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for MD&A 4Q20

# Informações BB

Shareholders' newsletter  
[bb.com.br/ir](http://bb.com.br/ir)



# Continuous improvement of the customer experience is the focus of our strategy

Despite being a challenging year, 2020 brought significant transformations. We accelerated the construction of a new perspective and reaffirmed our commitment to the customer at the center.

We supported our customers during the pandemic, while intensified our digital transformation and strengthened our balance sheet, building the foundation for better results.

We reinforced our support to society, providing credit alternatives for credit forbearance so that individuals and companies could readjust their financial commitments, serving more than 2.3 million customers.

We consolidated our presence beyond the physical service network, with integration and specialization of service, offering our customers new solutions, convenience, proximity and simplicity. Today, 86.5% of our transactions are already carried out through digital platforms. In terms of business origination, 72% of the credit to individuals was disbursed digitally and remotely. We reached more than 21.2 million active customers on digital channels. There were 17 million calls via Whatsapp in 2020, with 77% of cases solved using artificial intelligence. Our solutions are increasingly optichannel and we expand our analytics to better know the customer and with that we specialize our service and improve the digital relationship.

We improved our service models so that customers have a unique and personalized experience. We launch Leve Digital Offices to serve heavy digital customers and we'll count with 800 investment professionals for investor customers.

Actions aligned with the sustainability perspective are present in our daily lives for many years, being an integrated dimension to the management of businesses and processes. We kept moving forward and targeted ten commitments for the future covering topics such as clean energy, reducing the carbon footprint, diversity, supporting entrepreneurship, encouraging investments in sustainable practices in the various segments of the economy, and others.

In the 4Q20, adjusted net income reached R\$ 3.7 billion, an increase of 6.1% in relation to the previous quarter. From an annual perspective, Adjusted Net Income for 2020 reached R\$ 13.9 billion, a 22.2% decrease compared to 2019, impacted by the pre-emptive credit provisions. These provisions strengthened our balance sheet and allow us to safely absorb any future impact of the pandemic on delinquency ratios. The Pre-Tax and Pre-Provision Earnings (PPOP) continued to increase by, at 5.9%, totaling R\$ 42.4 billion in the year, showing that our businesses remain solid and resilient.

The control of expenses and the pursuit for efficiency are a constant agenda. We have important initiatives underway that will bring us annual recurring savings of R\$ 3 billion after their complete implementation.

For 2021, our projections lead us into better results that will be achieved through credit growth, normalization of credit provision levels, resilience in income generation and permanent control of expenses. With this, we reinforce the commitment to a sustainable profitability, providing the best customer experience in an increasingly digital bank.

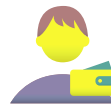


# In 2020, we strengthened our balance sheet and built the foundation for better results



## Performance

Adjusted net income of **R\$ 13.9 billion**, a decrease of 22.2%, impacted by the preemptive provisions of **R\$ 8.1 billion**



## Loan Portfolio

**R\$ 742.0 billion**, +9.0%  
 NPL+90: 1.9%  
**R\$ 19 billion** disbursed in emergency credit programs



## Solid Operational Trends

PPOP increased **5.9%**, at **R\$ 42.4 billion**



## Strengthened Capital

CET1: **13.62%**



## Income and Expenses Dynamics

Net Interest Income **+5.1%**  
 Stable Administrative Expenses **+0.1%**  
 Cost to Income Ratio: **36.6%**





# An increasingly digital bank



**86.5 %**  
of the transactions made through  
**digital platforms<sup>1</sup>** in Dec/20



**21.2 million**  
of **digital customers +40%**

over Dec/19



**6.8 million**  
of digital native customers<sup>3</sup>  
**+78%** over Dec/19



**30.6 million**  
of "**Fale Com**"<sup>4</sup> services  
**+51%** over Dec/19



**WhatsApp 17 million**  
services

**+662%** over 2019  
77% doubts resolved by AI  
70% positive evaluations



**PIX 31.5%**  
Market Share<sup>5</sup>

The only bank with PIX at WhatsApp and through voice command



**72%**  
Individuals disbursements  
Made **through digital/remote**



**The Innovators -  
Global Finance 2019 and 2020**  
The Most Innovative Institution  
in Latin America

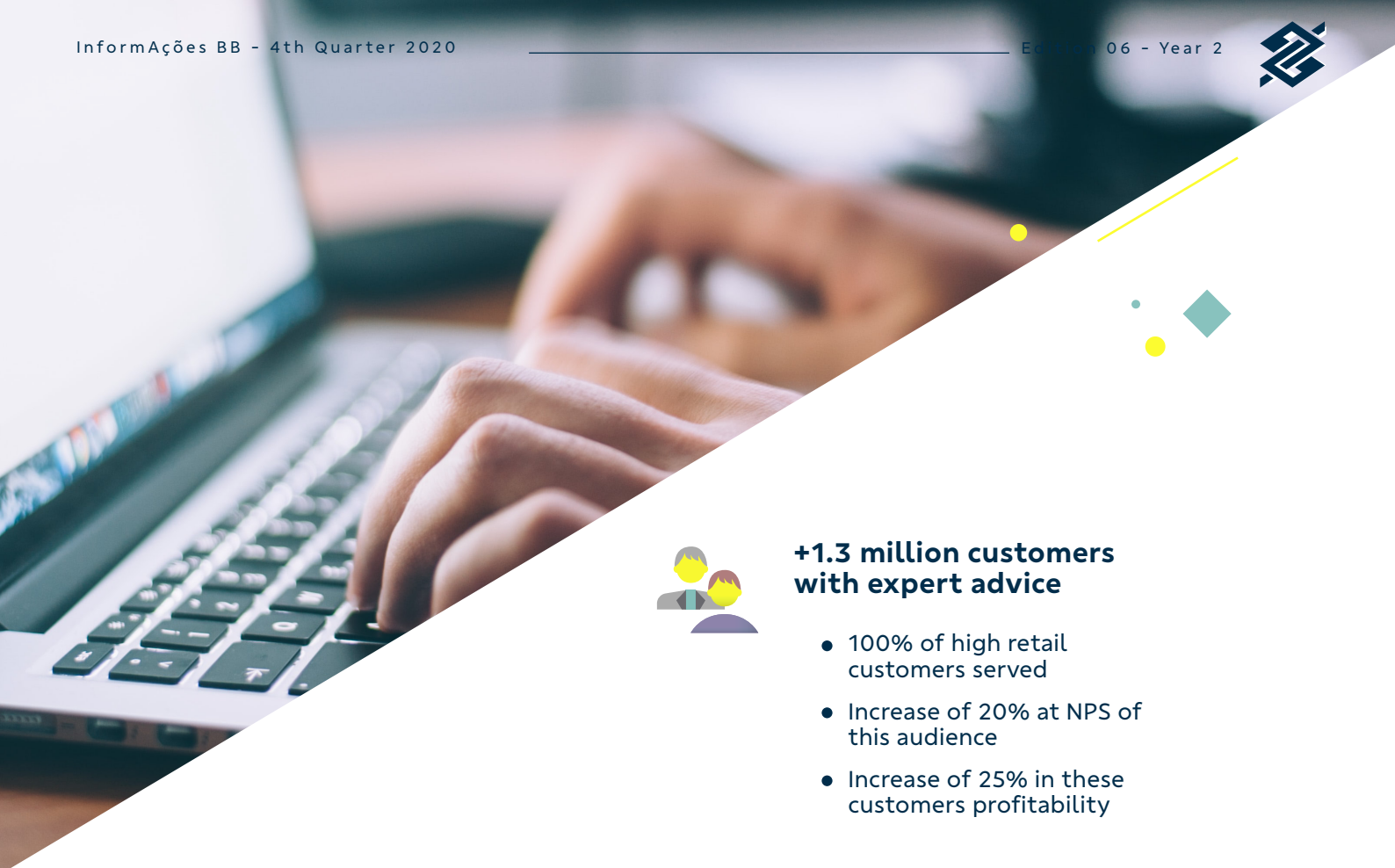
**CIO 100 Awards**  
Among the 100 most  
innovative companies in the  
world 2020

**iBest**  
Popular Jury Digital Bank of  
the year 2020

**App BB, best evaluated in  
the financial industry**



(1) Mobile and Internet. (2) Individuals and Companies customers who made at least one transaction in the last 90 days on BB digital platforms: APP, Carteira bB, APF, Financial Manager, APP Ourocard, APP and Investment Home and WhatsApp. (3) Customers who started the relationship with Banco do Brasil through Digital Channels. (4) Includes services to Individuals, Companies and Government. (5) In transferred resources.



We generate value through proximity and readiness



**+1.3 million customers with expert advice**

- 100% of high retail customers served
- Increase of 20% at NPS of this audience
- Increase of 25% in these customers profitability



**New Model | Customer Estilo Investidor**

- 800 investment professionals
- 46 regional offices + 32 platforms
- 2 Superintendencies



**Strengthening historical competence | Rural**

- 2 k specialized professionals
- 915 customer portfolio in 643 cities
- +40% customers with advice



**New Model | Digital Heavy Users**

- 1,461 specialized professionals
- 16 branches in the model 'Leve Digital'
- 2 Superintendencies



# We seek a recurring expense reduction with the implementation of the efficiency measures



Gross savings of **R\$ 1 billion** in 2021

Savings of **R\$ 10 billion** until 2025



# Intensifying our trajectory in Sustainability, we target 10 commitments for the future



## Sustainable Business

Renewable Energy  
**R\$ 15 billion<sup>1</sup> until 2025**

Sustainable Agriculture  
**R\$ 125 billion<sup>1</sup> until 2025**

entrepreneurship  
**R\$ 1 million until 2025<sup>3</sup>**

State and Municipal Efficiency<sup>4</sup>  
**R\$ 20 billion<sup>2</sup> until 2025**



## ESG Management

Direct emissions of GHG  
*compensate*  
**100% from 2021**  
*Reduce*  
**30% until 2030**  
*Renewable Energy*  
**90% until 2024**

Diversity in leadership positions  
**23% of black and mixed-race until 2025**  
**30% of woman until 2025**

Digital heavy users  
**17 million until 2025**

Fundação BB<sup>6</sup>  
**1 billion until 2030**

Get to know the full commitments at [www.bb.com.br/sustentabilidade](http://www.bb.com.br/sustentabilidade)



## Responsible Investment

ESG Funds and ESG Evaluation of 100% AuM<sup>5</sup> until 2022  
**R\$ 20 billion<sup>1</sup> until 2025**

Sustainable Resources  
**R\$ 30 billion<sup>2</sup> until 2030**



**Most sustainable bank in the world and 3rd place in the overall ranking**

[Click here](#) and watch the Manifesto Sustainability Video

(1) In Balance. (2) In disbursements. (3) Entrepreneurs. (4) Agriculture, culture, civil defense, education, energy efficiency and public lighting, sports and leisure, road infrastructure, public cleaning, environment, urban mobility, health, safety and health surveillance. (5) Applicable AuM. (6) Education, environment, socio-productive inclusion, volunteering and social technologies.



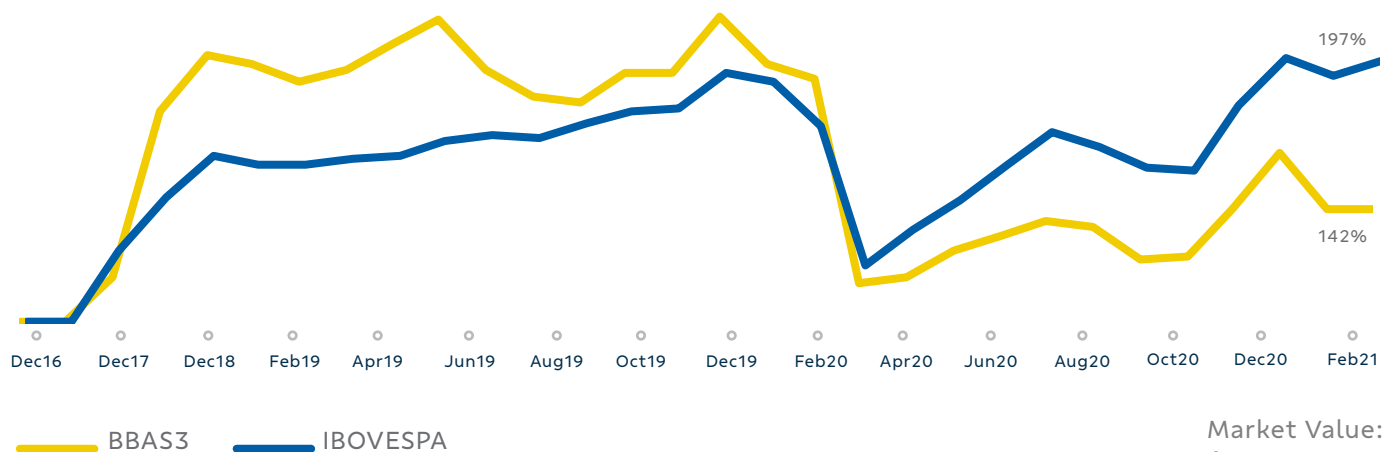
# Shares and ADRs Information

	Dec/20	Dec/19
Book Value per share	40,91	34.68
BBAS3 - Closing Price (R\$)	38.80	52.82
BDORY Price (US\$)	7,56	12.93

	2020	2019
Earnings per Share (R\$)	4.39	6.39
Interest on Own Capital (R\$ million)	4,197	6,733

## Shares Performance\* (Dec/16 base100)



Market Value:  
**R\$ 96.5 billion**  
 Data refers to Feb.10,21

\* BBAS3 - Adjusted closing price

## Profit Distribution

According to the Material Fact released on January 25, 2021, the payout ratio of 35.29% for the fiscal year of 2020 was approved and 40% payout ratio for fiscal year of 2021 were defined through dividends and/or Interest on Own Capital (IOC).

Whenever the distribution occurs by IOC, the amount calculated based in the approved payout ratio corresponds to the gross amount, in which taxes may be incurred, according to current legislation.

**to support the  
 Individuals  
 shareholders  
 Portuguese only**



**4003-9111**  
**Monday to Friday, from 9am to 6pm**



# 2021 Guidance

	2021
Adjusted Net Income - R\$ billion	16.0 to 19.0
Net Interest Income - %	2.5 to 6.5
Loan Portfolio - %	8.0 to 12.0
Retail - %	9.0 to 13.0
Wholesale - %	7.0 to 11.0
Rural - %	7.0 to 11.0
Fee Income - %	-1.5 to 1.5
Administrative Expenses - %	-1.5 to 1.5
ALL Expanded View - R\$ billion	-17.0 to -14.0

**Loan Portfolio:** considers organic domestic loan portfolio with private securities and guarantees. Government operations not included; **Retail:** Considers Individuals and SME, with annual revenues of up to R\$200 million; **Wholesale:** Considers Corporates with annual revenues greater than R\$200 million and Agribusiness Loans to Companies creation of exclusive channel to attend the shareholders.



Informações BB is a quarter release from Banco do Brasil S.A. directed to shareholders, analysts and other public who is interested and it is available at the Investor Relations website:

[www.bb.com.br/ir](http://www.bb.com.br/ir) > Financial Information > Presentations and Bulletins



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