

## Earnings Summary

### Adjusted Net Income

Banco do Brasil adjusted net income was R\$3.5 billion in the 3Q20, up 5.2% over 2Q20, and down 23.3% over 3Q19. The Market ROE in the quarter was 12.0%.

In comparison with 2Q20, the result was mainly influenced by the reduction 6.8% in the ALL Expanded View, by the positive performance of Fee Income, which grew 4.5%, by cost control, with a 0.2% reduction in administrative expenses, as well as the reduction of expenses with legal risk.

Over 3Q19, the result was impacted by the 40.5% increase in allowance for ALL Expanded View, mainly due to the constitution of preventive prudential provisions. The resilience of the Net Interest Income with a 3.4% growth and a 58.2% decrease in legal risk.

In the nine months comparison the adjusted net income decreased 22.9%, totalizing R\$10.2 billion, mainly due to the increase in ALLL Expanded View in 47.9%. Positive highlights in the period for the 7.1% increase in Net Interest Income and the 58.0% decrease in legal risk. The Market ROE was 12.0%.

**Table 1.** Net Income – R\$ million

				Chg. %				Chg. %	
	3Q19	2Q20	3Q20	On 3Q19	On 2Q20	9M19	9M20	On 9M19	
<b>Net Interest Income</b>	<b>13,557</b>	<b>14,541</b>	<b>14,017</b>	<b>3.4</b>	<b>(3.6)</b>	<b>39,736</b>	<b>42,563</b>	<b>7.1</b>	
<b>ALLL Expanded View</b>	<b>(3,920)</b>	<b>(5,907)</b>	<b>(5,508)</b>	<b>40.5</b>	<b>(6.8)</b>	<b>(11,459)</b>	<b>(16,953)</b>	<b>47.9</b>	
ALLL Expenses - Credit Risk	(5,037)	(5,943)	(6,575)	30.5	10.6	(14,944)	(18,994)	27.1	
ALLL Expenses - Recovery of Write-offs	1,721	1,591	2,283	32.6	43.5	4,941	5,459	10.5	
ALLL Expenses - Discounts Granted	(307)	(211)	(244)	(20.8)	15.5	(781)	(723)	(7.4)	
ALLL Expenses - Impairment	(296)	(1,344)	(973)	-	(27.6)	(674)	(2,695)	-	
<b>Net Financial Margin</b>	<b>9,637</b>	<b>8,634</b>	<b>8,509</b>	<b>(11.7)</b>	<b>(1.5)</b>	<b>28,277</b>	<b>25,609</b>	<b>(9.4)</b>	
Fee income	7,466	6,965	7,281	(2.5)	4.5	21,701	21,313	(1.8)	
<b>Contribution Margin</b>	<b>16,149</b>	<b>14,395</b>	<b>14,572</b>	<b>(9.8)</b>	<b>1.2</b>	<b>46,775</b>	<b>43,412</b>	<b>(7.2)</b>	
Administrative Expenses	(7,710)	(7,850)	(7,835)	1.6	(0.2)	(22,925)	(23,456)	2.3	
<b>Commercial Income</b>	<b>8,322</b>	<b>6,420</b>	<b>6,607</b>	<b>(20.6)</b>	<b>2.9</b>	<b>23,475</b>	<b>19,588</b>	<b>(16.6)</b>	
Other Operating Income	(33)	(514)	(486)	-	(5.4)	713	(1,486)	-	
<b>Legal Risk</b>	<b>(1,936)</b>	<b>(853)</b>	<b>(810)</b>	<b>(58.2)</b>	<b>(5.1)</b>	<b>(5,819)</b>	<b>(2,447)</b>	<b>(58.0)</b>	
<b>Income Before Taxes</b>	<b>6,398</b>	<b>5,120</b>	<b>5,354</b>	<b>(16.3)</b>	<b>4.6</b>	<b>18,469</b>	<b>15,813</b>	<b>(14.4)</b>	
Income and Social Contribution Taxes	(850)	(967)	(992)	16.7	2.6	(2,272)	(3,116)	37.1	
Corporate Profit Sharing	(584)	(426)	(442)	(24.3)	3.7	(1,733)	(1,304)	(24.7)	
<b>Adjusted Net Income</b>	<b>4,543</b>	<b>3,311</b>	<b>3,482</b>	<b>(23.3)</b>	<b>5.2</b>	<b>13,222</b>	<b>10,189</b>	<b>(22.9)</b>	
One-Off Items	(287)	(102)	(397)	38.6	287.9	(754)	(690)	(8.5)	
<b>Net Income</b>	<b>4,256</b>	<b>3,209</b>	<b>3,085</b>	<b>(27.5)</b>	<b>(3.9)</b>	<b>12,468</b>	<b>9,498</b>	<b>(23.8)</b>	
<b>Market ROE - %</b>	<b>18.0</b>	<b>11.9</b>	<b>12.0</b>			<b>17.5</b>	<b>12.0</b>		
<b>Adjusted ROE - %</b>	<b>15.0</b>	<b>10.0</b>	<b>10.4</b>			<b>14.9</b>	<b>10.3</b>		
<b>Shareholders' ROE - %</b>	<b>19.6</b>	<b>12.8</b>	<b>12.9</b>			<b>19.0</b>	<b>12.9</b>		

The annualized ROE calculation was made in the tables above on a linear basis, that is, multiplying the quarterly result accumulated result (in nine months) by 4/3. This methodology was used as of the 1Q19 MD&A.

### Pre-Tax and Pre-Provision Earnings (PPOP)

The following table presents the PPOP, composed of the banking product and total operating expenses.

In comparison with the 3Q19, as with 9M19, the growth of the PPOP is mainly due to NII's performance and decrease in legal risk. In the 2Q20 comparison, there was a small reduction, mainly explained by the compression of the NII's.

In comparison 9M20/9M19, the 9.5% increase in PPOP in is explained by NII's 7.1% growth and the 58.0% reduction in legal expenses.

**Table 2. PPOP – R\$ million**

	3Q19	2Q20	3Q20	Var. (%)		9M19	9M20	Var. (%)
				On 3Q19	On 2Q20			On 9M19
<b>Total Operating Income (Banking Product)</b>	<b>23,794</b>	<b>23,209</b>	<b>23,323</b>	<b>(2.0)</b>	<b>0.5</b>	<b>70,183</b>	<b>69,757</b>	<b>(0.6)</b>
Operating Income	23,720	23,256	23,175	(2.3)	(0.3)	69,470	69,633	0.2
Net Interest Income	13,557	14,541	14,017	3.4	(3.6)	39,736	42,563	7.1
Fee Income	7,466	6,965	7,281	(2.5)	4.5	21,701	21,313	(1.8)
Eq. Interest of Subsidiaries and Affiliates	1,028	720	782	(23.9)	8.5	3,067	2,171	(29.2)
Other Operating Income	1,670	1,029	1,096	(34.3)	6.5	4,967	3,587	(27.8)
Previ - Plano de Benefícios 1	(61)	(140)	(123)	101.5	(12.2)	111	(403)	0.0
Previ - Fundo de Utilização Restatement	134	94	271	101.6	189.1	602	527	(12.4)
<b>Total Operating Expenses</b>	<b>(13,521)</b>	<b>(12,250)</b>	<b>(12,504)</b>	<b>(7.5)</b>	<b>2.1</b>	<b>(40,355)</b>	<b>(37,149)</b>	<b>(7.9)</b>
Administrative Expenses	(7,710)	(7,850)	(7,835)	1.6	(0.2)	(22,925)	(23,456)	2.3
Personnel Expenses	(4,884)	(5,008)	(4,986)	2.1	(0.4)	(14,670)	(14,913)	1.7
Other Administrative Expenses	(2,827)	(2,842)	(2,849)	0.8	0.2	(8,255)	(8,542)	3.5
Legal Risk	(1,936)	(853)	(810)	(58.2)	(5.1)	(5,819)	(2,447)	(58.0)
Other Tax Expenses	(117)	(125)	(129)	10.9	3.3	(375)	(369)	(1.6)
Taxes on Revenues	(954)	(1,204)	(1,217)	27.6	1.1	(3,202)	(3,510)	9.6
Other Operating Expenses	(2,803)	(2,217)	(2,512)	(10.4)	13.3	(8,034)	(7,368)	(8.3)
<b>Non-Operating Income</b>	<b>45</b>	<b>67</b>	<b>43</b>	<b>(3.6)</b>	<b>(36.2)</b>	<b>99</b>	<b>157</b>	<b>58.8</b>
<b>Pre-Tax and Pre-Provision Earnings</b>	<b>10,318</b>	<b>11,026</b>	<b>10,862</b>	<b>5.3</b>	<b>(1.5)</b>	<b>29,927</b>	<b>32,766</b>	<b>9.5</b>

## Net Interest Income

The main highlights of the Net Interest Income in the quarter (3Q20/2Q20) were:

- I. Decrease of 3.6% (-R\$524.3 million) in NII due to the reduction of 6.0% (-R\$1.2 billion) in the result of loan operations and treasury, softened by the reduction of 11.3% (+R\$723.4 million) in funding expenses;
- II. Reduction of 3.3% in financial income with loan operations, influenced by the drop in TMS and the mix change of Individuals and Companies portfolios, with growth in lower risk lines;
- III. The financial funding expenses were favored by the CDI/TMS reduction movement. The variation of R\$633.7 million (-17.0%) in the cost of funding in the period can be explained by the combined effect of the reduction in the basic rate of the economy, with the increase in average balances in savings deposits (+7.2%), time deposits (+6.4%), and judicial deposits (+3.9%) in addition to the greater number of working days;
- IV. Drop of R\$678.9 million in the Treasury, influenced by the reduction of the result with securities in Brazil, following the movement of decrease of the average Selic rate (-30.3%) in the period.

In the annual comparison (3Q20/3Q19) and accumulated (9M20/9M19), the growths of 3.4% (+R\$459.7 million) and 7.1% (+R\$2.8 billion) respectively, had as main catalyst the effect of reducing the CDI/TMS on assets and liabilities, with a faster effect on funding and treasury expenses, and smoother in revenues from loan operations.

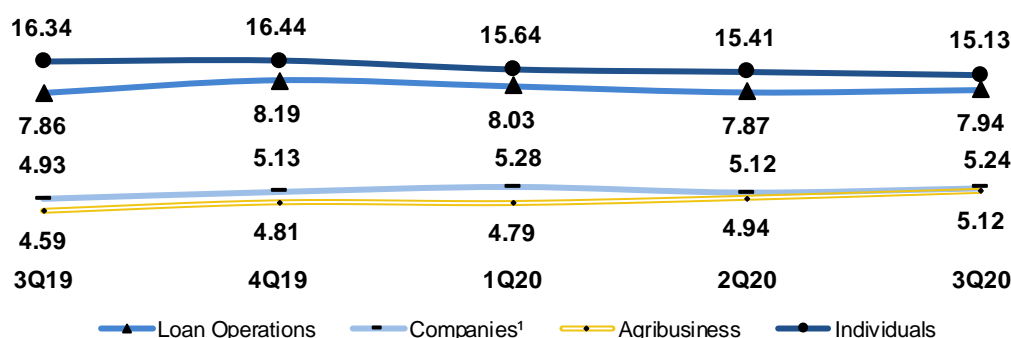
**Table 3. NII and Net Interest Margin (NIM) – R\$ million**

	3Q19	2Q20	3Q20	Chg. %		9M19	9M20	Chg. % On 9M19
				On 3Q19	On 2Q20			
<b>Net Interest Income</b>	<b>13,557</b>	<b>14,541</b>	<b>14,017</b>	<b>3.4</b>	<b>(3.6)</b>	<b>39,736</b>	<b>42,563</b>	<b>7.1</b>
Loan Operations	18,518	17,499	16,930	(8.6)	(3.3)	56,279	52,117	(7.4)
Funding Expenses	(6,213)	(3,729)	(3,095)	(50.2)	(17.0)	(19,174)	(11,278)	(41.2)
Financial Expense for Institutional Funding <sup>1</sup>	(2,803)	(2,653)	(2,563)	(8.6)	(3.4)	(8,417)	(7,940)	(5.7)
Treasury <sup>2</sup>	4,055	3,424	2,745	(32.3)	(19.8)	11,048	9,664	(12.5)
<b>NIM - %<sup>3</sup></b>	<b>4.0</b>	<b>4.0</b>	<b>3.7</b>					
<b>Risk Adjusted NIM - %</b>	<b>2.9</b>	<b>2.4</b>	<b>2.2</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>1</sup> – %**


(1) Revised historical data in 3Q20.

(2) It does not include transactions with the Government;

## ALLL Expanded View

ALLL expanded view composed by the net ALLL expenses, plus discounts granted and impairment, reduced R\$398.8 million (-6.8%) over 2Q20, influenced by the increase in recovery of write-offs (+R\$692.0 million and +43.5%) and reduction in impairment (-R\$371.4 million and -27.6%).

- I. Credit Risk<sup>1</sup>: Increase of R\$631.8 million (+10.6%) over 2Q20. In the quarter, there was the prudential anticipation that resulted in the reinforcement of ALLL of R\$2.0 billion. Of this R\$1.4 billion refers to the anticipation of aggravation of risks of extended operations, being R\$894.2 million in the SME segment and R\$542.3 million in the individuals segment. In the accumulated of the year, there was a prudential reinforcement of R\$6.1 billion being 34.8% in the individuals, 46.7% in the companies and 18.5% in the Agribusiness.
- II. Recovery of Write-Offs<sup>2</sup>: Increase of R\$692.0 million (+43.5%) over 2Q20, influenced by the assignment of loan portfolio, mostly of loan losses, according to the July/20 Information to the Market.
- III. Discounts Granted<sup>3</sup>: Growth of R\$32.7 million (+15.5%) over 2Q20.

<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.

IV. Impairment<sup>4</sup>: Decrease of R\$371.4 million (-27.6%) over 2Q20. The previous quarter and 3Q20, to a lesser extent, were impacted by Large Corporate operations that were already classified as problematic assets.

Banco do Brasil has maintained provision levels adherent to credit risks. The prudential movements of incorporation of provisions in the Portfolio have been occurring gradually, without excessive volatility, evidencing a more cautious stance regarding the necessary allocation of resources to absorb the impacts related to adverse and unprecedented effects generated by the pandemic crisis.

The prudential provisions are supported by methodologies and the monitoring of portfolio dynamics. They are individualized by customers and by segments and to build them we have a proprietary model of analytical intelligence that considers several factors such as the business or income dynamics of the customers, perspective for the segment in which the client is inserted and level of indebtedness.

**Figure 2. ALLL Expanded View – R\$ million**

	3Q19	2Q20	3Q20	Chg. %		9M19	9M20	Chg. % On 9M19
				On 3Q19	On 2Q20			
<b>ALLL Expanded View</b>	<b>(3,920)</b>	<b>(5,907)</b>	<b>(5,508)</b>	<b>40.5</b>	<b>(6.8)</b>	<b>(11,459)</b>	<b>(16,953)</b>	<b>47.9</b>
ALLL Expenses - Credit Risk	(5,037)	(5,943)	(6,575)	30.5	10.6	(14,944)	(18,994)	27.1
ALLL Expenses - Recovery of Write-offs	1,721	1,591	2,283	32.6	43.5	4,941	5,459	10.5
ALLL Expenses - Discounts Granted	(307)	(211)	(244)	(20.8)	15.5	(781)	(723)	(7.4)
ALLL Expenses - Impairment	(296)	(1,344)	(973)	-	-	(674)	(2,695)	-

## Fee Income

The 1.8% decrease in fee income in the nine months comparison is mainly explained by the two factors listed below:

- Structural - with the reduction of the average Selic rate from 4.66% in 9M19 to 2.28% in 9M20, there was a repricing of some products, especially investment funds; and
- 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.

<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.

**Table 4. Fee Income – R\$ million**

	3Q19	2Q20	3Q20	Chg. %		9M19	9M20	Chg. % On 9M19
				On 3Q19	On 2Q20			
<b>Fee Income</b>	<b>7,466</b>	<b>6,965</b>	<b>7,281</b>	<b>(2.5)</b>	<b>4.5</b>	<b>21,701</b>	<b>21,313</b>	<b>(1.8)</b>
Checking Account	1,987	1,923	1,821	(8.4)	(5.3)	5,754	5,662	(1.6)
Asset Management	1,733	1,675	1,699	(2.0)	1.4	4,870	5,095	4.6
Insurance, P. Plans and Premium Bonds	970	891	1,078	11.2	21.0	2,740	2,939	7.3
Credit/Debit Cards	499	519	528	5.6	1.6	1,559	1,532	(1.7)
Loan Fees	461	405	439	(4.8)	8.3	1,360	1,191	(12.4)
Collections	346	310	360	4.1	16.3	980	1,010	3.1
Consortium	308	298	388	26.0	30.1	895	1,014	13.2
Billings	276	224	235	(15.1)	4.9	834	721	(13.6)
Subsidiaries Abroad	143	179	187	30.3	4.1	474	528	11.5
Contract Processing	132	147	150	13.4	2.0	457	463	1.4
Capital Market	231	127	143	(38.2)	12.6	693	355	(48.8)
Nat. Treasury and Manag. of Official Funds	110	97	94	(14.7)	(2.9)	313	290	(7.3)
Foreign Exchange Services	92	73	67	(27.1)	(8.9)	278	225	(19.0)
Other	177	96	93	(47.5)	(3.5)	494	287	(41.9)

Despite this scenario, in the nine months comparison, the asset management, insurance, pension plans and premium bonds and consortium segments performed well. The following are the main reasons for such performances.

Regarding the asset management fees, the 4.6% growth recorded, despite the repricing of investment funds, was due to the 11.7% increase in the AuM.

The 7.3% growth in "Insurance, Pension Plans and Capitalization" is explained by the good commercial performance of BB Seguros in rural, credit life and life insurance, as well as in the collection of premium bonds. In addition, highlight to the amount of R\$371.3 million with the performance bonus in 9M20, 37.7% up compared to the same period in 2019 (R\$269.7 million).

In the consortium segment, the 13.2% growth can be explained by the sale of more than 329 thousand new consortium quotas in the first nine months of 2020, with a turnover of R\$10.4 billion, 1.6% up in relation to 9M19. Regarding the new quotas sold, it is important to highlight that after a cooling in 2Q20 (34.9 thousand), the quantity sold in 3Q20, 140.2 thousand, practically returned to the same level registered in the first quarter of 2020 (154.5 thousand).

In the QoQ comparison (3Q20/2Q20), insurance, pension plans and premium bonds fees stood out, 21.0% up, especially due to the good performance in sales of pension plans and premium bonds products, benefited by the commercial actions carried out in BB service network, such as *Semana Brasil* and *Semana do Cliente*, in addition to the launch of the new products portfolio for individuals in September.

Other highlights in the QoQ comparison were consortium operations, 30.1% up, benefited by the 302.2% increase in the sale of new quotas, and in capital market operations, 12.6% growth, due to the resumption of public offerings from the end of May 2020 and the reopening of the bond market, which remained closed until June this year.

In YoY comparison (3Q20/3Q19), pension plans and premium bonds fees stood out, an increase of 11.2%, due to the evolution in sales of rural insurance, and the growth of credit life insurance, influenced by the credit expansion. The consortium segment also performed well in the same comparison, registering a 26% increase.

In relation to the checking account fees, it is worth mentioning that BB has a product called "*Clube de Benefícios*", where the customer pays a monthly fee and has access to financial and non-financial services, in addition to several benefits. Due to the product specific characteristics, its revenues are accounted for in "Other Operating Income". For comparison, in 3Q20, the amount collected with this product was R\$123.1 million.

## Administrative Expenses and Cost-to-Income Ratio

Personnel expenses decreased by 0.4% in the QoQ comparison. It is worth mentioning that in the previous quarter (2Q20) there were residual expenses of R\$56.7 million, 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 variation would be positive by 0.7%. Another factor that contributed to the personnel expenses control in the QoQ comparison was the Performa Program.

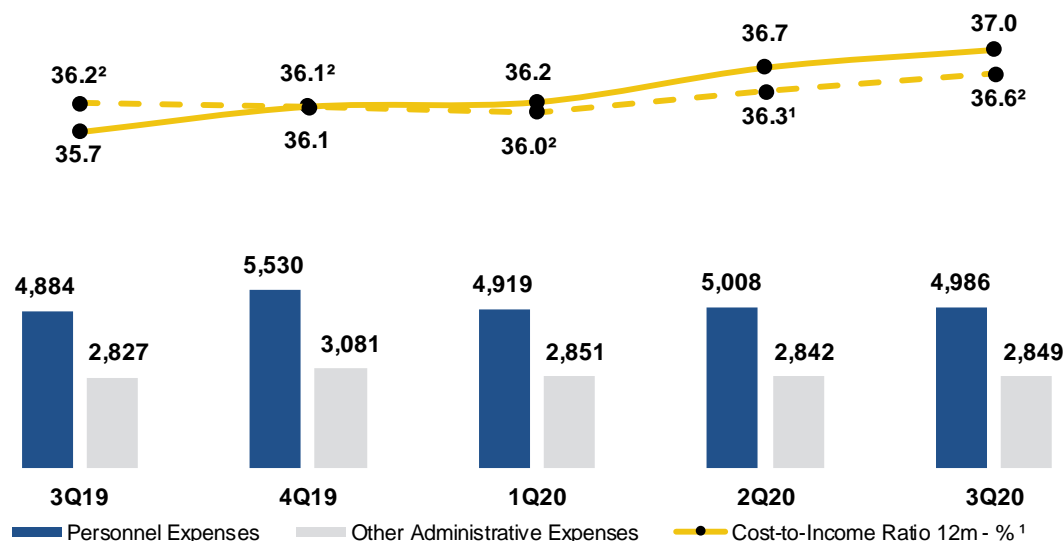
In the nine months comparison, the highlight was the 1.7% growth, below the accumulated inflation in 12 months (3.14%). The factors that contributed to this performance were: (a) reduction of the workforce by 1,766 employees, due to natural dismissal, and (b) the new personnel movements that occurred since February 3, 2020, the launch date of the Performa Program, with the respective salaries aligned to the new employee compensation scheme.

Other administrative expenses were flat (+0.2%) in the QoQ comparison. This performance was influenced by the 17.4% decrease observed in security and transport services, due to two reasons: (a) cash transportation expenses reduction, due to the concentration of emergency benefits paid in 2Q20 and (b) dissolution of the partnership with Correios (Brazilian Post Office) in June 2020.

The 0.8% growth in the YoY comparison was influenced by the reduction in advertising campaign expenses and also by the decrease in cash transportation expenses.

In the 9M20/9M19 comparison, the 3.5% increase is mainly explained by the following factors: (a) increase of R\$42.5 million in expenses with cash transportation due to the events resulting from the pandemic, (b) R\$92 million related to the acquisition of furniture, equipment and data processing systems, (c) an increase of R\$60 million due to the expansion of the target audience of the Performa Program, which rewards employees with better performance, and (d) an extra transfer of R\$30 million to FBB for education projects with children and youth.

**Figure 3.** 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 follows its expenses very closely, and the current scenario has accelerated studies to transform the way we work and serve our clients.

One of the main innovations is Flexy BB, which will optimize the occupation of corporate environments, bringing a new work model, from home office options, while adding real estate efficiency, such as more rational use of spaces.

Added to these movements are the new Job and Salary Plan and the new performance compensation model (Performa), announced via Information to the Market on February 03, 2020, which should begin to demonstrate efficiency gains, as the natural turnover of employees and the strengthening of the high performance culture occur.

In addition, energy efficiency measures such as distributed power generation, use of photovoltaic plants and the use of the Internet of Things (IoT) are planned which, in the next five years, will be fundamental to reduce the impacts of our operation on the environment and also to generate efficiency for our business.

In March 2020, we inaugurated our first solar power plant in the form of distributed generation. In October, the second plant was inaugurated and another 5 plants are scheduled for the coming months. The two projects in operation have a combined installed capacity of 6 MW, generating 15 GWh/year and will guarantee the supply of renewable energy to 141 branches. Both projects will enable an average reduction of 45% in the energy bill of our branches and will contribute to the diversification of the renewable energy matrix in Brazil. When all the plants are in operation, 3,150 tons of carbon dioxide will no longer be emitted per year, which corresponds to the planting of about 21 thousand trees.

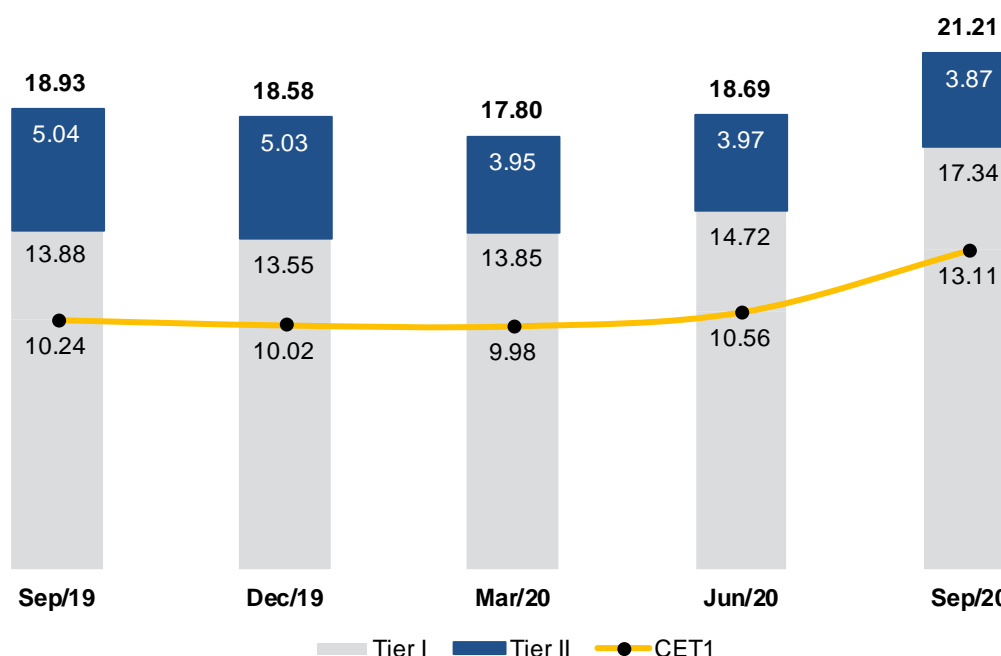
The sum of the three efficiency and sustainability actions mentioned will bring net savings of R\$3.3 billion by 2025.

## BIS Ratio

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 September/20, the BIS Ratio was 21.21% and the Tier I was 17.34%, being 13.11% of Common Equity Tier 1 (CET1). In addition, following the Risk Appetite Statement and Capital Plan, a minimum CET1 of 11% is defined as of January 2022.

**Figure 4. BIS Ratio – %**





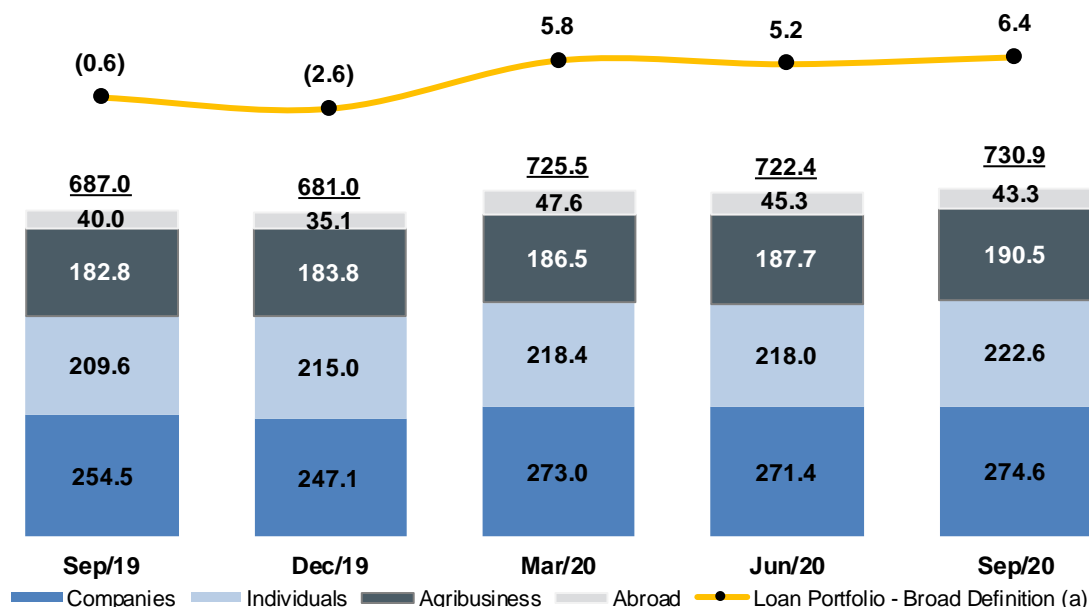
## Loan Portfolio

In the annual comparison, there was growth in the loan portfolio expanded view (+6.4%), with emphasis on retail and agribusiness operations. Thus, the individual portfolio (+6.2%) grew, mainly due to the positive performance in payroll loan (+15.2%). In companies, the operations with SME (+17.9%) stood out, justified mainly by the disbursements of R\$6.2 billion in the loan line supported by the National Program of Support to Micro and Small Enterprises (Pronampe). In agribusiness, the highlight is rural loan (+5.3%).

In the same period of comparison, the corporate segment (-2.3%), Agribusiness loans to companies (15.1%) and agricultural selling (-46.3%) showed a reduction. The agricultural selling line can be explained by the high price of agricultural products, making the sale of the products more attractive to the market, in detriment to the storage.

Over June/20 (+1.2%), highlight to the return of the individuals credit card line growth (13.0%) and the SME working capital growth (+24.1%), in addition to the 1.8% increase in the rural portfolio.

**Figure 5.** Loan Portfolio – Expanded View – R\$ million



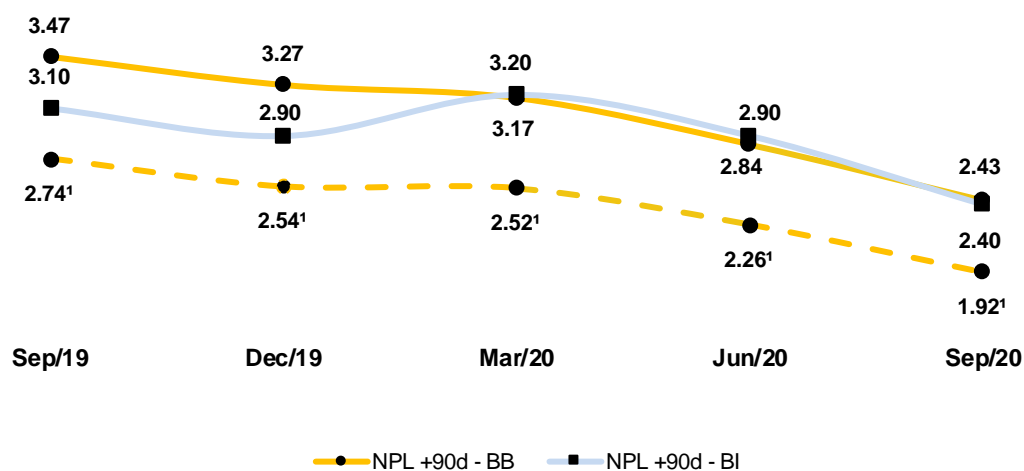
(1) The agribusiness loan portfolio expanded view was revised as of december/18 to include the balance in the CDCA portfolio.

## Credit Quality

The NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance), was 2.43% in September/20, a decrease comparing to June/20. Excluding a specific case the NPL +90d would have been 1.92%.

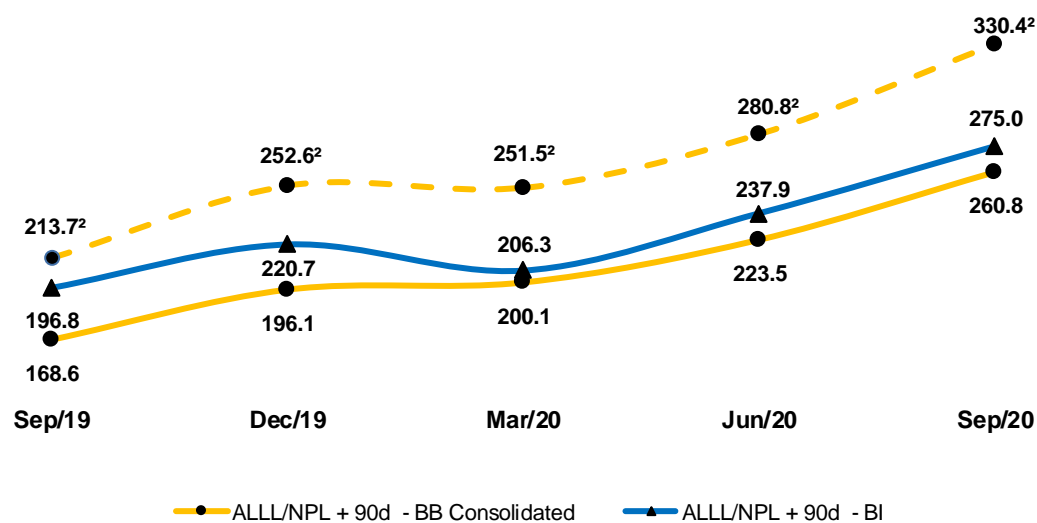
The NPL's reduction in the quarter was influenced by the actions BB implemented to support customers in the current scenario by adjusting its financial commitments with extensions.



**Figure 6. NPL +90 days – %**


(1) Ex specific case.

The Bank maintains coverage compatible with the risk profile of its portfolio. The coverage index was 260.8% in September/20. Excluding a specific case the index would have been 330.4%.

**Figure 7. 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 5. Coverage by Segment – %**

	Sep/19	Dec/19	Mar/20	Jun/20	Sep/20
<b>Individuals</b>	177.8	199.4	199.2	209.4	250.0
<b>Companies</b>	202.3	261.7	283.8	323.0	416.6
Companies ex specific case	259.5	354.1	372.3	397.7	483.0
<b>Agribusiness</b>	109.5	117.2	114.8	141.8	146.2
Agribusiness ex specific case	210.6	215.9	201.9	277.9	312.8

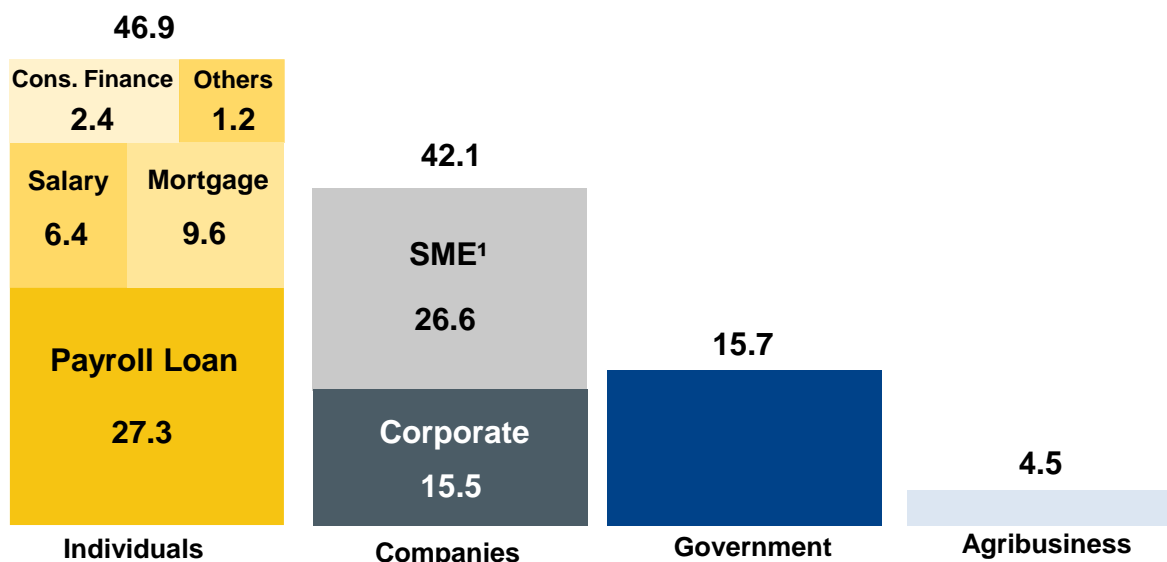
## Support to customers in times of pandemic

Faced with the uncertainties brought about by the new coronavirus pandemic (Covid-19), Banco do Brasil has acted to provide our customers with serious, fast and safe support, while at the same time strengthening our commitment to society, based on actions that aim to support the country to overcome this difficult moment.

### Extended Portfolio

The balance of the extended portfolio was R\$109.2 billion in September/20 which represents 17.3% of the domestic loan portfolio, in more than 2.4 million operations. Of this amount, 95.0% of the operations have a rating between AA and C and 97.8% of the transactions had no history of overdue in the last 12 months. In addition, 64.6% have guarantees and mitigators. The average relationship time of the customers who extended operations is 17.4 years.

**Figure 8.** Composition of the Expanded Loan Portfolio – R\$ billion



(1) 81.4% of the balance with companies of higher resilience. Calculated from the Resilience Matrix, which combines the Sector View with the Credit Risk Sensing.

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.

## Corporate Sustainability

The sustainability theme has been part of BB's corporate strategy for many years. Some major milestones stand out, such as the foundation of the BB Foundation in 1985 and Banco do Brasil's adherence to the green protocol in 1995. The work of the last 25 years has allowed the organization to be placed in the most relevant corporate sustainability indexes, in addition to several recognitions on a global level.

**Figura 9. ASG Timeline**



### Sustainability Plan - Agenda 30 BB

Our actions have been guided by the Sustainability Plan for 15 years, which more recently came to be called Agenda 30 BB, in line with the United Nations (UN) Sustainable Development Goals (SDGs). Bearing in mind the international scenario and the direction taken by the financial sector, through this instrument we have contributed to the sustainable development agenda and to the perpetuity of our business

In its seventh version, such Plan has 50 actions and 86 indexes linked to 21 challenges, which positively impact the global sustainable development agenda. We are currently in the process of defining and prioritizing the relevant topics in corporate sustainability that will guide BB's sustainability management and reporting in the coming years. This process is built through surveys with the Bank's stakeholders, bringing more consistency to the process.

### Sustainable Finance Framework

We have structured our sustainable finance model, which allows the Bank to access the debt securities market categorized as sustainable. The model is unprecedented in the Brazilian financial system, as it was designed to provide for, in addition to the financing categories with an environmental (green) and social impact, the SLLP (sustainable linked loan) and SLBP (sustainable linked bond) standards, which link the compensation on capital due to the positive performance in ASG indicators by the requesting institution. Some examples of indicators are: Diversity in the composition of the board, the amount of renewable energy used by the institution and sustainability goals for the coming years.

The construction of this model started with the Technical and Financial Cooperation Agreement between Banco do Brasil and the Inter-American Development Bank (IDB), and had the technical support of consulting company Sitawi Finanças do Bem. The model was revised by Sustainalytics, one of the main independent companies in the world of Second Party Opinion (SPO), which adds more strength to the model, following a set of international standards and guidelines.

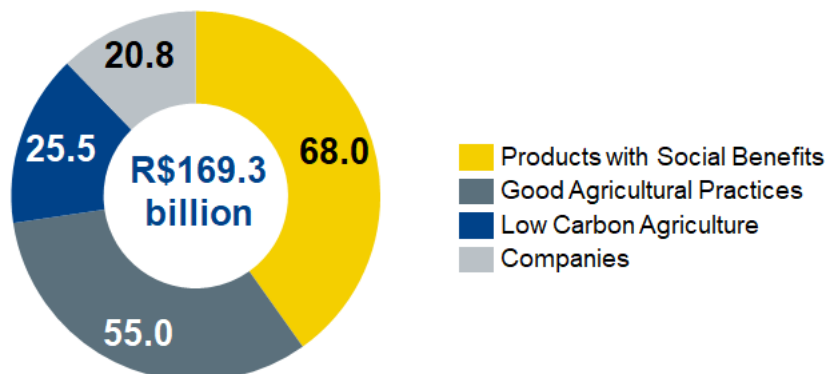
The approved model is supported by BB's broad sustainable portfolio, especially projects that use systems deemed by low carbon agriculture as eligible assets.

### Sustainable Business Portfolio

Based on a methodology developed by the Brazilian Federation of Banks (Febraban), which deals with the measurement and identification of funds allocated to sectors of the Green Economy, BB's portfolio of sustainable business recorded a balance on September/2020. It is made up of credit and loan operations for the sectors of renewable energy, energy efficiency, construction, sustainable transport and tourism, water, fishing, forestry, sustainable agriculture and waste management. In addition, to foster an inclusive economy, this portfolio considers areas of a social nature, such as: education, health and local and regional development. The volume of resources was intended to clients in all segments,

such as Individuals (Retail and Private), companies of different sizes (MPE, Corporate, Wholesale) and for the Public Sector.

**Figura 10.** Structure of Sustainable Business Portfolio



## Digital Strategy

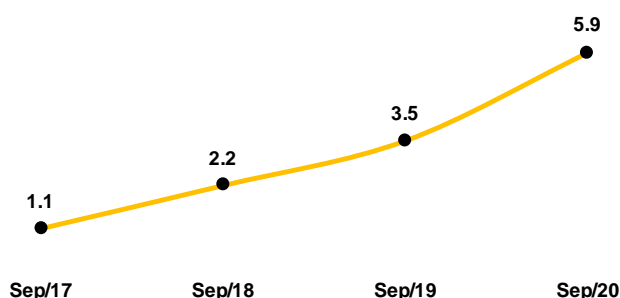
Investments in technology and the focus on digital transformation in recent years have proved to be fundamental in the current scenario. For the next three years, additional investments of R\$2.3 billion in technology and analytics, in order to offer our customers new experiences with more practical, safe and quick options in the digital world.

We believe that being present and interconnected in all channels, physical and digital, helps fully meet the demands of our clients. For this reason, the strategy of optimizing digital channels (Opt-channel) is essential in the centrality of the client, taking the Bank to the client wherever it is, improving our perception of presence and providing a greater delivery of value to the client.

We reached 19.5 million digital customers, while transactions carried out through the internet and mobile service channels represented 86.7% of transactions carried out by our customers. The BB App remained one of the best rated in the financial industry with a rating of 4.7 on Google play (the rating has already been assigned by more than 2.4 million users) and 4.7 in the Apple Store (rated by more than 1.8 million users). The maximum score is 5.

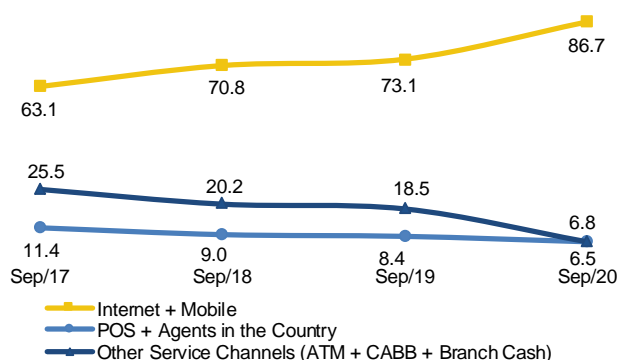
The number of native digital clients, who started their relationship with BB, through digital channels, grew by 69.4% in 12 months and 14.4% in the quarter. Of these clients, 80.7% are under 40 years old.

**Figure 11.** Native Digital Clients – Million



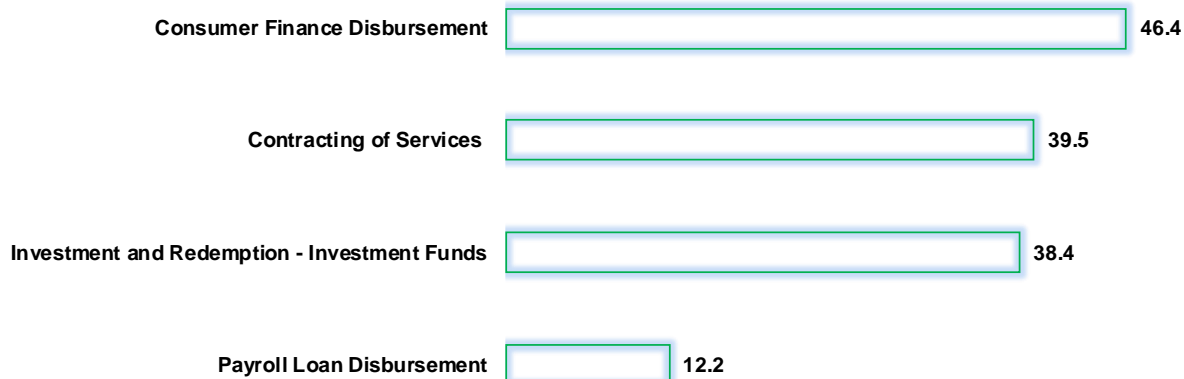
In September/20, internet and mobile service channels represented 86.7% of transactions carried out by Banco do Brasil customers.

**Figura 12.** Transactions by Service Channel - %



Digital channels (internet and mobile) accounted for 46.4% of disbursements in consumer loans, 12.2% in payroll loans, 38.4% of investments and redemptions in investment funds and 39.5% in the number of transactions in services (checking accounts, service packages, investment funds, cards, premium bonds, insurance and consortium).

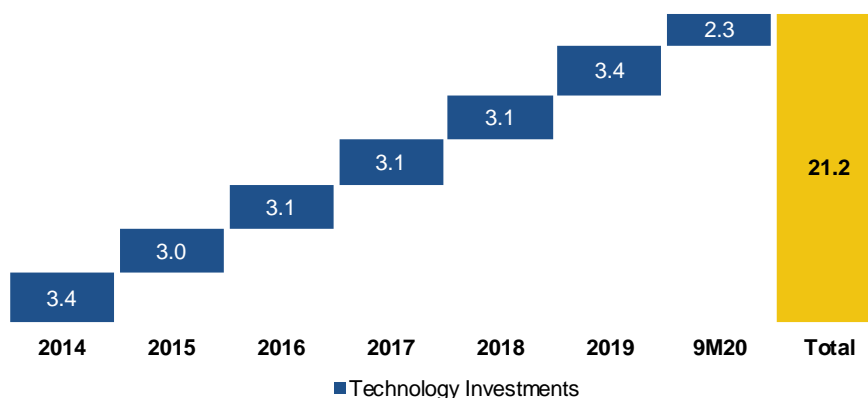
**Figure 13.** Digital Channels Participation in Banking Operations – %



## Investments in Technology

Banco do Brasil consistently invests in technology to improve operational efficiency, reduce operating losses, expand businesses and improve client service. From 2014 to 3Q20, investments totaled R\$21.2 billion. The following figure sets forth the annual series of the total invested.

**Figure 14.** Technology Investments – R\$ billion



## Open Banking

In addition to meeting regulatory requirements, which determine the sharing of data, products and services, Open Banking brings opportunities to distribute its own products and services in third-party channels, with a focus on expanding digital capillarity, and also offering third-party products and services in the company's own channels, focusing on the client's experience. In general, this opening broadens the frontiers of operations, bringing more competitiveness, but also allowing offers with greater added value. To allow better experience and efficiency in connection with the digital ecosystem, we have expanded our portfolio of APIs and created, on the Developer Portal, an environment for testing before contracting.

### PIX

Pix is an Instant Payment System created by the Central Bank of Brazil, in which transfers and payments are made in seconds, 24 hours a day, 7 days a week. With it, Brazil will reduce the manufacture of paper money, the issuance of slips and the transfer charges. In other words, Pix is more sustainable for you and for everyone. We are the first bank to meet the regulator's requirements.

For companies, BB is prepared for the changes that will be brought with solutions that will meet the needs of customers, as in the collection system, where the payment reconciliation factor is fundamental and may be connected with logistics and distribution in the trade. electronic, for example. The Bank has also developed APIs for all cash management products so that accounts payable and receivable are adapted to the instant payment system, bringing new business possibilities and customer loyalty.

We are the first bank to meet the regulator's requirements. For the Public Sector, we are developing collection solutions that incorporate the use of Pix in the payment of taxes, fines and different fees. With the novelty, public managers will be able to expand the offer of the currently available collection channels, without the need for new investments.

We are prepared to serve our clients safely, quickly and cost-effectively. Further information is available at [www.bb.com.br/pix](http://www.bb.com.br/pix).

## LGPD – Privacidade e Proteção de Dados Pessoais

Banco do Brasil believes in respect for privacy and assurance of the protection of personal data as one of the guidelines for the exercise of its activities and for the constant development of society's well-being, allowing us to generate services of higher quality, relevance and with even more transparent processes. These factors are protagonists in the current growth dynamics of digital businesses, since people seek to prioritize companies committed to a fair and sustainable relationship.

In view of the General Law on Data Protection (LGPD), effective as of 09/18/20, one of our challenges is to make clients recognize their rights, providing clarity regarding the policies for the use of information and its content. Our decision was to provide clear information in a friendly and accessible interface, including mobile applications, so that the holders know their data and can exercise their rights. Both in BB App and in our Internet Banking, through the option “my privacy”, any holder accesses its personal data, consults about the treatments performed on behalf of the bank’s services and requests the document for data portability, for example.

## **Awards and Recognitions**

Achieving positive social and environmental impacts, associated with profitability in the management of activities and businesses, is part of our actions, and the recognitions received show that we are on the right path.

In 2020, we were recognized, for the second year in a row, as one of the most sustainable financial companies in the world by the Corporate Knights Global 100 Ranking, in an announcement made at the World Economic Forum in Davos, Switzerland. We were the only financial company in Latin America to be included in the index in 2020 and the most sustainable financial company in the world in 2019. And, for the first time, we have received the “AA” rating from Morgan Stanley Capital International (MSCI) ESG Rating, with emphasis on topics related to talent management, cybersecurity and risk management.

We received the Gold Class award at The Sustainability Yearbook 2020, released by S&P Global and RobecoSAM AG. The Sustainability Yearbook is one of the most comprehensive worldwide publications on corporate sustainability. Banco do Brasil was also considered an Industry Mover, as it presented a significant improvement in its performance, compared to the previous year, which shows BB’s strong commitment to the theme and the generation of value for shareholders in the long term.

We also take part of international and national sustainability indexes, such as the Dow Jones Sustainability Index (DJSI) of the New York Stock Exchange, the FTSE4Good Index Series of the London Stock Exchange, and the Corporate Sustainability Index (ISE) of B3. In 2019, we returned to the DJSI “World” portfolio, reaching the second position in the “Banks” sector. We also emphasize the maintenance of our commitment to the actions set out in our Sustainability Plan and with the 10 Principles of the Global Treaty.

For the second consecutive year, we received the “Most Innovative Bank in Latin America” award from Global Finance magazine, with the solution developed in Google Assistant. The Innovators 2020 award, offered by the magazine, recognizes the most innovative financial institutions in the world.

We reached first place for the second consecutive year in the Central Bank’s Top 5 Annual – 2019 Ranking, in the “IGP-M Annual Medium Term” category. And second place in the category “Exchange Rate – Annual Short Term”.

We have received the Top Employers Certification because we are among the best employers in 119 countries, according to the Top Employers Institute (TEI), which evaluates personnel management practices and policies.

We were recognized as the Best Bank in Brazil in 2020 by Euromoney magazine, one of the most important awards in the international financial industry.

We were recognized in several categories in the commemorative 50th anniversary award of the Top 1000 World Banks ranking - NEW performance ranking, by The Banker magazine (Financial Times group).

We were selected as one of the ten best Brazilian initiatives in the digital universe in the Digital Banks category for the iBest 2020 Award, which is the most important award on the internet in Brazil. BB Digital is a set of solutions offered to our clients for remote service.

We were the highlight in two categories of the ClienteSA Award, the main recognition of the best practices in client management in Latin America. Our SAC was the winner in the “Leader in Visionary Project” category and our External Ombudsman also received an award, in the “Integration Project” category, for presenting training programs and conflict resolution tools used by branches and that strengthen the role of employees in the relationship with and trust by clients.



For the fifth time, we have won the Top of Mind of HR, an award that recognizes the companies most remembered by the human resources community in a spontaneous voting. Banco do Brasil Corporate University (UniBB) was the highlight in the Corporate Education/e-Learning category. This year, we reached 55 years of corporate education, of which 18 years of UniBB.

The Federal Court of Accounts (TCU) granted BB a general adequacy level of excellence after completion of work related to the adaptation of federal state-owned companies to Law 13,303/2016 (State-Owned Companies Law). The assessment conducted by TCU analyzed dimensions considered to be structuring in the State-Owned Companies Law: public interest and social function of the company; compliance and risk management; transparency and bids and contracts; and corporate governance. Twenty federal state-owned companies were evaluated within 4 possible classifications: excellence, superior, sufficient and insufficient. BB was the only state-owned company in the financial sector to achieve the classification of general adequacy of excellence.

## **Material Facts and Information to the Market**

### **Appointment CEO Banco do Brasil**

Banco do Brasil announced by means of a Material Fact on September 22, 2020, appointed Mr. André Guilherme Brandão as Chief Executive Officer of Banco do Brasil.

André Guilherme Brandão is 55 years old and graduated in System Analysis from Mackenzie University in São Paulo, Brazil. André has 34 years of experience in the financial market. He worked at HSBC for more than 20 years in different positions, including as the head of GBM Americas and Europe. He was also the CEO of HSBC Broke Dealer in the US and CEO of HSBC Brazil. Previously, he worked at Citibank as the head of Product Structuring.

### **Partnership BB and UBS**

Banco do Brasil announced by means of a Material Fact on September 30, 2020, that BB-Banco de Investimento SA ("BB-BI"), its wholly-owned subsidiary, and UBS AG ("UBS") settled, on this date, the definitive documents for the strategic partnership to operate in investment banking and securities brokerage activities in the institutional segment in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay, after fulfilling all the precedent conditions for the closing of the transaction, under the regulatory and contractual aspects.

## **2020 Guidance has been suspended**

The 2020 guidance remain 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.