

## Earnings Summary

### Adjusted Net Income of R\$3.3 billion

Banco do Brasil adjusted net income was R\$3.3 billion in the 2Q20, decrease of 25.3% compared to 2Q19. This performance was explained mainly due to the increase in NII, pressure in fees, decrease in legal risk and increase of the ALLL Expanded View. Market ROE was 11.9%. In the 1H20/1H19 comparison the adjusted net income decreased 22.7%, mainly due to the increase in ALLL Expanded View, Market ROE was 12.2%.

**Table 1.** Net Income – R\$ million

				Chg. %				Chg. %
	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
<b>Net Interest Income</b>	<b>13,435</b>	<b>14,005</b>	<b>14,541</b>	<b>8.2</b>	<b>3.8</b>	<b>26,179</b>	<b>28,546</b>	<b>9.0</b>
<b>ALLL Expanded View</b>	<b>(4,148)</b>	<b>(5,539)</b>	<b>(5,907)</b>	<b>42.4</b>	<b>6.6</b>	<b>(7,539)</b>	<b>(11,445)</b>	<b>51.8</b>
ALLL Expenses - Credit Risk	(5,055)	(6,477)	(5,943)	17.6	(8.2)	(9,907)	(12,419)	25.4
ALLL Expenses - Recovery of Write-offs	1,494	1,585	1,591	6.4	0.3	3,219	3,176	(1.4)
ALLL Expenses - Discounts Granted	(213)	(269)	(211)	(1.2)	(21.6)	(474)	(480)	1.3
ALLL Expenses - Impairment	(373)	(378)	(1,344)	-	-	(378)	(1,722)	-
<b>Net Financial Margin</b>	<b>9,287</b>	<b>8,466</b>	<b>8,634</b>	<b>(7.0)</b>	<b>2.0</b>	<b>18,640</b>	<b>17,101</b>	<b>(8.3)</b>
Fee income	7,439	7,067	6,965	(6.4)	(1.4)	14,234	14,032	(1.4)
<b>Contribution Margin</b>	<b>15,650</b>	<b>14,445</b>	<b>14,395</b>	<b>(8.0)</b>	<b>(0.3)</b>	<b>30,627</b>	<b>28,840</b>	<b>(5.8)</b>
Administrative Expenses	(7,649)	(7,770)	(7,850)	2.6	1.0	(15,215)	(15,620)	2.7
<b>Commercial Income</b>	<b>7,871</b>	<b>6,561</b>	<b>6,420</b>	<b>(18.4)</b>	<b>(2.2)</b>	<b>15,153</b>	<b>12,981</b>	<b>(14.3)</b>
Other Operating Income	281	(485)	(514)	-	5.9	746	(1,000)	-
<b>Income Before Taxes</b>	<b>6,037</b>	<b>5,339</b>	<b>5,120</b>	<b>(15.2)</b>	<b>(4.1)</b>	<b>12,071</b>	<b>10,459</b>	<b>(13.4)</b>
Income and Social Contribution Taxes	(571)	(1,157)	(967)	69.4	(16.5)	(1,422)	(2,124)	49.4
Corporate Profit Sharing	(604)	(436)	(426)	(29.5)	(2.3)	(1,149)	(862)	(24.9)
<b>Adjusted Net Income</b>	<b>4,432</b>	<b>3,395</b>	<b>3,311</b>	<b>(25.3)</b>	<b>(2.5)</b>	<b>8,679</b>	<b>6,706</b>	<b>(22.7)</b>
One-Off Items	(225)	(191)	(102)	(54.5)	(46.3)	(467)	(293)	(37.3)
<b>Net Income</b>	<b>4,207</b>	<b>3,205</b>	<b>3,209</b>	<b>(23.7)</b>	<b>0.1</b>	<b>8,212</b>	<b>6,413</b>	<b>(21.9)</b>
<b>Market ROE - %</b>	<b>17.6</b>	<b>12.5</b>	<b>11.9</b>			<b>17.4</b>	<b>12.2</b>	
<b>Adjusted ROE - %</b>	<b>15.0</b>	<b>10.5</b>	<b>10.0</b>			<b>14.9</b>	<b>10.2</b>	
<b>Shareholders' ROE - %</b>	<b>19.1</b>	<b>13.6</b>	<b>12.8</b>			<b>19.0</b>	<b>13.2</b>	

The annualized ROE calculation was made in the tables above using the annualization on a linear basis, this means the multiplication of quarterly results by four and the first half results by two. This methodology was used as of the 1Q19 MD&A.

### Pre-Tax and Pre-Provision Earnings (PPOP) up 1.4%

The following table presents the PPOP, composed of the banking product and total operating expenses. In comparison with the previous quarter, the growth of the PPOP is mainly due to NII's performance. In the 1H20/1H19 comparison, the increase in the PPOP is explained by NII's 9.0% growth and the 57.8% reduction in legal expenses.

**Table 2. PPOP – R\$ million**

	2Q19	1Q20	2Q20	Chg. (%)		1H19	1H20	Chg. (%) 1H19
				2Q19	1Q20			
<b>Total Operating Income (Banking Product)</b>	<b>23,600</b>	<b>23,225</b>	<b>23,209</b>	<b>(1.7)</b>	<b>(0.1)</b>	<b>46,390</b>	<b>46,435</b>	<b>0.1</b>
Operating Income	23,322	23,203	23,256	(0.3)	0.2	45,750	46,458	1.5
Net Interest Income	13,435	14,005	14,541	8.2	3.8	26,179	28,546	9.0
Fee Income	7,439	7,067	6,965	(6.4)	(1.4)	14,234	14,032	(1.4)
Eq. Interest of Subsidiaries and Affiliates	1,020	669	720	(29.3)	7.7	2,039	1,389	(31.9)
Other Operating Income	1,429	1,461	1,029	(28.0)	(29.6)	3,297	2,491	(24.5)
Previ - Plano de Benefícios 1	86	(140)	(140)	0.0	(0.0)	172	(280)	0.0
Previ - Fundo de Utilização Restatement	191	163	94	(51.0)	(42.6)	467	257	(45.1)
<b>Total Operating Expenses</b>	<b>(13,391)</b>	<b>(12,395)</b>	<b>(12,250)</b>	<b>(8.5)</b>	<b>(1.2)</b>	<b>(26,780)</b>	<b>(24,531)</b>	<b>(8.4)</b>
Administrative Expenses	(7,649)	(7,770)	(7,850)	2.6	1.0	(15,215)	(15,620)	2.7
Personnel Expenses	(4,921)	(4,919)	(5,008)	1.8	1.8	(9,787)	(9,927)	1.4
Other Administrative Expenses	(2,728)	(2,851)	(2,842)	4.2	(0.3)	(5,428)	(5,693)	4.9
Legal Risk	(2,091)	(784)	(853)	(59.2)	8.9	(3,883)	(1,637)	(57.8)
Other Tax Expenses	(130)	(114)	(125)	(3.8)	9.7	(258)	(239)	(7.3)
Taxes on Revenues	(1,076)	(1,088)	(1,204)	11.9	10.6	(2,248)	(2,293)	2.0
Other Operating Expenses	(2,445)	(2,639)	(2,217)	(9.3)	(16.0)	(5,231)	(4,856)	(7.2)
<b>Non-Operating Income</b>	<b>(23)</b>	<b>47</b>	<b>67</b>	<b>0.0</b>	<b>42.5</b>	<b>55</b>	<b>115</b>	<b>109.7</b>
<b>Pre-Tax and Pre-Provision Earnings</b>	<b>10,185</b>	<b>10,878</b>	<b>11,026</b>	<b>8.3</b>	<b>1.4</b>	<b>19,610</b>	<b>21,904</b>	<b>11.7</b>

## Net Interest Income up 3.8%

The main highlights of the Net Interest Income in the quarter (2Q20/1Q20) were:

- I Decrease was 1.2% in interest income of loan operation, driven by the reduction in average Selic rate (TMS), mix change in individuals loan portfolio and retraction in companies loan portfolio, mainly in Large Corporate segment.
- II Funding expenses down R\$725.09 million (-16.3%), favored by the decrease in TMS (-27.2%) in the period. The result was partially offset by the increase in the balance of savings deposits (+9.6%), judicial deposits (+8.6%) and time deposits (+20.1%).
- III Treasury income was stable, reinforced by Banco Patagonia and partially offset by the reduction in revenues from fixed income securities in Brazil.

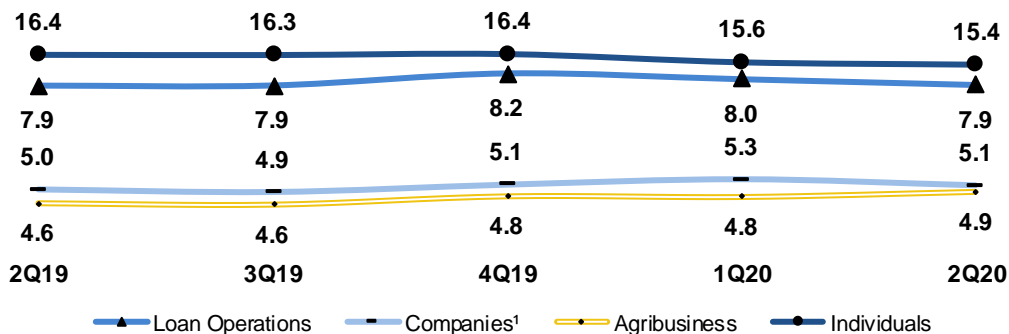
**Table 3. NII and Net Interest Margin (NIM) – R\$ million**

	2Q19	1Q20	2Q20	Chg. %		1H19	1H20	Chg. % On 1H19
				On 2Q19	On 1Q20			
<b>Net Interest Income</b>	<b>13,435</b>	<b>14,005</b>	<b>14,541</b>	<b>8.2</b>	<b>3.8</b>	<b>26,179</b>	<b>28,546</b>	<b>9.0</b>
Loan Operations	18,700	17,492	17,289	(7.5)	(1.2)	37,084	34,781	(6.2)
Funding Expenses	(6,582)	(4,454)	(3,729)	(43.3)	(16.3)	(12,961)	(8,183)	(36.9)
Financial Expense for Institutional Funding <sup>1</sup>	(2,565)	(2,384)	(2,395)	(6.6)	0.4	(4,977)	(4,779)	(4.0)
Treasury <sup>2</sup>	3,882	3,351	3,376	(13.0)	0.7	7,033	6,726	(4.4)
<b>NIM - %<sup>3</sup></b>	<b>4.0</b>	<b>4.2</b>	<b>4.0</b>					
<b>Risk Adjusted NIM - %</b>	<b>2.8</b>	<b>2.5</b>	<b>2.4</b>					

(1) It includes senior bonds, subordinated debt, and hybrid instruments in Brazil and abroad.

(2) It includes the result from interest, tax hedging, derivatives, and other financial instruments that offset the effects of the exchange rate variation on result;

(3) NII/Earning Assets average, annualized.

**Figure 1. Managerial Net Interest Margin by Segment<sup>2</sup> – %**


(1) It does not include transactions with the Government;  
 (2) Revised historical data in 3Q19.

## ALLL Expanded View of R\$5.9 Billion

ALLL Expanded View: corresponds to the net ALLL Expenses, plus discounts granted and impairment grew R\$368.0 million (+6.6%) over 1Q20. Compared to 1H19 it grew R\$3.9 billion (+51.8%).

- I. Credit Risk<sup>1</sup>: Decrease of R\$533.8 million (-8.2%) over 1Q20. The first quarter was impacted by the prudential anticipation that resulted in the reinforcement of ALLL in R\$2.04 billion. In 2Q20 the prudential reinforcement was R\$ 2.01 billion.
- II. Recovery of Write-Offs<sup>2</sup>: Flat over 1Q20 (+0.3%).
- III. Discounts Granted<sup>3</sup>: Decrease of R\$58.1 million (-21.6%) over 1Q20.
- IV. Impairment<sup>4</sup>: Increase of R\$965.4 million (+255.1%) over 1Q20, impacted by Large Corporate operations that were already classified as problematic assets.

**Table 4. ALLL Expanded View – R\$ million**

	2Q19	1Q20	2Q20	Chg. %		1H19	1H20	Chg. % On 1H19
				On 2Q19	On 1Q20			
<b>ALLL Expanded View</b>	<b>(4,148)</b>	<b>(5,539)</b>	<b>(5,907)</b>	<b>42.4</b>	<b>6.6</b>	<b>(7,539)</b>	<b>(11,445)</b>	<b>51.8</b>
ALLL Expenses - Credit Risk	(5,055)	(6,477)	(5,943)	17.6	(8.2)	(9,907)	(12,419)	25.4
ALLL Expenses - Recovery of Write-offs	1,494	1,585	1,591	6.4	0.3	3,219	3,176	(1.4)
ALLL Expenses - Discounts Granted	(213)	(269)	(211)	(1.2)	(21.6)	(474)	(480)	1.3
ALLL Expenses - Impairment	(373)	(378)	(1,344)	-	-	(378)	(1,722)	-

## Fee Income

The 1.4% decrease in fee income in the half-year comparison is mainly explained by the two factors listed below:

<sup>1</sup> Allowances for loan and lease losses (ALLL) expenses, as Resolution 2,682/99.

<sup>2</sup> Recovery of Write-offs.

<sup>3</sup> Represents discounts granted in renegotiation of loan operations or other operations with characteristics of granting credit arising from loans.

<sup>4</sup> Grouping of accounts that record permanent losses in bonds and securities, expenses with provision for impairment in bonds and securities and the negative result from sales or transfers of financial assets that were written off by the selling or transferring institution.

a) Structural - with the reduction of the Selic rate, there was a repricing of some products, especially investment funds; and

b) Pandemic - the effects of the pandemic on the economic scenario implied a reduction in the demand for products and services.

In the medium-term, fee income has challenges due to the financial industry trend, however, the Bank's management has been constantly seeking to improve its products and services portfolio and new ways to monetize its relationship with its customers, either by increasing consumption of products and services or the development of new businesses models.

**Table 5. Fee Income – R\$ million**

	2Q19	1Q20	2Q20	Chg. %		1H19	1H20	Chg. % On 1H19
				On 2Q19	On 1Q20			
<b>Fee Income</b>	<b>7,439</b>	<b>7,067</b>	<b>6,965</b>	<b>(6.4)</b>	<b>(1.4)</b>	<b>14,234</b>	<b>14,032</b>	<b>(1.4)</b>
Checking Account	1,918	1,917	1,923	0.3	0.3	3,767	3,840	2.0
Asset Management	1,617	1,721	1,675	3.6	(2.7)	3,137	3,396	8.3
Insurance, P. Plans and Premium Bonds	929	970	891	(4.0)	(8.1)	1,770	1,861	5.2
Credit/Debit Cards	538	485	519	(3.5)	7.0	1,059	1,005	(5.1)
Loan Fees	496	348	405	(18.4)	16.5	899	753	(16.3)
Collections	326	340	310	(5.0)	(8.9)	634	650	2.5
Consortium	312	328	298	(4.5)	(9.0)	587	626	6.6
Billings	282	262	224	(20.6)	(14.7)	558	486	(12.8)
Subsidiaries Abroad	158	162	179	13.9	10.7	331	342	3.3
Contract Processing	192	167	147	(23.4)	(11.9)	325	314	(3.5)
Capital Market	311	85	127	(59.2)	49.9	462	212	(54.2)
Nat. Treasury and Manag. of Official Funds	100	100	97	(3.3)	(3.0)	203	196	(3.3)
Foreign Exchange Services	97	85	73	(24.4)	(13.6)	186	158	(15.1)
Other	163	98	96	(40.7)	(1.6)	317	194	(38.7)

Despite this scenario, in the half-yearly comparison (1H20/1H19), the asset management, insurance, pension plans and premium bonds and consortium segments performed well. The following are the main reasons for such performances.

In relation to asset management fees, it is noteworthy that part of the income that were previously accounted for in the "Capital Market" line was reallocated to this line, due to the revision, in the first quarter of 2020, of an intragroup contract, where services provided by the BB Banco de Investimento (BB-BI) are now provided by BB DTVM. The amount for 1H20 is R\$146 million, and disregarding this effect, the growth in the "Asset Management" line would be 3.6%, in line with the 3.5% annual growth in the assets managed balance.

The 5.2% growth in the "Insurance, Pension Plans and Premium Bonds" line is explained by the increase in sales of insurance policies in the first half of 2020, with emphasis on the rural, life and credit life segments, and also by higher revenues with the performance bonus, in the amount of R\$231.5 million in 1H20 (R\$166.8 million in 1H19).

In the consortium segment, the 6.6% growth can be explained by the sale of more than 188 thousand new consortium quotas in the first half of 2020, with a turnover of R\$6.1 billion, 1.6% up compared to the end of June, 2019. However, it is worth noting that this growth slowed down in the second quarter of 2020.

In the quarterly comparison (2Q20/1Q20), the highlights were loan fees, with an increase of 16.5%, and capital market operations, 49.9% up, due to the increase in number of operations with the participation of BB-BI and the increase in the domestic fixed income bonds/securitization issuance.

**Cost-to-Income Ratio was 36.7%**

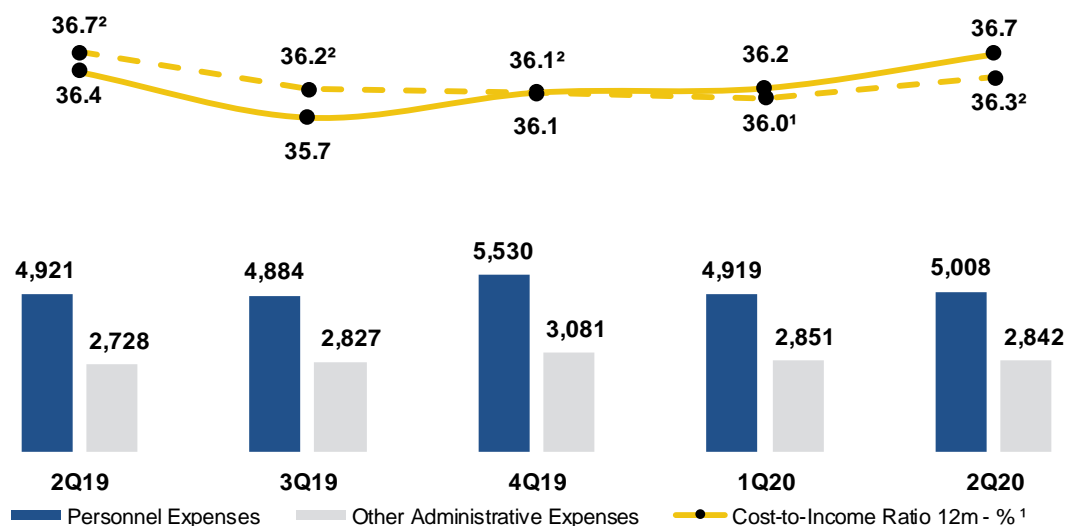
Personnel expenses grew by 1.8% in the QoQ comparison. Part of this growth is due to residual expenses, in the amount of R\$56.7 million in 2Q20, accounted for in "Benefits" line, as a result of the agreement signed between Banco do Brasil and Cassi in 2019 (bylaws amendment). Disregarding this effect, the quarterly increase would be 0.6%.

In the half-yearly comparison, the highlight was the growth of only 1.4%, influenced by the Staff Adequacy Program (PAQ) of July 2019, which validated the dismissal of 2,367 employees. As a comparison, it is worth noting that semiannual growth is below the 4.31% increase granted to bank employees in 2019 collective agreement and also the 12-month accumulated inflation (2.13%).

Other administrative expenses remained practically stable (-0.3%) compared to 1Q20, mainly influenced by the reduction in the amounts paid in contracts for maintenance of servers and office support and the transfer of R\$75 million to the Fundação Banco do Brasil (FBB), carried out in March 2020, for education projects with children and young people during extra-curricular shift (accounted for in the "Other" line).

In the half-year comparison, the 4.9% growth can be explained mainly by the increase in expenses with supplies of ATMs and cash transportation in 1H20.

**Figure 2. Administrative Expenses – R\$ million**



(1) Cost-to-Income ratio: Administrative Expenses/Operating Revenues. Data from Income Statement with Reallocations.  
 (2) It considers the complementary contribution related to Cassi's (BB employees' healthcare plan) bylaws amendment.

BB has been taking steps to adjust its cost structure and generate savings. One of these actions is Flexy BB, which aims to optimize the occupation of corporate environments, bringing a new working model. Since the beginning of the pandemic, the Bank has used the remote way of working extensively, the program consolidates the practice generating property efficiency and cultural transformation. Also, the new positions and salaries plan and the new performance-based compensation model (Performa), were implemented as announced in February/20.

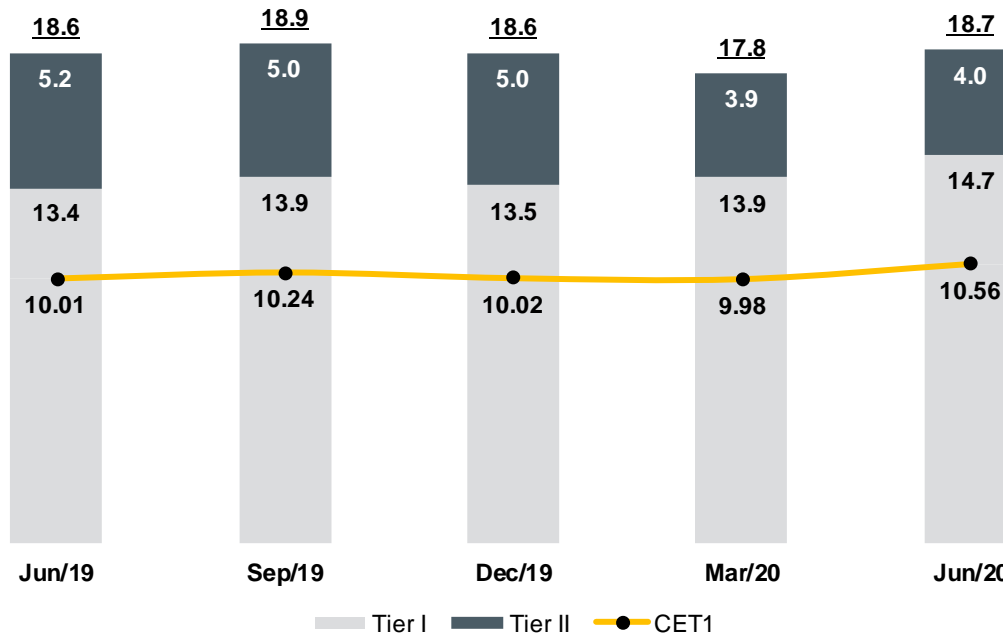
Actions are also underway to increase energy eco-efficiency. New farms for production of solar energy and expansion of the participation of this energy source in the matrix used by BB, purchase of renewable energy in the open market and use of technology to reduce consumption are planned.

## BIS Ratio was 18.7%

Banco do Brasil has a three-year prospective Capital Plan and considers (a) the Declaration of Risk Appetite and Tolerance, (b) the Corporate Strategy and (c) the Corporate Budget.

In June/20, the BIS Ratio was 18.7% and the Tier I was 14.7%, being 10.56% of Common Equity Tier 1 (CET1). In addition, following the Risk Appetite Statement and Capital Plan, for January 2022, the goal is to maintain at least 11% of CET1.

**Figure 3. BIS Ratio – %**



## Loan Portfolio

Given the current pandemic scenario, some business lines were negatively impacted in the quarter.

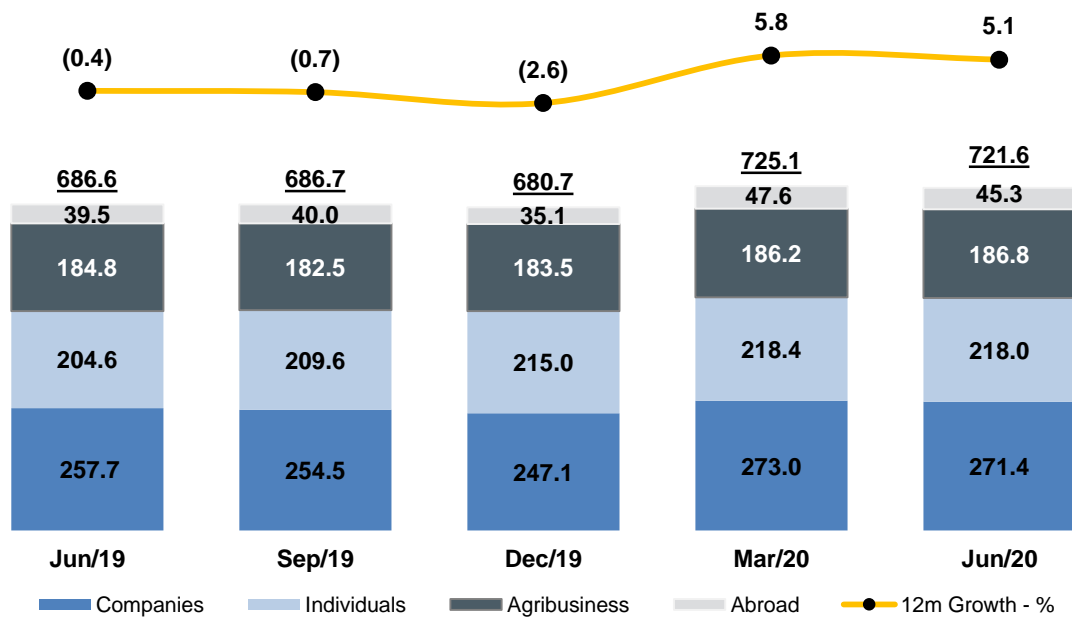
In comparison with 1Q20, the R\$3.6 billion (0.5%) reduction in the expanded loan portfolio can be explained by the drop in the credit card for individuals, as a result of lower consumption with this means of payment with a reduction of R\$3.5 billion or 12.1%. The checking account line of this segment also suffered a downturn, of 17% or R\$291 million.

The lower consumption of credit cards by families also impacted the companies lines of receivables, with a drop of R\$6.2 billion (40.9%). These were more than offset by the increase in working capital (R\$8.5 billion or 7.5%), with 36.8% of this movement being made by SME.

In addition, the segments of large companies and agro-industrial presented a drop of R\$5.8 billion (5.6%) and R\$426 million respectively in comparison to 1Q20, also due to the scenario of the quarter.

The Loan Portfolio – Expanded View totaled R\$721.6 billion, up 5.1% over June/19 (+R\$35.0 billion), with positive performance in all segments in the same comparison. For individuals, growth of R\$13.5 billion, with emphasis on payroll loans (+R\$11.0 billion) and for companies, up 6.6%, with business with SME clients growing R\$ 6.2 billion, especially in the line of working capital (+R\$7.1 billion).

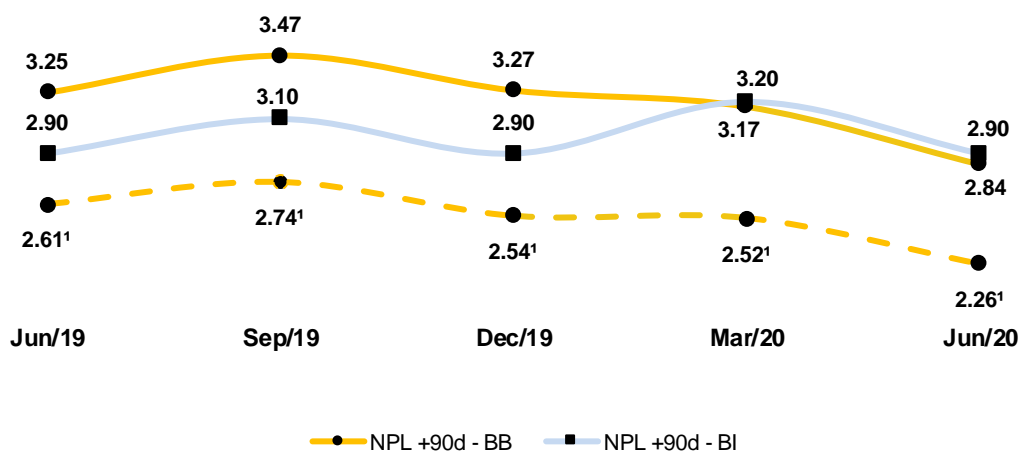
The agribusiness expanded loan portfolio grew 1.1% in one year (+R\$2.0 billion) with a positive highlight for the rural portfolio, which rose 2.4% compared to Jun/19 (+R\$4.0 billion), totaling R\$174.4 billion. Highlight for growth of 5.0% (+R\$7.5 billion) with individual rural producers, aligned with the strategy to change the mix of this portfolio.

**Figure 4. Loan Portfolio – Expanded View – R\$ million**


### Credit Quality

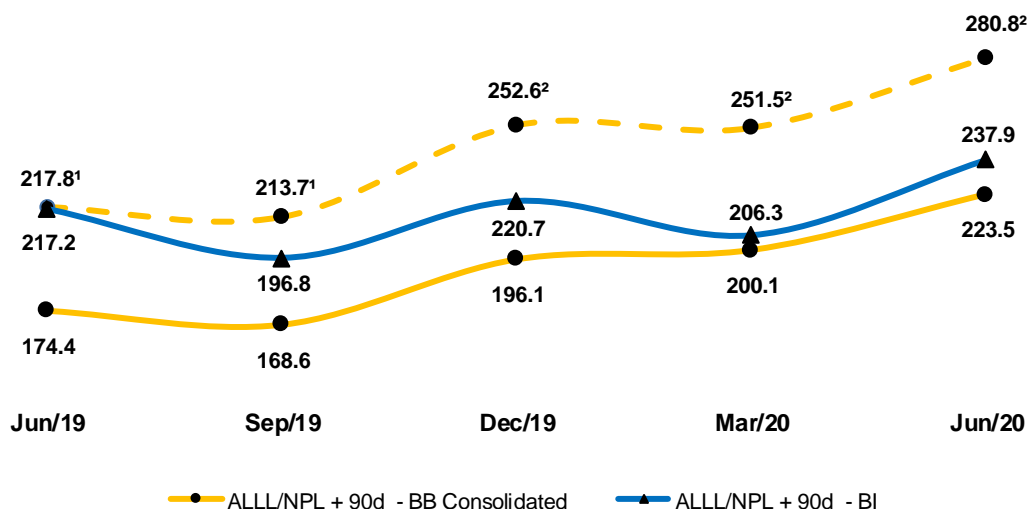
The NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance), was 2.84% in June/20, a decrease comparing to March/20. Excluding a specific case the NPL +90d would have been 2.26%.

The NPL's reduction in the quarter was influenced by the actions BB implemented to support customers in the current scenario by adjusting its financial commitments with extensions. In addition, there was an impact of operations written off to losses, aligned with the movement of extraordinary prudential provisions in 4Q19.

**Figure 5. NPL +90 days – %**


(1) Ex specific case.

The Bank maintains coverage compatible with the risk profile of its portfolio. The coverage index was 223.5% in June/20. Excluding a specific case the index would have been 280.8%.

**Figure 6. Coverage<sup>1</sup> – %**


(1) Ratio between the total balance of the provision and the balance of operations more than 90 days overdue.  
 (2) Ex-specific case.

**Table 6. Coverage by Segment – %**

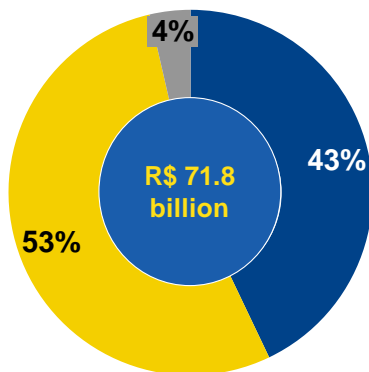
	Jun/19	Sep/19	Dec/19	Mar/20	Jun/20
<b>Individuals</b>	184.2	177.8	199.4	199.2	209.4
<b>Companies</b>	202.3	202.3	261.7	283.8	323.0
Companies ex specific case	240.4	259.5	354.1	372.3	397.7
<b>Agribusiness</b>	113.6	109.5	117.2	114.8	141.8
Agribusiness ex specific case	228.0	210.6	215.9	201.9	277.9

## Support to customers in times of pandemic

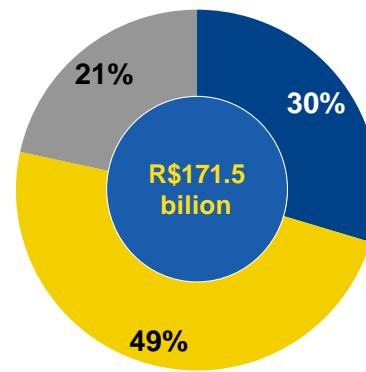
The offer of quality financial services to customers and society is guaranteed, giving continuity to the relationship and meeting the demands of the most diverse audiences, enabling the financial adequacy of the commitments of these customers from the renegotiation of credit operations, with lack of payment, depending on the line of credit, and lengthening the term. The Bank has offered clients the possibility of extending operations for up to 120 days, for companies, and up to 180 days, for individuals, the payment of debts that mature in the coming months. Most of these services are provided by digital means.

The balance of the extended portfolio was R\$71.8 billion in June/20, which represents 11.6% of the domestic loan portfolio, in over 1.7 million operations. Of this amount, 98.4% of the transactions have a rating between AA and C and 98.4% of the transactions had no history of overdue in the last 12 months. In addition, 69.1% have guarantees and mitigators. The average relationship time of customers who extended operations is 14.3 years.

Between March 16, 2020 and June 30, 2020, more than R\$171 billion were recorded in credit disbursements, including new, renewed, extended and renegotiated transactions.

**Figure 7. Balance of the Extended Portfolio**


■ Individuals   ■ Companies   ■ Agribusiness

**Figure 8. Credit Disbursements<sup>1</sup>**


(1) It includes new, renewed, extended and renegotiated transactions.

The potential impacts on the credit portfolio are assessed and monitored, considering the peculiarities of the various segments and credit lines, and we have adopted proactive measures for risk and capital management. We work to preserve the continuity of our operations and the long-term sustainability of our company and our relationship with our customers and shareholders.

## Society and Environment

Banco do Brasil Conglomerate has adopted relevant actions to contribute with the fight against the Covid-19 pandemic. In this regard, we highlight the actions adopted by Fundação Banco do Brasil (FBB), using the funds allocated from BB Seguros, in the amount of R\$40 million, and Banco BV, in the amount of R\$15 million. The donation was allocated for the purchase of food, and hygiene and cleaning products. FBB have also launched the website ([coronavirus.fbb.org.br](http://coronavirus.fbb.org.br)) to receive donations from institutions and volunteers that would like to contribute with the actions. We have also financed the import of Individual Protection Equipment (EPI) and fans for hospital, more than US\$300 million.

BB, through FBB, has also implemented an action to avoid food waste and help millions of farmers and families impacted by the pandemic. The acquisition comprises the purchase of food from farmers and producers whose production would be lost by virtue of the quarantine. In addition, the action also provides for the provision of basic food and hygiene products to poor communities impacted by Covid-19 pandemic. Denominated as agro ecological baskets, the families are receiving regional products, such as açaí fruit, cheese, flour and fruit from the Atlantic Forest and savannah forests, based on the characteristics of each region: 4,286 producers, 64,439 thousand families, 128,878 thousand food baskets and R\$14 million in investments.

The initiatives will support persons under social vulnerability by virtue of the pandemic. The action also supports micro and small entrepreneurs that will be the main suppliers of the inputs, by promoting, therefore, a solidarity cycle. The funds shall be allocated to the communities through non-for-profit entities, throughout Brazil.

The use of sustainable agricultural techniques that contribute to improving income, reducing greenhouse gas emissions, and preserving natural resources are encouraged. We are pioneers in the operationalization of the Low Carbon Agriculture Program (ABC Program). The Program aims to finance sustainable agricultural production systems, with recognized capacity to reduce/sequester Greenhouse Gas (GHG) emissions, and promote the production of vegetation/biomass, food production, increased productivity and income and the preservation of the environment. From 2011 to June 2020, R\$15.4 billion in hiring along these lines was achieved.

Banco do Brasil was listed, in the 2Q20, for the fifth consecutive year on the FTSE4 Good Index Series - an index of the London Stock Exchange that evaluates and ranks companies with best Environmental, Social and Corporate Governance (ASG) practices. The Index, which is organized by a wholly owned subsidiary of the London Stock Exchange Group (LSEG), is a useful tool for investors seeking non-financial information and reliable data that can be integrated into the investment decision-making process.

For the first time, Morgan Stanley Capital International (MSCI) ESG Rating "AA" was received, focusing on issues related to talent management, cyber security and risk management. The Bank was also recognized in ALAS20 (Sustainable Leaders Agenda 2020) in the categories "Leading company in corporate governance" and "Leading company in investor relations".

For more information on BB's performance in the face of the Coronavirus pandemic, read the Management Report available in the 1H20 Financial Statements.

## **Digital Strategy**

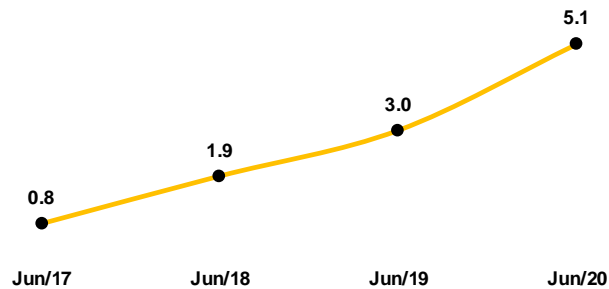
The digital age has changed consumer habits and behaviors, so that its level of demand has increased. Customer now has several options, offered by traditional companies and startups, and for that reason, it demands immediate solutions and impeccable usability. Owners of unprecedented power, consumers demand dialogue, commitment, and transparency from companies.

The investments in technology and the focus on digital transformation in recent years have proved to be fundamental in this scenario. We believe that being present and interconnected in all channels, physical and digital, helps to fully meet the demands of our customers. For this reason, the omnichannel is fundamental in the centrality of the customer, as it improves the perception of our presence. It was approved for the next three years additional investments of R\$2.3 billion for technology and analytics, to offer to our clients' new experience with more practical, safe and quick options in the digital world.

The number of native digital clients, who started their relationship with BB, through digital channels, grew by 69.1% in 12 months and 13.2% in the quarter. Of these clients, 81.4% are under 40 years old.

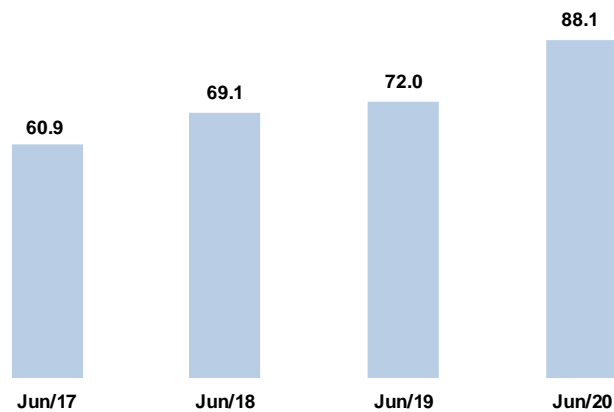
This increase reinforces the Bank's commitment to expand its business volume, with new customers (mainly the young).

**Figure 9. Native Digital Clients – Million**



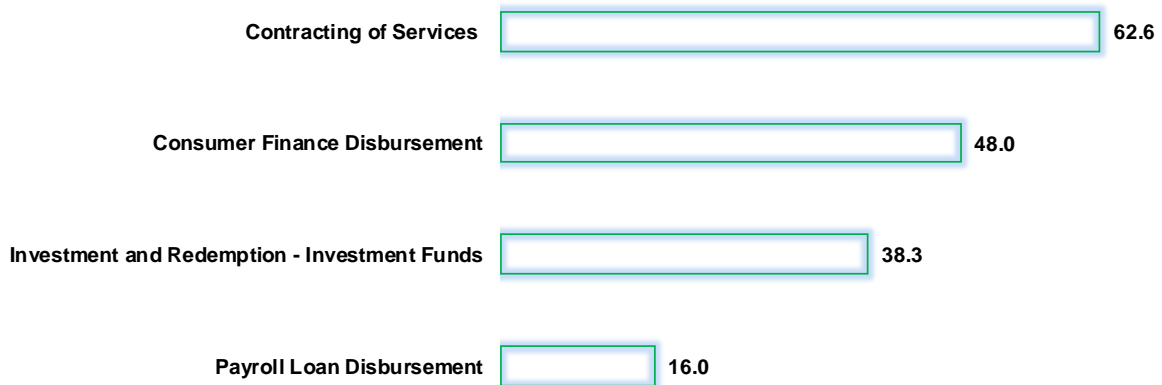
In June/20, internet and mobile service channels represented 88.1% of transactions carried out by Banco do Brasil customers. Mobile had 18.9 million recurring users, who used the app in the last 6 months. Of these users, on average, 31.8% access the app daily. It should also be noted that this did not affect satisfaction in this channel, and App BB remained one of the best rated in the financial industry with a rating of 4.6 on Google play (the rating has already been made by more than 2.4 million users) and 4.7 in the Apple Store (rated by more than 1.7 million users). The maximum score is 5.

**Figure 10. Transactions by Internet + Mobile Channel – %**



Digital channels (internet and mobile) accounted for 48.0% of disbursements in consumer loans, 16.0% in payroll loans, 38.3% of investments and redemptions in investment funds and 62.6% in the number of transactions in services (checking accounts, service packages, investment funds, cards, premium bonds, insurance and consortium).

Figure 11. Digital Channels Participation in Banking Operations – %



### 2020 Guidance has been suspended

The 2020 guidance has been suspended due to the high volatility and uncertainty resulting from the pandemic of the new-coronavirus (COVID-19), which has required frequent updates of scenarios and assumptions, making it difficult to construct accurate estimates.