



Press Release - Brasília (DF), August 8, 2019

Adjusted Net Income is R\$4.4 Billion in 2Q19

Growth of 36.8% compared to 2Q18, ROE of 17.6%

Banco do Brasil (BB) announced on Thursday (8) an R\$4.4 billion adjusted net income for the second quarter of 2019 (2Q19). The amount is 36.8% higher if compared to the 2Q18.

R\$1.7 billion in Interest on Own Capital (IOC) was distributed in the quarter, a growth of 78.2% over the 2Q18.

This performance was primarily due to the increase in NII and in fee income in addition to the cost control, which performed below inflation.

Credit

The expanded loan portfolio was R\$686.6 billion, close to stability compared to June/18. (-0.4%).

The individuals expanded view portfolio increased 7.8% over June/18 (+R\$14.7 billion), due to the positive performance in payroll loans (+R\$6.0 billion), Consumer Finance (+R\$4.8 billion) and mortgage (+R\$2.5 billion).

The companies classified portfolio decreased by 7.8% over June/18 mainly due to the amortization volume in the large corporate segment (-R\$17.0 billion). Considering the SME clients, those with annual revenues up to R\$200 million, highlight to the growth of 37.1% in the working capital line (+R\$6.9 billion).

The rural credit registered a positive performance of 0.7% over June/18 (+R\$1.1 billion), especially on FCO Rural (+R\$2.6 billion), Agricultural Investments (+R\$2.5 billion) and Pronaf (+R\$231 million). BB's disbursed R\$82.3 billion in the 2018/2019 crop, growth of 2.4% over the previous crop.

Credit Quality

The NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance), was 3.25% in June/19. Excluding a specific case the NPL +90d would have been 2.61%.

The ALLL expenses, which considers credit recovery, decreased 0.6% if compared to 2Q18, due to lower ALL Credit Risk volume (1.5% reduction).

Cost-to-Income Ratio of 36.2%

The administrative expenses decreased 1.1% over 2Q18, resulting in a cost-to-income ratio of 36.2% in 2Q19, improvement of 170bps.

Fee Income Increased 9.4%

Fee income increased 9.4% over 2Q18 to R\$7.4 billion, led by insurance, pension and capitalization income (+R\$231.3 million), income from capital markets (+R\$124.1 million), checking account (+R\$99.1 million) and consortium (+R\$87.7 million).

BIS Ratio of 18.6%

In June/19, the BIS Ratio was 18.6% and the Tier I was 13.4%, being 10.01% of Common Equity Tier 1 (CET1).