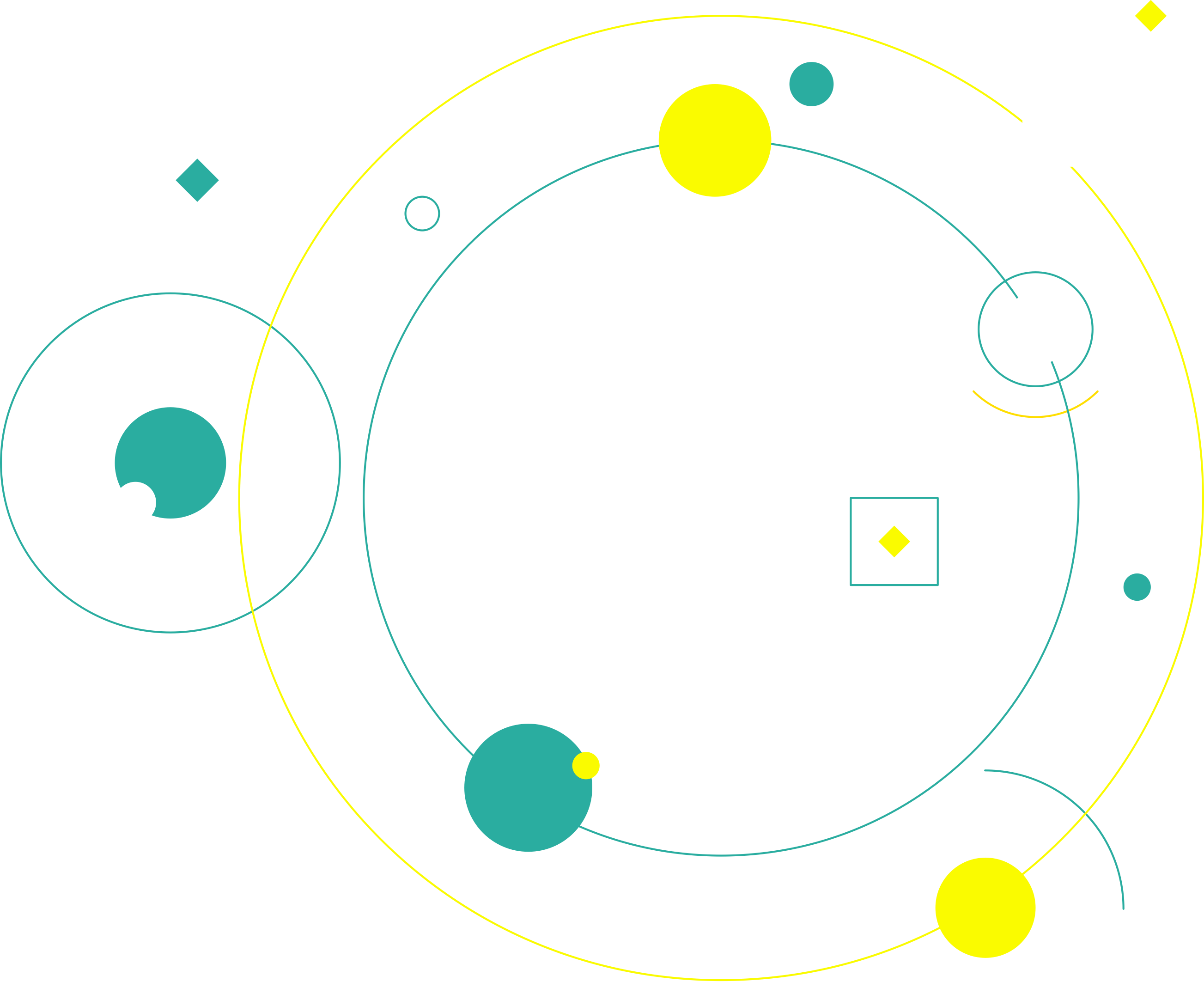
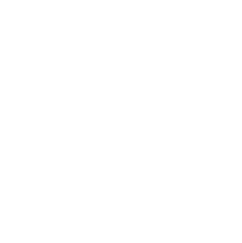
1. & Report da Management

Management Report

2021

Management Letter

We ended 2021 with a historic result of R$21.0[[1]](#footnote-1) billion, as a result of the solid performance of our businesses, strict control of expenses as a management priority and especially customer centricity. We believe that excellent service, specialized and available through multiple channels, and sustainable performance, which generates positive externalities for our stakeholders, contribute to the growing evolution of results and allow the daily realization of our purpose, which is to take care of what is valuable to people.

We optimized our relationship models with individuals, with specialization and efficiency. We expanded our customer base with managed service by 1.9 million, totaling around eight million clientes. With this, we have improved and expanded the specialization of service to customer segments and niches – such as rural producers, investors and clientes with high digital maturity.

We have been working towards the “hyper customization” of relationships and interactions, which take place on an integrated channel platform, which adds new formats of contact and service points, whether proprietary or partner, physical or digital, always aiming to offer the best convenience - where, how and when the customer chooses. Service specialization is also the focus of our work with companies and the public sector. We have more than seven thousand exclusive and qualified employees to serve micro and small companies, providing solutions suited to their profile.

For corporate, a close relationship is combined with advisory services and, in this sense, we revised our service structure, also offering a complete platform of products and services. As for the public sector, we expanded the digital relationship and advisory services. With these initiatives, it was possible to expand the business and at the same time increase satisfaction in all segments.

With specialized service, in-depth technical knowledge and innovation, we have expanded our role in agribusiness. We announced the biggest crop plan ever and, in the first six months of the plan, we disbursed more than R$89 billion, a growth of 62.8% compared to 2020, reinforcing BB's commitment as the largest partner of Brazilian agribusiness.

We also launched our first Agro credit investment fund, BB Fundo de Investimento de Crédito FIAGRO – Imobiliário, aimed at providing investors with increased possibilities of diversification in assets originated from the agroindustrial production chains. The fund raised more than R$400 million in its public offering and became the largest fund of its type available in the market so far.

Our performance is guided by sustainability, present in our strategy, practices, management, and business. We launched 10 commitments with the future, bringing long-term objective metrics and reinforcing our commitment with the Environmental, Social and Governance (ESG) agenda. We highlight the compliance with compensation of 100% of emissions of greenhouse gases in the scopes 1 and 2 in 2021, in addition to the goal to reduce these emissions by 30% until 2030.

The sustainable credit business portfolio exceeded R$291.4 billion in 2021 and corresponds to more than one third of our entire portfolio. This portfolio consists of credit lines with high environmental and social focus or destined to finance activities or segments with positive social-environmental impacts.

BB's Sustainable Finance Framework, a document that defines the eligibility criteria applicable to sustainable assets, was updated in 2021, with technical support from the consultancy Sitawi Finanças do Bem and a second-party opinion from Sustainalytics. This review aligns BB with the best practices in the local and international funding market.

Based on this Framework, in April, we carried out a US$100 million Sustainable Repo operation, with the objective of raising funds to refinance agricultural financing loans for small rural producers and operations to install solar panels. We also made progress in raising funds from our LCA Verde (Agribusiness Letter of Credit) network, which reached R$1.2 billion in December 2021, whose resources are directed exclusively to low-carbon agriculture operations, renewable energy and other lines that meet the ESG criteria set out in the Framework. Finally, in January 2022, we issued our first social bond in the amount of US$500 million, which reinforces our role as the most sustainable bank in the world.

We accelerated our digital transformation with the optimization of our business models and using open innovation and digital technologies to create new sources of results and operation beyond banking. We expanded our operation as platform with the launching of the program Affiliated marketplace at BB Store (Loja BB) which also brings gift cards and benefits to our clients. Another highlight is the constant growth of the agro digital platform Broto (broto.com.br), which connects buyers and sellers interested in banking and non-banking products and services.

To execute this entire transformation, attracting and retaining talent is essential. In October 2021, we disclosed the Notice for External Selection 2021/001. The public selection process received more than 1.6 million applicants. In January 2022, we began to call employees into our service network and technology areas. We invest in training and qualification as an important driver for our digital transformation, especially for digital abilities, to enable a great cultural transformation. With Movement Evolution, we offer incentives for graduation, lato sensu post-graduation, Master and PhD degrees focused on technology and innovation, as well as scholarship for language courses and other training programs.

With our Corporate University (UniBB) we engage our employees in the development of new abilities and acquisition of new knowledge. We also expanded the options in corporate education with partners, especially Alura, Massachusetts Institute of Technology (MIT), Gartner, Fundação Getúlio Vargas (FGV) and Instituto de Ensino Insper. We made great progress in the use of *people analytics,* tool that is based on the use of data and analytical intelligence to improve management and optimize processes, allowing us to operate on a more intelligent and predictive way, contributing to improve employee experience.

Finally, we highlight the discipline in management and control of expenses, which, combined with increased generation of income, resulted in improvements to our business process. This is a continuous improvement process.

With initiatives that improve the customer experience, bring innovation, support business growth in a sustainable way and increase operational efficiency, it will be possible to continue generating consistent returns for our shareholders, as well as generating a positive impact on society.



Operation during the pandemic

We work to support our clients with integrity, speed and security, and at the same time we strengthened our commitment with society, through actions that aim to support the country to overcome this difficult moment. We reinforced our commitment with the measures to maintain the health of our employees and we kept focused on the services to clients and the population in general.

We got closer to our clients at this moment that presented so many challenges, offering new solutions and the possibility of extending their commitments and adjusting their financial needs and cash flows, considering the impacts of the pandemic on people and companies.

Since the beginning, BB reinforced its partnering role to micro and small companies, with close monitoring during such a challenging period, ensuring the maintenance of credit at the right amounts. In 2021, R$70.4 billion were released including new credits, extensions, renegotiations, and emergency lines, which benefited 349 thousand companies. As to emergency lines, there was a new edition of Pronampe, where BB played a key role with funds released under this credit line. A total of R$8.1 billion were released and benefited 95 thousand companies.

At the same time, we assessed and monitored the potential impacts of the pandemic on our credit portfolio, considering the particuliarities of different segments and lines, and adopted proactive measures in risk and capital management. We endeavored to preserve the continuity of our operations and long-term sustainability of our company and the relationship with our clients.

We acknowledge the dedication of our employees, who have worked to ensure the provision of quality financial services to clients and the society, with all initiatives required to maintain safe physical services.

Client Experience

The strategy of Banco Brasil's clients is focused on the use of analytical intelligence applied to client knowledge, allowing even more customization of relationship, generating good experiences and relevance, so that clients may have access to a highly specialized bank, with proper products, services and advisory to their needs. Being close to our clients provides more satisfaction and business opportunities.

We believe that addressing clients on a more complete way, breaking traditional barriers of segmentation, going beyond the use of social and demographic data, knowing their interests, consumption habits, lifestyle, values, affinities, knowing and valuing what is important for each, is what will increasingly differentiate our type of relationship and service to beyond the banking core.

At BB, the customer has service throughout Brazil, in the channel he chooses. We made progress in migrating our service structure to lighter and more efficient models, with a highlight to the 52.8% growth in correspondent points. All of this results in a comprehensive experience in the channels and expands our capillarity, ensuring the best convenience for our customers.

In recent years, there has been a significant evolution in the migration of transactions to digital channels. At the same time, human contact, by physical or remote means, for advice, business and more complex demands remains relevant.

The complementarity is necessary to provide a fluid experience in digital self-service, and on-site or remote service.

In this context, BB expanded the managed service model for individuals in what we call Escritórios Leves, focused on clients with digital maturity, that is, those who make banking and consumption transactions preferably using digital channels, aiming to improve the experience and loyalty of this public.

In this model, the predominant interface is digital, through interactions and exchanges of instant messages between manager and client, in an internet or mobile environment, delivering higher convenience and security and contributing to improve the efficiency and experience of the service.

In the *Private* segment, where we have been operating for 17 years, we have expanded our specialization. In 2021, seven *Private* offices began to be dedicated to the niche of rural megaproducers throughout the Brazilian territory, totaling eight units currently in operation.

We improved, in 2021, the specialized service structures for Companies, especially for retail, with specialized branches, platforms and entrepreneurship poles, which already serve more than 2.5 million MPE clients, as well as for Wholesale, with a new approach to corporate clients with income between R$200 and R$800 million.

This specialization allowed us to make advances in the commercial strategy of operation by niches and economic sectors, such as Agro, Techs and Health segments, with value propositions aligned with the characteristics and needs of the target segments, providing advisory for investments, cash management solutions*,* foreign trade and services offered by our affiliated companies in every sector where they operate.

For clients operating in foreign trade, we offer a platform of integrated solutions intended to transform exchange processes and foreign trade business, which allows payments of imports and remittances to be made to other countries in foreign currencies or remittances to be received from abroad.

In 2021, we launched the solution of receipt of exports from our clients, making our platform more sound and complete, offering speed and security in their international digital experience. Therefore, we grew the number of clients using the Exchange Centre to close their deals by 491% and the number of operations completed on the tool by 478% in relation to the previous year.

We reinforced the support for international operations of our clients, providing specialized advisory in foreign trade, and offering exchange, derivative and credit solutions for export and import financing. Therefore, we reached US$5.8 billion in Advances for Exchange Agreements and Advance for Delivered Exchange Agreements (ACC/ACE), which maintained BB's position as one of the main partners in Brazilian foreign trade, having closed the period with 20.3% market share.

For agribusiness clients, we continue to reinforce our leading role in the sector, offering business and in-person technical services with national capillarity. Every BB branch has trained employees who know the agribusiness and, therefore, are able to fully serve clients. This service adds to agribusiness-specialized branches, which operate exclusively with rural producers.

At the same time, we have aggregated human advisory to artificial intelligence and technology to serve the sector, for instance, with *Agrobot*, a virtual agro advisor that provides customized information and analyses for optimization of producers' results, in addition to products and services 100% on digital format. We established a partnership with FieldPRO, a climate intelligence and data science startup, to bring an innovative solution to rural producers to help them maximize productivity gains and contribute for better decisions regarding planting, handling and harvesting. This solution includes a management platform and an equipment with 14 sensors, which are installed in the rural property by the producers themselves to collect climate and weather data. The station is portable and comprises 100% Brazilian technology.

We also operate with successions and new generations in the field, under *BB Family Agro Program*, which already totals more than 10 thousand clients.

The close relationship is also reflected in the recent reorganization of the specialized services to Public Sector clients, with movements that strengthened the digital relationship with the segment, as well as available Specialized Investment Managers for clients from the Own Social Security Regime (RPPS) and expansion of Specialized Advisory for Cash solutions.

We expanded the business down the production chains companies, agroindustries and cooperatives, by offering credit and services to their network of suppliers and partners, generating synergies that aggregate results and bring benefits to every link in the production chain.

The initiatives implemented by the bank to improve the experience of our clients have yielded positive results in terms of client satisfaction, with the NPS (*Net Promoter Score*) showing significant progress and reaching historical records, with more than 8.5 improvement in the ratio over December/20.

Complaints with grounds at the Central Bank of Brazil *Ranking* reduced 33.8% against 4Q20, which is best historical position, with lower ratios per client and lower numbers of complaints with grounds since 2017.

It is also important to highlight that we closely follow the CES (Customer Effort Score) and the EES (Employee Effort Score), indicators in order to constantly improve our processes. The attainment of client satisfaction rates has an impact on compensation and premiums and is an important driver to align the Bank's purpose of maintaining our level of excellence.

Shareholders and Holders of debt instruments

Banco do Brasil's base has more than 883 thousand shareholders, of which 98.3% are individuals and 1.6% are legal entities. Between January 2019 and December 2021, our base of individual shareholders grew from 430 thousand to 868 thousand. This shows the trust of our shareholders and the soundness of our company in higher volatility scenarios.

Our shares (BBAS3) were available at every trading floor of B3 and represented 1.8% of Ibovespa for the last four-month period. We also maintained an American Depositary Receipts (ADR) program level 1 (BDORY) traded on the over-the-counter market in the United States.

Our shareholding structure at the end of December was as follows:

Table 1. Shareholding Structure and Indicators

|  |  |
| --- | --- |
|  | Dec/21 % |
| Total | 100.00 |
| (a) Federal Government | 50.00 |
| (b) Outstanding shares (Free Float) | 49.58 |
| Individuals (PF) | 16.34 |
| Legal entities (PJ) | 13.28 |
| Foreign Capital | 19.97 |
| Other ¹ | 0.42 |
| Free Float Ex-Other (%) - b/(a+b) ¹ | 49.79 |

(1) Consists of Treasury shares, shares held by Members of the Board of Directors and Executive Board and shares related to the incorporation of BNC and BESC.

|  |  |  |
| --- | --- | --- |
|  | Dec/21 | Dec/20 |
| Equity Value per Share – BBAS3 (R$) | 47.04 | 40.91 |
| Closing Price – BBAS3 (R$) | 28.85 | 38.80 |
| Price ADR (US$) | 5.15 | 7.43 |

In September 2021, BB completed an operation of extension of their liabilities in foreign currency. The operation involved the issuance of new debt in the amount of US$750 million, falling due in five years and coupon of 3.25% p.a., the lowest level of interest rate in U.S. dollar ever recorded by Banco do Brasil in the international capital market. The proceeds were used to repurchase debt securities that would fall due in October 2022 and remunerated a coupon of 3.875% p.a.

Using the Framework of Sustainable Finance, which was reviewed in 2021, we issued on January 6, 2022, our first *social bond* in the amount of US$500 million, maturing on January 11,2029 and interest of 4.875% p.a. Further information on the Framework in section 2 - Corporate Sustainability.

BB Day

In October we held BB Day, a virtual meeting with shareholders, investors, analysts, and other agents of the capital market. Members of the Board of Directors were present at the event and presented informations about the Bank's strategies and business. In addition, it was an excellent opportunity to position the brand, reinforcing Banco do Brasil's outlook for the future. The event is available for access in BB's YouTube channel.

Artificial Intelligence to serve shareholders

Seeking to improve the service to the market, provide a better experience to users and higher efficiency, we implemented the Artificial Intelligence tool to answer questions typically related to Investor Relations. In addition to being present in BB's virtual assistants (BB's WhatsApp, Facebook, App and website), the *Bot* was added to the Investor Relations page on the internet.

1. Corporate Strategy and Governance

The Corporate Strategy of Banco do Brasil (ECBB) is prepared based on a structured and participative process using consolidated methodologies, which strengthens decisions related to the Company's operation for the next five years.

The Bank's planning considers its role of transformation in the country and considers actions to increase its positive impact on the economy, environment and society, and its sustainability plan is fully integrated to the strategic planning.

We place clients at the center of our operation and decisions, at all organizational levels, so as to provide the best experience. Therefore, we continuously seek to make BB their principal relationship bank, improving the customized and innovative solutions offered.

We daily consolidate our Purpose of “taking care of what is valuable for people” with our employees. This means that our focus are the people and what is important to them. People, in turn, include all of our stakeholders, that is, clients, shareholders, employees, partners and the society as a whole.

Our Vision is “To be the company that provides the best experience for peoples lives and that foments the development of the society on innovative, efficient and sustainable basis”.

To execute our Vision, we are driven by Values, principles that guide our Organization towards the focus on the client, efficiency, innovation, sense of owner, ethics, reliability and public spirit. With solid organizational Values, we seek to translate into attitudes each one's contribution to the continuity of the Bank.

We are a competitive, profitable, efficient and innovative Bank. We give priority to capital optimization, improvement of operational efficiency, optimization of our structure, new businesses and sources of income, as well as to the acceleration of digital and cultural transformation and intensification of data use.

Corporate Governance

We adopt best Corporate Governance practices, maintaining our commitment with the principles of transparency, rendering of accounts, fairness and corporate responsibility. We are the only bank voluntarily listed in the Novo Mercado of B3, the segment with the highest standard in terms of Corporate Governance, since 2006.

Our governance structure consists of the General Shareholders’ Meeting; the Board of Directors (CA) and its advisory committees – Audit Committee (Coaud); People, Compensation and Eligibility Committee (Corem); Risk and Capital Committee (Coris), Technology and Innovation Committee (Cotei) and Corporate Sustainability Committee (Cosem); by the Executive Board, which comprises the Board of Directors (Chairman and Vice-chairman) and other Officers; and the Fiscal Council.

In 2021, we created the Corporate Sustainability Committee – Cosem, with the purpose to improve the Corporate Governance structure of the Bank. It is a collegiate body aimed to assist the Board of Directors (CA) in themes related to sustainability, considering the best market practices, the Sustainability Plan - Agenda 30 BB and 10 commitments for a sustainable future assumed by the Bank.

The CA, an independent body of collegiate decision, has strategic, guiding, elective and inspection duties pursuant to the Law and Bylaws. At least 30% of the members of the CA are independent, as defined in the legislation and in the Regulation of the Novo Mercado of B3, and currently of the eight members, four are independent, being two representatives of minority shareholders.

In 2021, we held two itinerant meetings of the Board of Directors in order to bring the CA closer to and integrate the service network, customers, local and regional communities. The first, held in September, took place in the city of São Luís/Maranhão and the second, in December, in the city of Bento Gonçalves/Rio Grande do Sul. With this integration, the Members intend to broaden their vision of the needs, potentialities and impact of Banco do Brasil in the society in which it operates, reinforcing strategic decision-making in the best interest of the Company.

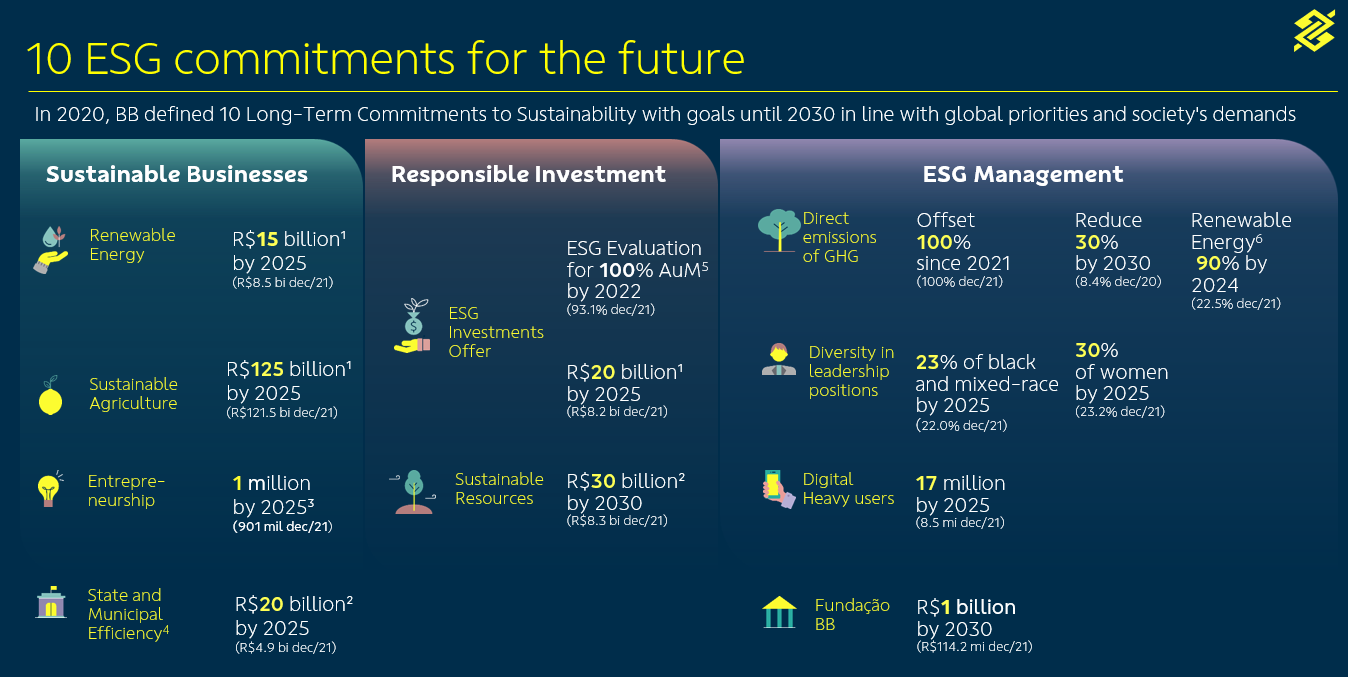
In addition, the CA's composition has 37.5% of female leaderships, reinforcing management's commitment with diversity in leadership positions, also evidenced in the election of the first woman to take office as vice-chairman. In addition to other female officers and members of statutory committees currently in place, almost 20% of these positions are held by women.

The decision-making model of BB is based on collegiate decisions, integrating visions and sharing knowledges and responsibilities, which aggregates higher security and quality to the process. We adopt the segregation of functions in the structuring of management bodies, and we work with structures of committees that decentralize the decision-making process and allow specialization in relevant themes. Under the Bylaws, it is incumbent on the Board of Directors to define the duties and competences of the committees in the scope of the Executive Board.

2. Corporate Sustainability

We adopt the best Environmental, Social and Governance (ESG) practices, allowing us to anticipate and manage risks and opportunities. These assumptions are materialized in our Sustainability Plan - Agenda 30 BB, the main instrument supporting social-environmental practices at BB since 2005. The Plan, reviewed in 2021, covers 40 shares and 110 indicators for the period 2021-2023.

In 2021, we established [*10 Compromissos de Longo Prazo em Sustentabilidade*](https://api.mziq.com/mzfilemanager/v2/d/5760dff3-15e1-4962-9e81-322a0b3d0bbd/b5d48abd-1a6c-2ccf-58e9-de5de56423c0?origin=2) (Long-Term Sustainability Commitments), with goals to be implemented by 2030, involving the fronts of Sustainable Business, Responsible Investment and ESG management. The table below presents the goals and their evolution:



(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) Renewable energy purchased on the free market (ACL) and own production at the end of the period.

These initiatives reinforce BB's historical commitment with sustainability in its broadest sense and allow us to evolve and be acknowledged for ratios, rankings, and ratings of global and local sustainability.

Power Ecoefficiency

We have endeavored to migrate our energy matrix to renewable energy sources. We have already consumed energy generated by two solar power plants, and other four power plants of renewable sources are under construction, nine under contracting and four under bidding. By 2024, we will have 29 power plants in operation, contributing to reach the goal of 90% of our supply of energy from renewable sources.

We began to use energy from renewable sources in 39 administrative buildings through the Free Contracting Framework (ACL), generating savings of R$27.1 million (2019/2021), with expectation to reach R$50 million by 2024.

For the expansion of the ACL project, the total of 1.652 consumer units in Medium Voltage (A4) will be studied in order to reach up to 68% of the consumption of BB via renewable sources by December 2024. We expect savings over R$33 million in electric energy expenses.

Our strategy, in addition to reduce consumption of energy, is to continue to invest in a cleaner and renewable matrix of self-generation of energy, with positive impact on the environment and on society. At the same time, the production increase by the power plants (Distributed Generation - GD) seeks to support the goal of having 90% of the electric matrix of BB originated from renewable sources, where up to 22% of GD projects and up to 68% of ACL.

Also, with a focus on energy efficiency, we installed IoT (internet of things) solution to monitor the operation of the climatization systems, UPS units and lights, in addition to consumption of electric energy and water, in 298 branches in 2021. Therefore, we intend to reduce energy consumption by 15% in the premises covered.

In 2021, we started to offset 100% of our greenhouse gas emissions (scopes 1 and 2) with the acquisition of I-Recs certificates and we aim to reduce our emissions by up to 30% by 2030, reaching 90% of renewable energy sources by 2024.

BB’s participation in the world’s largest climate conference

We were present in the 26th Climate Change Conference of the United Nations (COP 26), with videos of sustainable cases of BB's clients and partners which addressed themes like renewable energy, sustainable agriculture, sustainable use of land and sustainable industrial processes. At the Brazilian Pavilion we also presented how we generate sustainable value to the society, either by supporting our clients to adopt sustainable practices or even reducing and compensating emissions of Greenhouse Effect Gases (GEE) generated by our activities.

Business Ambition for 1.5°C Commitment

We adhered to the Initiative “Business Ambition for 1.5° C”, an international campaign for companies led by the UN's Global Pact and other partners of the initiative Science Based Targets (SBTi), which shows our commitment with defining goals for reduction of GEE, based on science, which could contribute to limit global warming at 1.5°C above pre-industrial levels and attain carbon neutrality of the chain of value by 2050.

Sustainable Finance Model

BB's Sustainable Finance Framework was updated in December/2021 and is aligned with the Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainable Bond Guidelines (SBG), Green Loan Principles (GLP) and Social Loan Principles (SLP). The Climate Bonds Standard and sector criteria for certification of the Climate Bonds Initiative (CBI), as well as the European Green Bond Standard (EU GBS), have been consulted.

Like in the first version of our model, we receive technical assistance from the advisory firm Sitawi Finanças do Bem and second opinion from Sustainalytics, one of the most renowned certification firms in this market, which pointed out the alignment of the model with the sustainability strategy and our progress in the compliance with the goals proposed in the Sustainable Development Goals (ODS), defined by the United Nations (UN).

We also highlight, in the last update of the document: i) inclusion of the categories Energy Efficiency, Green Buildings, Clean Transport and Sustainable Management of Waste and Effluents; in addition to the social category, through loans; ii) review of the criteria of exclusion and limiting factors, and inclusion of working capital operations for micro and small size companies (creation of jobs and generation of income), which increases the volume of operations eligible for issuance of sustainable bonds and loans; iii) the process of evaluation and selection of projects was also updated and adjusted to the new Corporate Sustainability governance structure of Banco do Brasil.

Sustainable Business Portfolio

In 2021 we reahced R$291.4 billion in sustainable credit operations, growth of 19,1% in 12 months, mainly due to the participation of Sustainable Agribusiness (41.7%) and social business (46.2%). This amount was contracted through credit lines with high environmental and/or social concern, or destined to finance activities and/or segments with positive social-environmental impacts on the sectors of renewable energy, energy efficiency, construction, transport and sustainable tourism, water, fishing, forest, sustainable agriculture, waste management, education, health and local and regional development, reinforcing our role of transformation by supporting the development of the country and by building an increasingly sustainable future for society.

In line with our long-term commitments and to assist our customers in the transition to a more sustainable portfolio, we have the following goals to be achieved by 2025: (i) foster renewable energy, expanding our portfolio for this purpose to R$15 billion; (ii) expand the sustainable agriculture portfolio to R$125 billion and assist in state and municipal efficiency projects, with disbursements of R$20 billion.

Our Sustainable Business portfolio is submitted to independent evaluation, considering the main international taxonomies for classification of the portfolio, providing higher transparency.

Responsible Investment

We have endeavored to engage our clients in investing in sustainable assets, offering a diverse range of products that align profitability with the best environmental, social and governance practices.

We offer a portfolio with 25 Investment Funds (FI) and Quota Investment Funds (FIC) related to this theme, including options to invest in Brazil or abroad, or in specific causes in which the client believes. In 2021, we observed that the shareholders’ equity of these funds grew 109.0%, reaching R$7.0 billion.

We also point out that we reached R$1.2 billion from LCA Verde (Agribusiness Letter of Credit), aimed to foment BB's sustainability portfolio. The proceeds are destined solely to low carbon agricultural operations, renewable energy and other lines that meet the ESG criteria prescribed in the Sustainable Finance Framework of BB. The product complements our portfolio of ESG investment solutions, whose demand has grown, as investors seek diversification strategies that are aligned with our values and market trends.

Always seeking the best ways to serve investor clients, we associate the offer of sustainable investments with financial education. We offer a complete and safe digital advisory service, covering actions of information and knowledge through digital media. The InvesTalk playlist, available in BB's YouTube channel since 2019, includeing a program of investment suggestions, economic scenario, market analyses, tips, talks, among other, disseminating quality information focused on the previous experience of each investor, on impartial and simple basis. Recently, we addressed ESG investments in InvesTalk as well as in Deseconomês, a series of videos created to present the investment world on a light and casual way, translating expressions of the financial market to people that are beginning their investment journey.

We also offer advisory through podcastson digital platforms, including daily analyses. Any client may also access investment suggestions, reports and market analyses produced by BB's experts on page [bb.com.br/carteirasugerida](https://www.bb.com.br/uci/portfolio-sugerida.html), which also includes a suggested portfolio of companies that follow the highest sustainability standards and have a potential for appreciation.

We also created the BB ESG (Environmental, Social and Governance) Portfolio, developed in order to indicate to our clients the companies most aligned with the best Environmental, Social and Corporate Governance (ESG) practices.

In the process of integration of ESG factors in the reports and analyses of recommendation developed by our research team, we began to follow the theme even closer, selecting papers of companies that, in our opinion, have been successful in aligning their business with sustainable and socially responsible practices.

To learn more about ESG investment products of Banco do Brasil, visit [bb.com.br/asg](https://bb.com.br/uci/fundos-asg.html).

Recognition for sustainability

In January/2022, we were ranked as the planet's most sustainable bank according to the ranking of 100 Most Sustainable Corporations of the World 2021 – Global 100 by *Corporate Knights*, maintaining the leadership  position achieved in [2021](https://mcas-proxyweb.mcas.ms/certificate-checker?login=false&originalUrl=https%3A%2F%2Fportal.intranet.bb.com.br.mcas.ms%2Fwps%2Fmyportal%2Fintranet%2FHome%2Fant%2Fnacional%2Fnacionais%2Furi%2F0af019a5-decd-4144-8faf-6da5294801d1%2F%3FMcasTsid%3D20893&McasCSRF=033c28acb9a5584a48843a5543bff6c0aa1572ec7f17564c75b30801cf105df5). The classification places BB as the best ranked Brazilian company, in the 21st. position in the overall ranking. In the past decade, BB was mentioned in seven editions, being ranked as the most sustainable bank of the world in 2019, 2021 and 2022.

For the 17th consecutive year, we are preparing the Corporate Sustainability Index (ISE) of B3, which gathers shares of publicly-traded companies with the best sustainability practices.

We are one of the few companies listed in the ISE since its creation, in 2005. These achievements reflects the result of the integrated work of all areas of the Bank and adds to many other awards obtained by BB as one of the most sustainable companies of the world: [the Dow Jones Sustainability Index (DJSI)](https://portal.intranet.bb.com.br/wps/myportal/intranet/Home/ant/nacional/nacionais/uri/22862734-56ab-426d-8da5-1ef2daa714e2/) from the New York Stock Exchange; [*FTSE4 Good Index* Series](https://portal.intranet.bb.com.br/wps/myportal/intranet/Home/ant/nacional/nacionais/uri/874e14ab-51c5-40d3-9ff8-064e7a815dc7/) of the London Stock Exchange; and the Global [100](https://portal.intranet.bb.com.br/wps/myportal/intranet/Home/ant/nacional/nacionais/direo/98501b43-0c71-4e2b-aff7-c361e7f9527a/) Ranking by *Corporate Knights,* among others.

3. Macroeconomic Scenario

Brazil

Over 2021, we noticed a progress in the vaccination of the Brazilian population, which reflected the decrease in the number of hospital admissions and deaths and enabled the recovery of economic sectors that were paralyzed so far. However, the evolution of this more positive scenario contrasted with the turmoil related to higher inflation and interest rates reaching the contractionary field. The price increase was more persistent and disseminated and required a more restrictive position by the Central Bank of Brazil, which raised Selic rate by 725 base points over the year, from 2.0% in Jan/21 to 9.25% in Dec/21. This combination put pressure on the available income of the families and reduced the space for a more intense growth of consumption of new goods and services, which was reflected in weaker economic activity over the year. In 2021, we also saw volatility in financial assets, especially the value of the Brazilian Real relative to the Dollar, impacted by internal factors mainly related to tax uncertainties. In the opposite direction of this process, the credit market of the Brazilian Financial System recorded a positive performance driven by evolution of credit to the families and the natural and already expected slowdown in corporate credit, group largely pushed in 2020 by emergency credit measures. In addition, we observed a recovery of the employed population, mainly in informal employment.

World

After the large negative impact of Covid on the global economic activity in 2020, we observed an economic recovery disseminated in 2021, despite a series of points that negatively affected the global dynamics. The energy crisis in Europe and problems related to the civil construction sector in China increased uncertainty worldwide. In addition, the persistent crisis in the supply chain, with inflation more disseminated in the main economies and the risk of a new pandemic wave in view of low vaccination rates in poorer countries had negative impact on the recovery of the global economy. The emergence of new Coronavirus variants and uncertainties regarding their level of aggressiveness contributed to expand the global aversion to risk and led to new social distancing measures in certain continents at the end of 2021.

4. Digital transformation

Digital Strategy

In a Bank that is increasingly digital, we consolidated our presence in complement to the physical network and we offer innovative solutions and convenience to our clients. The adoption of digital means to make several routine services continued to strengthen as a new habit to millions of Brazilians and we anticipated this movement, fomenting the origination of business and relationship through digital channels.

The digital strategy of Banco do Brasil is backed by a series of initiatives involving digital optimization and transformation.

Aiming at the pillars of transformation, we seek new sources of income accelerated by open innovation and digital technologies. Our priorities are to seek new sources of income associated to the business with capacity to attract new segments of clients and with business solutions that increase the client's engagement with our channels and brands.

Accordingly, we continue to expand the operation-as-platform in many segments where BB operates. In agribusinesss, for instance, we are escalating our digital platform Broto (broto.com.br), built in conjunction with BB Insurance, and which connects rural producers and suppliers offering products, services and advisory. Broto platform already has more than 543 thousand views and generated R$1.3 billion in business since its launching, fomenting, and fostering the Brazilian agribusiness. There are more than 2.000 products to maximize the productivity of rural producers.

We also aggregated to Broto platform other solutions including a blog, podcasts and lives to bring information and knowledge to rural producers.

The pillars of digital optimization and transformation are enabled by cultural transformation with the incentive to the development of digital abilities by the operating staff, the adoption of analytical intelligence, new ways to operate and new technologies.

We concluded the 4Q21 with 22.2 million active clients in the digital platforms on the internet and mobile, and transactions made in these channels corresponded to 91.7% of the operations of our clients, an increase of 5.2 percentage points compared to4Q20 (86.5%).

The Banco do Brasil App continued to obtain the best scores in the financial industry in apps stores ranking 4.6 at Google Play (evaluated by more than 4.4 million users) and 4.7 at Apple Store (2.3 million evaluations), where the maximum score is five stars.

Following the trend of adoption of digital channels started in 2020, BB reached the record of 20.3 million users in the App at the end of the year. Of this total, 88.2% are qualified to make transactions: a growth of 15.0% in 12 months. It means that the client not only makes consultations, but also buys, invests and makes financial transactions using BB app.

The clients' migration to digital channels also resulted in increased volumes of business fully conducted using digital channels. The digital platforms (internet and mobile) represented 35.7% of personal credit disbursement and 13.4% of paycheck deductible loans. Considering the volume of investments and redemptions, 27.8% represented transactions in investment funds. Only in 4Q21, 40.6% of the volume of operations of services (such as investment, card request, opening of accounts and capitalization business, insurance, and consortia) was conducted using digital channels.

We have one of the largest technology complexes of Latin America, which operates with availability over 99.9%, at 81 billion transactions per month, with peaks of 9.5 billion in one single day. Our technology areas work in line with the business areas and clients, in order to accelerate digital transformation without losing quality and effectiveness in providing physical services to our clients.

To intensify the process of developing solutions and accelerating innovation, we became partners of Endeavor, an important worldwide network of high impact entrepreneurs and one of the main hubs of contact between scale-ups in the Brazilian ecosystem.

Cloud Strategy

We have a history of solid IT architecture, which has efficiently met the business needs. To meet the new profile of clients, this architecture is being modernized daily.

The year 2021 represented the consolidation of the use of Cloud as a platform for building software at Banco do Brasil. Considering the volume and criticality of the applications developed, we noticed higher flexibility and speed in the delivery of solutions to our clients and expansion of the processing capacity without loss of performance of these applications. We point out that this year we had a private and public cloud environment, which allowed better processing decision and costs, on efficient and transparent basis to users.

We created a Cloud development platform with a culture of software development where the sharing of knowledge is the principal agent of transformation. Regarding the development of systems, our strategy when choosing the cloud architecture is based on the type of service to be delivered to clients. For new services, the indication is the development fully using cloud architecture, as well as services that require large updates, which are also migrated to the cloud. For the others, there is an evaluation of the cost and benefit of such change.

Critical solutions such as PIX, open banking, LGPD, chatbots and Monitoring of Frauds are currently running in Cloud environment. We also intensified the use of a low-code platform, fully supported by Cloud processing. There are more than 2.100 applications/services that execute more than 270 million operations per day.

BB Store

In order to centralize and make the non-banking initiatives and benefits offered by BB more accessible, last quarter we launched BB Store, whose initial operation covers affiliated marketplace products, gift cards, Advantages (discount vouchers and other benefits), and mobile recharge. We soon intend to expand the products and benefits offered in this section of our application.

Since December 2020, BB offers the sale of gift cards through the App, which are recharge codes for the main digital services. They operate as online prepaid credits for services like Uber, Spotify, Xbox, Google Play, iFood, game platforms, among others. There are more than 1.5 million gift cards already traded. In the 4Q21 we added another content, Primepass card, which offers movie tickets through recharge using BB app.

Affiliated marketplace

In November 2021, we made another move towards expanding the portfolio of solutions of non-financial services. Now, our clients may purchase using the App and gain cashback in their accounts.

In view of BB's adherence to the program of associates, of one of the largest digital retailers of Brazil, clients purchasing using the link available in BB Store will receive cashback.

The implementation of the affiliated marketplace was extremely well received, and it already accumulates tens of thousands of clients using the solution. This is only the first step in the affiliated marketplace strategy, whose number of brands we intend to extend soon.

BB Blog

In April 2021, BB made another move towards the improvement of the digital experience offered at the Bank Portal, with the creation of BB Blog.

The principal mission of the Blog is to offer relevant content to our clients and to those that do not yet have a relationship with the Bank.

In practice, it means monitoring and understanding information needs expressed in Google searches in order to prepare an agenda to provide knowledge to the audience. This editorial strategy - which offers a mix of agendas of opportunity with evergreen content - reached more than three million views in the second half of 2021.

We highlight the utility ratio (positive evaluations/total evaluations) of 96% attributed by the audience to posts made in the period, as well as more than 25 thousand pieces of content shared through different platforms (Facebook, Whatsapp, Twitter and Instagram).

Corporate Venture Capital (CVC) Program

The CVC program is fundamental to foster open innovation, assisting in the development of new business, expanding markets where we operate, while at the same time providing the best experience to clients. Being close to startups is a way to share experiences, lessons, incorporate new technologies and increase competition. In line with this, the opportunity to invest in startups of impact generates even more value, not only to BB, but also to society and the ecosystem as a whole.

In 2021, we made the first investments in Venture Capital funds. Our investment thesis is based on the following pillars: (1) investment verticals: agritechs, client's experience, fintechs and govtechs; (2) maturity stage: focus on the seed stage and Series A, with tested products and clients; (3) Partnerships: venture capital managers, startups and accelerators; and (4) ESG: prioritization of startups that have clear objectives, metrics and goals of social, environmental and responsible governance impact.

Low-code

The challenge of developing cloud solutions has been faced with Low-Code software development, in our platform Faz.aí**,** whichsupports the automation of less complex internal processes on a quicker and independent basis, with management and Corporate Governance. This tool increases the capacity of automating work processes with higher efficiency, simplification, and digitization of processes.

Artificial Intelligence

In the year 2021 BB consolidated the use of Artificial Intelligence (IA) in new solutions and processes. The legal area of BB began to use AI in the analysis of judicial agreements whereas our human service has acted on a preventive basis to mitigate bias in judicial demands. Back-office automation increased the operational capacity with new solutions that address a growing range of documents such as contracts, proxies, real estate enrollments, invoices and accounting information, among other items.

Digital onboarding, a pilot in the automated validation of identification documents, already has 28 thousand daily validations. Currently this Artificial Intelligence solution is present in other products of BB and partners. We highlight the case of proof of life required by the INSS, supported by the validation solution within BB app, which assured convenience to more than 128 thousand beneficiaries over 2021.

The BB Virtual Assistant consolidates the growth phase of digital services. In 2021. 23 million people had 57 million chats with the Bank's virtual assistants. Considering only the WhatsApp, there were 17.7 million people who had 43.3 million chats, an increase of 130% in the number of users about 2020.

In addition, we highlight the increase in the use of voice channels supported by Artificial Intelligence. New consultations have been made available in BB's Virtual Assistant present in Google Assistant, and the Voice-Driven Intelligent Search facilitates the experience in BB app and is already used by more than 2.6 million clients. Also, the year 2021 was marked by the launching of Cognitive URA (Audible Response Unit), increasing the capacity to serve our clients with AI solutions in the comprehension of the speech as well as in the voice generation.

Above all, the Artificial Intelligence has increasingly contributed to improve our operational efficiency and the experience of our clients, employees and partners, assisting people in the activities where machines provide excellence, permitting the human differential to strengthen the relationship and delivery of value to different stakeholders.

Analytical Intelligence

The direction and investments of Banco do Brasil in analytical culture and use of data continued strong over 2021, reaffirming the strategy to generate value. Accordingly, we place the client at the center of the operation and priority, maintaining the focus on operational efficiency, agribusiness, service channels and services supported by data and analytical intelligence.

The analytical intelligence structure has operated in the format of tribes and multidisciplinary squads, generating synergy between business, technological solutions, and analytics. Besides facilitating the use of data and maximizing acculturation, it also accelerates deliveries.

Actions and efforts to expand the analytical culture, knowledge and maturity continued to grow in 2021, reaching 2,390 graduations in Business Analytics, Data Sciences and Engineering, among other disciplines.

The Conquest, Re-conquest and Succession in Agribusiness strategy, the solution of Proof of Life of INSS beneficiaries based on data and the preparation to OpenFinance are a few examples of contribution and support of analytical intelligence to the clients and business of Banco do Brasil.

BB in the Metaverse

Banco do Brasil is in the Metaverse, with initiatives from the real world transported to the virtual city of the “Complex”, the RolePlay server, which guides gamers through the creation of a building of Banco do Brasil, based on the existing head office, in Brasília, and promotes a virtual tour across the historical building that hosts the *Centro Cultural Banco do Brasil - Rio de Janeiro* (CCBB-RJ).

In the *game*, players may open accounts and receive benefits to their characters. There are jobs related to banking activity and on the beaches and outdoors in the virtual city, where gamers will meet the manager of BB DTVM funds. This is an excellent opportunity to work the culture of investment, which is so important to society in general, in an attractive way for new generations, presenting differentiated funds from the industry such as BB Equity Shares, BB Shares US Biotech BDR Level I and BB Shares Agro.

BB began to support the electronic games segment in 2018. Since then, we sponsored events like “Brasil *Game Show*” (BGS) and “CBCS –Brazilian Championship of *Counter-Strike*”, hosted championships, like *VALORANT Ultimate Ignition Series*, and, this year, BB promoted the sharing of experiences between gamers and eSports fans with the “*Game Talks* BB”, and also created the “BB Game Series University Stage”, the first proprietary competition, and expanded *Squad* BB. Through *eSports*, BB diversifies its strategies of digital transformation and rejuvenation of the base of clients.

PIX

BB's PIX solution, integrated to all the business applications of the Bank, makes clients' transfers with agility (pays and receives transfers). The easy procedure to register PIX keys, as well as the simple and quick way to make transfers, support our network in the task of retaining clients.

BB clients can make PIX transfers through our app, Whatsapp and even by voice command using Google *Assistant*. In terms of quantity, BB processes 19.3% of payments and receipts of Pix and corresponds to 28.6% of the financial volume.

In 2021, it became possible to customize limits for Pix, Pix Collection - QR Code with maturity (which is similar to a collection voucher), set a date for the Pix, Pix Withdrawal and Pix Change and the Special Mechanism of Refund (allows to claim amounts due to frauds, scheming and flaws). The Evolving Agenda of Pix follows the same pace for 2022, with new products and new payment options being projected for users.

*Open Banking*

In 2021, we strongly worked on the process of implementation of the Open Banking (or Open Financial System) and were active on many forums, where we were protagonists in the ecosystem, and we coordinated the works established within Febraban and of the Open Banking Convention.

Our teams had outstanding participation in the construction of API (Application Programming Interfaces) which enabled the integration of the technological platforms and infrastructures of institutions participating in the ecosystem in order to make it possible to share data and services provided in the Open Banking scope.

We adapted to these many changes, established by the Central Bank of Brazil, in the calendar of implementation of the Open Banking and implemented the phases 1, 2 and we began, in 4Q21, phases 3 and 4. We continue to work in the implementation of other phases, expected to be completed in 2022.

After phase 2, at the commencement of data sharing, we intensified the disclosure of information about the need of previous consent by the client, seeking to demystify the concepts of Open Banking and strengthen relevant security aspects involving data exchange between financial institutions.

On phase 3, we have services of beginning of payment transactions and issuance of credit operation proposals, and the possibility of payment with PIX without the need to use the application where the client has its current account. Therefore, we began to connect financial products, in addition to data connection. The third phase will be implemented in stages, assuring security and stability to the system, being extended until September 2022.

On 15 December, we began the implementation of phase 4, covering the sharing of information beyond traditional banking products and services, such as social security, insurance, exchange, and investments. The inclusion of these products marks the beginning of the expanded format of the system, which was named Open Finance. This phase will also be implemented in stages, expected to be completed by May 2022.

The Developer's Portal has five API in its portfolio: Collection, PIX, Pix Comprehensive Collection, Authorization of Automatic Debt and Payments in Lot. The last two were launched during the 4Q21. The Portal offers a complete digital journey for the integration, including environment of tests of the solutions, as well as connects the developer public, maintaining an active community that contributes to the construction and improvement of our services.

Over 2021, there were more than five thousand new integrations with corporate clients, with more than 13 thousand developers, and more than six thousand applications are in production.

We operate with strategic focus on maintaining BB as reference in Open Banking in the market, maintaining our pioneering position in the theme. For our clients and for society in general, we operate with reinforced communication to disseminate the concept of Open Financial System and prepare consumers to enjoy the benefits of the Open Banking. Internally, we focus on the preparation of employees for a new scenario, qualifying them to respond to clients' questions and to use new business opportunities of relationship with our clients.

5. Awards and Acknowledgments

January

We are the most sustainable bank in the world. We are ranked as the **100 Most Sustainable Corporations of the World 2021 – Global 100**, of *Corporate Knights*. This was the best historical result for the Bank – we were the 3rd in the general ranking and we are also the best ranked company in Brazil.

February

We received the Bronze Class award in the ***Sustainability Yearbook* 2021**. The *Sustainability Yearbook* is one of the world's most comprehensive publications regarding corporate sustainability, which classifies the companies according to the performance presented in the Dow Jones Sustainability Index of the New York Stock Exchange (DJSI).

March

For the second consecutive year, we were ranked as one of 100 more innovative companies in the world in one of the most important international IT events, the ***CIO 100 Awards 2021***, organized by the American magazine CIO, published by IDG Communications. The merit of this acknowledgment is one of the most innovative solutions launched in 2020, the Virtual Assistant for Debt Restructuring on WhatsApp, developed with the use of Artificial Intelligence.

April

We were the best ranked bank by investor clients in March, according to the **study Index of Service of Banks and Platforms (IQA)** organized by FGV. This is an acknowledgement to all BB employees who are increasingly committed, with total focus on client satisfaction.

May

We offer the most innovative solution in mobile technology in Brazil, according to the award **“Mobile Team Selection”**, with Pix on BB WhatsApp. The solution allows the clients to register their keys, pay, receive, generate QR Code or consult a Pix statement by text or voice messages.

The magazine *Global Finance* announced, in its ninth annual selection for the award **“The Innovators 2021”**, which acknowledges the most innovative financial institutions of the world, those which are able to project the best financial solutions and tools. We were selected for the third consecutive year, this time in the *Corporate Finance* category. The awarded initiative was the Artificial Intelligence Acceleration Centre.

We received the **Award Latam 2021** in client experience, organized by Aloic – *Alianza Latino Americana de Organizaciones para la Interacción con Clientes*, whose main purpose is to acknowledge the best practices in the business. We won with SAC BB, in the category Best Strategy in the Organization.

*Universidade Corporativa Banco do Brasil* (UniBB) was ranked as one of the best of the world by ***GlobalCCU*** (Global Council of Corporate Universities). We received the *Gold Award* in the Culture and Technologies category. It is the fourth time that we are acknowledged by *GlobalCCU*.

June

We were ranked as the best institution in Latin America in the management of Digital Portfolio at ***PWM Wealth Tech Awards 2021***, a global ceremony hosted by the specialized publication *Professional Wealth Management* - PWM, which is part of the international group *Financial Times*, a reference in issues related to finance and private banking.

July

We received the **Pro-Equity Program of Gender and Race** seal from the Ministry of Women, Family and Human Rights (MDH), which disseminates organizational culture measures to reach equality between women and men in the world of labor. It is addressed to medium and large size companies, both public and private, with own legal nature. The adherence to the program is voluntary. It is the sixth consecutive time that BB receives this acknowledgement.

August

We were mentioned again in the list of sustainability index of the London Stock Exchange, the ***FTSE4 Good Index Series***, which evaluates and ranks companies with the best Environmental, Social and Corporate Governance (ESG) practices. This achievement reflects the acknowledgement, by the investor market, of the Bank's commitment with the best sustainability practices and with transparency in the disclosure of information.

We were awarded Company of the Year by the **Award ClientSA**, principal acknowledgment of the best practices in client management of Latin America, among 49 companies acknowledged in 26 different categories. With this result, we are once again classified to compete in the international edition organized by Alianza Latinoamericana de Organizaciones para la Interacción com Clientes (Aloic Latam), we are the current winners and we will defend the title in a dispute with the national winners of Mexico, Argentina, Colombia and Paraguay.

September

Our public relations was awarded for the 11th consecutive year. We won in the Financial category, the 11th edition of the Survey **“Companies that Best Communicate with Journalists”**, organized by the Business Platform of Communication and by the Communication Studies Centre (Cecom) and audited by BDO Brazil.

October

We were awarded the Best Bank for Small and Medium Size Companies of Latin America, in the **Award *SME Bank Award***, granted by *Global Finance Magazine*, with the case “Support to the Financial Health of Brazilian SMEs during the Pandemic”. In the scenario of uncertainties brought by the pandemic, we managed to support our clients with close relationships, speed and security, while at the same time strengthening our commitment to society by adopting initiatives to minimize the adverse effects of the current scenario of the country.

Banco do Brasil is one of the most transparent companies in the disclosure of information about sustainability, according to the Transparency Observatory, an initiative of the **Brasil of *Global Reporting Initiative (GRI)*** advisory board. The evaluation of the institution, which is dedicated to the development of standards of sustainability reports, was based on the list of the 100 largest companies in Brazil prepared by KPMG.

We are the most remembered brand in Brazil in the “bank” category in the ***Top of Mind*** over the 31 years of the award. First bank of the country, BB was mentioned in 2021 by 25% of respondents, at all age brackets and social classes. The best results were obtained among the wealthiest population (31%) and residents in the Northeastern region (35%).

November

We were once again ranked best bank in the world in the category Education and Qualification of *Private Banker* in the award ***Global Private Banking Awards 2021***. It is organized every year by the specialized vehicles PWM (*Professional Wealth Management*) and *The Banker*, which are part of the international group *Financial Times* and which are world references in issues related to finance and *Private Banking*.

We have been acknowledged as the most sustainable bank in South America by ***Capital Finance International* – CFI.co**. The English magazine specialized in business, economy and finance employing a wide range of criteria to support the decisions regarding the award, based on information collected by the survey team itself.

For the second time, we were awarded the ***iBest* Award** by popular jury as the best Digital Bank of Brazil. Even competing in the finals with two of the largest fintechs in the country, we received most of the votes by internauts. It consisted of many stages over the year, where we competed with all the main financial institutions in Brazil, and BB always ranked first in all stages.

We reached Level 1, with the maximum score for the fifth consecutive time, at the 5**º Cycle of Governance Indicator – IG-SEST of the Ministry of Economics.** The IG-SEST is an instrument of continuous follow-up whose aim is to evaluate compliance with the requirements of Law No. 13.303/2016, regulated by Decree No. 8.945/2016 and with the guidelines in the Resolutions of the Interministerial Commission of Corporate Governance and Management of Equity Holdings of the Federal Government – CGPAR, which implements best market practices and higher level of excellence in Corporate Governance.

December

We are the winner of the ***Banking Transformation* 2021 Award**. We were ranked as the best of the year in three categories, and, in number of winning cases, we were the champion. We were also acknowledged for the digital transformation that we have been conducting. We competed with major Brazilian banks, both traditional and originally digital, and with companies that are part of the financial ecosystem, such as payment means, fintechs, stock exchanges, insurance companies and credit bureaus. The technical jury consisted of renowned market experts.

Once again, we received the **Pro-Ethical Company** seal. The Pro-Ethical seal is an initiative of Ethos Institute and of the Office of the Comptroller General (CGU), which seeks to foment the voluntary adoption of integrity measures by companies, through the public acknowledgment of companies that, regardless of size and type of operation, are committed with adopting measures of prevention, detection and remediation of acts of corruption and fraud. The acknowledgment takes place every two years and this is the fourth time that BB is mentioned. The other times were in 2012/2014, 2016 and 2018/2019.

We were highlighted in the 10th edition of the ***Reclame Aqui*** **Award** – The best companies for consumers, and obtained the Silver award in the category Banks, among the 102 financial institutions active in the platform. The purpose of the award is to acknowledge the work and service of companies and professionals that were most outstanding in each category over the year. The award also takes into account the previous evaluation of each company made by clients. Accordingly, the rank considers only companies that have at least maintained a “Good” status in the evaluations received.

6. Highlights of the Result

of the Consolidated Financial Statements

Recurring Net Income of R$21.0 billion in 2021

Recurring Net Income¹ was R$21.0 billion in 2021, increase of 51.4% compared to 2020. In the corporate view, net income for 2021 totaled R$19.7 billion, an increase of 55.2%. The result was influenced by the increase in income from financial intermediation, mainly due to the growth in income from financial intermediation (+8.8%) and the reduction in the Provision for Losses Associated to Credit Risk (-28.9%). Administrative expenses reached R$33.9 billion, an increase of 1.9% compared to 2020, while fee income was R$29.3 billion, a growth of 2.2%.

Below we present the main figures related to our performance in 2021.

Table 2. Financial Highlights

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | BB Multiple Bank | | BB Consolidated | |
| Result (R$ million) | 2021 | 2020 | 2021 | 2020 |
| Recurring Net Income¹ |  |  | 21.021 | 13.884 |
| Net Income | 19.574 | 12.512 | 19.710 | 12.697 |
| Result of Financial Intermediation | 39.397 | 21.002 | 44.688 | 29.781 |
| Fee Income | 18.986 | 19.231 | 29.343 | 28.702 |
| Administrative Expenses2 | 32.063 | 31.520 | 33.847 | 33.216 |

(1) The Recurring Result excludes the results considered non-recurring. As defined by BCB Resolution No. 2/2020, non-recurring results are those that are not related or are only incidentally related to the institution's typical activities and are not expected to occur frequently in future years, as per Note 31. (2) Refers to the sum of Personnel Expenses and Other Administrative Expenses.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Equity (R$ million) | Dec/21 | Dec/20 | Dec/21 | Dec/20 |
| Assets | 1.988.646 | 1.782.539 | 1.932.533 | 1.725.672 |
| Classified Credit Portfolio | 770.470 | 669.332 | 784.796 | 681.776 |
| Clients' Funds | 647.617 | 583.654 | 671.270 | 601.984 |
| Shareholders’ Equity | 134.226 | 116.723 | 144.857 | 126.971 |
|  |  |  |  |  |
|  | 2021 | | 2020 | |
| Income per Share (R$) | 6,86 | | 4,39 | |
| Dividends and Interest on Capital distributed to shareholders | 7.526 | | 4.197 | |

Result of Financial Intermediation

The result of financial intermediation corresponds to the sum of income from financial intermediation, financial intermediation expenses and provision for losses associated to credit risk (PCLD). In 2021, it amounted to R$44.7 billion, growth of 50.1% when compared to 2020. Among the items comprising the result of financial intermediation, the highlight is growth of 8.8% of Income from Financial intermediation and reduction of 28.9% of the Provision for Losses Associated to Credit Risk.

Fee Income

Fee Income grew 2.2% in relation to 2020, totaling R$29.3 billion. Highlight to growth of Management of Funds (+8.8%), and Insurance, Social Security and Capitalization Commissions (+10.7%).

The strategy continues focused on the relationship, in specialized service, in the diversification of revenue sources and in the constant improvement of the client experience.

Administrative Expenses

Administrative expenses amounted R$33.9 billion in the period, a growth of 1.9% compared to 2020, below the inflation of the period of 10.06%, as a result of the disciplined management of costs. Personnel expenses grew 4.2% year-on-year, mainly due to the 10.97% salary readjustment granted to bank employees as of September/2021, in line with the Collective Bargaining Agreement 2020/2022, while other administrative expenses decreased by 1.6% compared to 2020, mainly due to the declines in Amortization (-21.5%), Communications (-30.3%) and Transport (-23.2%) lines.

Capital

We have a Capital Plan with a prospective horizon of three years, considering (a) the Risk Appetite and Tolerance Statement, (b) the Corporate Strategy and (c) the Corporate Budget.

We reached 11.94% of the Principal Capital Ratio (ICP) in December 2021, whereas the Basel Ratio (IB) reached 17.76%. The Capital Ratio Level I reached 15.16%.

Shareholders' Compensation

The Shareholders' Compensation Policy seeks to ensure the proper valuation of shareholders, combined with the continuity and financial sustainability in the short, medium and long term of the Bank, considering the need of flexibility and financial soundness for the sustainable maintenance of business.

For the fiscal year 2021, the percentage of 40% of net income was approved, adjusted according to letters “a” and “b” of item I of article 202 of Law 6,404/76, to be distributed as dividends and/or Interest on Capital (JCP), based on the result of the Bank, its financial position, cash requirements, Capital Plan and its goals and respective projections, the Risk Appetite and Tolerance Statement, outlook of the actual and potential markets of operation, investment opportunities and maintenance and expansion of the operational capacity.

Classified Credit Portfolio

Our classified credit portfolio grew 15.1% in relation to December 2020.

In the line of Individuals, excluding rural producers, which correspond to 33.7% of portfolio total, the growth was 15.7% in one year. Highlight to the paycheck deductible loan which amounted to R$106.8 billion, growth of 14.2% when compared to the same period last year, as well as for credit card lines (+46.8%) and personal loans (+40.2%), in line with the strategy of changing the mix to more profitable lines.

For Legal Entities, excluding agribusiness companies, the classified portfolio amounted to R$253.1 billion, growth of 7.1% in one year. Highlight to the portfolio of MPME clients (annual gross income up to R$200 million), which amounted to R$91.5 billion, growth of 14.5%, influenced by disbursements of R$8.1 billion in Pronampe, and for Large Companies that grew 13.5% in their expanded concept, which considers bonds and guarantees provided.

In agribusiness, the classified portfolio amounted in December/2021 the historical figure of R$232.4 billion, with highlight to growth of the rural credit portfolio in 29.6%. We point out the growth of 183.6% in agribusiness bonds, Rural Producer Bill (CPR) and Certificate of Agribusiness Credit Rights (CDCA).

BB’s Operation in the Capital Market

We completed one year of partnership with UBS, increasing our business in capital market and investment banking. This partnership combines UBS' global expertise and platform of distribution with BB's network of relationships in Brazil, bringing benefits to Corporate clients who will be offered more complete solutions as well as to individuals, with a differentiated platform of advisory and distribution of new classes of assets.

With our network of relationships, we seek to originate business that will place UBS BB between the three first in ANBIMA ranking of local and international Debt Capital Markets (DCM), Equity Capital Markets (ECM) and M&A.

In 4Q21, UBS BB announced 60 transactions, of which 57 of local debt (Local DCM), and 3 of shares (ECM). From January to December 2021, UBS BB announced 194 transactions, an important milestone for the first year of operation of the joint venture.

In addition, in partnership with UBS BB, also we assisted our clients in ESG operations during 2021. In the local market, we participated in 20 issuances with total volume of R$10.9 billion, and in the foreign market, we participated in seven issuances with total volume of USD 3.8 billion.

7. People Management

Our people policy and management practices are based on meritocracy, commitment with the Company's values, focus on the client's experience, digital transformation, and innovation. Below is the profile of our employees:

Table 3. Employees’ Profile

|  |  |  |
| --- | --- | --- |
| Employees’ Profile | Dec/21 | Dec/20 |
| Employees | 84,597 | 91,673 |
| Female | 35,927 | 38,645 |
| Male | 48,670 | 53,028 |
| Education |  |  |
| High School | 9,136 | 11,505 |
| Graduation | 26,946 | 31,735 |
| Specialization, MA and PhD | 48,431 | 48,275 |
| Other | 84 | 158 |
| Geographic Distribution |  |  |
| North | 3,678 | 3,981 |
| Northeast | 13,919 | 15,106 |
| Centre-West | 16,090 | 16,650 |
| Southeast | 35,894 | 39,800 |
| South | 14,997 | 16,136 |
| Abroad | 19 | 0 |
| Employees’ Turnover (%) | 0.56 | 0.56 |

In 2021, we launched the cultural manifest at BB, with the aim of reinforcing the relevant and essential cultural aspects for the evolution and continuity of our Bank. The manifest lists the five drivers of our culture: (i) we seek the new everyday, (ii) results serve to generate value to clients, (iii) doing well is good business, (iv) ethics and integrity are the basis of trust and (v) together we achieve much more. The drivers are inspiring narratives that reflect our culture, our values and contribute to the execution of the corporate strategy, as well as reinforce the best that we have.

We provide the BB Virtual Assistant to all employees of the Bank. It allows to obtain automated service for more than 60 issues related to management of people, on a simple and quick way, through WhatsApp. In 2021, more than 37 thousand employees used the Assistant, generating almost 800 thousand consultations in the year.

BB has Universidade Corporativa Banco do Brasil to develop human and professional excellence, with the creation of value in educational solutions, contributing to improve the organizational performance and strengthen the image of the Bank. We invest in digital transformation and offer more than 1,200 courses in the areas: mobile, programming, *front-end*, *DevOps*, *UX & design*, *Data Science*, innovation and management, as well as in the expansion of access to professional certifications in IT to all the employees and several educational actions for improvement of business and client satisfaction.

In 2021, UniBB continued to invest in the selection and development of its leaders. For medium management, we launched the Program of Identification of Talents (PIT+). The approach of the Program is focused on data, and collects, organizes, diagnoses, and relates information about the teams, optimizing the management of the Bank's human resources. In its first edition, by cross-referencing several indicators of results and behaviors, BB identified 2,139 employees for the focus functions of PIT+.

Also, with the proximity on those who conduct the daily business, *Jornadas do Líder Digital, Líder Evolution* and *Super Regional* qualified more than 4 thousand managers in leadership competences, using digital technologies. There was also a corporate selection for Regional Superintendent, which identified 65 candidates.

For senior leadership, the Selection of Executives and Administrators Abroad qualified 56 candidates, reinforcing UniBB's commitment with meritocracy and the succession process in the Company. With these initiatives, BB's leadership will be even more prepared to build the bank of the future, with sustainability and efficiency.

The Mental Health Program launched in 2021, which is based on five pillars (Healthy Habits, Education, Ergonomics, Psychological Support and Care), included a platform of online psychological consultation, sponsored by the Bank and available to all the employees. From October to December, more than 12 thousand medical consultations were made.

Our practices of management of people were acknowledged in many ways. We received the *Top Employer* certification for the ninth consecutive time. We are the only Brazilian company that had been acknowledged in all the editions. The certification is granted by the independent Dutch foundation, *Top Employers Institute*, and acknowledges employees who develop talents at all levels of the organization and endeavor to continuously optimize the policies and practices for the management of people.

We also received, for the sixth time, the HR *Top of Mind* award in the Corporate Education / *E-learning* category. BB was the most recalled Company by the human resources community, in a voluntary vote, with the participation of thousands of HR managers from all over the country.

Table 4. Compensation and Benefits

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Individual Financial Statements | | Consolidated Financial Statements | |
| R$ million | 2021 | 2020 | 2021 | 2020 |
| Payroll ¹ | 18,459 | 17,704 | 20,015 | 19,179 |
| Supplementary Pension ² | 1,813 | 1,791 | 1,813 | 1,791 |
| Health Plans ² | 1,841 | 2,625 | 1,841 | 2,625 |
| Profit Sharing ³ | 2,523 | 1,562 | 2,536 | 1,569 |
| Training⁴ | 50 | 37 | 55 | 42 |

(1) Expenses related to proceeds, benefits, social charges and administrative provisions, as per Explanatory Note on Personnel Expenses (2) Cost of supplementary pension and health plans, as per Explanatory Note on Employees’ Benefits. (3) Amount reserved to Profit Sharing, according to Statement of Income for the Year. (4) As per Explanatory Note on Personnel Expenses.

8. Risk Management,  
Internal Controls and  
Institutional Security

Risk Management

The purpose of the risk management framework is to identify, measure, assess, monitor, report, control and mitigate risks, as well as ensure the continuous improvement of management.

The Risk Appetite and Tolerance Statement - RAS (Risk Appetite Statement) guides the planning of the strategy, policies and guidelines related to activities involving assumption of risks, directing budget and capital to a sustainable and optimized allocation.

During the year 2021, we improved the use of the Analytical platform in a big data environment, the matrix working model and the use of agile methodologies, with development of risk management models and panels based on that environment.

We implemented also, under the supervision of the Central Bank of Brazil, Doc 5050, to allow disclosure of information on the base of risks and operational losses, according to articles 32 to 36 of Resolution No. 4,557, of February 23, 2017, Circular No. 3,979, of January 30, 2020, and BCB Normative Instruction No. 33, of October 29, 2020.

There have been relevant advances in 2021, such as management review of the framework for several risks and approval of the security risk management framework, in line with the definition of the Referential Model of Lines of Defense (MRLD), review of the internal model of interest rate risk in the banking portfolio (IRRBB), Review of the Model of Short-Term Liquidity Projection (LCR), methodological improvement for operational risk management, as well as improvements in operational loss management processes and calculation of the economic capital for risk coverage, development of climate risk sensitivity indicator for the portfolio of rural producers and legal entities, based on the roadmap instructions of Febraban and the TCFD (Task Force for Climate-Related Financial Information).

Cyber Risk Management

The Bank manages cyber risks on integrated basis, with active participation on several boards and units. Risk exposure is permanently assessed, and proactive and reactive measures are adopted to mitigate risks.

We maintained the execution of scenarios and impact assessments and a periodic review of the Plan of Prevention and Response to Cyber Incidents, which provide important inputs for the continuous improvement of cyber risk management, in order to mitigate risks associated to digital strategy, combined with efforts of compliance with regulatory requirements.

Internal Controls

We have a strong Internal Control System (SCI), based on the Referential Model of Lines of Defense – MRLD, which contributes to ensure the operation of all areas of the Bank with the improvement of controls and mitigation of risks, according to the respective competences and responsibilities.

We have a Compliance Program in place, approved by the Board of Directors, aligned with the Corporate Strategy and comprising integrated and complementary drivers that guide the operational activities and the business practices of the Bank, also covering aspects related to integrity, with focus on specific measures and controls to prevent and combat corruption.

In the scope of the DigitalCompliance initiative, we conducted solutions using analytical intelligence in the evaluation of compliance and sustainability of the business operations carried out at Banco do Brasil.

In the context of efficiency and client's experience, we promoted advisory actions to managers towards the optimization of processes through the *Simplifique* Project, whose improvements streamline processes, providing more agility to client services. In addition, our strategy of reimbursement of losses derived from failures in processes, products and services, named Immediate Solution (SIM), received maximum award by the Cliente S.A. magazine.

For further information on the Internal Control System, Programs and Policies, refer to the Reference Form and Compliance Program, at the Investor Relations website ([bb.com.br/ri](file:///\\SRIBSA09060\APLICBB\trilhaauditoria\URI%20-%20Elaboração\2021\Report%20da%20Management\2021\02%20-%20Minuta%20antes%20da%20pauta%20%5bX%5d\bb.com.br\ri)).

Cyber Security

In the scenario of Financial System transformation, with the increase of digital business, accelerated by the period of pandemic, there was a significant growth and diversification of cyber-attacks. To face this scenario, we constantly invested in the update and modernization of our cyber security infrastructures and systems.

In the year 2021, we completed the implementation of the Cyber Security Transformation Program with improvements that raised the maturity and resilience levels of BB's Cyber Security. These internal actions improved the processes of governance, management and, in special, the processes of operation and treatment of events, raising our levels of monitoring, detection and response to security incidents.

Regarding cyber security culture, we developed the Cyber Security Qualification Plan with actions that range from the levels of awareness to advanced technical specialization, aiming at the personal and professional improvement for the optimization of human resources in the compliance with the corporate strategies of the Bank. The qualification paths and high levels of development of the internal teams were also increased, aiming to protect the operations, the business and the information of our clients.

As to the regulatory environment, we made improvements and adaptations in the Cyber Security Policy of the Bank, in compliance with CMN Resolution No. 4,893/2021. One of the main advances was the inclusion of BCB Resolution No. 85/2021 as a normative reference, due to the need to cover the payment institutions that comprise the Prudential Conglomerate, as these institutions have the obligation to comply with such policy.

BB continues to focus on strengthening partnerships and cooperation with other financial institutions, government bodies and companies of the cyber sector, by participating in national and international cyber security events, and improving the program of culture dissemination and qualification in cyber security and risks.

Institutional Security

In a scenario of growing threats, information security controls have been improved, notably in connection with encryption of disks and remote work access.

To comply with the General Law of Personal Data Protection–LGPD, the Bank maintains its Policy of Privacy and Personal Data Protection, approved by the Board of Directors, and uses all reasonable endeavors so that its processes, products and services will comply with the principles and duties established in the legislation. An example was the coverage of more than 6.7 million data holders in the past 12 months.

The business continuity management process was very efficient and resilient in view of the challenges faced during the pandemic. Nevertheless, we improved our methodology to meet new scenarios of threats, prioritizing the three basic pillars: people, business and technologies.

In the scope of prevention of money laundering, financing of terrorism and corruption - PLD/FT-C, the Bank reviewed its risk evaluation methodology, aiming at adapting to the main regulations on the issue. The LD/FT-C risk report was approved by the vice-chairman of Internal Controls and risk management and submitted to the Board of Directors and to the Audit and Risk and Capital Committees.

The improvement of physical security resources, the growing automation of processes and use of new technologies in the mitigation of risks contributed to reduce the number of attacks to the premises of the Bank, maintaining the high availability of the physical service channels.

9. Legal Information

General Micro and Small Business Law

According to criteria defined by the National Stature for Micro and Small Business (General Micro and Small Business Law - Complementary Law No. 123, 12.14.2006), 95.4% of our corporate clients in the retail segment are classified as micro and small businesses. The volume of resources used by these businesses reached R$40.9 billion on December/2021. The balance of working capital operations contracted by micro businesses totaled R$4.1 billion and R$30.8 billion for small businesses. Investment operations directed to micro businesses reached R$386.6 billion and R$5.6 billion to small businesses.

Independent Audit – CVM Instruction No. 381

In the contracting of services not related to external audit, in order to avoid a conflict of interest, loss of independence or of the objectivity of independent auditors, we have adopted procedures based on applicable laws and standards and on the best internationally accepted principles related to the topic. These principles require the following: (i) the auditor must not audit its own work, (ii) the auditor must not exercise managerial functions at its customer and (iii) the auditor must not promote the customer interests. Furthermore, at Banco do Brasil, contracting of external audit services must be preceded by a favorable opinion from the Audit Committee.

Table 5. Non-Audit Agreements with the Independent

|  |  |  |  |
| --- | --- | --- | --- |
| Contracting Company | Date of hire | Term1 | Description of Services |
| Banco Patagonia S.A. | 07/01/2020 | 11 months | Tax Consulting |
| Banco Patagonia S.A. | 10/01/2021 | 8 months | Tax Consulting |
| BB Seguridade Participações S.A. | 12/16/2020 | 1 month | Distance Learning Training on the Law 13.303 - Law of State-owned Companies |

(1) Estimated duration in months based on expected contract termination date.

We hired Deloitte Touche Tohmatsu Auditores Independentes Ltda. to provide services not related to external audit at a level lower than 5% of the total fees related to external audit services. For this evaluation, all agreements in force between January/2021 and December/2021 have been considered.

Justification of Independent Auditors

In compliance with CVM Instruction 381/2003, we hereby inform that Deloitte Touche Tohmatsu Auditores Independentes Ltda. did not provide services that could affect its independence, ratified through the adherence of its professionals to the relevant ethical and independence standards, which meet or exceed the standards promulgated by International Federation of Accountants (IFAC), the Brazilian Federal Accounting Council (CFC), the Brazilian Securities and Exchange Commission (CVM), the Central Bank of Brazil (Bacen), the Private Insurance Superintendence (Susep), the Brazilian Supplementary Pension Superintendence (Previc) and other regulatory agencies. These policies and procedures covering areas such as personal independence, post-employment relations, turnover of professionals, as well as the approval of audit services and other services, are subject to constant monitoring.

Bonds and Securities

In accordance with article 8th of Bacen Letter 3.068/2001, we affirm that we have the intention and the financial capacity to maintain, until maturity, the securities classified in the category “Securities Held to Maturity”. Financial capacity is supported by a cash flow projection that does not consider the possibility of selling these securities. The opening of securities by category and the reclassification of bonds and securities can be found in note 10 – Bonds and Securities and Derivative Financial Instruments. The amounts referring to unrealized gains and losses in the period, related to bonds and securities, are disclosed in note 30 – Risks and Capital Management.

Information on Associated Companies and Subsidiaries

In compliance with article 243 of Law 6.404/1976, we inform that the company’s investments in associated companies and subsidiaries are listed in notes 2 – Presentation of Financial Statements and 14 – Investments.

Additional Information

Fixed investments totaled R$1.8 billion in 2021, with highlight of investment in points of service and in improving the ambience of branches (R$606.6 million), safety and information systems (R$143.6 million) and in information technology (R$1.0 billion).

We have R$1.3 billion (individual and consolidated) of non-activated tax credits presented in note 22 – Taxes on Individual and Consolidated Financial Statements (sub-item “f”) due to the requirements established by CMN Resolutions 3.059/2002 and 3.355/2006.

We have recorded in the clearing accounts, according to the rules set out in the Accounting Plan of the Financial institutions (Cosif), the amount of R$17.1 billion resulting from co-obligations and risks in guarantees provided to customers and companies that are members of Banco do Brasil Conglomerate.

We publish annually, in our Annual Public Policies and Corporate Governance Letter, available on our website ([ri.bb.com.br](https://ri.bb.com.br/)), the investments made as a result of the implementation of public policies.

Banco do Brasil, its shareholders, officers and members of the Fiscal Council undertake to resolve any and all disputes or controversies related to Novo Market’s Listing Regulation through the B3 Market Arbitration Chamber, pursuant to the arbitration clause of Banco do Brasil’s Bylaws.

For further information, we make available the Reference Form, Performance Analysis report and Institutional Presentation on the Investor Relations website ([bb.com.br/ri](https://ri.bb.com.br/))



1. Recurring Income as per Note 31. For more information, read section 6 of this Management Report. [↑](#footnote-ref-1)