probability of default (PD) triggers.

For retail market portfolios, ITAÚ UNIBANCO HOLDING classifies loan agreements which are over 30 days overdue in stage 2, except payroll loans for government agency, for which the figure is 45 days, due to the dynamics of payment for transfer of the product.

For the Wholesale business portfolio, information on arrears is taken into account when assessing the counterparty rating.

The absolute trigger considers the lower (minimum PD) and upper (maximum PD) limits of ratings assigned internally to products. Transactions with PD lower than the minimum PD remain classified in stage 1, whereas operations in which the PD is higher than the maximum PD migrate to stage 2.

The relative PD is analyzed if the current PD is between the minimum and maximum PD limits and it is used to verify the significant increase in credit risk, through the relative PD variation since the initial recognition of the financial instrument. If this relative variation is greater than that defined for each portfolio, the financial instrument migrates to stage 2.

- **Stage 3:** default parameters are used to identify stage 3: 90 days without payment noted, except for the mortgage loan portfolio, which are considered 180 days; debt restructuring; filing for bankruptcy; loss; and court-supervised recovery. The financial asset, at any stage, can migrate to stage 3 when showing default parameters.

Information on days of delay, used on an absolute basis, is an important factor for the classification of stages, and after a certain credit status has been defined for an agreement, it is classified in one of the three stages of credit deterioration. Based on this classification, rules for measuring expected credit loss in each stage are used, as described in Note 2.4d.

[Table of Contents](#)**1.4 Maximum Exposure of Financial Assets to Credit Risk**

	12/31/2021			12/31/2020		
	Brazil	Abroad	Total	Brazil	Abroad	Total
Financial Assets	1,325,332	485,649	1,810,981	1,294,428	466,835	1,761,263
At Amortized Cost	920,576	350,614	1,271,190	861,485	324,255	1,185,740
Interbank deposits	17,795	52,147	69,942	17,775	37,910	55,685
Securities purchased under agreements to resell	159,974	9,744	169,718	237,528	2,415	239,943
Voluntary investments with the Central Bank of Brazil	5,800	—	5,800	—	—	—
Securities	125,875	21,871	147,746	103,146	26,658	129,804
Loan and lease operations	562,646	259,944	822,590	468,461	245,643	714,104
Other financial assets	81,398	15,075	96,473	67,425	25,830	93,255
(-) Provision for Expected Loss	(32,912)	(8,167)	(41,079)	(32,850)	(14,201)	(47,051)
At Fair Value Through Other Comprehensive Income	44,648	60,974	105,622	48,992	60,950	109,942
Securities	44,648	60,974	105,622	48,992	60,950	109,942
At Fair Value Through Profit or Loss	360,108	74,061	434,169	383,951	81,630	465,581
Securities	343,339	21,628	364,967	365,718	23,353	389,071
Derivatives	16,612	52,433	69,045	18,227	58,277	76,504
Other financial assets	157	—	157	6	—	6
Financial liabilities – provision for expected loss	4,543	657	5,200	3,655	737	4,392
Loan Commitments	4,115	318	4,433	3,135	350	3,485
Financial Guarantees	428	339	767	520	387	907
Off balance sheet	446,267	73,431	519,698	372,542	58,773	431,315
Financial guarantees	62,548	20,362	82,910	51,830	17,103	68,933
Letters of credit to be released	45,773	—	45,773	41,477	—	41,477
Loan commitments	337,946	53,069	391,015	279,235	41,670	320,905
Mortgage loans	10,709	—	10,709	6,357	—	6,357
Overdraft accounts	147,878	—	147,878	126,302	—	126,302
Credit cards	176,384	3,840	180,224	144,386	3,859	148,245
Other pre-approved limits	2,975	49,229	52,204	2,190	37,811	40,001
Total	1,767,056	558,423	2,325,479	1,663,315	524,871	2,188,186

F-110

[Table of Contents](#)

Amounts shown for credit risk exposure are based on gross book value and do not take into account any collateral received or other added credit improvements.

The contractual amounts of financial guarantees and letters of credit cards represent the maximum potential of credit risk in the event that a counterparty does not meet the terms of the agreement. The vast majority of loan commitments (mortgage loans, overdraft accounts and other pre-approved limits) mature without being drawn, since they are renewed monthly and can be cancelled unilaterally.

As a result, the total contractual amount does not represent our real future exposure to credit risk or the liquidity needs arising from such commitments.

1.4.1. By business sector

Loan and lease operations

	<u>12/31/2021</u>	<u>%</u>	<u>12/31/2020</u>	<u>%</u>
Industry and commerce	190,491	23.1	163,784	22.9
Services	173,332	21.1	172,322	24.1
Other sectors	37,652	4.6	37,565	5.3
Individuals	421,115	51.2	340,433	47.7
Total	<u>822,590</u>	<u>100.0</u>	<u>714,104</u>	<u>100.0</u>

Other financial assets (*)

	<u>12/31/2021</u>	<u>%</u>	<u>12/31/2020</u>	<u>%</u>
Public sector	580,619	62.2	713,705	71.2
Services	150,831	16.2	79,788	8.0
Other sectors	83,521	9.0	67,636	6.8
Financial	117,869	12.6	139,820	14.0
Total	<u>932,840</u>	<u>100.0</u>	<u>1,000,949</u>	<u>100.0</u>

(*) *Includes Financial Assets at Fair Value through Profit and Loss, Financial Assets at Fair Value through Other Comprehensive Income and Financial Assets at Amortized Cost, except for Loan and Lease Operations and Other Financial Assets.*

The exposure of Off Balance financial instruments (Financial Collaterals and Loan Commitments) is neither categorized nor managed by business sector.

[Table of Contents](#)

1.4.2 By type and classification of credit risk

Loan and lease operations

	12/31/2021												Total Consolidated of 3 stages		
	Stage 1				Stage 2				Stage 3						
	Loan Operations	Loan commitments	Financial Guarantees	Total	Loan Operations	Loan commitments	Financial Guarantees	Total	Loan Operations	Loan commitments	Financial Guarantees	Total	Loan Operations	Loan commitments	Financial Guarantees
Individuals	270,371	220,961	944	492,276	38,168	20,723	—	58,891	23,997	686	—	24,683	332,536	242,370	944
Corporate	128,519	23,882	52,429	204,830	1,600	200	535	2,335	4,915	23	2,478	7,416	135,034	24,105	55,442
Micro/Small and medium companies	124,555	71,158	7,605	203,318	16,749	4,823	130	21,702	8,666	222	141	9,029	149,970	76,203	7,876
Foreign loans - Latin America	178,719	46,629	17,776	243,124	13,389	1,621	713	15,723	12,942	87	159	13,188	205,050	48,337	18,648
Total	702,164	362,630	78,754	1,143,548	69,906	27,367	1,378	98,651	50,520	1,018	2,778	54,316	822,590	391,015	82,910
%	61.4	31.7	6.9	100.0	70.9	27.7	1.4	100.0	93.0	1.9	5.1	100.0	63.4	30.2	6.4

	12/31/2020												Total Consolidated of 3 stages		
	Stage 1				Stage 2				Stage 3						
	Loan Operations	Loan commitments	Financial Guarantees	Total	Loan Operations	Loan commitments	Financial Guarantees	Total	Loan Operations	Loan commitments	Financial Guarantees	Total	Loan Operations	Loan commitments	Financial Guarantees
Individuals	199,158	190,273	854	390,285	30,793	19,387	—	50,180	25,532	987	—	26,519	255,483	210,647	854
Corporate	123,665	17,670	43,602	184,937	2,793	16	595	3,404	8,063	93	2,516	10,672	134,521	17,779	46,713
Micro/Small and medium companies	96,784	50,813	5,434	153,031	15,965	3,884	440	20,289	9,206	307	131	9,644	121,955	55,004	6,005
Foreign loans - Latin America	167,601	35,960	14,498	218,059	16,692	1,414	676	18,782	17,852	101	187	18,140	202,145	37,475	15,361
Total	587,208	294,716	64,388	946,312	66,243	24,701	1,711	92,655	60,653	1,488	2,834	64,975	714,104	320,905	68,933
%	62.1	31.1	6.8	100.0	71.5	26.7	1.8	100.0	93.3	2.3	4.4	100.0	64.7	29.1	6.2

Internal Rating	12/31/2021				12/31/2020			
	Stage 1	Stage 2	Stage 3	Total loan operations	Stage 1	Stage 2	Stage 3	Total loan operations
Low	662,839	42,028	—	704,867	501,463	13,172	—	514,635
Medium	38,980	19,239	—	58,219	84,193	37,249	—	121,442
High	345	8,639	—	8,984	1,552	15,822	—	17,374
Credit-Impaired	—	—	50,520	50,520	—	—	60,653	60,653
Total	702,164	69,906	50,520	822,590	587,208	66,243	60,653	714,104
%	85.4	8.5	6.1	100.0	82.2	9.3	8.5	100.0

F-112

[Table of Contents](#)

Other financial assets

	12/31/2021						
	Stage 1			Stage 2		Stage 3	
	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment funds	20,139	4,906	4,914	15,224	15,225	—	—
Government securities	423,085	426,959	423,085	—	—	—	—
Brazilian government	362,449	365,947	362,449	—	—	—	—
Other Public	—	36	—	—	—	—	—
Abroad	60,636	60,976	60,636	—	—	—	—
Argentina	1,335	1,310	1,335	—	—	—	—
United States	7,189	7,226	7,189	—	—	—	—
Mexico	12,413	12,424	12,413	—	—	—	—
Spain	6,131	6,132	6,131	—	—	—	—
Korea	5,604	5,604	5,604	—	—	—	—
Chile	21,399	21,552	21,399	—	—	—	—
Paraguay	1,469	1,526	1,469	—	—	—	—
Uruguay	1,258	1,256	1,258	—	—	—	—
Colombia	3,830	3,938	3,830	—	—	—	—
Peru	8	8	8	—	—	—	—
Corporate securities	173,163	169,489	167,457	3,391	2,789	4,993	2,917
Rural product note	12,744	12,474	12,597	146	121	38	26
Real estate receivables certificates	4,999	5,063	4,999	—	—	—	—
Bank deposit certificate	390	392	390	—	—	—	—
Debentures	103,659	99,438	98,867	2,383	1,923	4,704	2,869
Eurobonds and other	10,206	10,236	10,194	12	12	—	—
Financial bills	10,168	10,185	10,168	—	—	—	—
Promissory and commercial notes	8,901	8,874	8,901	—	—	—	—
Other	22,096	22,827	21,341	850	733	251	22
Total	616,387	601,354	595,456	18,615	18,014	4,993	2,917

F-113

[Table of Contents](#)

	12/31/2020						
	Fair Value	Stage 1		Stage 2		Stage 3	
		Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment funds	14,204	3,232	2,997	10,943	10,943	1,232	264
Government securities	483,791	479,477	483,791	—	—	—	—
Brazilian government	422,098	417,782	422,098	—	—	—	—
Other Public	—	36	—	—	—	—	—
Abroad	61,693	61,659	61,693	—	—	—	—
Argentina	1,498	1,480	1,498	—	—	—	—
United States	5,835	5,847	5,835	—	—	—	—
Mexico	10,222	10,227	10,222	—	—	—	—
Italy	130	133	130	—	—	—	—
Spain	4,844	4,847	4,844	—	—	—	—
Korea	3,947	3,951	3,947	—	—	—	—
Chile	23,195	23,183	23,195	—	—	—	—
Paraguay	2,950	3,011	2,950	—	—	—	—
Uruguay	978	964	978	—	—	—	—
Colombia	8,089	8,012	8,089	—	—	—	—
Peru	5	4	5	—	—	—	—
Corporate securities	127,757	122,695	122,326	3,485	2,738	5,873	2,693
Rural product note	5,823	5,717	5,723	38	36	115	64
Real estate receivables certificates	5,342	5,290	5,268	77	73	—	1
Bank deposit certificate	1,066	1,064	1,066	—	—	—	—
Debentures	62,723	57,963	58,365	2,402	1,779	5,462	2,579
Eurobonds and other	7,604	7,445	7,604	—	—	—	—
Financial bills	15,783	15,784	15,783	—	—	—	—
Promissory and commercial notes	7,629	7,611	7,629	—	—	—	—
Other	21,787	21,821	20,888	968	850	296	49
Total	625,752	605,404	609,114	14,428	13,681	7,105	2,957

F-114

[Table of Contents](#)

Other Financial Assets—Internal Classification by Level of Risk

Internal rating	Financial Assets - At Amortized Cost		12/31/2021		Total
	Interbank deposits and securities purchased under agreements to resell	Securities	Financial assets at fair value through profit or loss (*)	Financial Assets at fair value through other comprehensive income	
Low	245,442	142,416	430,729	105,622	924,209
Medium	—	4,399	3,219	—	7,618
High	18	931	64	—	1,013
Total	245,460	147,746	434,012	105,622	932,840
%	26.4	15.8	46.5	11.3	100.0

(*) Includes Derivatives in the amount of RS 69,045 at 12/31/2021.

Internal rating	Financial Assets -Amortized Cost		12/31/2020		Total
	Interbank deposits and securities purchased under agreements to resell	Securities	Financial assets at fair value through profit or loss (*)	Financial Assets at fair value through other comprehensive income	
Low	295,334	123,553	463,168	109,942	991,997
Medium	—	4,396	2,192	—	6,588
High	294	1,855	215	—	2,364
Total	295,628	129,804	465,575	109,942	1,000,949
%	29.5	13.0	46.5	11.0	100.0

(*) Includes Derivatives in the amount of RS 76,504 at 12/31/2020.

F-115

[Table of Contents](#)**1.4.3 Collateral for loans and lease operations**

	12/31/2021				12/31/2020			
	Over-collateralized assets		Under-collateralized assets		Over-collateralized assets		Under-collateralized assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Individuals	113,194	282,131	1,014	907	80,907	202,819	1,746	1,621
Personal ⁽¹⁾	2,436	8,338	639	583	1,960	6,759	737	698
Vehicles ⁽²⁾	26,941	68,275	368	318	21,595	44,673	999	918
Mortgage loans ⁽³⁾	83,817	205,518	7	6	57,352	151,387	10	5
Micro, small and medium companies and corporates ⁽⁴⁾	170,334	634,871	32,436	26,933	151,129	444,696	31,582	27,011
Foreign loans – Latin America ⁽⁴⁾	168,968	330,020	9,782	4,152	161,987	309,489	15,381	9,050
Total	452,496	1,247,022	43,232	31,992	394,023	957,004	48,709	37,682

(1) In general requires financial collaterals.

(2) Vehicles themselves are pledged as collateral, as well as assets leased in lease operations.

(3) Properties themselves are pledged as collateral.

(4) Any collateral set forth in the credit policy of ITAÚ UNIBANCO HOLDING (chattel mortgage, surety/joint debtor, mortgage and others).

Of total loan and lease operations, R\$ 326,862 (R\$ 271,372 at 12/31/2020) represented unsecured loans.

[Table of Contents](#)**1.4.4 Repossessed assets**

Assets received from the foreclosure of loans, including real estate, are initially recorded at the lower of: (i) the fair value of the asset less the estimated selling expenses, or (ii) the carrying amount of the loan.

Further impairment of assets is recorded as a provision, with a corresponding charge to income. The maintenance costs of these assets are expensed as incurred.

The policy for sales of these assets includes periodic auctions that are announced to the market in advance, and provides that the assets cannot be held for more than one year, as stipulated by BACEN.

Total repossessed assets in the period were R\$ 258 (R\$ 224 from 01/01 to 12/31/2020), mainly composed of real estate.

2. Market risk

The possibility of incurring financial losses from changes in the market value of positions held by a financial institution, including the risks of transactions subject to fluctuations in currency rates, interest rates, share prices, price indexes and commodity prices, as set forth by CMN. Price Indexes are also treated as a risk factor group.

Market risk is controlled by an area independent from the business areas, which is responsible for the daily activities of (i) risk measurement and assessment, (ii) monitoring of stress scenarios, limits and alerts, (iii) application, analysis and testing of stress scenarios, (iv) risk reporting to those responsible within the business areas, in compliance with the governance of ITAÚ UNIBANCO HOLDING, (v) monitoring of actions required to adjust positions and risk levels to make them realistic, and (vi) providing support for the safe launch of new financial products.

The market risk structure categorizes transactions as part of either the banking portfolio or the trading portfolio, in accordance with general criteria established by CMN Resolution 4,557, of February 23, 2017, and BACEN Circular 3,354, of June 27, 2007. The trading portfolio consists of all transactions involving financial instruments and commodities, including derivatives, which are held for trading. The banking portfolio is basically characterized by transactions for the banking business, and transactions related to the management of the balance sheet of the institution, where there is no intention of sale and time horizons are medium and long term.

Market risk management is based on the following metrics:

- Value at risk (VaR): a statistical measure that estimates the expected maximum potential economic loss under normal market conditions, considering a certain time horizon and confidence level;
- Losses in stress scenarios (Stress Test): simulation technique to assess the behavior of assets, liabilities and derivatives of a portfolio when several risk factors are taken to extreme market situations (based on prospective and historical scenarios);
- Stop loss: metrics used to revise positions, should losses accumulated in a fixed period reach a certain level;
- Concentration: cumulative exposure of a certain financial instrument or risk factor, calculated at market value (MtM – Mark to Market); and
- Stressed VaR: statistical metric derived from the VaR calculation, with the purpose is of simulating higher risk in the trading portfolio, taking returns that can be seen in past scenarios of extreme volatility.

Management of interest rate risk in the Banking Book (IRRBB) is based on the following metrics:

- Δ EVE (Delta Economic Value of Equity): difference between the present value of the sum of repricing flows of instruments subject to IRRBB in a base scenario and the present value of the sum of repricing flows of these instruments in a scenario of shock in interest rates;

Table of Contents

- Δ NII (Delta Net Interest Income): difference between the result of financial intermediation of instruments subject to IRRBB in a base scenario and the result of financial intermediation of these instruments in a scenario of shock in interest rates.

In addition, sensitivity and loss control measures are also analyzed. They include:

- Mismatching analysis (GAPS): accumulated exposure by risk factor of cash flows expressed at market value, allocated at the maturity dates;
- Sensitivity (DV01- Delta Variation): impact on the fair value of cash flows when a 1 basis point change is applied to current interest rates or on the index rates; and
- Sensitivity to Sundry Risk Factors (Greeks): partial derivatives of an option portfolio in relation to the prices of underlying assets, implied volatilities, interest rates and time.

In order to operate within the defined limits, ITAÚ UNIBANCO HOLDING hedges transactions with customers and proprietary positions, including its foreign investments. Derivatives are commonly used for these hedging activities, which can be either accounting or economic hedges, both governed by the institutional policies of ITAÚ UNIBANCO HOLDING.

The structure of limits and alerts obeys the Board of Directors' guidelines, and it is reviewed and approved on an annual basis. This structure has specific limits aimed at improving the process of monitoring and understanding risk, and at avoiding concentration. These limits are quantified by assessing the forecast balance sheet results, the size of stockholders' equity, market liquidity, complexity and volatility, and ITAU UNIBANCO HOLDING's appetite for risk.

The consumption of market risk limits is monitored and disclosed daily through exposure and sensitivity maps. The market risk area analyzes and controls the adherence of these exposures to limits and alerts and reports them timely to the Treasury desks and other structures foreseen in the governance.

ITAÚ UNIBANCO HOLDING uses proprietary systems to measure the consolidated market risk. The processing of these systems occurs in a high-availability access-controlled environment, which has data storage and recovery processes and an infrastructure that ensures business continuity in contingency (disaster recovery) situations.

2.1 VaR – Consolidated ITAÚ UNIBANCO HOLDING

It is calculated by Historical Simulation, i.e. the expected distribution for profits and losses (P&L) of a portfolio over time can be estimated from past behavior of returns of market risk factors for this portfolio. VaR is calculated at a confidence level of 99%, historical period of 4 years (1000 business days) and a holding period of one day. In addition, in a conservative approach, VaR is calculated daily, with and without volatility weighting, and the final VaR is the more restrictive of the values given by the two methods.

From 01/01 to 12/31/2021, the average total VaR in Historical Simulation was R\$ 441 or 0.3% of total stockholders' equity (R\$ 282 from 01/01 to 12/31/2020 or 0.2% of total stockholders' equity).

VaR by Risk Factor Group	<i>VaR Total (Historical Simulation) (in millions of Reais)</i>							
	12/31/2021 (*)				12/31/2020 (*)			
	Average	Maximum	Minimum	Var Total	Average	Minimum	Minimum	Var Total
Interest rates	937	425	1,411	1,257	614	292	1,961	431
Currencies	18	10	37	13	20	9	71	24
Shares	42	17	98	24	23	9	49	30
Commodities	4	1	8	4	2	1	4	1
Effect of diversification	—	—	—	(602)	—	—	—	(263)
Total risk	441	198	707	696	282	166	763	223

(*) VaR by Group of Risk Factors considers information from foreign units.

[Table of Contents](#)**2.1.1 Interest rate risk**

The table below shows the accounting position of financial assets and liabilities exposed to interest rate risk, distributed by maturity (remaining contractual terms). This table is not used directly to manage interest rate risks; it is mostly used to permit the assessment of mismatching between accounts and products associated thereto and to identify possible risk concentration.

	12/31/2021					Total	12/31/2020					Total
	0-30 days	31-180 days	181-365 days	1-5 years	Over 5 years		0-30 days	31-180 days	181-365 days	1-5 years	Over 5 years	
Financial assets	463,079	294,051	193,279	642,495	253,300	1,846,204	478,065	335,803	185,587	568,219	227,397	1,795,071
At amortized cost	401,056	258,580	152,270	345,538	148,969	1,306,413	406,497	251,388	121,432	314,949	125,282	1,219,548
Compulsory deposits in the Central Bank of Brazil	92,580	—	—	—	—	92,580	83,133	—	—	—	—	83,133
Interbank deposits	51,138	7,050	5,861	5,669	216	69,934	34,998	5,410	8,178	6,864	187	55,637
Securities purchased under agreements to resell	142,405	26,532	—	403	371	169,711	196,053	43,625	170	10	77	239,935
Voluntary investments with the Central Bank of Brazil	5,800	—	—	—	—	5,800	—	—	—	—	—	—
Securities	4,427	12,884	27,858	69,965	30,664	145,798	9,325	16,907	11,440	55,070	33,997	126,739
Loan and lease operations	104,706	212,114	118,551	269,501	117,718	822,590	82,988	185,446	101,644	253,005	91,021	714,104
At fair value through other comprehensive income	10,420	9,286	6,722	63,256	15,938	105,622	13,357	12,557	6,958	54,452	22,618	109,942
At fair value through profit and loss	51,603	26,185	34,287	233,701	88,393	434,169	58,211	71,858	57,197	198,818	79,497	465,581
Securities	36,111	13,872	28,532	212,911	73,541	364,967	40,577	63,455	48,092	178,565	58,382	389,071
Derivatives	15,492	12,292	5,632	20,777	14,852	69,045	17,634	8,403	9,099	20,253	21,115	76,504
Other financial assets	—	21	123	13	—	157	—	—	6	—	—	6
Financial liabilities	660,751	127,205	107,515	361,399	228,857	1,485,727	624,542	141,647	122,233	452,797	118,616	1,459,835
At amortized cost	653,598	110,994	99,753	340,944	216,959	1,422,248	607,741	134,640	109,560	426,488	101,753	1,380,182
Deposits	402,930	52,259	38,563	220,822	135,798	850,372	370,604	80,456	59,955	277,055	20,940	809,010
Securities sold under repurchase agreements	239,843	2,627	725	5,659	3,994	252,848	220,219	3,001	1,962	23,811	24,371	273,364
Interbank market funds	9,976	46,610	41,520	69,043	9,996	177,145	9,542	48,407	36,972	56,482	4,632	156,035
Institutional market funds	439	9,045	18,422	43,559	67,171	138,636	6,950	2,247	10,142	67,159	51,810	138,308
Premium bonds plans	410	453	523	1,861	—	3,247	426	529	529	1,981	—	3,465
At fair value through profit and loss	7,153	16,211	7,762	20,455	11,898	63,479	16,801	7,007	12,673	26,309	16,863	79,653
Derivatives	7,153	16,174	7,625	20,404	11,848	63,204	16,791	7,002	12,672	26,252	16,788	79,505
Structured notes	—	—	16	48	50	114	10	—	1	57	75	143
Other financial liabilities	—	37	121	3	—	161	—	5	—	—	—	5
Difference assets / liabilities (*)	(197,672)	166,846	85,764	281,096	24,443	360,477	(146,477)	194,156	63,354	115,422	108,781	335,236
Cumulative difference	(197,672)	(30,826)	54,938	336,034	360,477		(146,477)	47,679	111,033	226,455	335,236	
Ratio of cumulative difference to total interest-bearing assets	(10.7)%	(1.7)%	3.0%	18.2%	19.5%		(8.2)%	2.7%	6.2%	12.6%	18.7%	

(*) The difference arises from the mismatch between the maturities of all remunerated assets and liabilities, at the respective period-end date, considering the contractually agreed terms.

[Table of Contents](#)**2.1.2 Currency risk**

The purpose of ITAÚ UNIBANCO HOLDING's management of foreign exchange exposure is to mitigate the effects arising from variation in foreign exchange rates, which may present high-volatility periods.

The currency (or foreign exchange) risk arises from positions that are sensitive to oscillations in foreign exchange rates. These positions may be originated by financial instruments that are denominated in a currency other than the functional currency in which the balance sheet is measured or through positions in derivative instruments (for negotiation or hedge). Sensitivity to currency risk is disclosed in the table VaR Total (Historical Simulation) described in item 2.1 – VaR Consolidated – ITAÚ UNIBANCO HOLDING.

2.1.3 Share Price Risk

The exposure to share price risk is disclosed in Note 5, related to Financial Assets Through Profit or Loss—Securities, and Note 8, related to Financial Assets at Fair Value Through Other Comprehensive Income—Securities.

3. Liquidity risk

Defined as the possibility that the institution may be unable to efficiently meet its expected and unexpected obligations, both current and future, including those arising from guarantees issued, without affecting its daily operations and without incurring significant losses.

Liquidity risk is controlled by an area independent from the business area and responsible for establishing the reserve composition, estimating the cash flow and exposure to liquidity risk in different time horizons, and for monitoring the minimum limits to absorb losses in stress scenarios for each country where ITAÚ UNIBANCO HOLDING operates. All activities are subject to verification by independent validation, internal control and audit areas.

Liquidity management policies and limits are based on prospective scenarios and senior management's guidelines. These scenarios are reviewed on a periodic basis, by analyzing the need for cash due to atypical market conditions or strategic decisions by ITAÚ UNIBANCO HOLDING.

ITAÚ UNIBANCO HOLDING manages and controls liquidity risk on a daily basis, using procedures approved in superior committees, including the adoption of liquidity minimum limits, sufficient to absorb possible cash losses in stress scenarios, measured with the use of internal and regulatory methods.

Additionally the following items for monitoring and supporting decisions are periodically prepared and submitted to senior management:

- Different scenarios projected for changes in liquidity;
- Contingency plans for crisis situations;
- Reports and charts that describe the risk positions;
- Assessment of funding costs and alternative sources of funding;
- Monitoring of changes in funding through a constant control of sources of funding, considering the type of investor, maturities and other factors.

3.1 Primary sources of funding

ITAÚ UNIBANCO HOLDING has different sources of funding, of which a significant portion is from the retail segment. Of total customers' funds, 37.9% or R\$ 405.2 billion, are immediately available to customers. However, the historical behavior of the accumulated balance of the two largest items in this group – demand and savings deposits - is relatively consistent with the balances increasing over time and inflows exceeding outflows for monthly average amounts.

[Table of Contents](#)

	12/31/2021			12/31/2020		
	0-30 days	Total	%	0-30 days	Total	%
Funding from customers	402,930	850,372		370,604	809,010	
Deposits						
Demand deposits	158,116	158,116	14.8	134,805	134,805	13.2
Savings deposits	190,601	190,601	17.9	179,470	179,470	17.5
Time deposits	52,563	497,051	46.5	55,778	491,234	48.0
Other	1,650	4,604	0.4	551	3,501	0.4
Funds from acceptances and issuance of securities ⁽¹⁾	2,310	143,138	13.4	1,978	136,638	13.4
Funds from own issue ⁽²⁾	—	21	—	218	1,985	0.2
Subordinated debt	—	75,036	7.0	6,657	74,916	7.3
Total	405,240	1,068,567	100.0	379,457	1,022,549	100.0

(1) Includes mortgage notes, guaranteed real estate credit bills, agribusiness, financial recorded in interbank markets funds and Obligations on the issue of debentures, Securities abroad and structured operations certificates recorded in Institutional Markets Funds.

(2) Refer to deposits received under securities repurchase agreements with securities from own issue.

3.2 Control over liquidity

ITAÚ UNIBANCO HOLDING manages its liquidity reserves based on estimates of funds that will be available for investment, assuming the continuity of business in normal conditions.

During the period of 2021, ITAÚ UNIBANCO HOLDING maintained sufficient levels of liquidity in Brazil and abroad. Liquid assets totaled R\$ 229.0 billion and accounted for 56.5% of the short term redeemable obligations, 21.4% of total funding, and 16.2% of total assets.

The table below shows the indicators used by ITAÚ UNIBANCO HOLDING in the management of liquidity risk:

<u>Liquidity indicators</u>	12/31/2021 %	12/31/2020 %
Net assets ⁽¹⁾ / customers funds within 30 days ⁽²⁾	56.5	85.2
Net assets ⁽¹⁾ / total customers funds ⁽³⁾	21.4	31.6
Net assets ⁽¹⁾ / total financial assets ⁽⁴⁾	16.2	23.4

(1) Net assets (present value): Cash, Securities purchased under agreements to resell – Funded position and Government securities—available. Detailed in the table Non discounted future flows – Financial assets.

(2) Funding from customers table (Total funding from customers 0-30 days).

(3) Funding from customers table (Total funding from customers).

(4) Detailed in the table Non discounted future flows – Financial assets, total present value regards R\$ 1,411,089 (R\$ 1,381,769 at 12/31/2020).

[Table of Contents](#)

Assets and liabilities according to their remaining contractual maturities, considering their undiscounted flows, are presented below:

Undiscounted future flows, except for derivatives which are fair value	12/31/2021				12/31/2020					
	0 - 30	31 - 365	366 - 720	Over 720 days	Total	0 - 30	31 - 365	366 - 720	Over 720 days	Total
Financial assets ⁽¹⁾										
Cash	44,512	—	—	—	44,512	46,224	—	—	—	46,224
Interbank investments	195,260	32,238	4,535	1,670	233,703	234,755	43,276	6,273	1,092	285,396
Securities purchased under agreements to resell – Collateral held ⁽²⁾	32,435	—	—	—	32,435	44,743	—	—	—	44,743
Securities purchased under agreements to resell – Collateral repledge	105,875	19,355	—	—	125,230	150,474	31,561	—	—	182,035
Interbank deposits ⁽⁴⁾	56,950	12,883	4,535	1,670	76,038	39,538	11,715	6,273	1,092	58,618
Securities	158,915	30,191	45,156	223,244	457,506	239,964	16,348	17,144	101,908	375,364
Government securities—available	145,989	453	483	6,737	153,662	226,615	393	379	5,779	233,166
Government securities—under repurchase commitments	1,337	13,446	27,132	35,575	77,490	93	3,905	6,749	15,132	25,879
Corporate securities—available	11,247	13,349	12,062	133,385	170,043	13,256	11,113	8,352	51,927	84,648
Corporate securities—under repurchase commitments	342	2,943	5,479	47,547	56,311	—	937	1,664	29,070	31,671
Derivative financial instruments – Net position	15,492	17,924	8,826	26,803	69,045	17,634	17,502	6,478	34,890	76,504
Swaps	1,820	3,803	7,341	25,050	38,014	4,064	2,952	5,117	33,886	46,019
Options	10,599	9,216	683	754	21,252	10,103	8,783	992	540	20,418
Forwards	1,595	1,513	3	—	3,111	1,323	757	5	—	2,085
Other derivatives	1,478	3,392	799	999	6,668	2,144	5,010	364	464	7,982
Loan and lease operations ⁽³⁾	77,663	282,913	135,840	315,004	811,420	60,896	236,173	114,523	317,492	729,084
Other financial assets	—	144	5	8	157	—	6	—	—	6
Total financial assets	491,842	363,410	194,362	566,729	1,616,343	599,473	313,305	144,418	455,382	1,512,578

(1) The assets portfolio does not take into consideration the balance of compulsory deposits in Central Bank, amounting to R\$ 104,592 (R\$ 90,059 at 12/31/2020), which release of funds is linked to the maturity of the liability portfolios. The amounts of PGBL and VGBL are not considered in the assets portfolio because they are covered in Note 26.

(2) Net of R\$ 9,266 (R\$ 11,119 at 12/31/2020) which securities are linked to guarantee transactions at B3 S.A.- Brasil, Bolsa, Balcão and in the BACEN.

(3) Net of payment to merchants of R\$ 92,011 (R\$ 71,820 at 12/31/2020) and the amount of Liabilities from transactions related to credit assignments R\$ 1,004 (R\$ 1,623 at 12/31/2020).

(4) Includes R\$ 40,221 (R\$ 32,477 at 12/31/2020) related to Compulsory Deposits with Central Banks of other countries.

[Table of Contents](#)

Undiscounted future flows, except for derivatives which are fair value

	12/31/2021					12/31/2020				
	0 - 30	31 - 365	366 - 720	Over 720 days	Total	0 - 30	31 - 365	366 - 720	Over 720 days	Total
Financial liabilities										
Deposits	397,416	96,669	95,397	350,792	940,274	369,957	145,085	36,258	344,261	895,561
Demand deposits	158,116	—	—	—	158,116	134,805	—	—	—	134,805
Savings deposits	190,601	—	—	—	190,601	179,470	—	—	—	179,470
Time deposit	46,938	94,040	95,149	350,791	586,918	53,978	143,446	36,182	343,974	577,580
Interbank deposits	933	2,629	248	1	3,811	1,633	1,639	76	287	3,635
Other deposits	828	—	—	—	828	71	—	—	—	71
Compulsory deposits	(44,124)	(12,461)	(11,797)	(36,210)	(104,592)	(36,337)	(16,874)	(4,412)	(32,436)	(90,059)
Demand deposits	(12,012)	—	—	—	(12,012)	(6,926)	—	—	—	(6,926)
Savings deposits	(25,807)	—	—	—	(25,807)	(22,672)	—	—	—	(22,672)
Time deposit	(6,305)	(12,461)	(11,797)	(36,210)	(66,773)	(6,739)	(16,874)	(4,412)	(32,436)	(60,461)
Securities sold under repurchase agreements ⁽¹⁾	265,184	5,615	7,020	5,943	283,762	260,846	5,024	5,183	22,591	293,644
Government securities	191,281	1,261	3,885	5,687	202,114	182,848	2,070	2,414	22,564	209,896
Corporate securities	26,141	3,621	2,775	18	32,555	22,056	2,954	2,769	27	27,806
Foreign	47,762	733	360	238	49,093	55,942	—	—	—	55,942
Funds from acceptances and issuance of securities ⁽²⁾	2,986	35,346	30,927	83,967	153,226	2,391	40,463	35,189	68,573	146,616
Loans and obligations ⁽³⁾	9,875	71,278	9,491	12,868	103,512	11,891	64,735	6,239	6,388	89,253
Subordinated debt ⁽⁴⁾	55	27,857	16,282	48,969	93,163	6,797	8,428	28,994	45,762	89,981
Derivative financial instruments – Net position	7,153	23,799	8,596	23,656	63,204	16,791	19,674	6,895	36,145	79,505
Swaps	1,562	3,970	6,944	22,170	34,646	7,344	3,612	5,573	35,260	51,789
Options	4,086	16,896	786	779	22,547	6,355	12,381	998	528	20,262
Forwards	762	—	—	—	762	892	13	—	—	905
Other derivatives	743	2,933	866	707	5,249	2,200	3,668	324	357	6,549
Other financial liabilities	—	158	—	3	161	—	5	—	—	5
Total financial liabilities	638,545	248,261	155,916	489,988	1,532,710	632,336	266,540	114,346	491,284	1,504,506

(1) Includes own and third parties' portfolios.

(2) Includes mortgage notes, Guaranteed real estate notes, agribusiness, financial recorded in interbank market funds and Obligations on issue of debentures, Securities abroad and Structured Transactions certificates recorded in institutional markets funds.

(3) Recorded in funds from interbank markets.

(4) Recorded in funds from institutional markets.

	12/31/2021					12/31/2020				
	0 - 30	31 - 365	366 - 720	Over 720 days	Total	0 - 30	31 - 365	366 - 720	Over 720 days	Total
Off balance commitments										
Financial Guarantees	3,742	28,530	11,046	39,592	82,910	2,859	24,491	6,428	35,155	68,933
Commitments to be released	151,235	35,605	18,541	185,634	391,015	128,792	27,144	11,776	153,193	320,905
Letters of credit to be released	45,773	—	—	—	45,773	41,477	—	—	—	41,477
Contractual commitments—Fixed and Intangible assets (Notes 13 and 14)	—	3	—	—	3	—	36	—	—	36
Total	200,750	64,138	29,587	225,226	519,701	173,128	51,671	18,204	188,348	431,351

F-123

[Table of Contents](#)**4. Emerging Risks**

They are those with a potentially material impact on the business in the medium and long terms, but for which there are not enough elements yet for their complete assessment and mitigation due to the number of factors and impacts not yet totally known, such as technological alternatives in replacement of traditional banking services and the demographic transition of clients in contrast to technological innovations. Their causes can be originated by external events and result in the emergence of new risks or in the intensification of risks already monitored by ITAÚ UNIBANCO HOLDING.

The identification and monitoring of Emerging Risks are ensured by ITAÚ UNIBANCO HOLDING's governance, allowing these risks to be incorporated into risk management processes too.

5. Social and Environmental Risk and Climate Risk

Social and Environmental risk is the possibility of losses due to exposure to social and/or environmental events related to the activities developed by the ITAÚ UNIBANCO HOLDING.

Social and environmental factors are considered relevant to the business of ITAÚ UNIBANCO HOLDING, since they may affect the creation of shared value in the short, medium and long term.

The Policy on Sustainability and Social and Environmental Responsibility (PRSA) establishes the guidelines, strategies and underlying principles for social and environmental risk management, based on institutional issues and addressing, through specific procedures, the most significant risks for the Institution's operation.

Actions to mitigate the Social and Environmental Risk are taken based on the mapping of processes, risks and controls, monitoring of new standards related to the theme and record of occurrence in internal systems. In addition to the identification, the phases of prioritization, response to risk, mitigation, monitoring and reporting of assessed risks supplement the management of this risk at ITAÚ UNIBANCO HOLDING.

The management of social and environmental risk adopts the strategy of three defense lines: the first defense line (business areas) manages the risk in its daily activities, following the PRSA guidelines, specific processes, with the support of specialized assessment from dedicated technical teams located in Corporate Compliance, Credit Risk and Modeling, and Institutional Legal teams, that act on an integrated way in the management of all dimensions of the Social and Environmental Risk related to the conglomerate's activities. As an example of the specific guidelines to manage this risk, business units count on the governance for approval of new products and services, which contemplates, in its assessments, the Social and Environmental Risk, ensuring the compliance with this requirement in new products approved by the Institution, as well as specific social and environmental procedures for the Institution's operation (stockholders' equity, branch infrastructure and technology), suppliers, credit, investments and key controls. The second line of defense, in turn, is represented by the Credit Risk and Modeling, by Internal Controls, as well as Compliance, through the Corporate Social and Environmental Risk Management, which supports and ensures the governance of the first line's activities. The third line of defense composed of the Internal Audit, acts on an independent manner, mapping and assessing risk management, controls and governance.

Governance also counts on the Social and Environmental Risk Committee, whose main responsibility is to assess and deliberate about institutional and strategic matters, as well as to resolve on products, operations, and services, among others involving the Social and Environmental Risk, including Climate Risk.

Climate Risk includes: (i) physical risks, arising from changes in weather patterns, such as increased rainfall and temperature and extreme weather events, and (ii) transition risks, resulting from changes in the economy as a result of climate actions, such as carbon pricing, climate regulation, market risks and reputational risks.

Considering its relevance, climate risk has become one of the main priorities for ITAÚ UNIBANCO HOLDING, which supports the Task Force on Climate-related Financial Disclosures (TCFD) and it is committed to its implementation of its recommendations. With this purpose, ITAÚ UNIBANCO HOLDING is strengthening the governance and strategy related to Climate Risk and developing tools and methodologies to assess and manage these risks.

ITAÚ UNIBANCO HOLDING measures the sensitivity of the credit portfolio to climate risks by applying the Climate Risk Sensitivity Assessment Tool, developed by Febraban. The tool combines relevance and proportionality criteria to identify the sectors and clients within the portfolio that are more sensitive to climate risks, considering physical and transition risks.

[Table of Contents](#)

The sectors with the highest probability of suffering financial impacts from climate change for ITAÚ UNIBANCO HOLDING are: energy, transport, materials and construction, agriculture, food and forestry products.

c) Capital Management Governance

ITAÚ UNIBANCO HOLDING is subject to the regulations of BACEN, which determines minimum capital requirements, procedures to obtain information to assess the global systemic importance of banks, fixed asset limits, loan limits and accounting practices, and requires banks to conform to the regulations based on the Basel Accord for capital adequacy. Additionally, CNSP and SUSEP issue regulations on capital requirements that affect our insurance operations and private pension and premium bonds plans.

The capital statements were prepared in accordance with BACEN's regulatory requirements and with internationally accepted minimum requirements according to the Bank for International Settlements (BIS).

I – Composition and Capital Adequacy

The Board of Directors is the body responsible for approving the institutional capital management policy and guidelines for the capitalization level of ITAÚ UNIBANCO HOLDING. The Board is also responsible for the full approval of the ICAAP (Internal Capital Adequacy Assessment Process) report, the purpose of which is to assess the capital adequacy of ITAÚ UNIBANCO HOLDING.

The result of the last ICAAP, which comprises stress tests – which was dated December 2020 – indicated that ITAÚ UNIBANCO HOLDING has, in addition to capital to cover all material risks, a significant capital surplus, thus assuring the solidity of the institution's equity position.

In order to ensure that ITAÚ UNIBANCO HOLDING is sound and has the capital needed to support business growth, the institution maintains PR levels above the minimum level required to face risks, as demonstrated by the Common Equity, Tier I Capital and Basel ratios.

	<u>12/31/2021</u>	<u>12/31/2020</u>
Available capital (amounts)		
Common Equity Tier 1	130,716	119,960
Tier 1	149,912	137,157
Total capital (PR)	169,797	151,244
Risk-weighted assets (amounts)		
Total risk-weighted assets (RWA)	1,153,841	1,042,207
Risk-based capital ratios as a percentage of RWA		
Common Equity Tier 1 ratio (%)	11.3%	11.5%
Tier 1 ratio (%)	13.0%	13.2%
Total capital ratio (%)	14.7%	14.5%
Additional CET1 buffer requirements as a percentage of RWA		
Capital conservation buffer requirement (%) (*)	2.00%	1.25%
Countercyclical buffer requirement (%)	0.0%	0.0%
Bank G-SIB and/or D-SIB additional requirements (%)	1.0%	1.0%
Total of bank CET1 specific buffer requirements (%)	3.00%	2.25%

(*) For purposes of calculating the Conservation capital buffer, BACEN Resolution 4,783 establishes, for defined periods, percentages to be applied to the RWA value with a gradual increase until April/22, when it reaches 2.5%.

As of December 31, 2021 the amount of perpetual subordinated debt that makes up Tier I capital is R\$ 18,167 (R\$ 17,078 as of December 31, 2020) and the amount of subordinated debt that makes up Tier II capital is R\$ 19,469 (R\$ 14,024 as of December 31, 2020).

The Basel Ratio reached 14.7% on December 31, 2021, with an increase of 0.2 percentage point as compared to December 31, 2020. The main change was the income for the period offset by the increase in loan portfolio.

[Table of Contents](#)

Additionally, ITAÚ UNIBANCO HOLDING has a surplus over the required minimum Referential Equity of R\$ 77,490 (R\$ 67,867 at 12/31/2020), well above the ACP of R\$ 34,615 (R\$ 23,450 at 12/31/2020), generously covered by available capital.

The fixed assets ratio shows the commitment percentage of adjusted Referential Equity with adjusted permanent assets. ITAÚ UNIBANCO HOLDING falls within the maximum limit of 50% of adjusted PR, established by BACEN. At 12/31/2021, fixed assets ratio reached 16.9% (24.0% at 12/31/2020), showing a surplus of R\$ 56,280 (R\$ 39,274 at 12/31/2020).

II - Risk-Weighted Assets (RWA)

For calculating minimum capital requirements, RWA must be obtained by taking the sum of the following risk exposures:

$$RWA = RWA_{CPAD} + RWA_{MINT} + RWA_{OPAD}$$

- RWA_{CPAD} = portion related to exposures to credit risk, calculated using the standardized approach;
- RWA_{MINT} = portion related to capital required for market risk, composed of the maximum between the internal model and 80% of the standardized model, regulated by BACEN Circular n° 3,646 and n° 3,674;
- RWA_{OPAD} = portion related to capital required for operational risk, calculated based on the standardized approach.

	RWA	
	12/31/2021	12/31/2020
Credit Risk—standardized approach	1,044,344	921,934
Credit risk (excluding counterparty credit risk)	922,824	778,153
Counterparty credit risk (CCR)	42,898	45,674
Of which: standardized approach for counterparty credit risk (SA-CCR)	27,616	27,119
Of which: other CCR	15,282	18,555
Credit valuation adjustment (CVA)	8,102	5,960
Equity investments in funds—look-through approach	5,001	4,897
Equity investments in funds—mandate-based approach	95	623
Equity investments in funds—fall-back approach	824	716
Securitisation exposures—standardized approach	2,195	1,506
Amounts below the thresholds for deduction	62,405	84,405
Market Risk	22,985	27,481
Of which: standardized approach (RWA_{MPAD})	28,731	34,351
Of which: internal models approach (RWA_{MINT})	14,751	22,362
Operational Risk	86,512	92,792
Total	1,153,841	1,042,207

III – Recovery Plan

In response to the latest international crises, the Central Bank published Resolution No. 4,502, which requires the development of a Recovery Plan by financial institutions within Segment 1, with total exposure to GDP of more than 10%. This plan aims to reestablish adequate levels of capital and liquidity above regulatory operating limits in the face of severe systemic or idiosyncratic stress shocks. In this way, each institution could preserve its financial viability while also minimizing the impact on the National Financial System.

[Table of Contents](#)**IV - Stress testing**

The stress test is a process of simulating extreme economic and market conditions on ITAÚ UNIBANCO HOLDING's results, liquidity and capital. The institution has been carrying out this test in order to assess its solvency in plausible scenarios of crisis, as well as to identify areas that are more susceptible to the impact of stress that may be the subject of risk mitigation.

For the purposes of the test, the economic research area estimates macroeconomic variables for each stress scenario. The elaboration of stress scenarios considers the qualitative analysis of the Brazilian and the global conjuncture, historical and hypothetical elements, short and long term risks, among other aspects, as defined in CMN Resolution 4,557.

In this process, the main potential risks to the economy are assessed based on the judgment of the bank's team of economists, endorsed by the Chief Economist of ITAÚ UNIBANCO HOLDING and approved by the Board of Directors. Projections for the macroeconomic variables (such as GDP, basic interest rate, exchange rates and inflation) and for variables in the credit market (such as raisings, lending, rates of default, margins and charges) used are based on exogenous shocks or through use of models validated by an independent area.

Then, the stress scenarios adopted are used to influence the budgeted result and balance sheet. In addition to the scenario analysis methodology, sensitivity analysis and the Reverse Stress Test are also used.

ITAÚ UNIBANCO HOLDING uses the simulations to manage its portfolio risks, considering Brazil (segregated into wholesale and retail) and External Units, from which the risk-weighted assets and the capital and liquidity ratios are derived.

The stress test is also an integral part of the ICAAP, the main purpose of which is to assess whether, even in severely adverse situations, the institution would have adequate levels of capital and liquidity, without any impact on the development of its activities.

This information enables potential offenders to the business to be identified and provides support for the strategic decisions of the Board of Directors, the budgeting and risk management process, as well as serving as an input for the institution's risk appetite metrics.

V – Leverage Ratio

The Leverage Ratio is defined as the ratio of Capital Tier I to Total Exposure, calculated pursuant to BACEN Circular 3,748, of February 27, 2015. The purpose of this ratio is to be a simple measure of leverage not sensitive to risk, thus it does not consider weighting or mitigation factors. According to instructions in BACEN Circular Letter 3,706, of May 5, 2015, ITAÚ UNIBANCO HOLDING has sent the Leverage Ratio monthly to BACEN, whose minimum requirement is 3%.

d) Management Risks of insurance and private pension**I – Management Structure, roles and responsibilities**

In line with good domestic and international practices, ITAÚ UNIBANCO HOLDING has a risk management structure that ensures that the risks arising from insurance and pension plans products are properly monitored and reported to the appropriate bodies. The management process of insurance and pension plans risks is independent and focuses on the specific nature of each risk.

ITAÚ UNIBANCO HOLDING has committees to define the management of funds from the technical reserves for insurance and private pensions, to issue guidelines for managing these funds with the objective of achieving long term returns, and to define valuation models, risk limits and strategies on allocation of funds to specific financial assets. The members of these committees are not only executives and those directly responsible for the business management process, but also heads and coordinators of commercial and financial areas.

[Table of Contents](#)**II – Risks of Insurance and Private Pensions**

ITAÚ UNIBANCO HOLDING offers its products to customers through a bancassurance structure or direct distribution. Life, personal accident, loan and multiple peril insurance products are mainly distributed by a bancassurance operation.

Life insurance and pension plans are, in general, medium or long-term products and the main risks involved in the business may be classified as demographic, financial and behavioral.

- Demographic risk relates to: i) a greater than expected increase in life expectancies for products with survivorship coverage (mostly pension plans); and ii) a greater than expected decrease in mortality rates for products with life coverage (mostly life insurance).
- Financial risk: is inherent in the underwriting risk of products that offer a contractual financial guarantee, this risk being considered insurance risk.
- Behavioral risk relates to a greater than expected increase in the rates of conversion into annuity income, resulting in increased payments of retirement benefits.

Estimated actuarial assumptions are based on the past experience of ITAÚ UNIBANCO HOLDING, on market benchmarks and on the experience of the actuaries.

a) Effect of changes on actuarial assumptions

To measure the effects of changes in the key actuarial assumptions, sensitivity tests were conducted in the amounts of current estimates of future liability cash flows. The sensitivity analysis considers a vision of the impacts caused by changes in assumptions, which could affect the income for the period and stockholders' equity at the balance sheet date. This type of analysis is usually conducted under the *ceteris paribus* condition, in which the sensitivity of a system is measured when one variable of interest is changed and all the others remain unchanged. The results obtained are shown in the table below:

Sensitivity Test	Impact in Income and Stockholders' Equity ⁽¹⁾			
	12/31/2021		12/31/2020	
	Private Pension	Insurance	Private Pension	Insurance
Mortality Rates				
5% increase	45	(2)	56	2
5% decrease	(48)	2	(59)	(2)
Risk-free Interest Rates				
0.1% increase	102	10	98	10
0.1% decrease	(104)	(10)	(100)	(11)
Conversion in Income Rates				
5% increase	(11)	—	(9)	—
5% decrease	11	—	9	—
Claims				
5% increase	—	(58)	—	(52)
5% decrease	—	58	—	52

(1) Amounts net of tax effects.

[Table of Contents](#)

b) Risk concentration

For ITAÚ UNIBANCO HOLDING, there is no product concentration in relation to insurance premiums, reducing the risk of product concentration and distribution channels.

	01/01 to 12/31/2021			01/01 to 12/31/2020			01/01 to 12/31/2019		
	Insurance premiums	Retained premium	Retention (%)	Insurance premiums	Retained premium	Retention (%)	Insurance premiums	Retained premium	Retention (%)
Individuals									
Group accident insurance	884	883	99.9	849	847	99.8	867	867	100.0
Individual accident	176	175	99.4	192	187	97.4	222	222	100.0
Credit Life Insurance	1,008	1,008	100.0	624	624	100.0	948	946	99.8
Group life	1,168	1,165	99.7	956	955	99.9	948	947	99.9

III) Market, credit and liquidity risk

a) Market risk

Market risk is analyzed, in relation to insurance operations, using the following metrics and sensitivity and loss control measures: Value at Risk (VaR), Losses in Stress Scenarios (Stress Test), Sensitivity (DV01-Delta Variation) and Concentration. In the table, the sensitivity analysis (DV01 – Delta Variation) is presented in relation to insurance operations that demonstrate the impact on the market value of cash flows when submitted to a one basis point increase in the current interest rate or indexer rate and one percentage point in the share price and currency.

Class	12/31/2021		12/31/2020	
	Account balance	DV01	Account balance	DV01
Government securities				
National Treasury Notes (NTN-C)	5,154	(3.05)	7,025	(3.11)
National Treasury Notes (NTN-B)	6,094	(6.24)	5,215	(5.42)
National Treasury Notes (NTN-F)	205	(0.11)	134	(0.08)
National Treasury Bills (LTN)	166	(0.01)	2,098	(0.31)
Corporate securities				
Indexed to IGPM	7	(0.02)	—	—
Indexed to IPCA	355	(0.36)	22	(0.01)
Indexed to PRE	23	—	85	—
Indexed to PYG	30	(0.01)	—	—
Shares	947	9	1,320	13
Post-fixed assets	6,048	—	2,414	—
Under agreements to resell	1,895	—	697	—
Total	20,924		19,010	

F-129

[Table of Contents](#)

b) Liquidity Risk

Liquidity risk is identified by ITAÚ UNIBANCO HOLDING as the risk of lack of liquid resources available to cover its current obligations at a given moment. For insurance operations, the liquidity risk is managed continuously by monitoring payment flows against liabilities, compared to the inflows generated by its operations and financial assets portfolio.

Financial assets are managed in order to optimize the risk-return ratio of investments, considering, on a careful basis, the characteristics of their liabilities. The risk integrated control considers the concentration limits by issuer and credit risk, sensitivities and market risk limits and control over asset liquidity risk. Thus, investments are concentrated in government and private securities with good credit quality in active and liquid markets, keeping a considerable amount invested in short-term assets, available on demand, to cover regular needs and any liquidity contingencies. Additionally, ITAÚ UNIBANCO HOLDING constantly monitors the solvency conditions of its insurance operations.

Liabilities	Assets	12/31/2021			12/31/2020		
		Liabilities amounts ⁽¹⁾	Liabilities DU ⁽²⁾	Assets DU ⁽²⁾	Liabilities amounts ⁽¹⁾	Liabilities DU ⁽²⁾	Assets DU ⁽²⁾
Insurance operations	Backing asset						
Unearned premiums	LFT, repurchase agreements, NTN-B, CDB, LF and debentures	2,846	55.6	20.3	2,298	57.8	19.1
IBNR, PDR and PSL	LFT, repurchase agreements, NTN-B, CDB, LF and debentures	869	48.6	27.0	838	50.9	27.2
Redemptions and Other Unsettled Amounts	LFT, repurchase agreements, NTN-B, CDB, LF and debentures	19	17.9	20.3	16	16.3	18.3
Mathematical reserve for benefits to be granted and benefits granted	LFT, repurchase agreements, NTN-B, NTN-C, debentures	19	122.6	27.4	17	172.6	24.0
Financial surplus	LFT, repurchase agreements, NTN-B, NTN-C, CDB, LF and debentures	1	149.5	20.3	2	204.1	18.3
Other provisions	LFT, repurchase agreements, NTN-B, CDB, LF and debentures	129	7.0	90.0	132	7.0	96.4
Subtotal	Subtotal	3,883			3,303		
Pension plan, VGBL and individual life operations			103.8	76.3	88	109.4	81.3
Related expenses	LFT, repurchase agreements, NTN-B, CDB, LF and debentures	65					
Unearned premiums	LFT, repurchase agreements, NTN-B, CDB and debentures	12	16.0	18.5	12	17.4	22.2
Unsettled claims	LFT, repurchase agreements, NTN-B, CDB and debentures	79	16.0	18.5	68	17.4	22.2
IBNR	LFT, repurchase agreements, NTN-B, CDB and debentures	27	16.0	18.5	22	17.4	22.2
Redemptions and Other Unsettled Amounts	LFT, repurchase agreements, NTN-B, CDB and debentures	358	16.0	18.5	332	17.4	22.2
Mathematical reserve for benefits granted	LFT, repurchase agreements, LTN, NTN-B, NTN-C, NTN-F, CDB, LF and debentures	3,786	103.8	76.4	3,278	109.4	81.4
Mathematical reserve for benefits to be granted – PGBL/ VGBL	LFT, repurchase agreements, LTN, NTN-B, NTN-C, NTN-F, CDB, LF and debentures	197,897	134.0	55.2	205,670	166.5	56.2
Mathematical reserve for benefits to be granted – traditional	LFT, repurchase agreements, NTN-B, NTN-C, debentures	7,513	195.9	79.8	6,268	188.5	80.9
Other provisions	LFT, repurchase agreements, NTN-B, NTN-C, CDB, LF and debentures	665	195.9	79.8	1,304	188.4	80.9
Financial surplus	LFT, repurchase agreements, NTN-B, NTN-C, CDB, LF and debentures	691	195.9	79.8	655	188.5	80.9
Subtotal	Subtotal	211,093			217,697		
Total technical reserves	Total backing assets	214,976			221,000		

(1) Gross amounts of Credit Rights, Deposits in Guarantee and Reinsurance.

(2) DU = Duration in months.

[Table of Contents](#)**c) Credit Risk****I – Reinsurers**

Reinsurance operations are controlled through an internal policy, in compliance with the provisions of the regulatory authority governing the reinsurers with which ITAÚ UNIBANCO HOLDING operates.

We present below a breakdown of the risks assigned by ITAÚ UNIBANCO HOLDING's subsidiaries to reinsurance companies:

- **Insurance Operations:** reinsurance premiums operations are basically represented by: IRB Brasil Resseguros S.A. with 38% (59% at 12/31/2020), Mapfre Re do Brasil Companhia de Resseguros with 36% (21% at 12/31/2020), RGA Global Reinsurance Company LTD with 22% and Austral Resseguradora S.A. with 4% (20% at 12/31/2020).
- **Private Pension Operations:** related to reinsurance premiums are entirely represented by Mapfre Re do Brasil Companhia de Resseguros with 60% (45% at 12/31/2020), RGA Global Reinsurance Company LTD with 40%, IRB Brasil Resseguros S.A. with 25% at 12/31/2020 and Austral Resseguradora S.A. with 30% at 12/31/2020.

II – Premiums Receivable

ITAÚ UNIBANCO HOLDING considers the credit risk arising from past-due premiums immaterial, since cases with coverage payment in default may be canceled, pursuant to Brazilian regulations.

III – Risk level of financial assets

The table below shows insurance financial assets, individually evaluated, classified by rating:

Internal rating	Financial Assets at Amortized Cost		12/31/2021		Total
	Interbank deposits and securities purchased under agreements to resell	Securities	Financial assets at fair value through profit or loss ^(*)	Financial Assets at Fair Value Through Other Comprehensive Income	
Low	4,062	11,401	188,480	587	204,530
Medium	—	—	1	—	1
High	—	—	10	—	10
Total	4,062	11,401	188,491	587	204,541
%	2.0	5.6	92.1	0.3	100.0

(*) Includes Derivatives in the amount of R\$ 2,946.

Internal rating	Financial Assets at Amortized Cost		12/31/2020		Total
	Interbank deposits and securities purchased under agreements to resell	Securities	Financial assets at fair value through profit or loss ^(*)	Financial Assets at Fair Value Through Other Comprehensive Income	
Low	3,517	30,614	205,099	1,194	240,424
Medium	—	—	3	—	3
High	—	—	—	—	—
Total	3,517	30,614	205,102	1,194	240,427
%	1.5	12.7	85.3	0.5	100.0

(*) Includes Derivatives in the amount of R\$ 1,336.

[Table of Contents](#)

Note 33 – Supplementary information

a) “Coronavirus” COVID-19 relief efforts

ITAÚ UNIBANCO HOLDING monitors the economic effects of this COVID-19 pandemic in Brazil and the other countries where it operates, which may adversely affect its Profit or Loss. At the beginning of the COVID-19 outbreak, the Institutional Crisis Management Committee was set up. The Executive Committee established an intensified agenda to manage the crisis, which is responsible for the monitoring the pandemic and its impacts on its operations, in addition to the government actions to mitigate the effects of this pandemic.

In Brazil, measures were taken to mitigate the impacts caused by COVID-19 throughout 2020 and 2021, by the Federal Government, the National Monetary Council (CMN) and the Central Bank of Brazil (BACEN), particularly:

- i) CMN Resolution No. 4,782/20, and amendments made by CMN Resolutions No. 4,791/20 and No. 4,856/20, which established, for a determined period of time, criteria for characterization of restructuring of loan operations;
- ii) CMN Resolution No. 4,838/20, which regulates the Working Capital Program for Business Preservation (CGPE), which contracting term ended in the fourth quarter of 2020;
- iii) CMN Resolution No. 4,846/20 which provides for loan operations for financing of payroll carried out by financial institutions, under the Emergency Employment Support Program (PESE);
- iv) CMN Resolution No. 4,937/21 which regulates the Credit Incentive Program (PEC) established by Provisional Measure No. 1,057/21, with conditions similar to those of the CGPE and contracting term scheduled until December 31, 2021;
- v) Law No. 13,999/20, and amendments made by Law No. 14,161/21, that instituted the National Support Program for Micro and Small Companies (PRONAMPE) with the purpose of developing and strengthening small businesses;
- vi) Law No. 14,042/20 that established the Emergency Program for Access to Credit (PEAC), with the purpose of making easier the access to credit and preserving companies, for the protection of jobs and income. The PEAC has two modalities: Emergency Program for Access to Credit in the modality of guarantee (PEAC-FGI) and Emergency Program for Access to Credit in the modality guarantee of receivables (PEAC-Maquinhã);
- vii) Law No. 14,148/21 which established the Emergency Program for the Recovery of the Events Sector (PERSE), which aims at creating conditions for the events sector to mitigate losses arising from the state of calamity and the Guarantee Program for Critical Sectors (PGSC), guaranteeing loan operations contracted within 180 days after the law becomes effective; and
- viii) BACEN Circular No. 3,990/20 and amendments made by BACEN Circular 3,992/20 which permits to carry out repurchase agreements in foreign currency by BACEN.

ITAÚ UNIBANCO HOLDING identified the following impacts on its results, as well as effects on estimates and critical judgments for the preparation of the Consolidated Financial Statements:

- (a) increase in 2020 and 2021 in loan and financing operations, especially for micro, small and medium-sized companies due to the measures adopted for mitigation of the impacts of COVID-19 by the authorities with the creation of programs such as PESE, PRONAMPE, PEAC-FGI and CGPE, which balance in December 2021 is R\$ 21,492. Through timely monitoring of credit standards and behavior of clients, ITAÚ UNIBANCO HOLDING maintained the regularity of its operations, despite the adverse conditions, and helped clients in the sustainable search for their financial rebalancing;
- (b) with the purpose of treating indebtedness in a structured way and giving financial impetus to clients, initiatives were established that allowed the extension of grace periods, terms and better interest rate conditions for individuals, and micro and small business clients. In March 2020, the Program 60+ was established, which, among other measures, allowed a 60-day grace period for defaulting agreements and in mid-April the *Travessia* (Crossing) Program. *Travessia* allowed the extension of grace periods between 120 and 180 days and terms of operations between 5 and 6 years, respectively, for individual and micro and small companies clients, under better interest rate conditions;
- (c) 5.4% decrease at the current period in applications of renegotiation and extension of terms for loan operations as the economic situation changed;

[Table of Contents](#)

- (d) the allowance for loan losses in the amount of R\$ 44,316 was affected due to the level of risk and default, due to the changes in the financial perspectives of clients and the visible deterioration of macroeconomic variables. To fully reflect the risk of its loan operations, ITAÚ UNIBANCO HOLDING adopts the expected loss model for provisioning of operations since the moment they are granted and it is periodically updated according to the macroeconomic variables and circumstances of the client, and in 2020, in view of the pandemic, a weighting in the economic scenarios was added. In December 2021, the level of coverage of provisions in the loan portfolio of ITAÚ UNIBANCO HOLDING accounted for 193% as compared to 255% in December 2020. Specifically for the expected loss of operations that have not shown any signs of deterioration so far (default or downgrading of the client's rating), provisioning presented a decrease of 8.3% at the current period. The credit risk governance allowed ITAÚ UNIBANCO HOLDING a quick response for monitoring the impacts of the COVID-19 pandemic on the loan portfolio, permitting quick access to the information needed for discussions and actions of the crisis management daily forums;
- (e) the mark-to-market component of the securities portfolio was -1.3% in the first quarter of 2020, partially due to rate fluctuations and high price volatility in the markets in the beginning of the pandemic, influencing the measurement of items stated at fair value in their different levels. In subsequent periods, variations observed in the mark-to-market component are not necessarily related to the effects of the pandemic;
- (f) due to the COVID-19 pandemic, during 2020, instability in the variable income market was noted causing a migration to fixed income instruments with liquidity. This movement resulted in the increase in the Bank Deposit Certificates portfolio; however, over 2021, variation in the portfolio was noted, with changes not necessarily related to the effects of the pandemic. With the purpose of mitigating the system's liquidity risk, BACEN made available in 2020 to financial institutions credit lines through repurchase agreements in foreign currency and purchase of financial bills with guarantee, and operations in the total amount of R\$ 30,547 were contracted during the period of life of these lines;
- (g) increase in the recognition of deferred income tax and social contribution in 2020 due to the greater volume of deductible temporary differences recorded for the period. The pandemic reduced the projections of taxable income, however, it was not responsible for the generation of tax loss and social contribution loss carry forwards in ITAÚ UNIBANCO HOLDING. In the period, there were no significant impacts of the pandemic in the recognition of deferred income tax and social contribution in ITAÚ UNIBANCO HOLDING; and
- (h) increase in expenses with claims related to COVID-19 of R\$ 361 in the period, mainly related to credit life and life insurance.

There was a reduction in the face-to-face service staff and an increase in the spacing between people in call centers to reduce the circulation of people and the possibilities of contagion. The average number of people circulating in administrative centers was reduced, since they started to work remotely. Employees in the central management, service centers and digital branches are substantially working from home. It should be noted that despite the aforementioned measures, ITAÚ UNIBANCO HOLDING maintains its operating activities.

In order to reduce the effects of the crisis and ensure the employee's health and safety, self-declaration was encouraged for employees who consider themselves at risk and those who cannot work remotely were put on vacation. In 2020, with the purpose of supporting those who possibly had additional expenses due to the current crisis, the 13th salary was advanced in full. Additionally, a process of communication and transparency with employees was established through e-mails, internal employee's portal and periodic videos prepared by our Chief Executive Officer communicating news related to COVID-19. At the branches, masks were delivered to all employees who work in customer service, acrylic protections were implemented and cleaning protocols were reviewed.

The adaptation of ITAÚ UNIBANCO HOLDING in the crisis is the result not only of investments in technology, which allows for these virtual interactions, but also of investments in flexibility in the work environment, such as work from home, communities integrated between different areas of the bank and new layouts in the administrative centers that promote the employees' mobility.

[Table of Contents](#)

In 2020, ITAÚ UNIBANCO HOLDING created the initiative “Todos pela Saúde” from the donation of R\$ 1 billion, with the purpose of combating the new Coronavirus and its effects on Brazilian society. “Todos Pela Saúde” is conducted based on four axes: Informing, Protecting, Caring, and Resuming.

In February 2021, the “Todos pela Saúde” initiative was formalized as an Institute, and ongoing actions are being maintained. The mission of the “Todos pela Saúde” Institute is to contribute to strengthening and innovation in the health surveillance area in Brazil. The activities to be developed include both research funding and genomic (or metagenomic) surveys, in addition to the training of field epidemiologists.

In April 2021, ITAÚ UNIBANCO HOLDING worked together with competitors to fight hunger resulting from the pandemic and the economic crisis. ITAÚ UNIBANCO HOLDING contributed for the purchase and distribution of basket of food staples.

Note 34 - Subsequent Event

Acquisition of Ideal Holding Financeira S.A.

On January 13, 2022, ITAÚ UNIBANCO HOLDING entered into a purchase and sale agreement of up to 100% of capital of Ideal Holding Financeira S.A. (IDEAL). The purchase will be carried out in three phases over five years. In the first phase, ITAÚ UNIBANCO HOLDING will acquire 50.1% of IDEAL’s total voting capital for approximately R\$ 650, then holding the company’s control. In the second phase, after five years, ITAÚ UNIBANCO HOLDING may exercise the right to purchase the remaining ownership interest, in order to reach 100% of IDEAL’s capital.

IDEAL is a 100% digital broker and currently offers electronic trading and DMA (direct market access) solutions, within a flexible and cloud-based platform.

The management and development of IDEAL’s business will continue to be autonomous in relation to ITAÚ UNIBANCO HOLDING, according to the terms and conditions of the Shareholders’ Agreement for this transaction and ITAÚ UNIBANCO HOLDING will not have exclusivity in the provision of services.

The effective acquisitions and financial settlements will occur after the required regulatory approvals.

Itaú CorpBanca Colombia S.A.

ITAÚ UNIBANCO HOLDING, through its subsidiaries Itaú CorpBanca (ITAÚ CORPBANCA) and Itaú Holding Colombia S.A.S., acquired additional ownership interest of 12.36% (93,306,684 shares) in the Itaú CorpBanca Colombia S.A.’s capital for the amount of R\$ 2,219, and now it holds 99.46% .

The effective acquisitions and financial settlements occurred on February 22, 2022, after obtaining the regulatory authorizations.

Organization of Joint Venture - Totvs Techfin S.A.

On April 12, 2022, ITAÚ UNIBANCO HOLDING entered into with TOTVS S.A. (TOTVS) for the organization of a joint venture, preliminarily called Totvs Techfin S.A. (TECHFAN), which will combine technology and financial solutions, adding the supplementary expertise of the partners to provide corporate clients with, in an expeditious and integrated manner, the best experiences in buying products directly on the platforms already offered by TOTVS.

TOTVS will contribute with the assets of its current TECHFIN operation to the company of which ITAÚ UNIBANCO HOLDING will become a partner with a 50% ownership interest in capital, and each partner may appoint half of the members of the Board of Directors and the Executive Board. For the ownership interest, ITAÚ UNIBANCO HOLDING will pay TOTVS the amount of R\$ 610 and, as a complementary price (earn-out), it will pay up to R\$ 450 after five years upon achievement of goals aligned with the growth and performance purposes. Additionally, ITAÚ UNIBANCO HOLDING will contribute with the funding commitment for current and future operations, credit expertise and development of new products at TECHFIN.

The effective acquisition and financial settlement will occur after the required regulatory approvals.

Second acquisition of XP Inc.

The original agreement sets forth the acquisition of an additional ownership interest in XP Inc. by ITAÚ UNIBANCO HOLDING, equivalent to 11.36% interest in XP Inc.’s capital, for the estimated amount of R\$ 7.9 billion, approved by BACEN and regulatory bodies abroad, the latter approval on April 13, 2022. The acquisition is expected to be carried out in the second quarter of 2022.