

BMGB
B3 LISTED N1

banco
bmg
É pra mim.

CONFERENCE CALL PRESENTATION

4Q20



WE ARE
A

*Complete
Bank!*



retirees and civil
servants

5.2
mm of active clients
+29% in 12 months

+



small and micro
companies

8.4 general satisfaction
with the digital bank
services¹

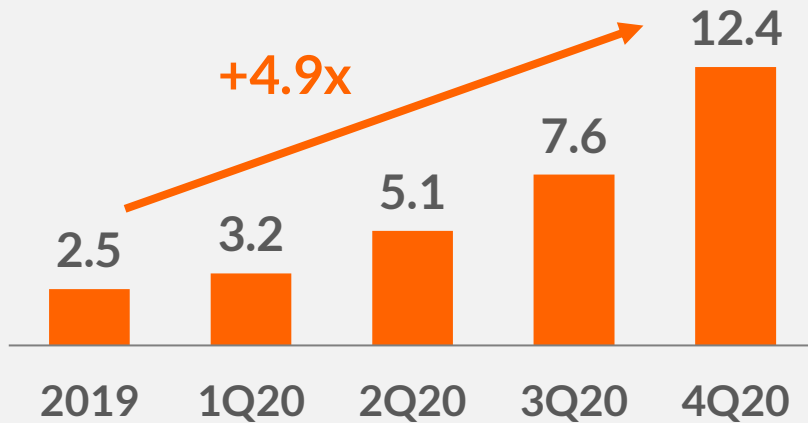
- **Modern**
- **Client-centric**
- **Digital bank with the human sensibility of the physical world**
- **For millions of Brazilians and companies**

PHYGITAL PERFORMANCE IN THE COMPLETE RETAIL ECOSYSTEM



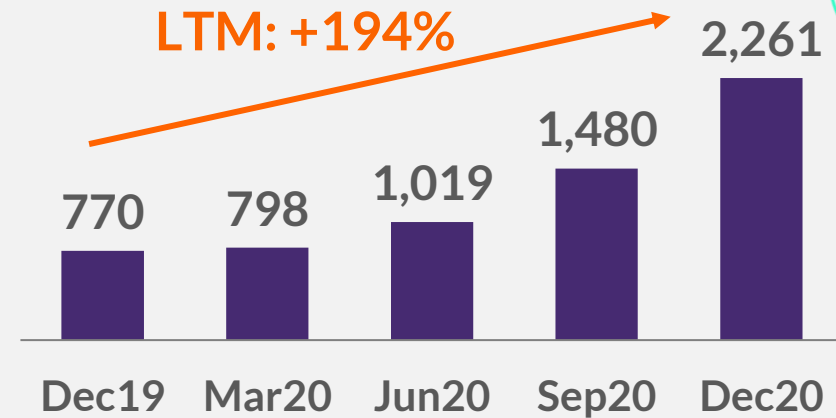
CONSOLIDATED DIGITAL BANK

New clients per business day
(‘000)



2.6
mm of
digital
accounts

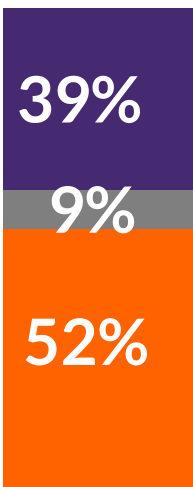
Monthly Active Users
(‘000)



+8 mm of
access in
Dec/20

Digital
accounts
profile

2.6 mm



Open-waters

Soccer
clubs

Consignable

Complete value proposition based on
the concept of a positive account

Passion for soccer: Greater loyalty and
credit quality

High profitability: client starts with a
credit product

Focus for next years:

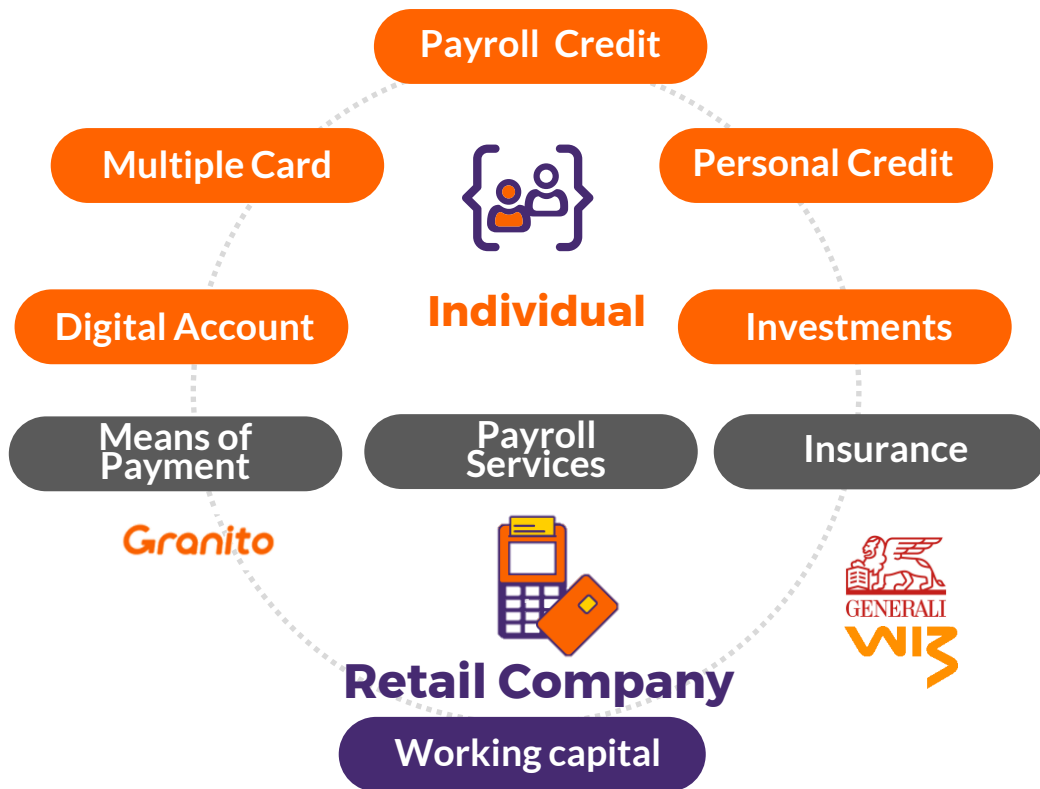
Monetize

Growth the base

Increase cross-selling in
the digital bank

DIGITAL BANK EXPERIENCE

PRODUCTS AND SERVICES: PROFITABILITY



VALUE PROPOSAL: INCREASING ACTIVATION AND LOYALTY

POSITIVE ACCOUNT



Poupa pra Mim
+3.6x

Clients registered in
the virtual piggy bank
(4Qx3Q)



Volta pra Mim
+3.4x

of cashback in the
debit and credit cards
to the clients
(4Qx3Q)



Marketplace
+200

Partner stores

Transactions in the Digital Bank

+1.9x

volume of credit
purchases
(4Qx3Q)



+1.8x

volume of debit
purchases
(4Qx3Q)





BUSINESS

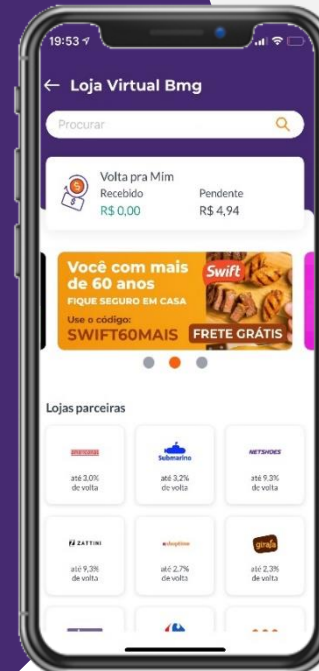
UPDATE

VALUE LEVER Marketplace



Strategic Pillars

1. Offer the best cashback to the clients
2. Better usability
3. Transparency and information
4. New partners and offers



+200
partner stores



Launched in
Nov/20, more
than R\$ 1 million/
month

**What's
next**

Main
shopping categories
Cell phones
Computing
Home appliances
Clothes and shoes



- Diversification of partner stores
- Exclusive offers

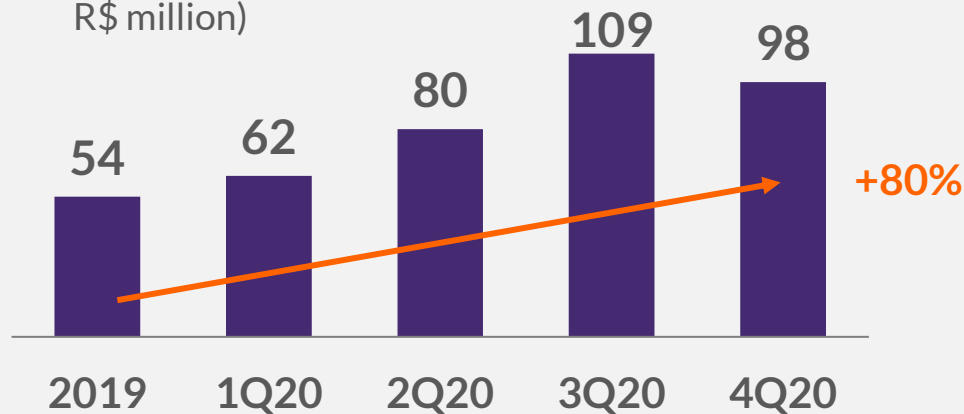
VALUE LEVER

Bmg Corretora de Seguros

STRONG GROWTH IN RETAIL INSURANCE

Issued premiums evolution

(Quarterly Average
R\$ million)



Mass insurance penetration in the credit portfolios

75%
direct debit loan

58%
payroll credit card

10%
payroll loan

high penetration
potential

STRATEGIC PILLARS

Commercial performance

Promote the growth of current products, with a structure of intelligence and technology

New products strategy

Accelerated growth of new products unattached to credit in the physical and digital channels

New channels

Performance in channels not yet explored, such as digital and call center

Corporate solutions

Expansion of the performance and offer of Corporate insurance, with technical support from Wiz's specialized team

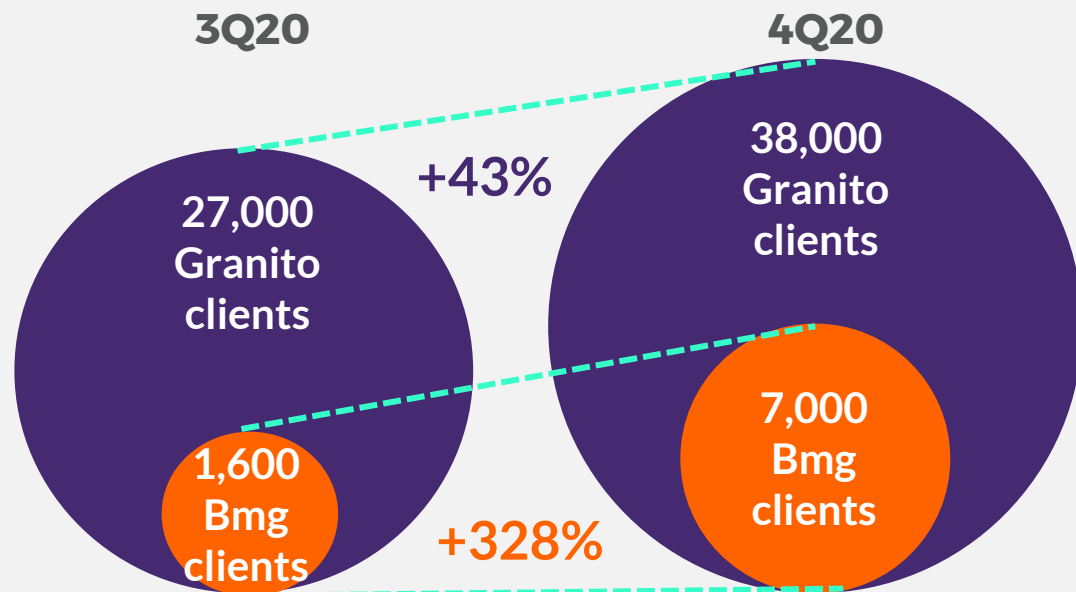
Financial efficiency

Capture financial opportunities in organizational processes

VALUE LEVER

Retail Companies

STRATEGIC PILLAR: complete banking services
for commercial establishments and their
employees



exclusivity of banking domicile
on the Granito sales channel
(+450 consultants)

+31,000
current clients to
explore

NEW PRODUCTS AND CHANNELS

New not-present capture
products: **unlock our digital**
channel bringing solutions
for companies and
individual clients



Payment
link



Hardwareless
Solution



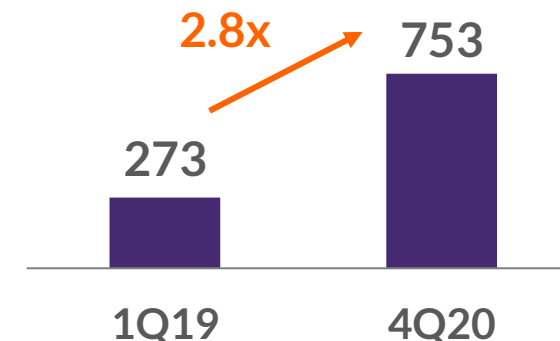
Checkout
API



Wallet

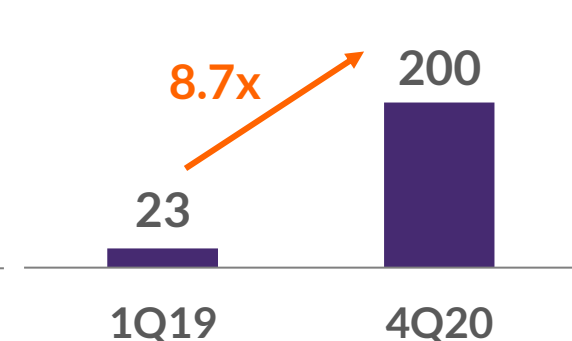
Financial highlights

Total Payment Volume
(Quarterly average - R\$ million)



Granito

Valuation
(R\$ million)



HELP! TECH-TOUCH MODEL

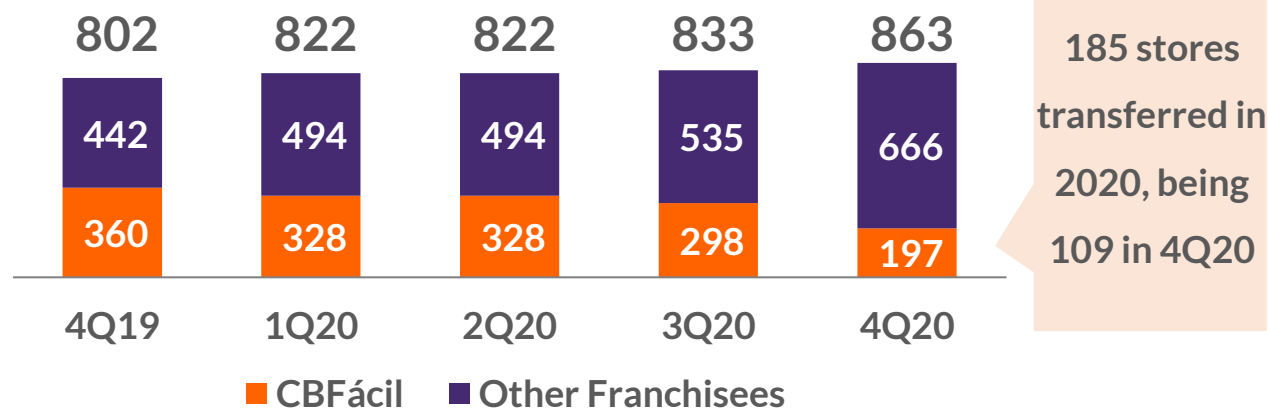
Franchise network, specializing in financial services, with a **one-stop shop** concept and **tech-touch** performance model

The essence of help! is technology



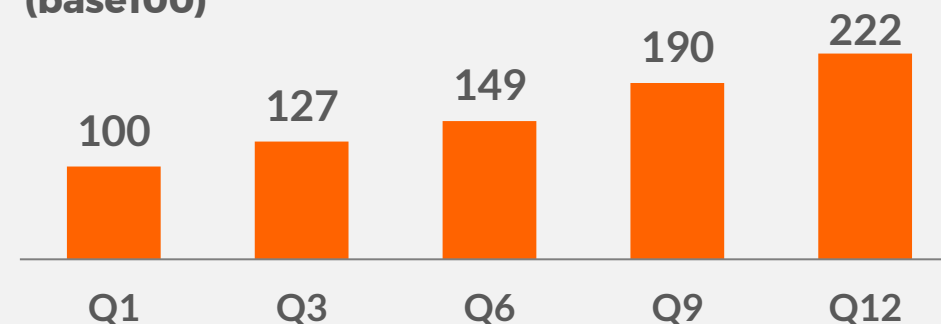
Provide strong security on the face-to-face and remote origination

Number of stores evolution

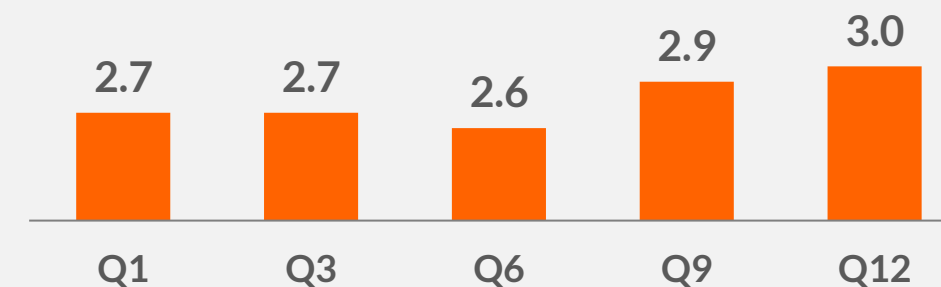


EFFICIENT AND SCALABLE

Evolution of origination per consultant (base100)



Number of consultants per store

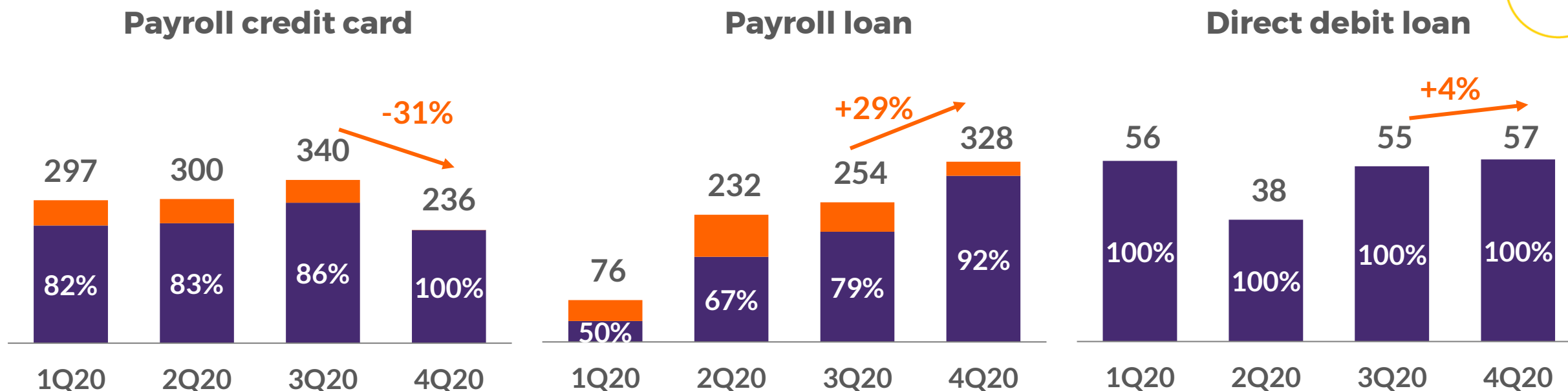


Indicator based on the quarterly evolution of origination of the direct debit product.

DIGITALIZED ORIGATION

Average monthly released amount¹(R\$ million)

Physical formalization Digitalized formalization



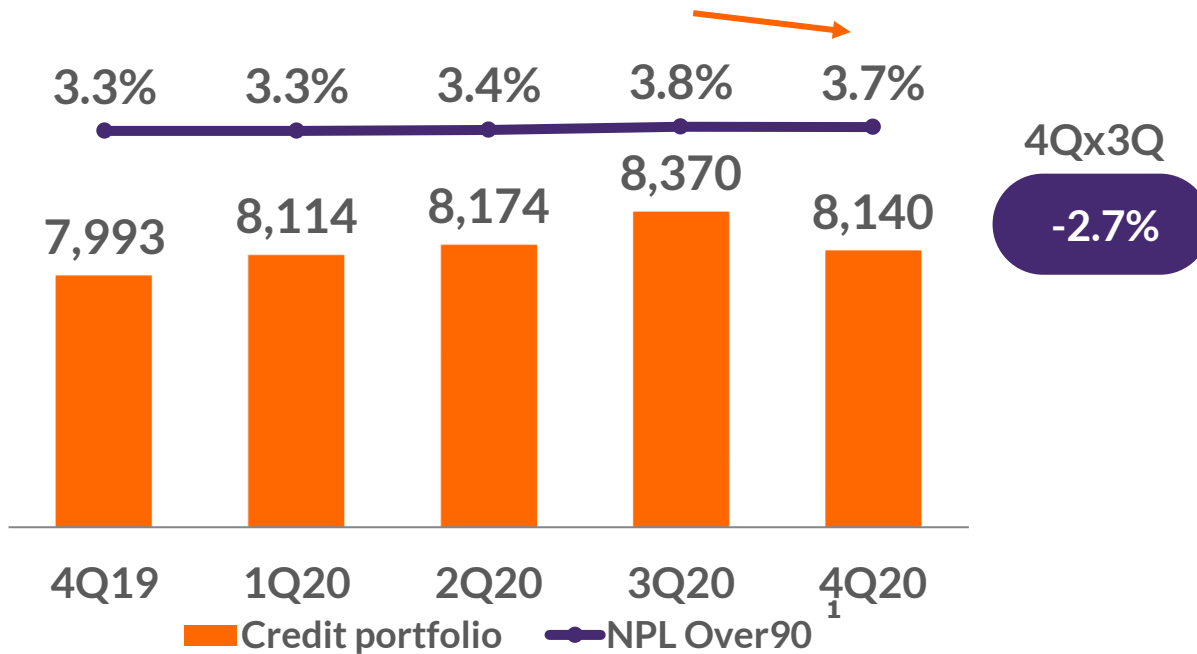
96% of origination performed in digitalized form in 4Q20

PAYROLL PRODUCTS

PAYROLL CREDIT CARD

Portfolio Evolution (R\$ million)

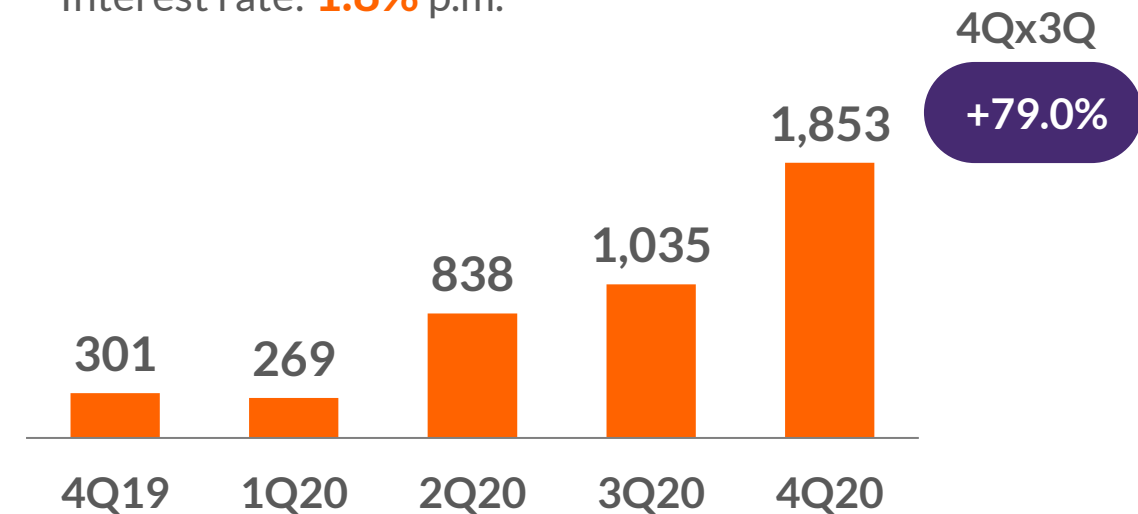
Interest rate: **3.1%** p.m.



PAYROLL LOAN

Portfolio Evolution (R\$ million)

Interest rate: **1.8%** p.m.



Assignment to the securitization company in the amount of R\$ 165 mm in the 4Q20

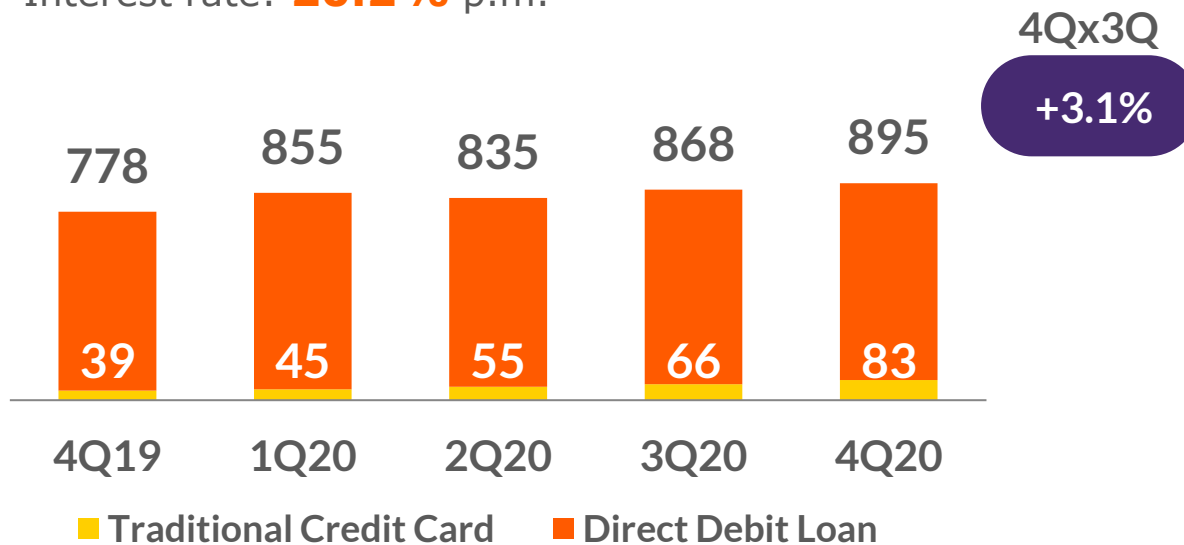
71.3% of total credit portfolio (vs. 72.0% in 3Q20)

PERSONAL LOAN

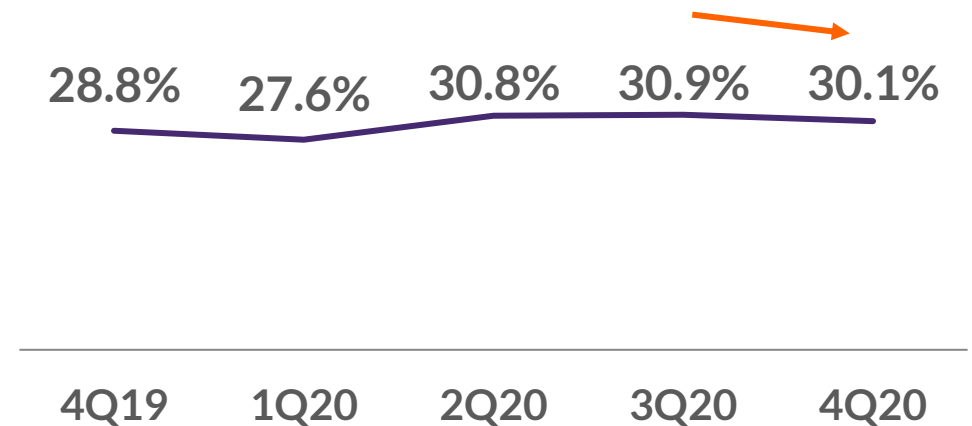
DIRECT DEBIT LOAN AND TRADITIONAL CREDIT CARD

Portfolio Evolution (R\$ million)

Interest rate: **20.2%** p.m.



NPL Evolution ¹



60%

of portfolio receive
benefits at Bmg

442
thousand

Active traditional
credit cards

69%

indicated a high probability
of purchasing other Bmg
products



FINANCIAL

RESULTS

4Q20 HIGHLIGHTS

RECURRING NET INCOME

**R\$ 96
million**

+31%
(4Q20x4Q19)

2020 RECURRING NET INCOME

**R\$ 381
million**

+11%
(2020x2019)

INTEREST MARGIN

**R\$ 960
million**

+14%
(4Q20x4Q19)

RECURRING ROAE

9.9% p.a.

+0.3p.p.
(4Q20x4Q19)

RETAIL LOAN PORTFOLIO

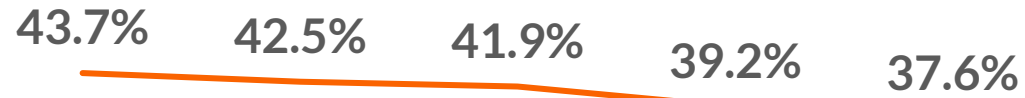
**R\$12.1
billion**

+25%
(4Q20x4Q19)

MARGIN EVOLUTION

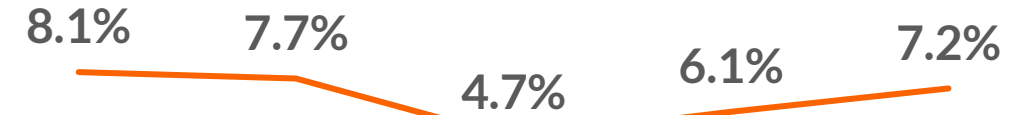
% p.a.

Credit operations/ Average portfolio



4Q19 1Q20 2Q20 3Q20 4Q20

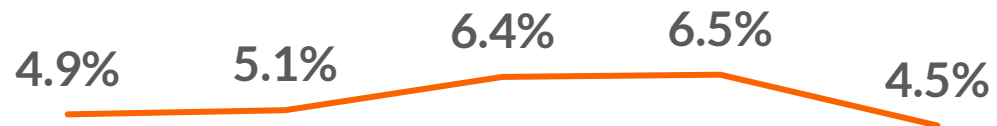
Funding expenses/ Average funding



4Q19 1Q20 2Q20 3Q20 4Q20

Cost of credit (net provision expenses and commission)

Net provision expenses/ Average portfolio



4Q19 1Q20 2Q20 3Q20 4Q20

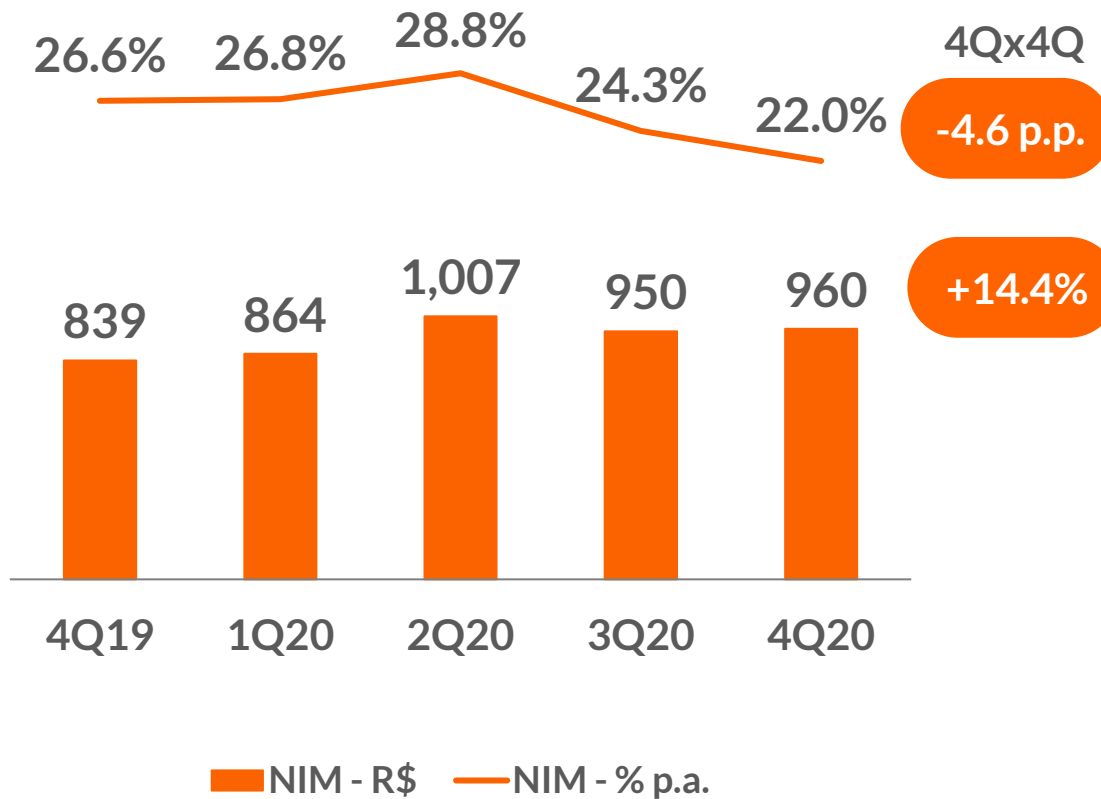
Commissions expenses/ average portfolio



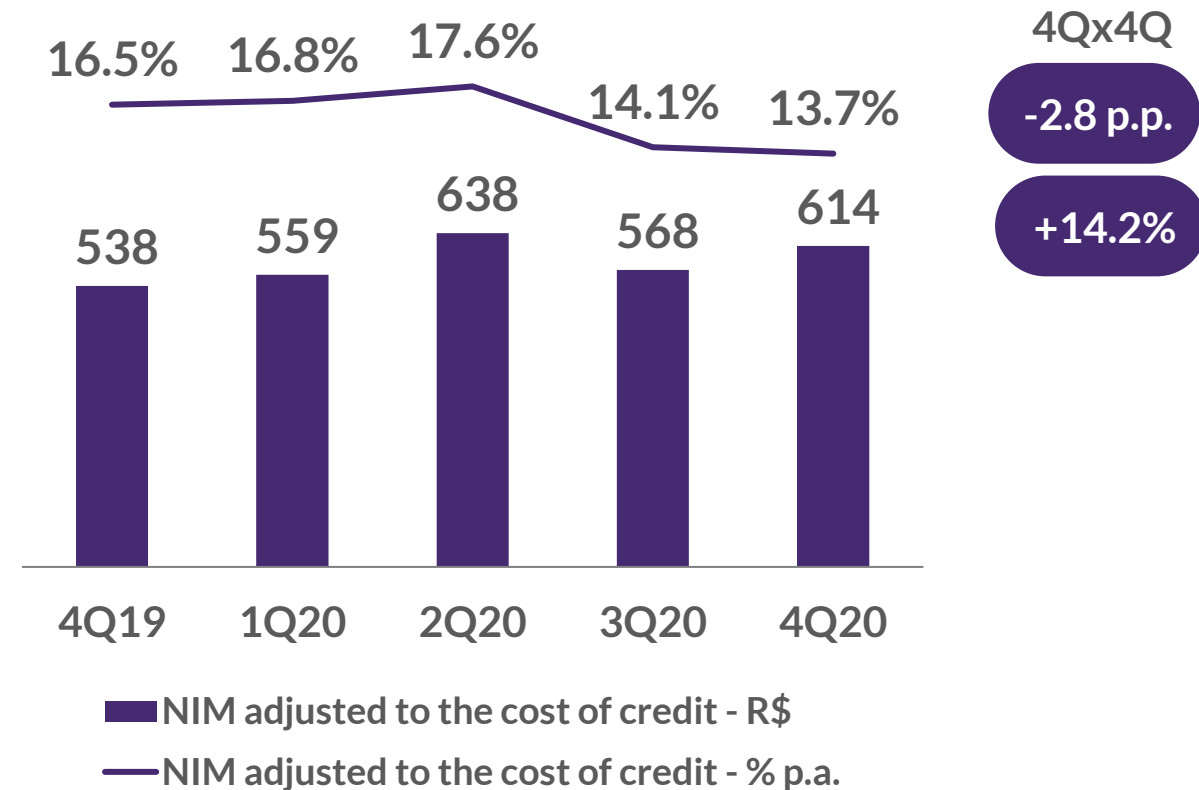
4Q19 1Q20 2Q20 3Q20 4Q20

MARGIN EVOLUTION

Net interest margin¹



NIM adjusted to the cost of credit² (provision expenses and commission)



1 - interest income + revenue from services rendered / average profitable assets

2 - interest financial margin after expenses with net provision for recovery and expenses with agent fees + revenue from services rendered / average profitable assets

Based on the recurring result.

COST MANAGEMENT

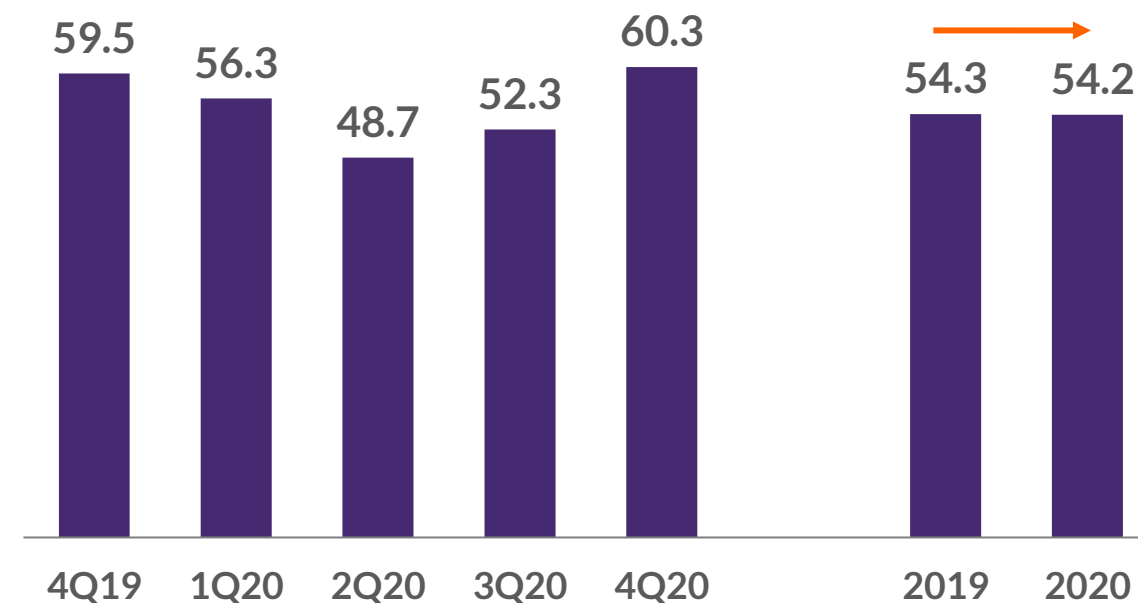
ADMINISTRATIVE EXPENSES

R\$ Million



EFFICIENCY RATIO¹

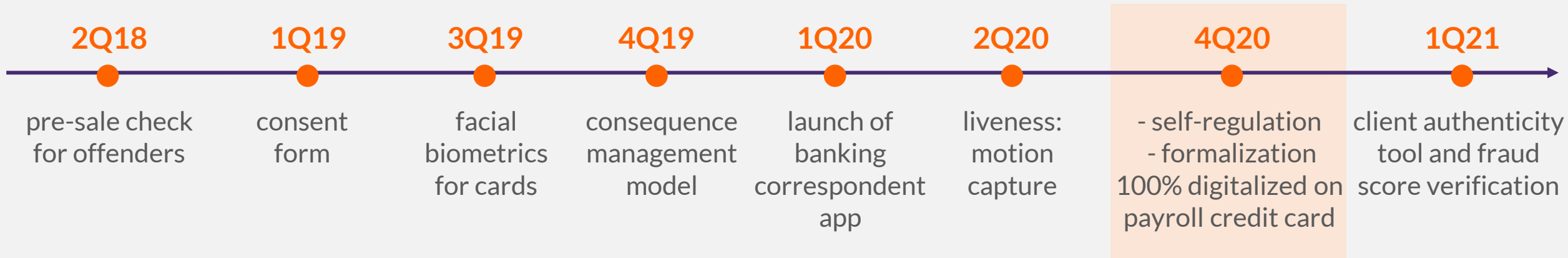
(%)



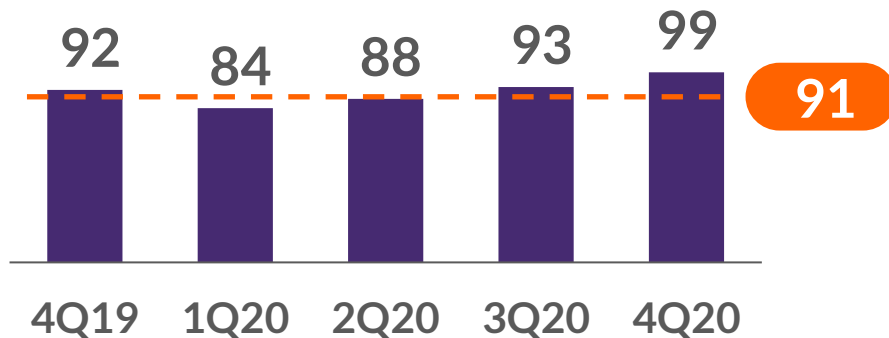
1 – Efficiency Ratio: (Personnel Expenses + Other Administrative Expenses (doesn't consider amortization) + Other Operating Expenses (net from operating income)) / (Gross Profit from Financial Intermediation before allowance for loan losses + Income from Services Rendered + Tax Expenses).

OPERATING PROVISION

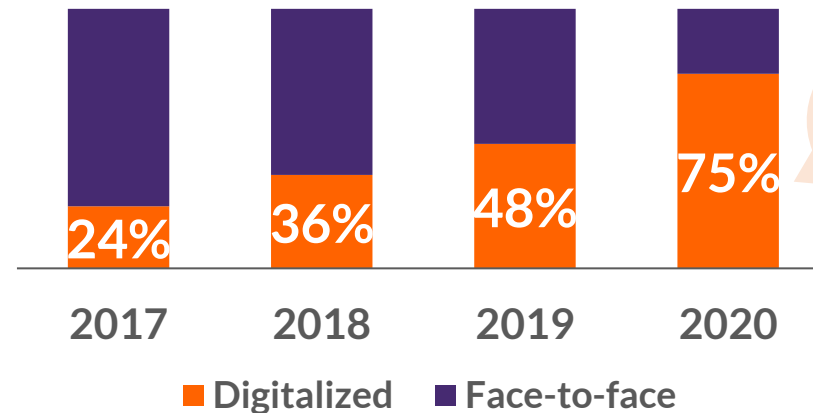
evolution in formalization models – acting at the root cause



Net operating provision
expenses
R\$ Million



Digitalized Formalization¹
Origination by type of formalization %



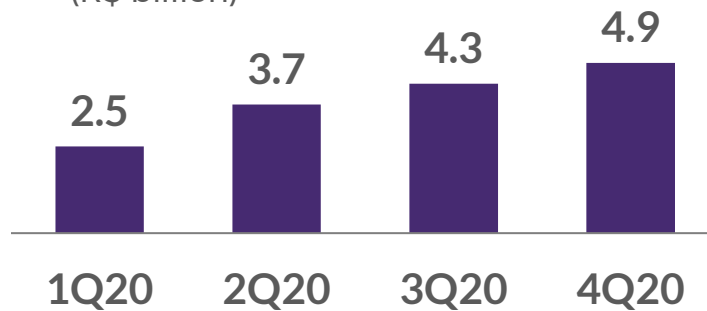
**Formalization
digitalized x
face-to-face**

**2X less civil
lawsuits in
digitalized**

FUNDING AND LIQUIDITY

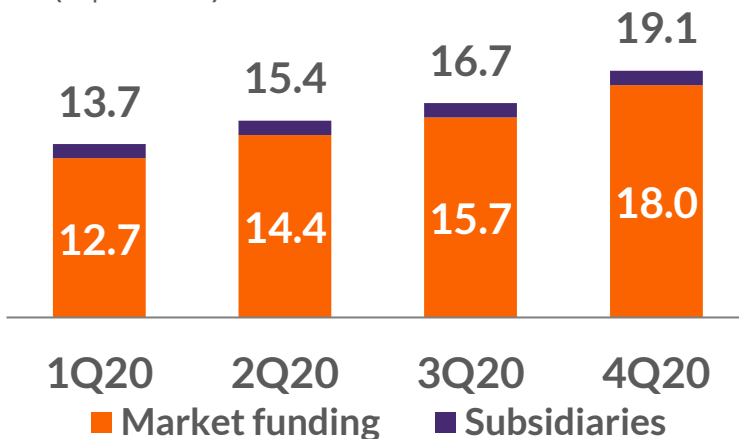
Total cash evolution

(R\$ billion)



Funding Evolution

(R\$ billion)



- Reinforcement of the securities market for natural IPCA hedge

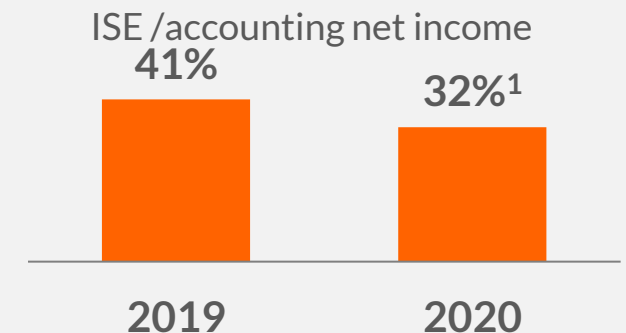
Differentiated funding sources:

- R\$ 1.3 billion of securitization for issuance of debenture linked to the payroll credit card. Initially absorbed by Bmg.
- LFG
R\$ 2.8 bi issued
- NDPGE
R\$ 1.6 bi issued

CAPITAL

- Comfortable capital level with Basel in 17.8% and of quality with 96% in Main Capital
- Bacen limited the maximum dividend to 30% for 2020 fiscal year
- Strategy to maximize the payment of ISE, given its tax benefit

Payout



1 – considers the declared ISE/ accounting net income. According to the dividend methodology of the Lei das SAs, the indicator would be 28.5%, considering the net ISE/ net profit after legal reserve



PERSPECTIVES AND GUIDANCE

2020 ACHIEVEMENTS

In 2020, we carried out several **transformation actions** that positioned Bmg as the **top quartile** in Organizational Health in Brazil ¹

We worked on four pillars in 2020...



Review of the people and leadership management model



Phygital strategy deployed for the entire organization



Operational excellence



Modernization with focus on innovation

...that boosted all health practices measured

Leap in 2020 - top decile on the market

+27p.p on
bottom-up
innovation

+20p.p in
strategic
clarity

+13p.p in
trust

+8p.p in
challenging
leadership

+18p.p in
employee
engagement

+24p.p in share of
information

NEW PILLARS OF TRANSFORMATION

Clients



ELEVATING CLIENTS EXPERIENCE TO EVEN HIGHER LEVELS

- Have significant advances in our **digital and phygital NPS**
- Provide the **best usability experience** from product design to customer use

Operational excellence



SEARCH FOR GREATER EFFICIENCY AND STRENGTH ON ALL FRONTS

- Reinforce actions of **ZBB and general cost control**
- Continue the strong efforts to promote **quality**
- Reinforce **risk and compliance** themes

Diversity



START 2nd ADVANCE WAVE FOR A MORE DIVERSE MARKET

- Deploy **structuring actions of diversity** in the selected groups
- Reinforce the employee experience and the **inclusion feeling**

Agile Culture



LEAD THE CULTURE OF AGILITY THROUGHOUT THE ORGANIZATION

- Generate **greater integration** within the group and with other market businesses (ex: Bossa Nova ecosystem)
- Expand the role of **squads** within the organization

2021 GUIDANCE

	2020 Performed	2021 Projections		
Operating - Million				
Active Clients ¹	5.2	6.2	↔	6.8
Digital Accounts	2.6	4.5	↔	5.0
Financial – R\$ Million				
Total credit portfolio growth	22.3%	13%	↔	17%
Financial margin ²	3,781	3,885	↔	4,185
Cost of credit – net provision expense	(704)	(730)	↔	(830)
Cost of credit – commissions	(697)	(710)	↔	(810)
Non-interest expenses ³	(1,737)	(1,825)	↔	(1,925)
↳ Operational provision ⁴	(364)	(390)	↔	(460)
Results of subsidiaries	(31)	15	↔	35
Effective tax rate ⁵	29.8%	22%	↔	32%

The base scenario for each of the lines is the center of the range. Values for 2020 performed and 2021 projections based on Managerial Income Statement. The Bank maintains its strategy of maximizing value with the payment of ISE, therefore the payout should resume to around 40%. The midpoint of the projections would imply an increase in Net Income of about 11% in 2021, taking into account other assumptions. This information should not be understood as a projection. 1. Clients with a balance in the portfolio or card issuance/ purchases in the last 12 months. | 2. Banking product: includes income from credit operations and marketable securities transactions + funding expenses and derivatives + income from services rendered | 3. Includes personnel + administrative + tax + net operating expenses | 4. Includes mass civil lawsuits, strategic civil, labor and tax provisions | 5. Methodology: income tax + social contribution + deferred tax assets / Profit before taxation + statutory profit sharing.

2023 PERSPECTIVES

Operating

Active Clients ¹ (Million)

> 10

Digital Accounts (Million)

> 10

Financial

Total credit portfolio growth (CAGR Dec/20-Dec/23)

>15%

Financial margin after cost of credit ² (CAGR 2021-2023)

>12.5%

Non-interest income (% of financial margin after cost of credit)

approx. 7%

Efficiency Ratio ³ (%)

<50%

Results of subsidiaries (R\$ Million)

approx. 70

Recurring ROAE (% p.a.)

>15%

Values of 2023 perspectives based on Managerial Income Statement.

1. Clients with a balance in the portfolio or card issuance/ purchases in the last 12 months. | 2. financial margin after net provision and agents' commission expenses + income from services rendered / average profitable assets | 3. Efficiency Ratio: (Personnel Expenses + Other Administrative Expenses + Other Operating Expenses (net from operating income)) / (Gross Profit from Financial Intermediation before allowance for loan losses + Income from Services Rendered + Tax Expenses).



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Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words such as “believe”, “target”, “anticipate”, “expect”, “estimate”, “plan”, “could”, “forecast”, “potential”, “will likely result”, or other words or expressions of similar meaning.

Risks and uncertainties related to the Bmg’s businesses, to the competitive and market environment, to the macro economic conditions and other factors described in “Risk Factors” in the Reference Form, filed with the Brazilian Securities and Exchange Commission (CVM), may cause effective results to differ materially from such plans, objectives, expectations, projections and intentions. Forward-looking statements speak only as of the date they are made and Bmg does not assume any obligation to update them in light of new information or future developments.

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This presentation contains managerial numbers that may be different from those presented in our financial statements. The calculation methodology for those managerial numbers is presented in Bmg’s quarterly earnings release.

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ri@bancobmg.com.br
www.bancobmg.com.br/IR

