



# 4Q19 Earnings Release

BancoDaycoval

### Recurring Net Income

**R\$ 288.1** million in **4Q19**  
+ 46.5% in 12 months  
**R\$ 983.9** million in **2019**  
+ 50.4% over 2018

### Profitability

**31.3%** in 4Q19  
**Recurring ROAE** + 7.1 p.p. in 12 months  
**27.7%** in 2019  
+ 7.3 p.p. over 2018

### Shareholders' Equity

**R\$ 3,695.2** million  
+ 14.2% in 12 months

MAIN FIGURES (R\$ million unless otherwise stated)	4Q19	3Q19	Δ	4Q18	Δ	2019	2018	Δ
<b>RESULTS</b>								
Income from loans operations	845.7	837.1	1.0%	770.0	9.8%	3,251.2	3,020.4	7.6%
Net Income	373.2	268.3	39.1%	159.9	133.4%	1,020.2	645.8	58.0%
Recurring Net Income	288.1	276.2	4.3%	196.7	46.5%	983.9	654.1	50.4%
<b>FINANCIAL POSITION</b>								
Total Assets	34,892.1	32,071.2	8.8%	28,979.7	20.4%	34,892.1	28,979.7	20.4%
Expanded Loan Portfolio <sup>(1)</sup>	27,359.6	23,899.7	14.5%	19,710.6	38.8%	27,359.6	19,710.6	38.8%
- Companies	19,695.6	16,662.1	18.2%	13,622.4	44.6%	19,695.6	13,622.4	44.6%
- Payroll Loans	6,483.6	6,173.9	5.0%	5,270.5	23.0%	6,483.6	5,270.5	23.0%
- Auto Loans	1,123.7	1,009.5	11.3%	767.1	46.5%	1,123.7	767.1	46.5%
- Home Equity	56.7	54.2	4.6%	50.6	12.1%	56.7	50.6	12.1%
Funding	24,268.5	20,384.8	19.1%	18,731.5	29.6%	24,268.5	18,731.5	29.6%
Local Bonds	9,062.4	9,466.2	-4.3%	7,439.2	21.8%	9,062.4	7,439.2	21.8%
Total Deposits + LCI + LCM	9,949.1	8,963.8	11.0%	6,833.4	45.6%	9,949.1	6,833.4	45.6%
Shareholders' Equity	3,695.2	3,736.7	-1.1%	3,237.0	14.2%	3,695.2	3,237.0	14.2%
<b>CREDIT RATIOS</b>								
Final Balance LLP	1,319.5	1,276.1	3.4%	1,119.3	17.9%	1,319.5	1,119.3	17.9%
Nonperforming Loans Ratio (90 days overdue)	1.5%	1.7%	-0.2 p.p	2.2%	-0.7 p.p	1.5%	2.2%	-0.7 p.p
Final Balance LLP / Loan Portfolio (%)	4.8%	5.3%	-0.5 p.p	5.7%	-0.9 p.p	4.8%	5.7%	-0.9 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	331.9%	317.0%	14.9 p.p	254.2%	77.7 p.p	331.9%	254.2%	77.7 p.p
Final Balance Loan E-H / Loan Portfolio (%)	156.4%	148.4%	8.0 p.p	125.1%	31.3 p.p	156.4%	125.1%	31.3 p.p
<b>HIGHLIGHTS</b>								
Net Interest Margin (NIM-AR) (% p.a.) <sup>(2)</sup>	14.1%	13.2%	0.9 p.p	14.2%	-0.1 p.p	12.8%	13.0%	-0.2 p.p
Adjusted ROAE (%)	31.3%	30.4%	0.9 p.p	24.2%	7.1 p.p	27.7%	20.5%	7.2 p.p
Adjusted ROAA (%)	3.6%	3.6%	-	2.9%	0.7 p.p	3.3%	2.5%	0.8 p.p
Return on Average Equity (ROAE) (% p.a.)	40.6%	29.5%	11.1 p.p	19.6%	21.0 p.p	28.8%	20.2%	8.6 p.p
Return on Average Asset (ROAA) (% p.a.)	4.7%	3.5%	1.2 p.p	2.3%	2.4 p.p	3.4%	2.5%	0.9 p.p
Efficiency Ratio (%)	30.2%	32.7%	-2.5 p.p	28.3%	1.9 p.p	30.2%	28.8%	1.4 p.p
Recurring Efficiency Ratio (%)	28.8%	31.2%	-2.4 p.p	26.3%	0.3 p.p	28.9%	28.3%	0.6 p.p
BIS Index III (%)	14.1%	15.8%	-1.7 p.p	14.7%	-0.6 p.p	14.1%	14.7%	-0.6 p.p
Employees	2,353	2,266	3.7%	1,994	18.0%	2,353	1,994	18.0%
Number of Branches (Companies)	45	45	-	43	4.7%	45	43	4.7%

(1) Includes Avals and Sureties.

(2) Includes exchange-rate variance on liability transactions, foreign trading, and excludes matched operations—repurchase agreements—tri-party repo's outstanding.

### Investor Relations

**Ricardo Gelbaum** | IR Officer  
**Erich Romani** | IR Manager  
**Claudine Wrobel** | IR Analyst



**Email:** [ri@bancodaycoval.com.br](mailto:ri@bancodaycoval.com.br)

**Phone:** (55 11) 3138-1025

## Message from the Management

For Banco Daycoval, 2019 will be considered a landmark year. If, for many, it will be remembered as a very difficult period for the country, for us it will forever represent the year when our operation progressed to a new level.

Total Assets were R\$ 34.9 billion at year's end, up 20.4% compared to the end of 2018 and 8.8% higher measured against September of 2019. The Expanded Credit Portfolio rose 14.5% in the last three months of 2019, to R\$ 27.4 billion, 38.8% greater than at the end of 2018.

It grew without a deterioration in quality. In 2019, the Payment Default index declined from 2.2% to 1.5%. For its part, the Loan Loss Provision (LLP) increased 17.9%, going to R\$ 1.3 billion. This was sufficient to cover 4.8% of the portfolio.

We maintained the accelerated pace of growth registered in recent years, but without adding fat. We reached the last quarter with an Efficiency Ratio of 30.2%, compared to 28.3% in the same period of the previous year.

In the final three months of last year, Net Income jumped 133.4%, compared to the last quarter of 2018, to R\$ 373.2 million. In comparison with 2018, our profit grew 58%, to R\$ 1.02 billion. It represented a result that was built quarter-by-quarter, with the consistency that has been a hallmark of Daycoval's more than 50 years of history.

Adding a digit to the bottom line of the balance sheet is a cause for much celebration for any established business. Achieving this result without giving up a robust and solid capital structure is what makes the bank convinced that it is unlikely that this level will be reverted in the future.

This gain was obtained with a Net Interest Margin (NIM-AR) of 14.1% stable compared to the same period last year. In all 2019, the margin was 12.8%, close to the one posted in 2018, 13.0%.

The Return on Average Equity (ROAE) reached 40.6%, in the last quarter of 2019, 21.0 percentage points higher than the previous year. As a result, this measure of profitability ended the year at 28.8%, compared to 20.2% in 2018. And Shareholders' Equity closed 2019 at R\$ 3,695.2 billion, with growth of 14.2% in 12 months and a Basel index of 14.1% at the end of the period.

As of December 31, we were an institution made up of 2,353 people, 18% more than a year earlier. More than size, we gained in robustness and professional quality, complemented with intense training for both new hires and existing employees, via the Academia Daycoval. The result is felt in client satisfaction feedback, whether through our service channels or Daycoval Digital, our business and investment platform. But it is also seen in the high motivation of our team, confirmed by the Great Place To Work (GPTW) seal of approval awarded in 2018 and renewed in 2019.

# Daycoval Digital

## The segment's best online investment platform



Daycoval Digital, Banco Daycoval's online investment platform, was ranked as the **1<sup>st</sup> best among medium-sized banks** according to a survey by Yubb users (investment search engine with more than 8 million searches per month).

Source: O Estado de São Paulo.

## Daycoval is the second best bank in the BRICS

- ✓ Banco Daycoval featured prominently in a new ranking prepared by the British specialized magazine The Banker, released earlier this year.
- ✓ There were 18 criteria used in eight main categories: growth, profitability, operational efficiency, asset quality, risk return, liquidity, solidity and leveraging.

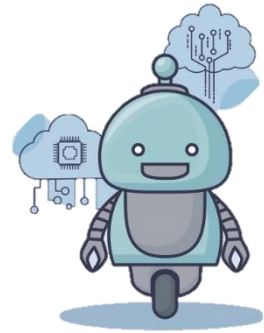
### BRAZIL'S BIGGEST BANKS, RANKED BY PERFORMANCE

Rank	Bank	Growth rank	Profitability rank	Operational efficiency rank	Asset quality	Return on risk rank	Liquidity rank	Soundness rank	Leverage rank
1	Banco do Nordeste do Brasil	4	5	1	3	7	2	7	2
2	Banco Daycoval	3	1	3	8	1	10	3	4
3	Banco BTG Pactual	2	6	2	7	2	3	8	6
4	Itaú Unibanco Holding	7	3	9	4	3	5	1	5
5	Banco Bradesco	5	7	6	9	5	4	5	1
6	Banco Safra	1	4	7	1	10	9	2	9
7	Banco do Brasil	9	2	5	2	4	7	9	10
8	Banco da Amazônia	8	9	10	5	6	1	4	7
9	Banrisul	6	8	8	6	8	6	10	3
10	Caixa Econômica Federal	10	10	4	10	9	8	6	8

Source: The Banker

## SmartCheck Model (Receivables Management)

- Using **Artificial Intelligence** for Automatic Receivables Verification and Release.
- Analyzing the **customer's behavior and risk**, classifying the default probability.
- Increased productivity/automatic approval return, resulting in **efficient analysis** with decisions more focused on improving the portfolio quality.
- For unapproved cases, the business manager receives the information instantly and seeks the **best solution to conclude the process**.



## Progress in the search for Innovation and Digital Transformations

### APP | PAYROLL

- The Payroll App was created with the goal of **delivering simple and fast solutions** to our clients while also **speeding up the release of funds**.
- The application makes it possible to simulate and contract loans and financing lines, carry out refinancing, follow up proposals and update client information.
- In 2019, **R\$ 236.5 million** was originated through this channel.
- **In 4Q19, R\$ 105.8 million was originated.**
- **77%** of the operations originated via the APP comes from the **INSS**.



### APP | VEHICLES - PromAuto

- The APP PromAuto software was **developed for the digital journeys of Merchants and Banking Correspondents for vehicle financing**.
- Through APP PromAuto, merchants can conduct simulations, fill out and send client proposals, which is where the journey begins. This proposal is sent to the Banking Correspondent, who in turn carries out prior Credit analysis and then forwards the proposal to the Credit Desk.



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## Daygiro FGI and Giro Fácil Digital



- **Daygiro FGI** is a **working capital line for small and medium-sized enterprises** without the need for a real guarantee for up to R\$ 500,000 and has the support of the **BNDES**.
- The prerequisites for contracting a loan are: Annual revenues of R\$ 1 million through R\$ 90 million; minimum of 5 years after incorporation; and for limited liability companies (LTDA), joint-stock (SA) and others comprised of partners, not being valid for MEI companies or individual entrepreneurs.
- In March 2019, the Bank introduced a feature: **Giro Fácil Digital**. It is possible to carry out simulations and contract this product through this new digital channel.

## Profitability



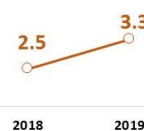
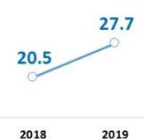
**Recurring Net Income of R\$ 288.1 million in the quarter and R\$ 983.9 million in 2019.**

**Recurring ROAE in 4Q19 (%)**

**+ 0.9 p.p. in 3 months**  
**+ 7.2 p.p. in 12 months**

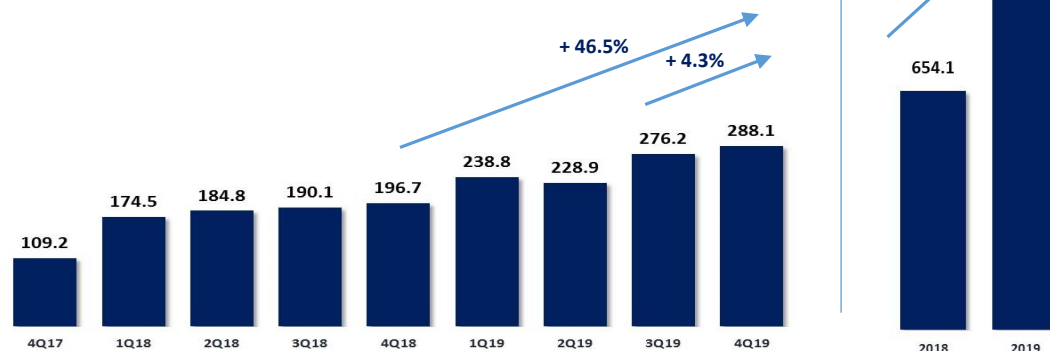
**Recurring ROAA in 4Q19 (%)**

**+ Stable in 3 months**  
**+0.8 p.p. in 12 months**



### Recurring Net Income

R\$ million



**Recurring Net Income** reached R\$ 288.1 million in 4Q19, 4.3% higher than 3Q19. In 2019, recurring net income reached R\$ 983.9 million, 50.4% higher than the same period of the previous year, demonstrating that the gradual increase in margins, a reduction in the allowance for loan losses and the occasional growth of the portfolio led to the best recurring net income in our history.

We do not perform mark-to-market foreign funding that is not subject to hedge accounting. However, we perform it on their respective hedges, and therefore we consider this mark-to-market as non-recurring.

Recurring Key Figures (R\$ million)	4Q19	3Q19	Δ	4Q18	Δ	2019	2018	Δ
<b>Accounting Net Income</b>	<b>373.2</b>	<b>268.3</b>	<b>39.1%</b>	<b>159.9</b>	<b>133.4%</b>	<b>1,020.2</b>	<b>645.8</b>	<b>58.0%</b>
(-) Hedge/ MTM R\$ - Foreign Issues and Credit Operations	(23.0)	(22.9)	0.4%	(31.7)	-27.4%	(84.9)	(30.2)	n.a
(-) Exchange Variation - Equivalence - Branch	(6.0)	15.0	n.a	(5.1)	18.8%	7.1	21.9	-67.6%
(-) Increase in the social contribution rate on Credit Assignments	114.1	-	n.a	-	n.a	114.1	-	n.a
<b>Recurring Net Income</b>	<b>288.1</b>	<b>276.2</b>	<b>4.3%</b>	<b>196.7</b>	<b>46.5%</b>	<b>983.9</b>	<b>654.1</b>	<b>50.4%</b>
<b>Recurring ROAE (%)</b>	<b>31.3%</b>	<b>30.4%</b>	<b>0.9 p.p</b>	<b>24.2%</b>	<b>7.1 p.p</b>	<b>27.7%</b>	<b>20.5%</b>	<b>7.2 p.p</b>
<b>Recurring ROAA (%)</b>	<b>3.6%</b>	<b>3.6%</b>	<b>-</b>	<b>2.9%</b>	<b>0.7 p.p</b>	<b>3.3%</b>	<b>2.5%</b>	<b>0.8 p.p</b>
<b>Adjusted Efficiency Ratio (%)</b>	<b>28.8%</b>	<b>31.2%</b>	<b>-2.4 p.p</b>	<b>26.3%</b>	<b>2.5 p.p</b>	<b>28.9%</b>	<b>28.3%</b>	<b>0.6 p.p</b>

**Net Income** for the 2019 fiscal year was R\$ 1,020.2 million, an increase of 58.0% compared to the Net Income of R\$ 645.8 million for the 2018 period, a result constructed quarter-by-quarter with the consistency that has marked Daycoval's more than 50-year history, important to mention that we had a positive impact of R\$ 114.1 million referring to the increase in CSLL (Social Contribution in Net Income).



The evolution in net income for the period reflects the performance of the operating result, based on the growth of the portfolio; lower LLP expenses; and growth in revenues from services rendered, factors that sustained a return on average shareholders' equity (ROAE) of 28.8% in 2019.

The quarter's performance was very strong in practically all business lines and we posted Net Income of R\$ 373.2 million in 4Q19, growth of 39.1% in relation to 3Q19 and return on average equity (ROAE) of 40.6% in the quarter, 11.1 p.p. above 3Q19.

Below is a table of the indicators.

## Adjusted and Recurring Net Interest Margin (NIM-AR)

**NIM - AR of 14.1% in 4Q19**  
**+ 0.9 p.p. in 3 months**  
**- 0.1 p.p. in 12 months**



Recurring Adjusted Net Interest Margin (NIM-AR) (R\$ mn)	4Q19	3Q19	Δ	4Q18	Δ	2019	2018	Δ
Income from Financial Intermediation Reported	824.8	744.7	10.8%	708.0	16.5%	2,995.7	2,703.8	10.8%
Hedge/MTM	(41.8)	(38.2)	9.4%	(57.6)	n.a	(145.0)	(54.9)	n.a
<b>Adjusted Income from Financial Intermediation (A)</b>	<b>866.6</b>	<b>782.9</b>	<b>10.7%</b>	<b>765.6</b>	<b>13.2%</b>	<b>3,140.7</b>	<b>2,758.7</b>	<b>13.8%</b>
Average Remunerated Assets	28,301.0	27,084.5	4.5%	25,185.8	12.4%	26,718.9	23,240.4	15.0%
(-) Expenses of financial intermediation add back provisions	(2,434.5)	(2,241.8)	8.6%	(2,482.0)	-1.9%	(2,104.2)	(2,021.7)	4.1%
<b>Average Remunerated Assets (B)</b>	<b>25,866.5</b>	<b>24,842.7</b>	<b>4.1%</b>	<b>22,703.8</b>	<b>13.9%</b>	<b>24,614.7</b>	<b>21,218.7</b>	<b>16.0%</b>
<b>Recurring Adjusted Net Interest Margin (NIM-AR) (%YoY) (A/B)</b>	<b>14.1%</b>	<b>13.2%</b>	<b>0.9 p.p</b>	<b>14.2%</b>	<b>-0.1 p.p</b>	<b>12.8%</b>	<b>13.0%</b>	<b>-0.2 p.p</b>

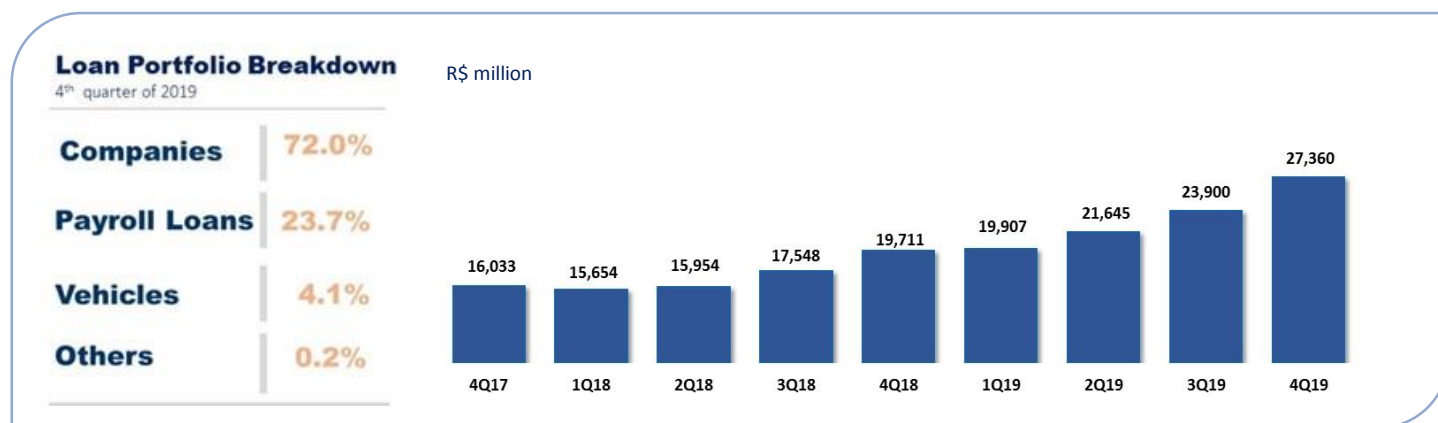
## Net Interest Margin (NIM)

Net Interest Margin (NIM) (R\$ million)	4Q19	3Q19	Δ	4Q18	Δ	2019	2018	Δ
Gross Income from Financial Intermediation	568.3	621.2	-8.5%	468.4	21.3%	2,142.7	1,748.8	22.5%
Exchange Rate Variation <sup>(1)</sup>	29.0	(0.3)	n.a	(0.1)	n.a	26.2	(0.4)	n.a
Income from Receivables purchase <sup>(1)</sup>	104.2	88.5	17.7%	77.0	35.3%	347.9	256.5	35.6%
<b>Income from Financial Intermediation</b>	<b>701.5</b>	<b>709.4</b>	<b>-1.1%</b>	<b>545.3</b>	<b>28.6%</b>	<b>2,516.8</b>	<b>2,004.9</b>	<b>25.5%</b>
(-) Loan Loss Provision	123.3	35.3	n.a	164.8	-25.2%	478.9	698.9	-31.5%
<b>Income from Financial Intermediation adjusted by Loan Loss Provision and Exchange Rate Variation (A)</b>	<b>824.8</b>	<b>744.7</b>	<b>10.8%</b>	<b>710.1</b>	<b>16.2%</b>	<b>2,995.7</b>	<b>2,703.8</b>	<b>10.8%</b>
<b>Average Remunerated Assets (B)</b>	<b>28,301.0</b>	<b>27,084.5</b>	<b>4.5%</b>	<b>25,185.8</b>	<b>12.4%</b>	<b>26,718.9</b>	<b>23,240.4</b>	<b>15.0%</b>
Interbank Investments	4,479.0	5,081.6	-11.9%	5,668.9	-21.0%	5,126.7	5,331.0	-3.8%
Securities and Derivatives	2,094.0	2,049.8	2.2%	2,599.4	-19.4%	2,150.7	2,349.0	-8.4%
Lending Operation (does not include assignments)	21,504.3	19,878.9	8.2%	16,670.3	29.0%	19,245.2	15,267.2	26.1%
Trade Finance	223.7	74.2	n.a	247.2	-9.5%	196.3	293.2	-33.0%
<b>Net Interest Margin (NIM) (% p.a.) (A/B)</b>	<b>12.2%</b>	<b>11.5%</b>	<b>0.7 p.p</b>	<b>11.8%</b>	<b>0.4 p.p</b>	<b>11.2%</b>	<b>11.6%</b>	<b>-0.4 p.p</b>

<sup>(1)</sup> Reclassified from other operating/expense revenues.



## Expanded Loan Portfolio



Expanded Loan Portfolio (R\$ mn)	4Q19	3Q19	Δ	4Q18	Δ
<b>Total Companies</b>	<b>19,695.6</b>	<b>16,662.1</b>	<b>18.2%</b>	<b>13,622.4</b>	<b>44.6%</b>
Working Capital	6,325.6	5,542.0	14.1%	4,930.7	28.3%
Receivables Purchase	5,765.3	3,674.3	56.9%	3,199.0	80.2%
Guaranteed Account	1,760.9	1,746.9	0.8%	1,749.9	0.6%
Trade Finance	1,738.1	1,954.2	-11.1%	1,142.6	52.1%
Leasing	1,203.8	1,109.3	8.5%	849.6	41.7%
BNDES	226.1	270.9	-16.5%	366.8	-38.4%
Avals and Sureties	2,675.8	2,364.5	13.2%	1,383.8	93.4%
<b>Total Payroll Loans</b>	<b>6,483.6</b>	<b>6,173.9</b>	<b>5.0%</b>	<b>5,270.5</b>	<b>23.0%</b>
Payroll Loans	5,965.4	5,700.6	4.6%	4,877.9	22.3%
Payroll Card	518.2	473.3	9.5%	392.6	32.0%
<b>Total Auto Loans/Other</b>	<b>1,123.7</b>	<b>1,009.5</b>	<b>11.3%</b>	<b>767.1</b>	<b>46.5%</b>
<b>Total Home Equity</b>	<b>56.7</b>	<b>54.2</b>	<b>4.6%</b>	<b>50.6</b>	<b>12.1%</b>
<b>Total Expanded Loan Portfolio</b>	<b>27,359.6</b>	<b>23,899.7</b>	<b>14.5%</b>	<b>19,710.6</b>	<b>38.8%</b>

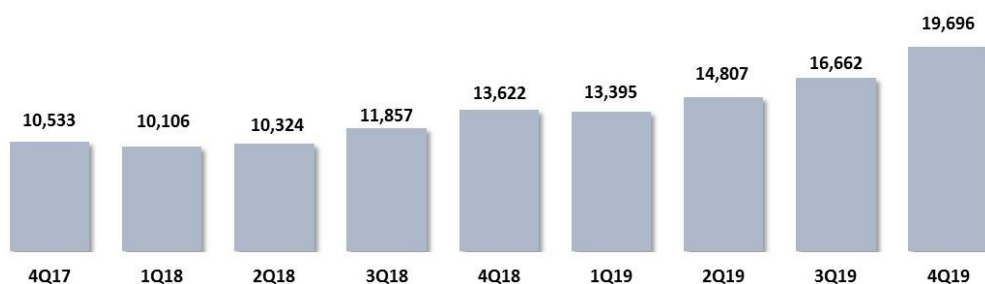
The Expanded Credit Portfolio increased 14.5% in the last three months of 2019, to R\$ 27.4 billion, which was 38.8% higher than at the end of 2018 and mainly driven by the operations of companies. Transaction highlights included: Working Capital, Purchase of Credit Rights and Sureties and Guarantees Given. Strong commercial dynamics, differentiated service and agile processes are some of the reasons that explain this result.

## Companies Portfolio

R\$ million

**R\$ 19.7 billion**

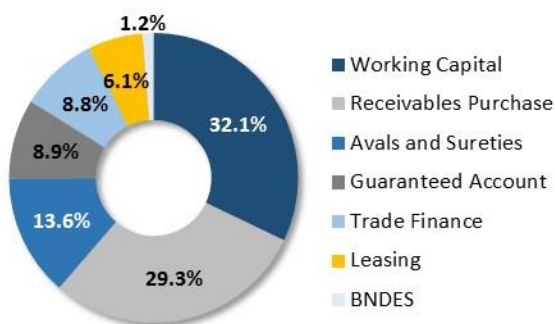
+ 18.2% in 3 months  
+ 44.6% in 12 months



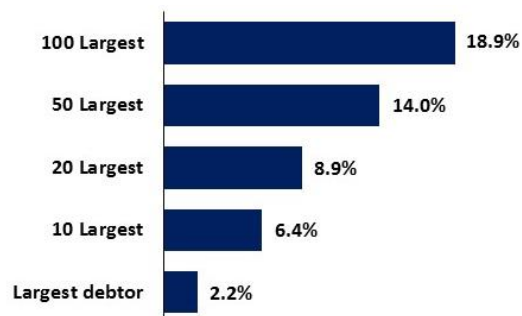
### Credit to Companies Breakdown (R\$ mn)

	4Q19	3Q19	Δ	4Q18	Δ
Working Capital	6,325.6	5,542.0	14.1%	4,930.7	28.3%
Receivables Purchase	5,765.3	3,674.3	56.9%	3,199.0	80.2%
Guaranteed Account	1,760.9	1,746.9	0.8%	1,749.9	0.6%
Trade Finance	1,738.1	1,954.2	-11.1%	1,142.6	52.1%
Leasing	1,203.8	1,109.3	8.5%	849.6	41.7%
BNDES	226.1	270.9	-16.5%	366.8	-38.4%
Avals and Sureties	2,675.8	2,364.5	13.2%	1,383.8	93.4%
<b>Total Companies</b>	<b>19,695.6</b>	<b>16,662.1</b>	<b>18.2%</b>	<b>13,622.4</b>	<b>44.6%</b>

### Companies Portfolio Breakdown (%)



### Credit Concentration (%)

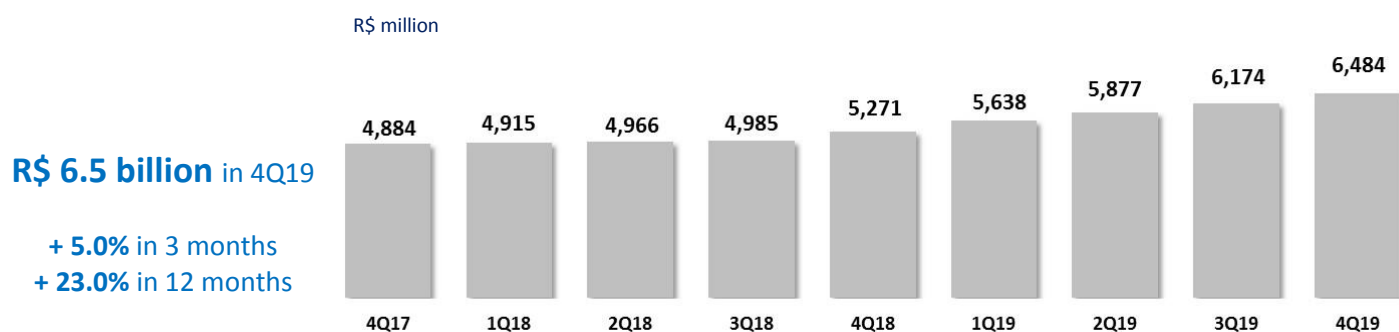


### Companies Overdue Loans (R\$ mn)

	4Q19	3Q19	Δ	4Q18	Δ
Overdue Loans more than 14 days past due	117.5	126.8	-7.3%	147.4	-20.3%
Overdue Loans more than 60 days past due (*)	134.4	167.4	-19.7%	187.6	-28.4%
Overdue Loans more than 90 days past due (*)	116.3	152.2	-23.6%	127.4	-8.7%
<b>Credit Ratios - (%)</b>					
Final Balance LLP/Companies Portfolio (%)	4.2%	4.7%	-0.5 p.p	5.2%	-1.0 p.p
Overdue Loans more than 14 days past due / Companies Portfolio	0.6%	0.8%	-0.2 p.p	1.1%	-0.5 p.p
Overdue Loans more than 60 days past due / Companies Portfolio	0.7%	1.0%	-0.3 p.p	1.4%	-0.7 p.p
Overdue Loans more than 90 days past due / Companies Portfolio	0.6%	0.9%	-0.3 p.p	0.9%	-0.3 p.p
<b>Coverage Ratios - (%)</b>					
LLP Balance / Overdue Loans > 60 days (%)	616.4%	465.9%	150.5 p.p	380.2%	236.2 p.p
LLP Balance / Overdue Loans > 90 days (%)	712.3%	512.4%	199.9 p.p	559.9%	152.4 p.p

(\*) Installments falling due

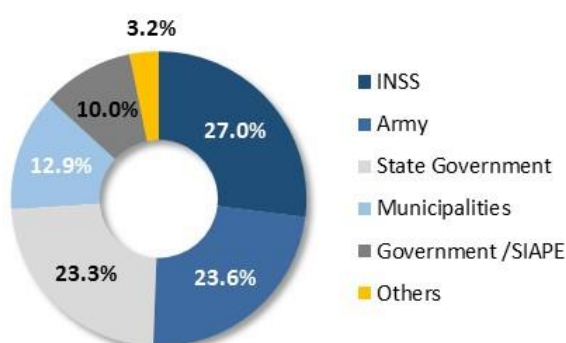
## Payroll Loans



Payroll loans ended 4Q19 with a balance of R\$ 6,483.6 million, an increase of 5.0% compared to 3Q19 and up 23.0% compared to 4Q18, in line with the growth of the total portfolio. The payroll card portfolio totaled R\$ 518.2 million in 4Q19, an increase of 9.5% in three months and growth of 32.0% in the last 12 months. Noteworthy was the increase in the volume of loans released in 2019, especially when observing the evolution of the *mobile channel*. This rise was related to the portfolio's sustainable growth strategy.

It is possible to simulate and contract loans and financing, refinancing, accompany proposals and registration updates through the APP|Payroll Loan software program. In 2019, more than R\$ 236.5 million was originated through this channel.

### Payroll Breakdown



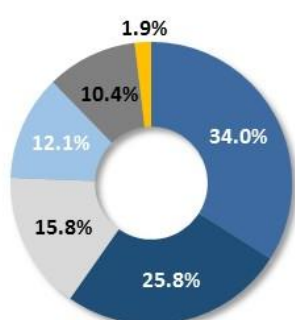
### Portfolio Origination



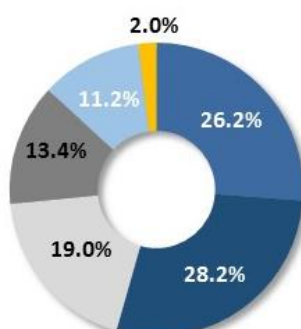
In the charts below, we show the Refinancing loan where the client (public servant/INSS pensioner) gets the previous loan settled with the Bank and is given a new loan. In this transaction, the commission paid to the correspondent bank is lower than the traditional one. The Bank adopted this strategy to focus more on the product margin.

### Breakdown Payroll Origination

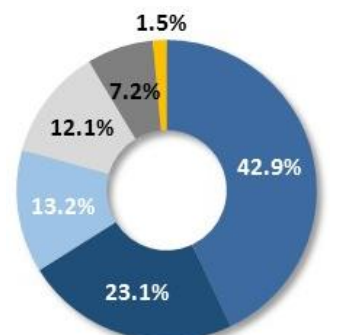
#### Total Origination



#### Net Origination



#### Refinancing Origination

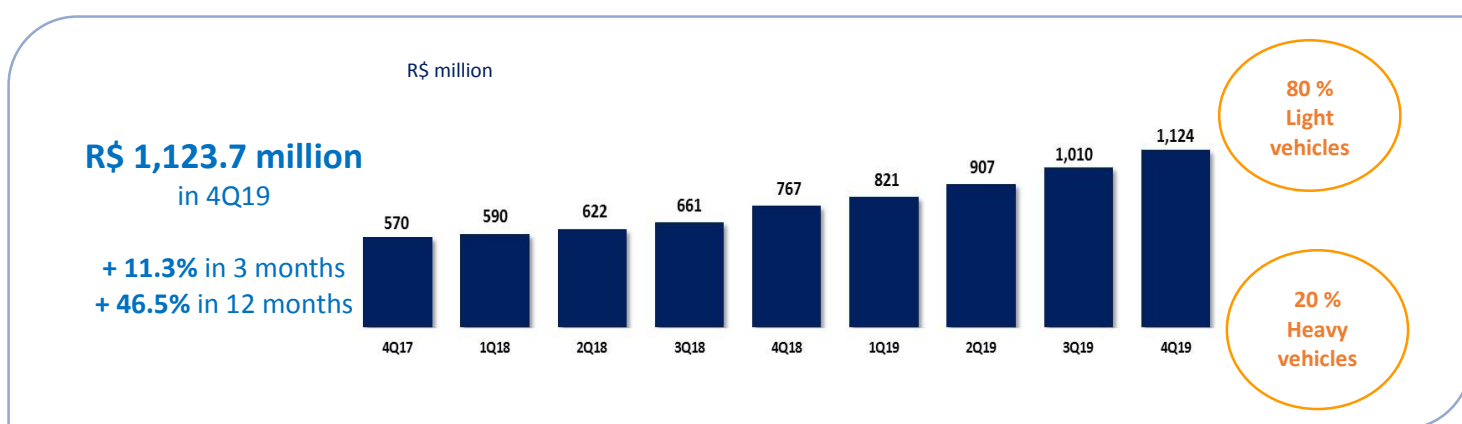


Army INSS Municipalities State Government Government/SIAPE Others

Payroll Overdue Loans (R\$ mn)	4Q19	3Q19	Δ	4Q18	Δ
Overdue Loans more than 14 days past due	116.5	91.4	27.5%	95.7	21.7%
Overdue Loans more than 60 days past due (*)	248.7	228.5	8.8%	319.3	-22.1%
Overdue Loans more than 90 days past due (*)	215.9	187.8	15.0%	264.1	-18.3%
<b>Credit Ratios - (%)</b>					
Final Balance LLP/Payroll Portfolio (%)	5.8%	6.4%	-0.6 p.p	6.1%	-0.3 p.p
Overdue Loans more than 14 days past due /Payroll Portfolio	1.8%	1.5%	0.3 p.p	1.8%	-
Overdue Loans more than 60 days past due /Payroll Portfolio	3.8%	3.7%	0.1 p.p	6.1%	-2.3 p.p
Overdue Loans more than 90 days past due /Payroll Portfolio	3.3%	3.0%	0.3 p.p	5.0%	-1.7 p.p
<b>Coverage Ratios - (%)</b>					
LLP Balance / Overdue Loans > 60 days (%)	151.7%	171.6%	-19.9 p.p	100.2%	51.5 p.p
LLP Balance / Overdue Loans > 90 days (%)	174.7%	208.8%	-34.1 p.p	121.1%	53.6 p.p

(\*) Installments falling due

## Auto Loans



This segment ended 4Q19 with a balance of R\$ 1,123.7 million, an increase of 11.3% compared to 3Q19 and 46.5% in relation to 4Q18. Light vehicles remain the largest share in the portfolio in relation to heavy vehicles, representing 80% of the portfolio in 4Q19. Our performance continues to be supported by the + business platform that delivers the best client journey experience.

## Total Origination



Auto Overdue Loans + Others (R\$ mn)	4Q19	3Q19	Δ	4Q18	Δ
Overdue Loans more than 14 days past due	32.6	29.8	9.4%	26.4	23.5%
Overdue Loans more than 60 days past due (*)	89.5	80.2	11.6%	66.8	34.0%
Overdue Loans more than 90 days past due (*)	61.7	57.5	7.3%	45.5	35.6%
<b>Credit Ratios - (%)</b>					
Final Balance LLP/Auto Loans Portfolio (%)	9.9%	10.0%	-0.1 p.p	8.3%	1.6 p.p
Overdue Loans more than 14 days past due / Auto Loans Portfolio + Others	2.9%	3.0%	-0.1 p.p	3.4%	-0.5 p.p
Overdue Loans more than 60 days past due / Auto Loans Portfolio + Others	8.0%	7.9%	0.1 p.p	8.7%	-0.7 p.p
Overdue Loans more than 90 days past due / Auto Loans Portfolio + Others	5.5%	5.7%	-0.2 p.p	5.9%	-0.4 p.p
<b>Coverage Ratios - (%)</b>					
LLP Balance / Overdue Loans > 60 days (%)	123.8%	125.7%	-1.9 p.p	94.9%	28.9 p.p
LLP Balance / Overdue Loans > 90 days (%)	179.6%	175.3%	4.3 p.p	139.3%	40.3 p.p

(\*) Installments falling due

## CGI – Home Equity

**R\$ 56.7 million**  
in 4Q19

+ 12.1% in 12 months

### Advantages



- ✓ Credit limit from R\$ 50,000 to R\$ 1 million;
- ✓ Credit equivalent to up to 60% of the property;
- ✓ Up to 180 months to pay;

### Guarantees



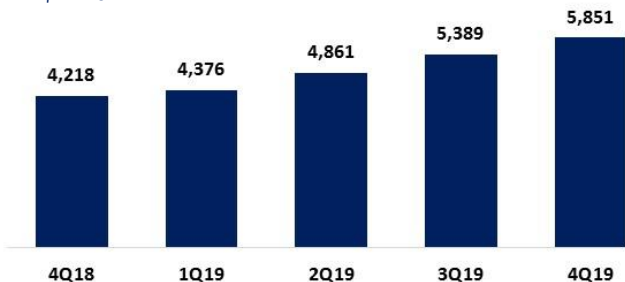
- ✓ Have own property built;
- ✓ Property in the name of the borrower;
- ✓ Property with value over R\$ 100,000;
- ✓ Income for credit approval comprised of up to 4 people;
- ✓ Legalized documentation.

**Daycoval**  
ASSET MANAGEMENT



- ✓ **R\$ 5.8 billion of Assets under Management**
- ✓ **Management of 63 Funds**
- ✓ **More than 35 thousand investors**

R\$ million



Daycoval Asset Management serves clients seeking sophisticated solutions aligned with their investment profile. With various types of investment funds and differentiated products and services, such as portfolio management. In 4Q19, it ended with a total of administered and/or managed funds of R\$ 5,851.3 million.

It currently manages 63 funds: 33 Multimarket Funds, 11 Fixed Income Funds, 7 Equity Funds, 5 FIDCs, 1 Real Estate Fund, 5 Holding Funds and 1 Managed Portfolio.

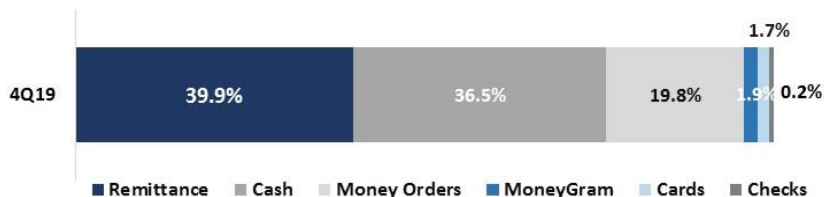
Gross revenue from investment fund management was R\$ 4.8 million in 4Q19 and R\$ 17.0 million in 2019. Asset has a specialized team of 20 employees, including traders, managers, back office and commercial area, with deep market knowledge.

## Custodial and Administration Services

The focus on the Capital Market services segment was expanded, with a new team focused on the Custodial and Administration segments. In 2019, the amount of Custodial and Management services (including Daycoval Asset) reached R\$ 12.6 billion.

Daycoval | Câmbio

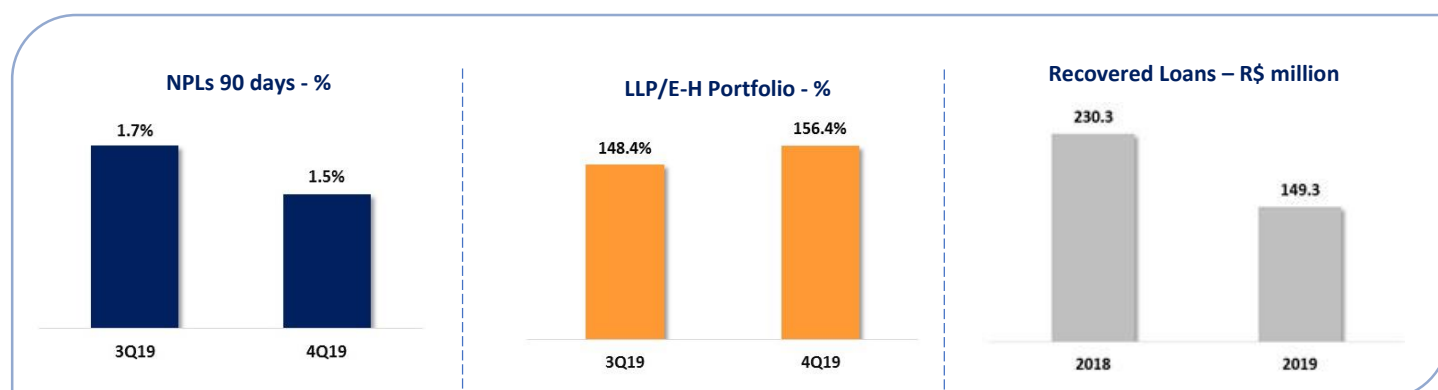
### Mix of Products (%)



**ANNUAL REVENUE OF R\$ 108.0 million**

- ✓ + R\$ 4,737.3 million in cash transactions in 2019;
- ✓ + 1,735 operations in 2019, only retail;
- ✓ 415,000 clients in 2019;
- ✓ 62% clients carried out more than two operations;
- ✓ 72% for purchases and 28% for sale;
- ✓ 99% of operations for Individuals;
- ✓ 175 Service Outlets;
- ✓ In 2019, 60% of the transactions originated in our own stores and 40% was through correspondents.

## Credit Portfolio Quality



### Banco Daycoval - R\$ mn

Rating	Required Provision	Loans	%	Provision*	94.6% between AA-C
AA	0.0%	5,091.9	18.6%	-	
A	0.5%	8,369.8	30.6%	60.7	
B	1.0%	10,153.1	37.1%	284.1	
C	3.0%	2,264.0	8.3%	206.3	
D	10.0%	637.0	2.3%	63.7	
E	30.0%	117.9	0.4%	35.4	
F	50.0%	90.7	0.3%	45.3	
G	70.0%	37.4	0.2%	26.2	
H	100.0%	597.8	2.2%	597.8	
<b>Total Portfolio</b>		<b>27,359.6</b>	<b>100.0%</b>	<b>1,319.5</b>	
<b>Total Provision/ Portfolio</b>				<b>4.8%</b>	

(\*) Includes Avals and Sureties in the amount of R\$ 25.0 million in 2019.

An important indicator of the quality of the loan portfolio is the total operations rated AA and C, which are the best risk ratings under current regulations, totaling 94.6% of the total loan portfolio as at December 31, 2019. The balance of the loan loss provision represented 4.8% of the loan portfolio, against 5.3% in 3Q19.

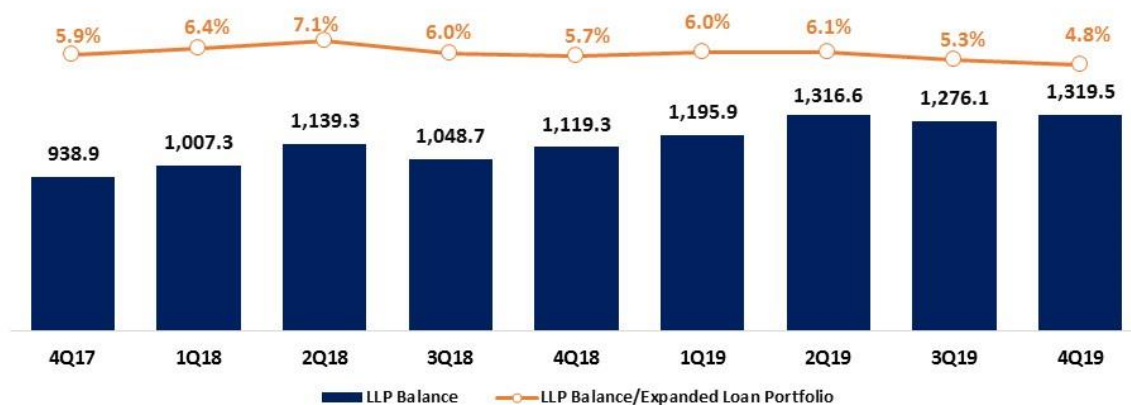


**4Q19**

Companies			Payroll		Vehicles and Others		Home Equity	
Rating	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision
AA - C	18,815.7	368.6	6,177.7	136.5	832.1	44.5	53.3	1.6
D	371.8	37.2	38.1	3.8	226.5	22.6	0.5	0.1
E	68.8	20.6	26.7	8.0	21.4	6.4	1.1	0.3
F	64.7	32.4	15.7	7.9	9.3	4.6	1.0	0.5
G	16.3	11.4	14.4	10.1	5.9	4.2	0.7	0.5
H	358.3	358.2	211.0	210.9	28.5	28.5	0.1	0.1
<b>Total</b>	<b>19,695.6</b>	<b>828.4</b>	<b>6,483.6</b>	<b>377.2</b>	<b>1,123.7</b>	<b>110.8</b>	<b>56.7</b>	<b>3.1</b>
LLP Balance/ Loans		4.2%			5.8%			9.9%

**3Q19**

Companies			Payroll		Vehicles and Others		Home Equity	
Rating	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision
AA - C	15,717.4	279.7	5,882.1	150.1	726.3	37.7	51.6	1.6
D	412.6	41.2	27.3	2.7	222.3	22.2	0.2	-
E	50.5	15.1	20.5	6.2	19.4	5.8	1.0	0.3
F	72.7	36.3	13.4	6.7	8.4	4.2	0.8	0.4
G	4.7	3.3	13.7	9.6	6.1	4.3	-	-
H	404.2	404.2	216.9	216.9	27.0	27.0	0.6	0.6
<b>Total</b>	<b>16,662.1</b>	<b>779.8</b>	<b>6,173.9</b>	<b>392.2</b>	<b>1,009.5</b>	<b>101.2</b>	<b>54.2</b>	<b>2.9</b>
LLP Balance/ Loans		4.7%			6.4%			10.0%

**LLP Balance (including avals and sureties) /Expanded Loan Portfolio**


Overview of Quality of Expanded Loan Portfolio (R\$ million)	4Q19	3Q19	Δ	4Q18	Δ	2019	2018	Δ
Expanded Loan Portfolio	27,359.6	23,899.7	14.5%	19,710.6	38.8%	27,359.6	19,710.6	38.8%
Establishment of Provision	121.1	41.0	195.4%	183.9	-34.1%	503.9	718.3	-29.8%
LLP Balance	1,319.5	1,276.1	3.4%	1,119.3	17.9%	1,319.5	1,119.3	17.9%
Final Balance Loan E-H	843.9	860.1	-1.9%	894.7	-5.7%	843.9	894.7	-5.7%
Overdue Loans more than 14 days past due	267.0	248.6	7.4%	270.0	-1.1%	267.0	270.0	-1.1%
Overdue Loans more than 60 days past due (*)	476.5	481.7	-1.1%	577.3	-17.5%	476.5	577.3	-17.5%
Overdue Loans more than 90 days past due (*)	397.6	402.6	-1.2%	440.3	-9.7%	397.6	440.3	-9.7%
<b>Credit Ratios - (%)</b>								
Final Balance LLP/Loan Portfolio	4.8%	5.3%	-0.5 p.p	5.7%	-0.9 p.p	4.8%	5.7%	-0.9 p.p
Final Balance Loan E-H/Loan Portfolio	3.1%	3.6%	-0.5 p.p	4.5%	-1.4 p.p	3.1%	4.5%	-1.3 p.p
Overdue Loans more than 60 days past due / Loan Portfolio	1.7%	2.0%	-0.3 p.p	2.9%	-1.2 p.p	1.7%	2.9%	-1.2 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	1.5%	1.7%	-0.2 p.p	2.2%	-0.7 p.p	1.5%	2.2%	-0.7 p.p
<b>Coverage Ratios - (%)</b>								
Final Balance LLP / Overdue Loans more than 14 days past due	494.2%	513.3%	-19.1 p.p	414.6%	79.6 p.p	494.2%	414.6%	79.6 p.p
Final Balance LLP / Overdue Loans more than 60 days past due	276.9%	264.9%	12.0 p.p	193.9%	83.0 p.p	276.9%	193.9%	83.0 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	331.9%	317.0%	14.9 p.p	254.2%	77.7 p.p	331.9%	254.2%	77.7 p.p
Final Balance LLP / Loan E-H	156.4%	148.4%	8.0 p.p	125.1%	31.3 p.p	156.4%	125.1%	31.3 p.p
Write-offs R\$ (mn)	(77.7)	(81.5)	-4.7%	(94.2)	-17.5%	(303.7)	(529.5)	-42.6%
Companies Recovered Loans	13.6	8.6	58.1%	70.3	-80.7%	102.8	188.2	-45.4%
Retail Recovered Loans	11.5	12.5	-8.1%	10.9	5.5%	46.5	42.1	10.5%

(\*) falling due installments

The provision balance totaled R\$ 1,319.5 million in 4Q19, an increase of 3.4% in the quarter. In the 2019 versus 2018 analysis, we saw growth of 17.9%, in line with the increase in the portfolio for the period. However, when compared to the constitution of the provision, there was a decline of 29.8% in 2019 over 2018, demonstrating the improvement in the portfolio quality.

The E-H portfolio balance ended 4Q19 at R\$ 843.9 million, 1.9% lower than in 3Q19. The loan loss provision index divided by the E-H Portfolio was 156.4%, an improvement of 8.0 p.p. over 3Q19. In the last 12 months, we saw an improvement of 31.3 p.p. in this index, demonstrating that our level of provisioning in relation to the credit portfolio reflects the improvement in the quality of our operations and the bettering of the provisioning models, which are based on statistical models that capture historical, current and prospective information.

The LLP balance is related to the quality of our portfolio, which can be justified by the improvement in default indicators, loans overdue for more than 90 days/company portfolio (including instalments falling due), which reached 1.5% in 4Q19, a reduction of 0.2 p.p. compared to 3Q19 and a reduction of 0.7 p.p. compared to 4Q18. When we analyzed the credit indicators for loans overdue by 14 and 60 days, we observed an improvement in the ratios during the quarter.

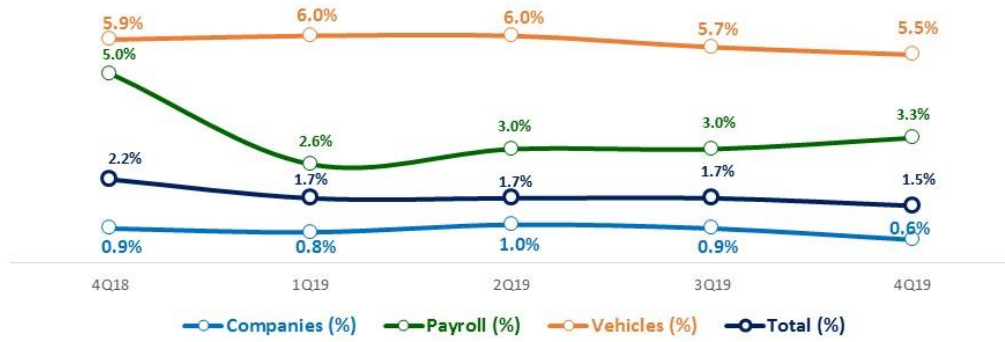
We ended the quarter with an additional loan loss provision in the amount of R\$ 324.7 million, against R\$ 273.2 million in 3Q19, the balance included in the indicators.

The amount written off for losses was R\$ 77.7 million during 4Q19. In 2019, the total amount written off was R\$ 303.7 million, against R\$ 529.5 million in the previous period.

LLP (R\$ mn)	4Q19	3Q19	Δ	4Q18	Δ	2019	2018	Δ
Balance at the Beginning of the Period	1,276.1	1,316.6	-3.1%	1,029.6	23.9%	1,119.3	930.5	20.3%
<b>Establishment of Provision</b>	<b>121.1</b>	<b>41.0</b>	<b>195.4%</b>	<b>183.9</b>	<b>-34.1%</b>	<b>503.9</b>	<b>718.3</b>	<b>-29.8%</b>
Companies	79.1	(14.3)	n.a.	87.0	-9.1%	229.3	423.1	-45.8%
Avals and Sureties	5.3	4.7	12.8%	19.4	-72.7%	5.7	19.4	-70.6%
Payroll	13.7	27.7	-50.5%	63.1	-78.3%	176.1	227.0	-22.4%
Auto/Other	22.3	23.1	-3.5%	14.2	57.0%	91.2	46.8	94.9%
Property Guaranteed Credit	0.7	(0.2)	n.a.	0.2	n.a.	1.6	2.0	-20.0%
<b>Write-offs</b>	<b>(77.7)</b>	<b>(81.5)</b>	<b>-4.7%</b>	<b>(94.2)</b>	<b>-17.5%</b>	<b>(303.7)</b>	<b>(529.5)</b>	<b>-42.6%</b>
Companies	(35.9)	(40.4)	-11.1%	(53.0)	-32.3%	(139.8)	(353.8)	-60.5%
Retail	(41.8)	(41.1)	1.7%	(41.2)	1.5%	(163.9)	(175.7)	-6.7%
<b>Final Balance LLP (without additional provision)</b>	<b>1,319.5</b>	<b>1,276.1</b>	<b>3.4%</b>	<b>1,119.3</b>	<b>17.9%</b>	<b>1,319.5</b>	<b>1,119.3</b>	<b>17.9%</b>

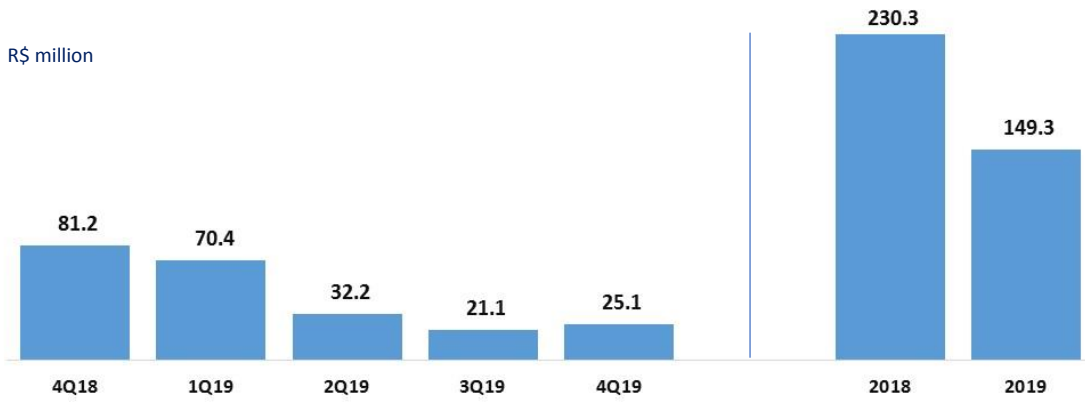
(\*) Includes Avals and sureties in the amount of R\$ 25 million in 4Q19 and R\$ 19.4 million for 4Q18.

### NPLs | 90 days



### Recovered Loans

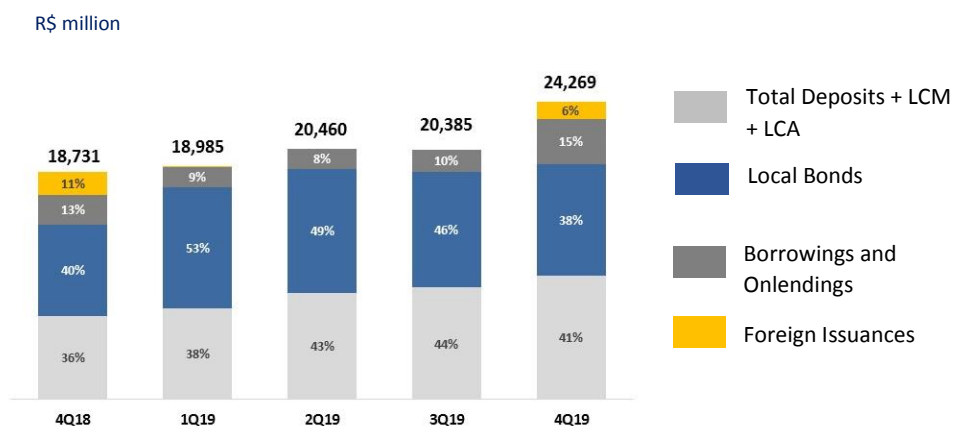
R\$ million



## Funding

R\$ 24.3 billion in 4Q19

+19.1% in 3 months  
+ 29.6% in 12 months



Funding (R\$ mn)	4Q19	3Q19	Δ	4Q18	Δ
<b>Total Deposits</b>	<b>8,319.9</b>	<b>7,273.3</b>	<b>14.4%</b>	<b>5,395.7</b>	<b>54.2%</b>
Time Deposits	6,973.8	6,125.2	13.9%	4,129.1	68.9%
Demand Deposits + Other Deposits	1,097.7	953.0	15.2%	871.1	26.0%
Interbank Deposits	248.4	195.1	27.3%	395.5	-37.2%
<b>Local Bonds (Letras Financeiras)</b>	<b>9,062.4</b>	<b>9,466.2</b>	<b>-4.3%</b>	<b>7,439.2</b>	<b>21.8%</b>
Private Offerings	6,526.2	6,948.3	-6.1%	6,913.8	-5.6%
Public Offerings	2,536.2	2,517.9	0.7%	525.4	n.a.
<b>Letter of Credit Home Mortgage</b>	<b>845.9</b>	<b>944.8</b>	<b>-10.5%</b>	<b>773.9</b>	<b>9.3%</b>
<b>Letter of Credit Agribusiness</b>	<b>783.3</b>	<b>745.7</b>	<b>5.0%</b>	<b>663.8</b>	<b>18.0%</b>
<b>Subordinated Local Bonds (Letras Financeiras Subordinadas)</b>	<b>158.1</b>	<b>155.7</b>	<b>1.5%</b>	<b>147.3</b>	<b>7.3%</b>
<b>Borrowing and Onlending</b>	<b>3,687.4</b>	<b>1,799.1</b>	<b>105.0%</b>	<b>2,413.6</b>	<b>52.8%</b>
Foreign borrowings	3,462.2	1,529.9	n.a.	2,047.0	69.1%
Domestic onlendings	225.2	269.2	-16.3%	366.6	-38.6%
<b>Foreign Issuances</b>	<b>1,411.5</b>	<b>-</b>	<b>-</b>	<b>1,898.0</b>	<b>-25.6%</b>
<b>Total</b>	<b>24,268.5</b>	<b>20,384.8</b>	<b>19.1%</b>	<b>18,731.5</b>	<b>29.6%</b>

Regarding funding, the institution maintained its focus on the stability of the funds raised, either through lengthening operations or the solid expansion of its customer base, comprised of both individuals and companies.

Client funding totaled R\$ 24.3 billion in the quarter, a 19.1% increase over 3Q19 and a 29.6% increase in 12 months, driven by two operations in the international market during the quarter.

Local bond (*Letras Financeiras*) funding totaled R\$ 9.1 billion, down 4.3% in the quarter but up 21.8% over 4Q18.

At the international level, Daycoval raised funds from IDB Invest for up to four years, in the amount of US\$ 425.0 million, of which US\$ 150.0 million was financed with resources from IDB Invest and the rest through a group banks, including:



In addition the issue of Bonds in the international market, maturing in five years, totaling US\$ 350.0 million, with more than US\$ 500.0 million in demand. These two issues served to strengthening the bank's funding, the receptivity toward these two issuances demonstrated a positive response from the international community to our positioning, security, and the strength of our balance sheet. The external issuance line totaled R\$ 4,873.7 billion in 4Q19.

The bank is in a comfortable liquidity position, with stable funding sources and adequate funding structure.

## Daycoval Digital

Daycoval has strengthened its digital strategy by enabling its clients to be more agile and making borrowing easier, as well as for contracting financial products and services. Through a wide range of products available (LCI, LCA, Local Bonds, Fixed Income, CDB, Funds and Automatic Credit), Daycoval's Digital platform also offers Customer Advice and Service through a direct channel with Investment Specialists, either via telephone, email, WhatsApp or Dayane (Virtual Assistant).



### Multiplatforms

Clients enjoy the convergence between the service channels, which complement each other on a financial services platform, including the *application, internet banking and services using artificial intelligence* (Dayane).



### Enhanced Customer Journey

Clients receive product and service answers and transaction assistance, enabling greater autonomy and ease in consultations.



### Agility via mobile and Internet transactions

It is possible to open an account, access the account and/or perform operations, consult financial positions, by mobile device, computer or tablet from anywhere, safely and conveniently.

## Asset and Liability Management



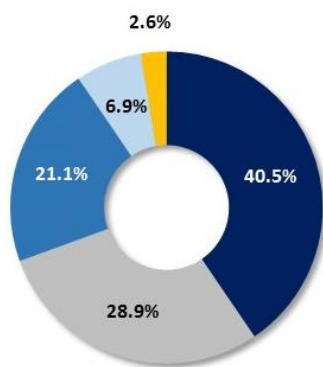
**Positive Gap of 274 days**

Loan Portfolio by Segment	Average term to Maturity <sup>(1)</sup> days	Funding	Average term to Maturity <sup>(1)</sup> days
Companies	206	Total Deposits	139
Trade Finance	62	Interbank Deposits	168
Payroll Loans	528	Local Bonds (letras financeiras)	613
Auto Loans	499	LCA (Letter of Credit Agribusiness)	109
Leasing	574	LCM (Letter Home Mortgage)	305
BNDES	415	Borrowing and Onlending <sup>(2)</sup>	603
		BNDES	419
<b>Total Loan Portfolio</b>	<b>322</b>	<b>Total Funding</b>	<b>596</b>

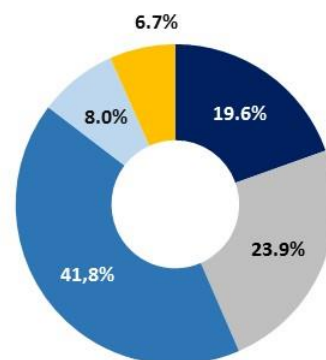
(1) From December, 2019

### Maturity of Operations

**Loan Portfolio**

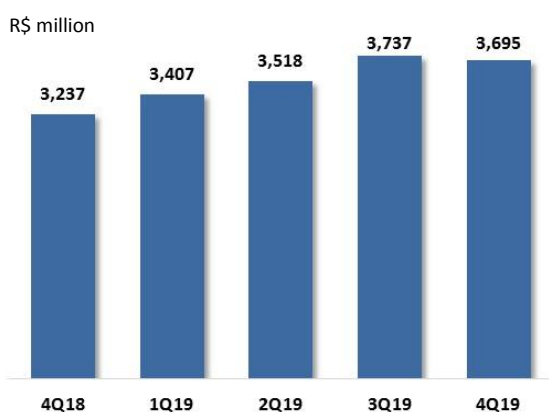


**Funding**



Up to 3 months
  3-12 months
  1-3 years
  3-5 years
  Over 5 years

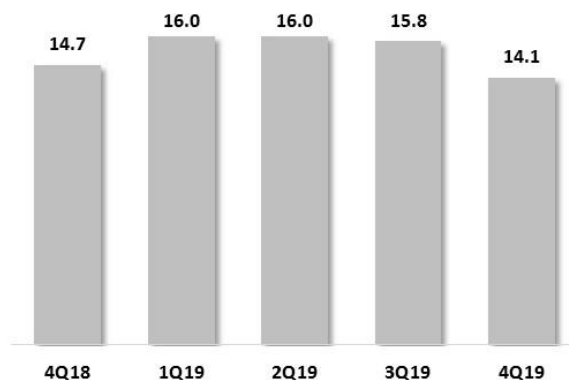
### Net Equity



Shareholders' Equity (PL) totaled R\$ 3.7 billion in 4Q19, an increase of 14.2% compared to 2018.

In 2019, it was decided to pay R\$ 197.1 million in interest on Shareholder's Equity (ISE) and R\$ 500.0 million in dividends, considering the amount of R\$ 125.3 million "ad referendum" of the General Shareholders Meeting.

### Basel Ratio (%)



The Basel Accord provides for banks to maintain a minimum percentage of equity weighted by the risk incurred in their operations. In Brazil, the Central Bank requires banks operating in Brazil to comply with a minimum percentage of 8.0% of risk-weighted assets, calculated based on the rules of the Basel III Accord.

### Change in Shareholder's Equity – 2019



(\*) In fiscal year 2019, additional dividends were proposed in the amount of R\$ 125.3 million "ad referendum" of the General Shareholders Meeting, which are not included in the change in Shareholders' Equity.



## Ratings

	Global Scale		National Scale		Outlook
	Long Term	Short Term	Long Term	Short Term	
Moody's	Ba2	-	Aa2.br	BR-1	Stable
Fitch Ratings	BB-	B	AA(bra)	F1+(bra)	Stable
Standard&Poors	BB-	B	brAA+	brA-1+	Stable
RISKbank	BRMP 2 Low Risk for Long Term (up to 5 years) - Very Safe				

**Sovereign  
level**

## Financial Performance

Income from Financial Intermediation (R\$ mn)	4Q19	3Q19	Δ	4Q18	Δ	2019	2018	Δ
<b>Loans Operations</b>	<b>845.7</b>	<b>837.1</b>	<b>1.0%</b>	<b>770.0</b>	<b>9.8%</b>	<b>3,251.2</b>	<b>3,020.4</b>	<b>7.6%</b>
Companies Portfolio	370.5	377.1	-1.8%	384.5	-3.6%	1,472.0	1,509.9	-2.5%
Payroll	392.6	385.4	1.9%	331.6	18.4%	1,496.5	1,312.8	14.0%
Auto/Other	79.9	71.6	11.6%	51.2	56.1%	271.6	188.2	44.3%
Direct Credit to Consumer	2.7	3.0	-10.0%	2.7	0.0%	11.1	9.5	16.8%
Leasing Operation	131.5	121.5	8.2%	106.3	23.7%	473.3	376.6	25.7%
Securities Operations	80.7	121.0	-33.3%	125.1	-35.5%	438.5	491.9	-10.9%
Derivatives <sup>(1)</sup>	(111.7)	2.9	n.a.	(173.5)	-35.6%	(195.2)	372.9	n.a.
Foreign Exchange Operations	55.8	74.6	-25.2%	35.1	59.0%	218.0	191.6	13.8%
Sales or Transfer Financial Asset Operations	3.8	2.7	40.7%	2.8	35.7%	12.5	6.2	n.a.
<b>Income from Financial Intermediation (A)</b>	<b>1,005.8</b>	<b>1,159.8</b>	<b>-13.3%</b>	<b>865.8</b>	<b>16.2%</b>	<b>4,198.3</b>	<b>4,459.6</b>	<b>-5.9%</b>
Funding Operations <sup>(2)</sup>	(263.8)	(315.9)	-16.5%	(202.5)	30.3%	(1,162.5)	(1,347.9)	-13.8%
Borrowings and Onlendings Operations <sup>(3)</sup>	42.7	(103.2)	n.a.	40.8	4.7%	(86.4)	(399.7)	-78.4%
Leasing Operation	(91.7)	(82.6)	11.0%	(67.6)	35.7%	(320.2)	(245.8)	30.3%
Sales or Transfer Financial Asset Operations	(1.3)	(1.6)	-18.8%	(3.3)	-60.6%	(7.6)	(17.8)	-57.3%
Loan Loss Provision (LLP)	(123.3)	(35.3)	n.a.	(164.8)	-25.2%	(478.9)	(698.9)	-31.5%
<b>Expenses on Financial Intermediation (B)</b>	<b>(437.4)</b>	<b>(538.6)</b>	<b>-18.8%</b>	<b>(397.4)</b>	<b>10.1%</b>	<b>(2,055.6)</b>	<b>(2,710.1)</b>	<b>-24.2%</b>
<b>Gross Income from Financial Intermediation (A-B)</b>	<b>568.4</b>	<b>621.2</b>	<b>-8.5%</b>	<b>468.4</b>	<b>21.3%</b>	<b>2,142.7</b>	<b>1,749.5</b>	<b>22.5%</b>
Exchange Rate Variation <sup>(4)</sup>	29.0	(0.3)	n.a.	(0.1)	n.a.	26.2	(0.4)	n.a.
Income from Receivables purchase <sup>(4)</sup>	104.2	88.5	17.7%	77.0	35.3%	347.9	256.5	35.6%
<b>Adjusted Income from Financial Intermediation</b>	<b>701.6</b>	<b>709.4</b>	<b>-1.1%</b>	<b>545.3</b>	<b>28.7%</b>	<b>2,516.8</b>	<b>2,005.6</b>	<b>25.5%</b>
Hedge MTM - Foreign Issues and Credit Operations	(41.8)	(38.2)	9.4%	(6.9)	n.a.	(145.0)	(54.9)	n.a.
<b>Adjusted Gross Income from financial intermediation - Except MTM - Hedge</b>	<b>743.4</b>	<b>747.6</b>	<b>-0.6%</b>	<b>552.2</b>	<b>34.6%</b>	<b>2,661.8</b>	<b>2,060.5</b>	<b>29.2%</b>
(1) Income from Derivatives (Hedge)	(122.2)	26.0		(167.2)		(187.6)	356.7	
(2) Foreign Exchange Variation without Foreign Issues	2.1	0.0		64.6		22.3	(283.4)	
(3) Foreign Exchange Variation without Borrowings abroad	56.7	(86.6)		62.1		(3.7)	(287.7)	
(4) Reclassified from other operating/expenses revenues.	133.2	88.2		76.9		347.9	256.1	

In 4Q19, revenues from credit operations reached R\$ 845.7 million, 1.0% higher than 3Q19 and 9.8% in the last 12 months, due to the maintenance of margins and portfolio growth.

The line of credit operations for Companies ended 4Q19 with revenues of R\$ 370.5 million, down 1.5% compared to 3Q19 and 2.5% lower when compared to the same period of 2018. The Payroll Loan line ended the quarter with revenue of R\$ 392.6 million, an increase of 1.9% compared to 3Q19 and 14.0% growth in the year, and the auto line with a balance of R\$ 79.9 million in the quarter and R\$ 271.6 million in the year, an increase of 11.6% and 44.3% respectively.

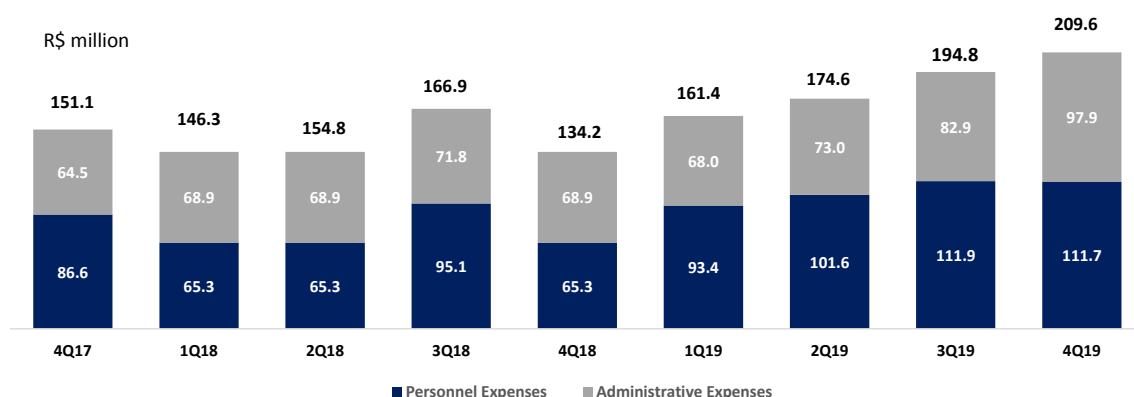
Leasing Operations ended the quarter with revenues of R\$ 131.5 million, an increase of 8.2% compared to 3Q19; in the year we had revenue of R\$ 473.3 million, an expansion of 25.7% compared to 2018.

Gross Income from Financial Intermediation ended the quarter with a balance of R\$ 568.4 million. Excluding the effect of the Hedge MTM - Foreign Borrowing and credit operations, considering the reclassification of the exchange variation on passive operations and the revenue from the receivables purchase operations, the adjusted gross income of financial intermediation was R\$ 701.6 million in 4Q19.

Expenses for market funding, borrowing and onlending totaled R\$ 437.4 million in the quarter.

The result with derivatives was negative R\$ 111.7 million in 4Q19 and included negative R\$ 122.2 million in hedges. Excluding these effects, the result with derivatives was R\$ 10.5 million positive in 4Q19 versus a negative R\$ 23.1 million in 3Q19.

## Personnel and Administrative Expenses



Personnel and Administrative Expenses (R\$ mn)	4Q19	3Q19	Δ	4Q18	Δ	2019	2018	Δ
Personnel Expenses	(111.7)	(111.9)	-0.2%	(65.3)	71.1%	(418.6)	(329.7)	27.0%
Administrative Expenses	(97.9)	(82.9)	18.1%	(68.9)	42.1%	(322.0)	(268.5)	19.9%
<b>Total Personnel and Administrative Expenses</b>	<b>(209.6)</b>	<b>(194.8)</b>	<b>7.6%</b>	<b>(134.2)</b>	<b>56.2%</b>	<b>(740.6)</b>	<b>(598.2)</b>	<b>23.8%</b>
<b>Commission Expenses (total)</b>	<b>(60.7)</b>	<b>(70.6)</b>	<b>-14.0%</b>	<b>(80.6)</b>	<b>-24.7%</b>	<b>(241.6)</b>	<b>(238.3)</b>	<b>1.4%</b>
Payroll	(45.7)	(56.6)	-19.3%	(72.0)	-36.5%	(191.9)	(195.2)	-1.7%
Auto Loans + Others	(14.9)	(13.9)	7.2%	(8.3)	79.5%	(49.3)	(42.5)	16.0%
Property Guaranteed Credit	(0.1)	(0.1)	0.0%	(0.3)	-66.7%	(0.4)	(0.6)	-33.3%
<b>Total</b>	<b>(270.3)</b>	<b>(265.4)</b>	<b>1.8%</b>	<b>(214.8)</b>	<b>25.8%</b>	<b>(982.2)</b>	<b>(836.5)</b>	<b>17.4%</b>

## Recurring Efficiency Ratio

**28.8% in 4Q19**

**- 2.4 p.p. in 3 months**  
**+ 2.5 p.p. in 12 months**



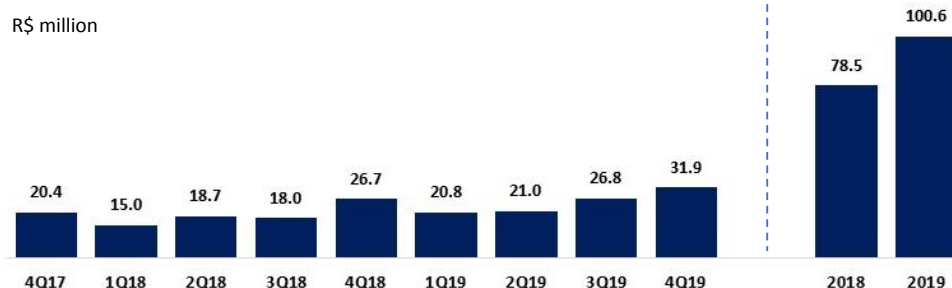
Recurring Efficiency Ratio (R\$ mn)	4Q19	3Q19	Δ	4Q18	Δ	2019	2018	Δ
(+) Personnel	(111.7)	(111.9)	-0.2%	(65.3)	71.1%	(418.6)	(329.7)	27.0%
(+) Administrative Expenses	(97.9)	(82.9)	18.1%	(68.9)	42.1%	(322.0)	(268.5)	19.9%
(+) Commissions	(60.7)	(70.6)	-14.0%	(80.6)	-24.7%	(241.6)	(238.3)	1.4%
(+) Depreciation and Amortization	2.8	2.7	3.7%	2.6	7.7%	10.9	10.3	5.8%
<b>Total Expenses (A)</b>	<b>(267.5)</b>	<b>(262.7)</b>	<b>1.8%</b>	<b>(212.2)</b>	<b>26.1%</b>	<b>(971.3)</b>	<b>(826.2)</b>	<b>17.6%</b>
(+) Income from Recurring Financial Intermediation - LLP	733.5	694.8	5.6%	688.7	6.5%	2,766.6	2,500.5	10.6%
(+) Income from Services Provided	61.9	58.1	6.5%	40.4	53.2%	216.9	160.3	35.3%
(+) Income from Receivables purchase	104.2	88.5	17.7%	77.0	35.3%	347.9	256.5	35.6%
(+) Other Adjustments	-	-	n.a	0.0	n.a	-	-	#DIV/0!
(+) Exchange Rate Variation	29.0	(0.3)	n.a	(0.1)	n.a	26.2	(0.4)	n.a
<b>Total Income (B)</b>	<b>928.6</b>	<b>841.1</b>	<b>10.4%</b>	<b>806.0</b>	<b>15.2%</b>	<b>3,357.6</b>	<b>2,916.9</b>	<b>15.1%</b>
<b>Recurring Efficiency Ratio (A/B) (%)</b>	<b>28.8%</b>	<b>31.2%</b>	<b>-2.4 p.p</b>	<b>26.3%</b>	<b>2.5 p.p</b>	<b>28.9%</b>	<b>28.3%</b>	<b>0.6 p.p</b>

## Other Operating Income/Expense

Other Operating Income/Expenses posted a positive result of R\$ 104.6 million in 4Q19, against a positive R\$ 70.0 million in 3Q19. After excluding the exchange variation effects, the result was R\$ 81.7 million positive in 4Q19 against R\$ 55.4 million positive in 3Q19. This increase mainly was driven by higher revenue from the purchase of credit rights.

## Profit Sharing Program

Expenses related to the provision for PPR and PLR payments totaled R\$ 31.9 million in 4Q19 and R\$ 100.6 million in 2019, an increase of 19.0 % compared to 3Q19 and 28.2% respectively.



## Annex I – Income Statement – in R\$ thousand

Income Statement	4Q19	3Q19	Δ	4Q18	Δ	2019	2018	Δ
Income from Financial Intermediation	1,005,759	1,159,898	-13.3%	865,818	16.2%	4,198,271	4,459,625	-5.9%
Lending Operation	845,690	837,130	1.0%	769,988	9.8%	3,251,185	3,020,400	7.6%
Leasing Operations	131,537	121,514	8.2%	106,333	23.7%	473,321	376,630	25.7%
Securities Operations	80,669	120,986	-33.3%	125,090	-35.5%	438,466	491,926	-10.9%
Derivatives	(111,735)	2,898	n.a.	(173,497)	-35.6%	(195,242)	372,918	n.a.
Foreign Exchange Operations	55,817	74,629	-25.2%	35,072	59.1%	218,005	191,536	13.8%
Operations Sale or Transfer of Financial Assets	3,781	2,741	37.9%	2,832	33.5%	12,536	6,215	n.a.
Expenses of Financial Intermediation	(437,430)	(538,674)	-18.8%	(397,377)	10.1%	(2,055,596)	(2,710,105)	-24.2%
Funding Expenses	(263,827)	(315,901)	-16.5%	(202,449)	30.3%	(1,162,479)	(1,347,880)	-13.8%
Borrowing and Onlendings	42,766	(103,231)	n.a.	40,771	4.9%	(86,388)	(399,724)	-78.4%
Leasing Operations	(91,744)	(82,594)	11.1%	(67,636)	35.6%	(320,157)	(245,759)	30.3%
Operations Sale or Transfer of Financial Assets	(1,336)	(1,638)	-18.4%	(3,255)	-59.0%	(7,642)	(17,831)	-57.1%
Loan Losses Provisions	(123,289)	(35,310)	n.a.	(164,808)	-25.2%	(478,930)	(698,911)	-31.5%
Gross Profit from Financial Intermediation	568,329	621,224	-8.5%	468,441	21.3%	2,142,675	1,749,520	22.5%
Other Operating Income (Expenses)	(151,683)	(191,285)	-20.7%	(177,551)	-14.6%	(697,196)	(628,433)	10.9%
Income from Services Provided	61,864	58,114	6.5%	40,398	53.1%	216,928	160,267	35.4%
Income from Insurance	600	555	8.1%	969	-38.1%	2,469	3,994	-38.2%
Personnel Expenses	(111,744)	(111,898)	-0.1%	(65,302)	71.1%	(418,594)	(329,735)	26.9%
Other Administrative Expenses	(158,615)	(153,520)	3.3%	(149,533)	6.1%	(563,560)	(506,779)	11.2%
Tax Expenses	(48,434)	(54,506)	-11.1%	(39,085)	23.9%	(183,560)	(148,459)	23.6%
Other Operating Income	170,943	149,051	14.7%	128,659	32.9%	550,662	429,457	28.2%
Other Operating Expenses	(66,297)	(79,081)	-16.2%	(93,657)	-29.2%	(301,541)	(237,178)	27.1%
Income from Operation	416,646	429,939	-3.1%	290,890	43.2%	1,445,479	1,121,087	28.9%
Non-operating Expenses	(1,560)	(1,785)	-12.6%	1,825	n.a.	75	5,245	-98.6%
Income before Taxes and Minority Interest	415,086	428,154	-3.1%	292,715	41.8%	1,445,554	1,126,332	28.3%
Income and Social Contribution Taxes	(10,039)	(133,021)	-92.5%	(106,056)	-90.5%	(324,706)	(401,996)	-19.2%
Provision for Income Tax	(159,032)	(82,758)	92.2%	(93,280)	70.5%	(384,284)	(245,556)	56.5%
Provision for Social Contribution Tax	(106,320)	(52,840)	n.a.	(77,699)	36.8%	(244,318)	(199,076)	22.7%
Deferred Taxes	255,313	2,577	n.a.	64,923	n.a.	303,896	42,636	n.a.
Profit-Sharing	(31,858)	(26,808)	18.8%	(26,735)	19.2%	(100,575)	(78,454)	28.2%
Minority Interest	(7)	(9)	-22.2%	(9)	-22.2%	(27)	(56)	-51.8%
Net Income	373,182	268,316	39.1%	159,915	133.4%	1,020,246	645,826	58.0%