



# Earnings Release 2Q20

BancoDaycoval

## Results

### Recurring Net Income

**R\$ 298.3 million in 2Q20**  
**R\$ 576.4 million in 1H20**  
**+ 37.4% over 1H19**

### Net Income

**R\$ 259.2 million in 2Q20**  
**R\$ 655.1 million in 1H20**  
**+ 73.0% over 1H19**

## Shareholders' Equity

**R\$ 4,120.7 million**  
**+ 5.7 % in 3 months**  
**+ 17.1% in 12 months**

## Profitability

### Recurring ROAE

**29.9% in 2Q20**  
**29.5% in 1H20**  
**+5.1 p.p. over 1H19**

### ROAE

**26.0% in 2Q20**  
**33.5% no 1H20**  
**+11.5 p.p. over 1H19**

## Referential Equity

**R\$ 4,561.4 million**  
**Tier 1 – R\$ 4,402.2 million**  
**Tier 2 – R\$ 159.2 million**

MAIN FIGURES (R\$ million unless otherwise stated)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
<b>RESULTS</b>								
Income from loans operations	988.4	1,149.7	-14.0%	907.1	9.0%	2,138.1	1,817.7	17.6%
Net Income	259.2	395.9	-34.5%	163.1	58.9%	655.1	378.7	73.0%
Recurring Net Income	298.3	278.1	7.3%	195.2	52.8%	576.4	419.5	37.4%
<b>FINANCIAL POSITION</b>								
Total Assets	40,221.3	38,166.6	5.4%	30,443.6	32.1%	40,221.3	30,443.6	32.1%
Expanded Loan Portfolio <sup>(1)</sup>	26,009.8	26,177.7	-0.6%	21,645.3	20.2%	26,009.8	21,645.3	20.2%
- Companies	17,803.4	17,778.5	0.1%	14,807.1	20.2%	17,803.4	14,807.1	20.2%
- Payroll Loans	7,007.1	7,135.8	-1.8%	5,877.4	19.2%	7,007.1	5,877.4	19.2%
- Auto Loans	1,141.8	1,206.3	-5.3%	907.4	25.8%	1,141.8	907.4	25.8%
- Home Equity	57.5	57.1	0.7%	53.4	7.7%	57.5	53.4	7.7%
Total Funding	29,078.8	25,576.3	13.7%	20,460.2	42.1%	29,078.8	20,460.2	42.1%
Local Bonds	8,160.5	8,540.8	-4.5%	10,049.0	-18.8%	8,160.5	10,049.0	-18.8%
Total Deposits + LCI + LCM	11,415.6	10,301.1	10.8%	8,549.3	33.5%	11,415.6	8,549.3	33.5%
Shareholders' Equity	4,120.7	3,896.7	5.7%	3,518.0	17.1%	4,120.7	3,518.0	17.1%
Referential Equity (Tier I and Tier II)	4,561.4	4,042.8	12.8%	3,670.2	24.3%	4,561.4	3,670.2	24.3%
<b>CREDIT RATIOS</b>								
Final Balance LLP <sup>(1)</sup>	1,401.6	1,413.6	-0.8%	1,316.6	6.5%	1,401.6	1,316.6	6.5%
Nonperforming Loans Ratio (90 days overdue)	2.0%	1.6%	0.4 p.p	1.7%	0.3 p.p	2.0%	1.7%	0.3 p.p
Final Balance LLP / Loan Portfolio (%)	5.4%	5.4%	-	6.1%	-0.7 p.p	5.4%	6.1%	-0.7 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	276.0%	335.5%	-59.5 p.p	382.8%	-106.9 p.p	276.0%	382.8%	-106.9 p.p
Final Balance Loan E-H/ Loan Portfolio (%)	159.8%	167.9%	-8.1 p.p	130.2%	29.6 p.p	159.8%	130.2%	29.6 p.p
<b>HIGHLIGHTS</b>								
Net Interest Margin (NIM-AR) (% p.a.) <sup>(2)</sup>	11.3%	12.9%	-1.6 p.p	13.0%	-1.7 p.p	11.9%	12.9%	-1.0 p.p
Recurring ROAE (%) <sup>(3)</sup>	29.9%	29.1%	0.8 p.p	22.2%	7.7 p.p	29.5%	24.4%	5.1 p.p
Recurring ROAA (%) <sup>(4)</sup>	3.2%	3.1%	0.1 p.p	2.7%	0.4 p.p	3.2%	2.9%	0.2 p.p
Return on Average Equity (ROAE) (% p.a.)	26.0%	41.4%	-15.4 p.p	18.5%	7.5 p.p	33.5%	22.0%	11.5 p.p
Return on Average Asset (ROAA) (% p.a.)	2.8%	4.4%	-1.7 p.p	2.2%	0.5 p.p	3.6%	2.6%	0.9 p.p
Efficiency Ratio (%)	27.9%	24.7%	3.2 p.p	30.2%	-2.2 p.p	26.1%	28.9%	-2.8 p.p
Recurring Efficiency Ratio (%)	25.1%	28.2%	-3.1 p.p	28.3%	0.3 p.p	26.7%	27.7%	-1.0 p.p
BIS Index III (%)	16.7%	14.2%	2.5 p.p	16.0%	0.7 p.p	16.7%	16.0%	0.7 p.p
Employees	2,347	2,457	-4.7%	2,169	8.2%	2,347	2,169	8.2%
Number of Branches (Companies)	46	45	2.2%	44	4.5%	46	44	4.5%

(1) Includes Avals and Sureties.

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

(3) Recurring ROAE = Recurring Net Income/Average Shareholders' Equity

(4) Recurring ROAA = Net Income/Average Assets

## Investor Relations

**Ricardo Gelbaum** | IR Officer  
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## Message from the Management

During the first semester, the new coronavirus not only represented a huge public health challenge, but also imposed unprecedented tests of resilience on the economic agents. In a scenario with no ready formula, Banco Daycoval created policies to combat the pandemic that, as cautious as they were assertive, led to solid results in the period.

The expanded loan portfolio totaled R\$ 26.0 billion at the end of June, a volume 20.2% higher than in the first half of 2019. The companies, payroll loan and auto loan portfolios grew 20.2%, 19.2% and 25.8%, respectively. Loan operations with a delinquency rate greater than 90 days stood at 2% at the end of the first half, or 0.3 percentage point higher than recorded in the first six months of last year. The balance of the loan loss provision on the E-H portfolio, in turn, ended the first six months of 2020 with 159.8% coverage.

Thus, Daycoval's recurring net income totaled R\$ 576.4 million in the first half, 37.4% higher than in the same period in 2019. In the comparison between the second quarter of last year and the same period of 2020, the increase was 52.8%, to R\$ 298.3 million. In the semester, the Recurring ROAE (% p.a.) was 29.5% and the Recurring ROAA (% p.a.) was 3.2%, while the Recurring Efficiency Index (%), which has historically remained below 30%, was 26.7% in the first six months of the year.

In credit operations, Daycoval adopted specific initiatives to confront the pandemic. In May, the bank launched a R\$ 1 billion emergency loan line for small and medium-sized companies. Operations have been carried out in a fully virtual manner, an innovation launched by the bank in the middle of the pandemic after a year of product development.

And credit expansion measures have already progressed in the second half. In July, Daycoval obtained a US\$ 100 million loan from the IFC, an institution that is part of the World Bank Group, to provide working capital financing lines to small and medium-sized companies, including women-owned businesses. Disbursements will occur over a minimum of 12 months.

In the challenging scenario created by Covid-19, the bank also buttressed its shielding mechanisms. In March, at the beginning of the most acute phase of the pandemic in Brazil, Daycoval increased its supplemental provisions against doubtful loans to almost half a billion reais. The additional Covid 19 provision, in the amount of R\$ 154.3 million, raised the protections to R\$ 445.5 million in June 2020.

In another measure attesting to its caution – and also confidence in the future – the bank subscribed, in all, R\$ 290.0 million in financial bills with perpetual maturity; the first subscription, in February, was R\$ 50 million, and the second, in April, R\$ 240 million. The funds were contributed by the shareholders themselves and became part of the institution's capital stock, and it chose to cancel the initial public share offering that had been scheduled for 2020.

Daycoval took action in the fight against the pandemic on other fronts. Through the “Daycoval Overall Good Connection - Your donation is worth 3” campaign, the bank tripled the donations of reusable masks made by employees, clients and partners. The initiative reached the goal of donating 1 million units, delivered to community centers, health posts and direct actions on behalf of the population, in 200 different locations around the country.

Among employee health measures implemented, Daycoval expanded the adoption of distance work routines; employees in the risk groups entered into the home office model for an indefinite period of time. In addition, Daycoval anticipated its in-company vaccination campaign against the H1N1 flu and rotated work teams for activities that could not be accomplished from a remote setting.

The first half of 2020 was unlike any other experienced by this generation. There are no equivalent parameters. However, with the results presented in this report, Banco Daycoval has reconfirmed the suitability of the strategy it has applied over its more than 50 years of existence: the balance between caution and long-term vision, between credit and funding, between services and support of our stakeholders. This was the bank's posture in previous crises; and this is how it has behaved in the midst of the pandemic. The approach – which also is embedded in the bank's culture – has proven once again to be the right one.

### Overall Good Connection Campaign



The “**Daycoval Overall Good Connection - Your donation is worth 3**” campaign distributes one million reusable masks in 200 locations and contributes to maintaining businesses activities during the pandemic. Approximately 1,000 donations were made by employees, clients and partners. The bank tripled these donations to reach the target.

### Food Donations



Part of a number of solidarity initiatives, the Bank donated an amount equivalent to 4 tons of food to the Amigos do Bem NGO, and supported the “Prato Feito” project by distributing more than 4,000 ready-to-eat meals to people in vulnerable situations who were affected by the Pandemic.

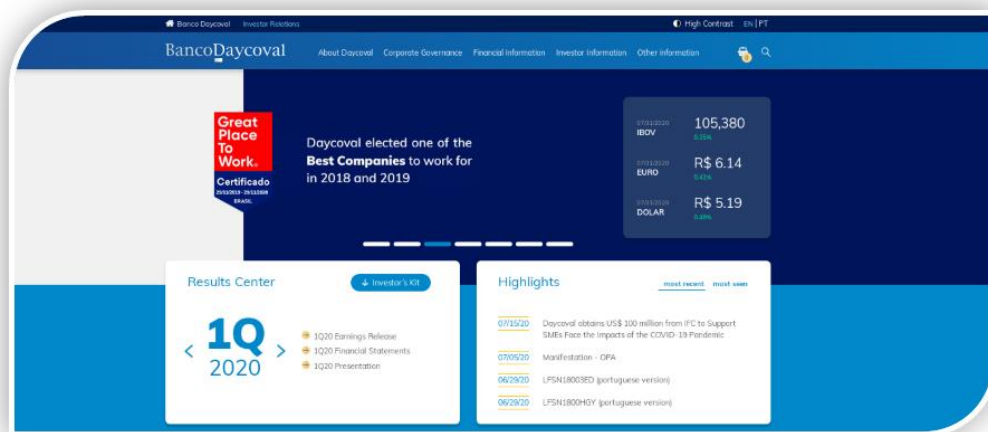
### Daycoval Academy



Academia Daycoval presents content designed to **develop, support and prepare** employees for what is coming tomorrow.

- **Time Management** – a necessary skill for professionals working from home offices.
- **Financial Management** – being knowledgeable can be important at this moment in time.
- **Behavioral Skills** – Content regarding emotional intelligence is essential in times of isolation and scarce connections with other people.
- **Technical Skills** – preparing employees for current demands with a view to the future, using digital transformation and project management practices, among others.

## New Investor Relations Website



In order to offer greater accessibility and functionality, the IR area launched a new website. With a fully redesigned interface, the site presents some new features, such as:



Responsive design, enabling viewing of content in mobile (smartphones and tablets) and desktop versions;

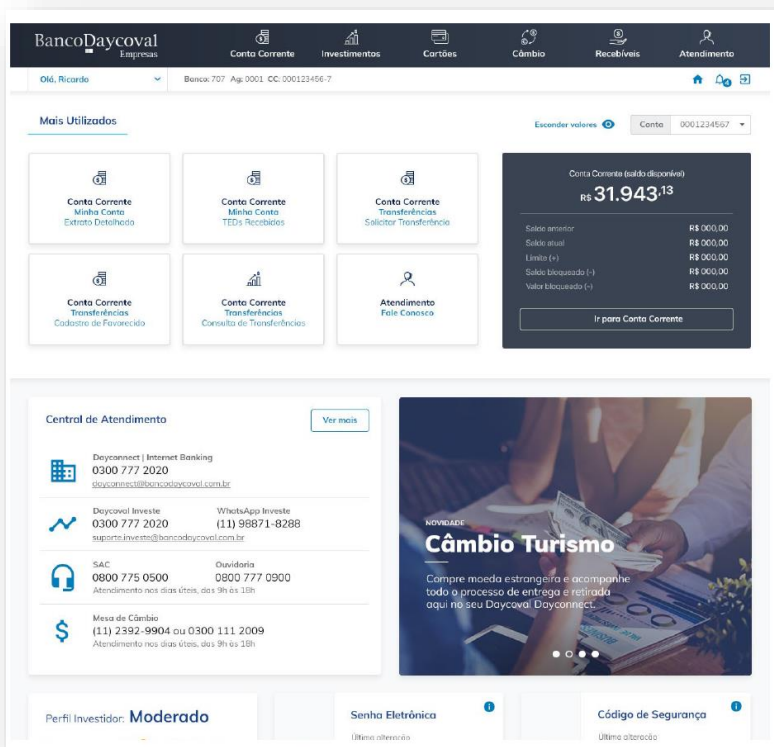


Intelligent information layout, with segmentation and consolidation of content in a more objective and intuitive manner;



Clean layout, providing information in a clear and easy-to-navigate format.

## New Dayconnect



### Experience

New visual identity aligned with our application, to assure the same experience on all Banco Daycoval platforms. **More modern, current and digital.**

### Menus and Navigation

The menus were reorganized, highlighting the products customers use on a daily basis.

### Home page

The new account gateway now displays **graphics and statements** for quickly accessing account positions.

### Features

New features were added to the **statement and investments** to facilitate the management of your account.



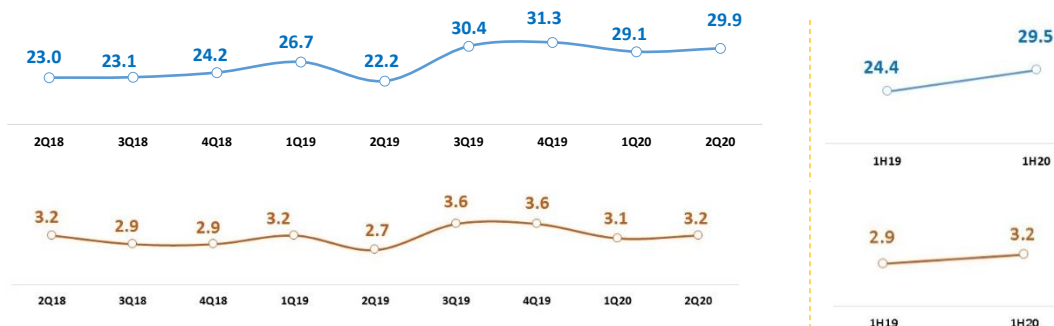
## Profitability

Despite the macroeconomic uncertainties, our efforts in recent years to strengthen our Bank, coupled with the solid capital and liquidity position, has prepared us to face the newly imposed challenges.

### Recurring Figures

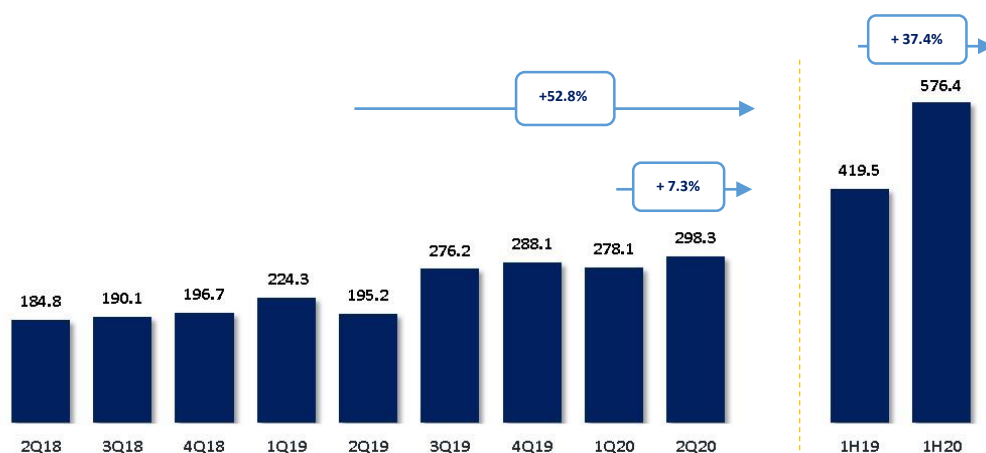
**ROAE in 2Q20 (%)**  
**+0.8 p.p in 3 months**  
**+ 7.7 p.p in 12 months**

**ROAA in 2Q20 (%)**  
**Stable in 3 months**  
**+ 0.5 p.p. in 12 months**



### Recurring Net Income

R\$ million



In the first six months of this year, **Recurring Net Income** totaled R\$ 576.4 million, an amount 37.4% higher than in the same period last year driven by the growth of the loan portfolio in the period and margins being maintained. The profitability on average shareholders' equity (recurring ROAE) ending at 29.5% in the semester, against 24.4% in 1H19.

In 2Q20, **Recurring Net Income** reached R\$ 298.3 million, an increase of 7.3% in the quarter and up 52.8% compared to 2Q19.

In this quarter, the mark-to-market negative impact of the hedge on external funding and credit operations was R\$ 49.7 million. In 1Q20, this effect had been positive by R\$ 73.2 million and the appreciation of the dollar against the real generated a positive variation due to the Cayman subsidiary.

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)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
<b>Accounting Net Income</b>	<b>259.2</b>	<b>395.9</b>	<b>-34.5%</b>	<b>163.1</b>	<b>58.9%</b>	<b>655.1</b>	<b>378.7</b>	<b>73.0%</b>
(-) Hedge/ MTM R\$ - Foreign Issues and Credit Operations	(49.7)	73.2	n.a	(29.4)	69.0%	23.5	(39.0)	n.a
(-) Exchange Variation - Equivalence - Branch	10.6	44.6	-76.2%	(2.7)	n.a	55.2	(1.8)	n.a
<b>Recurring Net Income</b>	<b>298.3</b>	<b>278.1</b>	<b>7.3%</b>	<b>195.2</b>	<b>52.8%</b>	<b>576.4</b>	<b>419.5</b>	<b>n.a.</b>
<b>Recurring ROAE (%)</b>	<b>29.9%</b>	<b>29.1%</b>	<b>0.8 p.p</b>	<b>22.2%</b>	<b>7.7 p.p</b>	<b>29.5%</b>	<b>24.4%</b>	<b>5.1 p.p</b>
<b>Recurring ROAA (%)</b>	<b>3.2%</b>	<b>3.1%</b>	<b>0.1 p.p</b>	<b>2.7%</b>	<b>0.4 p.p</b>	<b>3.2%</b>	<b>2.9%</b>	<b>0.2 p.p</b>
<b>Adjusted Efficiency Ratio (%)</b>	<b>25.1%</b>	<b>28.2%</b>	<b>-3.1 p.p</b>	<b>28.3%</b>	<b>-3.2 p.p</b>	<b>26.7%</b>	<b>27.7%</b>	<b>-1.0 p.p</b>

**Net Income** totaled R\$ 259.2 million, a reduction of 34.5%, over 1Q20, already taking into account a new scenario for the next quarters. In 1H20, net income was R\$ 655.1 million, an increase of 73.0% compared to 1H19. The return on average shareholders' equity (ROAE) was 33.5% in the semester, 11.5 p.p. above 1H19.



### Net Income of R\$ 259.2 million in the 2<sup>nd</sup> quarter of 2020

#### ROAE in 2Q20 (%)

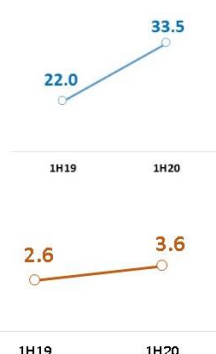
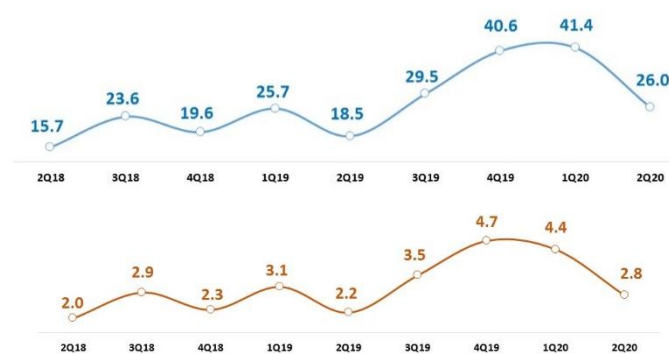
- 15.4 p.p in 3 months

+ 7.5 p.p in 12 months

#### ROAA in 2Q20 (%)

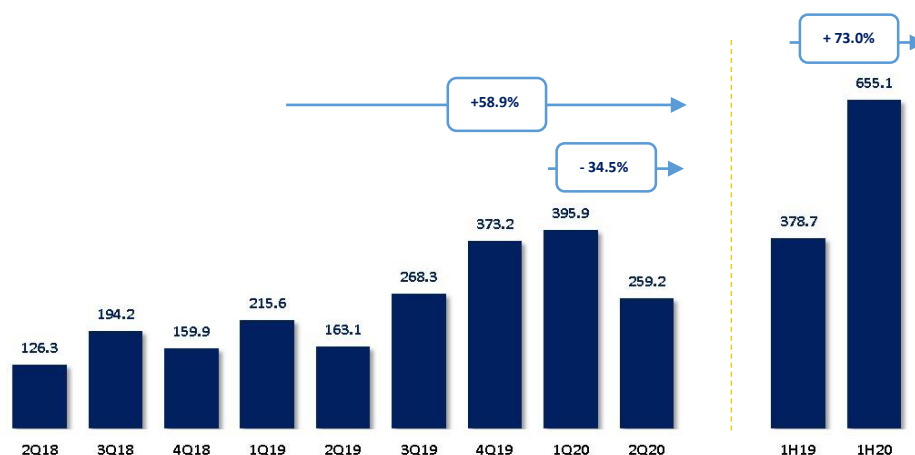
- 1.6 p.p. in 3 months

+0.6 p.p. in 12 months



### Net Income

R\$ million





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

**NIM - AR of 11.3% in 2Q20**  
**- 1.6 p.p in 3 months**  
**- 1.7 p.p. in 12 months**



Recurring Adjusted Net Interest Margin (NIM-AR) (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Income from Financial Intermediation Reported	762.8	1,038.7	-26.6%	704.4	8.3%	1,801.5	1,429.2	n.a.
Hedge/MTM - Foreign Issues and Credit Operations	(90.3)	132.2	n.a.	(49.0)	84.3%	41.9	(65.0)	n.a.
<b>Adjusted Income from Financial Intermediation (A)</b>	<b>853.1</b>	<b>906.5</b>	<b>-5.9%</b>	<b>753.4</b>	<b>13.2%</b>	<b>1,759.6</b>	<b>1,494.2</b>	<b>17.8%</b>
Average Remunerated Assets	33,212.6	32,077.0	3.5%	26,120.4	27.2%	32,644.9	25,745.0	26.8%
(-) Expenses of financial intermediation add back provisions	(1,764.5)	(2,750.5)	-35.8%	(1,770.5)	-0.3%	(2,179.2)	(1,870.2)	16.5%
<b>Average Remunerated Assets (B)</b>	<b>31,448.1</b>	<b>29,326.5</b>	<b>7.2%</b>	<b>24,349.9</b>	<b>29.2%</b>	<b>30,465.7</b>	<b>23,874.8</b>	<b>27.6%</b>
<b>Recurring Adjusted Net Interest Margin (NIM-AR) (%YoY) (A/B)</b>	<b>11.3%</b>	<b>12.9%</b>	<b>-1.6 p.p</b>	<b>13.0%</b>	<b>-1.7 p.p</b>	<b>11.9%</b>	<b>12.9%</b>	<b>-1.0 p.p</b>

## Net Interest Margin (NIM)

Net Interest Margin (NIM) (R\$ million)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Gross Income from Financial Intermediation	763.2	1,038.8	-26.5%	704.3	8.4%	1,802.00	1,429.2	26.1%
Securities Adjustments <sup>(1)</sup>	(0.4)	(0.1)	n.a.	-	n.a.	(0.5)	-	n.a.
<b>Income from Financial Intermediation (A)</b>	<b>762.8</b>	<b>1,038.7</b>	<b>-26.6%</b>	<b>704.3</b>	<b>8.3%</b>	<b>1,801.5</b>	<b>1,429.2</b>	<b>26.0%</b>
<b>Average Remunerated Assets (B)</b>	<b>33,212.6</b>	<b>32,077.0</b>	<b>3.5%</b>	<b>26,120.3</b>	<b>27.2%</b>	<b>32,644.9</b>	<b>25,745.1</b>	<b>26.8%</b>
Interbank Investments	7,375.9	5,988.8	23.2%	5,812.0	26.9%	6,682.4	5,473.2	22.1%
Securities and Derivatives	3,884.9	2,744.9	41.5%	2,030.2	91.4%	3,314.9	2,229.5	48.7%
Lending Operation (does not include assignments)	22,277.5	23,348.8	-4.6%	18,049.2	23.4%	22,813.2	17,798.8	28.2%
Trade Finance	(325.7)	(5.5)	n.a.	228.9	n.a.	(165.6)	243.6	n.a.
<b>Net Interest Margin (NIM) (% p.a.) (A/B)</b>	<b>9.5%</b>	<b>13.6%</b>	<b>-4.2 p.p</b>	<b>11.2%</b>	<b>-1.7 p.p</b>	<b>11.3%</b>	<b>11.4%</b>	<b>-0.1 p.p</b>

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

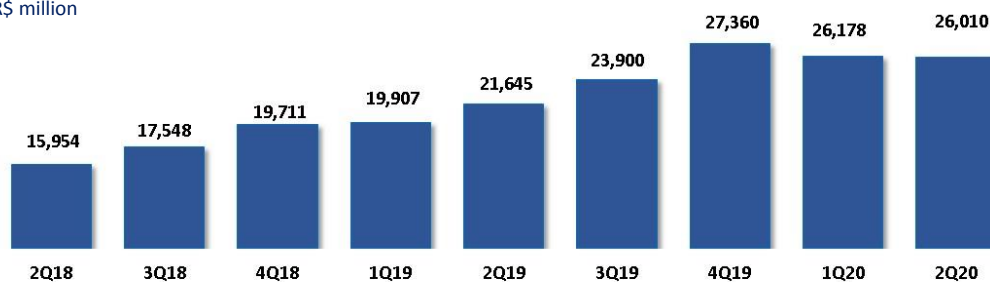
## Expanded Loan Portfolio

### Loan Portfolio Breakdown

2<sup>nd</sup> quarter of 2020

R\$ million

<b>Companies</b>	<b>68.4%</b>
<b>Payroll Loans</b>	<b>27.0%</b>
<b>Auto Loans</b>	<b>4.4%</b>
<b>Others</b>	<b>0.2%</b>



Expanded Loan Portfolio (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ
<b>Total Companies</b>	<b>17,803.4</b>	<b>17,778.5</b>	<b>0.1%</b>	<b>14,807.1</b>	<b>20.2%</b>
Working Capital	7,027.8	6,454.9	8.9%	5,054.0	39.1%
Receivables Purchase	3,975.8	3,920.4	1.4%	3,316.9	19.9%
Guaranteed Account	1,456.6	1,689.5	-13.8%	1,703.7	-14.5%
Trade Finance	1,238.5	1,546.5	-19.9%	1,584.7	-21.8%
Leasing	1,315.1	1,252.2	5.0%	967.8	35.9%
BNDES	185.4	197.2	-6.0%	307.2	-39.6%
Avals and Sureties	2,604.2	2,717.7	-4.2%	1,872.8	39.1%
<b>Total Payroll Loans</b>	<b>7,007.1</b>	<b>7,135.8</b>	<b>-1.8%</b>	<b>5,877.4</b>	<b>19.2%</b>
Payroll Loans	6,473.8	6,600.9	-1.9%	5,422.4	19.4%
Payroll Card	533.3	534.9	-0.3%	455.0	17.2%
<b>Total Auto Loans/Other</b>	<b>1,141.8</b>	<b>1,206.3</b>	<b>-5.3%</b>	<b>907.4</b>	<b>25.8%</b>
<b>Total Home Equity</b>	<b>57.5</b>	<b>57.1</b>	<b>0.7%</b>	<b>53.4</b>	<b>7.7%</b>
<b>Total Expanded Loan Portfolio</b>	<b>26,009.8</b>	<b>26,177.7</b>	<b>-0.6%</b>	<b>21,645.3</b>	<b>20.2%</b>

The loan portfolio reached R\$ 26.0 billion, an increase of 20.2% in 12 months and stable in relation to 1Q20. The corporate credit segment closed at R\$ 17.8 billion, stable compared to 1Q20 and an increase of 20.2% when compared to the same period of the previous year. Credit for individuals totaled R\$ 8.2 billion in June 2020, an increase of 20.0% in 12 months and a reduction of 2.3% in the quarter.

The highlight in 2Q20 was the working capital line, which grew 8.9% in the quarter, demonstrating that we continue to operate with our clients and the purchase of credit rights, which remained stable in the quarter, evidencing that the economy remains active, since the product represents a short-term loan.

In July 2020, Daycoval started to operate New FGI PEAC (**Emergency Program for Access to Credit**) of the BNDES. This line aims to support **small and medium-sized companies (SMEs)** in obtaining credit, thus helping them to get through the economic crisis resulting from the Covid-19 pandemic.

## Daycoval Emergency Credit - New FGI PEAC



**Crédito Emergencial Daycoval**

- VOCÊ FAZ O USO DO RECURSO DO JEITO QUE ACHAR MELHOR
- SEM NECESSIDADE DE GARANTIA REAL\* COM APOIO DO BNDES FGI

**COMECE A PAGAR SÓ EM 2021**

Créditos de **R\$ 50 MIL** a **R\$ 700 MIL** | **ATÉ 60 MESES** para pagar com **6 DE CARÊNCIA\*\*** | **ON-LINE** com análise em **24 HORAS\*\*\***

 **BNDES FGI**



Pioneer in launching a loan 100% online and without the need for guarantees.

In July, Daycoval started operating the New FGI PEAC (Emergency Credit Program) of the BNDES.

The Daycoval Emergency Credit is a loan from Banco Daycoval for companies, without the need for collateral.

The program aims to support SMEs (small and medium-sized companies) in obtaining credit, helping to overcome the economic crisis resulting from the pandemic.

**For more information, access this site:**

<https://www.creditoemergencialdaycoval.com.br/>

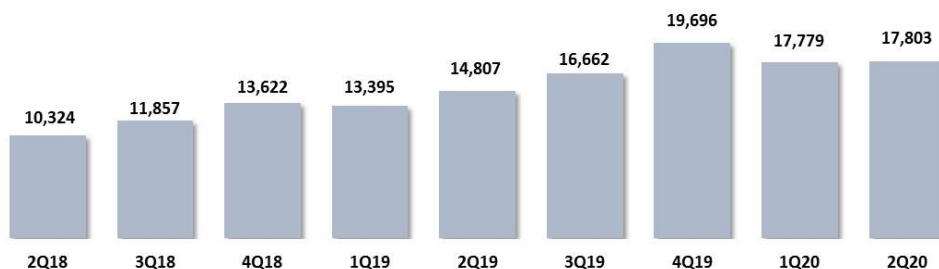
In the payroll segment, there was a small reduction in the quarter and growth of 19.2% over the last 12 months. The Auto loan segment ended the quarter down by 5.3%. We continue to apply the strategy of reducing origination in this segment, as we believe it a product that is linked to unemployment.

## Companies Portfolio

R\$ million

**R\$ 17.8 billion**

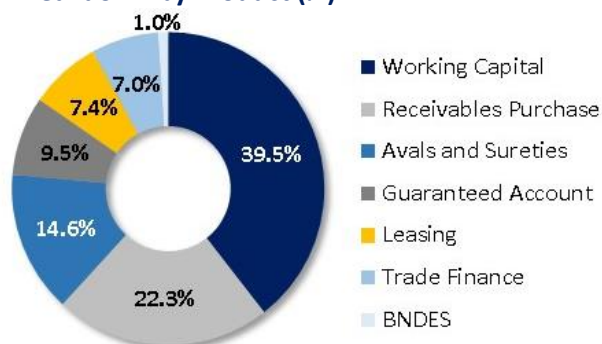
**+ 0.1% in 3 months**  
**+ 20.2% in 12 months**



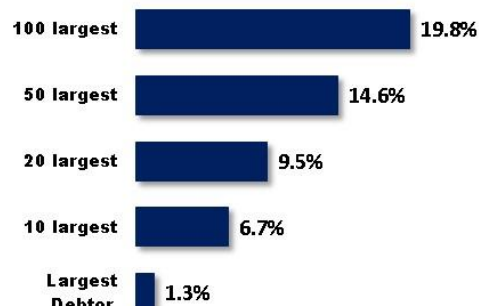
### Credit to Companies Breakdown (R\$ mn)

	2Q20	1Q20	Δ	2Q19	Δ
Working Capital	7,027.8	6,454.9	8.9%	5,054.0	39.1%
Receivables Purchase	3,975.8	3,920.4	1.4%	3,316.9	19.9%
Guaranteed Account	1,456.6	1,689.5	-13.8%	1,703.7	-14.5%
Trade Finance	1,238.5	1,546.5	-19.9%	1,584.7	-21.8%
Leasing	1,315.1	1,252.2	5.0%	967.8	35.9%
BNDES	185.4	197.2	-6.0%	307.2	-39.6%
Avals and Sureties	2,604.2	2,717.7	-4.2%	1,872.8	39.1%
<b>Total Companies</b>	<b>17,803.4</b>	<b>17,778.5</b>	<b>0.1%</b>	<b>14,807.1</b>	<b>20.2%</b>

### Breakdown by Product (%)



### Credit Concentration (%)



This credit concentration has remained at the same level for the past five years

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

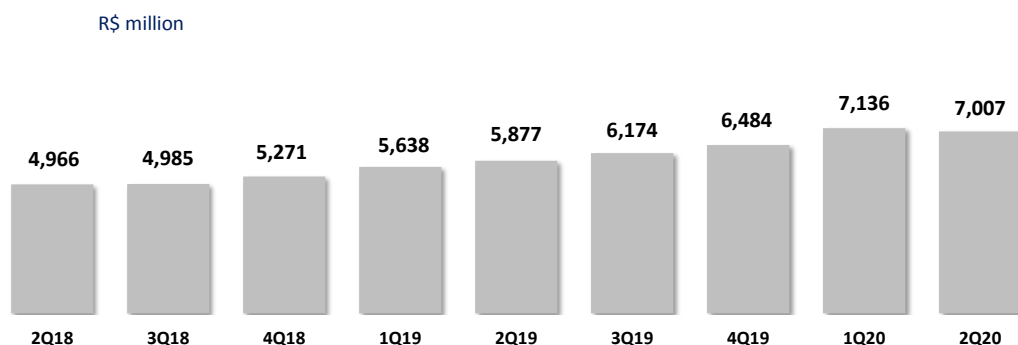
	2Q20	1Q20	Δ	2Q19	Δ
Overdue Loans more than 14 days past due	113.5	150.0	-24.3%	158.3	-28.3%
Overdue Loans more than 60 days past due (*)	169.8	155.8	9.0%	221.3	-23.3%
Overdue Loans more than 90 days past due (*)	132.3	104.5	26.6%	143.0	-7.5%
<b>Credit Ratios - (%)</b>					
Final Balance LLP/Companies Portfolio	4.5%	4.6%	-0.1 p.p	5.4%	-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	1.0%	0.9%	0.1 p.p	1.5%	-0.5 p.p
Overdue Loans more than 90 days past due / Companies Portfolio	0.7%	0.6%	0.1 p.p	1.0%	-0.3 p.p
<b>Coverage Ratios - (%)</b>					
LLP Balance / Overdue Loans > 60 days (%)	466.7%	526.6%	-59.9 p.p	363.3%	103.4 p.p
LLP Balance / Overdue Loans > 90 days (%)	598.9%	785.1%	-186.2 p.p	562.2%	36.7 p.p

(\*) Installments falling due

## Payroll Loans

**R\$ 7.0 billion in 2Q20**

**- 1.8% in 3 months**  
**+ 19.2% in 12 months**



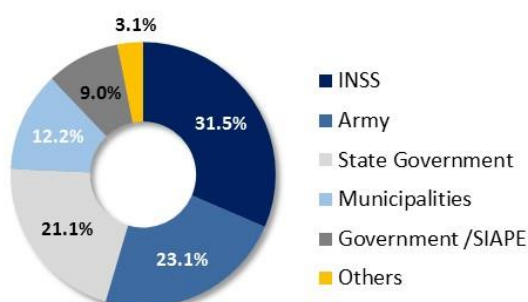
Payroll loans ended 2Q20 with a balance of R\$ 7,007.1 million, a drop of 1.8% compared to 1Q20 and an increase of 19.2% in the last 12 months. The payroll card portfolio totaled R\$ 533.3 million in 2Q20, stable in the quarter and growth of 17.2% in the last 12 months.

In this quarter, we saw a decline in the origination total.

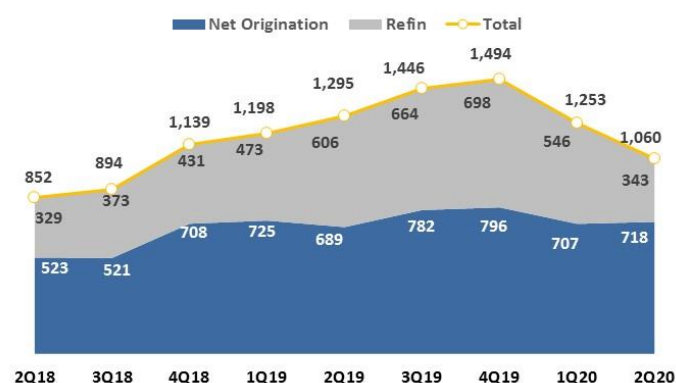
The Payroll APP makes it possible to simulate and contract loans and financing lines, carry out refinancing, follow up proposals and update client information. In 2Q20, more than R\$ 297.6 million was originated through this channel.

We are reducing the origination in the state and municipal agreements due to the higher risk linked to the dissemination of Covid-19.

### Portfolio Distribution (%)



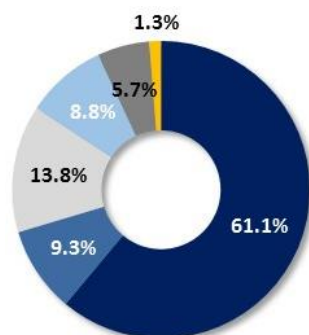
### Origination



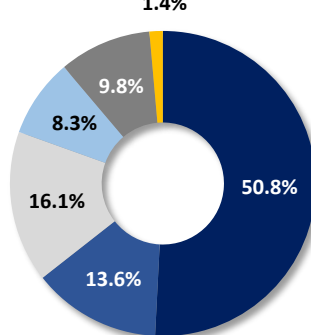
In the following charts we demonstrate Refinancing, where the client (public servant/INSS retiree) settles the primary loan with the Bank and is given a new loan. The Bank adopted this strategy to focus more on the product's margin.

### Breakdown Payroll

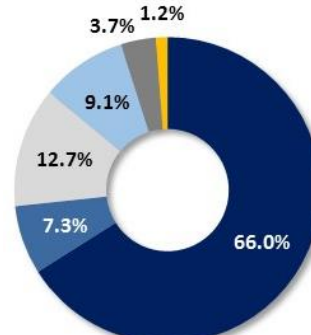
#### Total Origination



#### Net Origination



#### Refinancing Origination

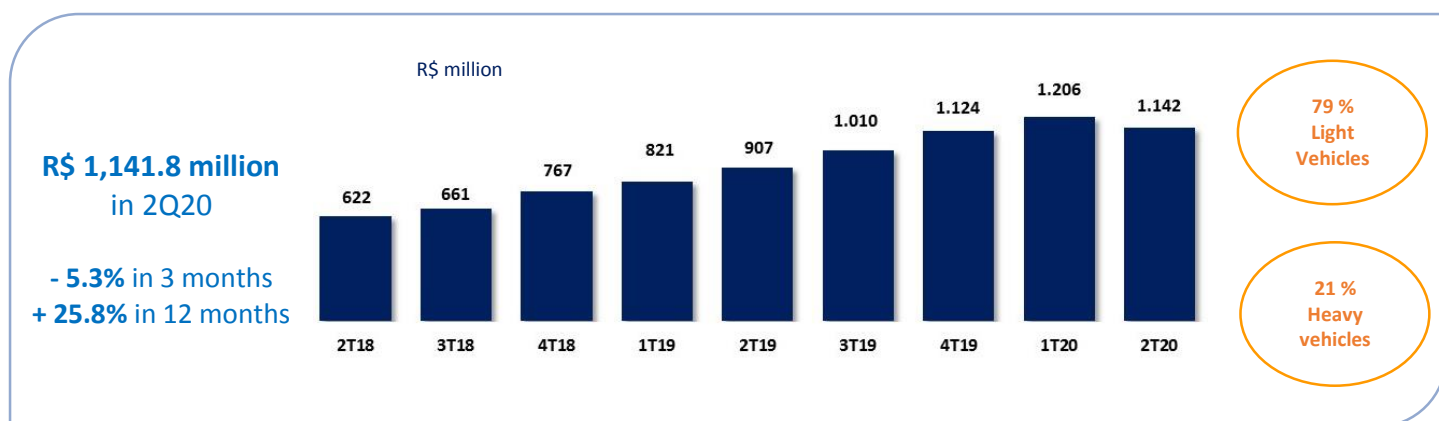


INSS Army State Government Municipalities Government/SIAPE Others

Payroll Overdue Loans (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ
Overdue Loans more than 14 days past due	136.3	115.8	17.7%	146.9	-7.2%
Overdue Loans more than 60 days past due (*)	375.3	269.5	39.3%	205.7	82.5%
Overdue Loans more than 90 days past due (*)	274.8	235.6	16.6%	175.1	56.9%
<b>Credit Ratios - (%)</b>					
Final Balance LLP/Payroll Portfolio (%)	6.3%	5.8%	0.5 p.p	5.4%	0.9 p.p
Overdue Loans more than 14 days past due /Payroll Portfolio	1.9%	1.6%	0.3 p.p	2.5%	-0.6 p.p
Overdue Loans more than 60 days past due /Payroll Portfolio	5.4%	3.8%	1.6 p.p	3.5%	1.9 p.p
Overdue Loans more than 90 days past due /Payroll Portfolio	3.9%	3.3%	0.6 p.p	3.0%	0.9 p.p
<b>Coverage Ratios - (%)</b>					
LLP Balance / Overdue Loans > 60 days (%)	116.9%	154.6%	-37.7 p.p	153.2%	-36.3 p.p
LLP Balance / Overdue Loans > 90 days (%)	159.6%	176.8%	-17.2 p.p	180.0%	-20.4 p.p

(\*) Installments falling due

## Auto Loans



This segment ended 2Q20 with a balance of R\$ 1,141.8 million, a reduction of 5.3% compared to 1Q20 and 25.8% higher compared to 2Q19. Light vehicles continue to represent the largest share in the portfolio in relation to heavy vehicles, at 79% of the portfolio in 2Q20. Our performance continues to be supported by the + companies platform, that delivers the best client journey experience.

We are reducing origination in this segment, as we believe it is the only product linked to unemployment.

## Total Origination



Auto Overdue Loans + Others (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ
Overdue Loans more than 14 days past due	39.4	39.2	0.5%	29.2	34.9%
Overdue Loans more than 60 days past due (*)	127.7	116.2	9.9%	80.3	59.0%
Overdue Loans more than 90 days past due (*)	94.2	77.4	21.7%	54.1	74.1%
<b>Credit Ratios - (%)</b>					
Final Balance LLP/Auto Loans Portfolio (%)	14.5%	14.3%	0.2 p.p	8.0%	6.5 p.p
Overdue Loans more than 14 days past due / Auto Loans Portfolio + Others	3.5%	3.2%	0.3 p.p	3.2%	0.1 p.p
Overdue Loans more than 60 days past due / Auto Loans Portfolio + Others	11.2%	9.6%	1.6 p.p	8.8%	2.3 p.p
Overdue Loans more than 90 days past due / Auto Loans Portfolio + Others	8.3%	6.4%	1.9 p.p	6.0%	2.3 p.p
<b>Coverage Ratios - (%)</b>					
LLP Balance / Overdue Loans > 60 days (%)	129.4%	148.5%	-19.1 p.p	90.7%	38.8 p.p
LLP Balance / Overdue Loans > 90 days (%)	175.5%	222.9%	-47.4 p.p	134.6%	41.0 p.p

(\*) Installments falling due

## CGI – Home Equity

**R\$ 57.5 million**  
in 2Q20

**+ 7.7 %** 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.



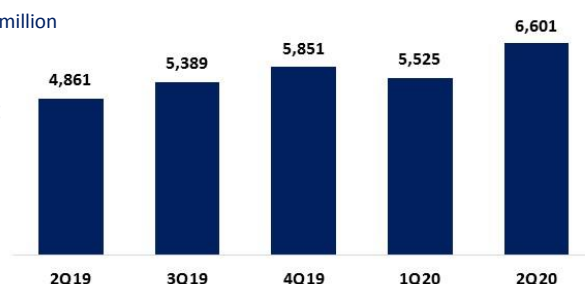
✓ **R\$ 6.6 billion of Assets under Management**



✓ **Management of 83 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. It ended 2Q20, with a total of administered and/or managed funds totaling approximately R\$ 6,601.2 million.

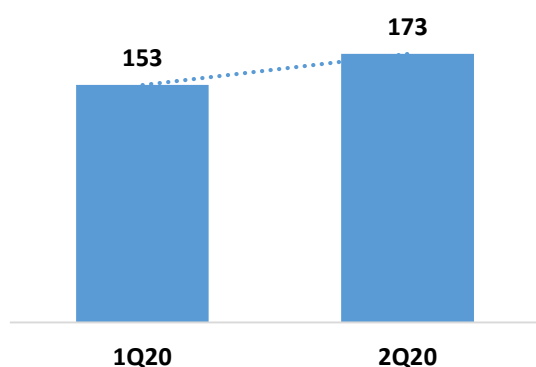
It currently manages 83 funds: 43 Multimarket Funds, 13 Fixed Income Funds, 13 Equity Funds, 7 FIDCs, 1 Real Estate Fund, 5 Holding Funds and 1 Managed Portfolio.

Gross revenues from investment fund management was R\$ 5.2 million in 2Q20 versus R\$ 3.5 million in 2Q19. In 1H20, total gross revenue was R\$ 10.0 million. Asset has a specialized team of 17 employees, including traders, managers, back office and commercial area, with deep market knowledge.

## Custodial and Administration Services

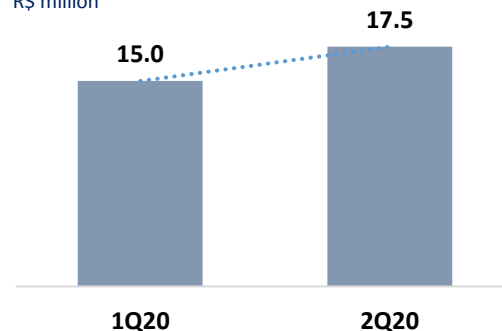
The focus on the Capital Market services segment was expanded, with a new team focused on the Custodial and Administration segments. In 2Q20, the amount of Custody and Management services (including through Daycoval Asset) reached R\$ 17.5 billion.

### Number of Funds

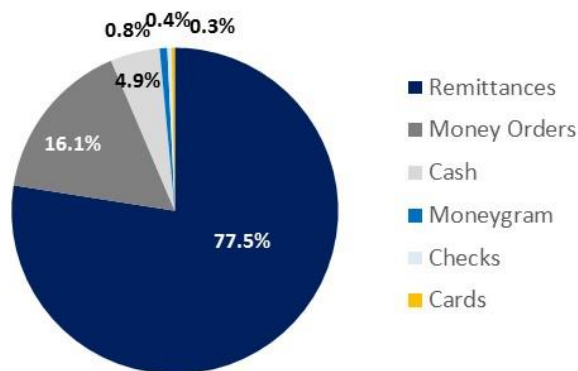


### Amount of Custodial and Administration Services

R\$ million

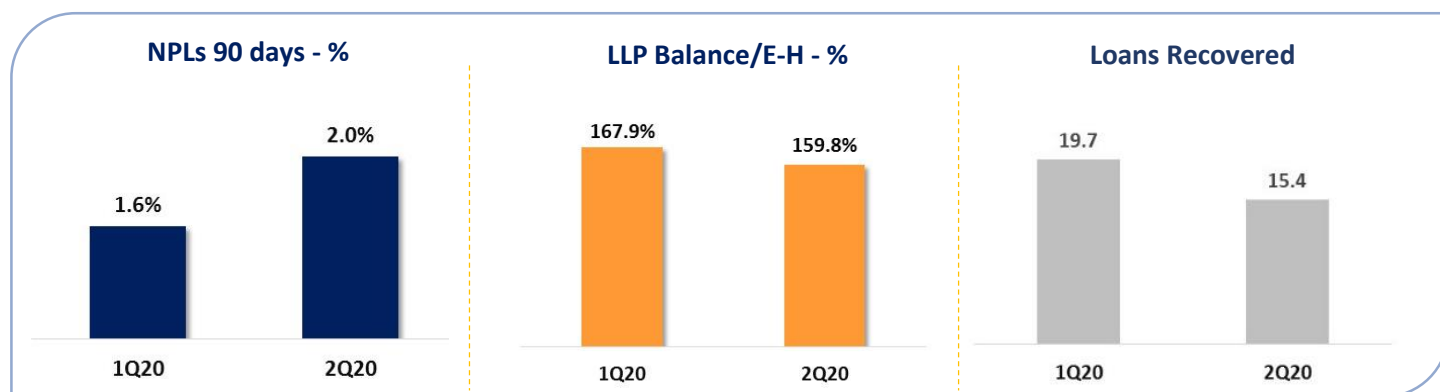


**Product Mix (%)**



- ✓ + R\$ 2,309.0 million in transactions in 2Q20 versus R\$ 1,792.6 million in 1Q20 and movement of R\$ 4,101.6 million in 1H20 compared to R\$ 1,497.6 million in 1H19;
- ✓ + 2,426 thousand operations in 1H20 compared to 1,046 thousand in 1H19;
- ✓ 151 FX - Service Points;
- ✓ Remittance operations leveraged both transaction volumes and number of operations. The volume of the other products was reduced due to Covid-19.
- ✓ New DayPay Express product - Sending money with Daypay and receiving it at a Western Union location.

## Credit Portfolio Quality



### Banco Daycoval - R\$ mn

Rating	Required Provision	Loans	%	Provision*	
AA	0.0%	4,586.5	17.6%	-	94.6% Between AA and C
A	0.5%	7,843.7	30.2%	59.0	
B	1.0%	9,920.9	38.1%	271.7	
C	3.0%	2,265.6	8.7%	159.7	
D	10.0%	515.8	2.0%	150.0	
E	30.0%	149.8	0.6%	72.9	
F	50.0%	114.5	0.4%	78.3	
G	70.0%	56.8	0.2%	39.8	
H	100.0%	556.2	2.1%	570.2	
Total Portfolio		26,009.8	100.0%	1,401.6	
Total Provision/ Portfolio				5.4%	

(\*) Includes Avals and Sureties in the amount of R\$ 32.3 million in 2Q20.

An important indicator of the loan portfolio quality is total operations rated between AA and C, which are the best risk ratings under current regulations, which totaled 94.6% of the overall loan portfolio in 2Q20. The loan loss provision balance represented 5.4% of the loan portfolio, stable compared to 1Q20.

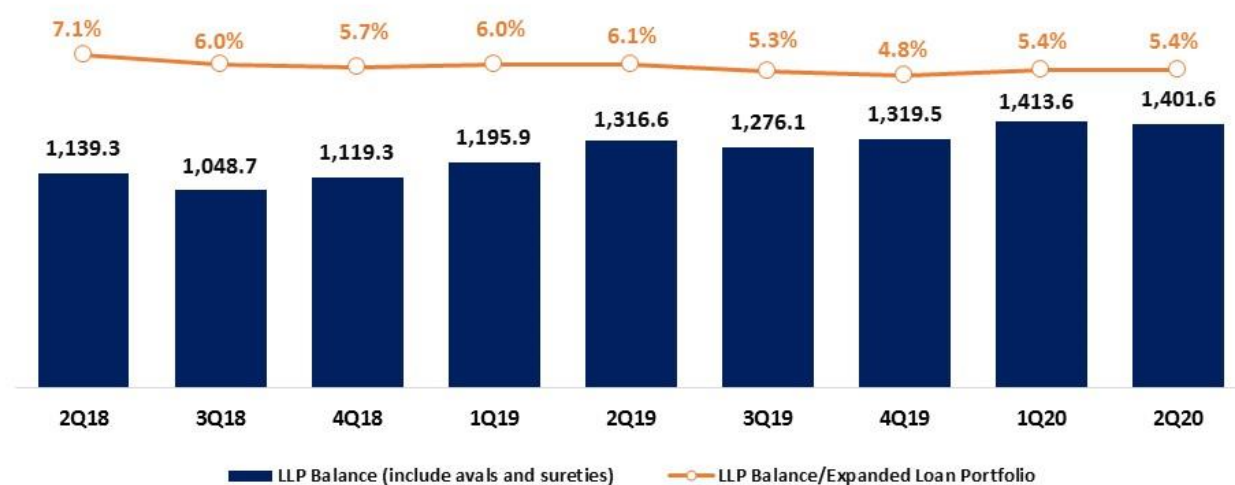
## 2Q20

Companies			Payroll		Vehicles and Others		C.G.I	
Rating	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision
AA - C	17,027.0	310.5	6,658.6	146.0	879.1	42.6	52.0	1.6
D	308.8	89.5	40.9	12.2	164.4	49.1	1.7	0.5
E	89.1	43.7	27.0	13.5	33.0	16.5	0.7	0.4
F	74.7	51.7	22.6	15.8	16.9	11.8	0.4	0.2
G	22.8	16.0	22.8	16.0	10.5	7.4	0.7	0.5
H	281.0	281.0	235.2	235.2	37.9	37.9	2.0	2.0
Total	17,803.4	792.4	7,007.1	438.7	1,141.8	165.3	57.5	5.2
LLP Balance/ Loans		4.5%			6.3%			14.5%
								9.1%

## 1Q20

Companies			Payroll		Vehicles and Others		C.G.I	
Rating	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision
AA - C	16,983.7	304.7	6,807.3	142.6	909.1	49.7	53.4	1.6
D	322.3	91.7	36.8	11.0	222.4	66.5	0.8	0.2
E	47.5	23.2	27.9	14.0	25.3	12.6	0.3	0.1
F	61.6	42.6	32.9	22.9	11.8	8.3	1.3	0.9
G	17.7	12.4	16.1	11.3	7.8	5.5	0.2	0.2
H	345.7	345.8	214.8	214.8	29.9	29.9	1.1	1.1
Total	17,778.5	820.4	7,135.8	416.6	1,206.3	172.5	57.1	4.1
LLP Balance/ Loans		4.6%			5.8%			14.3%
								7.2%

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



Overview of Quality of Expanded Loan Portfolio (R\$ million)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Expanded Loan Portfolio	26,009.8	26,177.7	-0.6%	21,645.3	20.2%	26,009.8	21,645.3	20.2%
Establishment of Provision	104.6	172.7	-39.4%	188.2	-44.4%	277.3	341.9	-18.9%
LLP Balance	1,401.6	1,413.6	-0.8%	1,316.6	6.5%	1,401.6	1,316.6	6.5%
Final Balance Loan E-H	877.3	842.0	4.2%	1011.4	-13.3%	877.3	1,011.4	-13.3%
Overdue Loans more than 14 days past due	289.8	305.5	-5.1%	334.9	-13.5%	289.8	334.9	-13.5%
Overdue Loans more than 60 days past due (*)	679.9	565.5	20.2%	512.0	32.8%	679.9	512.0	32.8%
Overdue Loans more than 90 days past due (*)	507.9	421.4	20.5%	376.3	35.0%	507.9	376.3	35.0%
<b>Credit Ratios - (%)</b>								
Final Balance LLP/Loan Portfolio	5.4%	5.4%	0.0 p.p	6.1%	-0.7 p.p	5.4%	6.1%	-0.7 p.p
Final Balance Loan E-H/Loan Portfolio	3.4%	3.2%	0.2 p.p	4.7%	-1.3 p.p	3.4%	4.7%	-1.3 p.p
Overdue Loans more than 60 days past due / Loan Portfolio	2.6%	2.2%	0.4 p.p	2.4%	0.2 p.p	2.6%	2.4%	0.2 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	2.0%	1.6%	0.4 p.p	1.7%	0.3 p.p	2.0%	1.7%	0.1 p.p
<b>Coverage Ratios - (%)</b>								
Final Balance LLP / Overdue Loans more than 14 days past due	483.6%	462.7%	20.9 p.p	393.1%	90.5 p.p	483.6%	393.1%	90.5 p.p
Final Balance LLP / Overdue Loans more than 60 days past due	206.1%	250.0%	-43.8 p.p	257.1%	-51.0 p.p	206.1%	257.1%	-51.1 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	276.0%	335.5%	-59.5 p.p	349.9%	-73.9 p.p	276.0%	349.9%	-73.9 p.p
Final Balance LLP / Loan E-H	159.8%	167.9%	-8.1 p.p	130.2%	29.6 p.p	159.8%	130.2%	29.6 p.p
Write-offs R\$ (mn)	(116.6)	(78.6)	48.3%	(67.5)	72.7%	(195.2)	(144.6)	35.0%
Companies Recovered Loans	4.0	9.0	-55.6%	20.9	-80.9%	13.0	80.3	-83.8%
Retail Recovered Loans	11.4	10.7	6.5%	11.3	0.9%	22.1	22.3	-0.9%

(\*) includes avais and sureties.

(\*\*) falling due installments

Given the crisis caused by the Covid-19 pandemic and the uncertainties regarding the size of the impact it may have on the economy, and consequently on our results, we ended 2Q20 with an additional provision of R\$ 445.5 million. The provision balance totaled R\$ 1,401.6 million in 2Q20, a 0.8% decrease in the quarter and a 6.5% increase in the last 12 months.

The balance of the E-H portfolio ended 2Q20 at R\$ 877.3 million, 4.2% higher than 1Q19 and 13.3% lower compared to the same period of the previous year, representing an improvement in the portfolio quality. The provision for doubtful loans ratio divided by the E-H Portfolio was 159.8%, an improvement of 29.5 p.p. compared to 2Q19. The increase in this index shows that the level of provisioning in relation to the loan portfolio reflects the improvement in the quality of our operations and the constant progress of the models used.

The LLP balance is related to the quality of our portfolio, justified by the better default indicators. Loans overdue for more than 90 days/portfolio of companies (including installments falling due) reached 2.0% in 2Q20, an increase of 0.4 p.p. compared to 1Q20. When we analyzed the credit indicators for loans overdue by more than 60 and 90 days, we observed a trend toward a worsening of the rates in the quarter. However, the Overdue Credit Index for more than 14 days, showed improvement compared to 1Q20.

As of June 30, 2020, the balance of renegotiated operations was R\$ 3.51 billion, which includes R\$ 2.26 billion referring to renegotiated operations due to the circumstances surrounding the Covid-19 pandemic. For more information, see note 9.e to the balance sheet on 6/30/2020.

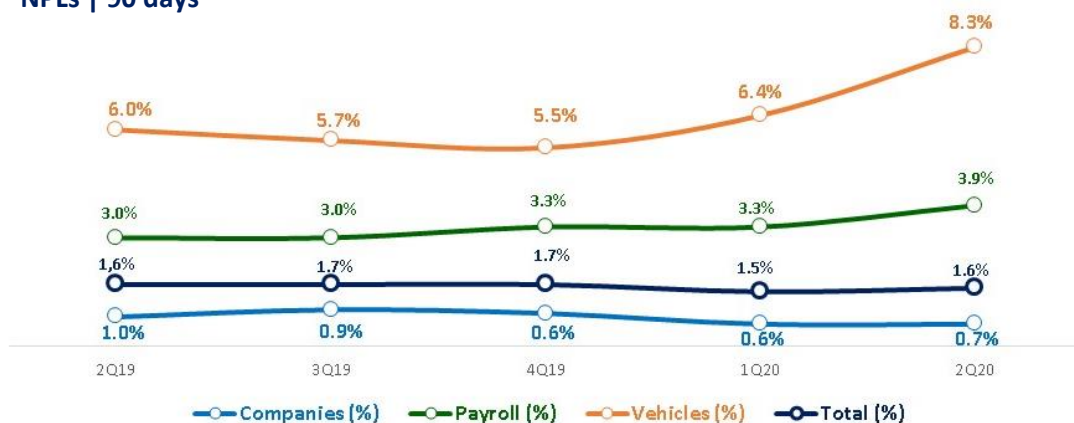
The amount written off for losses was R\$ 116.6 million during 2Q20 and R\$ 195.2 million in the semester. Total credits recovered in the quarter were R\$ 15.4 million and, in the semester, R\$ 35.1 million.

## LLP Changes

LLP (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Balance at the Beginning of the Period	1,413.6	1,319.5	7.1%	1,195.9	18.2%	1,319.5	1,119.3	17.9%
<b>Establishment of Provision</b>	<b>104.6</b>	<b>172.7</b>	<b>-39.4%</b>	<b>188.2</b>	<b>-44.4%</b>	<b>277.3</b>	<b>341.9</b>	<b>-18.9%</b>
Companies	35.8	20.0	79.0%	116.9	-69.4%	55.8	225.6	-75.3%
Avals and Sureties	2.3	5.1	-54.9%	(3.5)	n.a	7.4	(2.0)	n.a.
Payroll	57.0	70.4	-19.0%	52.1	9.4%	127.4	82.0	55.4%
Auto/Other	8.3	76.1	-89.1%	22.5	-63.1%	84.4	35.2	n.a.
Property Guaranteed Credit	1.2	1.1	9.1%	0.2	n.a	2.3	1.1	n.a.
<b>Write-offs</b>	<b>(116.6)</b>	<b>(78.6)</b>	<b>48.3%</b>	<b>(67.5)</b>	<b>72.7%</b>	<b>(195.2)</b>	<b>(144.6)</b>	<b>35.0%</b>
Companies	(66.1)	(33.2)	99.1%	(28.6)	n.a	(99.3)	(63.5)	56.4%
Retail	(50.5)	(45.4)	11.2%	(38.9)	29.8%	(95.9)	(81.1)	18.2%
<b>Final Balance LLP*</b>	<b>1,401.6</b>	<b>1,413.6</b>	<b>-0.8%</b>	<b>1,316.6</b>	<b>6.5%</b>	<b>1,401.6</b>	<b>1,316.6</b>	<b>6.5%</b>

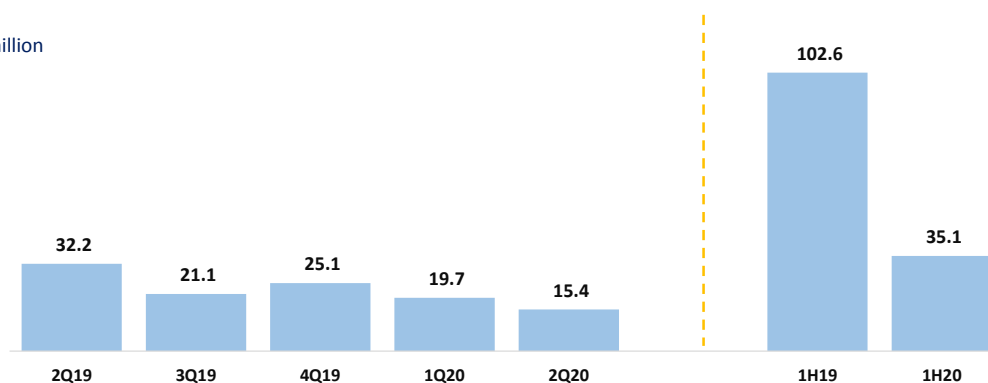
(\*) Includes Avals and Sureties in the amount of R\$ 32.3 million in 2Q20 and R\$ 30.1 million for 1Q20.

### NPLs | 90 days

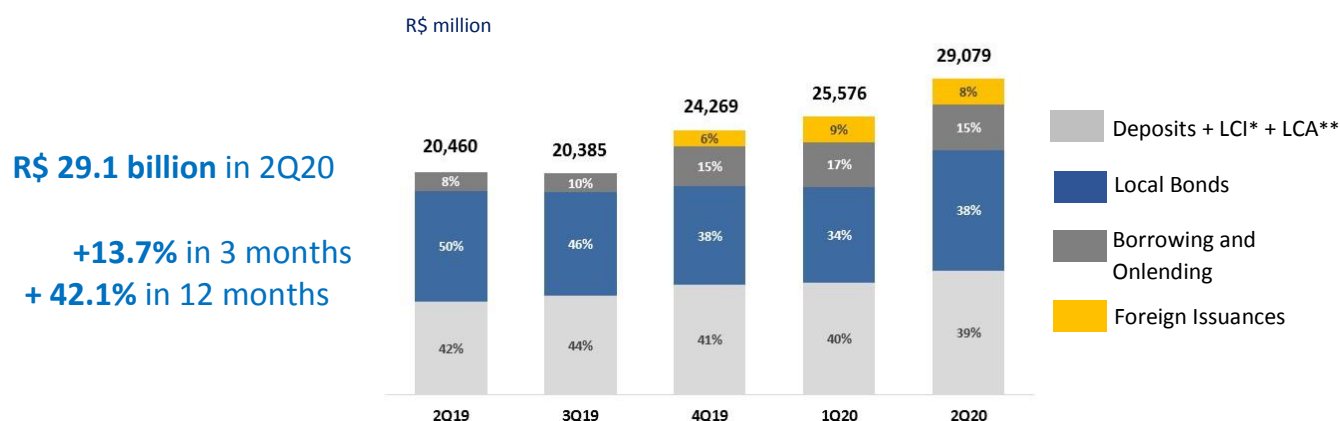


### Recovered Loans

R\$ million



## Funding



\*LCI = Real Estate Letters of Credit, \*\* LCA = Agribusiness Letters of Credit

Total Funding (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ
<b>Total Deposits</b>	<b>11,415.6</b>	<b>10,301.1</b>	<b>10.8%</b>	<b>8,549.3</b>	<b>33.5%</b>
Deposits	9,590.9	8,751.5	9.6%	6,861.4	39.8%
Letters of Credit (LCI* + LCA**)	1,824.7	1,549.6	17.8%	1,687.9	8.1%
<b>Local Bonds (Letras Financeiras)</b>	<b>11,042.8</b>	<b>8,751.1</b>	<b>26.2%</b>	<b>10,201.9</b>	<b>8.2%</b>
Private Offerings	5,854.9	6,051.3	-3.2%	7,465.3	-21.6%
Public Offerings	2,305.6	2,489.5	-7.4%	2,583.7	-10.8%
Guaranteed Financial Bills	2,427.9	-	n.a.	-	n.a.
Subordinated + Perpetual Local Bonds	454.4	210.3	0.9%	152.9	5.6%
<b>Foreign Borrowing and Onlending</b>	<b>4,209.9</b>	<b>4,183.2</b>	<b>0.6%</b>	<b>1,709.0</b>	<b>n.a.</b>
Foreign borrowings	4,026.0	3,987.6	1.0%	1,402.4	n.a.
Domestic onlendings	183.9	195.6	-6.0%	306.6	-40.0%
<b>Foreign Issuances</b>	<b>2,410.5</b>	<b>2,340.9</b>	<b>3.0%</b>	<b>-</b>	<b>n.a.</b>
<b>Total</b>	<b>29,078.8</b>	<b>25,576.3</b>	<b>13.7%</b>	<b>20,460.2</b>	<b>42.1%</b>

\*LCI = Real Estate Letters of Credit, \*\* LCA = Agribusiness Letters of Credit

The institution maintained its focus on the balance of funds raised, either through lengthening operations or the solid expansion of its customer base, comprised of both individuals and legal entities, in line with the expected evolution of the loan portfolio, always seeking to match assets and liabilities and achieve cost efficiencies.

During the second quarter, funding grew 13.7% while the credit portfolio remained stable in the period. The bank conducted several new operations in this period, such as: Issuance of Guaranteed Financial Bills in the amount of R\$ 2.4 billion under the BCB program, New DPGE and DPGE DI (Term deposit with special guarantee) programs and funding through CDBs, LCIs and LCAs from our company and individual clients.

In July 2020, Daycoval obtained a US\$ 100.0 million loan from the IFC, a member of the World Bank, to boost access to credit for small and medium-sized enterprises (SMEs), including companies owned by women. IFC's investment will allow Daycoval to support SMEs in preserving jobs and address the impacts of the Covid-19 pandemic.

The final impacts of this pandemic will still require time to be calculated, considering that the disease is not yet under control which Internally, this has resulted in the implementation of a strategy to maintain margins





### IFC loan



The IFC, a member of the World Bank Group, granted a **US\$ 100 million** loan to Daycoval.

IFC's investment consists of a one-year loan, renewable for up to another year, to support Daycoval's working capital program and other types of loans to small and medium-sized enterprises (SMEs) that were affected by the Covid-19 outbreak.

At least 20% of the working capital line will be aimed at SMEs owned by women, using resources from the *Women Entrepreneurs Opportunity Facility* (WEOF), a global fund dedicated to expanding access for women entrepreneurs to capital.



### Issuance of Guaranteed Financial Bills

In view of the adverse economic scenario, Daycoval made use of a line of loans granted by Brazil's Central Bank (BACEN) to the National Financial System.

At the end of the semester, the Bank had issued the amount of **R\$ 2,427.9 million** in Guaranteed Financial Bills.



### Issuance of Perpetual Financial Bills

On February 19, 2020, the Bank issued Financial Bills with perpetual maturity in the amount of R\$ 50 million and on April 15, 2020, the Bank issued Financial Bills with perpetual maturity in the amount of R\$ 240.0 million.

This amount became part of the Complementary Capital (Level I) in 1H20.

Both were carried out with funds from the shareholders.

# Asset and Liability Management



**Positive Gap of 223 days**

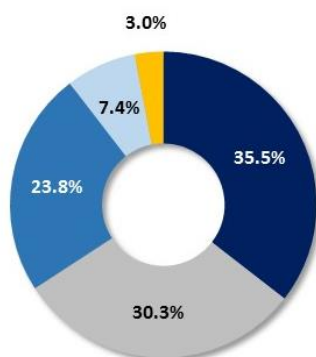
Loan Portfolio by Segment	Average term to Maturity <sup>(1)</sup> days	Funding		Average term to Maturity <sup>(1)</sup> days
Companies	223	Total Deposits		132
Trade Finance	86	Interbank Deposits		211
Payroll Loans	525	Local Bonds (letras financeiras)		497
Auto Loans	483	LCA (Letter of Credit Agribusiness)		85
Leasing	574	LCM (Letter Home Mortgage)		309
BNDES	424	DPGE (Guaranteed Time-Deposit Asset)		689
		Bonds		1.477
		Borrowing and Onlending		517
		BNDES		428
<b>Total Loan Portfolio</b>	<b>344</b>	<b>Total Funding</b>		<b>567</b>

(1) From June 30, 2020

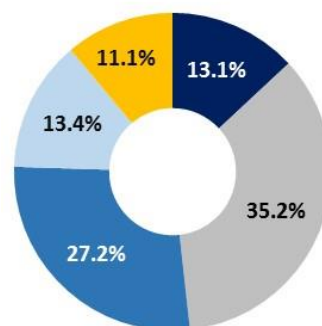
(1) From June 30, 2020

## Maturity of Operations

**Loan Portfolio**



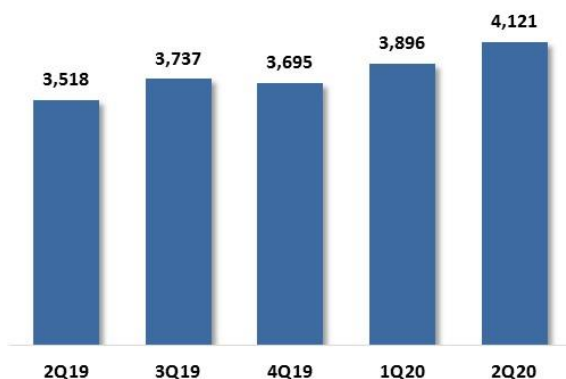
**Funding**



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

## Patrimônio Líquido

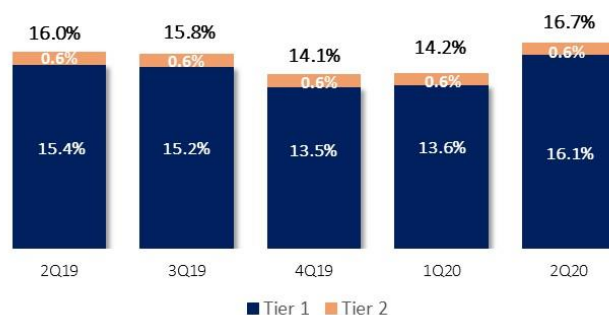
R\$ million



Shareholders' Equity (PL) totaled R\$ 4.1 billion in 2Q20, an increase of 17.1% compared to 2Q19.

In the first half of 2020, there was a payout of R\$ 89.8 million in Interest on Shareholders' Equity (ISE).

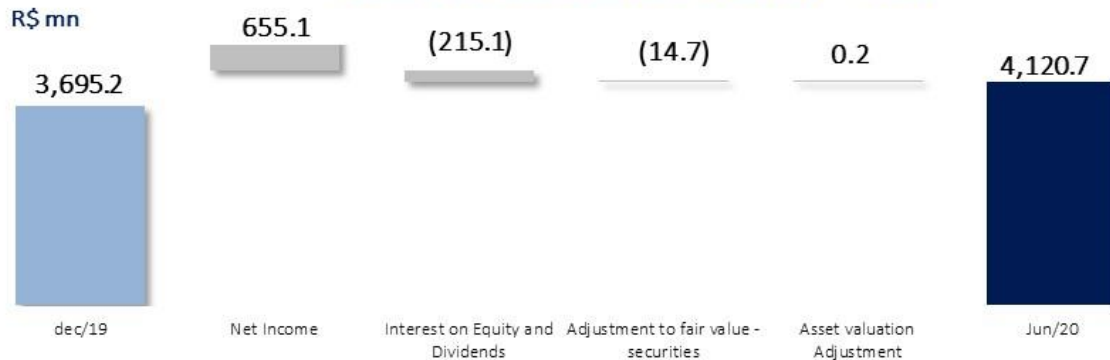
## Basel Index III



The Basel Accord requires banks to maintain a minimum percentage of equity weighted by the risk incurred in their operations. In Brazil, the Central Bank instructs 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 – 1H20

R\$ mn



## Ratings

	Global Scale		National Scale	Perspective
	Long Term	Sovereign	Long Term	
Moody's <sup>1</sup>	Ba2	Ba2	Aa2.br	Stable
Fitch Ratings <sup>2</sup>	BB-	BB-	AA(bra)	Negative
Standard & Poors <sup>3</sup>	BB-	BB-	brAA+	Stable
RISKbank <sup>4</sup>	BRMP 3 Low Risk for Long Term (up to 5 years) - negative			

**Sovereign  
Level**

Date : 1 - Feb/20, 2 - Apr/20, 3 - Jan/20, 4 - Apr/20 .

## Financial Performance

Income from Financial Intermediation (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
<b>Loans Operations</b>	<b>988.4</b>	<b>1,149.7</b>	<b>-14.0%</b>	<b>907.1</b>	<b>9.0%</b>	<b>2,138.1</b>	<b>1,817.7</b>	<b>17.6%</b>
Companies Portfolio	455.0	601.6	-24.4%	435.7	4.4%	1,056.6	899.3	17.5%
Payroll	415.1	423.4	-2.0%	368.3	12.7%	838.5	718.4	16.7%
Auto/Other	78.9	84.8	-7.0%	63.5	24.3%	163.7	120.1	36.3%
Direct Credit to Consumer	1.4	0.1	n.a.	2.8	-50.0%	1.5	5.4	-72.2%
Leasing Operation Result	38.0	39.8	-4.5%	36.8	3.3%	77.8	74.5	4.4%
Securities Operations Result	27.7	55.6	-50.2%	29.4	-5.8%	83.3	64.6	28.9%
Derivatives result <sup>(1)</sup>	259.4	1,295.6	-80.0%	(44.9)	n.a.	1,555.0	(86.4)	n.a.
Operations linked to repurchase commitments and interbank deposits	42.0	29.8	40.9%	61.6	-31.8%	71.8	112.4	-36.1%
Foreign Exchange Operations	(14.5)	45.1	n.a.	33.7	n.a.	30.6	67.9	-54.9%
Sales or Transfer Financial Asset Operations	0.9	1.0	-10.0%	0.1	n.a.	1.9	1.3	46.2%
<b>Income from Financial Intermediation (A)</b>	<b>1,303.9</b>	<b>2,576.8</b>	<b>-49.4%</b>	<b>987.0</b>	<b>32.1%</b>	<b>3,880.7</b>	<b>1,977.5</b>	<b>96.2%</b>
Funding Operations <sup>(2)</sup>	(314.3)	(705.3)	-55.4%	(281.4)	11.7%	(1,019.6)	(522.3)	95.2%
Borrowings and Onlendings Operations <sup>(3)</sup>	(226.4)	(832.8)	-72.8%	(1.3)	n.a.	(1,059.2)	(25.9)	n.a.
Loan Loss Provision (LLP)	(101.4)	(158.4)	-36.0%	(188.4)	-46.2%	(259.8)	(342.1)	-24.1%
<b>Expenses on Financial Intermediation (B)</b>	<b>(642.1)</b>	<b>(1,696.5)</b>	<b>-62.2%</b>	<b>(471.1)</b>	<b>36.3%</b>	<b>(2,338.6)</b>	<b>(890.3)</b>	<b>n.a.</b>
<b>Gross Income from Financial Intermediation (A-B)</b>	<b>661.8</b>	<b>880.3</b>	<b>-24.8%</b>	<b>515.9</b>	<b>28.3%</b>	<b>1,542.1</b>	<b>1,087.2</b>	<b>41.8%</b>
Hedge MTM - Foreign Issues and Credit Operations	(90.3)	132.2	n.a.	4.4	n.a.	41.9	(4.0)	n.a.
<b>Adjusted Gross Income from financial intermediation</b>	<b>752.1</b>	<b>748.1</b>	<b>0.5%</b>	<b>511.5</b>	<b>47.0%</b>	<b>1,500.2</b>	<b>1,091.2</b>	<b>37.5%</b>
(1) Foreign Exchange Variation without Foreign Issues	286.2	1,279.5		(48.4)		1,565.7	(89.6)	
(2) Foreign Exchange Variation without Borrowings abroad	(124.8)	(504.0)		0.0		(628.8)	20.2	
(3) Reclassified from other operating/expenses revenues.	(183.1)	(860.1)		19.5		(1,043.2)	26.1	

In 2Q20, revenues from credit operations reached R\$ 988.4 million, 14.0% lower than in 1Q20 and 9.0% higher in the last 12 months due to the maintenance of margins and portfolio growth.

The line of credit operations for Companies ended 2Q20 with revenues totaling R\$ 455.0 million, a reduction of 24.4% in the quarter and an increase of 4.4% compared to the same period in 2019. The Payroll Loan line ended the quarter with revenue of R\$ 415.1 million, a reduction of 2.0% compared to 1Q20, in line with the drop in the portfolio in the period and the auto line with a balance of R\$ 78.9 million.

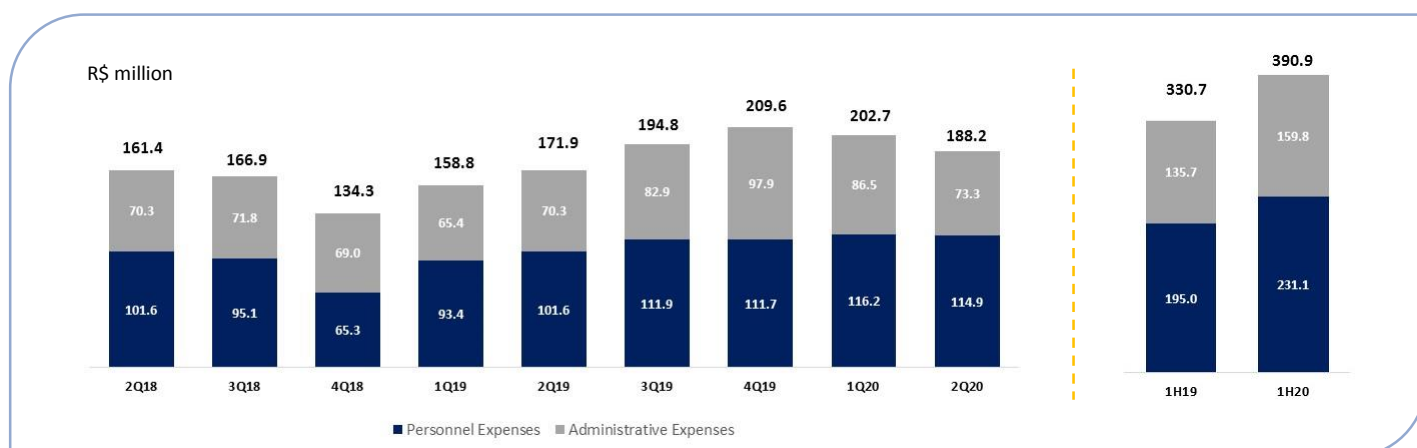
Leasing Operations result ended the quarter with revenues of R\$ 38.0 million, down 4.5% compared to 1Q20 and growth of 3.3% in the last 12 months.

Gross Income from Financial Intermediation ended the quarter with a balance of R\$ 661.8 million. Excluding the effect of the MTM adjustment of the hedge of the overseas issuances, the adjusted gross income from financial intermediation was R\$ 752.1 million in 2Q20.

Expenses for market funding, borrowing and onlending totaled R\$ 540.7 million in the quarter.

The result with derivatives was a positive R\$ 259.4 million in 2Q20 because it included R\$ 286.2 million positive from the hedge. Excluding these effects, the result with derivatives was a negative R\$ 26.8 million in 2Q20 versus a negative R\$ 16.1 million in 1Q20.

## Personnel and Administrative Expenses

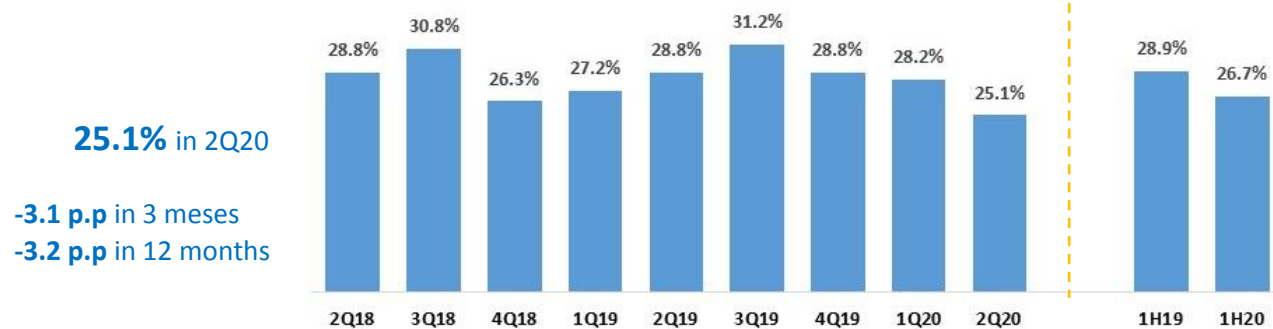


Personnel and Administrative Expenses (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Personnel Expenses	(114.9)	(116.2)	-1.1%	(101.6)	13.1%	(231.1)	(195.0)	18.5%
Administrative Expenses	(73.3)	(86.5)	-15.3%	(70.3)	4.3%	(159.8)	(135.7)	17.8%
<b>Personnel and Administrative Expense</b>	<b>(188.2)</b>	<b>(202.7)</b>	<b>-7.2%</b>	<b>(171.9)</b>	<b>9.5%</b>	<b>(390.9)</b>	<b>(330.7)</b>	<b>18.2%</b>
<b>Commission Expenses (Total)</b>	<b>(32.3)</b>	<b>(62.0)</b>	<b>-47.9%</b>	<b>(55.7)</b>	<b>-42.0%</b>	<b>(94.3)</b>	<b>(110.4)</b>	<b>-14.6%</b>
Payroll	(28.9)	(48.7)	-40.7%	(44.2)	-34.6%	(77.6)	(89.6)	-13.4%
Auto Loans	(3.4)	(13.2)	-74.2%	(11.4)	-70.2%	(16.6)	(20.6)	-19.4%
Home Equity	0.0	(0.1)	-100.0%	(0.1)	-100.0%	(0.1)	(0.2)	-50.0%
<b>Total</b>	<b>(220.5)</b>	<b>(264.7)</b>	<b>-16.7%</b>	<b>(227.6)</b>	<b>-3.1%</b>	<b>(485.2)</b>	<b>(441.1)</b>	<b>10.0%</b>

Administrative and personnel expenses totaled R\$ 188.2 million in the quarter, a 7.2% decrease in the period, motivated by administrative expenses, which were down 15.3% in the quarter.

Commission expenses decreased by 47.9% during the quarter, due to the lower origination in the period.

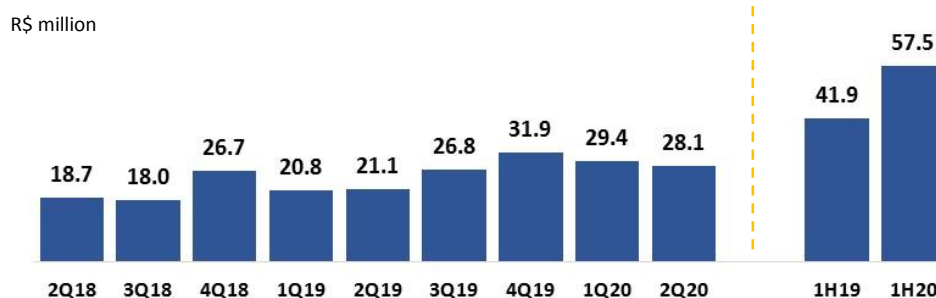
## Recurring Efficiency Ratio



Recurring Efficiency Ratio (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
(+) Personnel	(114.9)	(116.2)	-1.1%	(101.6)	13.1%	(231.1)	(195.0)	18.5%
(+) Administrative Expenses	(73.3)	(86.5)	-15.3%	(70.3)	4.3%	(159.8)	(135.7)	17.8%
(+) Commissions	(32.3)	(62.0)	-47.9%	(55.7)	-42.0%	(94.3)	(110.4)	-14.6%
<b>Total Expenses (A)</b>	<b>(220.5)</b>	<b>(264.7)</b>	<b>-16.7%</b>	<b>(227.6)</b>	<b>-3.1%</b>	<b>(485.2)</b>	<b>(441.1)</b>	<b>10.0%</b>
(+) Income from Recurring Financial Intermediation - LLP	853.5	906.6	-5.9%	753.4	13.3%	1,760.1	1,494.2	17.8%
(+) Income from Services Provided	26.4	31.9	-17.2%	50.1	-47.3%	58.3	97.0	-39.9%
(+) Other Adjustments	(0.4)	(0.1)	n.a	-	n.a	(0.5)	-	n.a
<b>Total Income (B)</b>	<b>879.5</b>	<b>938.4</b>	<b>-6.3%</b>	<b>803.5</b>	<b>9.5%</b>	<b>1,817.9</b>	<b>1,591.2</b>	<b>14.2%</b>
<b>Recurring Efficiency Ratio (A/B) (%)</b>	<b>25.1%</b>	<b>28.2%</b>	<b>-3.1 p.p</b>	<b>28.3%</b>	<b>-3.2 p.p</b>	<b>26.7%</b>	<b>27.7%</b>	<b>-1.0 p.p</b>
Profit Sharing	(28.1)	(29.4)	-4.4%	(21.0)	33.8%	(57.5)	(41.9)	37.2%
Recurring Efficiency Ratio (considering Profit Sharing) (%)	28.3%	31.3%	-3.0 p.p	30.9%	-2.6 p.p	29.9%	30.4%	-0.5 p.p

## Profit Sharing Program

Expenses related to the provision for profit sharing payments totaled R\$ 28.1 million in 2Q20 and R\$ 57.5 million in 1H20.



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

Income Statement	2Q20	1Q20	Δ	2Q20	Δ	1H20	1H20	Δ
<b>Income from Financial Intermediation</b>	<b>1,303,891</b>	<b>2,576,918</b>	<b>-49.4%</b>	<b>987,022</b>	<b>32.1%</b>	<b>3,880,809</b>	<b>1,977,480</b>	<b>96.3%</b>
Lending Operation	988,404	1,149,722	-14.0%	907,033	9.0%	2,138,126	1,817,690	17.6%
Securities Operations and Derivatives	287,099	1,351,241	-78.8%	(15,489)	n.a.	1,638,340	(21,823)	n.a.
Operations linked to repurchase commitments and interbank deposits	41,967	29,786	40.9%	61,623	-31.9%	71,753	112,364	-36.1%
Foreign Exchange Operations	(14,460)	45,150	n.a.	33,706	n.a.	30,690	67,903	-54.8%
Operations Sale or Transfer of Financial Assets	881	1,019	-13.5%	149	n.a.	1,900	1,346	41.2%
<b>Expenses of Financial Intermediation</b>	<b>(540,727)</b>	<b>(1,538,079)</b>	<b>-64.8%</b>	<b>(282,667)</b>	<b>91.3%</b>	<b>(2,078,806)</b>	<b>(548,262)</b>	<b>279.2%</b>
Interbank and time deposits	(61,388)	(77,620)	-20.9%	(82,179)	-25.3%	(139,008)	(150,829)	-7.8%
Bond issues in Brazil and abroad	(252,898)	(627,648)	-59.7%	(199,221)	26.9%	(880,546)	(371,510)	n.a.
Borrowing and Onlendings	(226,441)	(832,811)	-72.8%	(1,267)	n.a.	(1,059,252)	(25,923)	n.a.
<b>Gross Profit from Financial Intermediation</b>	<b>763,164</b>	<b>1,038,839</b>	<b>-26.5%</b>	<b>704,355</b>	<b>8.3%</b>	<b>1,802,003</b>	<b>1,429,218</b>	<b>26.1%</b>
<b>Expenses with Allowance for Loan Losses</b>	<b>(101,401)</b>	<b>(158,436)</b>	<b>-36.0%</b>	<b>(188,413)</b>	<b>-46.2%</b>	<b>(259,837)</b>	<b>(342,053)</b>	<b>-24.0%</b>
<b>Net Result from Financial Intermediation</b>	<b>661,763</b>	<b>880,403</b>	<b>-24.8%</b>	<b>515,942</b>	<b>28.3%</b>	<b>1,542,166</b>	<b>1,087,165</b>	<b>41.9%</b>
<b>Other Operating Income (Expenses)</b>	<b>(208,490)</b>	<b>(238,494)</b>	<b>-12.6%</b>	<b>(255,508)</b>	<b>-18.4%</b>	<b>(446,984)</b>	<b>(488,271)</b>	<b>-8.5%</b>
Income from Services Provided	43,589	63,392	-31.2%	50,160	-13.1%	106,981	96,950	10.3%
Personnel Expenses	(114,907)	(116,222)	-1.1%	(101,568)	13.1%	(231,129)	(194,952)	18.6%
Other Administrative Expenses	(105,516)	(148,564)	-29.0%	(126,003)	-16.3%	(254,080)	(246,117)	3.2%
Tax Expenses	(42,367)	(53,185)	-20.3%	(41,385)	2.4%	(95,552)	(80,620)	18.5%
Other Operating Income and expenses	(8,067)	38,574	n.a.	(27,126)	-70.3%	30,507	(21,853)	n.a.
Depreciation and amortization expenses	(2,854)	(2,779)	2.7%	(2,721)	4.9%	(5,633)	(5,308)	6.1%
Income from insurance operations	23	142	-83.8%	531	-95.7%	165	1,315	-87.5%
Expenses Loan Loss Provisions	21,609	(19,852)	n.a.	(7,396)	n.a.	1,757	(37,686)	-104.7%
<b>Operating Result</b>	<b>453,273</b>	<b>641,909</b>	<b>-29.4%</b>	<b>260,434</b>	<b>74.0%</b>	<b>1,095,182</b>	<b>598,894</b>	<b>82.9%</b>
<b>Non-operating Result</b>	<b>(2,532)</b>	<b>(1,400)</b>	<b>80.9%</b>	<b>3,512</b>	<b>-172.1%</b>	<b>(3,932)</b>	<b>3,421</b>	<b>-214.9%</b>
<b>Income before Taxes and Minority Interest</b>	<b>450,741</b>	<b>640,509</b>	<b>-29.6%</b>	<b>263,946</b>	<b>70.8%</b>	<b>1,091,250</b>	<b>602,315</b>	<b>81.2%</b>
<b>Income and Social Contribution Taxes</b>	<b>(163,436)</b>	<b>(215,230)</b>	<b>-24.1%</b>	<b>(79,743)</b>	<b>105.0%</b>	<b>(378,666)</b>	<b>(181,647)</b>	<b>108.5%</b>
Provision for Income Tax	(81,801)	(96,440)	-15.2%	(57,380)	42.6%	(178,241)	(132,848)	34.2%
Provision for Social Contribution Tax	(71,245)	(63,820)	11.6%	(40,416)	76.3%	(135,065)	(85,158)	58.6%
Deferred Taxes	(10,390)	(54,970)	-81.1%	18,053	n.a.	(65,360)	36,359	n.a.
Profit-Sharing	(28,113)	(29,393)	-4.4%	(21,090)	33.3%	(57,506)	(41,909)	37.2%
Minority Interest	(9)	(6)	50.0%	(3)	n.a.	(15)	(11)	36.4%
<b>Net Income</b>	<b>259,183</b>	<b>395,880</b>	<b>-34.5%</b>	<b>163,110</b>	<b>58.9%</b>	<b>655,063</b>	<b>378,748</b>	<b>73.0%</b>