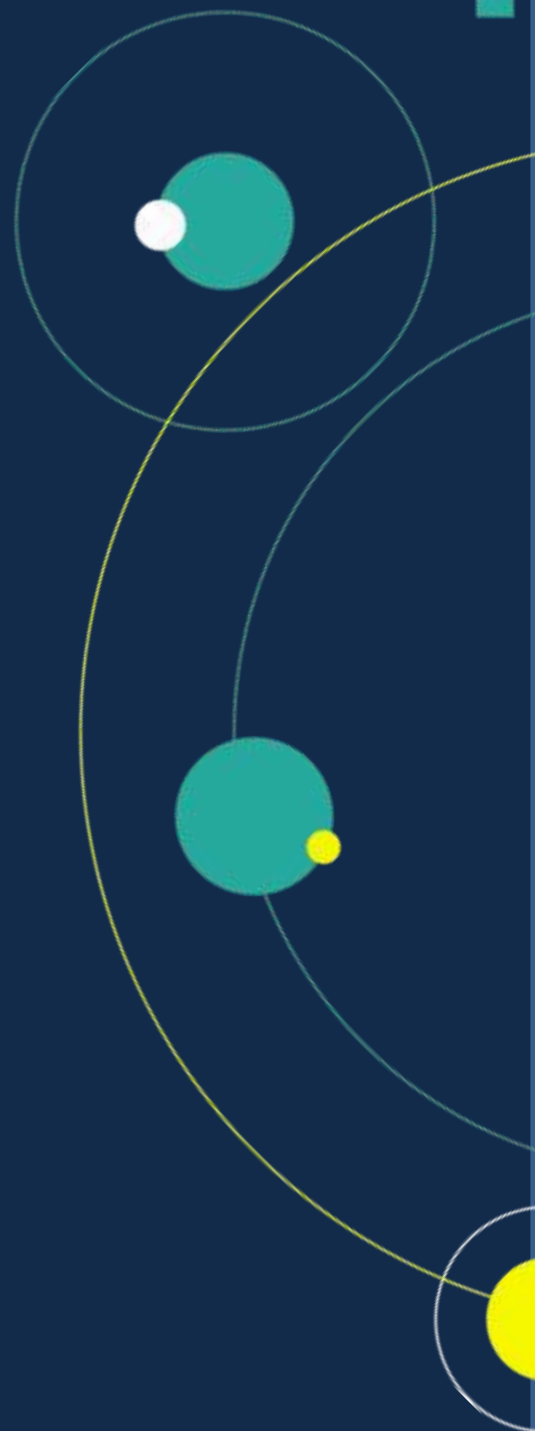




Financial Statements IFRS

2021





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Management Letter

We ended 2021 with a historic result of R\$19.7 billion, as a result of the solid performance of our businesses, strict control of expenses as a management priority and especially customer centricity. We believe that excellent service, specialized and available through multiple channels, and sustainable performance, which generates positive externalities for our stakeholders, contribute to the growing evolution of results and allow the daily realization of our purpose, which is to take care of what is valuable to people.

We optimized our relationship models with individuals, with specialization and efficiency. We expanded our customer base with managed service by 1.9 million, totaling around eight million clients. With this, we have improved and expanded the specialization of service to customer segments and niches – such as rural producers, investors and clients with high digital maturity.

We have been working towards the “hyper customization” of relationships and interactions, which take place on an integrated channel platform, which adds new formats of contact and service points, whether proprietary or partner, physical or digital, always aiming to offer the best convenience – where, how and when the customer chooses. Service specialization is also the focus of our work with companies and the public sector. We have more than seven thousand exclusive and qualified employees to serve micro and small companies, providing solutions suited to their profile.

For corporate, a close relationship is combined with advisory services and, in this sense, we revised our service structure, also offering a complete platform of products and services. As for the public sector, we expanded the digital relationship and advisory services. With these initiatives, it was possible to expand the business and at the same time increase satisfaction in all segments.

With specialized service, in-depth technical knowledge and innovation, we have expanded our role in agribusiness. We announced the biggest crop plan ever and, in the first six months of the plan, we disbursed more than R\$89 billion, a growth of 62.8% compared to 2020, reinforcing BB's commitment as the largest partner of Brazilian agribusiness.

We also launched our first Agro credit investment fund, BB Fundo de Investimento de Crédito FIAGRO – Imobiliário, aimed at providing investors with increased possibilities of diversification in assets originated from the agroindustrial production chains. The fund raised more than R\$400 million in its public offering and became the largest fund of its type available in the market so far.

Our performance is guided by sustainability, present in our strategy, practices, management, and business. We launched 10 commitments with the future, bringing long-term objective metrics and reinforcing our commitment with the Environmental, Social and Governance (ESG) agenda. We highlight the compliance with compensation of 100% of emissions of greenhouse gases in the scopes 1 and 2 in 2021, in addition to the goal to reduce these emissions by 30% until 2030.

The sustainable credit business portfolio exceeded R\$291.4 billion in 2021 and corresponds to more than one third of our entire portfolio. This portfolio consists of credit lines with high environmental and social focus or destined to finance activities or segments with positive social-environmental impacts.

BB's Sustainable Finance Framework, a document that defines the eligibility criteria applicable to sustainable assets, was updated in 2021, with technical support from the consultancy Sitawi Finanças do Bem and a second-party opinion from Sustainalytics. This review aligns BB with the best practices in the local and international funding market.

Based on this Framework, in April, we carried out a US\$100 million Sustainable Repo operation, with the objective of raising funds to refinance agricultural financing loans for small rural producers and operations to install solar panels. We also made progress in raising funds from our LCA Verde (Agribusiness Letter of Credit) network, which reached R\$1.2 billion in December 2021, whose resources are directed exclusively to low-carbon agriculture operations, renewable energy and other lines that meet the ESG criteria set out in the Framework. Finally, in January 2022, we issued our first social bond in the amount of US\$500 million, which reinforces our role as the most sustainable bank in the world.

We accelerated our digital transformation with the optimization of our business models and using open innovation and digital technologies to create new sources of results and operation beyond banking. We expanded our operation as platform with the launching of the program Affiliated marketplace at BB Store (Loja BB) which also brings gift cards and benefits to our clients. Another highlight is the constant growth of the agro digital platform Broto (broto.com.br), which connects buyers and sellers interested in banking and non-banking products and services.

To execute this entire transformation, attracting and retaining talent is essential. In October 2021, we disclosed the Notice for External Selection 2021/001. The public selection process received more than 1.6 million applicants. In January 2022, we began to call employees into our service network and technology areas. We invest in training and qualification as an important driver for our digital transformation, especially for digital abilities, to enable a great cultural transformation. With Movement Evolution, we offer incentives for graduation, lato sensu post-graduation, Master and PhD degrees focused on technology and innovation, as well as scholarship for language courses and other training programs.

With our Corporate University (UniBB) we engage our employees in the development of new abilities and acquisition of new knowledge. We also expanded the options in corporate education with partners, especially Alura, Massachusetts Institute of Technology (MIT), Gartner, Fundação Getúlio Vargas (FGV) and Instituto de Ensino Insper. We made great progress in the use of *people analytics*, tool that is based on the use of data and analytical intelligence to improve management and optimize processes, allowing us to operate on a more intelligent and predictive way, contributing to improve employee experience.

Finally, we highlight the discipline in management and control of expenses, which, combined with increased generation of income, resulted in improvements to our business process. This is a continuous improvement process.

With initiatives that improve the customer experience, bring innovation, support business growth in a



In thousands of Reais, unless otherwise stated

sustainable way and increase operational efficiency, it will be possible to continue generating consistent

returns for our shareholders, as well as generating a positive impact on society.

Operation during the pandemic

We work to support our clients with integrity, speed and security, and at the same time we strengthened our commitment with society, through actions that aim to support the country to overcome this difficult moment. We reinforced our commitment with the measures to maintain the health of our employees and we kept focused on the services to clients and the population in general.

We got closer to our clients at this moment that presented so many challenges, offering new solutions and the possibility of extending their commitments and adjusting their financial needs and cash flows, considering the impacts of the pandemic on people and companies.

Since the beginning, BB reinforced its partnering role to micro and small companies, with close monitoring during such a challenging period, ensuring the maintenance of credit at the right amounts. In 2021, R\$70.4 billion were released including new credits, extensions, renegotiations, and emergency lines, which benefited 349 thousand companies. As to emergency lines, there was a new edition of Pronampe, where BB played a key role with funds released under this credit line. A total of R\$8.1 billion were released and benefited 95 thousand companies.

At the same time, we assessed and monitored the potential impacts of the pandemic on our credit portfolio, considering the particularities of different segments and lines, and adopted proactive measures in risk and capital management. We endeavoured to preserve the continuity of our operations and long-term sustainability of our company and the relationship with our clients.

We acknowledge the dedication of our employees, who have worked to ensure the provision of quality financial services to clients and the society, with all initiatives required to maintain safe physical services.

Client Experience

The strategy of Banco Brasil's clients is focused on the use of analytical intelligence applied to client knowledge, allowing even more customization of relationship, generating good experiences and relevance, so that clients may have access to a highly specialized bank, with proper products, services and advisory to their needs. Being close to our clients provides more satisfaction and business opportunities.

We believe that addressing clients on a more complete way, breaking traditional barriers of segmentation, going beyond the use of social and demographic data, knowing their interests, consumption habits, lifestyle, values, affinities, knowing and valuing what is important for each, is what will increasingly differentiate our type of relationship and service to beyond the banking core.

At BB, the customer has service throughout Brazil, in the channel he chooses. We made progress in migrating our service structure to lighter and more efficient models, with a highlight to the 52.8% growth in correspondent points. All of this results in a comprehensive experience in the channels and expands our capillarity, ensuring the best convenience for our customers.

In recent years, there has been a significant evolution in the migration of transactions to digital channels. At the same time, human contact, by physical or remote means, for advice, business and more complex demands remains relevant.

The complementarity is necessary to provide a fluid experience in digital self-service, and on-site or remote service.

In this context, BB expanded the managed service model for individuals in what we call Escritórios Leves, focused on clients with digital maturity, that is, those who make banking and consumption transactions preferably using digital channels, aiming to improve the experience and loyalty of this public.

In this model, the predominant interface is digital, through interactions and exchanges of instant messages between manager and client, in an internet or mobile environment, delivering higher convenience and security and contributing to improve the efficiency and experience of the service.

In the *Private* segment, where we have been operating for 17 years, we have expanded our specialization. In 2021, seven *Private* offices began to be dedicated to the niche of rural megaproducers throughout the Brazilian territory, totaling eight units currently in operation.

We improved, in 2021, the specialized service structures for Companies, especially for retail, with specialized branches, platforms and entrepreneurship poles, which already serve more than 2.5 million MPE clients, as well as for Wholesale, with a new approach to corporate clients with income between R\$200 and R\$800 million.

This specialization allowed us to make advances in the commercial strategy of operation by niches and economic sectors, such as Agro, Techs and Health segments, with value propositions aligned with the characteristics and needs of the target segments, providing advisory



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for investments, cash management solutions, foreign trade and services offered by our affiliated companies in every sector where they operate.

For clients operating in foreign trade, we offer a platform of integrated solutions intended to transform exchange processes and foreign trade business, which allows payments of imports and remittances to be made to other countries in foreign currencies or remittances to be received from abroad.

In 2021, we launched the solution of receipt of exports from our clients, making our platform more sound and complete, offering speed and security in their international digital experience. Therefore, we grew the number of clients using the Exchange Centre to close their deals by 491% and the number of operations completed on the tool by 478% in relation to the previous year.

We reinforced the support for international operations of our clients, providing specialized advisory in foreign trade, and offering exchange, derivative and credit solutions for export and import financing. Therefore, we reached US\$5.8 billion in Advances for Exchange Agreements and Advance for Delivered Exchange Agreements (ACC/ACE), which maintained BB's position as one of the main partners in Brazilian foreign trade, having closed the period with 20.3% market share.

For agribusiness clients, we continue to reinforce our leading role in the sector, offering business and in-person technical services with national capillarity. Every BB branch has trained employees who know the agribusiness and, therefore, are able to fully serve clients. This service adds to agribusiness-specialized branches, which operate exclusively with rural producers.

At the same time, we have aggregated human advisory to artificial intelligence and technology to serve the sector, for instance, with *Agrobot*, a virtual agro advisor that provides customized information and analyses for optimization of producers' results, in addition to products and services 100% on digital format. We established a partnership with FieldPRO, a climate intelligence and data science startup, to bring an innovative solution to rural producers to help

them maximize productivity gains and contribute for better decisions regarding planting, handling and harvesting. This solution includes a management platform and an equipment with 14 sensors, which are installed in the rural property by the producers themselves to collect climate and weather data. The station is portable and comprises 100% Brazilian technology.

We also operate with successions and new generations in the field, under *BB Family Agro Program*, which already totals more than 10 thousand clients.

The close relationship is also reflected in the recent reorganization of the specialized services to Public Sector clients, with movements that strengthened the digital relationship with the segment, as well as available Specialized Investment Managers for clients from the Own Social Security Regime (RPPS) and expansion of Specialized Advisory for Cash solutions.

We expanded the business down the production chains companies, agroindustries and cooperatives, by offering credit and services to their network of suppliers and partners, generating synergies that aggregate results and bring benefits to every link in the production chain.

The initiatives implemented by the bank to improve the experience of our clients have yielded positive results in terms of client satisfaction, with the NPS (*Net Promoter Score*) showing significant progress and reaching historical records, with more than 8.5 improvement in the ratio over December/20.

Complaints with grounds at the Central Bank of Brazil *Ranking* reduced 33.8% against 4Q20, which is best historical position, with lower ratios per client and lower numbers of complaints with grounds since 2017.

It is also important to highlight that we closely follow the CES (Customer Effort Score) and the EES (Employee Effort Score), indicators in order to constantly improve our processes. The attainment of client satisfaction rates has an impact on compensation and premiums and is an important driver to align the Bank's purpose of maintaining our level of excellence.

Shareholders and Holders of debt instruments

Banco do Brasil's base has more than 883 thousand shareholders, of which 98.3% are individuals and 1.6% are legal entities. Between January 2019 and December 2021, our base of individual shareholders grew from 430 thousand to 868 thousand. This shows the trust of our shareholders and the soundness of our company in higher volatility scenarios.

Our shares (BBAS3) were available at every trading floor of B3 and represented 1.8% of Ibovespa for the last four-month period. We also maintained an American Depositary Receipts (ADR) program level 1 (BDORY) traded on the over-the-counter market in the United States.



In thousands of Reais, unless otherwise stated

Our shareholding structure at the end of December was as follows:

Table 1. Shareholding Structure and Indicators

	Dec/21	%
Total	100.00	
(a) Federal Government	50.00	
(b) Outstanding shares (Free Float)	49.58	
Individuals (PF)	16.34	
Legal entities (PJ)	13.28	
Foreign Capital	19.97	
Other ¹	0.42	
Free Float Ex-Other (%) - $b/(a+b)$ ¹	49.79	

(1) Consists of Treasury shares, shares held by Members of the Board of Directors and Executive Board and shares related to the incorporation of BNC and BESC.

	Dec/21	Dec/20
Closing Price – BBAS3 (R\$)	28.85	38.80
Price ADR (US\$)	5.15	7.43

In September 2021, BB completed an operation of extension of their liabilities in foreign currency. The operation involved the issuance of new debt in the amount of US\$750 million, falling due in five years and coupon of 3.25% p.a., the lowest level of interest rate in U.S. dollar ever recorded by Banco do Brasil in the international capital market. The proceeds were used to repurchase debt securities that would fall due in October 2022 and remunerated a coupon of 3.875% p.a.

Using the Framework of Sustainable Finance, which was reviewed in 2021, we issued on January 6, 2022, our first *social bond* in the amount of US\$500 million, maturing on January 11, 2029 and interest of 4.875% p.a. Further information on the Framework in section 2 - Corporate Sustainability.

BB Day

In October we held BB Day, a virtual meeting with shareholders, investors, analysts, and other agents of the capital market. Members of the Board of Directors were present at the event and presented informations about the Bank's strategies and business. In addition, it was an excellent opportunity to position the brand, reinforcing Banco do Brasil's outlook for the future. The event is available for access in BB's YouTube channel.

Artificial Intelligence to serve shareholders

Seeking to improve the service to the market, provide a better experience to users and higher efficiency, we implemented the Artificial Intelligence tool to answer questions typically related to Investor Relations. In addition to being present in BB's virtual assistants (BB's WhatsApp, Facebook, App and website), the *Bot* was added to the Investor Relations page on the internet.

1. Corporate Strategy and Governance

The Corporate Strategy of Banco do Brasil (ECBB) is prepared based on a structured and participative process using consolidated methodologies, which strengthens decisions related to the Company's operation for the next five years.

The Bank's planning considers its role of transformation in the country and considers actions to increase its positive impact on the economy, environment and society, and its sustainability plan is fully integrated to the strategic planning.

We place clients at the center of our operation and decisions, at all organizational levels, so as to provide the best experience. Therefore, we continuously seek to make BB their principal relationship bank, improving the customized and innovative solutions offered.

We daily consolidate our Purpose of "taking care of what is valuable for people" with our employees. This means that our focus are the people and what is important to them. People, in turn, include all of our stakeholders, that is, clients, shareholders, employees, partners and the society as a whole.



In thousands of Reais, unless otherwise stated

Our Vision is “To be the company that provides the best experience for peoples lives and that foments the development of the society on innovative, efficient and sustainable basis”.

To execute our Vision, we are driven by Values, principles that guide our Organization towards the focus on the client, efficiency, innovation, sense of owner, ethics, reliability and public spirit. With solid organizational Values, we seek to translate into attitudes each one's contribution to the continuity of the Bank.

We are a competitive, profitable, efficient and innovative Bank. We give priority to capital optimization, improvement of operational efficiency, optimization of our structure, new businesses and sources of income, as well as to the acceleration of digital and cultural transformation and intensification of data use.

Corporate Governance

We adopt best Corporate Governance practices, maintaining our commitment with the principles of transparency, rendering of accounts, fairness and corporate responsibility. We are the only bank voluntarily listed in the Novo Mercado of B3, the segment with the highest standard in terms of Corporate Governance, since 2006.

Our governance structure consists of the General Shareholders' Meeting; the Board of Directors (CA) and its advisory committees – Audit Committee (Coaud); People, Compensation and Eligibility Committee (Corem); Risk and Capital Committee (Coris), Technology and Innovation Committee (Cotei) and Corporate Sustainability Committee (Cosem); by the Executive Board, which comprises the Board of Directors (Chairman and Vice-chairman) and other Officers; and the Fiscal Council.

In 2021, we created the Corporate Sustainability Committee – Cosem, with the purpose to improve the Corporate Governance structure of the Bank. It is a collegiate body aimed to assist the Board of Directors (CA) in themes related to sustainability, considering the best market practices, the Sustainability Plan - Agenda 30 BB and 10 commitments for a sustainable future assumed by the Bank.

The CA, an independent body of collegiate decision, has strategic, guiding, elective and inspection duties pursuant to the Law and Bylaws. At least 30% of the members of the CA are independent, as defined in the legislation and in the Regulation of the Novo Mercado of B3, and currently of the eight members, four are independent, being two representatives of minority shareholders.

In 2021, we held two itinerant meetings of the Board of Directors in order to bring the CA closer to and integrate the service network, customers, local and regional communities. The first, held in September, took place in the city of São Luís/Maranhão and the second, in December, in the city of Bento Gonçalves/Rio Grande do Sul. With this integration, the Members intend to broaden their vision of the needs, potentialities and impact of Banco do Brasil in the society in which it operates, reinforcing strategic decision-making in the best interest of the Company.

In addition, the CA's composition has 37.5% of female leaderships, reinforcing management's commitment with diversity in leadership positions, also evidenced in the election of the first woman to take office as vice-chairman. In addition to other female officers and members of statutory committees currently in place, almost 20% of these positions are held by women.

The decision-making model of BB is based on collegiate decisions, integrating visions and sharing knowledge and responsibilities, which aggregates higher security and quality to the process. We adopt the segregation of functions in the structuring of management bodies, and we work with structures of committees that decentralize the decision-making process and allow specialization in relevant themes. Under the Bylaws, it is incumbent on the Board of Directors to define the duties and competences of the committees in the scope of the Executive Board.

2. Corporate Sustainability

We adopt the best Environmental, Social and Governance (ESG) practices, allowing us to anticipate and manage risks and opportunities. These assumptions are materialized in our Sustainability Plan - Agenda 30 BB, the main instrument supporting social-environmental practices at BB since 2005. The Plan, reviewed in 2021, covers 40 shares and 110 indicators for the period 2021-2023.



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In 2021, we established *10 Compromissos de Longo Prazo em Sustentabilidade* (Long-Term Sustainability Commitments), with goals to be implemented by 2030, involving the fronts of Sustainable Business, Responsible Investment and ESG management. The table below presents the goals and their evolution:



(1) In Balance. (2) In disbursements. (3) Entrepreneurs. (4) Agriculture, culture, civil defense, education, energy efficiency and public lighting, sports and leisure, road infrastructure, public cleaning, environment, urban mobility, health, safety, and health surveillance. (5) Applicable AuM. (6) Renewable energy purchased on the free market (ACL) and own production at the end of the period.

These initiatives reinforce BB's historical commitment with sustainability in its broadest sense and allow us to evolve and be acknowledged for ratios, rankings, and ratings of global and local sustainability.

Power Ecoefficiency

We have endeavored to migrate our energy matrix to renewable energy sources. We have already consumed energy generated by two solar power plants, and other four power plants of renewable sources are under construction, nine under contracting and four under bidding. By 2024, we will have 29 power plants in operation, contributing to reach the goal of 90% of our supply of energy from renewable sources.

We began to use energy from renewable sources in 39 administrative buildings through the Free Contracting Framework (ACL), generating savings of R\$27.1 million (2019/2021), with expectation to reach R\$50 million by 2024.

For the expansion of the ACL project, the total of 1.652 consumer units in Medium Voltage (A4) will be studied in order to reach up to 68% of the consumption of BB via renewable sources by December 2024. We expect savings over R\$33 million in electric energy expenses.

Our strategy, in addition to reduce consumption of energy, is to continue to invest in a cleaner and renewable matrix of self-generation of energy, with positive impact on the environment and on society. At the same time, the production increase by the power plants (Distributed Generation - GD) seeks to support the goal of having 90% of the electric matrix of BB originated from renewable sources, where up to 22% of GD projects and up to 68% of ACL.

Also, with a focus on energy efficiency, we installed IoT (internet of things) solution to monitor the operation of the climatization systems, UPS units and lights, in addition to consumption of electric energy and water, in 298 branches in 2021. Therefore, we intend to reduce energy consumption by 15% in the premises covered.

In 2021, we started to offset 100% of our greenhouse gas emissions (scopes 1 and 2) with the acquisition of I-Recs certificates and we aim to reduce our emissions by up to 30% by 2030, reaching 90% of renewable energy sources by 2024.

BB's participation in the world's largest climate conference

We were present in the 26th Climate Change Conference of the United Nations (COP 26), with videos of sustainable cases of BB's clients and partners which addressed themes like renewable energy, sustainable agriculture, sustainable use of land and sustainable industrial processes. At the Brazilian Pavilion we also presented how we generate sustainable value to the society, either by supporting our clients to adopt sustainable practices or even reducing and compensating emissions of Greenhouse Effect Gases (GEE) generated by our activities.



Business Ambition for 1.5°C Commitment

We adhered to the Initiative “Business Ambition for 1.5° C”, an international campaign for companies led by the UN's Global Pact and other partners of the initiative Science Based Targets (SBTi), which shows our commitment with defining goals for reduction of GEE, based on science, which could contribute to limit global warming at 1.5°C above pre-industrial levels and attain carbon neutrality of the chain of value by 2050.

Sustainable Finance Model

BB's Sustainable Finance Framework was updated in December/2021 and is aligned with the Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainable Bond Guidelines (SBG), Green Loan Principles (GLP) and Social Loan Principles (SLP). The Climate Bonds Standard and sector criteria for certification of the Climate Bonds Initiative (CBI), as well as the European Green Bond Standard (EU GBS), have been consulted.

Like in the first version of our model, we receive technical assistance from the advisory firm Sitawi Finanças do Bem and second opinion from Sustainalytics, one of the most renowned certification firms in this market, which pointed out the alignment of the model with the sustainability strategy and our progress in the compliance with the goals proposed in the Sustainable Development Goals (ODS), defined by the United Nations (UN).

We also highlight, in the last update of the document: i) inclusion of the categories Energy Efficiency, Green Buildings, Clean Transport and Sustainable Management of Waste and Effluents; in addition to the social category, through loans; ii) review of the criteria of exclusion and limiting factors, and inclusion of working capital operations for micro and small size companies (creation of jobs and generation of income), which increases the volume of operations eligible for issuance of sustainable bonds and loans; iii) the process of evaluation and selection of projects was also updated and adjusted to the new Corporate Sustainability governance structure of Banco do Brasil.

Sustainable Business Portfolio

In 2021 we reached R\$291.4 billion in sustainable credit operations, growth of 19,1% in 12 months, mainly due to the participation of Sustainable Agribusiness (41.7%) and social business (46.2%). This amount was contracted through credit lines with high environmental and/or social concern, or destined to finance activities and/or segments with positive social-environmental impacts on the sectors of renewable energy, energy efficiency, construction, transport and sustainable tourism, water, fishing, forest, sustainable agriculture, waste management, education, health and local and regional development, reinforcing our role of transformation by supporting the development of the country and by building an increasingly sustainable future for society.

In line with our long-term commitments and to assist our customers in the transition to a more sustainable portfolio, we have the following goals to be achieved by 2025: (i) foster renewable energy, expanding our portfolio for this purpose to R\$15 billion; (ii) expand the sustainable agriculture portfolio to R\$125 billion and assist in state and municipal efficiency projects, with disbursements of R\$20 billion.

Our Sustainable Business portfolio is submitted to independent evaluation, considering the main international taxonomies for classification of the portfolio, providing higher transparency.

Responsible Investment

We have endeavored to engage our clients in investing in sustainable assets, offering a diverse range of products that align profitability with the best environmental, social and governance practices.

We offer a portfolio with 25 Investment Funds (FI) and Quota Investment Funds (FIC) related to this theme, including options to invest in Brazil or abroad, or in specific causes in which the client believes. In 2021, we observed that the shareholders' equity of these funds grew 109.0%, reaching R\$7.0 billion.

We also point out that we reached R\$1.2 billion from LCA Verde (Agribusiness Letter of Credit), aimed to foment BB's sustainability portfolio. The proceeds are destined solely to low carbon agricultural operations, renewable energy and other lines that meet the ESG criteria prescribed in the Sustainable Finance Framework of BB. The product complements our portfolio of ESG investment solutions, whose demand has grown, as investors seek diversification strategies that are aligned with our values and market trends.

Always seeking the best ways to serve investor clients, we associate the offer of sustainable investments with financial education. We offer a complete and safe digital advisory service, covering actions of information and knowledge through digital media. The InvesTalk playlist, available in BB's YouTube channel since 2019, including a program of investment suggestions, economic scenario, market analyses, tips, talks, among other, disseminating quality information focused on the previous experience of each investor, on impartial and simple basis. Recently, we addressed ESG investments in InvesTalk as well as in Deseconomês, a series of videos created to present the investment world on a light and casual way, translating expressions of the financial market to people that are beginning their investment journey.

We also offer advisory through podcasts on digital platforms, including daily analyses. Any client may also access investment suggestions, reports and market analyses produced by BB's experts on page bb.com.br/carteirasugerida, which also includes a suggested portfolio of companies that follow the highest sustainability standards and have a potential for appreciation.

We also created the BB ESG (Environmental, Social and Governance) Portfolio, developed in order to indicate to our clients the companies most aligned with the best Environmental, Social and Corporate Governance (ESG) practices.



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In the process of integration of ESG factors in the reports and analyses of recommendation developed by our research team, we began to follow the theme even closer, selecting papers of companies that, in our opinion, have been successful in aligning their business with sustainable and socially responsible practices.

To learn more about ESG investment products of Banco do Brasil, visit bb.com.br/asg.

Recognition for sustainability

In January/2022, we were ranked as the planet's most sustainable bank according to the ranking of 100 Most Sustainable Corporations of the World 2021 – Global 100 by *Corporate Knights*, maintaining the leadership position achieved in 2021. The classification places BB as the best ranked Brazilian company, in the 21st. position in the overall ranking. In the past decade, BB was mentioned in seven editions, being ranked as the most sustainable bank of the world in 2019, 2021 and 2022.

For the 17th consecutive year, we are preparing the Corporate Sustainability Index (ISE) of B3, which gathers shares of publicly-traded companies with the best sustainability practices.

We are one of the few companies listed in the ISE since its creation, in 2005. These achievements reflects the result of the integrated work of all areas of the Bank and adds to many other awards obtained by BB as one of the most sustainable companies of the world: the Dow Jones Sustainability Index (DJSI) from the New York Stock Exchange; *FTSE4 Good Index Series* of the London Stock Exchange; and the Global 100 Ranking by *Corporate Knights*, among others.

3. Macroeconomic Scenario

Brazil

Over 2021, we noticed a progress in the vaccination of the Brazilian population, which reflected the decrease in the number of hospital admissions and deaths and enabled the recovery of economic sectors that were paralyzed so far. However, the evolution of this more positive scenario contrasted with the turmoil related to higher inflation and interest rates reaching the contractionary field. The price increase was more persistent and disseminated and required a more restrictive position by the Central Bank of Brazil, which raised Selic rate by 725 base points over the year, from 2.0% in Jan/21 to 9.25% in Dec/21. This combination put pressure on the available income of the families and reduced the space for a more intense

growth of consumption of new goods and services, which was reflected in weaker economic activity over the year. In 2021, we also saw volatility in financial assets, especially the value of the Brazilian Real relative to the Dollar, impacted by internal factors mainly related to tax uncertainties. In the opposite direction of this process, the credit market of the Brazilian Financial System recorded a positive performance driven by evolution of credit to the families and the natural and already expected slowdown in corporate credit, group largely pushed in 2020 by emergency credit measures. In addition, we observed a recovery of the employed population, mainly in informal employment.

World

After the large negative impact of Covid on the global economic activity in 2020, we observed an economic recovery disseminated in 2021, despite a series of points that negatively affected the global dynamics. The energy crisis in Europe and problems related to the civil construction sector in China increased uncertainty worldwide. In addition, the persistent crisis in the supply chain, with inflation more disseminated in the main economies and the risk of a new

pandemic wave in view of low vaccination rates in poorer countries had negative impact on the recovery of the global economy. The emergence of new Coronavirus variants and uncertainties regarding their level of aggressiveness contributed to expand the global aversion to risk and led to new social distancing measures in certain continents at the end of 2021.

4. Digital transformation

Digital Strategy

In a Bank that is increasingly digital, we consolidated our presence in complement to the physical network and we offer innovative solutions and convenience to our clients. The adoption of digital means to make several routine services continued to strengthen as a new habit to millions of Brazilians and we anticipated this movement, fomenting the origination of business and relationship through digital channels.

The digital strategy of Banco do Brasil is backed by a series of initiatives involving digital optimization and transformation.

Aiming at the pillars of transformation, we seek new sources of income accelerated by open innovation and digital technologies. Our priorities are to seek new sources of income associated to the business with capacity to attract new segments of clients and with business solutions that increase the client's engagement with our channels and brands.

Accordingly, we continue to expand the operation-as-platform in many segments where BB operates. In agribusiness, for instance, we are escalating our digital platform Broto (broto.com.br), built in conjunction with BB Insurance, and which connects rural producers and suppliers offering products, services and advisory. Broto platform already has more than 543 thousand views and generated R\$1.3 billion in business since its launching, fomenting, and fostering the Brazilian agribusiness. There are more than 2.000 products to maximize the productivity of rural producers.



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We also aggregated to Broto platform other solutions including a blog, podcasts and lives to bring information and knowledge to rural producers.

The pillars of digital optimization and transformation are enabled by cultural transformation with the incentive to the development of digital abilities by the operating staff, the adoption of analytical intelligence, new ways to operate and new technologies.

We concluded the 4Q21 with 22.2 million active clients in the digital platforms on the internet and mobile, and transactions made in these channels corresponded to 91.7% of the operations of our clients, an increase of 5.2 percentage points compared to 4Q20 (86.5%).

The Banco do Brasil App continued to obtain the best scores in the financial industry in apps stores ranking 4.6 at Google Play (evaluated by more than 4.4 million users) and 4.7 at Apple Store (2.3 million evaluations), where the maximum score is five stars.

Following the trend of adoption of digital channels started in 2020, BB reached the record of 20.3 million users in the App at the end of the year. Of this total, 88.2% are qualified to make transactions: a growth of 15.0% in 12 months. It means that the client not only makes consultations, but also buys, invests and makes financial transactions using BB app.

The clients' migration to digital channels also resulted in increased volumes of business fully conducted using digital channels. The digital platforms (internet and mobile) represented 35.7% of personal credit disbursement and 13.4% of paycheck deductible loans. Considering the volume of investments and redemptions, 27.8% represented transactions in investment funds. Only in 4Q21, 40.6% of the volume of operations of services (such as investment, card request, opening of accounts and capitalization business, insurance, and consortia) was conducted using digital channels.

We have one of the largest technology complexes of Latin America, which operates with availability over 99.9%, at 81 billion transactions per month, with peaks of 9.5 billion in one single day. Our technology areas work in line with the business areas and clients, in order to accelerate digital transformation without losing quality and effectiveness in providing physical services to our clients.

To intensify the process of developing solutions and accelerating innovation, we became partners of Endeavor, an important worldwide network of high impact entrepreneurs and one of the main hubs of contact between scale-ups in the Brazilian ecosystem.

Cloud Strategy

We have a history of solid IT architecture, which has efficiently met the business needs. To meet the new profile of clients, this architecture is being modernized daily.

The year 2021 represented the consolidation of the use of Cloud as a platform for building software at Banco do Brasil. Considering the volume and criticality of the applications developed, we noticed higher flexibility and speed in the delivery of solutions to our clients and expansion of the processing capacity without loss of performance of these applications. We point out that this year we had a private and public cloud environment, which allowed better processing decision and costs, on efficient and transparent basis to users.

We created a Cloud development platform with a culture of software development where the sharing of knowledge is the principal agent of transformation. Regarding the development of systems, our strategy when choosing the cloud architecture is based on the type of service to be delivered to clients. For new services, the indication is the development fully using cloud architecture, as well as services that require large updates, which are also migrated to the cloud. For the others, there is an evaluation of the cost and benefit of such change.

Critical solutions such as PIX, open banking, LGPD, chatbots and Monitoring of Frauds are currently running in Cloud environment. We also intensified the use of a low-code platform, fully supported by Cloud processing. There are more than 2.100 applications/services that execute more than 270 million operations per day.

BB Store

In order to centralize and make the non-banking initiatives and benefits offered by BB more accessible, last quarter we launched BB Store, whose initial operation covers affiliated marketplace products, gift cards, Advantages (discount vouchers and other benefits), and mobile recharge. We soon intend to expand the products and benefits offered in this section of our application.

Since December 2020, BB offers the sale of gift cards through the App, which are recharge codes for the main digital services. They operate as online prepaid credits for services like Uber, Spotify, Xbox, Google Play, iFood, game platforms, among others. There are more than 1.5 million gift cards already traded. In the 4Q21 we added another content, Primepass card, which offers movie tickets through recharge using BB app.

Affiliated marketplace

In November 2021, we made another move towards expanding the portfolio of solutions of non-financial services. Now, our clients may purchase using the App and gain cashback in their accounts.

In view of BB's adherence to the program of associates, of one of the largest digital retailers of Brazil, clients purchasing using the link available in BB Store will receive cashback.

The implementation of the affiliated marketplace was extremely well received, and it already accumulates tens of thousands of clients using the solution. This is only the first step in the affiliated marketplace strategy, whose number of brands we intend to extend soon.



BB Blog

In April 2021, BB made another move towards the improvement of the digital experience offered at the Bank Portal, with the creation of BB Blog.

The principal mission of the Blog is to offer relevant content to our clients and to those that do not yet have a relationship with the Bank.

In practice, it means monitoring and understanding information needs expressed in Google searches in order to prepare an agenda to provide knowledge to the audience. This editorial strategy - which offers a mix of agendas of opportunity with evergreen content - reached more than three million views in the second half of 2021.

We highlight the utility ratio (positive evaluations/total evaluations) of 96% attributed by the audience to posts made in the period, as well as more than 25 thousand pieces of content shared through different platforms (Facebook, Whatsapp, Twitter and Instagram).

Corporate Venture Capital (CVC) Program

The CVC program is fundamental to foster open innovation, assisting in the development of new business, expanding markets where we operate, while at the same time providing the best experience to clients. Being close to startups is a way to share experiences, lessons, incorporate new technologies and increase competition. In line with this, the opportunity to invest in startups of impact generates even more value, not only to BB, but also to society and the ecosystem as a whole.

In 2021, we made the first investments in Venture Capital funds. Our investment thesis is based on the following pillars: (1) investment verticals: agritechs, client's experience, fintechs and govtechs; (2) maturity stage: focus on the seed stage and Series A, with tested products and clients; (3) Partnerships: venture capital managers, startups and accelerators; and (4) ESG: prioritization of startups that have clear objectives, metrics and goals of social, environmental and responsible governance impact.

Low-code

The challenge of developing cloud solutions has been faced with Low-Code software development, in our platform Faz.ai, which supports the automation of less complex internal processes on a quicker and independent basis, with management and Corporate Governance. This tool increases the capacity of automating work processes with higher efficiency, simplification, and digitization of processes.

Artificial Intelligence

In the year 2021 BB consolidated the use of Artificial Intelligence (IA) in new solutions and processes. The legal area of BB began to use AI in the analysis of judicial agreements whereas our human service has acted on a preventive basis to mitigate bias in judicial demands. Back-office automation increased the operational capacity with new solutions that address a growing range of documents such as contracts, proxies, real estate enrollments, invoices and accounting information, among other items.

Digital onboarding, a pilot in the automated validation of identification documents, already has 28 thousand daily validations. Currently this Artificial Intelligence solution is present in other products of BB and partners. We highlight the case of proof of life required by the INSS, supported by the validation solution within BB app, which assured convenience to more than 128 thousand beneficiaries over 2021.

The BB Virtual Assistant consolidates the growth phase of digital services. In 2021, 23 million people had 57 million chats with the Bank's virtual assistants. Considering only the WhatsApp, there were 17.7 million people who had 43.3 million chats, an increase of 130% in the number of users about 2020.

In addition, we highlight the increase in the use of voice channels supported by Artificial Intelligence. New consultations have been made available in BB's Virtual Assistant present in Google Assistant, and the Voice-Driven Intelligent Search facilitates the experience in BB app and is already used by more than 2.6 million clients. Also, the year 2021 was marked by the launching of Cognitive URA (Audible Response Unit), increasing the capacity to serve our clients with AI solutions in the comprehension of the speech as well as in the voice generation.

Above all, the Artificial Intelligence has increasingly contributed to improve our operational efficiency and the experience of our clients, employees and partners, assisting people in the activities where machines provide excellence, permitting the human differential to strengthen the relationship and delivery of value to different stakeholders.

Analytical Intelligence

The direction and investments of Banco do Brasil in analytical culture and use of data continued strong over 2021, reaffirming the strategy to generate value. Accordingly, we place the client at the center of the operation and priority, maintaining the focus on operational efficiency, agribusines, service channels and services supported by data and analytical intelligence.

The analytical intelligence structure has operated in the format of tribes and multidisciplinary squads, generating synergy between business, technological solutions, and analytics. Besides facilitating the use of data and maximizing acculturation, it also accelerates deliveries.

Actions and efforts to expand the analytical culture, knowledge and maturity continued to grow in 2021, reaching 2,390 graduations in Business Analytics, Data Sciences and Engineering, among other disciplines.



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The Conquest, Re-conquest and Succession in Agribusiness strategy, the solution of Proof of Life of INSS beneficiaries based on data and the preparation to OpenFinance are a few examples of contribution and support of analytical intelligence to the clients and business of Banco do Brasil.

BB in the Metaverse

Banco do Brasil is in the Metaverse, with initiatives from the real world transported to the virtual city of the “Complex”, the RolePlay server, which guides gamers through the creation of a building of Banco do Brasil, based on the existing head office, in Brasília, and promotes a virtual tour across the historical building that hosts the *Centro Cultural Banco do Brasil - Rio de Janeiro (CCBB-RJ)*.

In the *game*, players may open accounts and receive benefits to their characters. There are jobs related to banking activity and on the beaches and outdoors in the virtual city, where gamers will meet the manager of BB DTVM funds. This is an excellent opportunity to work the culture of investment, which is so important to society in general, in an attractive way for new generations, presenting differentiated funds from the industry such as BB Equity Shares, BB Shares US Biotech BDR Level I and BB Shares Agro.

BB began to support the electronic games segment in 2018. Since then, we sponsored events like “*Brasil Game Show*” (BGS) and “*CBCS – Brazilian Championship of Counter-Strike*”, hosted championships, like *VALORANT Ultimate Ignition Series*, and, this year, BB promoted the sharing of experiences between gamers and eSports fans with the “*Game Talks BB*”, and also created the “*BB Game Series University Stage*”, the first proprietary competition, and expanded *Squad BB*. Through *eSports*, BB diversifies its strategies of digital transformation and rejuvenation of the base of clients.

PIX

BB's PIX solution, integrated to all the business applications of the Bank, makes clients' transfers with agility (pays and receives transfers). The easy procedure to register PIX keys, as well as the simple and quick way to make transfers, support our network in the task of retaining clients.

BB clients can make PIX transfers through our app, Whatsapp and even by voice command using *Google Assistant*. In terms of quantity, BB processes 19.3% of payments and receipts of Pix and corresponds to 28.6% of the financial volume.

In 2021, it became possible to customize limits for Pix, Pix Collection - QR Code with maturity (which is similar to a collection voucher), set a date for the Pix, Pix Withdrawal and Pix Change and the Special Mechanism of Refund (allows to claim amounts due to frauds, scheming and flaws). The Evolving Agenda of Pix follows the same pace for 2022, with new products and new payment options being projected for users.

Open Banking

In 2021, we strongly worked on the process of implementation of the Open Banking (or Open Financial System) and were active on many forums, where we were protagonists in the ecosystem, and we coordinated the works established within Febraban and of the Open Banking Convention.

Our teams had outstanding participation in the construction of API (Application Programming Interfaces) which enabled the integration of the technological platforms and infrastructures of institutions participating in the ecosystem in order to make it possible to share data and services provided in the Open Banking scope.

We adapted to these many changes, established by the Central Bank of Brazil, in the calendar of implementation of the Open Banking and implemented the phases 1, 2 and we began, in 4Q21, phases 3 and 4. We continue to work in the implementation of other phases, expected to be completed in 2022.

After phase 2, at the commencement of data sharing, we intensified the disclosure of information about the need of previous consent by the client, seeking to demystify the concepts of Open Banking and strengthen relevant security aspects involving data exchange between financial institutions.

On phase 3, we have services of beginning of payment transactions and issuance of credit operation proposals, and the possibility of payment with PIX without the need to use the application where the client has its current account. Therefore, we began to connect financial products, in addition to data connection. The third phase will be implemented in stages, assuring security and stability to the system, being extended until September 2022.

On 15 December, we began the implementation of phase 4, covering the sharing of information beyond traditional banking products and services, such as social security, insurance, exchange, and investments. The inclusion of these products marks the beginning of the expanded format of the system, which was named Open Finance. This phase will also be implemented in stages, expected to be completed by May 2022.

The Developer's Portal has five API in its portfolio: Collection, PIX, Pix Comprehensive Collection, Authorization of Automatic Debt and Payments in Lot. The last two were launched during the 4Q21. The Portal offers a complete digital journey for the integration, including environment of tests of the solutions, as well as connects the developer public, maintaining an active community that contributes to the construction and improvement of our services.

Over 2021, there were more than five thousand new integrations with corporate clients, with more than 13 thousand developers, and more than six thousand applications are in production.



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We operate with strategic focus on maintaining BB as reference in Open Banking in the market, maintaining our pioneering position in the theme. For our clients and for society in general, we operate with reinforced communication to disseminate the concept of Open Financial System and prepare consumers to enjoy the benefits of the Open Banking. Internally, we focus on the preparation of employees for a new scenario, qualifying them to respond to clients' questions and to use new business opportunities of relationship with our clients.

5. Awards and Acknowledgments

January

We are the most sustainable bank in the world. We are ranked as the **100 Most Sustainable Corporations of the World 2021 – Global 100**, of *Corporate Knights*. This was the best historical result for the Bank – we were the 3rd in the general ranking and we are also the best ranked company in Brazil.

February

We received the Bronze Class award in the *Sustainability Yearbook 2021*. The *Sustainability Yearbook* is one of the world's most comprehensive publications regarding corporate sustainability, which classifies the companies according to the performance presented in the Dow Jones Sustainability Index of the New York Stock Exchange (DJSI).

March

For the second consecutive year, we were ranked as one of 100 more innovative companies in the world in one of the most important international IT events, the **CIO 100 Awards 2021**, organized by the American magazine CIO, published by IDG Communications. The merit of this acknowledgment is one of the most innovative solutions launched in 2020, the Virtual Assistant for Debt Restructuring on WhatsApp, developed with the use of Artificial Intelligence.

April

We were the best ranked bank by investor clients in March, according to the **study Index of Service of Banks and Platforms (IQA)** organized by FGV. This is an acknowledgement to all BB employees who are increasingly committed, with total focus on client satisfaction.

May

We offer the most innovative solution in mobile technology in Brazil, according to the award **"Mobile Team Selection"**, with Pix on BB WhatsApp. The solution allows the clients to register their keys, pay, receive, generate QR Code or consult a Pix statement by text or voice messages.

The magazine *Global Finance* announced, in its ninth annual selection for the award **"The Innovators 2021"**, which acknowledges the most innovative financial institutions of the world, those which are able to project the best financial solutions and tools. We were selected for the third consecutive year, this time in the *Corporate Finance* category. The awarded initiative was the Artificial Intelligence Acceleration Centre.

We received the **Award Latam 2021** in client experience, organized by Aloic – *Alianza Latino Americana de Organizaciones para la Interacción con Clientes*, whose main purpose is to acknowledge the best practices in the business. We won with SAC BB, in the category Best Strategy in the Organization.

Universidade Corporativa Banco do Brasil (UniBB) was ranked as one of the best of the world by **GlobalCCU** (Global Council of Corporate Universities). We received the *Gold Award* in the Culture and Technologies category. It is the fourth time that we are acknowledged by *GlobalCCU*.

June

We were ranked as the best institution in Latin America in the management of Digital Portfolio at **PWM Wealth Tech Awards 2021**, a global ceremony hosted by the specialized publication *Professional Wealth Management - PWM*, which is part of the international group *Financial Times*, a reference in issues related to finance and private banking.

July

We received the **Pro-Equity Program of Gender and Race** seal from the Ministry of Women, Family and Human Rights (MDH), which disseminates organizational culture measures to reach equality between women and men in the world of labor. It is addressed to medium and large size companies, both public and private, with own legal nature. The adherence to the program is voluntary. It is the sixth consecutive time that BB receives this acknowledgement.

August

We were mentioned again in the list of sustainability index of the London Stock Exchange, the **FTSE4 Good Index Series**, which evaluates and ranks companies with the best Environmental, Social and Corporate Governance (ESG) practices. This achievement reflects the acknowledgement, by the investor market, of the Bank's commitment with the best sustainability practices and with transparency in the disclosure of information.

We were awarded Company of the Year by the **Award ClientSA**, principal acknowledgment of the best practices in client management of Latin America, among 49 companies acknowledged in 26 different categories. With this result, we are once again classified to compete in the international edition organized by Alianza Latinoamericana de Organizaciones para la Interacción con Clientes (Aloic Latam), we are the current winners and we will defend the title in a dispute with the national winners of Mexico, Argentina, Colombia and Paraguay.

September

Our public relations was awarded for the 11th consecutive year. We won in the Financial category, the 11th edition of the Survey **"Companies that Best Communicate with Journalists"**, organized by the Business Platform of Communication and by the Communication Studies Centre (Cecom) and audited by BDO Brazil.

October

We were awarded the Best Bank for Small and Medium Size Companies of Latin America, in the **Award SME Bank Award**, granted by *Global Finance Magazine*, with the case "Support to the



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Financial Health of Brazilian SMEs during the Pandemic”. In the scenario of uncertainties brought by the pandemic, we managed to support our clients with close relationships, speed and security, while at the same time strengthening our commitment to society by adopting initiatives to minimize the adverse effects of the current scenario of the country.

Banco do Brasil is one of the most transparent companies in the disclosure of information about sustainability, according to the Transparency Observatory, an initiative of the **Brasil of Global Reporting Initiative (GRI)** advisory board. The evaluation of the institution, which is dedicated to the development of standards of sustainability reports, was based on the list of the 100 largest companies in Brazil prepared by KPMG.

We are the most remembered brand in Brazil in the “bank” category in the **Top of Mind** over the 31 years of the award. First bank of the country, BB was mentioned in 2021 by 25% of respondents, at all age brackets and social classes. The best results were obtained among the wealthiest population (31%) and residents in the Northeastern region (35%).

November

We were once again ranked best bank in the world in the category Education and Qualification of *Private Banker* in the award **Global Private Banking Awards 2021**. It is organized every year by the specialized vehicles PWM (*Professional Wealth Management*) and *The Banker*, which are part of the international group *Financial Times* and which are world references in issues related to finance and *Private Banking*.

We have been acknowledged as the most sustainable bank in South America by **Capital Finance International – CFI.co**. The English magazine specialized in business, economy and finance employing a wide range of criteria to support the decisions regarding the award, based on information collected by the survey team itself.

For the second time, we were awarded the **iBest Award** by popular jury as the best Digital Bank of Brazil. Even competing in the finals with two of the largest fintechs in the country, we received most of the votes by internet users. It consisted of many stages over the year, where we competed with all the main financial institutions in Brazil, and BB always ranked first in all stages.

We reached Level 1, with the maximum score for the fifth consecutive time, at the **5^o Cycle of Governance Indicator – IG-SEST of the Ministry of Economics**. The IG-SEST is an instrument of continuous follow-up whose aim is to evaluate compliance with the requirements of Law No. 13.303/2016, regulated by Decree No. 8.945/2016 and with the guidelines in the Resolutions of the Interministerial Commission of Corporate Governance and Management of Equity Holdings of the Federal Government – CGPAR, which implements best market practices and higher level of excellence in Corporate Governance.

December

We are the winner of the **Banking Transformation 2021 Award**. We were ranked as the best of the year in three categories, and, in number of winning cases, we were the champion. We were also acknowledged for the digital transformation that we have been conducting. We competed with major Brazilian banks, both traditional and originally digital, and with companies that are part of the financial ecosystem, such as payment means, fintechs, stock exchanges, insurance companies and credit bureaus. The technical jury consisted of renowned market experts.

Once again, we received the **Pro-Ethical Company** seal. The Pro-Ethical seal is an initiative of Ethos Institute and of the Office of the Comptroller General (CGU), which seeks to foment the voluntary adoption of integrity measures by companies, through the public acknowledgment of companies that, regardless of size and type of operation, are committed with adopting measures of prevention, detection and remediation of acts of corruption and fraud. The acknowledgment takes place every two years and this is the fourth time that BB is mentioned. The other times were in 2012/2014, 2016 and 2018/2019.

We were highlighted in the 10th edition of the **Reclame Aqui Award** – The best companies for consumers, and obtained the Silver award in the category Banks, among the 102 financial institutions active in the platform. The purpose of the award is to acknowledge the work and service of companies and professionals that were most outstanding in each category over the year. The award also takes into account the previous evaluation of each company made by clients. Accordingly, the rank considers only companies that have at least maintained a “Good” status in the evaluations received.

6. Highlights of the Result of the Consolidated Financial Statements

Net Income of R\$19.7 billion in 2021

Net Income was R\$19.7 billion in 2021, increase of 48.6% compared to 2020. The result was influenced by the increase in interest income, up 27.7%, mainly driven by the increase in income from investments in repurchase agreements and the 33.1% reduction in the provision for expected net loss on loans to customers due to the decrease in loans and discounted credit rights, rural and agro-industrial financing, allied to greater recovery of losses. Non-interest expenses grew 12.3% while non-interest income rose 28.4%.

Below we present the main figures related to our performance in 2021.



In thousands of Reais, unless otherwise stated

Table 2. Financial Highlights

Result (R\$ million)	2021	2020
Net Income	19,723	13,293
Interest Net Income	59,674	55,427
Service Fee Income	22,669	22,666
Administrative Expenses	(31,059)	(29,110)

Equity (R\$ million)	Dec/21	Dec/20
Assets	1,899,341	1,693,794
Clients' Funds	671,270	601,984
Shareholders' Equity	146,110	127,861

	2021
Income per Share (R\$)	6.43
Dividends and Interest on Capital distributed to shareholders	7,526

Service Fee Income

In 2021, net revenue from fees and commissions totaled R\$22,669 million, an increase of R\$3 million compared to 2020. Among the largest variations, we can highlight the increase in third-party asset management revenues (R\$991 million), mainly from investment funds and consortiums, and the increase in insurance sales commissions (R\$423 million). The positive variation was partially offset by the drop in current account services (R\$1,396 million), especially in the individual service packages fee and transfers of funds.

Administrative Expenses

Administrative expenses amounted R\$31.059 billion in the period, a growth of 6.7% compared to 2020, below the inflation of the period of 10.06%, as a result of the disciplined management of costs. The 8.5% increase in these expenses is mainly due to the increase in profit sharing (R\$967 million), costs related to monetary compensation paid to employees who joined the termination programs in the 1st semester/2021 (R\$795 million), as well as the adjustment granted in the Collective Bargaining Agreement 2020/2022, of 0.5% + INPC, partially offset by the reduction in the number of employees in the period. Other administrative expenses decreased by 1.5% compared to 2020, mainly due to the drops in Communications (-28.6%) and Transport (-23.3%) lines.

Capital

We have a Capital Plan with a prospective horizon of three years, considering (a) the Risk Appetite and Tolerance Statement, (b) the Corporate Strategy and (c) the Corporate Budget.

We reached 11.94% of the Principal Capital Ratio (ICP) in December 2021, whereas the Basel Ratio (IB) reached 17.76%. The Capital Ratio Level I reached 15.16%.

Shareholders' Compensation

The Shareholders' Compensation Policy seeks to ensure the proper valuation of shareholders, combined with the continuity and financial sustainability in the short, medium and long term of the Bank, considering the need of flexibility and financial soundness for the sustainable maintenance of business.

For the fiscal year 2021, the percentage of 40% of net income was approved, adjusted according to letters "a" and "b" of item I of article 202 of Law 6,404/76, to be distributed as dividends and/or Interest on Capital (JCP), based on the result of the Bank, its financial position, cash requirements, Capital Plan and its goals and respective projections, the Risk Appetite and Tolerance Statement, outlook of the actual and potential markets of operation, investment opportunities and maintenance and expansion of the operational capacity.



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Loans to Customers

Loans to customers net of provisions totaled R\$734,291 million on December 31, 2021, an increase of R\$100,888 million compared to December 31, 2020. The performance was influenced by the increase of R\$51,998 million in rural financing, R\$26,566 million in operations with companies and R\$23,361 million with individuals. Expected losses on loans to customers increased by R\$1,037 million.

In the companies segment, the main increases occurred in other services (R\$14,821 million), commerce (R\$8,777 million), other institutions (R\$8,579 million), partially offset by reductions in industry (R\$4,553 million) and public sector (R\$1,796 million).

In individuals, the highlight was the growth of R\$23,553 million in discounted loans and credit rights and of R\$457 million in financing, partially offset by the reduction of R\$653 million in property financing.

BB's Operation in the Capital Market

We completed one year of partnership with UBS, increasing our business in capital market and investment banking. This partnership combines UBS' global expertise and platform of distribution with BB's network of relationships in Brazil, bringing benefits to Corporate clients who will be offered more complete solutions as well as to individuals, with a differentiated platform of advisory and distribution of new classes of assets.

With our network of relationships, we seek to originate business that will place UBS BB between the three first in ANBIMA ranking of local and international Debt Capital Markets (DCM), Equity Capital Markets (ECM) and M&A.

In 4Q21, UBS BB announced 60 transactions, of which 57 of local debt (Local DCM), and 3 of shares (ECM). From January to December 2021, UBS BB announced 194 transactions, an important milestone for the first year of operation of the joint venture.

In addition, in partnership with UBS BB, also we assisted our clients in ESG operations during 2021. In the local market, we participated in 20 issuances with total volume of R\$10.9 billion, and in the foreign market, we participated in seven issuances with total volume of USD 3.8 billion.



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7. People Management

Our people policy and management practices are based on meritocracy, commitment with the Company's values, focus on the client's experience, digital transformation, and innovation. Below is the profile of our employees:

Table 3. Employees' Profile

Employees' Profile	Dec/21	Dec/20
Employees	84,597	91,673
Female	35,927	38,645
Male	48,670	53,028
Education		
High School	9,136	11,505
Graduation	26,946	31,735
Specialization, MA and PhD	48,431	48,275
Other	84	158
Geographic Distribution		
North	3,678	3,981
Northeast	13,919	15,106
Centre-West	16,090	16,650
Southeast	35,894	39,800
South	14,997	16,136
Abroad	19	0
Employees' Turnover (%)	0.56	0.56

In 2021, we launched the cultural manifest at BB, with the aim of reinforcing the relevant and essential cultural aspects for the evolution and continuity of our Bank. The manifest lists the five drivers of our culture: (i) we seek the new everyday, (ii) results serve to generate value to clients, (iii) doing well is good business, (iv) ethics and integrity are the basis of trust and (v) together we achieve much more. The drivers are inspiring narratives that reflect our culture, our values and contribute to the execution of the corporate strategy, as well as reinforce the best that we have.

We provide the BB Virtual Assistant to all employees of the Bank. It allows to obtain automated service for more than 60 issues related to management of people, on a simple and quick way, through WhatsApp. In 2021, more than 37 thousand employees used the Assistant, generating almost 800 thousand consultations in the year.

BB has Universidade Corporativa Banco do Brasil to develop human and professional excellence, with the creation of value in educational solutions, contributing to improve the organizational performance and strengthen the image of the Bank. We invest in digital transformation and offer more than 1,200 courses in the areas: mobile, programming, *front-end*, *DevOps*, *UX & design*, *Data Science*, innovation and management, as well as in the expansion of

access to professional certifications in IT to all the employees and several educational actions for improvement of business and client satisfaction.

In 2021, UniBB continued to invest in the selection and development of its leaders. For medium management, we launched the Program of Identification of Talents (PIT+). The approach of the Program is focused on data, and collects, organizes, diagnoses, and relates information about the teams, optimizing the management of the Bank's human resources. In its first edition, by cross-referencing several indicators of results and behaviors, BB identified 2,139 employees for the focus functions of PIT+.

Also, with the proximity on those who conduct the daily business, *Jornadas do Líder Digital*, *Líder Evolution* and *Super Regional* qualified more than 4 thousand managers in leadership competences, using digital technologies. There was also a corporate selection for Regional Superintendent, which identified 65 candidates.

For senior leadership, the Selection of Executives and Administrators Abroad qualified 56 candidates, reinforcing UniBB's commitment with meritocracy and the succession process in the Company. With



In thousands of Reais, unless otherwise stated

these initiatives, BB's leadership will be even more prepared to build the bank of the future, with sustainability and efficiency.

The Mental Health Program launched in 2021, which is based on five pillars (Healthy Habits, Education, Ergonomics, Psychological Support and Care), included a platform of online psychological consultation, sponsored by the Bank and available to all the employees. From October to December, more than 12 thousand medical consultations were made.

Our practices of management of people were acknowledged in many ways. We received the *Top Employer* certification for the ninth consecutive time. We are the only Brazilian company that had been

acknowledged in all the editions. The certification is granted by the independent Dutch foundation, *Top Employers Institute*, and acknowledges employees who develop talents at all levels of the organization and endeavor to continuously optimize the policies and practices for the management of people.

We also received, for the sixth time, the HR *Top of Mind* award in the Corporate Education / *E-learning* category. BB was the most recalled Company by the human resources community, in a voluntary vote, with the participation of thousands of HR managers from all over the country.

Table 4. Compensation and Benefits

R\$ million	2021	2020
Payroll ¹	19,997	19,130
Supplementary Pension ²	1,813	1,791
Profit Sharing ³	2,538	1,571
Staff Training ⁴	54	42
Directors' and Officers' Remuneration ⁵	54	50

(1) Expenses related to proceeds, benefits, social charges and administrative provisions, as per Explanatory Note on Personnel Expenses (2) Cost of supplementary pension and health plans, as per Explanatory Note on Employees' Benefits. (3) Amount reserved to Profit Sharing, according to Statement of Income for the Year. (4) As per Explanatory Note on Personnel Expenses.

8. Risk Management, Internal Controls and Institutional Security

Risk Management

The purpose of the risk management framework is to identify, measure, assess, monitor, report, control and mitigate risks, as well as ensure the continuous improvement of management.

The Risk Appetite and Tolerance Statement - RAS (Risk Appetite Statement) guides the planning of the strategy, policies and guidelines related to activities involving assumption of risks, directing budget and capital to a sustainable and optimized allocation.

During the year 2021, we improved the use of the Analytical platform in a big data environment, the matrix working model and the use of agile methodologies, with development of risk management models and panels based on that environment.

We implemented also, under the supervision of the Central Bank of Brazil, Doc 5050, to allow disclosure of information on the base of risks and operational losses, according to articles 32 to 36 of

Resolution No. 4,557, of February 23, 2017, Circular No. 3,979, of January 30, 2020, and BCB Normative Instruction No. 33, of October 29, 2020.

There have been relevant advances in 2021, such as management review of the framework for several risks and approval of the security risk management framework, in line with the definition of the Referential Model of Lines of Defense (MRLD), review of the internal model of interest rate risk in the banking portfolio (IRRBB), Review of the Model of Short-Term Liquidity Projection (LCR), methodological improvement for operational risk management, as well as improvements in operational loss management processes and calculation of the economic capital for risk coverage, development of climate risk sensitivity indicator for the portfolio of rural producers and legal entities, based on the roadmap instructions of Febraban and the TCFD (Task Force for Climate-Related Financial Information).

Cyber Risk Management

The Bank manages cyber risks on integrated basis, with active participation on several boards and units. Risk exposure is permanently assessed, and proactive and reactive measures are adopted to mitigate risks.

We maintained the execution of scenarios and impact assessments and a periodic review of the Plan of Prevention and Response to

Cyber Incidents, which provide important inputs for the continuous improvement of cyber risk management, in order to mitigate risks associated to digital strategy, combined with efforts of compliance with regulatory requirements.



Internal Controls

We have a strong Internal Control System (SCI), based on the Referential Model of Lines of Defense – MRLD, which contributes to ensure the operation of all areas of the Bank with the improvement of controls and mitigation of risks, according to the respective competences and responsibilities.

We have a Compliance Program in place, approved by the Board of Directors, aligned with the Corporate Strategy and comprising integrated and complementary drivers that guide the operational activities and the business practices of the Bank, also covering aspects related to integrity, with focus on specific measures and controls to prevent and combat corruption.

In the scope of the Digital Compliance initiative, we conducted solutions using analytical intelligence in the evaluation of

compliance and sustainability of the business operations carried out at Banco do Brasil.

In the context of efficiency and client's experience, we promoted advisory actions to managers towards the optimization of processes through the *Simplifique* Project, whose improvements streamline processes, providing more agility to client services. In addition, our strategy of reimbursement of losses derived from failures in processes, products and services, named Immediate Solution (SIM), received maximum award by the Cliente S.A. magazine.

For further information on the Internal Control System, Programs and Policies, refer to the Reference Form and Compliance Program, at the Investor Relations website (bb.com.br/ri).

Cyber Security

In the scenario of Financial System transformation, with the increase of digital business, accelerated by the period of pandemic, there was a significant growth and diversification of cyber-attacks. To face this scenario, we constantly invested in the update and modernization of our cyber security infrastructures and systems.

In the year 2021, we completed the implementation of the Cyber Security Transformation Program with improvements that raised the maturity and resilience levels of BB's Cyber Security. These internal actions improved the processes of governance, management and, in special, the processes of operation and treatment of events, raising our levels of monitoring, detection and response to security incidents.

Regarding cyber security culture, we developed the Cyber Security Qualification Plan with actions that range from the levels of awareness to advanced technical specialization, aiming at the personal and professional improvement for the optimization of

human resources in the compliance with the corporate strategies of the Bank. The qualification paths and high levels of development of the internal teams were also increased, aiming to protect the operations, the business and the information of our clients.

As to the regulatory environment, we made improvements and adaptations in the Cyber Security Policy of the Bank, in compliance with CMN Resolution No. 4,893/2021. One of the main advances was the inclusion of BCB Resolution No. 85/2021 as a normative reference, due to the need to cover the payment institutions that comprise the Prudential Conglomerate, as these institutions have the obligation to comply with such policy.

BB continues to focus on strengthening partnerships and cooperation with other financial institutions, government bodies and companies of the cyber sector, by participating in national and international cyber security events, and improving the program of culture dissemination and qualification in cyber security and risks.

Institutional Security

In a scenario of growing threats, information security controls have been improved, notably in connection with encryption of disks and remote work access.

To comply with the General Law of Personal Data Protection—LGPD, the Bank maintains its Policy of Privacy and Personal Data Protection, approved by the Board of Directors, and uses all reasonable endeavors so that its processes, products and services will comply with the principles and duties established in the legislation. An example was the coverage of more than 6.7 million data holders in the past 12 months.

The business continuity management process was very efficient and resilient in view of the challenges faced during the pandemic. Nevertheless, we improved our methodology to meet new scenarios

of threats, prioritizing the three basic pillars: people, business and technologies.

In the scope of prevention of money laundering, financing of terrorism and corruption - PLD/FT-C, the Bank reviewed its risk evaluation methodology, aiming at adapting to the main regulations on the issue. The LD/FT-C risk report was approved by the vice-chairman of Internal Controls and risk management and submitted to the Board of Directors and to the Audit and Risk and Capital Committees.

The improvement of physical security resources, the growing automation of processes and use of new technologies in the mitigation of risks contributed to reduce the number of attacks to the premises of the Bank, maintaining the high availability of the physical service channels.

9. Legal Information

General Micro and Small Business Law

According to criteria defined by the National Statute for Micro and Small Business (General Micro and Small Business Law - Complementary Law No. 123, 12.14.2006), 95.4% of our corporate clients in the retail segment are classified as micro and small businesses. The volume of resources used by these businesses reached R\$40.9 billion on December/2021. The balance of working



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capital operations contracted by micro businesses totaled R\$4.1 billion and R\$30.8 billion for small businesses. Investment operations directed to micro businesses reached R\$386.6 billion and R\$5.6 billion to small businesses.

Independent Audit – CVM Instruction No. 381

In the contracting of services not related to external audit, in order to avoid a conflict of interest, loss of independence or of the objectivity of independent auditors, we have adopted procedures based on applicable laws and standards and on the best internationally accepted principles related to the topic. These principles require the following: (i) the auditor must not audit its own work, (ii) the auditor must not exercise managerial functions at its customer and (iii) the auditor must not promote the customer interests. Furthermore, at Banco do Brasil, contracting of external audit services must be preceded by a favorable opinion from the Audit Committee.

Table 5. Non-Audit Agreements with the Independent

Contracting Company	Date of hire	Term ¹	Description of Services
Banco Patagonia S.A.	07/01/2020	11 months	Tax Consulting
Banco Patagonia S.A.	10/01/2021	8 months	Tax Consulting
BB Seguridade Participações S.A.	12/16/2020	1 month	Distance Learning Training on the Law 13.303 - Law of State-owned Companies

(1) Estimated duration in months based on expected contract termination date.

We hired Deloitte Touche Tohmatsu Auditores Independentes Ltda. to provide services not related to external audit at a level lower than 5% of the total fees related to external audit services. For this evaluation, all agreements in force between January/2021 and December/2021 have been considered.

Justification of Independent Auditors

In compliance with CVM Instruction 381/2003, we hereby inform that Deloitte Touche Tohmatsu Auditores Independentes Ltda. did not provide services that could affect its independence, ratified through the adherence of its professionals to the relevant ethical and independence standards, which meet or exceed the standards promulgated by International Federation of Accountants (IFAC), the Brazilian Federal Accounting Council (CFC), the Brazilian Securities and Exchange Commission (CVM), the Central Bank of Brazil (Bacen), the Private Insurance Superintendence (Susep), the Brazilian Supplementary Pension Superintendence (Previc) and other regulatory agencies. These policies and procedures covering areas such as personal independence, post-employment relations, turnover of professionals, as well as the approval of audit services and other services, are subject to constant monitoring.

Additional Information

Fixed investments totaled R\$1.8 billion in 2021, with highlight of investment in points of service and in improving the ambience of branches (R\$606.6 million), safety and information systems (R\$143.6 million) and in information technology (R\$1.0 billion).

We publish annually, in our Annual Public Policies and Corporate Governance Letter, available on our website (ir.bb.com.br), the investments made as a result of the implementation of public policies.

Banco do Brasil, its shareholders, officers and members of the Fiscal Council undertake to resolve any and all disputes or controversies related to Novo Market's Listing Regulation through the B3 Market Arbitration Chamber, pursuant to the arbitration clause of Banco do Brasil's Bylaws.

For further information, we make available the Reference Form, Performance Analysis report and Institutional Presentation on the Investor Relations website (bb.com.br/ir).

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors, Management and Shareholders of
Banco do Brasil S.A.

Opinion

We have audited the accompanying consolidated financial statements of Banco do Brasil S.A. ("Banco do Brasil"), which comprise the consolidated balance sheet as at December 31, 2021 and the related consolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Banco do Brasil S.A. as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards - IFRSs, issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of Banco do Brasil and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters - KAMs are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not provide a separate opinion on these matters.

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1. Allowance for loan losses

The recognition of the allowance for expected loan losses involves judgment and the use of estimates by Banco do Brasil's Management. As disclosed in notes 3.j) and 24 to the consolidated financial statements, Banco do Brasil has designed internal models for estimating the allowance for expected loan losses, in accordance with requirements of IFRS 9, aiming at generating expected loan losses over a given time horizon, comprising the assessment of the PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default). Accordingly, Banco do Brasil uses internal models to consider all available data history and weights possible loss scenarios, considering forward-looking estimates, and involving Management's assumptions and judgments, as well as an individual assessment of specific customers, in order to represent its best estimate of the expected loss risk of its loan portfolio, including the impacts of COVID-19.

The allowance for expected loan losses was considered a KAM due to the relevance in the context of the consolidated financial statements, the use of estimates and judgment by Management in determining the allowances recognized.

How was the matter addressed in our audit?

Our audit procedures included, but were not limited to: (a) understanding the provisioning criteria adopted by Banco do Brasil for loan transactions and other credits with loan characteristics, with the involvement of our specialists, to assess the compliance with IFRS 9 requirements, including the impacts of COVID-19; (b) understanding and testing the design, implementation and effectiveness of the relevant internal controls over the process for measuring the estimated allowance for expected loan losses; (c) reviewing and challenging the models and data base used by Management to measure expected losses, including the allocation of the loan portfolio at the stages required by IFRS 9, on a sampling basis, with the involvement of senior members of our team and our specialists; (d) reviewing and challenging the reasonableness of the assumptions used by Management when individually assessing the expected loss of specific customers, on a sampling basis; (e) analyzing the level of the allowance for loan losses, including the impacts of COVID-19; and (f) assessing the disclosures in the consolidated financial statements.

We consider that the criteria and assumptions adopted by Management to estimate the allowance for expected loan losses are acceptable in the context of the consolidated financial statements as a whole.

2. Provision for tax, civil, and labor claims

As disclosed in notes 3.q) and 35 to the consolidated financial statements, Banco do Brasil recognizes a provision for tax, civil and labor claims, arising from past events, based on Management's assessment, supported by its legal counsel's opinion by measuring the amounts to be provisioned using the "Collective" and "Individualized" methods, depending on the type and amounts of the lawsuits. The "Collective" method is used for lawsuits considered to be similar and usual, whose individual amount is not relevant and which were developed internally by Management according to statistical parameters. The "Individualized" method is assessed periodically by the legal counsel in relation to the likelihood of loss and amounts to be provisioned.

Due to the relevance in the context of the consolidated financial statements, the use of estimates and judgment by Management, we considered as a key audit matter.

How was the matter addressed in our audit?

Our audit procedures included, among others: (a) assessing the design and implementation of the relevant internal controls involving the control of tax, civil and labor claims and the measurement of the amounts provisioned; (b) involving our specialists for understanding the statistical parameters used in the Collective method; (c) confirming the claims with the in-house and outside legal counsel; (d) analyzing on a sampling basis to inspect the documentation of the selected lawsuits provisioned under the individualized method; and (e) analyzing the appropriateness of the disclosures in the consolidated financial statements in accordance with applicable accounting pronouncements.

We considered that the criteria and assumptions adopted by Management to estimate the provision for tax, civil and labor claims are acceptable in the context of the consolidated financial statements as a whole.

3. Employee benefit plans

Banco do Brasil is the sponsor of private pension entities and supplementary healthcare plans, which ensure the supplementation of retirement and healthcare benefits to its employees. As disclosed in notes 3.p) and 44 to the consolidated financial statements, post-employment benefits sponsored by Banco do Brasil related to supplementary pension and healthcare are assessed in accordance with the criteria established in IAS 19 - Employee Benefits.

The estimated defined benefit plan obligations involve relevant actuarial assumptions, including discount rates, among others, which are sensitive and/or involve Management's judgment, and may cause material effects on the consolidated financial statements. Therefore, we considered as a key audit matter.

How was the matter addressed in our audit?

Our audit procedures included, among others: (a) assessing the design and implementation of the relevant internal controls involving the measurement of actuarial liabilities; (b) involving our actuarial specialists for understanding the databases utilized and challenging the main actuarial assumptions used by external actuaries engaged by Management in the calculation of actuarial liabilities; (c) analyzing on a sampling basis the reasonableness of databases and involving our actuarial specialists for recalculating the actuarial obligations; and (d) analyzing the appropriateness of the disclosures in the consolidated financial statements in accordance with the applicable accounting pronouncements.

We considered that the calculation methodology, databases and the main actuarial assumptions adopted by Management, together with its external actuaries, to estimate the employee benefit plan obligations are acceptable in the context of the consolidated financial statements taken as a whole.

4. Information Technology - IT environment

The transactions of Banco do Brasil depend on an IT and infrastructure environment capable of supporting a high volume of transactions processed daily in its legacy information systems that provide input to its accounting records. The IT-related processes, associated with its controls, may pose risks in the processing and generation of critical information, including those used in financial reporting, justifying our consideration as a key audit matter due to the relevance in the context of the consolidated financial statements.

How was the matter addressed in our audit?

Upon the involvement of our IT specialists, we identified the relevant systems that support the key business activities of Banco do Brasil, and assessed the design and implementation of the general IT controls and tested the operating effectiveness of these controls, including, when necessary, the tests of compensating controls, related to information security, the development and maintenance of the relevant systems and the operation of information technology environment related to the infrastructure that supports Banco do Brasil's business.

Considering the information technology environment's processes and controls, associated with the tests previously mentioned, we concluded that they reasonably allowed us to consider the information obtained from certain systems to define the nature, timing and extent of our audit procedures in the context of the consolidated financial statements taken as a whole.

Other information accompanying the consolidated financial statements and the independent auditor's report

The Management of Banco do Brasil is responsible for the other information that comprises the Management Report.

Our opinion on the consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRSs, issued by the IASB, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing Banco do Brasil's and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate Banco do Brasil and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Banco do Brasil's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Banco do Brasil and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Banco do Brasil and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Banco do Brasil and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and matters that may reasonably be thought to bear on our independence, and, when applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Brasília, March 24, 2022

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Luiz Carlos Oseliero Filho
Engagement Partner

*Original signed.



In thousands of Reais, unless otherwise stated

CONSOLIDATED STATEMENTS OF INCOME

For the year ended December 31,	Note	2021	2020	2019
Interest income		125,947,217	98,659,704	123,105,325
Interest expense		(66,273,138)	(43,232,120)	(69,306,296)
Net interest income	[8]	59,674,079	55,427,584	53,799,029
Net (constitution)/reversal of expected credit losses with:		(12,863,436)	(19,687,420)	(19,947,570)
Loans to financial institutions	[18]	(5,437)	1,299,121	(1,274,326)
Loans to customers	[24]	(13,334,457)	(19,922,771)	(16,959,338)
Other financial assets	[19],[21],[22],[39]	476,458	(1,063,770)	(1,713,906)
Net interest income after allowance for losses		46,810,643	35,740,164	33,851,459
Non-interest income		33,914,991	26,370,441	38,895,616
Net commissions and fee income	[9]	22,668,819	22,666,341	23,716,793
Net gains/(losses) from financial instruments:	[10]	199,415	1,886,264	511,375
Fair value through profit or loss		1,781,000	3,621,737	668,038
Fair value through other comprehensive income		(1,581,585)	(1,735,473)	(156,663)
Net gains from equity method investments	[26]	3,086,744	2,321,921	4,044,413
Net income on foreign exchange and translation of foreign currency transactions	[11]	(1,286,536)	(7,082,412)	(703,251)
Other operating income	[12]	9,246,549	6,578,327	11,326,286
Non-interest expenses		(56,735,843)	(50,533,602)	(61,607,563)
Personnel expense	[13]	(23,524,659)	(21,688,312)	(22,797,977)
Administrative expenses	[14]	(7,535,192)	(7,421,859)	(7,523,051)
Contributions, fees and other taxes		(5,722,627)	(5,168,082)	(5,002,706)
Amortization of intangible assets	[29]	(1,420,318)	(1,807,612)	(1,627,247)
Labor, tax and civil lawsuits	[35]	(7,515,682)	(5,742,025)	(11,805,233)
Depreciation	[28]	(2,574,102)	(2,406,382)	(2,359,154)
Other operating expenses	[12]	(8,443,263)	(6,299,330)	(10,492,195)
Income before taxes		23,989,791	11,577,003	11,139,512
Income taxes	[36]	(4,266,920)	1,715,880	7,748,806
Current		(3,544,398)	(3,591,017)	(4,989,835)
Deferred		(722,522)	5,306,897	12,738,641
Net income		19,722,871	13,292,883	18,888,318
Attributable to shareholders of the Bank		18,344,326	11,851,616	16,396,896
Attributable to non-controlling interests		1,378,545	1,441,267	2,491,422
Earnings per share				
Earnings per share (R\$) – basic and diluted		6.43	4.16	5.86
Weighted average shares outstanding – basic		2,853,577,258	2,852,522,381	2,799,325,330
Weighted average shares outstanding – diluted		2,853,359,901	2,852,322,673	2,799,054,753

The accompanying notes are an integral part of the consolidated financial statements.



In thousands of Reais, unless otherwise stated

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31,	2021	2020	2019
Net income	19,722,871	13,292,883	18,888,318
Items that are or may be subsequently reclassified to profit or loss			
Financial assets at fair value through other comprehensive income	(2,889,511)	842,116	1,407,766
Unrealized gains/(losses) on financial assets at fair value through other comprehensive income	(5,543,864)	(1,104,547)	1,729,397
Realized (gains)/losses on financial assets at fair value through other comprehensive income – reclassified to profit or loss	1,581,585	1,735,473	156,663
Tax effect	1,072,768	211,190	(478,294)
Share in other comprehensive income of associates and joint ventures	56,231	(113,342)	200,770
Unrealized gains/(losses) on financial assets at fair value through other comprehensive income	(381,266)	(258,047)	442,989
Unrealized gains/(losses) on cash flow hedge	474,077	23,968	(50,970)
Unrealized gains/(losses) on other comprehensive income	(4,411)	10,608	(6,786)
Tax effect	(32,169)	110,129	(184,463)
Foreign currency translation differences	(173,198)	99,848	(559,593)
Items that will not be subsequently reclassified to profit or loss			
Defined benefit pension plans	9,066,087	8,397,347	(8,076,793)
Gains/(losses) remeasurement related to defined benefit pension plans	16,936,729	15,269,708	(16,820,887)
Tax effect	(7,870,642)	(6,872,361)	8,744,094
Total other comprehensive income net of tax effects	6,059,609	9,225,969	(7,027,850)
Total comprehensive income	25,782,480	22,518,852	11,860,468
Attributable to shareholders of the Bank	24,378,704	21,141,791	9,492,277
Attributable to non-controlling interests	1,403,776	1,377,061	2,368,191

The accompanying notes are an integral part of the consolidated financial statements.



In thousands of Reais, unless otherwise stated

CONSOLIDATED BALANCE SHEETS

	Note	Dec 31, 2021	Dec 31, 2020
Assets			
Cash and bank deposits	[16]	18,023,001	16,784,560
Compulsory deposits with Brazilian Central Bank	[17]	75,504,036	60,308,542
Financial assets at amortized cost, net		1,344,538,282	1,219,130,246
Loans to financial institutions	[18]	42,842,588	49,317,455
Securities purchased under resale agreements	[19]	487,472,927	466,344,581
Loans to customers	[23],[24]	734,290,606	633,402,350
Securities	[22]	33,107,809	24,946,064
Other financial assets	[30]	46,824,352	45,119,796
Financial assets at fair value through profit or loss	[20]	11,739,070	15,670,822
Debt and equity instruments		9,604,035	12,143,486
Derivatives		2,135,035	3,527,336
Financial assets at fair value through other comprehensive income	[21]	305,490,911	256,553,310
Non current assets held for sale	[25]	417,340	500,059
Investments in associates and joint ventures	[26]	19,446,188	17,906,810
Property and equipment	[28]	13,401,651	11,275,605
Use		8,982,146	8,545,213
Right of use		4,419,505	2,730,392
Intangible assets	[29]	7,035,270	6,225,067
Tax assets		65,009,496	65,956,124
Current		7,345,674	7,153,007
Deferred	[36]	57,663,822	58,803,117
Other assets	[30]	38,735,266	23,482,858
Total		1,899,340,511	1,693,794,003
Liabilities			
Financial liabilities at amortized cost		1,679,166,834	1,500,172,488
Deposits of clients	[31]	671,269,541	601,984,265
Amount payable to financial institutions	[32]	26,167,697	25,945,382
Securities sold under repurchase agreements	[33]	621,836,755	503,722,822
Liabilities from issuance of securities and other financial liabilities	[34]	292,677,975	298,176,293
Other financial liabilities	[30]	67,214,866	70,343,726
Financial liabilities at fair value through profit or loss	[20]	2,053,161	3,098,315
Provisions for labor, tax and civil lawsuits	[35]	16,726,539	14,519,222
Expected losses for guarantees provided and loan commitments	[39]	2,762,281	2,375,398
Tax liabilities		12,197,350	6,417,506
Current		2,617,588	2,698,362
Deferred	[36]	9,579,762	3,719,144
Other liabilities	[30]	40,324,113	39,349,790
Total		1,753,230,278	1,565,932,719
Shareholders' equity			
Share capital	[37]	90,000,023	90,000,023
Instruments qualifying as common equity tier 1 capital		8,100,000	8,100,000
Treasury shares		(276,913)	(280,642)
Capital reserve		6,627,633	6,625,608
Profit reserves		51,180,290	39,198,468
Accumulated other comprehensive income		(8,061,991)	(14,096,369)
Unallocated retained earnings		(4,817,560)	(4,447,316)
Shareholders' equity attributable to shareholders of the Bank		142,751,482	125,099,772
Shareholders' equity attributable to non-controlling interests		3,358,751	2,761,512
Total		146,110,233	127,861,284
Total liabilities and shareholders' equity		1,899,340,511	1,693,794,003

The accompanying notes are an integral part of the consolidated financial statements.



In thousands of Reais, unless otherwise stated

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to shareholders of the Bank												Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
	Share capital	Instruments qualifying to common equity tier 1 Capital	Treasury shares	Capital reserve	Profit reserves	Other comprehensive income				Unallocated retained earnings	Shareholders' equity attributable to shareholders of the Bank			
						Financial assets at fair value through other comprehensive income	Defined benefit plans remeasurement	Foreign currency translation	Gains/(losses) on hedge					
Balance at December 31, 2019	67,000,000	8,100,000	(339,636)	6,592,899	53,814,656	770,330	(22,167,321)	(1,891,612)	(97,941)	(4,046,637)	107,734,738	2,236,641	109,971,379	
Net income	--	--	--	--	--	--	--	--	--	11,851,616	11,851,616	1,441,267	13,292,883	
Other comprehensive income	--	--	--	--	--	712,027	8,406,149	158,817	13,182	--	9,290,175	(64,206)	9,225,969	
Total comprehensive income	--	--	--	--	--	712,027	8,406,149	158,817	13,182	11,851,616	21,141,791	1,377,061	22,518,852	
Capital increase – capitalization of reserves	23,000,000	--	--	--	(23,000,000)	--	--	--	--	--	--	--	--	
Capital increase – incorporation of associates and subsidiaries	23	--	--	--	--	--	--	--	--	--	23	--	23	
Share-based payments	--	--	45,158	31,890	--	--	--	--	--	--	77,048	--	77,048	
Other	--	--	--	--	--	--	--	--	--	4,508	4,508	30,443	34,951	
Disposal of treasury shares (follow on)	--	--	13,836	819	--	--	--	--	--	--	14,655	--	14,655	
Constitution of profit reserve	--	--	--	--	11,571,023	--	--	--	--	(11,571,023)	--	--	--	
Interest on instruments qualifying as common equity (Note 37.c)	--	--	--	--	--	--	--	--	--	(236,577)	(236,577)	--	(236,577)	
Distribution of interest on own capital and dividends	--	--	--	--	(3,187,211)	--	--	--	--	(1,009,678)	(4,196,889)	(1,031,874)	(5,228,763)	
Hyperinflation adjustments in Argentina	--	--	--	--	--	--	--	--	--	560,475	560,475	149,241	709,716	
Balance at December 31, 2020	90,000,023	8,100,000	(280,642)	6,625,608	39,198,468	1,482,357	(13,761,172)	(1,732,795)	(84,759)	(4,447,316)	125,099,772	2,761,512	127,861,284	
Net income	--	--	--	--	--	--	--	--	--	18,344,326	18,344,326	1,378,545	19,722,871	
Other comprehensive income	--	--	--	--	--	(3,147,093)	9,061,520	(140,791)	260,742	--	6,034,378	25,231	6,059,609	
Total comprehensive income	--	--	--	--	--	(3,147,093)	9,061,520	(140,791)	260,742	18,344,326	24,378,704	1,403,776	25,782,480	
Share-based payments	--	--	3,720	2,025	--	--	--	--	--	--	5,745	--	5,745	
Incorporation of associates and subsidiaries - cancellation of treasury stocks	--	--	9	--	(9)	--	--	--	--	--	--	--	--	
Other	--	--	--	--	--	--	--	--	--	(10,266)	(10,266)	(1,832)	(12,098)	
Constitution of profit reserve	--	--	--	--	17,371,259	--	--	--	--	(17,371,259)	--	--	--	
Interest on instruments qualifying as common equity (Note 37.c)	--	--	--	--	--	--	--	--	--	(121,748)	(121,748)	--	(121,748)	
Distribution of interest on own capital and dividends	--	--	--	--	(5,389,428)	--	--	--	--	(2,137,048)	(7,526,476)	(1,057,071)	(8,583,547)	
Hyperinflation adjustments in Argentina	--	--	--	--	--	--	--	--	--	925,751	925,751	252,366	1,178,117	
Balance at December 31, 2021	90,000,023	8,100,000	(276,913)	6,627,633	51,180,290	(1,664,736)	(4,699,652)	(1,873,586)	175,983	(4,817,560)	142,751,482	3,358,751	146,110,233	

The accompanying notes are an integral part of the consolidated financial statements.



In thousands of Reais, unless otherwise stated

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2021	2020	2019
Operating activities			
Net income	19,722,871	13,292,883	18,888,318
Adjustments for:	32,887,833	30,039,986	26,109,474
Net expected loss on loans to customers	19,501,811	25,671,827	22,178,613
Provision for labor, tax and civil lawsuits	7,515,682	5,742,025	11,805,233
Income taxes	4,266,920	(1,715,880)	(7,748,806)
Depreciation	2,574,102	2,406,382	2,359,154
Net losses from financial assets at fair value through other comprehensive income	1,581,585	1,735,473	156,663
Amortization of intangible assets	1,420,318	1,807,612	1,627,247
Net losses on foreign exchange and translation of foreign currency transactions	1,286,536	7,082,412	703,251
Impairment losses on payroll management rights	959,192	19,617	987,172
Net (gains)/losses of capital in other assets	66,024	12,017	53,891
Impairment of other assets	27,708	58,108	35,487
Net expected reversal on loans to financial institutions	5,437	(1,299,121)	1,274,326
Net (gains)/losses from disposal of investments in associates and joint ventures	--	(10,995)	108,995
Net gains from disposal of property	(256,884)	(281,184)	(3,992,357)
Effect of exchange rate changes on cash and cash equivalents	(1,553,477)	(10,320,668)	158,785
Adjustment of actuarial assets/liabilities and surplus allocation funds	(1,754,070)	1,063,216	1,500,444
Net gains from equity method investments	(3,086,744)	(2,321,921)	(4,044,413)
Other	333,693	391,066	(1,054,211)
Adjustments for net change in operating assets and liabilities	(97,390,586)	167,299,826	11,705,587
Compulsory deposits with central banks	(15,195,494)	4,815,565	(6,008,752)
Loans to financial institutions	(2,518,070)	1,322,771	(757,169)
Securities purchased under resale agreements	(135,074,114)	14,286,094	3,457,921
Financial assets at fair value through profit or loss	3,931,752	(11,865,274)	3,072,071
Loans to customers	(120,381,990)	(79,828,845)	31,443
Non-current assets held for sale	182,363	88,695	193
Other assets	(26,034,002)	(17,553,581)	(17,034,467)
Deposits of clients	69,285,276	116,981,960	32,634,129
Amounts payable to financial institutions	222,315	(3,513,619)	(4,614,438)
Financial liabilities at fair value through profit or loss	(1,045,154)	2,136,679	152,335
Securities sold under repurchase agreements	118,113,933	99,367,495	1,454,125
Liabilities from issuance of securities and other financial liabilities	11,134,522	9,219,355	(2,736,053)
Other liabilities	3,677,212	35,102,830	6,586,832
Income taxes paid	(3,689,135)	(3,260,299)	(4,532,583)
Net cash provided by (used in) operating activities	(44,779,882)	210,632,695	56,703,379



In thousands of Reais, unless otherwise stated

Continued	2021	2020	2019
Investing activities			
Acquisition of financial assets at fair value through other comprehensive income	(262,770,205)	(213,784,964)	(150,372,171)
Disposal of financial assets at fair value through other comprehensive income	219,830,370	125,617,520	116,287,254
Acquisition of securities at amortized cost	(9,117,924)	(6,133,568)	(1,477,342)
Redemption of securities at amortized cost	2,011,536	346,477	2,348,583
Acquisition of property and equipment	(1,769,472)	(1,715,251)	(1,729,581)
Disposal of property and equipment	4,901	287	4,209
Acquisition of investments in associates and joint ventures	--	(35,018)	--
Disposal of investments in associates and joint ventures	--	2,625	--
Acquisition of intangible assets	(3,180,951)	(2,738,234)	(4,576,455)
Disposal of intangible assets	--	662,828	1,885,064
Dividends and interest on own capital received	2,031,955	2,265,323	1,473,059
Capital investment - Brasilprev Seguros e Previdência S.A.	(449,969)	(899,939)	--
Capital investment - Brasilcap Capitalização S.A.	(66,664)	--	--
Capital investment - Quod	(9,849)	--	--
Redemption of Cateno's shares	--	559,313	--
Redemption of UBS BB's preferred shares	--	145,000	--
Net cash received from disposal of IRB S.A.	--	--	4,181,779
Net cash received from disposal of Neoenergia S.A.	--	--	1,732,689
Net cash used in investing activities	(53,486,272)	(95,707,601)	(30,242,912)
Financing activities			
Settlement of long-term liabilities	(16,653,580)	(12,787,630)	(7,284,291)
Interest paid on additional equity instrument	(121,748)	(236,577)	(209,494)
Repayments and extinguishments of lease liabilities	(1,102,942)	(1,004,572)	(985,133)
Dividends and interest on own capital paid to Bank's shareholders	(6,454,965)	(4,199,577)	(7,121,003)
Dividends and interest on own capital paid to non-controlling interests	(669,655)	(1,871,080)	(1,876,305)
Issue of long-term liabilities	20,740	--	--
Net effect related to treasury stock disposal	--	15,268	2,805,364
Amount paid to non-controlling interests due to BB Seguridade's capital decrease	--	(908,109)	--
Net cash used in financing activities	(24,982,150)	(20,992,277)	(14,670,862)
Net increase or decrease in cash and cash equivalents	(123,248,304)	93,932,817	11,789,605
Cash and cash equivalents at the beginning of the year	176,189,508	71,936,023	60,305,203
Effect of exchange rate changes on cash and cash equivalents	1,553,477	10,320,668	(158,785)
Cash and cash equivalents at the end of the year	54,494,681	176,189,508	71,936,023
Increase/(decrease) in cash and cash equivalents	(123,248,304)	93,932,817	11,789,605
Complementary information about cash flow	58,144,354	58,218,470	60,743,663
Interest paid	(55,029,199)	(36,879,203)	(67,548,013)
Interest received	113,173,553	95,097,673	128,291,676
Accounting changes not involving cash and cash equivalents			
Assets reclassified as non-current assets held for sale	99,643	220,991	191,136
Loans to customers transferred to non-operating assets (other assets)	(7,944)	88,538	26,317
Unpaid dividends	2,311,334	1,239,823	1,242,511

The accompanying notes are an integral part of the consolidated interim financial statements.



1 – THE BANK AND ITS OPERATIONS

Banco do Brasil S.A. (“Banco do Brasil”, the “Bank” or the “Group”) is a publicly-traded company subject to the rules of Brazilian Corporate Law. The Brazilian Federal Government controls the Bank. Its headquarters are located at Setor de Autarquias Norte, Quadra 5, Lote B, Edifício Banco do Brasil, Brasília, Federal District, Brazil.

The Bank has its shares traded in the segment known as Novo Mercado of B3 S.A. – Brasil, Bolsa, Balcão (B3), under the ticker “BBAS3” and its ADRs (American Depositary Receipts) on the over-the-counter market in the United States under the ticker “BDORY”. The Bank’s shareholders, managers and members of the Fiscal Council are subject to the provisions of B3’s Novo Mercado Regulation. The provisions of Novo Mercado will prevail over the statutory provisions, in case of prejudice to the rights of the recipients of the public offers provided for in the Bylaws.

The Group’s business activities include the following:

- all active, passive and ancillary banking operations;
- banking and financial services, including foreign exchange transactions and other services such as insurance, pension plans, capitalization bonds, securities brokerage, credit/debit card management, consortium management, investment funds and managed portfolios; and
- all other types of transactions available to banks within Brazil’s National Financial System.

As an agent for execution of the Brazilian Federal Government’s credit and financial policies, Brazilian Law requires the Bank to perform the following functions under the supervision of the National Monetary Council (CMN):

- (i) act as financial agent for the National Treasury;
- (ii) provide banking services on behalf of the Federal Government and other governmental agencies;
- (iii) provide clearing services for checks and other documents;
- (iv) buy and sell foreign currencies as determined by the CMN for the Bank’s own account and for the account of the Brazilian Central Bank (Bacen);
- (v) provide receipt and payment services for Bacen, in addition to other services;
- (vi) finance the purchase and development of small and medium-sized farms; and
- (vii) disseminate and provide credit.

The Bank finances the production and commercialization of agricultural products; fosters rural investments such as storage, processing, industrialization of agricultural products and the modernization of machinery and implements; and finances improvements in rural properties to comply with the environmental law. Accordingly, the Bank supports the Brazilian agribusiness in all stages of the production chain.

The Bank offers to micro and small companies: working capital, financings for investments, and foreign trade solutions, in addition to several other products related to cash flows, social security, pension plans, and services. The Bank provides financing alternatives and business models that promote the transition to an inclusive economy to many companies, including Individual Microentrepreneurs (Microempreendedores Individuais – MEI).

In its financing of foreign trade, the Bank puts into effect government policy instruments to stimulate productive development, entrepreneurship, social and financial inclusion, including the Income Generation Program (Programa de Geração e Renda – Proger) and the Export Financing Program (Programa de Financiamento às Exportações – Proex).

Internal policy statements outline the corporate structure governance. These policies provide a decision-making framework for the Bank’s businesses and activities. They also outline procedures for complying with legal and regulatory requirements established by the Bank’s regulators.

The Bank has a self-regulatory system for controlling trading in securities issued by the Bank and its subsidiaries, as well as in quotas of exclusive funds referenced in such securities. The system limits the amount of people who have information about relevant acts or facts prior to the disclosure of the information to the market. Parties subject to the self-regulatory system include:



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- the controlling shareholder;
- the Bank's officers and directors;
- the Bank's Head of Audit and the Bank's Chief Ombudsman; and
- anyone with a business or professional relationship with the Bank, or in a relationship of trust, who has knowledge of accounting or strategic matters or other relevant acts or facts with respect to the Bank's business.

The Bank's public disclosures are designed to meet the needs of external users and to comply with the requirements of regulatory agencies such as Bacen, Brazil's Security and Exchange Commission (CVM) and the United States Securities and Exchange Commission (SEC). The Bank follows the highest standards of corporate governance, providing information that is transparent, accurate, complete, consistent, fair and timely.

The Group's Chief Financial Management and Investor Relations Officer (CFO) is responsible for the disclosure of relevant acts, facts and other information to investors. Joint and several liability extends to the Bank's other officers and directors in cases of non-compliance with the information disclosure requirements.

More information about the subsidiaries is included in Note 5, while Note 7 contains a description of the Bank's business segments.

2 – PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Bank's Executive Board approved these consolidated financial statements and authorized for issuance on March 22, 2022.

b) Functional and presentation currency

The consolidated financial statements are presented in Brazilian Reais, which is the Bank's functional and presentation currency. The functional currency is the currency of the main economic environment in which an entity operates. For all of the Group entities, the functional currency is the Real (except from BB Americas and Banco Patagonia). Financial information is presented in thousands of Brazilian Reais (R\$ thousand), unless otherwise indicated.

c) Going concern

Management believes that the Bank has sufficient funds to continue its business in the future. Management is not aware of any material uncertainty that may generate significant doubts about the capacity to continue operating. Accordingly, these consolidated financial statements have been prepared based on a going concern basis.

Although the economic slowdown resulting from the adoption of social isolation measures to contain the Covid-19 pandemic has affected several companies in Brazil and worldwide, the Bank has sufficient capital and liquidity to support any projected losses for business in that period and in the following periods. Among other reasons, this is because a large part of its business operations continues to be conducted on digital platforms with remote access and service. The Bank also has qualified advisors and special credit conditions.



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Despite the gravity and unprecedented nature of the current situation in recent history, considering the Bank's experience in managing and monitoring risks, capital and liquidity, as well as the information existing at the time of this assessment, there was no evidence of any events that could interrupt operations in the near future. It should be added that the countercyclical economic policies adopted by all countries around the globe are helping to reduce uncertainty, as well as the adverse effects on companies and families.

d) Changes in accounting policies

These consolidated financial statements were prepared using the same policies and accounting methods used to prepare the consolidated financial statements for the year ended Dec 31, 2020, except by the adoption of the amendments to IFRS 4 – Insurance Contracts, IFRS 7 – Financial Instruments, IFRS 9 – Financial Instruments, IFRS 16 – Leases and IAS 39 – Financial Instruments, that were effective at Jan 1, 2021.

Amendments to IFRS 4 – Insurance Contracts, IFRS 7 – Financial Instruments: Disclosures, IFRS 9 – Financial Instruments, IFRS 16 – Leases and IAS 39 – Financial Instruments: Recognition and Measurement – In August 2020, the IASB issued amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 that address issues arising from the “Reform of the Reference Interest Rate – Phase 2” (IBOR Reform).

IBOR Reform is related to the provision of discontinuation of the use of LIBOR (London Interbank Offered Rate).

For cases of modification in financial assets and liabilities as a result of IBOR Reform, the amendments create the practical expedient that allows replacing its effective interest rate by a new economically equivalent rate, without derecognition of the contract.

Regarding hedge accounting, the amendments addresses:

- the recognition in the result of the ineffective portion with the end of the exemptions provided for in Phase 1;
- the creation of sub-portfolios to segregate contracts with changed rates for group of item hedges;
- term of 24 months for identification and segregation of new risk based on changes in interest rates; and
- updates to hedge documentation.

As for disclosure, the amendments establish requirements regarding the:

- risks to which the entity is exposed by the reform;
- management of these risks; and
- evolution in the transition to the alternative reference rate and its management.

In the context of IBOR Reform, the Bank has operations indexed to Libor whose contracts will be updated, until the date foreseen for the end of disclosure of said index, to an alternative rate equivalent to the one contained in the original contracts.

Thus, the following indexes will be adopted to replace the IBORs: SOFR for Libor in USD; ESTR for Libor in EUR; SONIA for Libor in GBP; and TONAR for Libor in JPY.

The Bank is a signatory of the ISDA (International Swaps and Derivatives Association) and will adopt its protocol in the fallback clauses.

Thus, the Bank does not expect relevant impacts arising from IBOR Reform.

Amendments to IFRS 16 – Leases – In May 2020, the IASB made changes to IFRS 16, in response to concessions on lease payments resulting from the Covid-19 pandemic. The amendments allow lessees to use a practical expedient, to not accounting these concessions as a lease modification. These amendments are effective for annual periods beginning on or after June 1, 2020.



In March 2021, the IASB extended the use of the practical expedient to payments made through June, 2022.

The Bank did not apply the practical expedient.

3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied by the Bank and its subsidiaries during all of the periods presented in these consolidated financial statements.

a) Basis of consolidation

These consolidated financial statements include the financial statements of the Bank and entities (including structured entities) controlled by the Bank.

Intra-group balances and transactions, and any unrealized income and expenses arising from transactions between the Bank and entities under its control, are eliminated from the consolidated financial statements. Unrealized gains or losses (to the extent that there is no evidence of impairment) arising from transactions with equity-accounted investees are eliminated against the investment in to the extent of the Bank's interest in the investee.

Non-controlling interests are presented within equity in the balance sheet, separately from the equity of the Bank's shareholders. Net income attributable to non-controlling interest is presented separately in the statement of income and statement of comprehensive income.

Subsidiaries – Investees under the Bank's control. The Bank controls an entity when it has power over the investee, is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. The Bank consolidates subsidiaries beginning on the date it obtains control over the relevant activities up to the moment it loses control.

IAS 29 – Financial Reporting in Hyperinflationary Economies is applicable to entities whose functional currency is the Argentinian peso for periods ending on or after July 1, 2018. The Bank has adjusted the financial statements of its subsidiary Banco Patagonia to reflect the effects of hyperinflation.

Due to the devaluation of the Argentinian peso in recent months and the increase in the general price level observed, the inflation accumulated in the last three years exceeded 100%. The entity's financial statements have been adjusted to reflect changes in general purchasing power of the functional currency (expressed in the current unit of measurement) as of December 31, 2021, 2020 e 2019.

The index used in the inflation adjustments was the "Consumer Price Index with national coverage" published by INDEC (National Institute of Statistics and Censuses of Argentina), described below:

- 582.5 at December 31, 2021;
- 385.9 at December 31, 2020; and
- 283.4 at December 31, 2019.

Business combinations – The acquisition of a subsidiary through a business combination is recognized on the acquisition date (the date on which the Bank obtains control) using the acquisition method. Under this method, on the acquisition date, identifiable assets (including intangible assets not previously recognized), liabilities assumed and contingent liabilities are recognized at their fair value. A positive difference between the acquisition cost and the fair value of the identifiable net assets is recognized as goodwill. Negative differences (gains on a bargain purchase) are recognized in statement of income in the line-item other operating income.



In thousands of Reais, unless otherwise stated

Transaction costs incurred by the Bank as part of a business combination, except for costs related to the issuance of debt or equity securities, are recognized in the statement of income. Contingent consideration is measured at fair value on the acquisition date.

The financial statements of subsidiaries acquired during the period are included in the consolidated financial statements from the acquisition date through the end of the year. Financial statements from subsidiaries disposed of during the year are included in the consolidated financial statements from the beginning of the year through the date of disposal, or the date on which the control ceases.

Business combinations under common control – A combination between entities or businesses under common control is one in which the Bank controls all of the combining entities or businesses both before and after the business combination, and the control is not transitory.

Assets and liabilities are not restated to their fair values. Rather, the Bank recognizes assets and liabilities at their pre-combination carrying amounts.

No new goodwill is recorded. Any difference between the cost of the transaction and the carrying value of the net assets is recorded in equity.

Changes of ownership interests in subsidiaries – Changes that do not result in loss of control are accounted for as equity transactions (i.e., transactions among owners acting in their capacity as owners). As a result, these transactions do not give rise to goodwill.

Loss of control – Upon the Bank's loss of control of a subsidiary, the Bank derecognizes:

- the carrying amount of the subsidiary's assets (including goodwill) and liabilities; and
- the carrying amount of non-controlling interests in the former subsidiary, including any components of other comprehensive income attributed to these interests.

In addition, on the date control is lost, the Bank recognizes:

- the fair value of consideration received, if any, originating from the transaction, event or circumstances that gave rise to the loss of control;
- the distribution of the subsidiary's shares to the owners (if the transaction resulting in the loss of control involved a distribution of shares);
- any investment held in the former subsidiary at fair value; and
- any difference as a gain or loss attributable to the Bank's shareholders.

Structured entities (SE's) – The Bank sponsors the creation of SE's, including investment funds, consortium groups and securitization vehicles, and it may or may not control the SE. Before consolidating a SE, the Bank evaluates the criteria contained in IFRS 10 – Consolidated Financial Statements.

If facts and circumstances indicate that there have been changes in one or more elements of control, the Bank reassesses the need to consolidate the SE.

Joint ventures – Are joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangements, rather than rights to the individual assets or obligations for the individual liabilities. The Bank has joint control over an arrangement when it shares control pursuant to a contract and when decisions about relevant activities require the unanimous consent of the parties sharing control.

The Bank's investments in joint ventures are initially recorded at cost, and subsequently, are accounted for using the equity method. The investment is increased (or decreased) to recognize the Bank's share of the investee's profit or loss subsequent to the acquisition date. The Bank's share of the investee's profit or loss is recognized on the reporting date in the statement of income. Adjustments to the carrying amount may be required to reflect changes



In thousands of Reais, unless otherwise stated

in the Bank's proportionate interest in the investee due to gains or losses recognized in the investee's other comprehensive income. The Bank's share of these changes is recognized in accumulated other comprehensive income in shareholders' equity.

Upon investing in a joint venture, any positive difference between the cost of the investment and the Bank's share of the net fair value in the investee's identifiable assets and liabilities is accounted for as goodwill. This goodwill is included in the carrying amount of the investment. Amortization of that goodwill is not permitted. Any excess in the Bank's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognized as income in the statement of income.

If the Bank's share of losses of a joint venture equals or exceeds its investment in the joint venture, the Bank discontinues recognizing its share of future losses. If the Bank's interest is reduced to zero, it provides for additional losses and recognizes a liability to the extent that it has incurred a legal or constructive obligation or has made payments on behalf of the joint venture. Subsequently, if the joint venture reports profits, the Bank recognizes its share of the profits to the extent that they exceed the amount of previously unrecognized losses.

All of the Bank's investments in joint ventures are structured using separate legal vehicles.

Associates – Entities over which the Bank has significant influence. It means that the Bank has power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies. The Bank exerts significant influence by participating in the associate's management or committees.

The Bank's investments in associates are initially recorded at cost. Subsequently, they are accounted for using the equity method.

Non-monetary contributions to associates and joint ventures – When the Bank contributes non-monetary assets in exchange for an equity interest in an associate or jointly controlled entity, it recognizes a gain or loss on the transaction to the extent of the unrelated investors' interests in the associate or joint venture. No gain or loss is recognized if the contribution lacks commercial substance.

b) Offsetting assets and liabilities

The Bank only offsets assets and liabilities or income and expenses if there is a legally enforceable right to offset the amounts and offsetting better represents the substance of the transaction. In all other situations, assets and liabilities and income and expenses are separately presented.

Financial assets and liabilities – Financial assets and liabilities are only presented net if there is a legally enforceable right to offset the amounts and there is intent to settle on a net basis or to realize an asset and settle a liability simultaneously.

Tax assets and liabilities – The Bank offsets current tax assets and liabilities if:

- it has the legal right to offset the amounts; and
- it intends to settle on a net basis or simultaneously realize the asset and settle the liability.

The Bank offsets deferred tax assets and liabilities if:

- it has the legal right to offset current tax assets and liabilities; and
- the deferred tax assets and liabilities relate to income taxes owed to the same tax authority by the same taxable entity, or different taxable entities if they intend to settle a current tax liability and asset on a net basis or simultaneously realize the asset and settle the liability, in each future period in which significant deferred tax assets or liabilities are expected to be settled or recovered.



c) Translation of foreign currency transactions

Functional and presentation currency – These consolidated financial statements are presented in Brazilian Reais, which is the Bank's functional and presentation currency. The functional currency is the currency of the main economic environment in which an entity operates. For all of the Group entities, the functional currency is the Real (except from BB Americas and Banco Patagonia).

Transactions and balances – Transactions in foreign currencies are translated into the respective functional currencies of the Group companies at the exchange rates at the dates of the transactions.

Assets and liabilities denominated in foreign currencies, most of which are monetary in nature, are translated into the functional currency at the exchange rate at the reporting date. All foreign exchange differences are recognized in profit or loss in the period in which they arise, in the line item "net income on foreign exchange and translation of foreign currency transactions".

Translation to the presentation currency – The financial statements of foreign subsidiaries (none of which operate in a hyperinflationary economy, except from Banco Patagonia) are translated into the Bank's presentation currency based on the following criteria:

- assets and liabilities are translated at the exchange rate at the reporting date; and
- income and expenses are translated at the average exchange rate for the period.

Foreign exchange differences arising from the translation of financial statements of foreign entities whose functional currency is the Real are recognized in the consolidated statement of income as an integral part of net income on foreign exchange and translation of foreign currency transactions. For entities whose functional currency are not the Real, gains or losses on translation are recognized directly in other comprehensive income. Upon disposal or loss of control of the foreign subsidiary, accumulated foreign exchange differences are reclassified from other comprehensive income to profit or loss for the period. Foreign exchange differences attributable to non-controlling shareholders are recognized as part of the interests of non-controlling shareholders in the balance sheet.

d) Revenue and expense recognition

Revenue and expenses are recognized on an accrual basis in the period they are generated or incurred. Interest income and fee and commission income are recognized when the amount, related costs and stage of completion of the underlying transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Bank. Considering the Bank's main revenue streams, these principles are applied as follows:

Net interest income – Interest income and expenses on interest-bearing assets and interest-bearing liabilities are recognized in profit or loss on an accrual basis. The Bank uses the effective interest rate method for its financial instruments.

The effective interest rate method is used to calculate the amortized cost of a financial asset or liability (or group of financial assets or liabilities) and to allocate interest income or expense over the instrument's life.

The effective interest rate discounts the estimated cash flows over the expected life of a financial asset or liability. It is calculated when a financial asset or liability is initially recognized. When calculating the effective interest rate, the Bank considers all of the contractual terms of a financial instrument to estimate cash flows.



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The calculation includes commissions, transaction costs, discounts or premiums that are an integral part of the effective interest rate. Transaction costs correspond to incremental costs directly associated with acquiring or issuing a financial asset or liability.

Interest income and expenses included in the statement of income consist mainly of:

- interest on financial assets and liabilities measured at amortized cost, based on the effective interest rate;
- interest on financial assets and liabilities at fair value through profit or loss; and
- interest on financial assets at fair value through other comprehensive income.

Fees and commissions – Recognition of fee and commission income considers the purpose of the fee and whether there is a financial instrument associated with the transaction. If there is a financial instrument and the fee is part of the effective interest rate calculation, revenue is recognized as interest income (except if the financial instrument is measured at fair value through profit or loss). Otherwise, these revenues are recognized as the respective performance obligations are fulfilled.

The recognition of these revenues must be for an amount that reflects the consideration expected to be entitled in exchange for the transfer of services to a customer. In line with the exit method and the intrinsic characteristics of the performance obligations involved, the fees for services provided during a specific period are recognized in that period according to the time elapsed. Fees for specific services or a significant event are recognized upon completion of the services or when the event occurs.

The Bank's main contract portfolios refer to the following services: checking account, cards, billing, management of third party funds, brokerage commission and collections.

General performance obligations involve, respectively: enabling the movement of funds through deposits, checks, withdrawals, money orders and / or transfers; facilitate the purchase of goods and services in accredited establishments as well as withdrawals in national / foreign currency; receiving amounts through the settlement of payment slips that can be paid at any bank; manage resources invested in investment funds; carry out operations with securities on the stock exchange; collect taxes and other revenues in favor of public institutions.

Regarding the transaction price of these contracts, tariffs, annuities, fees and commissions are expected to be received in up to twelve months.

The main practical expedient adopted refers to the existence of a significant financing component. The financial component was not considered significant when the period between the moment when the promised service is transferred to the customer and the moment when the customer pays for that service is one year or less.

Net gains from equity method investments – Income from equity-accounted investments (associates and joint ventures) is recognized in proportion to the Bank's interest in the results generated by the investees.

Dividends – Dividend income is recognized when the Bank has the right to receive the income. They are included in net interest income based on the classification of the underlying equity investment.

e) Cash and cash equivalents

Cash and cash equivalents include available funds and investments readily convertible into cash, with maximum maturities of three months from the acquisition date, to be used in short-term commitments, and subject to an insignificant change in value. In the balance sheet, cash and cash equivalents include highly liquid investments such as cash and bank deposits, interbank deposits and securities purchased under resale agreements, except for any balances that are restricted for use.



f) Compulsory deposits with Brazilian Central Bank

Compulsory deposits with Brazilian Central Bank refer to reserve requirements on demand, time and savings deposits the Bank must hold. The National Monetary Council determines the proportion of compulsory deposits that banks are required to hold and the associated interest rates.

g) Financial instruments

The Bank classifies its financial assets according to its contractual cash flow characteristics and the business model used for management. All financial assets and liabilities are initially recognized on the trading date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. Classification of financial assets and liabilities is determined upon initial recognition.

Classification and subsequent measurement

Business model – Refers to how the Bank manages its financial assets in order to generate cash flows. The Bank's Management evaluates, among other items:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, the way those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Bank evaluates the business model used to manage its financial assets, in order to determine if cash flows result from:

- collecting contractual cash flows;
- selling financial assets; or
- both.

Contractual cash flow characteristics - The Bank analyzes the contractual characteristics of the cash flows of its financial assets in order to verify if they represent solely payments of principal and interest (SPPI) on the principal amount outstanding. If contractual terms expose the Bank to risks or volatility in cash flows not related to a basic loan agreement, cash flows do not represent SPPI. If contractual cash flows are not SPPI the financial instrument is measured at fair value through profit or loss.

Financial assets

All financial instruments are measured at fair value, plus transaction costs (except for those measured at fair value through profit or loss) on the date of recognition and subsequently measured at fair value or amortized cost. The accounting policies applied to each class of financial instruments are as follows:

Amortized cost – An asset should be measured in this category when its contractual cash flows are SPPI and Management maintains it in a business model whose purpose is to collect only the contractual cash flows.

Assets measured in this category are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate. Interest is recorded on an accrual basis and added to the principal amount in each period. Asset value is reduced by principal repayments, as well as the allowance for credit losses and eventual write-offs. The financial revenues are recorded in interest income.

The main assets measured in this category are:



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Loans to financial institutions – Interbank deposits with terms greater than three months and loan portfolios acquired by the Bank for which there is a guarantee from the transferor. Loans to financial institutions are recognized at their principal amount, plus accrued income, which includes interest, premiums and discounts. The related financial income is recognized in the line-item interest income on loans to financial institutions.

Loans to customers – Financial assets with fixed or determined payments.

Securities purchased under resale agreements – The Bank invests in securities subject to resale agreements, comprised mainly of securities issued by the Brazilian government. These transactions are treated as collateralized financial investments and are recognized at the amount of cash paid plus accrued interest. The amount paid for securities subject to resale agreements (reverse repo's), plus the interest recognized, is recorded as an asset under reverse repurchase agreements. This reflects the economic substance of the transaction as a collateralized loan granted by the Bank. The reverse repo assets are separated among those that are:

- guaranteed by securities that have not been repledged/re-sold; and
- guaranteed by securities that have been repledged/re-sold.

The Bank continuously monitors and evaluates the fair value of securities acquired under resale agreements and adjusts the amount of the collateral when appropriate.

Fair value through profit or loss – An asset should be measured in this category when its contractual cash flows are not SPPI or when Management maintains it in a business model whose objective does not include holding the assets to receive the contractual cash flow.

Financial instruments recorded in this category are initially recognized at fair value. Interest and dividends are recognized as interest income. Transaction costs, when incurred, are recognized in the statement of income.

Realized and unrealized gains and losses from changes in the fair value of these instruments are included in the line-item net gains/(losses) on financial instruments at fair value through profit or loss.

The main assets measured in this category are:

Debt instruments – Instruments that provide to the holder, the right to receive principal and interest, according to terms and rates contractually defined. They include foreign and Brazilian federal government securities and investments in mutual funds, among others.

Equity instruments – Any contract that provides residual interest in the assets of an entity, after deduction of all its liabilities. They include common shares, instruments that obligate an entity to deliver to another party a proportional portion of the entity's net assets in liquidation and some types of preferred shares, among others.

Derivatives instruments – Derivatives such as:

- swaps, forwards, options and other types of similar derivatives based on interest rates, exchange rates, stock and commodity prices and credit risk. Derivatives are recorded at fair value and disclosed as assets when the fair value is positive and as a liability when the fair value is negative;
- derivatives not qualified for hedge accounting, but which are used to manage exposure to market risks, mainly interest rates, currencies and credit; and
- derivatives contracted at the request of its clients, with the sole purpose of protecting against risks inherent in its economic activities.

Fair value through other comprehensive income – An asset should be measured in this category when its contractual cash flows are SPPI and Management maintains it in a business model whose objective is both to obtain its contractual cash flows and for sale.



In thousands of Reais, unless otherwise stated

These assets are initially measured at fair value plus direct and incremental transaction costs. Subsequent measurement is at fair value, and changes are recognized in other comprehensive income. These assets is also subject to loss allowance for expected credit losses, with those losses recognized in the statement of income. The recognition of the allowance for expected credit losses does not impact the carrying amount of the asset.

The main assets measured in this category are:

Debt instruments – Instruments that provide to the holder, the right to receive principal and interest, according to terms and rates contractually defined. They include foreign and Brazilian federal government securities and investments in mutual funds, among others.

Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation to settle it through the delivery of cash or other financial assets, regardless of its legal form. They include short and long-term debt issued. They are initially measured at fair value, which is the amount of consideration received, net of direct transaction costs. Subsequently, financial liabilities are measured at amortized cost or at fair value through profit or loss.

Liabilities measured at fair value through profit or loss – Measured and recorded in the balance sheet at fair value. They refer mainly to derivative financial instruments.

Liabilities subsequently measured at amortized cost – Initially measured at fair value, which is the amount received net of costs incurred in the transaction and, subsequently, at amortized cost.

The main liabilities measured in this category are:

Deposits of clients – Comprised of demand deposits, savings deposits and time deposits, which are characterized for the most part in products with no defined maturity, representing an important source of funds from the Bank.

Securities lending and securities borrowing – Transactions generally backed by other securities or available funds. A transfer of a security to a third party is only reflected in the consolidated balance sheet if the risks and rewards of ownership are also transferred. Cash paid or received as collateral is recorded as an asset or liability.

Borrowed securities are not recognized in the consolidated balance sheet, unless they have been sold to a third party. In this case, the obligation to return the security is recognized as a financial liability and measured at fair value. Gains or losses are recorded in the line-item net gains/(losses) on financial assets/liabilities at fair value through profit or loss.

Repurchase agreements – The Bank raises funds by selling securities subject to repurchase agreements, comprised mainly of securities issued by the Brazilian government. These transactions are treated as collateralized financing and are recognized at the amount of cash received plus accrued interest.

Securities sold under repurchase agreements (repo's) are not derecognized, as the Bank retains substantially all of the risks and rewards of ownership. The cash received, including recognized interest, is recorded as a liability for repurchase agreements. This reflects the economic substance of the transaction as collateralized financing. The repo liabilities are separated into:

- own portfolio, representing securities not subject to resale agreements; and
- third-party portfolio, consisting of securities purchased under reverse repurchase agreements and subsequently transferred.



Other financial assets and liabilities – Financial instruments that do not meet in any of the categories above. They are shown in Note 30. These assets and liabilities are measured at amortized cost.

h) Derecognition of financial assets and liabilities

Financial assets – A financial asset is derecognized when:

- there are no reasonable expectations of recovery, based on observed historical loss curves;
- the contractual rights to its cash flows expire;
- the Bank transfers substantially all of the risks and rewards of ownership to a third party; or
- the Bank transfers control of the asset, even if it retains a portion of the risks and rewards associated with the transaction.

When appropriate, the Bank recognizes rights and obligations retained in a transfer as separate assets and liabilities. The Bank continues to recognize the asset if control is retained, to the extent of its continuing involvement. This is determined by the extent to which it remains exposed to changes in the value of the transferred asset.

Financial liabilities – A financial liability is derecognized when the underlying obligation is eliminated, cancelled or expires. If an existing financial liability is exchanged for another liability with substantially different terms (or the terms of an existing financial liability are substantially modified), the transaction is treated as an extinguishment of the original liability and the recognition of a new financial liability. Any difference in the carrying amounts is recognized in profit or loss.

The Bank considers the terms substantially different if the discounted present value of cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different to the discounted present value of the remaining cash flows of the original financial liability. If an exchange of financial liabilities or change of terms is accounted for as an extinction, any costs or fees incurred are recognized as part of the gain or loss on termination. If the exchange or modification is not accounted for as an extinction, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

i) Hedge

The Bank uses derivatives to manage exposures to interest rates, foreign exchange variation and credit risk, including exposures created by forecasted transactions and firm commitments. In managing these risks, the Bank applies hedge accounting to certain transactions if they meet specific criteria.

The Bank designates certain derivatives held for risk management purposes as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Bank formally documents the relationship between the hedged item(s) and the hedging instrument(s). This includes the risk management objective and strategy of the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

At inception of the hedge and on an ongoing basis, the Bank assesses whether the hedging instrument (or instruments) is expected to be highly effective in offsetting changes in the fair value or cash flows of the hedged item (or items) over the life of the hedge and if the actual results of the hedge fall within a range of 80-125% effectiveness. When the hedged item is a forecasted transaction, the Bank determines if it is highly probable and if it presents an exposure to variations in cash flows that could affect profit or loss.

The Bank, currently, has no derivative financial instruments designated as qualified for hedge accounting.



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Derivatives not qualifying for hedge accounting – Derivatives entered into as economic hedges that do not qualify for hedge accounting are classified as derivative contracts at fair value through profit or loss (Note 3.g). Derivative financial instruments in this category are used mainly to protect against interest rate and foreign exchange risks and include futures, swaps, options and forward contracts.

j) Impairment of financial assets

IFRS 9 requires that the impairment methodology calculation uses the expected credit loss. Thus, all financial assets at amortized cost or fair value through other comprehensive income may have impairment losses at origination which will increase if their risk situation deteriorates.

Financial assets subject to impairment are classified in three stages:

Stage 1 – Regular – The assets classified in this stage are not in arrears or with a delay of less than or equal to 30 days without indicative of significant risk increase. In this case, the expected loss is calculated for the next 12 months.

Stage 2 – Significant credit risk increase – The assets classified in this stage are more than 30 days in delay or present a significant risk increase. It also includes renegotiated credits. In this case, the expected loss is calculated up to the end of the asset's life.

Stage 3 – In default – The assets classified in this stage are in either qualitatively (characterized by indicators that the customer will not fully honor the credit operation) or quantitatively (with a delay of more than 90 days) in default. In this case, the expected loss is calculated up to the end of the asset's life.

The asset's stage classification is reviewed periodically, according to the Bank's risk monitoring processes, in order to capture possible changes in the client's financial capacity, as well as prospective economic scenarios. Migrations of operations between stages may occur, when analysis indicates an improvement or worsening of the credit risk of the loan.

Determination of a significant increase in credit risk – The transfer from stage 1 to stage 2 occurs when there is a significant increase in the financial instrument's credit risk since the initial recognition. In general, the Bank judges that after 30 days of delay in the contractual payments, this condition is met and, qualitatively, for renegotiated credits.

Default on contractual payments – In general, the migration to Stage 3 occurs when the asset is delayed in its contractual payments for more than 90 days and this classification only changes when the asset is written off or after 12 months from the settlement of this delay, in which the operation is considered cured. In addition to the quantitative assessment, we use the qualitative concept of anticipating non-compliance through customer characteristics that indicate a high probability of its occurrence, as an example the indications of civil insolvency, bankruptcy and judicial recovery.

Calculation of the expected credit losses – The calculation of expected credit losses are based on an estimate weighted by the probability of credit losses. A combination of three parameters is used:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

The calculation of the expected credit loss considers the weighting of prospective scenarios, in order to anticipate a potential increase in the level of losses in the worst moments of the economic cycle, providing the necessary inputs for a proactive management of risks and business. The expected credit loss estimate considers historical



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data available (obtained without cost or undue effort on the reporting date on past events, current conditions and forecasts of future economic conditions), financial aspects (time value of money) and also considers the probability different macroeconomic scenarios.

PD – It is the probability that the instrument will not be honored by the counterparty (default) in the observed time horizon. For financial instruments that do not have a significant increase in credit risk, non-compliance is observed over 12 months (PD 12 months). For those who have a significant increase in credit risk, characterized by the allocation in stages 2 and 3, the PD is adjusted to take into account the default behavior for the maximum contractual period of the asset (PD lifetime). In addition, PDs are adjusted, based on the weighting of economic scenarios, to better reflect the behavior of non-compliances in the period of the subsequent year.

LGD – Is an estimate based on the history of observed accounting losses weighted by the respective non-compliance rates of the different portfolios. It represents the proportion of the amount not recovered by the creditor compared to the amount exposed to the risk at the time of default.

EAD – It is the estimated exposure of the operation in the event that the customer enters a situation of default. In the case of unilaterally non-cancelable limits, currently related to overdraft and credit card, the Bank uses the Credit Conversion Factor (FCC) methodology, which corresponds to an estimate based on historical observation of the use of the limits so far of possible non-compliance, as a way of obtaining a projection of the balance that will be used by the client at the time the non-compliance occurs.

The allowance for expected credit loss is determined based on the expected risk of contracts with similar characteristics (risk groupings) and the estimated future loss. Banco do Brasil's view on current and future economic conditions is incorporated into the estimate of credit losses, by applying weighted macroeconomic scenarios.

The Bank punctually uses individual analyzes to assess credit risk in certain exposures monitored by Management, which consider relevant aspects of the knowledge of specialists, based on financial indicators and qualitative aspects of the companies, the business environment and the financial instruments.

More information on credit policy, credit risk mitigation mechanisms, measurement systems, credit deterioration, economic scenarios, exposures, among others, can be found in Note 41.e.

Liabilities – The Bank calculates expected credit losses for off-balance sheet exposures, such as credit commitments, balances to be released, guarantees provided and other contingent exposures. In these cases, the Bank evaluates the borrower's expectation of using the amounts committed. A provision account is created as a liability, and the expense is recognized in profit or loss.

The Bank provides financial guarantees to third parties covering loan agreements with clients. Issuers of financial guarantee contracts are required to make payments to a creditor on behalf of the third-party debtor when the debtor misses payments under the terms of the debt instrument.

When a financial guarantee is granted, a liability is recognized for the fair value of the premium received under the contract. This amount is recorded as income over the life of the contract. Subsequent to initial recognition, the liability is measured at the higher of the amount recognized initially, less amortization, and the Bank's best estimate of its financial obligation under the contract.

k) Property and equipment

Property and equipment (including leasehold improvements), is recognized at acquisition cost less accumulated depreciation and impairment.



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Depreciation expense is calculated using the straight-line method, which systematically allocates the depreciable amount of property, plant and equipment over its estimated useful life. Land is not depreciated. The Bank estimated the following useful lives (annually reviewed) for its property and equipment in 2021 and 2020:

	Estimated useful life
Buildings ⁽¹⁾	From 10 to 25 years
Furniture and equipment	10 years
Leasehold improvements	From 10 to 25 years
Data processing equipment	From 5 to 10 years
Vehicles	10 years
Other	10 years

(1) For depreciation of owned buildings, the Bank considers the useful life of the various components of a building.

The Bank derecognizes property and equipment when it no longer expects to realize future economic benefits from its continued use or through disposal. Gains or losses on disposal are recognized in other operating income in the period in which the asset is disposed of, impacting profit or loss for the period.

l) Goodwill and other intangible assets

Goodwill on the acquisition of equity investments is calculated based on the fair value of the acquired company's assets and liabilities on the acquisition date. Goodwill is not amortized. It is tested at least annually for impairment. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

The Bank recognizes intangible assets separately from goodwill when they are separable or arise from contractual or other legal rights, the fair value can be reliably estimated and it is probable that future economic benefits will flow to the Bank. The cost of an intangible asset acquired in a business combination is its fair value on the acquisition date. Separately acquired intangible assets are initially recognized at cost.

The useful life of an intangible asset is considered either finite or indefinite. Intangible assets with finite useful lives are amortized over their estimated economic lives and presented at cost, less accumulated amortization and impairment. Intangible assets with indefinite useful lives are not amortized and are presented at cost, less impairment.

Costs related to the acquisition, production and development of software are capitalized and recognized as intangible assets. Costs incurred during the research phase are recognized as an expense. Capitalized personnel costs include salaries, social security costs and benefits paid to employees directly involved in the software development.

Amortization expense on intangible assets with finite useful lives is recognized in profit or loss for the period in the line-item amortization of intangible assets. Impairment losses are recorded as an adjustment to the recoverable amount under the line-item other expenses in the statement of income.

The Bank estimated the following useful lives for its intangible assets in 2021 and 2020:

Estimated useful life	Internally generated	Acquired
Software	10 years	10 years
Rights due to payroll management	--	From 5 to 10 years
Other ⁽¹⁾	--	From 2 to 10 years

(1) Includes mainly, brands acquired due to business combinations, related to customers portfolio and contracts.



m) Non-operating assets

Non-operating assets consist mainly of assets received by the Bank in settlement of loans to customers. They are recognized in the line-item other assets when the collateral is effectively realized or physical possession is obtained, regardless of the status of the foreclosure proceedings.

Non-operating assets are initially recognized at the lower of:

- fair value less estimated selling costs; or
- the carrying amount of the related loan.

Subsequently, they are recorded at the lower of cost or fair value less selling costs. Non operating assets are not depreciated.

When a non operating asset meets the criteria for disposal, it is reclassified to the line-item non current assets held for sale.

IFRS 13 – Fair Value Measurement treats the fair value measurement provided for by IFRS 5 as a non-recurring measurement, as it only occurs when the fair value of a non-current asset held for sale, less the costs to sell it, is lower to its net book value.

Note 25 includes more information about non operating assets classified as held for sale.

Net gains or losses on the sale of non-operating assets are recognized in the line-item other operating income and other operating expenses.

n) Impairment of non-financial assets

At each reporting date, the Bank determines if there is any indication that a non-financial asset may be impaired. This evaluation is based on internal and external sources of information. If there are indications of impairment, the Bank estimates the asset's recoverable amount, which is the higher of its fair value less selling costs or its value in use.

Regardless of whether there are indications of impairment, the Bank performs an annual impairment test for intangible assets with indefinite useful lives (including goodwill acquired in business combinations and intangible assets not yet available for use).

With respect to investments in associates and joint ventures, the Bank applies IAS 28 to determine if an additional impairment loss should be recognized on the net investment.

Since goodwill is included in the carrying amount of investments in associates and joint ventures, and not recognized separately, it is not separately tested for impairment under IAS 36 – Impairment of Assets. Rather, if there are any indicative that the investment may be impaired, the investment's entire carrying amount is tested for impairment as a single asset. This is done by comparing the investment's recoverable amount to its carrying amount.

If the recoverable amount of an asset falls below the carrying amount, the asset's carrying amount is reduced to its recoverable amount. The impairment loss is recognized in profit or loss in the period in which it occurs, in the line-item other operating expenses.



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At each reporting date, the Bank also determines if there is indication that an impairment loss recognized on an asset in a previous period may no longer exist or have decreased (except for goodwill). The Bank estimates the recoverable amount of assets for which there is indication of impairment. Reversal of an impairment loss is recognized in the statement of income for the period as a reduction of the line-item other operating expenses.

The primary categories of non-financial assets subject to impairment testing are described below:

Property and equipment

Land and buildings – The Bank relies on technical evaluations prepared in accordance with the standards of the ABNT (Brazilian Association of Technical Standards) to determine the recoverable amount of land and buildings. ABNT establishes general concepts, methods and procedures for the valuation of urban properties.

Data processing equipment – When available, the Bank uses market values to determine the recoverable amount of data processing equipment. When market values are not readily available, the Bank considers the amount recoverable by using the asset in its operations. Recoverable amount is calculated based on cash flow projections for the asset over its useful life, discounted to present value using the CDI (interbank deposit certificate) rate.

Other items of property and equipment – These items are individually insignificant. Although subject to evaluation of impairment indicators, the Bank does not determine their recoverable amount on an individual basis due to cost benefit considerations. The Bank conducts annual inventory counts and writes off assets that are lost or showing signs of deterioration.

Investments in associates and joint ventures

The recoverable amount of investments in associates and joint ventures (including goodwill that forms part of the carrying amount of the investment), is calculated using a discounted cash flow model based on the investments' expected results. Assumptions used in estimating the results consist of:

- the company's operating projections, results and investment plans;
- macroeconomic scenarios developed by the Bank; and
- internal methodologies to determine cost of capital under Capital Asset Pricing Model (CAPM).

Goodwill arising from business combinations

The recoverable amount of goodwill arising from business combinations is calculated using a discounted cash flow model based on the investments' expected results. Assumptions used in estimating the results consist of:

- the company's operating projections, results and investment plans;
- macroeconomic scenarios developed by the Bank; and
- internal methodologies to determine cost of capital under CAPM.

Other intangible assets

Rights due to the acquisition of payrolls – The recoverability of acquired payroll contracts is determined based on the contribution margin of the client relationships generated under each contract. The objective is to determine if the projections that justified the initial acquisition correspond to actual performance. An impairment loss is recognized on underperforming contracts.

Software – The Bank continuously invests in the modernization and adequacy of its internally developed software to accompany new technologies and meet the demands of the business. Since there is no similar software in the market, and because of the significant cost associated with developing models to calculate value in use, the Bank evaluates the ongoing utility of its software to test for impairment. Any software not being used is written-off.



Acquired through business combinations – At each reporting date, the Bank evaluates intangible assets acquired in business combinations (mainly brands and rights related to clients and contracts) to determine if there are indicators of impairment. If there are indicators, the Bank estimates the recoverable amount of the assets. The recoverable amount is calculated by determining the present value of the intangible asset's estimated cash flows using a discount rate that reflects current market conditions and specific risks associated with the asset.

Other assets

Non-operating assets – These assets are tested for impairment semi-annually regardless of whether or not there are indicators of impairment. The Bank obtains market values from appraisal reports prepared in accordance with the standards of ABNT.

o) Leases

Bank as lessor – Assets leased to customers under agreements that transfer substantially all of the risks and rewards of ownership are classified as finance leases, regardless of whether or not legal title is transferred. In finance leases, the leased asset is not recognized. Rather, a loan to customers is recognized at an amount equal to the present value of the minimum lease payments, plus the residual value, discounted using the interest rate implicit in the lease. Income from finance leases is recognized over the lease term based on the return on the net investment.

Bank as lessee – The Bank's relevant operating lease commitments essentially relate to offices and branches rental agreements. Generally, these contracts are made under usual terms and conditions, including options to extend the lease term and annual price readjustments, based on Brazil's official inflation indexes. The lease agreements do not include any clauses that impose any restriction on the Bank's ability to pay dividends, engage in debt financing transactions or enter into further lease agreements.

In calculating the lease liability and the right of use asset, the relevant facts and circumstances were considered to exercise or not the options for renewal and / or early termination. The right to use the leased properties is recognized in the balance sheet as property and equipment – right of use and the obligation to pay the lease installments is shown in other liabilities – lease liabilities.

The installments contractually defined, are projected until the end of their contract term. Variable payments, linked to indexes will be remeasured on the occasion of annual readjustments on the anniversary dates of the contracts. The average remaining term of the contracts is 34 months (36 months in Dec 31, 2020).

The discount rate is the interest rate that the lessee would have to pay when borrowing, for a similar term and guarantee, the resources necessary to obtain the asset with a similar value to the right of use asset in a similar economic environment. The Bank used the incremental rate that represents the cost of its institutional funding equivalent to a Subordinated Letter of Credit. The Bank used unified discount rates for a similar portfolio considering those terms. The average discount rate for contracts add in 2021 was 10.43% p.a. (6.04% p.a. for contracts recognized in 2020).

Note 8 disclosures the interest expense on lease liabilities while Note 28 contains changes on the right of use asset. Total cash outflows for lease payments are reported in the consolidated statements of cash flows.

The other leased items besides properties, are essentially equipments, whose lease terms have the duration up to 12 months. For these items, the Bank adopted a practical expedient and its rental payments are recognized on a straight-line basis as an expense over the lease term. Note 14 disclosures the expenses arising from these short-term leases.



p) Employee benefits

Employee benefits related to short-term benefits for current employees are recognized on the accrual basis as the services are provided. Post-employment benefits, comprising supplementary retirement benefits and medical assistance for which the Bank is responsible, are assessed in accordance with criteria established by IAS 19 - Employee Benefits. The evaluations are performed semiannually, which may be applicable in a shorter period.

In defined-contribution plans, the actuarial risk and the investment risk are borne by the plan participants. Accordingly, cost accounting is based on each period's contribution amount representing the Bank's obligation. Consequently, no actuarial calculation is required when measuring the obligation or expense, and there are neither actuarial gains nor losses.

In defined benefit plans, the actuarial risk and the investment risk value of plan assets fall either substantially on the sponsoring entity. Accordingly, cost accounting requires the measurement of plan obligations and expenses, with a possibility of actuarial gains and losses, leading to the register of a liability when the amount of the actuarial obligation exceeds the value of plan assets, or an asset when the amount of assets exceeds the value of plan obligations. In the latter instance, the asset should be recorded only when there is evidence that it can effectively reduce the contributions from the sponsor or will be refundable in the future.

The Bank recognizes the components of defined benefit cost in the period in which the actuarial valuation was performed, in accordance with criteria established by IAS 19, as follows:

- the current service cost and the net interest on the net defined benefit liability (asset) are recognized in profit or loss; and
- the remeasurements of the net defined benefit liability (asset) resulting from changes in actuarial assumptions are recognized in Accumulated other comprehensive income in Shareholders' equity, net of tax effects. And, according to the normative provision, these effects recognized directly in equity should not be reclassified to the result in subsequent periods.

Contributions to be paid by the Bank to medical assistance plans in some cases will continue after the employee's retirement. Therefore, the Bank's obligations are evaluated by the present actuarial value of the contributions to be paid over the expected period in which the plan participants and beneficiaries will be covered by the plan. Such obligations are evaluated and recognized under the same criteria used for defined benefit plans.

q) Provisions, contingent liabilities, contingent assets and legal liabilities

The Bank recognizes a provision when:

- the Bank has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the obligation can be reasonably estimated.

The Bank recognizes provisions based on its best estimate of the probable losses.

The Bank continually monitors lawsuits in progress to evaluate, among other factors:

- the nature and complexity;
- the progress of the proceedings;
- the opinion of the Bank's lawyers; and
- the Bank's experience with similar proceedings.

In determining whether a loss is probable, the Bank considers:

- the likelihood of loss resulting from claims that occurred prior to or on the reporting date that were identified after that date but prior to issuance of the financial statements; and



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- the need to disclose claims or events occurring after the reporting date but prior to the issuance of the financial statements.

Contingent assets are not recognized in the financial statements. However when there is evidence assuring their realization, usually represented by the final judgment of the lawsuit and by the confirmation of the capacity for its recovery by receipt or offsetting by another receivable, they are recognized as assets.

The Bank recognizes tax liabilities for taxes that are the object of legal discussions regarding their constitutionality. In these cases, the Bank recognizes an obligation to the government and a judicial deposit in the same amount, however, no payment is made until the Courts reach a final decision.

r) Income taxes

As a financial institution in Brazil, the Bank is subject to income and social contribution taxes (known as IRPJ and CSLL, both of which are considered to be income taxes as defined in IAS 12). Taxpayers owe income tax to the state when a tax-generating event occurs. Taxes are calculated by applying the applicable rate to the tax calculation basis.

Taxes are calculated based on the rates shown in the table below:

Taxes	Rate
Income tax (15.00% + additional 10.00%)	25.00%
Social Contribution on Net Income - CSLL ⁽¹⁾	25.00%

(1) Rate changed from 20% to 25% applied to Banco do Brasil and Banco de Investimentos in the period from July 1, 2021 to December 31, 2021, in accordance with art. 1 of Law 14,183, of July 14, 2021. The aforementioned Law also changes, in the same period, the rate from 15% to 20% in the Conglomerate's other financial companies and in the companies in the areas of insurance, private pension plans and capitalization. For other non-financial companies, the social contribution rate on net income is 9%.

Income taxes (IRPJ and CSLL) consists of current and deferred taxes and are recognized in profit or loss, except when it relates to items recognized directly in shareholders' equity under accumulated other comprehensive income. Taxes initially recorded in shareholders' equity are recognized in the statement of income when the associated gains and losses are realized.

Current taxes – Current tax expense is the amount of income tax and social contribution payable or recoverable based on taxable income for the period.

Current tax assets represent income and social contribution taxes recoverable in the next 12 months. Unpaid taxes that relate to current and prior periods are recognized as current tax liabilities. If the amount of taxes paid for current and prior periods exceeds the amount owed for those periods, the excess is recognized as an asset.

Current tax assets and liabilities are measured at the amount expected to be recovered or paid. The amounts are calculated based on the tax rates and tax laws in effect on the reporting date.

Deferred taxes – These amounts represent tax assets to be recovered and tax liabilities payable in future periods. Deferred tax liabilities originate from taxable temporary differences. Deferred tax assets originate from deductible temporary differences and unused tax loss carryforwards.

Deferred tax assets from income tax and social contribution losses and temporary differences are only recognized to the extent that it is probable that future taxable income will be available against which temporary differences can be deducted.



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The carrying amount of deferred tax assets is reviewed at the end of each reporting period. If it becomes probable that sufficient taxable income will not be available for use of either a portion or all of the deferred tax assets, the Bank reduces the amount of the asset. When it becomes probable that sufficient taxable income will be available, the reduction is reversed.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the year in which the asset will be realized or the liability settled. These rates are based on tax rates (or tax law) that are effective on the reporting date.

Deferred tax assets and deferred tax liabilities are recorded by applying the current rates of taxes on their respective bases. In view of the increase in the social contribution on net income required by article 1 of Law 14,183, of July 14, 2021, and the provisions of article 10, sole paragraph, of CMN Resolution 4,842/2020, the rate of 25% was considered for deferred tax assets and liabilities of this tax realized by December 31, 2021. For the recording, maintaining and writing-off of deferred tax assets, the Bank follows the established criteria by CMN Resolution 4,842/2020, not in conflict with IFRS, are observed and are supported by a study of their realizability.

Temporary differences – Temporary differences impact or may impact the calculation of income tax and social contribution taxes arising from a difference between the tax basis of an asset or liability and its carrying amount in the balance sheet.

Temporary differences can be either taxable or deductible. Taxable temporary differences are temporary differences that will result in taxable amounts when determining the taxable income or tax losses of future periods, at the time the carrying amount of an asset is recovered or liability settled. Deductible temporary differences are temporary differences that will result in deductible amounts when determining the taxable income or tax losses of future periods, at the time the carrying amount of an asset is recovered or liability settled.

The tax basis of an asset is the amount that will be deductible for tax purposes against the taxable economic benefits that flow to the entity when it recovers the carrying amount of the asset. If no economic benefit is available, the tax basis of the asset equals its carrying amount.

The tax basis of a liability is its carrying amount less related deductible amounts for tax purposes in future periods. In the case of revenue received in advance, the tax basis of the liability is the carrying amount less revenue that will not be taxable in future periods.

s) Segment reporting

IFRS 8 – Operating Segments requires that financial information relating to operating segments to be consistent with the internal reports used by the Chief Operating Decision Maker for allocating resources and assessing the Bank's performance. Detailed disclosure of results by segment is presented in Note 7.

t) Earnings per share

Two different methods are used to calculate earnings per share:

- basic earnings per share: calculated by dividing net income attributable to the Bank's shareholders by the weighted average number of common shares outstanding during each of the periods presented;
- diluted earnings per share: calculated in a similar manner, except that the weighted average number of shares is adjusted to reflect potential common shares resulting from the conversion of outstanding convertible securities.



u) Dividends and interest on own capital

The Bank calculates dividends and interest on own capital based on net income determined in accordance with accounting practices adopted in Brazil for financial institutions. The dividends are adjusted for accrued interest using the SELIC rate (basic interest rate in Brazil) from the declaration date up to the date on which the dividends are paid.

In accordance with the Bank's Bylaws, at the beginning of each year, the Board of Directors determines the percentage of net income that will be distributed to shareholders in the form of dividends. The Bank's current policy is to distribute dividends and interest on own capital at 40% of net income on a quarterly basis. Dividends and interest on own capital are recognized as a liability and deducted from shareholders' equity upon approval by the Board of Directors.

v) Standards yet to be adopted

A summary of relevant amendments, interpretations and standards issued by the IASB, that will become effective after Dec 31, 2021 are presented below:

IFRS 17 – Insurance Contracts – In May 2017, the IASB published a new standard to replace the IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will change the accounting by all entities that issue insurance contracts and investment contracts with discretionary features.

IFRS 17 is effective for annual periods beginning on or after January 1, 2023, with early adoption permitted for entities that had already applied IFRS 9 and IFRS 15 requirements.

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures – In September 2014, the IASB issued amendments to IFRS 10 and to IAS 28 that address an acknowledged inconsistency between the requirements of these two standards, dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The date these amendments will be effective was postponed and it will still be determined and issued by the IASB.

Amendments to IAS 1 – Presentation of Financial Statements – In February 2020, the IASB promoted amendments to IAS 1, focusing on clarify the definitions of current liabilities and non current liabilities.

These amendments are effective for annual periods beginning on or after January 1, 2022.

The Bank has begun the process of evaluating the impact of adopting the new standards, amendments and interpretation above. Possible impacts from the adoption have been assessed and will be completed before they become effective.

4 – SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the Bank's Management to make judgments and use estimates that affect the recognized amount of assets, liabilities, income and expenses. These estimates and assumptions are reviewed on an ongoing basis. Changes in estimates are recognized prospectively in the period in which the estimates are revised. Actual results may differ from these estimates.

Given that there are certain alternatives to accounting treatments, the Bank's results may differ if alternative accounting principles had been used. Management believes its choice of accounting principles to be appropriate



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and that the consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of the Bank's operations.

Significant classes of assets and liabilities subject to estimates and the use of assumptions are generally those measured at fair value. The following components of the consolidated financial statements require the highest degree of judgment and use of estimates:

a) Fair value of financial instruments (including derivatives)

When the fair values of financial assets and liabilities cannot be determined based on prices from an active market, they are measured using valuation techniques based on mathematical models. When possible, the inputs to these models are derived from observable market data. However, when market data is not available, the exercise of judgment is required to determine fair value. Note 38 describes the fair value measurement methodologies for certain financial instruments.

b) Expected credit losses of financial assets

The Bank periodically reviews its financial assets portfolio to determine the value of expected credit losses to be recognized which requires judgment and the use of estimates. The process involves reviewing factors that may indicate a change in the risk profile of the Bank's loan balances or customers, which could negatively impact the expected cash flows.

The internal model developed for the calculation of impairment is based on the concept of expected credit losses, thus, all loans have an allowance for expected credit loss immediately on recognition and are monitored as the credit risk situation changes. The calculation requires that assets are grouped into 3 stages based on a quantitative and qualitative analyses of the credit risk.

The expected credit loss seeks to identify the losses that will occur in the next 12 months or that will occur during the life of the operation, considering a prospective view, encompassing the assessment of financial instruments in 3 stages, being subject to quantitative and qualitative analyzes for the appropriate framework. Financial instruments classified in the first stage are identified from the perspective of losses in the next 12 months, for those classified in the other stages, during the life of the operation.

The qualification stage is systematically reviewed considering the Bank's risk sensing processes, in order to capture changes in the characteristics of the instruments and their guarantees and in the client's behavioral information, which result in the worsening or mitigation of credit risk, carried out through prospective economic scenarios. These estimates are based on assumptions. Accordingly, actual results may vary, generating future reinforcements or reversals of losses.

Other information on the calculation methodology and assumptions used by the Bank for the evaluation of impairment losses on financial assets are disclosed in Note 3.j. The amounts recorded as expected credit losses are disclosed in Notes 18, 19, 21, 22 and 24.

c) Impairment of non-financial assets

At each reporting date, based on internal and external sources of information, the Bank determines if there are any indicators that a non-financial asset may be impaired. If an indicator does exist, the Bank calculates the asset's recoverable value. Losses recognized are subject to reversal in further periods, except for goodwill.



Regardless of whether there is an indicator of impairment, the Bank performs an annual impairment test for intangible assets with indefinite useful lives, including goodwill acquired in business combinations, and intangible assets not yet ready for use.

Determining the recoverable amount of non-financial assets requires Management to exercise judgment and make assumptions. These estimates are based on market prices, present value calculations, other pricing techniques, or a combination of these methods.

See Notes 3.n and 29 for additional information on this topic.

d) Income taxes

Income and gains generated by the Bank are subject to income taxes in the jurisdictions in which the Bank operates. The determination of income taxes requires interpretation and the use of estimates. In the ordinary course of business, the final amount of income tax payable is uncertain for many different types of transactions and calculations. In these cases, the use of different interpretations and estimates may have resulted in different tax amounts being recorded.

Brazilian tax authorities can review the calculations made by the Bank and its subsidiaries for up to five years subsequent to the date on which a tax becomes due. During this process, the tax authorities may question the procedures adopted by the Bank, mainly with respect to the interpretation of tax legislation. However, Management does not believe that any significant adjustments will be required to the income tax balances contained in these consolidated financial statements.

e) Recognition and evaluation of deferred taxes

Deferred tax assets are calculated on temporary differences and tax loss carryforwards. They are only recognized when the Bank expects to generate sufficient taxable income in the future to offset the amounts. The expected realization of the Bank's deferred tax assets is based on projections of future income and technical analyses in line with prevailing tax legislation (Note 36).

The Bank reviews the estimates involved in the recognition and valuation of deferred tax assets based on current expectations and projections about future events and trends. The most important assumptions affecting these estimates pertain to:

- (i) changes in the amounts deposited, delinquencies and customer base;
- (ii) changes in tax law;
- (iii) changes in interest rates;
- (iv) changes in inflation rates;
- (v) legal disputes with an adverse impact on the Bank;
- (vi) credit, market and other risks associated with lending and investing activities;
- (vii) changes in the fair value of Brazilian securities, especially Brazilian government securities; and
- (viii) changes in domestic and global economic conditions.

f) Pension plans and other employee benefits

The Bank sponsors defined contribution and defined benefit pension plans. Actuarial valuations for defined benefit plans are based on a series of assumptions, including:

- (i) interest rates;
- (ii) mortality tables;
- (iii) annual rate applied to the revision of retirement benefits;
- (iv) inflation index;
- (v) annual salary adjustment; and
- (vi) the method used to calculate vested benefit obligations for active employees.



g) Provisions (for loan commitments, guarantees provided and lawsuits), contingent liabilities and contingent assets

The Bank establishes a provision for expected credit losses arising from possible needs to honor obligations related to guarantees provided (off-balance sheet agreements). The same is done for credit limits granted, not yet used by customers. These amounts are recognized as expenses, with the recognition of a provision.

The calculation methodology for expected credit losses on guarantees provided and loan commitments uses the same parameters as the expected credit loss on financial assets.

Contingent liabilities for lawsuits are recognized in the consolidated financial statements when the risk of loss of a legal or administrative proceeding is considered probable, an outflow of financial resources will be required to settle the obligation and the amount of the loss can be reasonably estimated. The loss probability is based on the nature and complexity of the lawsuit, the opinion of legal advisors, Management's opinion and experience with similar cases. Lawsuits are evaluated when judicial notification is received and reviewed on a monthly basis, as follows:

Individual assessment – For cases considered unusual or whose value is considered significant, as determined by the Bank's legal counsel. The provision is based on the amount of the claim, probability of an unfavorable decision, evidence presented, legal precedents, other facts raised during the case, judicial decisions while the case is being heard and the classification and risk of losing legal motions.

Collective assessment – For cases that are similar and recurring in nature for which the amounts involved are not individually significant. Provisions are based on statistical data regarding the Bank's labor, tax and civil cases (except for labor claims filed by unions and cases considered strategic). In this category, the probable amount of the settlement may not exceed R\$ 1 million, as determined by the Bank's legal advisors.

Contingent liabilities evaluated individually, for which the risk of loss is considered possible, are not recognized in the consolidated balance sheet. However, they must be disclosed in the notes to the financial statements. Claims for which the risk of loss is remote are neither provided for nor disclosed.

Contingent assets are not recognized in the financial statements. However, when it is virtually certain that they will be realized, usually when there has been a final judgment in a lawsuit and confirmation that the amount will be recoverable either through the receipt of funds or offset against a liability, they are recognized as assets.



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5 – CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the Bank's branches and subsidiaries in Brazil and abroad. Significant account balances and transactions among the consolidated companies are eliminated. The following table demonstrates the Bank's ownership interest in the companies included in the consolidated financial statements by business segment.

	Activity	Country	% Total share	
			Dec 31, 2021	Dec 31, 2020
Banking segment				
Banco do Brasil AG	Banking	Austria	100.00%	100.00%
BB Leasing S.A. - Arrendamento Mercantil	Leasing	Brazil	100.00%	100.00%
BB Securities Asia Pte. Ltd.	Broker	Singapore	100.00%	100.00%
Banco do Brasil Securities LLC.	Broker	United States	100.00%	100.00%
BB Securities Ltd.	Broker	England	100.00%	100.00%
BB USA Holding Company, Inc.	Holding	United States	100.00%	100.00%
BB Cayman Islands Holding	Holding	Cayman Islands	100.00%	100.00%
Banco do Brasil Americas	Banking	United States	100.00%	100.00%
Banco Patagonia S.A.	Banking	Argentina	80.39%	80.39%
Investment segment				
BB Banco de Investimento S.A.	Investment bank	Brazil	100.00%	100.00%
Segment of fund management				
BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.	Asset management	Brazil	100.00%	100.00%
BB Asset Management Ireland Limited	Asset management	Ireland	100.00%	100.00%
Segment of insurance private pension fund and capitalization				
BB Seguridade Participações S.A. (1)	Holding	Brazil	66.36%	66.36%
BB Corretora de Seguros e Administradora de Bens S.A. (1)	Broker	Brazil	66.36%	66.36%
BB Seguros Participações S.A. (1)	Holding	Brazil	66.36%	66.36%
Segment of payment methods				
BB Administradora de Cartões de Crédito S.A.	Service rendering	Brazil	100.00%	100.00%
BB Elo Cartões Participações S.A.	Holding	Brazil	100.00%	100.00%
Other segments				
Ativos S.A. Securitizadora de Créditos Financeiros	Credits acquisition	Brazil	100.00%	100.00%
Ativos S.A. Gestão de Cobrança e Recuperação de Crédito	Credits acquisition	Brazil	100.00%	100.00%
BB Administradora de Consórcios S.A.	Consortium	Brazil	100.00%	100.00%
BB Tur Viagens e Turismo Ltda.	Tourism	Brazil	100.00%	100.00%
BB Tecnologia e Serviços (1)	IT	Brazil	99.99%	99.99%
BB Asset Ações Agro Fundo de Investimento (2)	Investment funds	Brazil	99.99%	--
BB Asset Ações Nordea Global Disruption ESG IE FIC FI (2)	Investment funds	Brazil	95.95%	--
FIP Agentures II Multiestratégias (3)	Investment funds	Brazil	64.48%	--
Compesa Fundo de Investimento em Direitos Creditórios Cia. Pernambucana de Saneamento (FI Compesa) (4)	Investment funds	Brazil	43.13%	75.41%
BB Asset Ações Nordea Global Climate and Environment (2)	Investment funds	Brazil	--	100.00%
BB Asset Multimercado Nordea Alpha 15 (2)	Investment funds	Brazil	--	99.55%
BB Asset Ações US Biotech BDR Nível I Fundo de Investimento (2)	Investment funds	Brazil	--	97.03%
BB Espelho Multimercado Canvas Vector (2)	Investment funds	Brazil	--	90.32%
BB Espelho Multimercado Occam Equity Hedge (2)	Investment funds	Brazil	--	84.87%
BB Espelho Ações Leblon (2)	Investment funds	Brazil	--	82.20%
BB Renda Fixa Longo Prazo Tesouro Inflação Curta (2)	Investment funds	Brazil	--	61.87%
BB Renda Fixa Longo Prazo Tesouro Prefixado (2)	Investment funds	Brazil	--	60.61%
BB Renda Fixa Longo Prazo Tesouro Inflação (2)	Investment funds	Brazil	--	59.42%
Dollar Diversified Payment Rights Finance Company (EPE)	Securitization	Cayman Islands	--	--
Loans Finance Company Limited (EPE)	Securitization	Cayman Islands	--	--

(1) Refers to the percentage of the equity interest, considering the acquisition of shares by the invested entity held in treasury.

(2) Non-exclusive and open funds from the initial application of BB DTVM's own resources, destined for sale to external investors, the referred entity does not have the intention to substantially assume or retain risks and benefits in these investment funds, which the Bank consolidates only in the months when most of the shares are still held by BB DTVM.

(3) Investment funds in which the Bank substantially assumes or retains risks and benefits.

(4) Banco do Brasil controls FI Compesa in accordance with an agreement among holders.



a) Involvement with consolidated structured entities

The securitization vehicles and investment funds controlled by the Bank, directly or indirectly, are classified as consolidated structured entities. The voting or similar rights are not significant in deciding who controls the entity.

The Bank consolidates structured entities when it has power and current ability to direct the relevant activities, i.e. the activities that significantly affect their returns.

SPE Dollar

Organized under the laws of the Cayman Islands, this SPE has the following objectives:

- to issue and sell securities in the international market;
- to use the resources obtained from issuing securities to purchase rights to USD payment orders from the Bank. These payment orders are issued by banking correspondents located in the U.S. and the Bank's New York Branch to one of the Bank's branches in Brazil ("Rights on Consignment"); and
- to pay principal and interest on the outstanding securities and make other payments required by the securities contracts.

The SPE pays the obligations under the securities with USD funds received from the payment orders. The SPE has no material assets or liabilities other than rights and obligations under the securities contracts. The SPE has no subsidiaries or employees.

The SPE's authorized share capital is US\$ 1,000.00, consisting of 1,000 common shares with a par value of US\$ 1.00. All 1,000 common shares were issued to BNP Paribas Private Bank & Trust Cayman Limited in its capacity as the Trustee of Cayman Islands Charitable Trust. BNP Paribas Private Bank & Trust Cayman Limited is the SPE's sole shareholder. The Bank holds the "Rights on Consignment" and is the sole beneficiary of the funds obtained by the SPE. The Bank provides the SPE with additional funds so that it can pay the principal and interest on the outstanding securities.

SPE Loans

Organized under the laws of the Cayman Islands, this SPE has the following objectives:

- to raise funds through the issuance of securities in the international market;
- to enter into repurchase agreements with the Bank's Grand Cayman Branch to repass funds raised in the market; and
- to obtain protection against the risk of default by the Bank through acquisition of a credit default swap covering the Bank's obligations under the repurchase agreements.

The amounts, terms, currencies, rates and cash flows of the repurchase agreements are identical to those of the securities. The rights and income created from the repurchase agreements cover and match the obligations and expenses created by the securities. As a result, the SPE does not generate profit or loss. The SPE does not hold any assets and liabilities other than those from the repurchase agreements, credit default swap and outstanding securities.

The SPE's paid-in capital is US\$ 250.00, consisting of 250 common shares with a par value of US\$ 1.00. All 250 shares were issued to Maples Corporate Services, the initial subscriber. They were then transferred to MaplesFS Limited, an exempt limited liability company incorporated in the Cayman Islands. MaplesFS Limited is an independent provider of specialized fiduciary and fund services and is the SPE's sole shareholder. The Bank's Grand Cayman Branch is the only counterparty to the repurchase agreements.



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Compesa

Securitization vehicle organized as a closed-end fund with a finite useful life (96 months). This vehicle allows for early settlement. Funds raised by the vehicle are used for the purchase of receivables (credit rights) and other financial assets.

The credit rights purchased are generated from water and sewage bills payable to Companhia Pernambucana de Saneamento (a public entity responsible for water supply and sewage treatment in the state of Pernambuco).

The vehicle's equity consists of 300 senior units and 15 subordinated units. Subordinated units do not have a fixed interest rate. Senior units have payment priority over subordinated units in amortizations or redemption.

On Dec 31, 2021, the Bank held all of the 300 senior units and none of the subordinated units.

b) Summarized financial information of the subsidiaries with participation of non-controlling interests (NCI)

Dec 31, 2021	BB Seguridade Participações S.A.	Banco Patagonia S.A.	BB Tecnologia e Serviços S.A.
Current assets	1,956,442	22,499,930	526,404
Non-current assets	7,352,434	2,114,286	167,363
Current liabilities	1,843,132	20,203,835	432,573
Non-current liabilities	28	89,886	--
Income	3,956,444	5,476,698	1,132,830
Net income	3,930,713	286,813	67,164
Comprehensive income	3,746,485	415,891	67,164
Dividends paid to NCI	965,855	91,216	--
Ownership interest held by NCI	33.64%	19.61%	0.01%
Net income attributable to NCI	1,322,292	56,244	9
Accumulated shareholder NCI	2,511,467	847,249	35

Dec 31, 2020	BB Seguridade Participações S.A.	Banco Patagonia S.A.	BB Tecnologia e Serviços S.A.
Current assets	1,364,515	16,475,869	537,149
Non-current assets	6,169,311	2,084,016	117,871
Current liabilities	957,602	15,640,747	364,360
Non-current liabilities	106	118,128	--
Income	3,866,035	4,585,544	999,434
Net income	3,813,374	808,062	(119,881)
Comprehensive income	3,797,805	787,757	(119,881)
Dividends paid to NCI	906,749	125,125	--
Ownership interest held by NCI	33.64%	19.61%	0.01%
Net income attributable to NCI	1,282,819	158,461	(13)
Accumulated shareholder NCI	2,212,206	549,278	28



In thousands of Reais, unless otherwise stated

The Bank has also indirect ownership interest in BB Seguros Participações S.A. and BB Corretora de Seguros e Administradora de Bens S.A. These companies are subsidiaries of BB Seguridade Participações S.A., that owns all issued shares. The summarized financial information of these subsidiaries are presented below.

Dec 31, 2021	BB Seguros Participações S.A.	BB Corretora de Seg. e Adm. de Bens S.A.
Current assets	691,892	4,111,849
Non-current assets	7,434,520	962,467
Current liabilities	527,431	3,225,098
Non-current liabilities	339,980	1,843,210
Income	1,864,420	4,174,370
Net income	1,772,110	2,162,039
Comprehensive income	1,587,716	2,161,873

Dec 31, 2020	BB Seguros Participações S.A.	BB Corretora de Seg. e Adm. de Bens S.A.
Current assets	119,907	3,986,438
Non-current assets	6,371,530	439,302
Current liabilities	39,766	2,950,822
Non-current liabilities	339,980	1,428,011
Income	1,937,369	3,734,684
Net income	1,873,423	1,969,105
Comprehensive income	1,857,854	1,969,105

6 – ACQUISITIONS, DISPOSALS AND CORPORATE RESTRUCTURING

a) UBS A.G. Strategic partnership

On September 23, 2019, the Bank informed to the market that it signed a Memorandum of Understanding of a non-binding nature with UBS A.G. (UBS), establishing a strategic partnership to operate in investment banking and securities broker activities in the institutional segment in Brazil and in certain South American countries.

On November 6, 2019, the Bank published a Material Fact informing the signing of the Association Agreement with UBS with a binding nature, to operate in investment banking and securities broker activities in the institutional segment in Brazil and in certain South American countries.

On December 27, 2019, the Administrative Council for Economic Defense (Cade) approved, without restrictions, the strategic partnership, through the Concentration Act 08700.005886/2019-11. Bacen authorized this partnership on August 24, 2020.

On September 30, 2020, the Bank issued a Material Fact that BB-Banco de Investimento S.A. (BB-BI), its wholly-owned subsidiary, and UBS settled the definitive documents to start operating the strategic partnership in investment banking and securities brokerage activities in the institutional segment in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. All regulatory and contractual conditions for closing of the transaction were fulfilled.

The strategic partnership results in a new company and its subsidiaries, starting its operations as a complete investment banking platform, combining the Bank's relationship network in Brazil and its distribution capacity to individuals, with UBS's global distribution platform and expertise.



In thousands of Reais, unless otherwise stated

Governance and management of the new company are supported by a Shareholders' Agreement and an Operating Agreement, observing the best global practices in corporate governance and business management. Each shareholder appoint three members to the Board of Directors, with the Chairman appointed by the Bank and the Vice Chairman by UBS. The executive board is composed by professionals from the two shareholders and UBS appoints the Chief Executive Officer.

The Bank's corporate clients, in addition to the service and complete offering of corporate banking solutions, through the network of branches and specialized offices, now count with UBS's global reach platform, providing access to products and investment banking solutions and expansion of the offer of integrated solutions in these markets.

The Bank's investor clients, through the partnership, in addition to the current portfolio of products and services, also now have access to a variety of funding instruments and investments linked to the capital markets.

The common voting shares of the company is divided in the proportion of 50.01% for UBS and 49.99% for BB-BI. The Bank, through BB-BI, incorporated the right of access to corporate clients for prospecting and originating typical investment banking businesses. UBS integrated its investment bank operating platform in the region and securities brokerage in the domestic institutional segment.

The contribution of intangible assets to UBS Serviços shareholders' equity represented R\$ 829,726 thousand, according to a technical report prepared by an independent company. On the other hand, for purpose of equalization of intended corporate shares, UBS Serviços handed to BB-BI R\$ 145,000 thousand, in local currency, referring to the redemption, at book value, of 100% of the preferred shares by BB-BI. Consequently, BB-BI's current investment represents 49.99% of the new company's net equity, in the value of R\$ 684,726 thousand.

The conclusion of the transaction did not impact the Bank's results as an unrealized result was recorded in the same amount of the recognition of capital gain as a counterpart of the registration of the initial investment in BB-BI. There is also a contractual commitment to exclusive access to the customer base that must be fulfilled by BB-BI over the 15 years of association. The impact on the result follows an accrual basis, as shown in the table below:

	Sep 30, 2020
1) Capital gain of BB-BI	829,726
2) Taxes	(373,377)
3) BB-BI income, net of taxes (1+2)	456,349
4) Unrealized profit (100% of item 3)	(456,349)
5) Impact on net income (3+4)	--

Accordingly, the amount recognized as unrealized income correspond to the full amount of the intangible asset contributed to UBS Serviços, net of tax effects, and will be realized in the same amortization schedule for that asset, which is equivalent to the term of the association. Other information is disclosed in Note 26.

b) Bescval – Incorporation

On December 9, 2020, according to Extraordinary General Meetings (EGMs) held on the same date, by the shareholders of Banco do Brasil and Besc Distribuidora de Títulos e Valores Mobiliários S.A. (Bescval), the Bank incorporated the subsidiary Bescval.

The merger of Bescval aimed to rationalize and simplify the Bank's corporate structure and, consequently, consolidate and reduce combined costs and operating expenses.



In thousands of Reais, unless otherwise stated

As a result of the approval of the merger by the EGMs, Bescval is extinguished by right, as of this date, with a complete version of its assets for the Bank, which will succeed and absorb, in a universal manner and for all legal purposes, all assets, rights, obligations, liabilities of the merged company.

As a result, the Bank's share capital increased by R\$ 23 thousand, due to the issuance of 425 new common shares, with no par value, already considering the applicable fractions to be attributed to the minority shareholders of Bescval (corresponding to its minority shareholders' equity in Bescval's shareholders' equity, calculated considering the book value of the company incorporated on June 30, 2020).

The issuance of the new shares will be preceded by the cancellation of an equal number of treasury stocks issued and held by the Bank, in order to avoid diluting the holdings of the current shareholders of the Bank and the change in the total number of shares representing the Bank's capital stock as informed in its Bylaws.

Bescval shares owned by the Bank were extinguished. The incorporation was submitted, under the terms of the legislation in force, to the approval of the Brazilian Central Bank, which was communicated on June 1, 2021.

Incorporated balances

	Dec 9, 2020
Total assets	5,925
Total liabilities	1
Total shareholder's equity	5,924

7 – OPERATING SEGMENTS

The segment information was prepared based on internal reports used by the Bank's Executive Board to assess performance and make decisions about the allocation of funds for investment and other purposes. The framework also takes into account the regulatory environment and similarities between goods and services.

The Bank's operations are divided into five segments: banking, investments, fund management, insurance (including insurance, private pension funds and capitalization) and electronic payments. The Bank also engages in other activities, including its consortium business and operational support services (aggregated in "Other").

Management (and the Chief Operating Decision Maker) use accounting information prepared in accordance with the laws, standards and accounting practices (recognition and measurement) applicable to financial institutions in Brazil, as determined by Bacen, to evaluate performance and allocate resources. As a result, the Bank presents its segment results in accordance with these standards, which it refers to internally as the 'consolidated managerial' financial information.

The following accounting policies and estimates used to prepare the segment information represent the main differences with IFRS accounting principles (as described in the Summary of significant accounting policies):

- the recognition of impairment on loans to customers is based on an expected loss model, which considers regulatory guidelines defined by Bacen. Loans to customers are classified in buckets representing increased risk, ranging from AA (low risk) to H (high risk). The allowance amount is calculated each month based on minimum provisioning percentages defined by Bacen. These percentages range from 0% (AA loans) to 100% (H loans);
- fee and commission income from the origination of customer loans is recognized on a cash basis;
- goodwill and gains from bargain purchase are measured by the difference between the consideration paid and book value of the acquired shares. The amount is amortized when based on expected future profitability; and



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- changes in proportion of non-controlling equity interests results in gains or losses upon a disposal of the equity interest of the Bank.

The segments operate through separate legal entities or groups of legal entities. The segment information includes all of the revenue and expenses as well as all assets and liabilities of companies included in the segment, as shown in Note 5 and Note 26. No revenue or expenses are allocated between the segments.

Inter-segment transactions are conducted at the same terms and conditions as those practiced with unrelated parties for similar transactions. These transactions do not involve any unusual payment risks.

None of the Bank's customers individually account for more than 10% of the Bank's interest income.

a) Banking

This segment is responsible for the most significant portion of the Bank's results, primarily from the operations in Brazil. It includes a wide array of products and services, including deposits, loans and other services provided to customers through different distribution channels.

The banking segment's activities include transactions in the retail, wholesale and public sectors, which are carried out by its network and customer service teams. It also engages in business with micro-entrepreneurs and other activities through its banking correspondents.

b) Investments

This segment engages in the structuring and distribution of debt and equity instruments in Brazil's primary and secondary capital markets, in addition to providing other financial services.

Net interest income in this segment is based on accrued interest on investment securities less expenses from third party funding costs. Non-interest income is derived from economic/financial advisory services from underwriting fixed and variable income securities and the provision of services to associated companies.

c) Fund management

This segment is involved in the purchase, sale and custody of securities, portfolio management and the structuring, organization and management of investment funds and clubs. Income consists mainly of commissions and management fees charged to investors for services provided.

d) Insurance

This segment offers products and services related to life, property and automobile insurance, private pension and capitalization plans.

Income in this segment consists mostly of commissions and fees, insurance premium revenue, contributions to private pension plans and capitalization bonds, and investments in securities. These amounts are offset by selling costs, technical insurance provisions and expenses related to benefits and redemptions.



In thousands of Reais, unless otherwise stated

e) Electronic payments

This segment provides capture, transmission, processing and financial settlement services for electronic payment transactions (credit and debit cards). Revenue comes from commissions and management fees charged to businesses and financial institutions in exchange for services provided.

f) Other

This segment consists of the operational support services and consortium business, neither of which is individually significant. Revenue is generated mainly from the provision of services not provided by the other segments, including: credit recovery; consortium management; development, manufacturing, sale, rental and integration of digital electronic systems, peripherals, programs, inputs and computing supplies.



In thousands of Reais, unless otherwise stated

g) Financial information by reportable segment reconciled with the consolidated IFRS results

	2021									
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other	Intersegment transactions	Consolidated management statement	Adjustments	Consolidated IFRS
Interest income	123,831,728	189,149	139,783	138,535	207,131	1,116,637	(556,933)	125,066,030	881,187	125,947,217
Interest expense	(63,338,423)	(92,893)	--	--	--	(196,508)	555,980	(63,071,844)	(3,201,294)	(66,273,138)
Net interest income	60,493,305	96,256	139,783	138,535	207,131	920,129	(953)	61,994,186	(2,320,107)	59,674,079
Expected losses	(11,571,098)	--	--	--	--	--	--	(11,571,098)	(1,292,338)	(12,863,436)
Net interest income after expected losses	48,922,207	96,256	139,783	138,535	207,131	920,129	(953)	50,423,088	(3,612,445)	46,810,643
Non-interest income	18,718,356	743,079	3,052,862	5,933,375	807,630	3,047,169	(1,533,733)	30,768,738	3,146,253	33,914,991
Net commissions and fee income	12,830,552	393,965	3,044,218	4,054,917	36,170	2,924,692	(995,202)	22,289,312	379,507	22,668,819
Net gains/(losses) from financial instruments	(471,863)	215,635	(64)	--	313	(3,613)	--	(259,592)	459,007	199,415
Net gains from equity method investments	803,328	44,352	--	1,840,910	556,915	--	--	3,245,505	(158,761)	3,086,744
Other operating income	5,556,339	89,127	8,708	37,548	214,232	126,090	(538,531)	5,493,513	2,466,500	7,960,013
Non-interest expenses	(53,350,660)	(90,804)	(418,921)	(981,227)	(40,040)	(2,087,645)	1,534,686	(55,434,611)	(1,301,232)	(56,735,843)
Personnel expenses	(22,921,586)	(23,734)	(111,760)	(63,102)	(5,675)	(380,501)	3,235	(23,503,123)	(21,536)	(23,524,659)
Administrative expenses	(8,912,577)	(32,923)	(53,203)	(303,037)	(2,294)	(655,268)	1,093,763	(8,865,539)	1,330,347	(7,535,192)
Contributions, fees and other taxes	(4,507,323)	(42,707)	(210,175)	(480,522)	(34,016)	(433,628)	--	(5,708,371)	(14,256)	(5,722,627)
Amortization of intangible assets	(1,415,839)	--	--	(414)	--	(3,926)	--	(1,420,179)	(139)	(1,420,318)
Labor, tax and civil claims	(8,496,399)	(73)	3,362	2,281	10	(6,641)	--	(8,497,460)	981,778	(7,515,682)
Depreciation	(1,360,921)	--	--	(10)	--	(26,314)	--	(1,387,245)	(1,186,857)	(2,574,102)
Other operating expenses	(5,736,015)	8,633	(47,145)	(136,423)	1,935	(581,367)	437,688	(6,052,694)	(2,390,569)	(8,443,263)
Income before taxes	14,289,903	748,531	2,773,724	5,090,683	974,721	1,879,653	--	25,757,215	(1,767,424)	23,989,791
Income taxes	(938,547)	(336,040)	(1,182,261)	(1,146,208)	(197,233)	(641,011)	--	(4,441,300)	174,380	(4,266,920)
Current	(123,517)	(371,190)	(1,180,917)	(1,165,220)	(110,833)	(592,238)	--	(3,543,915)	(483)	(3,544,398)
Deferred	(815,030)	35,150	(1,344)	19,012	(86,400)	(48,773)	--	(897,385)	174,863	(722,522)
Net income	13,351,356	412,491	1,591,463	3,944,475	777,488	1,238,642	--	21,315,915	(1,593,044)	19,722,871
Attributable to shareholders of the Bank	13,072,539	412,491	1,591,463	2,617,788	777,488	1,238,633	--	19,710,402	(1,366,076)	18,344,326
Attributable to non-controlling interests	278,817	--	--	1,326,687	--	9	--	1,605,513	(226,968)	1,378,545
Total assets	1,932,885,980	5,743,056	3,710,787	12,499,665	10,138,878	10,525,362	(42,970,749)	1,932,532,979	(33,192,468)	1,899,340,511
Total liabilities	1,789,633,279	4,893,224	2,410,607	5,858,914	1,004,831	8,550,133	(24,675,195)	1,787,675,793	(34,445,515)	1,753,230,278
Total equity	143,252,701	849,832	1,300,180	6,640,751	9,134,047	1,975,229	(18,295,554)	144,857,186	1,253,047	146,110,233



In thousands of Reais, unless otherwise stated

	2020									
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other	Intersegment transactions	Consolidated management statement	Adjustments	Consolidated IFRS
Interest income	96,115,799	61,230	33,551	124,293	113,602	1,116,950	(384,782)	97,180,643	1,479,061	98,659,704
Interest expense	(41,017,443)	(49,139)	--	--	--	(225,248)	384,125	(40,907,705)	(2,324,415)	(43,232,120)
Net interest income	55,098,356	12,091	33,551	124,293	113,602	891,702	(657)	56,272,938	(845,354)	55,427,584
Expected losses	(20,027,089)	--	--	--	--	--	(49)	(20,027,138)	339,718	(19,687,420)
Net interest income after expected losses	35,071,267	12,091	33,551	124,293	113,602	891,702	(706)	36,245,800	(505,636)	35,740,164
Non-interest income	15,430,844	612,960	2,936,214	5,604,018	937,374	2,534,796	(1,351,581)	26,704,625	(334,184)	26,370,441
Net commissions and fee income	13,908,197	326,304	2,971,891	3,692,039	38,129	2,421,886	(856,469)	22,501,977	164,364	22,666,341
Net gains/(losses) from financial instruments	3,437,677	249,112	(52,361)	--	131	(441)	--	3,634,118	(1,747,854)	1,886,264
Net income from equity method investments	518,734	16,729	--	1,889,634	685,304	--	--	3,110,401	(788,480)	2,321,921
Other operating income	(2,433,764)	20,815	16,684	22,345	213,810	113,351	(495,112)	(2,541,871)	2,037,786	(504,085)
Non-interest expenses	(47,823,890)	(155,618)	(392,679)	(826,330)	(31,973)	(2,251,180)	1,352,287	(50,129,383)	(404,219)	(50,533,602)
Personnel expenses	(21,339,110)	(47,441)	(110,357)	(63,871)	(5,039)	(356,862)	4,320	(21,918,360)	230,048	(21,688,312)
Administrative expenses	(8,909,289)	(35,080)	(29,941)	(245,915)	(1,550)	(547,566)	1,034,364	(8,734,977)	1,313,118	(7,421,859)
Contributions, fees and other taxes	(4,097,242)	(49,122)	(215,001)	(438,252)	(22,017)	(358,426)	--	(5,180,060)	11,978	(5,168,082)
Amortization of intangible assets	(1,804,604)	--	--	--	--	(3,168)	--	(1,807,772)	160	(1,807,612)
Labor, tax and civil claims	(5,777,823)	20	(963)	(361)	3	(268,342)	56,278	(5,991,188)	249,163	(5,742,025)
Depreciation	(1,300,602)	--	--	(8)	--	(19,096)	--	(1,319,706)	(1,086,676)	(2,406,382)
Other operating expenses	(4,595,220)	(23,995)	(36,417)	(77,923)	(3,370)	(697,720)	257,325	(5,177,320)	(1,122,010)	(6,299,330)
Income before taxes	2,678,221	469,433	2,577,086	4,901,981	1,019,003	1,175,318	--	12,821,042	(1,244,039)	11,577,003
Income taxes	4,270,683	(201,791)	(1,032,409)	(1,041,867)	(137,439)	(404,312)	--	1,452,865	263,015	1,715,880
Current	(695,497)	(264,036)	(1,031,644)	(1,044,161)	(51,973)	(526,404)	--	(3,613,715)	22,698	(3,591,017)
Deferred	4,966,180	62,245	(765)	2,294	(85,466)	122,092	--	5,066,580	240,317	5,306,897
Net income	6,948,904	267,642	1,544,677	3,860,114	881,564	771,006	--	14,273,907	(981,024)	13,292,883
Attributable to shareholders of the Bank	6,670,781	267,642	1,544,677	2,561,703	881,564	771,018	--	12,697,385	(845,769)	11,851,616
Attributable to non-controlling interests	278,123	--	--	1,298,411	--	(12)	--	1,576,522	(135,255)	1,441,267
Total assets	1,724,278,700	3,320,400	2,690,311	10,046,867	10,046,244	9,744,402	(34,455,036)	1,725,671,888	(31,877,885)	1,693,794,003
Total liabilities	1,598,764,392	2,495,260	1,477,012	4,308,482	653,168	7,842,889	(16,840,424)	1,598,700,779	(32,768,060)	1,565,932,719
Total shareholders' equity	125,514,308	825,140	1,213,299	5,738,385	9,393,076	1,901,513	(17,614,612)	126,971,109	890,175	127,861,284



In thousands of Reais, unless otherwise stated

	2019									
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other	Intersegment transactions	Consolidated management statement	Adjustments	Consolidated IFRS
Interest income	125,985,121	44,104	59,925	16,758,671	190,296	968,225	(704,381)	143,301,961	(20,196,636)	123,105,325
Interest expense	(70,555,291)	(149,667)	--	--	(32,829)	(205,572)	705,270	(70,238,089)	931,793	(69,306,296)
Net interest income	55,429,830	(105,563)	59,925	16,758,671	157,467	762,653	889	73,063,872	(19,264,843)	53,799,029
Expected losses	(18,850,488)	--	--	--	--	--	(4,339)	(18,854,827)	(1,092,743)	(19,947,570)
Net interest income after expected losses	36,579,342	(105,563)	59,925	16,758,671	157,467	762,653	(3,450)	54,209,045	(20,357,586)	33,851,459
Non-interest income	23,424,524	1,211,190	2,564,652	10,942,075	4,416,764	2,226,802	(1,607,996)	43,178,011	(4,282,395)	38,895,616
Net commissions and fee income	15,340,582	1,061,342	2,553,190	3,228,567	3,430,117	2,294,490	(1,397,587)	26,510,701	(2,793,908)	23,716,793
Net gains/(losses) from financial instruments	1,191,851	16,315	(5,015)	(170,840)	12,367	--	135,494	1,180,172	(668,797)	511,375
Net income from equity method investments	180,948	107,555	--	86,080	75,517	--	--	450,100	3,594,313	4,044,413
Income from insurance contracts and private pension plans	--	--	--	4,089,735	--	--	228,275	4,318,010	(4,318,010)	--
Other operating income	6,711,143	25,978	16,477	3,708,533	898,763	(67,688)	(574,178)	10,719,028	(95,993)	10,623,035
Non-interest expenses	(60,520,201)	(411,921)	(345,754)	(17,781,106)	(2,928,486)	(1,689,039)	1,611,446	(82,065,061)	20,457,498	(61,607,563)
Personnel expenses	(23,223,629)	(60,221)	(103,322)	(368,504)	(208,986)	(365,500)	6,636	(24,323,526)	1,525,549	(22,797,977)
Administrative expenses	(11,347,114)	(35,512)	(24,868)	(591,785)	(668,691)	(611,290)	1,393,542	(11,885,718)	4,362,667	(7,523,051)
Contributions, fees and other taxes	(4,113,880)	(91,295)	(176,884)	(810,425)	(479,046)	(338,990)	27	(6,010,493)	1,007,787	(5,002,706)
Amortization of intangible assets	(1,652,891)	--	--	(47,472)	(35,096)	(3,843)	--	(1,739,302)	112,055	(1,627,247)
Labor, tax and civil claims	(11,523,939)	93	(185)	(10,889)	(24,991)	(27,998)	--	(11,587,909)	(217,324)	(11,805,233)
Depreciation	(1,240,718)	--	--	(15,110)	(63,050)	(19,786)	231	(1,338,433)	(1,020,721)	(2,359,154)
Other operating expenses ⁽¹⁾	(7,418,030)	(224,986)	(40,495)	(15,936,921)	(1,448,626)	(321,632)	211,010	(25,179,680)	14,687,485	(10,492,195)
Income before taxes	(516,335)	693,706	2,278,823	9,919,640	1,645,745	1,300,416	--	15,321,995	(4,182,483)	11,139,512
Income taxes	10,820,797	(256,485)	(901,393)	(3,388,902)	(500,741)	(451,337)	--	5,321,939	2,426,867	7,748,806
Current	(996,992)	(294,674)	(901,662)	(3,388,630)	(452,346)	(442,931)	--	(6,477,235)	1,487,400	(4,989,835)
Deferred	11,817,789	38,189	269	(272)	(48,395)	(8,406)	--	11,799,174	939,467	12,738,641
Net income	10,304,462	437,221	1,377,430	6,530,738	1,145,004	849,079	--	20,643,934	(1,755,616)	18,888,318
Attributable to shareholders of the Bank	10,059,992	437,221	1,377,430	4,293,348	1,145,004	849,072	--	18,162,067	(1,765,171)	16,396,896
Attributable to non-controlling interests	244,470	--	--	2,237,390	--	7	--	2,481,867	9,555	2,491,422
Total assets	1,511,586,824	2,864,288	2,143,640	248,292,253	35,483,416	7,715,727	(41,784,728)	1,766,301,420	(314,034,613)	1,452,266,807
Total liabilities	1,403,953,252	2,409,171	2,003,996	243,703,864	26,449,532	6,127,021	(26,910,310)	1,657,736,526	(315,441,098)	1,342,295,428
Total shareholders' equity	107,633,572	455,117	139,644	4,588,389	9,033,884	1,588,706	(14,874,418)	108,564,894	1,406,485	109,971,379

(1) It mainly includes technical insurance provisions in the Insurance and related segment.



In thousands of Reais, unless otherwise stated

h) Geographical information

	Brazil	Other countries			Total
	2021	Before eliminations	Eliminations	After eliminations	2021
Assets	1,784,162,954	328,529,841	(213,352,284)	115,177,557	1,899,340,511
Income	150,753,930	19,608,244	(10,499,966)	9,108,278	159,862,208
Expenses (including income tax)	(128,401,158)	(17,333,198)	5,595,019	(11,738,179)	(140,139,337)
Income/(loss) before taxes	26,685,106	2,209,632	(4,904,947)	(2,695,315)	23,989,791
Net income/(loss)	22,352,772	2,275,046	(4,904,947)	(2,629,901)	19,722,871

	Brazil	Other countries			Total
	2020	Before eliminations	Eliminations	After eliminations	2020
Assets	1,574,577,762	321,544,464	(202,328,223)	119,216,241	1,693,794,003
Income	119,104,820	20,077,447	(14,152,122)	5,925,325	125,030,145
Expenses (including income tax)	(103,377,752)	(15,734,730)	7,375,220	(8,359,510)	(111,737,262)
Income/(loss) before taxes	15,411,214	2,942,691	(6,776,902)	(3,834,211)	11,577,003
Net income/(loss)	15,727,068	4,342,717	(6,776,902)	(2,434,185)	13,292,883

	Brazil	Other countries			Total
	2019	Before eliminations	Eliminations	After eliminations	2019
Assets	1,363,572,695	290,799,122	(202,105,010)	88,694,112	1,452,266,807
Income	152,344,726	21,032,003	(11,375,788)	9,656,215	162,000,941
Expenses (including income tax)	(131,200,267)	(16,547,162)	4,634,806	(11,912,356)	(143,112,623)
Income/(loss) before taxes	12,825,446	5,055,048	(6,740,982)	(1,685,934)	11,139,512
Net income/(loss)	21,144,459	4,484,841	(6,740,982)	(2,256,141)	18,888,318

Income consists of both interest and non-interest income. Expenses consist of interest expense, expected for credit losses, non-interest expense and income taxes.

From the overseas operations, the branches and subsidiaries located in South and Central America provided the majority of the income and most parts of the assets. Assets abroad are mainly monetary and derived from loans to customers and loans to other financial institutions.



In thousands of Reais, unless otherwise stated

i) Non-current assets and investments in associates and joint ventures

	Dec 31, 2021						
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other	Consolidated IFRS
Investments in associates and joint ventures	6,806,402	153,371	--	7,330,921	5,155,494	--	19,446,188
Non-current assets ⁽¹⁾	20,261,571	--	--	4,998	--	170,352	20,436,921
Property and equipment	13,245,410	--	--	39	--	156,202	13,401,651
Intangible	7,016,161	--	--	4,959	--	14,150	7,035,270

	Dec 31, 2020						
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other	Consolidated IFRS
Investments in associates and joint ventures	6,142,631	66,188	--	6,280,534	5,417,457	--	17,906,810
Non-current assets ⁽¹⁾	17,371,816	--	--	5,535	--	123,321	17,500,672
Property and equipment	11,167,829	--	--	54	--	107,722	11,275,605
Intangible	6,203,987	--	--	5,481	--	15,599	6,225,067

(1) Other than financial instruments, deferred tax assets, employee benefit assets and rights arising under insurance contracts.



In thousands of Reais, unless otherwise stated

j) Income by segments

	2021					
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other
Interest income	123,831,728	189,149	139,783	138,535	207,131	1,116,637
External customers income	123,732,075	187,669	50,221	13,486	158,438	924,141
Intersegments income	99,653	1,480	89,562	125,049	48,693	192,496
Non-interest income	18,718,356	743,079	3,052,862	5,933,375	807,630	3,047,169
External customers income	17,920,869	741,514	3,052,412	5,933,375	807,630	1,874,021
Intersegments income	797,487	1,565	450	--	--	1,173,148

	2020					
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other
Interest income	96,115,799	61,230	33,551	124,293	113,602	1,116,950
External customers income	96,066,218	60,546	371	20,985	101,450	931,025
Intersegments income	49,581	684	33,180	103,308	12,152	185,925
Non-interest income	15,430,844	612,960	2,936,214	5,604,018	937,374	2,534,796
External customers income	14,929,817	608,863	2,935,763	5,604,018	937,374	1,454,299
Intersegments income	501,027	4,097	451	--	--	1,080,497

	2019					
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other
Interest income	125,985,121	44,104	59,925	16,758,671	190,296	968,225
External customers income	125,833,190	42,309	395	16,491,338	173,136	758,296
Intersegments income	151,931	1,795	59,530	267,333	17,160	209,929
Non-interest income	23,424,524	1,211,190	2,564,652	10,942,075	4,416,764	2,226,802
External customers income	22,493,989	960,490	2,529,250	10,934,343	4,416,640	1,129,453
Intersegments income	930,535	250,700	35,402	7,732	124	1,097,349

8 – NET INTEREST INCOME

	2021	2020	2019
Interest income	125,947,217	98,659,704	123,105,325
Loans to customers	75,759,025	69,213,609	73,597,648
Securities purchased under resale agreements	25,389,564	13,248,440	27,657,735
Financial assets at fair value through other comprehensive income	15,515,637	8,541,053	11,412,939
Compulsory deposits with Brazilian Central Bank	1,966,214	1,324,262	2,371,998
Securities at amortized cost	1,765,262	1,402,845	1,126,959
Financial assets at fair value through profit or loss	446,102	507,818	247,628
Loans to financial institutions	267,346	737,090	842,650
Other interest income ⁽¹⁾	4,838,067	3,684,587	5,847,768
Interest expense	(66,273,138)	(43,232,120)	(69,306,296)
Securities sold under repurchase agreements	(27,495,682)	(13,847,742)	(27,514,858)
Deposits of clients	(22,221,794)	(13,785,459)	(22,584,933)
Liabilities from issuance of securities and other financial liabilities	(15,230,724)	(14,496,151)	(17,751,135)
Amount payable to financial institutions	(981,690)	(805,493)	(1,119,769)
Lease liabilities	(343,248)	(297,275)	(335,601)
Net interest income	59,674,079	55,427,584	53,799,029

(1) It includes interest income with guarantee deposits and with National Treasury bonds and credits.



In thousands of Reais, unless otherwise stated

9 – NET COMMISSIONS AND FEE INCOME

	2021	2020	2019
Commissions and fee income	27,820,391	27,250,172	28,068,109
Services rendered to customers	12,053,879	13,200,559	14,481,931
Account fee	5,811,828	7,208,387	7,466,858
Card income	2,146,757	2,021,661	2,089,295
Billing	1,459,551	1,392,807	1,332,179
Collection	988,052	967,107	1,108,186
Loans and customer information file	760,512	641,383	1,004,394
Capital market income	436,342	505,314	974,894
Interbank and funds transfer	135,230	127,586	149,748
Foreign exchange	117,468	157,167	223,763
Other	198,139	179,147	132,614
Asset management	9,636,150	8,644,682	8,017,700
Commissions	4,411,996	3,985,103	3,802,332
Insurance distribution	3,766,746	3,344,068	3,136,661
Capitalization distribution	403,330	428,922	444,089
Pension plans distribution	241,920	212,113	221,582
Guarantees provided	89,927	93,933	111,173
Other services	1,628,439	1,325,895	1,654,973
Commissions and fee expense	(5,151,572)	(4,583,831)	(4,351,316)
Service rendering	(4,815,555)	(4,310,466)	(4,069,682)
Commission expense	(391)	(1,765)	(6,663)
Other services	(335,626)	(271,600)	(274,971)
Net commissions and fee income	22,668,819	22,666,341	23,716,793

10 – NET GAINS/(LOSSES) FROM FINANCIAL INSTRUMENTS AT FAIR VALUE

	2021	2020	2019
Fair value through profit or loss	1,781,000	3,621,737	668,038
Derivative financial instruments	2,204,799	3,302,448	536,175
Other financial instruments	(423,799)	319,289	131,863
Fair value through other comprehensive income	(1,581,585)	(1,735,473)	(156,663)
Debt instruments	(1,581,585)	(1,735,473)	(156,663)
Total	199,415	1,886,264	511,375



In thousands of Reais, unless otherwise stated

11 – NET INCOME ON FOREIGN EXCHANGE AND TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

	2021	2020	2019
Foreign exchange changes of financial assets recognized in income	4,844,336	16,747,181	2,146,770
Loans to financial institutions	1,689,040	6,042,209	656,217
Loans to customers	3,155,296	10,704,972	1,490,553
Foreign exchange changes of financial liabilities recognized in income	(6,098,603)	(28,500,790)	(3,915,606)
Deposits of clients	421,680	(222,889)	(37,490)
Liabilities from issuance of securities and other financial liabilities	(6,520,283)	(28,277,901)	(3,878,116)
Foreign exchange changes of credit cards operations	25,341	193,857	209,103
Foreign exchange changes from translation of investments	692,338	4,317,851	520,181
Foreign exchange changes transactions	(608,150)	458,623	646,367
Net gains/(losses) on foreign exchange transactions	(141,798)	(299,134)	(310,066)
Net income on foreign exchange and translation of foreign currency transactions	(1,286,536)	(7,082,412)	(703,251)

Net income on foreign exchange and translation of foreign currency transactions adjusted, to improve the disclosure of effective income

	2021	2020	2019
Net income on foreign exchange and translation of foreign currency transactions	(1,286,536)	(7,082,412)	(703,251)
Adjustments:			
Current tax ⁽¹⁾	530,723	3,851,359	457,179
Financial instruments fair value through profit or loss ⁽²⁾	1,337,701	3,952,912	687,370
Net gains/(losses) on foreign exchange transactions	141,798	299,134	310,066
Net income on foreign exchange and translation of foreign currency transactions adjusted	723,686	1,020,993	751,364

(1) Refers to tax effects of hedge instruments for foreign currency translations adjustments of equity investments.

(2) Refers to foreign exchange on derivative financial instruments (swaps, forward operations and options of currency and commodities).



In thousands of Reais, unless otherwise stated

12 – OTHER OPERATING INCOME / EXPENSES

a) Other operating income

	2021	2020	2019
Receivables income	2,312,436	2,076,991	2,029,416
Recovery of charges and expenses	1,693,262	1,808,261	2,110,410
Gains from benefit plans – Surplus agreements	1,653,175	13,819	186,747
Gains from defined benefit plans – Plano 1 – Previ	1,481,564	961,847	893,382
Clube de Benefícios	464,528	253,563	--
Gains/(losses) from the disposal of other assets	256,884	281,184	3,992,357
Reversal of provisions for sundry payments	194,051	347,248	705,815
Card transactions	174,558	153,413	457,333
Gains/(losses) derived from investments	160,575	52,907	59,043
Gains/(losses) from de disposal of investments	83,249	10,995	(108,995)
Other	772,267	618,099	1,000,778
Total	9,246,549	6,578,327	11,326,286

b) Other operating expenses

	2021	2020	2019
Performance bonus paid to customers for loyalty	(1,566,599)	(1,246,651)	(1,656,474)
Loss on net monetary position ⁽¹⁾	(1,323,472)	(701,793)	(823,891)
Adjustment of actuarial liabilities	(1,172,648)	(1,707,594)	(1,394,073)
Impairment losses of rights to manage payroll ⁽²⁾	(959,192)	(19,617)	(987,172)
Operating losses	(442,386)	(186,351)	(146,547)
Compensation for transactions of banking correspondents and business partners	(385,594)	(373,591)	(396,994)
Inflation adjustments of tax obligations under legal discussion	(340,040)	(212,623)	(1,453,668)
Life insurance premium – consumer credit	(222,062)	(189,176)	(150,242)
Commission for credit recovery	(96,366)	(120,545)	(116,398)
Capital (losses)/gains	(55,663)	(41,326)	(100,375)
Fees for the use of Sisbacen – Brazilian Central Bank System	(38,333)	(32,578)	(23,289)
Recognition of impairment for devaluation of other assets	(27,708)	(58,108)	(35,487)
Inflation adjustment of amounts to be paid	(25,627)	(18,962)	(35,139)
Liabilities for operations linked to assignments	(20,622)	(26,740)	(33,487)
Inflation adjustments of payables to the National Treasury	(10,566)	(6,573)	(14,459)
Proagro expenses	(2,893)	(5,007)	(4,142)
Compensation for transactions of Banco Postal	--	(17,580)	(143,320)
Provisions for FCVS losses	--	--	(604,215)
Losses on disposal of financial assets	--	--	(283,845)
Impairment of property and equipment	31,977	(15,115)	(4,084)
Other	(1,785,469)	(1,319,400)	(2,084,894)
Total	(8,443,263)	(6,299,330)	(10,492,195)

(1) Refers to the inflation adjustments on Banco Patagonia's non-monetary and income items in accordance with IAS 29.

(2) In 2021, there was impairment of R\$ 959,194 thousand, related to intangible assets (Note 29).



In thousands of Reais, unless otherwise stated

13 – PERSONNEL EXPENSES

	2021	2020	2019
Wages and salaries	(12,712,809)	(11,834,067)	(11,907,614)
Social security costs	(3,870,241)	(3,865,074)	(3,897,360)
Benefits	(3,414,132)	(3,431,400)	(3,651,069)
Profit sharing ⁽¹⁾	(2,538,071)	(1,571,034)	(2,340,318)
Private pension plans	(880,840)	(895,049)	(880,032)
Directors' and officers' remuneration	(53,837)	(49,597)	(46,321)
Staff training	(54,729)	(42,091)	(75,263)
Total	(23,524,659)	(21,688,312)	(22,797,977)

(1) Includes the amount of R\$ 10,938 thousand in 2021 (R\$ 11,138 thousand in 2020 and R\$ 12,190 thousand in 2019) related to Share-based payment for the Executive Board (Note 37.I).

14 – ADMINISTRATIVE EXPENSES

	2021	2020	2019
Surveillance and security services	(1,166,173)	(1,162,311)	(1,153,500)
Outsourced services	(1,081,951)	(942,666)	(898,918)
Maintenance and preservation	(777,412)	(756,993)	(764,842)
Transportation	(625,660)	(815,493)	(843,910)
Data processing	(601,746)	(488,433)	(476,451)
Marketing expenses	(500,274)	(433,154)	(479,088)
Water, energy and gas	(488,232)	(464,324)	(514,264)
Specialized technical services	(479,575)	(472,692)	(499,206)
Communication expenses	(465,407)	(652,257)	(736,637)
Promotion and public relations	(209,046)	(153,687)	(151,926)
Philanthropic contributions	(108,728)	(133,322)	(65,017)
Rental and operating leases expenses	(76,977)	(57,831)	(62,800)
Office supplies	(58,730)	(86,485)	(96,776)
Travel expenses	(38,221)	(45,812)	(115,631)
Other	(857,060)	(756,399)	(664,085)
Total	(7,535,192)	(7,421,859)	(7,523,051)



In thousands of Reais, unless otherwise stated

15 – CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below provides reconciliation between line items in the consolidated balance sheet and categories of financial instruments.

Dec 31, 2021	Note	Fair value through profit or loss	Fair value through other comprehensive	Amortized cost	Total
Assets					
Cash and bank deposits	[16]	--	--	18,023,001	18,023,001
Compulsory deposits with Brazilian Central Bank	[17]	--	--	75,504,036	75,504,036
Loans to financial institutions net	[18]	--	--	42,842,588	42,842,588
Securities purchased under resale agreements net	[19]	--	--	487,472,927	487,472,927
Financial assets at fair value through profit or loss	[20]	11,739,070	--	--	11,739,070
Financial assets at fair value through other comprehensive income	[21]	--	305,490,911	--	305,490,911
Securities at amortized cost net	[22]	--	--	33,107,809	33,107,809
Loans to customers net	[23]	--	--	734,290,606	734,290,606
Other financial assets	[30]	--	--	46,824,352	46,824,352
Total		11,739,070	305,490,911	1,438,065,319	1,755,295,300
Liabilities					
Deposits of clients	[31]	--	--	671,269,541	671,269,541
Amount payable to financial institutions	[32]	--	--	26,167,697	26,167,697
Financial liabilities at fair value through profit or loss	[20]	2,053,161	--	--	2,053,161
Securities sold under repurchase agreements	[33]	--	--	621,836,755	621,836,755
Liabilities from issuance of securities and other financial liabilities	[34]	--	--	292,677,975	292,677,975
Other financial liabilities	[30]	--	--	67,214,866	67,214,866
Total		2,053,161	--	1,679,166,834	1,681,219,995



In thousands of Reais, unless otherwise stated

Dec 31, 2020	Note	Fair value through profit or loss	Fair value through other comprehensive	Amortized cost	Total
Assets					
Cash and bank deposits	[16]	--	--	16,784,560	16,784,560
Compulsory deposits with Brazilian Central Bank	[17]	--	--	60,308,542	60,308,542
Loans to financial institutions net	[18]	--	--	49,317,455	49,317,455
Securities purchased under resale agreements net	[19]	--	--	466,344,581	466,344,581
Financial assets at fair value through profit or loss	[20]	15,670,822	--	--	15,670,822
Financial assets at fair value through other comprehensive income	[21]	--	256,553,310	--	256,553,310
Securities at amortized cost net	[22]	--	--	24,946,064	24,946,064
Loans to customers net	[23]	--	--	633,402,350	633,402,350
Other financial assets	[30]	--	--	45,119,796	45,119,796
Total		15,670,822	256,553,310	1,296,223,348	1,568,447,480
Liabilities					
Deposits of clients	[31]	--	--	601,984,265	601,984,265
Amount payable to financial institutions	[32]	--	--	25,945,382	25,945,382
Financial liabilities at fair value through profit or loss	[20]	3,098,315	--	--	3,098,315
Securities sold under repurchase agreements	[33]	--	--	503,722,822	503,722,822
Liabilities from issuance of securities and other financial liabilities	[34]	--	--	298,176,293	298,176,293
Other financial liabilities	[30]	--	--	70,343,726	70,343,726
Total		3,098,315	--	1,500,172,488	1,503,270,803



In thousands of Reais, unless otherwise stated

16 – CASH AND CASH EQUIVALENTS

	Dec 31, 2021	Dec 31, 2020
Cash and bank deposits	18,023,001	16,784,560
Local currency	10,264,615	9,697,457
Foreign currency	7,758,386	7,087,103
Interbank investments ⁽¹⁾	36,471,680	159,404,948
Interbank deposits	31,042,275	40,029,775
Securities purchased under resale agreements – guaranteed by securities not repledged / re-sold	5,429,405	119,375,173
Total	54,494,681	176,189,508

(1) Investments whose original maturity is less than or equal to 90 days and with insignificant risk of change in fair value.

17 – COMPULSORY DEPOSITS WITH BRAZILIAN CENTRAL BANK

	Dec 31, 2021	Dec 31, 2020
Interest bearing deposits	57,886,611	47,399,794
Non-interest bearing deposits ⁽¹⁾	17,617,425	12,908,748
Total	75,504,036	60,308,542

(1) Reserve requirements on demand deposits in Brazil, corresponding to the amount of funds that a financial institution must hold in reserve with the Brazilian Central Bank, based on a percentage of deposit liabilities received from third parties, considered as resources of restricted use.

18 – LOANS TO FINANCIAL INSTITUTIONS

	Dec 31, 2021	Dec 31, 2020
Interbank deposits	36,236,003	43,763,387
Expected credit losses on interbank deposits	(3,806)	(4,017)
Loan portfolios acquired with guarantee from the transferor	6,619,777	5,561,823
Expected credit losses on loan portfolios acquired with guarantee from the transferor	(9,386)	(3,738)
Total	42,842,588	49,317,455

Changes in expected credit losses

	Dec 31, 2020	(Allowance)/ reversal	Dec 31, 2021
Expected credit losses on interbank deposits	(4,017)	211	(3,806)
Expected credit losses on loan portfolios acquired with guarantee from the transferor	(3,738)	(5,648)	(9,386)
Total	(7,755)	(5,437)	(13,192)

	Dec 31, 2019	(Allowance)/ reversal	Dec 31, 2020
Expected credit losses on interbank deposits	(1,305,974)	1,301,957	(4,017)
Expected credit losses on loan portfolios acquired with guarantee from the transferor	(902)	(2,836)	(3,738)
Total	(1,306,876)	1,299,121	(7,755)



In thousands of Reais, unless otherwise stated

19 – SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	Dec 31, 2021	Dec 31, 2020
Reverse repos - own resources	5,457,861	119,375,453
National Treasury notes	396,296	266,499
National Treasury bills	372,300	117,989,892
Financial Treasury bills	52,750	350,757
Other securities	4,636,515	768,305
Reverse repos - financed position ⁽¹⁾	482,015,066	346,969,128
Financial Treasury bills	180,945,706	173,148,914
National Treasury notes	153,883,790	161,715,081
National Treasury bills	145,523,122	8,532,956
Other securities	1,662,610	3,573,076
Expected losses on other securities	(162)	(899)
Total	487,472,927	466,344,581

(1) Refers to securities purchased under resale agreements and resold to other borrowers, with an obligation to repurchase. Liabilities resulting from these operations are presented in Note 33, third-party portfolio sub-group.

Changes in expected losses

	Dec 31, 2020	(Constitution)/ Reversal	Dec 31, 2021
Expected losses on other securities	(899)	737	(162)

	Dec 31, 2019	(Constitution)/ Reversal	Dec 31, 2020
Expected losses on other securities	(69,767)	68,868	(899)

20 – FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

a) Securities

Financial assets at fair value

Dec 31, 2021	Cost value	Gains/(losses)	Fair value
Debt instruments	9,452,901	(85,617)	9,367,284
Brazilian federal government bonds	4,318,394	(6,448)	4,311,946
Securities issued by non-financial companies	3,782,003	(70,158)	3,711,845
Investments in mutual funds	418,699	4,847	423,546
Brazilian government bonds issued abroad	349,876	(11,363)	338,513
Securities issued by financial companies	313,345	(2,416)	310,929
Federal government bonds	270,584	(79)	270,505
Equity instruments	280,506	(43,755)	236,751
Marketable equity shares	280,506	(43,755)	236,751
Total	9,733,407	(129,372)	9,604,035



In thousands of Reais, unless otherwise stated

Dec 31, 2020	Cost value	Gains/(losses)	Fair value
Debt instruments	11,639,323	136,110	11,775,433
Brazilian federal government bonds	9,750,870	131,023	9,881,893
Securities issued by non-financial companies	688,156	1,542	689,698
Investments in mutual funds	603,802	368	604,170
Brazilian government bonds issued abroad	62,982	46	63,028
Securities issued by financial companies	58,753	2,123	60,876
Federal government bonds	474,760	1,008	475,768
Equity instruments	371,579	(3,526)	368,053
Marketable equity shares	371,579	(3,526)	368,053
Total	12,010,902	132,584	12,143,486

No financial assets and liabilities at fair value through profit or loss were reclassified during 2021.

In 2020, financial assets at “fair value through profit or loss” were reclassified to “fair value through other comprehensive income” motivated by reduction in the frequency of sales which values are not significant (of about R\$ 346.2 million) and their measurement remains at fair value.

b) Derivatives

Derivative financial instruments (assets)

Dec 31, 2021	Cost value	Gains/(losses)	Fair value
Forwards	1,394,366	228,804	1,623,170
Swaps	177,410	95,487	272,897
Options	112,500	(18,445)	94,055
Other ⁽¹⁾	142,331	2,582	144,913
Total	1,826,607	308,428	2,135,035

Dec 31, 2020	Cost value	Gains/(losses)	Fair value
Forwards	1,213,145	(9,974)	1,203,171
Swaps	2,158,220	66,650	2,224,870
Options	--	--	--
Other ⁽¹⁾	108,028	(8,733)	99,295
Total	3,479,393	47,943	3,527,336

(1) Other derivatives contracts are primarily related to Non Deliverable Forward (NDF) contracts which are traded in over-the-counter (OTC) market.



In thousands of Reais, unless otherwise stated

Derivative financial instruments (liabilities)

Dec 31, 2021	Cost value	Gains/(losses)	Fair value
Forwards	(1,993,185)	1,044,480	(948,705)
Swaps	(831,006)	112,413	(718,593)
Options	(125,952)	(214,372)	(340,324)
Other	(36,683)	(8,856)	(45,539)
Total	(2,986,826)	933,665	(2,053,161)

Dec 31, 2020	Cost value	Gains/(losses)	Fair value
Forwards	(1,734,345)	264,952	(1,469,393)
Swaps	(1,383,874)	(157,733)	(1,541,607)
Options	(8,047)	(393)	(8,440)
Other	(77,409)	(1,466)	(78,875)
Total	(3,203,675)	105,360	(3,098,315)

Derivatives are financial instruments with all of the following characteristics:

- (i) their value changes due to changes in an underlying variable (exchange rate, interest rate, price index, price of a commodity, etc.);
- (ii) they require no initial investment, or an initial investment that is less than what would be required for other contracts with similar responses to changes in markets factors; and
- (iii) they will be settled on a future date.

The Bank's derivatives are mainly held for trading purposes to meet the needs of its clients. It may also take speculative positions for profit based on expected changes in prices, rates or indexes.

Therefore, the Bank uses derivative financial instruments to manage, at the consolidated level, its positions, to manage credit risk and to meet clients' needs, classifying its own positions as hedge and trading, both within limits approved by committees of the Bank. The hedge strategy concerning equity positions is in line with macroeconomic analyses and it is approved by the Board of Directors.

The Bank uses derivative financial instruments compatible with the defined objectives, observing the best risk and return ratio and considering the economic scenario. The risk categories of derivative financial instruments are considered in the management of these instruments and the consolidated view of different risk factor are adopted.

The Bank assesses the liquidity of derivative financial instruments and identifies, in advance, means of reversing positions. Systems and processes that allow the recording, monitoring and controlling of operations with derivative financial instruments are used.

In the options market, long positions have the Bank as holder, while short positions have the Bank as writer.

The main risks inherent to derivative financial instruments resulting from the business of the Bank and its subsidiaries are credit, market, liquidity and operational, which management process is presented in note 41.

The models used to manage risks with derivatives are reviewed periodically and the decisions made follow the best risk/return relationship, estimating possible losses based on the analysis of macroeconomic scenarios.

The Bank uses tools and systems to manage the derivatives. New derivatives trades standardized or not, are subjected to a prior risk analysis.



In thousands of Reais, unless otherwise stated

Positioning strategies comply with established limits and risk exposure. Positions are reassessed daily and an evaluation of strategies and performances is done at the beginning of each day.

Strategies are developed based on:

- analysis of economic scenarios;
- technical analysis (graphical) and fundamental analysis;
- simulation of expected results; and
- Value-at-risk simulation (VaR, EVE, Stress).

The Bank uses credit derivatives in the proprietary management of its portfolios, positions and operations, such as Credit Linked Notes operations, with the objective of raising funds and in order to manage credit risks. For this purpose, branches abroad use the credit default swap modality in the over-the-counter market abroad. This modality refers to the agreement between two parties to buy or sell credit protection in exchange for the payment of a periodic interest rate.

The Bank carries out transactions with derivative financial instruments to hedge its own positions, to meet clients' needs and to take intentional positions, according to limits, accountability and previously established procedures.

The objectives to be achieved with hedge operations are defined on a consolidated basis, ensuring effectiveness of each operation and observing the regulations of each jurisdiction. Mechanisms are used to evaluate and monitor the effectiveness of hedge operations in order to offset the effects of the variation in the market value, cash flow or exchange rate changes of the hedged item.

The Bank documents the identification of the hedged item of the transactions carried out with the purpose of offsetting its risks from its inception.

Risk analysis of the subsidiaries is undertaken on an individual basis and risk management is done on a consolidated basis.

The Bank uses statistical methods and simulations to measure the risks of its positions, including derivatives, using values at risk, sensibility and stress analysis models.

The VaR is used to estimate the potential loss, under routine market conditions, daily measured in monetary values, considering a confidence interval of 99.21%, a 10-day time horizon and a historical series of 252 business days.

In order to calculate the VaR, the Bank uses the Historical Simulation methodology, which assumes that the retrospective behavior of observed (historical) returns of risk factors constitutes relevant information to the measurement of market risks.

The following tables show the composition of the derivatives portfolio by risk exposure, notional amount, fair value and maturity.



In thousands of Reais, unless otherwise stated

c) Breakdown of the portfolio of derivatives for trading per type of risk

Futures contracts	Dec 31, 2021	Dec 31, 2020
	Notional amount	Notional amount
Purchase commitments	24,758,387	28,590,657
Interest rate risk	13,764,867	11,501,501
Currency risk	1,220,446	16,985,942
Other risks	9,773,074	103,214
Commitments to sell	37,049,525	22,411,530
Interest rate risk	14,027,060	15,962,609
Currency risk	9,766,187	6,221,277
Other risks	13,256,278	227,644

Futures are contractual arrangements between two parties who agree to buy or sell a financial instrument at a fixed price on a future date. These contracts are all standardized and are only traded on stock exchanges in accordance with specific rules, they are adjusted to fair value on a daily basis. The stock exchange requires daily adjusted margin deposits in cash which are considered to be settlements.

Forwards	Dec 31, 2021		Dec 31, 2020	
	Notional amount	Fair value	Notional amount	Fair value
Asset position	29,227,919	1,623,170	14,421,418	1,203,171
Interest rate risk	441,780	441,780	--	--
Currency risk	27,396,333	968,023	14,223,086	1,178,888
Other risks	1,389,806	213,367	198,332	24,283
Liability position	20,983,009	(948,705)	22,238,742	(1,469,393)
Interest rate risk	441,780	(441,780)	--	--
Currency risk	19,946,574	(471,755)	21,927,251	(1,434,933)
Other risks	594,655	(35,170)	311,491	(34,460)

Forwards are customizable contractual arrangements between two parties who agree to buy or sell a financial instrument at a fixed price on a future date. They are always fully settled on the maturity date and are traded in the OTC market.

Option contracts	Dec 31, 2021		Dec 31, 2020	
	Notional amount	Fair value	Notional amount	Fair value
Long position	2,411,429	94,055	--	--
Currency risk	2,411,429	94,055	--	--
Short position	2,899,227	(340,324)	360,983	(8,440)
Interest rate risk	6,498	(24)	9,842	(728)
Currency risk	2,613,125	(103,335)	180,092	5,034
Other risks	279,604	(236,965)	171,049	(12,746)

Options are contractual arrangements providing the buyer, who pays a premium to the seller, with the right to buy or sell a financial instrument at a fixed price on a future date or within a predetermined time period. The Bank only trades options in regulated markets.



In thousands of Reais, unless otherwise stated

Swaps	Dec 31, 2021		Dec 31, 2020	
	Notional amount	Fair value	Notional amount	Fair value
Asset position	14,037,905	272,897	22,294,063	2,224,870
Interest rate risk	10,776,292	117,030	17,454,012	985,030
Currency risk	3,261,613	155,867	4,840,051	1,239,840
Liability position	8,463,302	(718,593)	21,068,694	(1,541,607)
Interest rate risk	559,966	486,893	12,257,936	(348,845)
Currency risk	7,035,219	(1,132,351)	8,789,458	(1,189,782)
Other risks	868,117	(73,135)	21,300	(2,980)

Swaps are contractual arrangements between two parties who agree to exchange payment flows over a set period of time. The payment flows are based on the contract's notional value and variations in a specific index, such as an interest rate, foreign exchange rate or equity index.

The Bank enters into interest rate swaps with other financial institutions. The Bank either receives or pays a variable interest rate in exchange for the receipt or payment of a fixed interest rate.

In currency swaps, the Banks pays a specific amount in one currency and receives a specific amount in another currency.

Other derivative agreements	Dec 31, 2021		Dec 31, 2020	
	Notional amount	Fair value	Notional amount	Fair value
Asset position	4,138,886	144,913	2,704,318	99,295
Currency risk	4,138,886	144,913	2,704,318	99,295
Liability position	2,942,642	(45,539)	2,911,175	(78,875)
Currency risk	2,942,642	(45,539)	2,537,013	(77,446)
Brazilian public debt securities	--	--	374,162	(1,429)

The Bank's other derivatives consist mainly of Non-Deliverable Forwards (NDFs), which are traded in the OTC market. The underlying variable in these contracts is an exchange rate for a specific currency.



In thousands of Reais, unless otherwise stated

d) Composition of the portfolio of derivatives for trading by maturity date

Notional amount - asset position	Maturity in days				Dec 31, 2021	Dec 31, 2020
	0-30	31-180	181-360	Above 360		
Swaps	1,919,591	1,946,483	1,243,362	8,928,469	14,037,905	22,294,063
Forwards	6,452,402	13,950,848	5,214,341	3,610,328	29,227,919	14,421,418
Futures	2,206,236	15,709,415	3,445,092	3,397,644	24,758,387	28,590,657
Options	--	9,023	27,903	2,374,503	2,411,429	--
Other derivative agreements	1,308,531	2,639,744	108,032	82,579	4,138,886	2,704,318

Notional amount - liability position	Maturity in days				Dec 31, 2021	Dec 31, 2020
	0-30	31-180	181-360	Above 360		
Swaps	434,509	1,205,793	695,184	6,127,816	8,463,302	21,068,694
Forwards	5,720,477	10,085,726	3,166,166	2,010,640	20,983,009	22,238,742
Futures	4,072,986	12,869,640	7,947,763	12,159,136	37,049,525	22,411,530
Options	119,981	299,227	97,526	2,382,493	2,899,227	360,983
Other derivative agreements	887,640	1,743,356	296,209	15,437	2,942,642	2,911,175

e) Portfolio of derivatives for hedge

In accordance with its asset and liability management policy, the Bank uses derivatives to reduce exposures to credit and market risk.

The Bank maintained a swap (cross currency interest rate swaps) as hedging instruments to protect external funding against changes in interest and foreign exchange rates. In addition, interest future contracts protect Brazilian federal government bonds at fair value through other comprehensive income while swaps protect Brazilian federal government bonds at amortized cost.

	Dec 31, 2021	Dec 31, 2020
Hedge instruments		
Liabilities	(12,478,652)	(7,056,258)
Swap	(7,225,117)	(7,011,639)
Futures	(5,253,535)	(44,619)
Hedged items		
Assets	15,017,170	9,196,249
Loans to financial institutions	2,763,329	2,577,894
Securities	11,808,372	6,618,355
Loans to customers	45,533	--
Foreign investments	399,936	--
Liabilities	(2,178,314)	(2,258,086)
Liabilities from issuance of securities and other financial liabilities	(2,178,314)	(2,258,086)



In thousands of Reais, unless otherwise stated

21 – FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Dec 31, 2021	Cost value	Gains/(losses)	Expected credit losses	Fair value
Debt instruments				
Brazilian federal government bonds	234,725,975	(2,318,880)	--	232,407,095
Securities issued by non-financial companies	48,575,174	(1,681,956)	(288,601)	46,604,617
Brazilian government bonds issued abroad	10,954,836	(111,545)	(3,604)	10,839,687
Federal government bonds	10,025,144	801,597	(247,410)	10,579,331
Investments in mutual funds	2,717,053	1,389,245	(54)	4,106,244
Securities issued by financial companies	941,712	12,424	(199)	953,937
Total	307,939,894	(1,909,115)	(539,868)	305,490,911

Dec 31, 2020	Cost value	Gains/(losses)	Expected credit losses	Fair value
Debt instruments				
Brazilian federal government bonds	201,888,162	(37,577)	--	201,850,585
Securities issued by non-financial companies	27,810,252	(558,841)	(396,877)	26,854,534
Brazilian government bonds issued abroad	11,177,576	1,229,200	(3,163)	12,403,613
Federal government bonds	10,259,249	470,649	(133,058)	10,596,840
Investments in mutual funds	3,064,490	894,872	(461)	3,958,901
Securities issued by financial companies	836,026	54,861	(2,050)	888,837
Total	255,035,755	2,053,164	(535,609)	256,553,310

Reconciliation of changes concerning expected credit losses

	Dec 31, 2020	(Allowance) / reversal	Dec 31, 2021
Expected credit losses			
Securities issued by non-financial companies	(396,877)	108,276	(288,601)
Federal government bonds	(133,058)	(114,352)	(247,410)
Brazilian government bonds issued abroad	(3,163)	(441)	(3,604)
Securities issued by financial companies	(2,050)	1,851	(199)
Investments in mutual funds	(461)	407	(54)
Total	(535,609)	(4,259)	(539,868)

	Dec 31, 2019	(Allowance) / reversal	Write-offs	Dec 31, 2020
Expected credit losses				
Securities issued by non-financial companies	(601,873)	183,181	21,815	(396,877)
Federal government bonds	(8,663)	(124,395)	--	(133,058)
Brazilian government bonds issued abroad	--	(3,163)	--	(3,163)
Securities issued by financial companies	(253,864)	(1,956)	253,770	(2,050)
Investments in mutual funds	(12,197)	11,736	--	(461)
Total	(876,597)	65,403	275,585	(535,609)



In thousands of Reais, unless otherwise stated

Fair value of the financial assets that are pledged as collateral for

	Dec 31, 2021	Dec 31, 2020
Repurchase agreements	139,598,111	158,774,894
Guarantees provided	9,123,148	13,211,079
Total	148,721,259	171,985,973

Financial assets at fair value through other comprehensive income pledged as collateral represent government bonds pledged in derivatives transactions and the trading of securities and currencies on the B3 Stock Exchange. They also include collateral for equities transactions through the Câmara Brasileira de Liquidação e Custódia (CBLC – Brazilian Clearing & Depository Corp.).

No financial assets at fair value through other comprehensive income were reclassified during 2021.

In 2020, financial assets at “fair value through profit or loss” were reclassified to “fair value through other comprehensive income” motivated by reduction in the frequency of sales which values are not significant (of about R\$ 346.2 million) and their measurement remains at fair value.

Breakdown of expected credit losses between stages

	Stage 1	Stage 2	Stage 3	Total
Dec 31, 2020	(83,202)	(18,119)	(434,288)	(535,609)
Transfer to stage 2	6,866	--	--	6,866
Transfer to stage 3	--	--	--	--
Transfer from stage 1	--	(6,866)	--	(6,866)
Purchased securities/ disposed securities/ allowance/ reversal	(209,826)	(228,296)	433,863	(4,259)
Dec 31, 2021	(286,162)	(253,281)	(425)	(539,868)

	Stage 1	Stage 2	Stage 3	Total
Dec 31, 2019	(102,746)	(8,556)	(765,295)	(876,597)
Transfer to stage 2	13,639	--	--	13,639
Transfer to stage 3	14,236	--	--	14,236
Transfer from stage 1	--	(13,639)	(14,236)	(27,875)
Purchased securities/ disposed securities/ allowance/ reversal	(8,331)	4,076	345,243	340,988
Dec 31, 2020	(83,202)	(18,119)	(434,288)	(535,609)

For breakdown of portfolio between stages, see Note 41.e.



In thousands of Reais, unless otherwise stated

22 – SECURITIES AT AMORTIZED COST

	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Dec 31, 2021
Debt instruments					
Securities issued by non-financial companies	9,489,041	5,432,667	2,393,776	--	17,315,484
Brazilian federal government bonds	--	12,011,257	--	--	12,011,257
Brazilian government bonds issued abroad	--	1,414,272	1,440,654	--	2,854,926
Securities issued by financial companies	837,403	--	--	3	837,406
Federal government bonds	--	582,122	--	--	582,122
Subtotal	10,326,444	19,440,318	3,834,430	3	33,601,195
Expected losses on securities	(267,272)	(155,828)	(70,286)	--	(493,386)
Total	10,059,172	19,284,490	3,764,144	3	33,107,809

	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Dec 31, 2020
Debt instruments					
Securities issued by non-financial companies	6,467,759	4,824,643	3,400,611	89,075	14,782,088
Brazilian federal government bonds	--	6,573,995	--	--	6,573,995
Brazilian government bonds issued abroad	--	1,358,127	1,327,877	--	2,686,004
Securities issued by financial companies	973,965	204,449	389,939	3	1,568,356
Federal government bonds	108,692	594,005	--	--	702,697
Subtotal	7,550,416	13,555,219	5,118,427	89,078	26,313,140
Expected losses on securities	(626,491)	(414,606)	(318,764)	(7,215)	(1,367,076)
Total	6,923,925	13,140,613	4,799,663	81,863	24,946,064



In thousands of Reais, unless otherwise stated

Reconciliation of changes concerning expected credit losses

	Dec 31, 2020	(Allowance) / reversal	Dec 31, 2021
Expected credit losses			
Securities issued by non-financial companies	(1,197,259)	709,544	(487,715)
Brazilian government bonds issued abroad	(4,534)	(1,137)	(5,671)
Securities issued by financial companies	(165,283)	165,283	--
Total	(1,367,076)	873,690	(493,386)

	Dec 31, 2019	(Allowance) / reversal	Write-offs	Dec 31, 2020
Expected credit losses				
Securities issued by non-financial companies	(1,468,632)	207,645	63,728	(1,197,259)
Brazilian government bonds issued abroad	--	(4,534)	--	(4,534)
Securities issued by financial companies	(248,617)	83,334	--	(165,283)
Federal government bonds	(73)	73	--	--
Total	(1,717,322)	286,518	63,728	(1,367,076)

No securities at amortized cost were reclassified during 2021 or 2020.

	Stage 1	Stage 2	Stage 3	Total
Dec 31, 2020	(239,788)	(210,863)	(916,425)	(1,367,076)
Transfer to stage 2	104,597	--	--	104,597
Transfer to stage 3	20,258	60,474	--	80,732
Transfer from stage 1	--	(104,597)	(20,258)	(124,855)
Transfer from stage 2	--	--	(60,474)	(60,474)
Purchased securities/ disposed securities/ allowance/ reversal	44,761	(85,034)	913,963	873,690
Dec 31, 2021	(70,172)	(340,020)	(83,194)	(493,386)

	Stage 1	Stage 2	Stage 3	Total
Dec 31, 2019	(62,152)	(954,568)	(700,602)	(1,717,322)
Transfer to stage 2	109,142	--	--	109,142
Transfer to stage 3	6,760	606,984	--	613,744
Transfer from stage 1	--	(109,142)	(6,760)	(115,902)
Transfer from stage 2	--	--	(606,984)	(606,984)
Purchased securities/ disposed securities/ allowance/ reversal	(293,538)	245,863	397,921	350,246
Dec 31, 2020	(239,788)	(210,863)	(916,425)	(1,367,076)

For breakdown of portfolio between stages, see Note 41.e.



In thousands of Reais, unless otherwise stated

23 – LOANS TO CUSTOMERS

a) Loan portfolio by type

	Average maturity (months)	Dec 31, 2021	Dec 31, 2020
Loans		703,226,465	623,657,749
Loans and discounted credits rights ⁽¹⁾	41	292,282,764	260,104,300
- Corporations		128,898,965	120,659,501
- Individuals		163,383,799	139,444,799
Financing ⁽²⁾	55	125,477,838	121,933,503
- Corporations		120,198,985	117,130,218
- Individuals		5,278,853	4,803,285
Rural and agribusiness financing	88	235,574,358	190,139,242
- Corporations		16,687,561	16,593,388
- Individuals		218,886,797	173,545,854
Real estate financing	347	49,692,392	51,221,982
- Corporations		1,560,197	2,557,876
- Individuals		48,132,195	48,664,106
Loan portfolio transferred with substantial retention of risks	264	199,113	258,722
- Individuals		199,113	258,722
Others receivables with loan characteristics		73,873,583	51,625,393
Credit card operations	4	45,882,572	32,936,390
- Corporations		2,655,114	2,043,770
- Individuals		43,227,458	30,892,620
Advances on foreign exchange contracts	12	17,716,604	13,438,613
- Corporations		17,574,527	13,404,351
- Individuals		142,077	34,262
Receivables acquisition	7	8,581,879	4,269,049
- Corporations		8,581,879	4,269,049
Guarantees honored	3	87,256	223,307
- Corporations		85,174	223,307
- Individuals		2,082	--
Others	260	1,605,272	758,034
- Corporations		1,604,815	757,532
- Individuals		457	502
Leasing portfolio	44	280,971	172,478
- Corporations		271,275	169,881
- Individuals		9,696	2,597
Total loans to customers portfolio		777,381,019	675,455,620
Expected credit losses for loans to customers		(43,090,413)	(42,053,270)
Expected credit losses for loans		(40,707,832)	(40,184,607)
Expected credit losses for other receivables		(2,378,163)	(1,864,228)
Expected credit losses for leasing portfolio		(4,418)	(4,435)
Total loans to customers, net		734,290,606	633,402,350

(1) The balance of "loans and discounted credits rights" to corporations is mainly composed of working capital loans and discounted receivables. The balance of "loans and discounted credits rights" to individuals is mainly composed of personal loans (mostly consumer credit and overdrafts accounts) and credit card balances (revolving credit).

(2) The balance of "financing" to corporations is mainly composed of export, pre-export and import financing and other medium-term financing funded with onlending resources. The balance of "financing" to individuals is mainly composed of vehicle financing.



In thousands of Reais, unless otherwise stated

b) Loan portfolio by economic sectors

	Dec 31, 2021	%	Dec 31, 2020	%
Public sector	65,440,127	8.3%	71,632,396	10.6%
Public administration	58,029,671	7.4%	55,596,464	8.2%
Electricity	3,751,654	0.5%	3,346,430	0.5%
Oil sector	2,785,512	0.4%	12,009,390	1.8%
Services	342,436	--	393,291	0.1%
Other activities	530,854	--	286,821	--
Private sector	711,940,892	91.7%	603,823,224	89.4%
Individuals	479,262,527	61.7%	397,646,747	58.9%
Corporations	232,678,365	30.0%	206,176,477	30.5%
Agribusiness of plant origin	36,341,500	4.6%	31,730,654	4.8%
Services	28,572,295	3.7%	25,298,128	3.8%
Transportation	14,591,773	1.9%	16,767,186	2.6%
Mining and metallurgy	14,097,821	1.8%	13,760,773	2.0%
Retail commerce	13,795,842	1.8%	11,814,949	1.7%
Automotive sector	13,394,912	1.7%	13,016,570	1.9%
Agribusiness of animal origin	13,137,982	1.7%	9,749,250	1.4%
Financial services	11,337,137	1.5%	5,693,995	0.8%
Agricultural inputs	10,237,059	1.3%	7,560,925	1.1%
Wholesale and various industries	8,666,861	1.1%	6,949,717	1.0%
Fuel	8,279,490	1.1%	7,410,164	1.1%
Electronics	8,237,309	1.1%	6,656,646	1.0%
Chemical	8,170,306	1.1%	6,862,817	1.0%
Electricity	7,867,503	1.0%	8,187,291	1.2%
Specific activities of construction	7,848,492	1.0%	6,984,339	1.0%
Textile and clothing	6,816,772	0.9%	6,474,714	1.0%
Real estate agents	5,877,849	0.8%	7,050,108	1.0%
Woodworking and furniture market	4,424,540	0.6%	4,043,707	0.6%
Pulp and paper	3,458,752	0.4%	2,876,369	0.4%
Telecommunications	3,151,109	0.4%	2,423,001	0.4%
Heavy construction	2,370,675	0.3%	2,690,989	0.4%
Other activities	2,002,386	0.2%	2,174,185	0.3%
Total loans to customers portfolio	777,381,019	100.0%	675,455,620	100.0%



In thousands of Reais, unless otherwise stated

c) Loans to customers by maturity

The majority of our loans require principal and interest payments on a monthly, quarterly, semi-annual or annual basis. The table below shows the book value of the Bank's loan installments according to their contractual maturities. For loans with a single installment, the entire loan balance is presented according to the final maturity date.

	Dec 31, 2021	Dec 31, 2020
Installments falling due		
1 to 30 days	59,166,474	44,096,238
31 to 60 days	29,768,556	20,832,732
61 to 90 days	27,360,332	21,094,767
91 to 180 days	74,971,994	57,208,833
181 to 360 days	127,201,774	97,704,671
361 to 1080 days	192,742,531	182,248,549
1081 to 1800 days	103,430,954	95,359,754
More than 1800 days	154,406,756	149,962,512
Subtotal	769,049,371	668,508,056
Installments overdue		
1 to 14 days	901,296	659,275
15 to 30 days	674,779	466,472
31 to 60 days	1,061,331	553,177
61 to 90 days	872,919	534,742
91 to 180 days	2,013,489	1,788,560
181 to 360 days	2,319,852	2,126,983
More than 360 days	487,982	818,355
Subtotal	8,331,648	6,947,564
Total	777,381,019	675,455,620

d) Leasing portfolio by maturity

	Dec 31, 2021			Dec 31, 2020		
	Minimum lease payments	Unearned finance income	Present value	Minimum lease payments	Unearned finance income	Present value
Up to one year ⁽¹⁾	135,265	(28,480)	106,785	117,710	(29,584)	88,126
Over one year to five years	220,435	(46,412)	174,023	112,668	(28,316)	84,352
Over five years	206	(43)	163	--	--	--
Total	355,906	(74,935)	280,971	230,378	(57,900)	172,478

(1) Includes amounts related to installments overdue.



In thousands of Reais, unless otherwise stated

e) Loans to customers by stages

	Dec 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Loans	612,113,210	48,269,730	42,843,525	703,226,465
Loans and discounted credits rights	242,359,312	24,361,629	25,561,823	292,282,764
Financing	113,488,995	7,792,822	4,196,021	125,477,838
Rural and agribusiness financing	216,162,150	11,026,263	8,385,945	235,574,358
Real estate financing	39,918,258	5,077,130	4,697,004	49,692,392
Loans sold under assignment	184,495	11,886	2,732	199,113
Others receivables with loan characteristics	70,997,783	2,006,426	869,374	73,873,583
Credit card operations	43,655,217	1,884,101	343,254	45,882,572
Advances on foreign exchange contracts	17,157,352	116,737	442,515	17,716,604
Receivables acquisition	8,577,426	4,453	--	8,581,879
Guarantees honored	2,742	978	83,536	87,256
Other	1,605,046	157	69	1,605,272
Leasing portfolio	272,688	7,763	520	280,971
Total loans to customers portfolio	683,383,681	50,283,919	43,713,419	777,381,019
Expected credit losses for loans to customers	(10,890,791)	(5,418,447)	(26,781,175)	(43,090,413)
Total loans to customers, net	672,492,890	44,865,472	16,932,244	734,290,606

	Dec 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Loans	488,478,384	90,704,720	44,474,645	623,657,749
Loans and discounted credits rights	189,938,212	45,690,460	24,475,628	260,104,300
Financing	95,002,925	22,360,239	4,570,339	121,933,503
Rural and agribusiness financing	168,478,157	11,884,826	9,776,259	190,139,242
Real estate financing	34,817,009	10,755,746	5,649,227	51,221,982
Loans sold under assignment	242,081	13,449	3,192	258,722
Others receivables with loan characteristics	47,874,573	2,633,103	1,117,717	51,625,393
Credit card operations	31,236,272	1,499,593	200,525	32,936,390
Advances on foreign exchange contracts	11,694,217	1,050,632	693,764	13,438,613
Receivables acquisition	4,186,422	82,627	--	4,269,049
Guarantees honored	79	48	223,180	223,307
Other	757,583	203	248	758,034
Leasing portfolio	158,894	12,531	1,053	172,478
Total loans to customers portfolio	536,511,851	93,350,354	45,593,415	675,455,620
Expected credit losses for loans to customers	(9,197,881)	(5,310,483)	(27,544,906)	(42,053,270)
Total loans to customers, net	527,313,970	88,039,871	18,048,509	633,402,350



In thousands of Reais, unless otherwise stated

f) Renegotiated credit transactions

	2021	2020	2019
Credits renegotiated during the period	100,958,096	100,068,113	84,834,620
Renegotiated for delay ⁽¹⁾	13,315,425	20,382,492	11,070,010
- Corporations	7,434,295	11,935,366	5,985,732
- Individuals	5,881,130	8,447,126	5,084,278
Renewed ⁽²⁾	87,642,671	79,685,621	73,764,610
- Corporations	17,385,395	8,236,180	4,309,744
- Individuals	70,257,276	71,449,441	69,454,866
Changes in renegotiated credit transactions for delay			
Opening balance	29,641,629	23,657,317	22,874,209
Contracts ⁽¹⁾	13,315,425	20,382,492	11,070,010
Interest or principal payment net of interest accrual	(8,492,695)	(9,686,123)	(5,024,508)
Write-off	(5,951,517)	(4,712,057)	(5,262,394)
Closing balance ⁽³⁾	28,512,842	29,641,629	23,657,317
Loans 90 days or more past due	2,125,771	2,663,242	3,156,472
(%) Portfolio which is 90 days or more past due	7.5%	9.0%	13.3%

(1) Renegotiated credit transactions due to payment delay by clients.

(2) Renegotiated credit transactions of loans prior to maturity for the extension, renewal, granting of new credit for partial or full settlement of previous loans or any other type of agreement that changes the maturity or the originally agreed payment terms.

(3) Includes the amount of R\$ 8,682 thousand (R\$ 18,903 thousand on Dec 31, 2020 and R\$ 32,624 thousand on Dec 31, 2019) related to renegotiated rural credits. The amount of R\$ 10,201,297 thousand (R\$ 8,905,430 thousand on Dec 31, 2020 and R\$ 8,364,833 thousand on Dec 31, 2019) related to deferred credits from rural portfolio governed by specific legislation, is not included.



In thousands of Reais, unless otherwise stated

g) Breakdown of loans to customers between stages

Stage 1

	Dec 31, 2020	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 2	Transfer from/ (to) stage 3	Write-offs	Dec 31, 2021
Loans	488,478,384	106,807,884	20,521,345	(3,694,403)	--	612,113,210
Loans and discounted credits rights	189,938,212	48,418,169	7,204,295	(3,201,364)	--	242,359,312
Financing	95,002,925	8,314,528	10,239,559	(68,017)	--	113,488,995
Rural and agribusiness financing	168,478,157	49,150,352	(989,151)	(477,208)	--	216,162,150
Real estate financing	34,817,009	981,438	4,067,625	52,186	--	39,918,258
Loan portfolio transferred with substantial retention of risks	242,081	(56,603)	(983)	--	--	184,495
Others receivables with loan characteristics	47,874,573	23,242,590	(70,603)	(48,777)	--	70,997,783
Credit card operations	31,236,272	12,535,802	(77,035)	(39,822)	--	43,655,217
Advances on foreign exchange contracts	11,694,217	5,465,658	6,432	(8,955)	--	17,157,352
Receivables acquisition	4,186,422	4,391,004	--	--	--	8,577,426
Guarantees honored	79	2,663	--	--	--	2,742
Others	757,583	847,463	--	--	--	1,605,046
Leasing portfolio	158,894	112,086	1,949	(241)	--	272,688
Total loans to customers portfolio	536,511,851	130,162,560	20,452,691	(3,743,421)	--	683,383,681

	Dec 31, 2019	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 2	Transfer from/ (to) stage 3	Write-offs	Dec 31, 2020
Loans	503,183,891	33,523,236	(39,162,792)	(9,065,951)	--	488,478,384
Loans and discounted credits rights	183,884,013	17,951,582	(8,953,564)	(2,943,819)	--	189,938,212
Financing	109,751,780	6,120,744	(18,242,749)	(2,626,850)	--	95,002,925
Rural and agribusiness financing	163,501,218	11,595,714	(4,329,834)	(2,288,941)	--	168,478,157
Real estate financing	45,716,412	(2,072,873)	(7,623,196)	(1,203,334)	--	34,817,009
Loan portfolio transferred with substantial retention of risks	330,468	(71,931)	(13,449)	(3,007)	--	242,081
Others receivables with loan characteristics	48,543,577	686,282	(1,195,287)	(159,999)	--	47,874,573
Credit card operations	30,877,554	1,566,245	(1,122,565)	(84,962)	--	31,236,272
Advances on foreign exchange contracts	11,389,735	452,241	(72,722)	(75,037)	--	11,694,217
Receivables acquisition	5,737,671	(1,551,249)	--	--	--	4,186,422
Guarantees honored	419	(340)	--	--	--	79
Others	538,198	219,385	--	--	--	757,583
Leasing portfolio	185,710	(18,317)	(8,350)	(149)	--	158,894
Total loans to customers portfolio	551,913,178	34,191,201	(40,366,429)	(9,226,099)	--	536,511,851



In thousands of Reais, unless otherwise stated

Stage 2

	Dec 31, 2020	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 1	Transfer from/ (to) stage 3	Write-offs	Dec 31, 2021
Loans	90,704,720	(18,312,888)	(20,521,345)	(3,600,757)	--	48,269,730
Loans and discounted credits rights	45,690,460	(11,778,633)	(7,204,295)	(2,345,903)	--	24,361,629
Financing	22,360,239	(4,170,925)	(10,239,559)	(156,933)	--	7,792,822
Rural and agribusiness financing	11,884,826	(1,298,326)	989,151	(549,388)	--	11,026,263
Real estate financing	10,755,746	(1,062,458)	(4,067,625)	(548,533)	--	5,077,130
Loan portfolio transferred with substantial retention of risks	13,449	(2,546)	983	--	--	11,886
Others receivables with loan characteristics	2,633,103	(687,075)	70,603	(10,205)	--	2,006,426
Credit card operations	1,499,593	316,522	77,035	(9,049)	--	1,884,101
Advances on foreign exchange contracts	1,050,632	(926,307)	(6,432)	(1,156)	--	116,737
Receivables acquisition	82,627	(78,174)	--	--	--	4,453
Guarantees honored	48	930	--	--	--	978
Others	203	(46)	--	--	--	157
Leasing portfolio	12,531	(2,819)	(1,949)	--	--	7,763
Total loans to customers portfolio	93,350,354	(19,002,782)	(20,452,691)	(3,610,962)	--	50,283,919

	Dec 31, 2019	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 1	Transfer from/ (to) stage 3	Write-offs	Dec 31, 2020
Loans	30,454,984	27,397,708	39,162,792	(6,310,764)	--	90,704,720
Loans and discounted credits rights	14,359,098	24,288,379	8,953,564	(1,910,581)	--	45,690,460
Financing	889,484	3,435,426	18,242,749	(207,420)	--	22,360,239
Rural and agribusiness financing	9,280,367	(142,768)	4,329,834	(1,582,607)	--	11,884,826
Real estate financing	5,926,034	(183,328)	7,623,196	(2,610,156)	--	10,755,746
Loan portfolio transferred with substantial retention of risks	1	(1)	13,449	--	--	13,449
Others receivables with loan characteristics	549,410	1,099,537	1,195,287	(211,131)	--	2,633,103
Credit card operations	108,542	276,863	1,122,565	(8,377)	--	1,499,593
Advances on foreign exchange contracts	427,430	752,986	72,722	(202,506)	--	1,050,632
Receivables acquisition	--	82,627	--	--	--	82,627
Guarantees honored	12,695	(12,647)	--	--	--	48
Others	743	(292)	--	(248)	--	203
Leasing portfolio	2,941	1,354	8,350	(114)	--	12,531
Total loans to customers portfolio	31,007,335	28,498,599	40,366,429	(6,522,009)	--	93,350,354



In thousands of Reais, unless otherwise stated

Stage 3

	Dec 31, 2020	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 1	Transfer from/ (to) stage 2	Write-offs	Dec 31, 2021
Loans	44,474,645	9,230,495	3,694,403	3,600,757	(18,156,775)	42,843,525
Loans and discounted credits rights	24,475,628	7,490,220	3,201,364	2,345,903	(11,951,292)	25,561,823
Financing	4,570,339	891,734	68,017	156,933	(1,491,002)	4,196,021
Rural and agribusiness financing	9,776,259	540,655	477,208	549,388	(2,957,565)	8,385,945
Real estate financing	5,649,227	308,346	(52,186)	548,533	(1,756,916)	4,697,004
Loan portfolio transferred with substantial retention of risks	3,192	(460)	--	--	--	2,732
Others receivables with loan characteristics	1,117,717	(269)	48,777	10,205	(307,056)	869,374
Credit card operations	200,525	110,235	39,822	9,049	(16,377)	343,254
Advances on foreign exchange contracts	693,764	(244,986)	8,955	1,156	(16,374)	442,515
Receivables acquisition	--	10,141	--	--	(10,141)	--
Guarantees honored	223,180	111,689	--	--	(251,333)	83,536
Others	248	12,652	--	--	(12,831)	69
Leasing portfolio	1,053	(70)	241	--	(704)	520
Total loans to customers portfolio	45,593,415	9,230,156	3,743,421	3,610,962	(18,464,535)	43,713,419

	Dec 31, 2019	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 1	Transfer from/ (to) stage 2	Write-offs	Dec 31, 2020
Loans	32,316,681	16,773,074	9,065,951	6,310,764	(19,991,825)	44,474,645
Loans and discounted credits rights	16,050,180	14,935,516	2,943,819	1,910,581	(11,364,468)	24,475,628
Financing	2,898,329	709,399	2,626,850	207,420	(1,871,659)	4,570,339
Rural and agribusiness financing	10,584,750	198,845	2,288,941	1,582,607	(4,878,884)	9,776,259
Real estate financing	2,783,140	929,411	1,203,334	2,610,156	(1,876,814)	5,649,227
Loan portfolio transferred with substantial retention of risks	282	(97)	3,007	--	--	3,192
Others receivables with loan characteristics	904,776	278,143	159,999	211,131	(436,332)	1,117,717
Credit card operations	82,973	40,012	84,962	8,377	(15,799)	200,525
Advances on foreign exchange contracts	388,027	42,927	75,037	202,506	(14,733)	693,764
Receivables acquisition	--	139	--	--	(139)	--
Guarantees honored	433,748	194,822	--	--	(405,390)	223,180
Others	28	243	--	248	(271)	248
Leasing portfolio	2,660	(712)	149	114	(1,158)	1,053
Total loans to customers portfolio	33,224,117	17,050,505	9,226,099	6,522,009	(20,429,315)	45,593,415



In thousands of Reais, unless otherwise stated

24 – EXPECTED CREDIT LOSSES ON LOANS TO CUSTOMERS

a) Expected credit losses on loans to customers, net

	2021	2020	2019
Constitution	(19,501,811)	(25,671,827)	(22,178,613)
Recovery ⁽¹⁾	6,167,354	5,749,056	5,219,275
Expected credit losses for loans to customers, net	(13,334,457)	(19,922,771)	(16,959,338)

(1) Refers to recovery of principal.

b) Reconciliation of changes

	2021				
	Opening balance	Constitution/ (reversal) for losses	Write-offs	Exchange rate changes	Closing balance
Loans	40,184,607	18,673,007	(18,156,775)	6,993	40,707,832
Loans and discounted credits rights	24,023,233	12,811,928	(11,951,292)	568	24,884,437
Financing	4,055,232	2,296,357	(1,491,002)	6,425	4,867,012
Rural and agribusiness financing	9,086,390	2,243,437	(2,957,565)	--	8,372,262
Real estate financing	3,015,913	1,322,183	(1,756,916)	--	2,581,180
Loans sold under assignment	3,839	(898)	--	--	2,941
Other receivables with loan characteristics	1,864,228	828,000	(307,056)	(7,009)	2,378,163
Credit card operations	1,315,676	797,092	(16,377)	(7,009)	2,089,382
Advances on foreign exchange contracts	400,862	(130,019)	(16,374)	--	254,469
Receivables acquisition	47,253	(27,930)	(10,141)	--	9,182
Guarantees honored	99,211	174,602	(251,333)	--	22,480
Other	1,226	14,255	(12,831)	--	2,650
Leasing portfolio	4,435	804	(704)	(117)	4,418
Total	42,053,270	19,501,811	(18,464,535)	(133)	43,090,413



In thousands of Reais, unless otherwise stated

	2020				
	Opening balance	Constitution/ (reversal) for losses	Write-offs	Exchange rate changes	Closing balance
Loans	35,212,839	24,780,257	(19,991,825)	183,336	40,184,607
Loans and discounted credits rights	17,056,111	18,176,246	(11,364,468)	155,344	24,023,233
Financing	4,182,148	1,716,715	(1,871,659)	28,028	4,055,232
Rural and agribusiness financing	9,597,417	4,367,857	(4,878,884)	--	9,086,390
Real estate financing	4,374,021	518,742	(1,876,814)	(36)	3,015,913
Loans sold under assignment	3,142	697	--	--	3,839
Other receivables with loan characteristics	1,410,485	890,494	(436,332)	(419)	1,864,228
Credit card operations	508,476	823,418	(15,799)	(419)	1,315,676
Advances on foreign exchange contracts	645,298	(229,703)	(14,733)	--	400,862
Receivables acquisition	2,139	45,253	(139)	--	47,253
Guarantees honored	245,645	258,956	(405,390)	--	99,211
Other	8,927	(7,430)	(271)	--	1,226
Leasing portfolio	4,520	1,076	(1,158)	(3)	4,435
Total	36,627,844	25,671,827	(20,429,315)	182,914	42,053,270



In thousands of Reais, unless otherwise stated

c) Breakdown of expected credit losses on loans to customers classified by product and stages

	Dec 31, 2021							
	Stage 1		Stage 2		Stage 3		Total	
	Credit amount	Expected credit losses	Credit amount	Expected credit losses	Credit amount	Expected credit losses	Credit amount	Expected credit losses
Loans	612,113,210	(9,127,242)	48,269,730	(5,194,107)	42,843,525	(26,386,483)	703,226,465	(40,707,832)
Loans and discounted credits rights	242,359,312	(4,947,870)	24,361,629	(2,847,064)	25,561,823	(17,089,503)	292,282,764	(24,884,437)
Financing	113,488,995	(752,625)	7,792,822	(1,058,158)	4,196,021	(3,056,229)	125,477,838	(4,867,012)
Rural and agribusiness financing	216,162,150	(3,048,028)	11,026,263	(910,454)	8,385,945	(4,413,780)	235,574,358	(8,372,262)
Real estate financing	39,918,258	(377,033)	5,077,130	(378,246)	4,697,004	(1,825,901)	49,692,392	(2,581,180)
Loans sold under assignment	184,495	(1,686)	11,886	(185)	2,732	(1,070)	199,113	(2,941)
Other receivables with loan characteristics	70,997,783	(1,759,776)	2,006,426	(224,008)	869,374	(394,379)	73,873,583	(2,378,163)
Credit card operations	43,655,217	(1,638,497)	1,884,101	(222,177)	343,254	(228,708)	45,882,572	(2,089,382)
Advances on foreign exchange contracts	17,157,352	(109,411)	116,737	(1,468)	442,515	(143,590)	17,716,604	(254,469)
Receivables acquisition	8,577,426	(9,108)	4,453	(74)	--	--	8,581,879	(9,182)
Guarantees honored	2,742	(164)	978	(288)	83,536	(22,028)	87,256	(22,480)
Other	1,605,046	(2,596)	157	(1)	69	(53)	1,605,272	(2,650)
Leasing portfolio	272,688	(3,773)	7,763	(332)	520	(313)	280,971	(4,418)
Total	683,383,681	(10,890,791)	50,283,919	(5,418,447)	43,713,419	(26,781,175)	777,381,019	(43,090,413)



In thousands of Reais, unless otherwise stated

	Dec 31, 2020							
	Stage 1		Stage 2		Stage 3		Total	
	Credit amount	Expected credit losses	Credit amount	Expected credit losses	Credit amount	Expected credit losses	Credit amount	Expected credit losses
Loans	488,478,384	(8,030,491)	90,704,720	(5,184,773)	44,474,645	(26,969,343)	623,657,749	(40,184,607)
Loans and discounted credits rights	189,938,212	(4,275,748)	45,690,460	(3,380,157)	24,475,628	(16,367,328)	260,104,300	(24,023,233)
Financing	95,002,925	(742,256)	22,360,239	(247,703)	4,570,339	(3,065,273)	121,933,503	(4,055,232)
Rural and agribusiness financing	168,478,157	(2,663,148)	11,884,826	(1,087,996)	9,776,259	(5,335,246)	190,139,242	(9,086,390)
Real estate financing	34,817,009	(346,855)	10,755,746	(468,666)	5,649,227	(2,200,392)	51,221,982	(3,015,913)
Loans sold under assignment	242,081	(2,484)	13,449	(251)	3,192	(1,104)	258,722	(3,839)
Other receivables with loan characteristics	47,874,573	(1,164,106)	2,633,103	(125,108)	1,117,717	(575,014)	51,625,393	(1,864,228)
Credit card operations	31,236,272	(1,064,539)	1,499,593	(115,025)	200,525	(136,112)	32,936,390	(1,315,676)
Advances on foreign exchange contracts	11,694,217	(51,805)	1,050,632	(9,561)	693,764	(339,496)	13,438,613	(400,862)
Receivables acquisition	4,186,422	(46,755)	82,627	(498)	--	--	4,269,049	(47,253)
Guarantees honored	79	--	48	(22)	223,180	(99,189)	223,307	(99,211)
Other	757,583	(1,007)	203	(2)	248	(217)	758,034	(1,226)
Leasing portfolio	158,894	(3,284)	12,531	(602)	1,053	(549)	172,478	(4,435)
Total	536,511,851	(9,197,881)	93,350,354	(5,310,483)	45,593,415	(27,544,906)	675,455,620	(42,053,270)



In thousands of Reais, unless otherwise stated

d) Breakdown of expected credit losses on loans to customers classified by product and type of customer

	Dec 31, 2021	Dec 31, 2020
Loans	40,707,832	40,184,607
Loans and discounted credits rights	24,884,437	24,023,233
- Corporations	13,078,888	14,459,794
- Individuals	11,805,549	9,563,439
Financing	4,867,012	4,055,232
- Corporations	4,629,044	3,839,674
- Individuals	237,968	215,558
Rural and agribusiness financing	8,372,262	9,086,390
- Corporations	74,647	119,606
- Individuals	8,297,615	8,966,784
Real estate financing	2,581,180	3,015,913
- Corporations	17,160	710,616
- Individuals	2,564,020	2,305,297
Loans sold under assignment	2,941	3,839
- Individuals	2,941	3,839
Others receivables with loan characteristics	2,378,163	1,864,228
Credit card operations	2,089,382	1,315,676
- Corporations	110,936	103,182
- Individuals	1,978,446	1,212,494
Advances on foreign exchange contracts	254,469	400,862
- Corporations	234,986	400,529
- Individuals	19,483	333
Receivables acquisition	9,182	47,253
- Corporations	9,182	47,253
Guarantees honored	22,480	99,211
- Corporations	21,764	99,211
- Individuals	716	--
Other	2,650	1,226
- Corporations	2,649	1,224
- Individuals	1	2
Leasing portfolio	4,418	4,435
- Corporations	4,164	4,364
- Individuals	254	71
Total	43,090,413	42,053,270



In thousands of Reais, unless otherwise stated

e) Breakdown of expected credit losses between stages

Stage 1

	Dec 31, 2020	Constitution/ (reversal)	Transfer from/ (to) stage 2	Transfer from/ (to) stage 3	Write-offs	Exchange rate changes	Dec 31, 2021
Loans	8,030,491	4,967,502	(1,060,758)	(2,811,100)	--	1,107	9,127,242
Loans and discounted credits rights	4,275,748	2,791,029	(10,913)	(2,108,107)	--	113	4,947,870
Financing	742,256	1,045,918	(920,880)	(115,663)	--	994	752,625
Rural and agribusiness financing	2,663,148	1,018,564	(125,477)	(508,207)	--	--	3,048,028
Real estate financing	346,855	112,767	(3,466)	(79,123)	--	--	377,033
Loans sold under assignment	2,484	(776)	(22)	--	--	--	1,686
Others receivables with loan characteristics	1,164,106	708,456	(32,165)	(75,124)	--	(5,497)	1,759,776
Credit card operations	1,064,539	680,532	(32,203)	(68,874)	--	(5,497)	1,638,497
Advances on foreign exchange contracts	51,805	63,818	38	(6,250)	--	--	109,411
Receivables acquisition	46,755	(37,647)	--	--	--	--	9,108
Guarantees honored	--	164	--	--	--	--	164
Other	1,007	1,589	--	--	--	--	2,596
Leasing portfolio	3,284	751	(39)	(124)	--	(99)	3,773
Total	9,197,881	5,676,709	(1,092,962)	(2,886,348)	--	(4,489)	10,890,791

	Dec 31, 2019	Constitution/ (reversal)	Transfer from/ (to) stage 2	Transfer from/ (to) stage 3	Write-offs	Exchange rate changes	Dec 31, 2020
Loans	9,216,359	5,807,822	(1,191,780)	(5,834,685)	--	32,775	8,030,491
Loans and discounted credits rights	4,045,423	2,502,029	(478,110)	(1,821,243)	--	27,649	4,275,748
Financing	2,245,374	795,077	(163,289)	(2,140,036)	--	5,130	742,256
Rural and agribusiness financing	1,922,389	2,425,374	(239,715)	(1,444,900)	--	--	2,663,148
Real estate financing	1,000,272	84,458	(310,415)	(427,456)	--	(4)	346,855
Loans sold under assignment	2,901	884	(251)	(1,050)	--	--	2,484
Others receivables with loan characteristics	748,712	576,056	(56,503)	(103,820)	--	(339)	1,164,106
Credit card operations	434,250	741,828	(53,792)	(57,408)	--	(339)	1,064,539
Advances on foreign exchange contracts	303,581	(202,653)	(2,711)	(46,412)	--	--	51,805
Receivables acquisition	2,139	44,616	--	--	--	--	46,755
Guarantees honored	23	(23)	--	--	--	--	--
Other	8,719	(7,712)	--	--	--	--	1,007
Leasing portfolio	2,180	1,343	(148)	(89)	--	(2)	3,284
Total	9,967,251	6,385,221	(1,248,431)	(5,938,594)	--	32,434	9,197,881



In thousands of Reais, unless otherwise stated

Stage 2

	Dec 31, 2020	Constitution/ (reversal)	Transfer from/ (to) stage 1	Transfer from/ (to) stage 3	Write-offs	Exchange rate changes	Dec 31, 2021
Loans	5,184,773	1,419,740	1,060,758	(2,472,626)	--	1,462	5,194,107
Loans and discounted credits rights	3,380,157	1,018,665	10,913	(1,562,736)	--	65	2,847,064
Financing	247,703	(21,321)	920,880	(90,501)	--	1,397	1,058,158
Rural and agribusiness financing	1,087,996	189,703	125,477	(492,722)	--	--	910,454
Real estate financing	468,666	232,781	3,466	(326,667)	--	--	378,246
Loans sold under assignment	251	(88)	22	--	--	--	185
Others receivables with loan characteristics	125,108	78,559	32,165	(11,079)	--	(745)	224,008
Credit card operations	115,025	86,204	32,203	(10,510)	--	(745)	222,177
Advances on foreign exchange contracts	9,561	(7,486)	(38)	(569)	--	--	1,468
Receivables acquisition	498	(424)	--	--	--	--	74
Guarantees honored	22	266	--	--	--	--	288
Other	2	(1)	--	--	--	--	1
Leasing portfolio	602	(299)	39	--	--	(10)	332
Total	5,310,483	1,498,000	1,092,962	(2,483,705)	--	707	5,418,447

	Dec 31, 2019	Constitution/ (reversal)	Transfer from/ (to) stage 1	Transfer from/ (to) stage 3	Write-offs	Exchange rate changes	Dec 31, 2020
Loans	5,302,646	1,895,051	1,191,780	(3,228,267)	--	23,563	5,184,773
Loans and discounted credits rights	2,668,620	1,507,715	478,110	(1,296,145)	--	21,857	3,380,157
Financing	145,772	79,018	163,289	(142,088)	--	1,712	247,703
Rural and agribusiness financing	1,268,949	465,835	239,715	(886,503)	--	--	1,087,996
Real estate financing	1,219,305	(157,517)	310,415	(903,531)	--	(6)	468,666
Loans sold under assignment	--	--	251	--	--	--	251
Others receivables with loan characteristics	146,319	(5,180)	56,503	(72,497)	--	(37)	125,108
Credit card operations	24,996	41,897	53,792	(5,623)	--	(37)	115,025
Advances on foreign exchange contracts	117,440	(43,933)	2,711	(66,657)	--	--	9,561
Receivables acquisition	--	498	--	--	--	--	498
Guarantees honored	3,690	(3,668)	--	--	--	--	22
Other	193	26	--	(217)	--	--	2
Leasing portfolio	760	(208)	148	(97)	--	(1)	602
Total	5,449,725	1,889,663	1,248,431	(3,300,861)	--	23,525	5,310,483



In thousands of Reais, unless otherwise stated

Stage 3

	Dec 31, 2020	Constitution/ (reversal)	Transfer from/ (to) stage 1	Transfer from/ (to) stage 2	Write-offs	Exchange rate changes	Dec 31, 2021
Loans	26,969,343	12,285,765	2,811,100	2,472,626	(18,156,775)	4,424	26,386,483
Loans and discounted credits rights	16,367,328	9,002,234	2,108,107	1,562,736	(11,951,292)	390	17,089,503
Financing	3,065,273	1,271,760	115,663	90,501	(1,491,002)	4,034	3,056,229
Rural and agribusiness financing	5,335,246	1,035,170	508,207	492,722	(2,957,565)	--	4,413,780
Real estate financing	2,200,392	976,635	79,123	326,667	(1,756,916)	--	1,825,901
Loans sold under assignment	1,104	(34)	--	--	--	--	1,070
Others receivables with loan characteristics	575,014	40,985	75,124	11,079	(307,056)	(767)	394,379
Credit card operations	136,112	30,356	68,874	10,510	(16,377)	(767)	228,708
Advances on foreign exchange contracts	339,496	(186,351)	6,250	569	(16,374)	--	143,590
Receivables acquisition	--	10,141	--	--	(10,141)	--	--
Guarantees honored	99,189	174,172	--	--	(251,333)	--	22,028
Other	217	12,667	--	--	(12,831)	--	53
Leasing portfolio	549	352	124	--	(704)	(8)	313
Total	27,544,906	12,327,102	2,886,348	2,483,705	(18,464,535)	3,649	26,781,175

	Dec 31, 2019	Constitution/ (reversal)	Transfer from/ (to) stage 1	Transfer from/ (to) stage 2	Write-offs	Exchange rate changes	Dec 31, 2020
Loans	20,693,834	17,077,384	5,834,685	3,228,267	(19,991,825)	126,998	26,969,343
Loans and discounted credits rights	10,342,068	14,166,502	1,821,243	1,296,145	(11,364,468)	105,838	16,367,328
Financing	1,791,002	842,620	2,140,036	142,088	(1,871,659)	21,186	3,065,273
Rural and agribusiness financing	6,406,079	1,476,648	1,444,900	886,503	(4,878,884)	--	5,335,246
Real estate financing	2,154,444	591,801	427,456	903,531	(1,876,814)	(26)	2,200,392
Loans sold under assignment	241	(187)	1,050	--	--	--	1,104
Others receivables with loan characteristics	515,454	319,618	103,820	72,497	(436,332)	(43)	575,014
Credit card operations	49,230	39,693	57,408	5,623	(15,799)	(43)	136,112
Advances on foreign exchange contracts	224,277	16,883	46,412	66,657	(14,733)	--	339,496
Receivables acquisition	--	139	--	--	(139)	--	--
Guarantees honored	241,932	262,647	--	--	(405,390)	--	99,189
Other	15	256	--	217	(271)	--	217
Leasing portfolio	1,580	(59)	89	97	(1,158)	--	549
Total	21,210,868	17,396,943	5,938,594	3,300,861	(20,429,315)	126,955	27,544,906



In thousands of Reais, unless otherwise stated

25 – NON-CURRENT ASSETS HELD FOR SALE

These assets consist of other real estate owned (received in settlement of non-performing loans to customers) and items of property, plant and equipment not in use that will be sold at auction.

As required, the fair value of these assets is determined based on methodologies established by the ABNT. Qualified professionals registered in the Federal Council of Engineering & Agronomy (Confea) or Regional Council of Engineering & Agronomy (Crea) prepare the evaluations. These measurements are classified as Level 2.

In accordance with the recommendations of the ABNT, the most common methodologies used are the Market Data Direct Comparison Method (MCDDM) and Evolution Method.

The MCDDM consists of analyzing a sample of assets in the market with very similar characteristics to the evaluated asset and assigning a value. The assessment considers the economic, physical and geographic characteristics of the item under analysis. Examples of these elements: negotiations actually carried out, prices of goods on offer, construction standard, state of conservation, age of the building, relief, soil consistency, utilization, situation in the urban context, urban infrastructure, existing activities in the area - commerce, industry and services etc.

Under the Evolution Method, the asset's fair value is based on the value of the land plus the cost of the improvements (properly depreciated), i.e., the value of the individual components is multiplied by a sales factor. This method is used when there are not enough similar assets in the market to use the MCDDM. Generally, the value of the land is determined using the MCDDM, and the improvements value are based on a sample of properties with similar projects or unit cost of construction or its budget.

	Dec 31, 2021	Dec 31, 2020
Non-operating properties	417,340	494,426
Properties withdrawn from use	--	5,633
Total	417,340	500,059

In 2021, the Bank realized a gain on the disposal of non-current assets of R\$ 44,572 thousand (R\$ 68,872 thousand in 2020).



In thousands of Reais, unless otherwise stated

26 – INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

a) Equity method investments

Company	Equity interest percentage				Adjusted shareholders' equity of investee		Carrying amount of investment		Net gains/(losses) from equity method investments			Dividends	
	Dec 31, 2021		Dec 31, 2020		Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	2021	2020	2019	2021	2020
	Total	Common stock	Total	Common stock									
Associates ⁽¹⁾ and joint ventures ⁽²⁾													
Banco Votorantim S.A. ⁽³⁾	50.00	49.99	50.00	49.99	13,424,866	12,142,564	6,710,035	6,067,234	815,628	716,710	762,759	350,000	170,364
Brasilprev Seguros e Previdência S.A. ⁽⁴⁾	74.99	49.99	74.99	49.99	5,972,510	4,619,653	4,479,084	3,464,509	597,249	635,557	1,014,378	31,404	636,508
Cielo S.A. ⁽⁵⁾	28.81	28.81	28.75	28.75	10,098,340	10,939,958	3,273,341	3,509,625	(70,434)	(796,652)	453,146	132,369	47,821
Cateno Gestão de Contas de Pagamentos S.A. ⁽⁶⁾	30.00	22.22	30.00	22.22	10,317,548	10,382,789	3,095,264	3,114,837	188,036	139,305	203,337	193,519	133,426
BB Mapfre Participações S.A. ⁽⁷⁾	74.99	49.99	74.99	49.99	2,290,487	2,169,902	2,406,059	2,315,633	1,066,073	1,085,320	1,071,799	897,034	858,035
Elo Participações Ltda.	49.99	49.99	49.99	49.99	2,940,057	3,183,931	1,469,734	1,591,647	427,926	430,440	288,835	548,616	336,061
UBS BB Serviços de Assessoria Financeira e Participações S.A. ⁽⁸⁾	49.99	49.99	49.99	49.99	1,438,178	1,374,885	718,943	687,304	31,493	4,556	--	--	--
Brasilcap Capitalização S.A. ⁽⁹⁾	66.66	49.99	66.66	49.99	475,687	539,423	427,842	470,328	2,341	105,781	67,265	19,998	63,638
Neoenergia S.A. ⁽¹⁰⁾	--	--	--	--	--	--	--	--	--	--	92,584	--	--
Others ⁽¹¹⁾							176,397	157,659	28,432	904	90,310	19,556	15,000
Unrealized profit ⁽¹²⁾							(3,310,511)	(3,471,966)					
Total							19,446,188	17,906,810	3,086,744	2,321,921	4,044,413	2,192,496	2,260,853

(1) The Bank has significant influence over the investee through board seats or other measures.

(2) The Bank has joint control over the investees' relevant activities through contractual arrangements.

(3) Investment is reduced on the amount of R\$ 2,398 thousand due to the unrealized profit with Ativos S.A. Securitizadora de Creditos Financeiros referring to the assignment of credit rights (R\$ 4,049 thousand on Dec 31, 2020).

(4) Ownership interest held by BB Seguros Participações S.A. The percentage of effective equity interest of shareholders of the Bank is 49.77%.

(5) Includes the amount of R\$ 364,332 thousand related to goodwill on acquisition of the investment. The market value of this investment is R\$ 1,774,570 thousand (R\$ 3,113,280 thousand on Dec 31, 2020).

(6) Indirect ownership interest held by the Bank in Cateno, through its wholly-owned subsidiary BB Elo Cartões Participações S.A. The total interest held by the Bank is 50.16%, considering that Cielo S.A. holds 70% of direct participation in Cateno.

(7) Ownership interest held by BB Seguros Participações S.A. The percentage of effective equity interest of shareholders of the Bank is 49.77%. Includes the amount of R\$ 688,423 thousand related to goodwill on acquisition of the investment.

(8) Company arising from the strategic partnership between BB-Banco de Investimentos S.A. and UBS A.G. to operate in investment banking and securities brokerage activities.

(9) Ownership interest held by BB Seguros Participações S.A. The percentage of effective equity interest of shareholders of the Bank is 44.24%. Includes the amount of R\$ 110,749 thousand related to goodwill on acquisition of the investment.

(10) The investment was sold in June, 2019.

(11) Refers to investments in the following companies: Brasildental Operadora de Planos Odontológicos S.A., Cadam S.A., Ciclic Corretora de Seguros S.A., Gestora de Inteligência de Crédito S.A. – QUOD, Estruturadora Brasileira de Projetos – EBP, Galgo Sistemas de Informações S.A. and Tecnologia Bancária S.A. – Tecban. Investment value is reduced by impairment losses of R\$ 3,657 thousand (R\$ 3,669 thousand on Dec 31, 2020).

(12) Unrealized profit arising from the strategic partnership between BB Elo Cartões Participações S.A. and Cielo S.A., forming Cateno Gestão de Contas de Pagamento S.A. and unrealized profit arising from the strategic partnership between BB-BI and UBS A.G.



In thousands of Reais, unless otherwise stated

b) Qualitative information of associates and joint ventures

Company	Place of incorporation		Description	Segment	Strategic participation ⁽¹⁾
	Country	Headquarter location			
Banco Votorantim S.A.	Brazil	São Paulo (SP)	Performs various types of bank activities, such as consumer lending, leasing and investment fund management.	Banking	Yes
Brasilprev Seguros e Previdência S.A.	Brazil	São Paulo (SP)	Commercializes life insurance with survivor coverage and with private retirement and benefit plans.	Insurance	Yes
Cielo S.A.	Brazil	Barueri (SP)	Provides services related to credit and debit cards and payments services.	Electronic payments	Yes
Cateno Gestão de Contas de Pagamentos S.A.	Brazil	Barueri (SP)	Provides services related to the management of transactions arisen from credit and debit card operations.	Electronic payments	Yes
BB Mapfre Participações S.A. – Brasilseg	Brazil	São Paulo (SP)	Acts as a holding company for other companies which deal with life, real estate and agricultural insurance.	Insurance	Yes
Elo Participações Ltda	Brazil	Barueri (SP)	Acts as a holding company which consolidates the joint business related to electronic payment services.	Electronic payments	Yes
UBS BB Serviços de Assessoria Financeira e Participações S.A.	Brazil	São Paulo (SP)	Operates in investment banking and securities brokerage activities in the institutional segment in Brazil and in certain South American countries.	Investments	Yes
Brasilcap Capitalização S.A.	Brazil	Rio de Janeiro (RJ)	Commercializes capitalization plans and other products and services that capitalization companies are allowed to provide.	Insurance	Yes

(1) Strategic investments are made in companies with activities that complement or support those of the Bank and its subsidiaries.



In thousands of Reais, unless otherwise stated

c) Summarized financial information of associates and joint ventures, not adjusted for the equity interest percentage held by the Bank

	Dec 31, 2021								
	Banco Votorantim S.A.	Brasilprev Seguros e Previdência S.A.	Cielo S.A.	Cateno Gestão de Contas de Pagamentos S.A.	BB Mapfre Participações S.A.	Elo Participações Ltda.	UBS BB S.A.	Brasilcap S.A.	Others
Current assets	54,196,533	302,399,384	86,947,285	2,395,709	10,835,734	744,678	253,432	6,130,957	987,084
Cash and cash equivalents	2,935,119	601,280	1,824,713	90	1,975	334,610	1,546	37	337,973
Other current assets	51,261,414	301,798,104	85,122,572	2,395,619	10,833,759	410,068	251,886	6,130,920	649,111
Non-current assets	65,594,183	18,325,141	11,752,257	8,944,125	7,315,139	2,720,033	2,039,570	3,541,228	3,275,565
Current liabilities	72,340,627	35,631,094	81,160,003	1,022,286	10,003,179	313,386	195,862	8,107,689	1,024,999
Financial liabilities	70,546,425	397,864	109,993	--	293,541	--	--	205,599	567,791
Other current liabilities	1,794,202	35,233,230	81,050,010	1,022,286	9,709,638	313,386	195,862	7,902,090	457,208
Non-current liabilities	34,025,223	279,120,921	7,441,200	--	5,857,207	211,268	658,962	1,088,809	2,058,839
Financial liabilities	33,586,150	--	3,924,453	--	--	7,773	--	--	1,775,658
Other non-current liabilities	439,073	279,120,921	3,516,747	--	5,857,207	203,495	658,962	1,088,809	283,181
Income	12,340,828	8,516,731	4,992,009	3,810,414	2,664,740	1,049,949	412,985	1,089,700	3,221,572
Interest income	12,340,828	5,381,791	123,630	--	21,719	--	--	620,178	4,987
Interest expense	(5,944,779)	(2,231,100)	(615,742)	--	(42,161)	(3,739)	(2,926)	(408,323)	(85,401)
Net allowance for loan losses	(1,033,786)	--	--	--	--	--	--	--	--
Depreciation and amortization	(230,927)	(45,453)	(497,831)	(387,557)	(36,826)	--	(71,689)	(576)	(270,128)
Income taxes	(655,087)	(578,677)	(41,068)	(326,588)	(455,915)	(138,354)	9,274	(5,124)	(60,315)
Net income/(loss) for the period	1,631,257	796,385	(244,502)	626,785	1,421,621	856,023	62,999	3,512	195,759
Other comprehensive income	178,367	(447)	--	--	(78,613)	--	147	(90,927)	--
Total comprehensive income	1,809,624	795,938	(244,502)	626,785	1,343,008	856,023	63,146	(87,415)	195,759
Adjusted shareholders' equity	13,424,866	5,972,510	10,098,339	10,317,548	2,290,487	2,940,057	1,438,178	475,687	1,178,811
Ownership percentage	50.00%	74.99%	28.81%	30.00%	74.99%	49.99%	49.99%	66.66%	--
Carrying amount of the investment ⁽¹⁾	6,710,035	4,479,084	2,909,009	3,095,264	1,717,636	1,469,734	718,943	317,093	176,397
Goodwill	--	--	364,332	--	688,423	--	--	110,749	--
Unrealized profit	(2,398)	--	--	(2,682,846)	--	--	(627,665)	--	--

(1) Excludes goodwill on acquisition of the investment.



In thousands of Reais, unless otherwise stated

	Dec 31, 2020								
	Banco Votorantim S.A.	Brasilprev Seguros e Previdência S.A.	Cielo S.A.	Cateno Gestão de Contas de Pagamentos S.A.	BB Mapfre Participações S.A.	Elo Participações Ltda.	UBS BB S.A.	Brasilcap S.A.	Others
Current assets	45,123,907	299,893,358	75,023,188	1,743,107	7,624,617	893,735	219,936	5,952,543	1,031,338
Cash and cash equivalents	4,808,466	14,201	2,841,278	2,130	9,540	892,035	14,444	413	457,297
Other current assets	40,315,441	299,879,157	72,181,910	1,740,977	7,615,077	1,700	205,492	5,952,130	574,041
Non-current assets	68,729,662	13,552,475	11,911,645	9,339,595	9,411,395	2,704,326	1,282,880	3,957,892	3,031,333
Current liabilities	72,412,350	35,083,159	67,258,943	699,913	9,073,773	262,501	22,877	8,351,928	1,222,751
Financial liabilities	70,050,105	266,586	40,214	--	--	--	--	526	716,778
Other current liabilities	2,362,245	34,816,573	67,218,729	699,913	9,073,773	262,501	22,877	8,351,402	505,973
Non-current liabilities	29,298,654	273,743,021	8,735,933	--	5,792,337	151,629	105,054	1,019,084	1,860,221
Financial liabilities	1,046,272	--	6,901,822	--	--	9,513	--	--	1,538,025
Other non-current liabilities	28,252,382	273,743,021	1,834,111	--	5,792,337	142,116	105,054	1,019,084	322,196
Income	11,154,395	11,847,874	4,675,573	3,049,829	3,148,765	900,574	289,095	1,474,815	2,900,888
Interest income	11,154,395	4,517,529	52,816	--	372,000	--	--	630,578	25,404
Interest expense	(5,855,640)	(1,695,581)	(339,048)	--	--	(4,039)	(10)	--	(70,748)
Net allowance for loan losses	(984,100)	--	--	--	--	--	--	--	--
Depreciation and amortization	(176,867)	(42,495)	(483,510)	(387,885)	(43,744)	--	(19,490)	--	(331,997)
Income taxes	101,892	(537,168)	(177,197)	(241,433)	(520,584)	(193)	92,295	(101,144)	(28,625)
Net income/(loss) for the period	1,433,420	847,465	(2,770,912)	464,349	1,447,286	861,052	9,114	158,688	47,146
Other comprehensive income	20,898	(566)	--	--	34,013	--	--	46,327	(166)
Total comprehensive income	1,454,319	846,899	(2,770,912)	464,349	1,481,299	861,052	9,114	205,015	46,980
Adjusted shareholders' equity	12,142,565	4,619,653	10,939,957	10,382,789	2,169,902	3,183,931	1,374,885	539,423	979,699
Ownership percentage	50.00%	74.99%	28.75%	30.00%	74.99%	49.99%	49.99%	66.66%	--
Carrying amount of the investment ⁽¹⁾	6,067,234	3,464,509	3,145,293	3,114,837	1,627,210	1,591,647	687,304	359,580	157,659
Goodwill	--	--	364,332	--	688,423	--	--	110,749	--
Unrealized profit	(4,049)	--	--	(2,798,652)	--	--	(673,314)	--	--

(1) Excludes goodwill on acquisition of the investment.



In thousands of Reais, unless otherwise stated

d) Reconciliation of changes

Company	Opening balance	Changes			Closing balance
	Dec 31, 2020	Net gains / (losses) from equity method investments	Dividends	Other changes ⁽¹⁾	Dec 31, 2021
Banco Votorantim S.A.	6,067,234	815,628	(350,000)	177,173	6,710,035
Brasileprev Seguros e Previdência S.A.	3,464,509	597,249	(31,404)	448,730	4,479,084
Cielo S.A.	3,509,625	(70,434)	(132,369)	(33,481)	3,273,341
Cateno Gestão de Contas de Pagamentos S.A.	3,114,837	188,036	(193,519)	(14,090)	3,095,264
BB Mapfre Participações S.A.	2,315,633	1,066,073	(897,034)	(78,613)	2,406,059
Elo Participações Ltda.	1,591,647	427,926	(548,616)	(1,223)	1,469,734
UBS BB Serviços de Assessoria Financeira e Participações S.A.	687,304	31,493	--	146	718,943
Brasilcap Capitalização S.A.	470,328	2,341	(19,998)	(24,829)	427,842
Others	157,659	28,432	(19,556)	9,862	176,397
Subtotal	21,378,776	3,086,744	(2,192,496)	483,675	22,756,699
Unrealized profit	(3,471,966)	--	--	161,455	(3,310,511)
Total	17,906,810	3,086,744	(2,192,496)	645,130	19,446,188

(1) Refers mainly to unrealized gains/(losses) on financial assets at fair value through other comprehensive income, foreign exchange changes on investments abroad and adjustments from previous years made by the investees.

e) Other information

The associates and joint ventures do not expose the Bank to any significant contingent liabilities.

None of the Bank's associates or joint ventures presented significant restrictions on the transfer of resources in the form of cash dividends or the repayment of loans or advances.

None of the associates or joint ventures had discontinued operations.

The Bank does not have any unrecognized losses with respect to its associates or joint ventures in the periods presented or carried-forward from previous years.

27 – INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is one that has been set up such that voting or similar rights are not significant in deciding who controls the entity. An example is when any voting rights relate only to administrative tasks and the relevant activities are directed by means of contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well-defined objective;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments issued to investors that create concentrations of credit or other risks (tranches).



In thousands of Reais, unless otherwise stated

A structured entity usually do not carry out a business or trade and typically have no employees. The main purposes of SE are to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitizing financial assets.

Interests to unconsolidated SE have been considered as contractual and non-contractual involvement that exposes the Bank to variability of returns from the performance of the other entity. These interests usually take the form of equity or debt instruments, as well as other forms of involvement, such as the receipt of fees from the other entity and the provision of funding, liquidity support, credit enhancement and/or guarantees. The extent of the Bank's interests to unconsolidated SE will vary depending on the purpose for which the entity was established.

Structured entities generally finance the purchase of assets by issuing debt and/or equity securities that are collateralized by and/or indexed to the assets held by the SE. The debt and/or equity securities issued by SE may include tranches with varying levels of subordination.

Investment funds

The Bank manages several investment funds, which are unconsolidated structured entities. The Bank holds interests in these funds through the receipt of management and other fees and an equity holding in certain of these funds.

The investment funds have various investment objectives and policies but all funds invest capital received from investors in a portfolio of assets in order to provide returns to those investors from capital appreciation of those assets, income from those assets or both. The investment funds have been financed through equity capital provided by investors and, in some circumstances, temporarily by the Bank (seed capital).

The Bank does not consolidate investment funds when it acts as agent or when another third-party investor has the ability to direct the relevant activities of the fund.

Consortium groups

The Bank organizes and manages consortium groups to facilitate access to durable movable property, real estate and services to its clients. The Bank maintains interests in these groups through the receipt of management fees for consortium quotas.

Off-balance assets, which represent consortium resources, refer mainly to:

- (i) financial investments in funds, which represent available resources not yet used by the groups;
- (ii) rights with contemplated consortium members, which represent the receivables of them;
- (iii) monthly forecast of resources receivable from consortium members;
- (iv) contributions due to the groups; and
- (v) assets to be contemplated.

Management of unconsolidated SE's assets

The table below describes the types of SE that the Bank does not consolidate but in which it holds interest and the total amount of assets held by unconsolidated SE.



In thousands of Reais, unless otherwise stated

Type of structured entity	Nature and purpose	Interest held	Total assets	
			Dec 31, 2021	Dec 31, 2020
Investment funds	<ul style="list-style-type: none"> • generate fees from managing assets on behalf of third party investors. • these vehicles are financed through the issue of units to investors. 	<ul style="list-style-type: none"> • investments in units issued by the funds. • management and other fees. 	1,460,958,463	1,262,501,406
Consortium groups	<ul style="list-style-type: none"> • management of consortium groups to facilitate access of goods and services. 	<ul style="list-style-type: none"> • management of consortium quotas and other fees. 	79,599,460	54,991,653
Total			1,540,557,923	1,317,493,059

Maximum exposure to loss

The table below sets out the carrying amounts of interests held by the Bank in unconsolidated structured entities. The Bank's maximum exposure to loss is limited to the amounts shown in the table.

	Dec 31, 2021	Dec 31, 2020
Investment funds	3,598,935	3,425,854



In thousands of Reais, unless otherwise stated

28 – PROPERTY AND EQUIPMENT

	Use								Right of use
	Buildings	Furniture and equipment	Data processing equipment	Leasehold improvements	Land	Vehicles	Other	Total	
Acquisition cost									
Balance at Dec 31, 2019	5,940,640	3,766,739	4,122,917	3,995,888	330,577	11,127	638,608	18,806,496	4,539,255
Acquisitions	267,327	416,536	737,780	215,752	21	248	77,710	1,715,374	741,452
Disposals	(9,201)	(195,974)	(91,384)	(65,975)	(346)	(475)	(59,696)	(423,051)	(517,987)
Exchange rate changes	(384)	12,307	10,599	27,935	(518)	(133)	10,543	60,349	--
Other changes ⁽¹⁾	65,972	68,400	142	(40,751)	62,135	1,100	25,820	182,818	114,853
Balance at Dec 31, 2020	6,264,354	4,068,008	4,780,054	4,132,849	391,869	11,867	692,985	20,341,986	4,877,573
Acquisitions	261,848	570,368	658,344	185,580	--	4	93,328	1,769,472	503,820
Disposals	(3,932)	(291,185)	(648,657)	(79,949)	--	(553)	(53,704)	(1,077,980)	(376,188)
Exchange rate changes	(5,495)	(4,141)	(757)	5,450	(718)	(254)	(874)	(6,789)	--
Other changes ⁽¹⁾	29,307	44,936	2,145	6,678	17,852	(110)	50	100,858	2,463,287
Balance at Dec 31, 2021	6,546,082	4,387,986	4,791,129	4,250,608	409,003	10,954	731,785	21,127,547	7,468,492
Accumulated depreciation									
Balance at Dec 31, 2019	(3,116,967)	(2,059,564)	(2,739,713)	(2,363,450)	--	(6,843)	(443,380)	(10,729,917)	(1,107,010)
Depreciation	(169,691)	(301,411)	(520,446)	(266,777)	--	(1,173)	(61,176)	(1,320,674)	(1,085,708)
Disposals	5,948	178,943	91,271	45,504	--	403	27,214	349,283	39,018
Exchange rate changes	859	(9,671)	(12,134)	(21,746)	--	96	(1,981)	(44,577)	--
Other changes ⁽¹⁾	7,971	(69,964)	(1,414)	44,726	--	(768)	12,324	(7,125)	6,519
Balance at Dec 31, 2020	(3,271,880)	(2,261,667)	(3,182,436)	(2,561,743)	--	(8,285)	(466,999)	(11,753,010)	(2,147,181)
Depreciation	(177,560)	(330,223)	(549,933)	(278,335)	--	(1,016)	(53,339)	(1,390,406)	(1,183,696)
Disposals	2,342	268,931	648,320	63,185	--	539	41,389	1,024,706	281,890
Exchange rate changes	1,413	931	(1,592)	(4,594)	--	124	324	(3,394)	--
Other changes ⁽¹⁾	29,211	(26,382)	(8,705)	(5,725)	--	(50)	140	(11,511)	--
Balance at Dec 31, 2021	(3,416,474)	(2,348,410)	(3,094,346)	(2,787,212)	--	(8,688)	(478,485)	(12,133,615)	(3,048,987)
Accumulated impairment loss									
Balance at Dec 31, 2019	(32,738)	(419)	(69)	(188)	(325)	--	(5)	(33,744)	--
Losses	(15,154)	--	--	--	--	--	--	(15,154)	--
Reversal	4,390	198	33	188	325	--	1	5,135	--
Balance at Dec 31, 2020	(43,502)	(221)	(36)	--	--	--	(4)	(43,763)	--
Losses	(128)	--	--	--	--	--	--	(128)	--
Reversal	31,921	154	30	--	--	--	--	32,105	--
Balance at Dec 31, 2021	(11,709)	(67)	(6)	--	--	--	(4)	(11,786)	--
Carrying amount									
Balance at Dec 31, 2020	2,948,972	1,806,120	1,597,582	1,571,106	391,869	3,582	225,982	8,545,213	2,730,392
Balance at Dec 31, 2021	3,117,899	2,039,509	1,696,777	1,463,396	409,003	2,266	253,296	8,982,146	4,419,505

(1) PPE for use includes R\$ 232,851 thousand in Buildings and Leasehold improvements of Banco Patagonia related to the hyperinflation at Argentina (R\$ 171,588 thousand as of Dec 31, 2020).



In thousands of Reais, unless otherwise stated

Property and equipment for use pledged as collateral totaled R\$ 135,316 thousand as of December 31, 2021 (R\$ 96,014 thousand as of December 31, 2020).

Impairment losses are included in the line-item other operating expenses. Reversals of impairment losses are recorded in the line-item other operating income.

The estimated depreciation rates on property and equipment for use are presented in Note 3.k. The average useful life of right of use property and equipment is presented in Note 3.o.

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As lessee, the Bank holds operational leases. It mainly refers to offices and branches rentals used in its banking and administrative activities. In general, these leases have clauses of renewal and annual rental adjustment.

These assets are recognized in the Balance Sheet as Property and equipment – Right of use. The value of the remaining lease payments are recognized as Other liabilities – Lease liabilities.

Further clarifications on leases may be found in Note 3.o.

Right of use assets – Right to use assets arising from the Bank's operating lease agreements that refer essentially to properties used in the practice of its administrative and banking operations.

Lease liabilities – Liabilities arising from the right to use the assets mentioned above. The clauses do not impose any restrictions on the Bank for the payment of dividends, contracting debts or entering into additional lease agreements.

Maturity analysis of lease liabilities – The table below shows the contractual undiscounted cash flows from lease liabilities by maturity:

	Dec 31, 2021	Dec 31, 2020
Up to one year	1,331,536	965,912
Over one year to five years	3,242,460	1,928,735
Over five years	1,497,891	1,090,038
Total ⁽¹⁾	6,071,887	3,984,685

(1) Values not discounted to present value.



In thousands of Reais, unless otherwise stated

29 – INTANGIBLE ASSETS

	Internally generated software	Software acquired	Rights due to payroll management	Other ⁽¹⁾	Total
Acquisition cost					
Balance at Dec 31, 2019	2,258,173	2,640,899	7,796,429	3,917,076	16,612,577
Internally generated	665,620	--	--	--	665,620
Acquisitions	--	337,294	1,735,320	--	2,072,614
Write-offs	(12,046)	(375,908)	(1,654,679)	--	(2,042,633)
Foreign currency translations adjustments	--	91,255	--	--	91,255
Other changes ⁽²⁾	--	13,104	--	--	13,104
Balance at Dec 31, 2020	2,911,747	2,706,644	7,877,070	3,917,076	17,412,537
Internally generated	718,123	--	--	--	718,123
Acquisitions	--	261,977	2,378,586	--	2,640,563
Write-offs	(72,959)	(135,039)	(470,647)	--	(678,645)
Foreign currency translations adjustments	--	10,837	--	--	10,837
Other changes ⁽²⁾	--	6,398	--	--	6,398
Balance at Dec 31, 2021	3,556,911	2,850,817	9,785,009	3,917,076	20,109,813
Accumulated amortization					
Balance at Dec 31, 2019	(758,568)	(1,508,023)	(3,498,679)	(3,917,076)	(9,682,346)
Amortization	(160,932)	(231,437)	(1,415,243)	--	(1,807,612)
Write-offs	--	119,917	1,259,888	--	1,379,805
Foreign currency translations adjustments	--	(46,197)	--	--	(46,197)
Other changes ⁽²⁾	--	(9,456)	--	--	(9,456)
Balance at Dec 31, 2020	(919,500)	(1,675,196)	(3,654,034)	(3,917,076)	(10,165,806)
Amortization	(193,673)	(221,848)	(1,004,797)	--	(1,420,318)
Write-offs	--	33,744	467,166	--	500,910
Foreign currency translations adjustments	--	(1,291)	--	--	(1,291)
Other changes ⁽²⁾	--	(7,182)	--	--	(7,182)
Balance at Dec 31, 2021	(1,113,173)	(1,871,773)	(4,191,665)	(3,917,076)	(11,093,687)
Impairment loss⁽³⁾					
Balance at Dec 31, 2019	--	(21)	(1,009,661)	--	(1,009,682)
Impairment loss	--	--	(19,636)	--	(19,636)
Reversal	--	19	7,635	--	7,654
Balance at Dec 31, 2020	--	(2)	(1,021,662)	--	(1,021,664)
Impairment loss	--	--	(959,194)	--	(959,194)
Reversal	--	2	--	--	2
Balance at Dec 31, 2021	--	--	(1,980,856)	--	(1,980,856)
Book value					
Balance at Dec 31, 2020	1,992,247	1,031,446	3,201,374	--	6,225,067
Balance at Dec 31, 2021	2,443,738	979,044	3,612,488	--	7,035,270

(1) Includes mainly, brands acquired due to business combinations, related to customers portfolio and contracts.

(2) Includes the amount related to the hyperinflation adjustments in Argentina.

(3) Impairment and reversal for losses are recognized in other operating income/expenses (Note 12).

Intangible assets of finite useful life are amortized according with the estimates set out in Note 3.l.



In thousands of Reais, unless otherwise stated

Estimated expenses with amortization of intangible assets for the following years

	2022	2023	2024	2025	After 2025	Total
Amounts to be amortized	1,090,533	1,170,868	1,138,893	878,571	2,756,405	7,035,270

30 – OTHER ASSETS AND OTHER LIABILITIES

a) Financial

Other assets	Dec 31, 2021	Dec 31, 2020
Judicial deposits for tax, labor and civil lawsuits	34,953,612	34,374,788
Receivable income	4,249,513	3,875,174
Compensation fund for salary changes – merged companies	2,736,020	2,577,555
Securities distribution	2,636,320	1,514,945
Securities and credits receivable from the National Treasury ⁽¹⁾	2,077,072	2,605,865
Royalties and government credits	108,724	--
Interbank/interdepartmental accounts	37,847	114,776
Securities and credits receivable	25,244	56,693
Total	46,824,352	45,119,796

(1) It includes the amount of R\$ 938,107 thousand (R\$ 698,835 thousand as of Dec 31, 2020) related to interest rate equalization – agricultural crop – Law 8,427/1992 and the amount of R\$ 392,414 thousand as of Dec 31, 2020 related to extension of rural credits.

Other liabilities	Dec 31, 2021	Dec 31, 2020
Credit card operations	40,740,801	30,063,462
Advances received on foreign exchange contract	15,820,533	28,645,733
Lease liabilities	4,635,666	2,907,381
Interbranch accounts – third-party funds in transit	4,113,405	3,498,791
Securities distribution	1,374,870	1,196,408
Net foreign exchange portfolio	341,137	3,720,343
Collateral deposits	188,454	311,608
Total	67,214,866	70,343,726

b) Non financial

Other assets	Dec 31, 2021	Dec 31, 2020
Post-employment benefit plans (Note 44.e)	20,584,754	6,080,658
Previ's surplus – Fundos Previdenciais (Note 44.f)	10,795,343	9,912,387
Sundry debtors – domestic	3,508,302	3,647,491
Prepaid taxes	1,493,207	1,398,600
Prepaid expenses	416,246	342,311
Non-operating assets, net of impairment losses	342,972	253,836
Advances to employees	180,652	195,415
Other	1,413,790	1,652,160
Total	38,735,266	23,482,858



In thousands of Reais, unless otherwise stated

Other liabilities	Dec 31, 2021	Dec 31, 2020
Post-employment benefit plans	11,609,890	16,033,678
Sundry creditors – domestic (Note 44.e)	5,481,078	4,871,941
Labor costs	4,891,455	4,149,589
Dividends and pending bonuses	3,119,925	1,700,836
Provision for sundry pending payments	1,872,997	1,697,298
Sundry creditors – overseas	1,159,702	468,557
Taxes	1,102,492	892,100
Liabilities for official agreements and payment services	1,049,788	1,292,395
Deferred income ⁽¹⁾	192,174	203,990
Other	9,844,612	8,039,406
Total	40,324,113	39,349,790

(1) Mainly related to premiums received in guarantee contracts, which are being gradually recognized as income.

31 – DEPOSITS OF CLIENTS

	Dec 31, 2021	Dec 31, 2020
Domestic	624,716,498	558,716,550
Demand deposits	105,072,759	84,510,931
Non-interest bearing deposits	104,747,800	84,237,596
Interest bearing deposits ⁽¹⁾	324,959	273,335
Savings deposits	225,452,750	219,396,331
Time deposits	294,190,989	254,809,288
Abroad	46,553,043	43,267,715
Demand deposits	14,103,943	14,257,403
Non-interest bearing deposits	14,103,943	14,257,403
Time deposits	32,449,100	29,010,312
Total	671,269,541	601,984,265

(1) Refers to "special accounts", whose purpose is to record the movement of foreign currency accounts opened in the country on behalf of embassies, legations abroad, international organizations, as well as public entities beneficiaries for credit or borrowers of loans granted by international financial bodies or foreign government agencies.

32 – AMOUNT PAYABLE TO FINANCIAL INSTITUTIONS

	Dec 31, 2021	Dec 31, 2020
Financial institutions deposits	25,968,818	25,686,889
Loan portfolios assigned with guarantee of the Bank	198,879	258,493
Total	26,167,697	25,945,382



In thousands of Reais, unless otherwise stated

33 – SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	Dec 31, 2021	Dec 31, 2020
Own portfolio	141,484,140	160,325,871
Financial Treasury bills	125,961,113	145,274,215
Private securities	13,608,117	13,675,125
Other securities	1,914,910	1,376,531
Third-party portfolio	480,352,615	343,396,951
Financial Treasury bills	180,945,703	173,148,914
National Treasury notes	153,883,790	161,715,081
National Treasury bills	145,523,122	8,532,956
Total	621,836,755	503,722,822

34 – LIABILITIES FROM ISSUANCE OF SECURITIES AND OTHER FINANCIAL LIABILITIES

	Dec 31, 2021	Dec 31, 2020
Liabilities from issuance of securities	132,169,463	124,339,730
On-lendings	50,844,697	58,331,324
Subordinated debts	37,357,778	49,963,306
Perpetual bonds	30,388,712	28,338,655
Financial and development funds	27,029,673	21,650,544
Other	14,887,652	15,552,734
Total	292,677,975	298,176,293



In thousands of Reais, unless otherwise stated

a) Liabilities from issuance of securities

Funding	Currency	Issued amount	Interest p.a.	Funding year	Maturity	Dec 31, 2021	Dec 31, 2020
"Global medium-term"						20,380,835	15,421,429
	USD	750,000	4.88%	2018	2023	4,224,448	3,932,664
	R\$	293,085	10.15%	2017	2027	294,411	293,840
	USD	750,000	3.25%	2021	2026	4,058,333	--
	USD	750,000	4.75%	2019	2024	4,237,444	3,944,455
	R\$	398,000	9.50%	2019	2026	404,455	404,770
	COP	520,000,000	6.50%	2019	2027	720,189	799,748
	USD	1,000,000	4.63%	2017	2025	5,682,296	5,286,224
	COP	160,000,000	8.51%	2018	2025	221,039	245,500
	MXN	1,900,000	8.50%	2019	2026	538,220	514,228
"Senior notes"						6,097,753	9,448,593
	USD	1,085,033 ⁽¹⁾	3.88%	2012	2022	6,097,753	9,448,593
Structured notes						--	305,850
	EUR	18,400	2.22% to 3.55%		2021	--	118,508
	USD	36,000	2.21% to 4.10%		2021	--	187,342
Deposit certificate ⁽²⁾						5,210,122	5,748,485
Short term			0.00% to 3.80%			5,073,202	4,334,395
Long term			1.35% to 1.57%		2024	136,920	1,414,090
Certificates of structured						9,694	2,563
Short term			5.42% to 11.80% of DI			8,063	1,084
Long term			3.93% to 11.81% of DI		2023	1,631	1,479
Letters of credit - real estate						12,547,846	12,437,868
Short term			70.00% to 100.00% of DI or TR + 7.7151%			3,632,368	1,863,775
Long term					2026	8,915,478	10,574,093
Letters of credit - agribusiness						81,396,088	74,210,446
Short term			80.00% to 103.50% of DI or fixed 2.09% to 10.81%			37,489,728	25,537,358
Long term					2024	43,906,360	48,673,088
Financial letters						1,047	377,540
Short term			98.25% of DI		2022	1,047	376,529
Long term						--	1,011
Banco Patagonia						33,903	60,287
Short term			Fixed 38.50% Badlar + 500 ptos			33,903	60,287
Special purpose entities - SPE abroad							
Securitization of future flow of payment orders from abroad ⁽³⁾							
	USD	200,000	Libor 3m + 1.20%	2019	2024	925,372	1,033,053
	USD	200,000	3.70%	2019	2026	1,005,851	1,040,718
Structured notes ⁽³⁾							
	USD	500,000	Libor 6m + 2.50%	2014-2015	2034	2,802,777	2,610,030
	USD	320,000	Libor 6m + 3.20%	2015	2030	1,788,534	1,665,493
Liabilities from issuance of securities, in possession of subsidiary abroad						(30,359)	(22,625)
Total						132,169,463	124,339,730

(1) In September 2021, there was an exchange of securities with repurchase of "Senior Notes" and an issue included in the "Global Medium - Term Notes" Program. The issues are presented by their outstanding value since partial repurchase occurred.

(2) Securities issued abroad in USD.

(3) Information about the consolidated special purpose entities may be found in Note 5.

Notes:

Libor - London interbank rate.

Badlar - Buenos Aires interbank rate.



In thousands of Reais, unless otherwise stated

b) On-lendings

On-lendings are primarily long-term sources of funding obtained from other financial institutions or national government agencies to encourage domestic production. The main sources of these funds are the National Treasury, Brazilian Development Bank (BNDES) and Caixa Econômica Federal (CEF).

The Bank acts as a financial agent to support government programs designed to stimulate certain economic sectors. In the agricultural sector, the Bank supports a variety of government on-lending programs, including:

- National Program for Sustainable Family Agriculture (Pronaf);
- Cocoa Farming Recovery Program (Cocoa);
- Revitalization Program of Agricultural Production Cooperatives (Recoop);
- Coffee Economy Protection Fund (Funcafé); and
- Rural Savings.

The Bank also supports government on-lending programs for the industrial sector, most of which are BNDES and the Special Agency for Industrial Financing (Finame).

	Dec 31, 2021	Dec 31, 2020
On-lendings		
Domestic on-lendings - official institutions	50,844,697	58,331,324
Total	50,844,697	58,331,324



In thousands of Reais, unless otherwise stated

Domestic on-lendings – official institutions

Programs	Financial charges	Dec 31, 2021	Dec 31, 2020
Nacional Treasury – rural credit		142,969	172,994
Pronaf	TMS (if available) or Fixed 0.50% p.a. a 4.00% p.a. (if applied)	10,698	13,605
Cacau	IGP-M + 8.00% p.a. or TJLP + 0.60% p.a. or Fixed 6.35% p.a.	116,963	144,272
Recoop	Fixed 5.75% p.a. to 8.25% p.a. or IGP-DI + 1.00% p.a. or IGP-DI + 2.00% p.a.	10,770	10,770
Other		4,538	4,347
BNDES ⁽¹⁾	Fixed 0.00% p.a. to 8.00% p.a. TJLP + 0.50% p.a. to 4.00% p.a. IPCA + 4.20% p.a. to 9.41% p.a. Selic + 2.08% p.a. Exch. Var. + 1.40% p.a. to 3.00% p.a. TLP + 1.30% p.a. to 2.10% p.a.	16,638,212	19,161,196
Caixa Econômica Federal ⁽²⁾	Fixed 4.87% p.a. (average)	28,303,957	30,259,319
Finame ⁽³⁾	Fixed 0.00% p.a. to 8.00% p.a. TJLP + 0.90% p.a. to 4.00% p.a. Selic + 2.08% p.a. to 2.45% p.a. Exch. Var. + 4.20% p.a. TLP + 1.42% p.a. to 2.25% p.a.	5,558,800	8,587,353
Other official institutions		200,759	150,462
Funcafé	TMS (if available) Fixed 7.00% p.a.	200,731	150,434
Other		28	28
Total		50,844,697	58,331,324

(1) The average maturity of BNDES obligations is 66 months.

(2) The average maturity of Caixa Econômica Federal obligations is 346 months.

(3) The average maturity of Finame obligations is 16 months.

Notes:

TMS - Average selic rate disclosed by the Brazilian Central Bank.

TJLP - Long-term interest rate fixed by the National Monetary Council.

TR - Referential interest rate disclosed by the Brazilian Central Bank.

IGP-DI - General price index - internal availability.

IGP-M - General market price index.



In thousands of Reais, unless otherwise stated

c) Subordinated debts

Funding	Issued amount	Interest p.a.	Funding year	Maturity	Dec 31, 2021	Dec 31, 2020
FCO - resources from the constitutional fund for developing the center-west					23,469,518	26,403,208
Subordinated debt abroad					12,765,196	15,387,511
USD	660,000	5.38%	2010	2021	--	3,514,727
USD	1,490,000	5.88%	2011	2022	8,524,497	7,927,674
USD	741,115	5.88%	2012	2023	4,240,699	3,945,110
Subordinated letters of credit					1,138,973	8,218,331
	68,732	113.00% to 115.00% of CDI	2014	2021	--	7,283,702
	934,630	8.08% + IPCA	2014	2022	1,118,233	934,629
	20,000	100.00% of CDI + 2.75%	2021	Perpetual	20,740	--
Subordinated debt issued by the Bank, in possession of subsidiary abroad					(15,909)	(45,744)
Total subordinated debt ⁽¹⁾					37,357,778	49,963,306

(1) The amount of R\$ 23,469,518 thousand (R\$ 29,676,974 thousand as of Dec 31, 2020) comprise the tier II of the Referential Equity Amount (RE), according to the rules applied to the financial institutions in Brazil.

Notes:

CDI - Average rate of the interbank deposits.

IPCA - Broad consumer price index.

d) Perpetual bonds

Funding	Currency	Issued amount ⁽¹⁾	Interest p.a.	Funding date	Dec 31, 2021	Dec 31, 2020
Perpetual bonds						
	USD	1,285,950	9.25%	01/2012 and 03/2012	7,378,278	6,915,600
	USD	1,950,000	6.25%	01/2013	11,012,865	10,250,286
	USD	2,150,000	9.00%	06/2014	12,021,780	11,189,199
Total					30,412,923	28,355,085
Perpetual bonds issued by the Bank, in possession of subsidiary abroad					(24,211)	(16,430)
Total					30,388,712	28,338,655

(1) Refers to the outstanding value since partial repurchases occurred.

This section should be read in conjunction with Note 40 – Regulatory Capital.

Perpetual bonds include an amount of R\$ 30,015,187 thousand classified as additional Tier I Capital (December 31, 2020 – R\$ 27,932,263 thousand).

Banco do Brasil exercised on October 20, 2020 the call option of the total perpetual debt security issued in 2009 of USD 1,500,000 thousand (outstanding value USD 851,012 thousand), in force under the Basel II rules. The redemption was for 100% of its face value and interest accrued and unpaid to date, amounting R\$ 4.953 billion.

The bonds issued in January 2012 and March 2012 (reopening) of USD 1,750,000 thousand (outstanding value USD 1,285,950 thousand), and the bonds issued in January 2013 of USD 2,000,000 thousand (outstanding value USD 1,950,000 thousand), had their terms and conditions modified on September 27, 2013, in order to adjust them to



In thousands of Reais, unless otherwise stated

the rules of Bacen through CMN Resolution 4,192, which regulates the implementation of Basel III in Brazil. The changes were effective from October 1, 2013, when the instruments were submitted to Bacen to obtain authorization to be included in the Supplementary Capital (Tier I) of the Bank. The authorization was granted on October 30, 2013.

The bonds issued in June 2014 of USD 2,500,000 thousand (outstanding value USD 2,150,000 thousand), have the option of redemption at the discretion of the Bank from June 18, 2024 or on each subsequent, semi-annual interest payment date, as long as it has been previously authorized by the Central Bank of Brazil. If the Bank does not exercise the option to redeem in June 2024, the interest on the bonds will be adjusted to 6.362% plus the traded rate on 10-year North American Treasury bonds.

If the Bank does not exercise the redemption option in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, the rate of bond interest is adjusted on that date and every 10 years according to the 10-year North American Treasury bonds at the time plus the initial credit spread. The bonds have the following options of redemption, subject to prior authorization of Bacen:

- (i) the Bank may, at its option, redeem the bonds in whole but not in part in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, and on each subsequent, semi-annual interest payment date, at the base redemption price;
- (ii) the Bank may, at its option, redeem the bonds in whole, but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, before April 2024 for the bonds issued in 2013, and before April 2024 for the bonds issued in 2014, as a result of a tax event, at the base redemption price;
- (iii) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, and in April 2024 for the bonds issued in 2013, on the occurrence of a regulatory event, at the higher value between the base redemption price and the Make-whole amount;
- (iv) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue as long as it is before June 2024 for the bonds issued in 2014, on the occurrence of a regulatory event at the base redemption price.

The bonds issued in January and March 2012, in January 2013 and in June 2014 determine that the Bank suspend the semi-annual payments of interest and/or accessories on those securities issued (which will not be due or accrued) if:

- (i) distributable income for the period are not sufficient for making the payment (discretionary condition of the Bank);
- (ii) the Bank does not comply or the payment of such charges does not allow the Bank to comply with the levels of capital adequacy, operating limits, or its financial indicators are under the minimum level required by Brazilian regulations applicable to banks;
- (iii) Bacen or the regulatory authorities determine the suspension of payment of such charges;
- (iv) any event of insolvency or bankruptcy occurs; or
- (v) a default occurs.

According to Basel III rules, the bonds issued in January 2012, March 2012, in January 2013 and in June 2014 have mechanisms of loss absorption. Moreover, if the item (i) occurs, the payment of dividends by Bank to its shareholders will be limited to the minimum required determined by applicable law until the semi-annual interest payments and / or accessories on those titles have been resumed in full. Finally, these bonds will expire permanently and at the minimum value corresponding to the balance recorded in the Tier I capital of the Bank if:

- (i) the main capital of the Bank is less than 5.125% of the amount of risk-weighted assets (RWA);
- (ii) the decision to make a capital injection from the public sector or an equivalent capital contribution to the Bank is taken, in order to maintain the bank's viability;
- (iii) the Central Bank, on a discretionary assessment regulated by the CMN, sets out, in writing, the expiration of the bonds to enable the continuity of the Bank.



In thousands of Reais, unless otherwise stated

e) Financial and development funds

	Dec 31, 2021	Dec 31, 2020
Fundo Constitucional do Centro Oeste - FCO ⁽¹⁾	16,344,785	9,771,373
Marine Merchant Fund (FMM)	7,317,190	8,103,425
Northeast Development Fund (FDNE)	2,010,777	1,719,753
Center-West Development Fund (FDCO)	204,780	258,860
Funds from the São Paulo's State Government	165,704	756,060
Public Service Employee Savings Program (Pasep)	28	314,982
Other	986,409	726,091
Total	27,029,673	21,650,544

(1) Brazilian Central Bank (Bacen) limited the use of FCO resources which are considered Tier II of Referential Equity - RE (Note 40). The amount disclosed refers to what exceed this value. R\$ 16,086,966 thousand are funds applied (interest expenses consider contractual charges less the fees owned to the Bank) and R\$ 257,819 thousand are resources available (remunerated based on extra-rate announced by Bacen).

The FMM supports the renovation, expansion and recovery of the national merchant fleet and development of the country's shipbuilding industry. If not used in lending, the funds are remunerated based on the average SELIC rate. When used to finance purchases domestically, the funds are remunerated a rate of 0.1% to 0.5% p.a. plus the TJLP. When used to finance imports, the remuneration also includes foreign exchange variation (USD). The Bank assumes the credit risk in these transactions. The agreement with the provider of the funds does not include a provision for the cancellation of resources or prepayment of the funding. Any changes to the agreement must be made through an amendment.

The Pasep is a Brazilian government program aiming to promote income distribution among the population. In addition, resources can be applied in favor of economic and social development. Funds provided are remunerated based on the rate of return on investments made in the BACEN if they are not applied in loans. Otherwise, funds are remunerated based on the TR plus interest of 6% per annum. The credit risk of loans granted is integrally assumed by the Bank. In our agreement with the fund provider there is no applicable clause for cancellation of resources as well as to the Bank's right to prepay the funding. Any changes should be promoted through an amendment to the agreement signed.

The Funds from the São Paulo's State Government aims to promote economic and social development of the State of São Paulo, by generating funding for loans or onlendings, grants, subsidies and interest rate equalization. Funds provided are remunerated based on the rate of an specific fixed income investment fund (BB Nossa Caixa Renda Fixa Governos) if they are not applied in loans. Otherwise funds are remunerated based on granted loans' interest rate, except for onlendings, grants, subsidies and interest rates equalization, because they are not refundable. The Bank manages the fund as financial agent of the State treasury. The credit risk of loans granted is integrally assumed by the fund provider. If the funds are not granted as loans, the redemption is done randomly by a formal request from the provider, or when it is terminated. If the funds are granted as loans, the redemption is done on the next business day after the payment made by the borrowers.

f) Other liabilities

	Dec 31, 2021	Dec 31, 2020
Borrowings	14,486,166	15,373,357
Import financing	401,486	179,377
Total	14,887,652	15,552,734

As of December 31, 2021, the weighted average interest rate applicable to borrowings abroad was 1.56% p.a. (1.59% p.a. as of December 31, 2020).



In thousands of Reais, unless otherwise stated

g) Contractual maturity of liabilities from issuance of securities and other financial liabilities

	2022	2023	2024	2025	2026	After 2026	Without maturity	Total
Liabilities from issuance of securities	46,238,311	54,939,529	11,853,249	6,351,855	6,463,245	6,323,274	--	132,169,463
On-lendings	34,825,254	4,383,003	2,138,532	1,287,287	1,126,239	7,084,382	--	50,844,697
Subordinated debts	9,679,695	4,240,699	23,416,644	--	--	--	20,740	37,357,778
Perpetual bonds	322,547	--	--	--	--	--	30,066,165	30,388,712
Financial and development funds	7,711,219	3,863,685	3,863,685	3,863,685	3,863,685	3,863,714	--	27,029,673
Other	12,779,321	747,940	747,940	306,226	306,225	--	--	14,887,652
Total	111,556,347	68,174,856	42,020,050	11,809,053	11,759,394	17,271,370	30,086,905	292,677,975

h) Reconciliation of liabilities arising from financing activities

	Dec 31, 2020	Cash changes		Non-cash changes		Dec 31, 2021
		Funding	Settlement / Payment	Changes in exchange rates	Other	
Debt instruments	81,209,341	20,740	(17,756,522)	3,094,951	5,813,645	72,382,155
Subordinated debts	49,963,306	20,740	(14,359,434)	1,003,377	729,789	37,357,778
Perpetual bonds	28,338,655	--	(2,294,146)	2,091,574	2,252,629	30,388,712
Lease liabilities	2,907,380	--	(1,102,942)	--	2,831,227	4,635,665
Shareholder's equity instruments	4,659,162	--	(7,246,368)	(32,407)	7,546,572	4,926,959
Treasury shares/Capital reserve	6,344,966	--	--	--	5,754	6,350,720
Unallocated retained earnings ⁽¹⁾	(4,447,316)	--	(6,576,713)	--	6,350,285	(4,673,744)
Shareholder's equity attributable to non-controlling interests ⁽²⁾	2,761,512	--	(669,655)	(32,407)	1,190,533	3,249,983
Changes - Total		20,740	(25,002,890)	3,062,544	13,360,217	
Changes - Net			(24,982,150)		16,422,761	

	Dec 31, 2019	Cash changes		Non-cash changes		Dec 31, 2020
		Funding	Settlement / Payment	Changes in exchange rates	Other	
Debt instruments	80,003,219	--	(13,792,202)	11,092,509	3,905,815	81,209,341
Subordinated debts	50,487,374	--	(4,854,332)	3,453,703	876,561	49,963,306
Perpetual bonds	25,957,614	--	(7,933,298)	7,638,806	2,675,533	28,338,655
Lease liabilities	3,558,231	--	(1,004,572)	--	353,721	2,907,380
Shareholder's equity instruments	3,948,921	15,268	(7,215,343)	(58,969)	7,969,285	4,659,162
Treasury shares / capital reserve	6,253,263	15,268	--	--	76,435	6,344,966
Unallocated retained earnings ⁽¹⁾	(4,540,983)	--	(4,436,154)	--	4,529,821	(4,447,316)
Shareholder's equity attributable to non-controlling interests ⁽²⁾	2,236,641	--	(2,779,189)	(58,969)	3,363,029	2,761,512
Changes - Total		15,268	(21,007,545)	11,033,540	11,875,100	
Changes - Net			(20,992,277)		22,908,640	

(1) It includes interest on additional equity instrument and dividends or interest on own capital of controlling shareholders.

(2) It includes dividends or interest on shareholders' equity of non-controlling shareholders, as well as the variation of equity in non-controlling interests.



35 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Civil lawsuits

Civil lawsuits relate mainly to claims from customers and users of the Bank's network. In most cases, they are requesting indemnification for material or moral damages arising from banking products or services, inflationary deductions from Economic Plans about financial investments, judicial deposits and rural credit, return of payment due to revision of contractual clauses on financial responsibilities and actions of demanding accounts proposed by customers to explain entries made in checking accounts.

Indemnifications for material and moral damages are ordinarily based on consumer protection laws and generally settled in specific civil courts. The awards are limited to forty times the minimum wage (R\$ 1,100.00 at December 31, 2021).

The Bank is a defendant in claims seeking the payment and refunding the overpayment of the difference between the actual inflation rate and the inflation rate used for the adjustment of financial investments and rural credit when Economic Plans (Bresser Plan, Verão Plans and Collor Plans I and II) were implemented in the late 1980's and early 1990's.

Although it complied with prevailing laws and regulations at the time, the Bank set-up provisions for these lawsuits. The provisions consider claims brought against the Bank and the loss risk. Loss probabilities are determined after an analysis of each claim considering the most recent decisions in the Superior Courts of Justice (STJ) in the Federal Supreme Court (STF).

With respect to cases involving the financial investments related to Economic Plans, the Federal Supreme Court (STF) suspended prosecution of all cases in the knowledge phase. This will be the case until the court issues a definitive ruling. In the end of 2017, Febraban and the entities representing the savers signed an agreement about the demands involving the economic plans in savings accounts. This agreement has already been approved by the Federal Supreme Court. Since May 2018, savers could join the agreement, through a tool made available by Febraban. On March 12, 2020, the contract was extended for another 30 months, extendable for another 30 months, according to the Amendment signed by the entities representing financial institutions and consumers, according to the ratification ruling rendered by the STF Plenary on May 29, 2020, published on June 18, 2020.

Regarding lawsuits related to inflationary purges in judicial deposits, Minister Edson Fachin of the Federal Supreme Court, after acknowledging the general repercussion of the constitutional matter dealt with in the Extraordinary Appeal interposed by the Bank, the Caixa Econômica Federal, the Federal Government and the Febraban (RE no. 1,141,156/RJ), has ordered the suspension of the processes that deal with the matter and that process in the national territory, which was confirmed by STF on September 11, 2019.

The Bank is a defendant on civil lawsuits moved by rural credit borrowers linked to Collor Plan I. The plaintiffs motioned that the Bank indexed their loans incorrectly and is liable to pay the difference. In 2015, Superior Courts of Justice (STJ) decided on the Special Appeal RESP 1,319,232-DF in the Public Civil Lawsuit ACP 94,008514-1, that the Federal Government, the Brazilian Central Bank and the Bank are jointly and severally liable for the indexation differences between the Customer Price Index (IPC - 84.32%) and the National Treasure Bonus (BTN - 41.28%), as found in March 1990, monetarily correcting the amounts from the overpayment, by the index applicable to judicial debts, plus interest for late payment. The defendants appealed and the litigation has yet to be resolved. A suspensive effect was attributed to the Extraordinary Appeal interposed by Banco do Brasil until the STF judges Extraordinary Appeal 1,101,937/SP, which deals about the territorial extension of the collective sentence. Considering the conclusion of the judgment of RE 1,101,937/SP with the establishment of the thesis of unconstitutionality of art. 16, of Law 7,347/1985, and the consequent possibility of national coverage of the collective judgment, on March 24, 2021, the Vice President of the STJ revoked the suspensive effect previously attributed to the Extraordinary Appeal filed by the Bank and dismissed it on June 22, 2021, the appropriate appeals await judgment.



Labor lawsuits

The Bank is a party to labor claims involving mainly former employees, banking industry unions or former employees of companies that provide services (outsourced). These claims cover requests of compensation, overtime, incorrect working hours, and additional functions bonus, subsidiary liability, among others.

Tax lawsuits

The Bank, despite its conservative profile, may receive tax inquiries during inspections by the tax authorities, which could lead to the issuance of tax notices. These notices relate to the calculation base for income/social contribution taxes (mainly regarding deductibility) and matters involving payment of other taxes (based upon the occurrence of certain events). Most claims arising from the notices relate to service tax (ISSQN), income tax, social contribution (CSLL), the Social Integration Program (PIS), Contribution to Social Security Financing (Cofins), Tax on Financial Transactions (IOF), and Employer Social Security Contributions (INSS). As a guarantee in some of these cases, the Bank has pledged collateral in the form of cash, bonds, real estate or judicial deposits when necessary, preventing the Bank to be included in restrictive registration, as well as not to obstruct the semiannual renewal of its tax regularity certificate.

a) Provisions

In accordance with IAS 37, the Bank recognizes provisions for civil, labor and tax claims with risk of loss probable, quantified using individual or aggregated methodology (includes processes with the author's probability of success equal to remote, possible or probable), according to the nature and/or process value.

The estimates of outcome and financial effect are determined by the nature of the claims, the management's judgment, by the opinion of legal counsel on the basis of process elements, complemented by the complexity and the experience of similar demands.

The Management considers to be sufficient the provision for losses of civil, labor and tax claims.



In thousands of Reais, unless otherwise stated

Changes in the provisions for civil, labor and tax claims classified as probable

	2021	2020	2019
Civil lawsuits			
Opening balance	9,579,206	8,851,582	6,997,444
Addition	5,339,495	3,547,535	11,385,383
Reversal	(475,140)	(326,014)	(3,043,552)
Write-off	(3,372,074)	(2,714,146)	(6,709,848)
Inflation adjustment and exchange fluctuation	337,777	220,249	222,155
Closing balance	11,409,264	9,579,206	8,851,582
Labor lawsuits			
Opening balance	4,499,477	3,663,769	2,520,968
Addition	1,987,572	2,410,796	3,421,168
Reversal	(241,631)	(440,413)	(794,202)
Write-off	(1,812,577)	(1,382,776)	(1,715,528)
Inflation adjustment and exchange fluctuation	314,078	248,101	231,363
Closing balance	4,746,919	4,499,477	3,663,769
Tax lawsuits			
Opening balance	440,539	415,396	262,724
Addition	295,824	211,523	467,063
Reversal	(54,141)	(136,246)	(95,818)
Write-off	(123,714)	(56,628)	(230,246)
Inflation adjustment and exchange fluctuation	11,848	6,494	11,673
Closing balance	570,356	440,539	415,396
Total civil, labor and tax lawsuits	16,726,539	14,519,222	12,930,747

Civil, labor and tax claims expenses

	2021	2020	2019
Civil lawsuits	(5,202,132)	(3,441,770)	(8,563,986)
Labor lawsuits	(2,060,019)	(2,218,484)	(2,858,329)
Tax lawsuits	(253,531)	(81,771)	(382,918)
Total	(7,515,682)	(5,742,025)	(11,805,233)

Expected outflows of economic benefits

	Civil	Labor	Tax
Up to 5 years	9,936,164	4,312,922	336,387
Over 5 years	1,473,100	433,997	233,969
Total	11,409,264	4,746,919	570,356

The scenario of unpredictability of the duration of proceedings, and the possibility of changes in the case law of the courts, make values and the expected outflows of economic benefits uncertain.



In thousands of Reais, unless otherwise stated

b) Contingent liabilities - possible loss

The civil, labor and tax lawsuits for which the risk of loss is considered possible do not require provisions when the final outcome of the process is unclear and when the probability of losing is less than probable and higher than the remote, in accordance with IAS 37.

The balances of contingent liabilities classified as possible loss

	Dec 31, 2021	Dec 31, 2020
Tax lawsuits ⁽¹⁾	13,021,018	14,000,019
Civil lawsuits	2,530,401	2,527,303
Labor lawsuits	124,622	155,729
Total	15,676,041	16,683,051

(1) The main contingencies originate from (i) notices of labor infraction from the National Social Security Institute (INSS) aiming at the payment of contributions applicable on public transport pay and use of private car by employees of Banco do Brasil, in the amount of R\$ 296,785 thousand and employee profit sharing corresponding to the period from April 2001 to October 2003, in the amount of R\$ 1,292,963 thousand; and (ii) notices of tax assessment drawn by the Treasuries of the Municipalities, which amounts R\$ 1,817,885 thousand.

c) Contingent assets

Contingent assets are not recognized in the financial statements according to IAS 37.

d) Deposits in guarantee

This line-item represents cash held in the Bank or with another official financial institution as payment, or guarantee of payment, for condemnations, claims, agreements and other expenses arising from lawsuits. Deposits in guarantee are recorded in other financial assets in the consolidated balance sheet.

Deposits given in guarantee of contingencies

	Dec 31, 2021	Dec 31, 2020
Civil lawsuits	18,621,596	18,687,428
Tax lawsuits	9,566,584	9,411,760
Labor lawsuits	6,765,433	6,275,600
Total	34,953,613	34,374,788



In thousands of Reais, unless otherwise stated

36 – TAXES

a) Breakdown of income tax (IR) and social contribution expenses (CSLL) recognized in profit or loss

	2021	2020	2019
Current			
Current year	(3,512,020)	(3,585,727)	(4,994,225)
Prior year adjustments	(32,378)	(5,290)	4,390
Total current	(3,544,398)	(3,591,017)	(4,989,835)
Deferred			
Positive adjustments of benefit plans	(845,363)	--	--
Adjustments from expected loss for other financial assets	(389,303)	(829,325)	1,120,174
Inflation adjustments of judicial deposits	(153,018)	(95,680)	(791,072)
Unrealized profit on transactions with equity – accounted investees (Cateno)	(77,543)	(77,543)	(77,543)
Fair value adjustments of financial assets	(77,276)	(136,032)	(119,101)
Adjustments from leasing portfolio	(6,016)	(3,486)	6,607
Business combination adjustments	(3,627)	(14,713)	68,018
Adjustments from expected loss on loans to customers	754,804	(1,130,986)	(365,664)
Income taxes carryforwards	1,337,926	(61,533)	1,162,570
Other temporary differences/deferred expenses	(1,263,106)	7,656,195	11,734,652
Total deferred	(722,522)	5,306,897	12,738,641
Total income taxes	(4,266,920)	1,715,880	7,748,806

b) Reconciliation of income taxes expense

	2021	2020	2019
Income before taxes	23,989,791	11,577,003	11,139,512
Total charges of IR (25%) and CSLL (25% since July, 2021 until Dec, 2021, 20% in 2020 up to June, 2021 and 15% in 2019)	(11,584,161)	(5,209,651)	(4,455,805)
Interest on own capital	3,006,873	1,888,600	2,693,016
Revenues from the Center-West Financing Fund – FCO	2,277,123	1,897,563	1,550,496
Net gains from equity method investments	1,468,510	1,044,865	1,617,765
Income from subsidiaries with different income tax rates	754,908	510,791	542,472
Foreign currency translation adjustments	383,276	1,943,033	208,072
Non-taxable revenues/non-deductible expenses ⁽¹⁾	(573,449)	(359,321)	5,592,790
Income taxes benefit (expense)	(4,266,920)	1,715,880	7,748,806
Effective rate	17.79%	--	--

(1) In 2019, included the increase in the CSLL rate from 15% to 20%, according to Art.32 of Constitutional Amendment n.º 103/2019.

c) Income taxes recognized in shareholders' equity

	2021	2020	2019
Income taxes recognized in profit or loss	(4,266,920)	1,715,880	7,748,806
Income taxes recognized in other comprehensive income	(6,830,043)	(6,551,042)	8,081,338
Total	(11,096,963)	(4,835,162)	15,830,144



In thousands of Reais, unless otherwise stated

d) Deferred income taxes recognized in the consolidated balance sheet

Assets

	Dec 31, 2020	Constitutions	Write-offs	Dec 31, 2021
Deferred tax assets				
Expected loss on loans to customers	30,657,211	10,256,146	(11,965,376)	28,947,981
Provision for post-employment benefit plans	8,588,718	3,666,786	(3,697,510)	8,557,994
Provision for labor, tax and civil lawsuits	6,533,650	1,034,714	(41,421)	7,526,943
Income taxes carryforwards	2,347,562	3,303,433	(1,987,211)	3,663,784
Business combination	2,383,620	695	--	2,384,315
Negative fair value adjustments of financial assets	763,340	1,943,550	(362,876)	2,344,014
Expected loss on guarantees provided and loan commitments	859,386	48,092	(2,470)	905,008
Recoverable Social contribution	636,538	--	--	636,538
Effective interest rate	341,099	16,553	--	357,652
Other provisions	5,691,993	2,387,251	(5,739,651)	2,339,593
Total	58,803,117	22,657,220	(23,796,515)	57,663,822

Liabilities

	Dec 31, 2021	Dec 31, 2020
Deferred tax liabilities		
From actuarial gains	(5,622,516)	(520,945)
Positive fair value adjustments of financial assets	(1,666,342)	(987,094)
Bargain purchase gains	(895,841)	(895,841)
Arising from recovered term credits	(762,298)	(534,788)
Inflation adjustments of judicial deposits	(134,144)	(361,318)
Adjustments from leasing portfolio	(24,858)	(18,842)
Other	(473,763)	(400,316)
Total	(9,579,762)	(3,719,144)

The foreign subsidiaries do not recognize some deferred tax assets due to the low probability of realization, according to Management's evaluation. Unrecognized deferred tax assets total R\$ 927,225 thousand, consisting of R\$ 844,800 thousand related to tax losses carry forwards and R\$ 82,425 thousand related to temporary differences. In Brazil, unrecognized deferred tax assets total R\$ 26,815 thousand, consisting of R\$ 22,050 thousand related to tax losses carry forwards and R\$ 4,765 thousand related to temporary differences.



In thousands of Reais, unless otherwise stated

e) Expected realization of deferred tax assets

	Deferred tax assets
In 2022	14,198,634
In 2023	16,894,358
In 2024	17,086,124
In 2025	6,377,564
In 2026	1,275,724
In 2027	868,819
In 2028	438,557
In 2029	97,783
In 2030	14,768
In 2031	374,822
In 2032	36,669
Total	57,663,822

The expected realization of deferred tax assets is supported by a technical study prepared as of December 31, 2021.

During 2021, deferred tax assets were realized in the amount of R\$ 23,796,515 thousand, which corresponded to 111.95% of the amount calculated in the technical study prepared on December 31, 2020.

37 – SHAREHOLDERS' EQUITY

a) Book value and market value per common share

	Dec 31, 2021	Dec 31, 2020
Shareholders' equity	142,751,482	125,099,772
Book value per share (R\$) ⁽¹⁾	50.03	43.84
Fair value per share (R\$)	28.85	38.80

(1) The book value per share calculation is made by dividing the shareholders' equity by the total number of common shares, excluding treasury shares.

b) Share capital

Banco do Brasil's share capital of R\$ 90,000,023 thousand (R\$ 90,000,023 thousand on December 31, 2020) is fully subscribed and paid-in and consists of 2,865,417,020 common shares with no par value. The Federal Government is the largest shareholder and holds the majority of the Bank's voting shares.

The Bank may even without amending its by-laws, if approved by the Meeting of Shareholders, and in the conditions established therein, increase its capital up to the limit of R\$ 120,000,000 thousand by issuing common shares, for which shareholders should be granted preference in the subscription in proportion to the number of shares held.

c) Instruments qualifying as common equity tier 1 capital

The Bank signed a loan agreement with the federal government on September 26, 2012, as hybrid capital and debt instrument, in the amount up to R\$ 8,100,000 thousand, whose resources were designated to finance agribusiness. The Bank signed an amendment to the contract on August 28, 2014, under the terms of Law 12,793 of April 2,



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2013. The purpose of the amendment was to allow the instrument to qualify as common equity in Tier I capital, under Article 16 of CMN Resolution 4,192/2013.

As result of the amendment, the interest rate was changed to variable rate, and the interest period was changed to match the Bank's fiscal year (January 1st to December 31). Each years' interest is paid in a single annual installment, adjusted by the Selic rate up to the effective payment date. Payment must be made within 30 calendar days after the dividend payment for the fiscal year.

The interest payment must be made from profits or profit reserves available for distribution at the end of the fiscal year preceding the calculation date. Payment is at Management's discretion. Unpaid interest does not accumulate. If the payment or dividend distribution is not made (including in the form of interest on own capital) prior to the end of the subsequent fiscal year, the accrued interest is no longer owed.

If the Bank's retained earnings, profit reserves (including the legal reserve) and capital reserve cannot fully absorb losses calculated at the end of a fiscal year, the Bank will no longer be obligated to the interest. The Bank will apply the accrued interest and principal balance, in this order, to offset any remaining losses. This will be considered a pay-down of the instrument.

The instrument does not have a maturity date. It is only payable if the Bank is dissolved or Bacen authorizes the repurchase of the instrument. If the Bank is dissolved, the payment of principal and interest is subordinated to payment of the Bank's other liabilities. There will be no preferred interest on the loan under any circumstances, including in relation to other equity instruments included in Reference Equity.

According to the Information to the Market, dated April 8, 2021, the Bank presented a proposal to return the referred instrument in seven annual installments of R\$ 1 billion and a final installment of R\$ 1.1 billion, based on a schedule between July/2022 and July/2029. The schedule was considered suitable by the Federal Court of Accounts (TCU - Brazil), in a plenary session on Dec 15, 2021.

d) Capital reserve

The capital reserve, totaling R\$ 6,627,633 thousand (R\$ 6,625,608 thousand on December 31, 2020), relates mainly to changes in the Bank's ownership interest in BB Seguridade after the IPO, increased ownership interest in Banco Patagonia resulting from the exercise of a put option, by minority shareholders, as provided for in a Shareholders Agreement entered into on 04.12.2011 between the Bank and the minority shareholders, as well as the sale of treasury shares, occurred on 10.23.2019.

e) Profit reserves

	Dec 31, 2021	Dec 31, 2020
Profit reserves	51,180,290	39,198,468
Legal reserve	10,237,793	9,259,072
Statutory reserves	40,942,497	29,939,396
Operating margin	32,636,497	21,225,998
Capital payout equalization	8,306,000	8,713,398

The legal reserve ensures the adequacy of the Bank's capital structure and can only be used to offset losses or increase capital. Five percent of net income calculated in accordance with accounting practices applicable for financial institutions in Brazil, before any other allocations, is transferred to the legal reserve. The amount of the reserve cannot exceed 20% of the share capital.

The operating margin statutory reserve ensures the adequacy of the Bank's operating margins in accordance with its business activities. The reserve consists of up to 100% of net income calculated in accordance with accounting practices applicable for financial institutions in Brazil after allocation to legal reserve (including dividends) and is limited to 80% of the share capital.



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The reserve for capital payout equalization provides funds for the capital payout. The reserve consists of up to 50% of net income calculated in accordance with accounting practices applicable for financial institutions in Brazil after allocation to legal reserve (including dividends) and is limited to 20% of the share capital.

f) Accumulated other comprehensive income/(loss)

Accumulated other comprehensive income/(loss) includes fair value adjustments for financial assets as fair value through other comprehensive income, translation adjustments on foreign operations, net effects of hedges and remeasurements of defined benefit plans. The Bank recognized in other comprehensive income/(loss) all translation adjustments on foreign operations whose functional currency is not the Brazilian Real.

g) Unallocated retained earnings

The amount included in this account represents the effect of differences between accounting practices applicable for financial institutions in Brazil and IFRS, and the effects of initial adoption of IFRS 9. Net income calculated in accordance with accounting practices applicable for financial institutions in Brazil is fully distributed semiannually in the form of dividends/interest on own capital or allocated to the profit reserve.

h) Interest on own capital/dividends

In accordance with Laws 9,249/1995, 9,430/1996 and the Bank's Bylaws, Management decided on the payment of Interest on own capital to its shareholders.

In compliance with the income tax as well as social contribution legislation, the interest on own capital is calculated based on adjusted net equity value. It is limited, on a pro rata die basis, to the variation of long-term interest rate, as long as there is profit (before the deduction of interest on own capital) or reserves for retained earnings and profit reserves of at least twice its value, being deductible in the calculation of the taxable income.

The total interest on own capital in 2021, in the amount of R\$ 6,299,065 thousand (R\$ 4,196,889 thousand in 2020), provided an expense reduction on tax charges totaling R\$ 2,834,579 thousand (R\$ 1,888,600 thousand in 2020).



In thousands of Reais, unless otherwise stated

Payment schedule of interest on own capital and dividends:

	Amount	Amount per share (R\$)	Base date of payment	Payment date
1st quarter/2021				
Dividends	212,107	0.074	May 21, 2021	May 28, 2021
Interest on own capital ⁽¹⁾	415,758	0.146	Mar 11, 2021	Mar 31, 2021
Complementary interest on own capital ⁽¹⁾	970,473	0.340	May 21, 2021	May 28, 2021
2nd quarter/2021				
Interest on own capital ⁽¹⁾	480,852	0.169	Jun 11, 2021	Jun 30, 2021
Complementary interest on own capital ⁽¹⁾	986,104	0.346	Aug 23, 2021	Aug 31, 2021
3rd quarter/2021				
Interest on own capital ⁽¹⁾	527,136	0.185	Sep 13, 2021	Sep 30, 2021
Complementary interest on own capital ⁽¹⁾	1,123,392	0.394	Nov 22, 2021	Nov 30, 2021
4th quarter/2021				
Dividends	1,015,304	0.356	Mar 02, 2022	Mar 11, 2022
Interest on own capital ⁽¹⁾	499,320	0.175	Dec 13, 2021	Dec 30, 2021
Complementary interest on own capital ⁽¹⁾	1,296,030	0.454	Mar 02, 2022	Mar 11, 2022
Total allocated to the shareholders	7,526,476	2.639		
Dividends	1,227,411	0.430		
Interest on own capital ⁽¹⁾	6,299,065	2.209		

(1) Amounts subject to withholding tax, with the exception of shareholders who are exempted or immune.

	Amount	Amount per share (R\$)	Base date of payment	Payment date
1st quarter/2020				
Interest on own capital ^{(1) (2)}	517,440	0.181	Mar 11, 2020	Mar 31, 2020
2nd quarter/2020				
Interest on own capital ^{(1) (2)}	1,256,723	0.441	Aug 21, 2020	Aug 31, 2020
3rd quarter/2020				
Interest on own capital ^{(1) (2)}	293,382	0.103	Sep 11, 2020	Sep 30, 2020
Complementary interest on own capital ^{(1) (2)}	555,736	0.195	Nov 16, 2020	Nov 27, 2020
4th quarter/2020				
Interest on own capital ^{(1) (2)}	333,785	0.117	Dec 11, 2020	Dec 30, 2020
Complementary interest on own capital ^{(1) (2)}	1,239,823	0.435	Fev 22, 2021	Mar 03, 2021
Total allocated to the shareholders	4,196,889	1.472		

(1) Amounts subject to withholding tax, with the exception of shareholders who are exempted or immune.

(2) In 2020, Management chose to remunerate the capital in 35.29% of the adjusted net income calculated in accordance with accounting practices applicable for financial institutions in Brazil, according to CMN Resolution 4,885/2020, which amended CMN Resolution 4,820/2020, with the payout calculation base being the same as the minimum and mandatory dividend required by law.



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i) Shareholders (number of shares)

Number of shares issued by the Bank to shareholders which, directly or indirectly, hold more than 5% of the shares. It also includes members of the Bank's Board of Directors, Executive Committee, Fiscal Council and Audit Committee as follows:

Shareholders	Dec 31, 2021		Dec 31, 2020	
	Shares	% Total	Shares	% Total
Federal Government – Tesouro Nacional	1,432,708,542	50.0	1,432,708,542	50.0
Caixa de Previdência dos Funcionários do Banco do Brasil – Previ	133,689,414	4.7	134,751,214	4.7
Treasury shares ⁽¹⁾	12,017,619	0.4	12,175,335	0.4
Other shareholders	1,287,001,445	44.9	1,285,781,929	44.9
Total	2,865,417,020	100.0	2,865,417,020	100.0

(1) It includes, on December 31, 2021, 42,983 shares of the Bank held by BB DTVM (31,496 on December 31, 2020).

	Common shares (ON) ⁽¹⁾	
	Dec 31, 2021	Dec 31, 2020
Board of Directors (except for the Bank's CEO)	3,599	4,628
Executive Committee (includes the Bank's CEO)	95,341	114,966
Fiscal Council	1,000	--
Audit Committee	2,015	57

(1) The shareholding interest of the Board of Directors, Executive Committee, Fiscal Council and Audit Committee represents approximately 0.004% of the Bank's capital stock.

j) Quantity of issued shares and quantity of shares in the market (free float)

	Quantity of shares	
	Common shares	Treasury shares
Balance on Dec 31, 2020	2,865,417,020	12,175,335
Movements	--	(157,716)
Balance on Dec 31, 2021	2,865,417,020	12,017,619

	Dec 31, 2021		Dec 31, 2020	
	Amount	%	Amount	%
Free float at the beginning of period	1,420,413,540	49.6	1,397,382,845	48.8
Banco Nacional de Desenvolvimento Econômico e Social – BNDES – FND	--		20,785,200	
Other changes ⁽¹⁾	178,370		2,245,495	
Free float at the end of period⁽²⁾	1,420,591,910	49.6	1,420,413,540	49.6

(1) It includes changes coming from Technical and Advisory Bodies.

(2) It does not include any shares held by the Board of Directors and Executive committee. The shares held by the Caixa de Previdência dos Funcionários do Banco do Brasil – Previ compose the free float shares.



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k) Treasury shares

The composition of the treasury shares is shown below:

	Dec 31, 2021		Dec 31, 2020	
	Shares	% Total	Shares	% Total
Treasury shares	12,017,619	100.0	12,175,335	100.0
Received in order to comply with operations secured by the FGCM – Fundo de Garantia para a construção Naval	8,075,350	67.2	8,075,350	66.3
Repurchase programs (2012 and 2015)	3,570,196	29.7	3,764,352	30.9
Share-based payment	372,010	3.1	335,570	2.8
Mergers	63	--	63	--
Book value	(276,913)		(280,642)	

l) Share-based payments

The program of variable remuneration

The program of variable remuneration was based on the CMN Resolution 3,921/2010, which governs compensation policies for executives of financial institutions.

The program has a yearly basis period. It is established according to the risks and the activity overseen by the executive and has as pre requirements: the activation of the participation in profit and results program and the achievement of accounting profit by the Bank.

The calculation of variable remuneration is based on indicators that measure the achievement of corporate and individual goals, based on the Corporate Strategy of Banco do Brasil – ECBB for the period. The program also determines that 50% of the remuneration should be paid in cash and the remaining 50% should be paid in shares.

The number of Banco do Brasil shares to be allocated to each participant is calculated by dividing the net amount equivalent to 50% of variable remuneration to which one is entitled, to the average price of the share in the week prior to the payment. The average price is the simple arithmetic mean of the daily average prices of the week prior to the payment. At the time of calculation of deferred installments, if fractions occur, they are accumulated in the first installment to be made available.

The distribution of compensation in shares occurs in a way that 20% is immediately transferred for the beneficiary's ownership and 80% is deferred for a period of four years, in which: 20% within one year, 20% within two years, 20% within three years and 20% within four years.

The effects of the Program of Variable Remuneration on the income of Banco do Brasil were R\$ 21,875 thousand in 2021 (R\$ 22,276 thousand in 2020).

BB DTVM, in accordance to the resolution mentioned above, also adopted variable remuneration policy for its directors, directly acquiring treasury shares of the Banco do Brasil. All shares acquired are BBAS3 and its fair value is the quoted market price on the date of grant.



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We present the statement of acquired shares, its distribution and its transfer schedule:

	Total program shares	Average cost	Shares distributed	Shares to distribute ⁽¹⁾	Estimated schedule transfers
2017 Program					
Banco do Brasil	193,976	42.65	154,039	38,762	Mar 2022
Total shares to be distributed				39,937	
BB DTVM					
BB DTVM	20,270	42.65	16,218	4,052	Mar 2022
Total shares to be distributed				4,052	
2018 Program					
Banco do Brasil	127,860	53.44	75,945	25,556	Mar 2022
				25,556	Mar 2023
Total shares to be distributed				51,915	
BB DTVM					
BB DTVM	14,218	53.44	8,534	2,842	Mar 2022
				2,842	Mar 2023
Total shares to be distributed				5,684	
2019 Program					
Banco do Brasil	162,641	46.05	57,848	32,509	Mar 2022
				32,509	Mar 2023
				32,509	Mar 2024
Total shares to be distributed				104,793	
BB DTVM					
BB DTVM	15,998	46.07	6,407	3,197	Mar 2022
				3,197	Mar 2023
				3,197	Mar 2024
Total shares to be distributed				9,591	
2020 Program					
Banco do Brasil	164,146	29.65	32,193	32,809	Mar 2022
				32,809	Mar 2023
				32,809	Mar 2024
				32,809	Mar 2025
Total shares to be distributed				131,953	
BB DTVM					
BB DTVM	29,585	29.65	5,929	5,914	Mar 2022
				5,914	Mar 2023
				5,914	Mar 2024
				5,914	Mar 2025
Total shares to be distributed				23,656	

(1) Any difference between the total number of shares to be distributed and the transfer schedule results from specific cases of shares pending transfer/reversal.



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38– FAIR VALUE OF FINANCIAL INSTRUMENTS

	Dec 31, 2021		Dec 31, 2020	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets				
Cash and bank deposits	18,023,001	18,023,001	16,784,560	16,784,560
Compulsory deposits with Brazilian Central Bank	75,504,036	75,504,036	60,308,542	60,308,542
Financial assets at amortized cost, net	1,344,538,282	1,374,507,849	1,219,130,246	1,245,980,339
Loans to financial institutions	42,842,588	42,909,565	49,317,455	48,398,647
Securities purchased under resale agreements	487,472,927	487,473,230	466,344,581	466,344,274
Loans to customers	734,290,606	766,183,670	633,402,350	662,166,942
Securities	33,107,809	31,117,032	24,946,064	23,950,680
Other financial assets	46,824,352	46,824,352	45,119,796	45,119,796
Financial assets at fair value through profit or loss	11,739,070	11,739,070	15,670,822	15,670,822
Financial assets at fair value through other comprehensive income	305,490,911	305,490,911	256,553,310	256,553,310
Liabilities				
Financial liabilities at amortized cost	1,679,166,834	1,681,905,704	1,500,172,488	1,501,436,774
Deposits of clients	671,269,541	671,319,029	601,984,265	601,882,881
Amount payable to financial institutions	26,167,697	26,575,930	25,945,382	26,092,184
Securities sold under repurchase agreements	621,836,755	623,953,354	503,722,822	504,761,242
Liabilities from issuance of securities and other financial liabilities	292,677,975	292,842,525	298,176,293	298,356,741
Other financial liabilities	67,214,866	67,214,866	70,343,726	70,343,726
Financial liabilities at fair value through profit or loss	2,053,161	2,053,161	3,098,315	3,098,315

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. When quoted prices in an active market are available, fair value of financial instruments is based on those prices. In the absence of an active market for a financial instrument, fair value is estimated to arrive at a fair and equitable valuation for the instrument.

The methods used to estimate fair value for the different categories of financial instruments are as follows:

a) Cash and bank deposits

Amounts included in this line-item of the consolidated balance sheet represent highly liquid assets. Therefore, the carrying amount is considered to be the same as fair value.

b) Compulsory deposits with Brazilian Central Bank

For this line-item, the carrying amount in the consolidated balance sheet is considered to be the same as fair value.

c) Loans to financial institutions and securities purchased under resale agreements

The fair value of loans to financial institutions and repurchase agreements with fixed rates is determined by discounting estimated future cash flows using current rates on similar instruments (in these cases, similar assets can always be identified).

The inputs used to calculate fair value (funding rates) are compared to rates on similar transactions carried out by other institutions in the financial market. The carrying amount of variable rate instruments is considered to be the



In thousands of Reais, unless otherwise stated

same as fair value. Being transactions backed by securities, the pricing of repurchase agreements does not consider any credit risk measurement in its fair value.

Since repurchase agreements are guaranteed by securities, the fair value measurement does not consider credit risk.

d) Financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and securities

These line-items consist mainly of debt and equity instruments and derivatives. Considering the definition of fair value mentioned previously, if there is no price quotation from an active market available or recent transactions with a similar financial instruments, the Bank estimates fair value based on methodologies commonly used in the market. These methodologies include the present value of discounted cash flows (swaps, futures and currency forwards) and the Black-Scholes model for options.

Under the present value method, expected future cash flows are based on the instruments' return. The cash flows are then discounted to present value considering the term and yield curve.

The yield curve depends on the type of asset. For example, for securities in which the yield is linked to the IPCA index, the Bank uses the IPCA curve plus the spread on the measurement date.

The Bank uses a Black-Scholes model to price European options. The option price is measured as a closed-form solution to the Black-Scholes equation. The inputs to the model are directly observable in the market.

The Bank uses this model (without considering dividends) to calculate option premiums and volatility because it is widely used in the market and by stock exchanges to determine daily settlements for European options. In calculating volatility for call options, American and European models produce the same results. This allows for the use of the European model for all American call options.

The main sources for the inputs by category of financial asset are as follows:

- government securities – Anbima/Bacen;
- private securities (B3, SND – National Debentures System, Anbima and Cetip); and
- derivatives (B3, Broadcast and Reuters).

Alternative sources of information (secondary sources) are used when information from primary sources is unavailable, in a situation of a systemic crisis, when there is a lack of liquidity for certain assets or classes of assets, and in case of significant differences among information given by market providers. As an alternative source, the Bank uses Bloomberg. Additionally, in situations of critical missing information, estimates are made using prior day information from primary sources.

e) Loans to customers

Fair value is estimated for groups of similar loans based on loan type, credit quality and maturity. Future cash flows of loans to customers are based on the contractual interest rates and payment dates. Fair value is determined by discounting the cash flows at rates being practiced on the valuation date for loans of similar types, qualities and maturities.

The credit risk spread is calculated using a methodology based on the expected loss index weighted by the maturity of the operation. This methodology considers loss rates and severities for a variety of different credit lines. It also considers customer data from when the loan was originated, including the business segment and credit risk assigned to the counterparty.

There are always similar assets in the market, so inputs used to calculate fair value (interest rates) can be compared to similar transactions carried out by other financial institutions. The interest rates reflect all applicable costs and risks, including credit risk. They also incorporate funding costs, administrative costs, taxes, credit losses and the Bank's spread.



In thousands of Reais, unless otherwise stated

The Bank has a group of short-term revolving loans (i.e. overdrafts and revolving credit cards) in which the carrying amount approximates fair value. The maturity of these transactions does not exceed one month.

f) Deposits of clients

The fair value of fixed rate deposits with fixed maturities is calculated by discounting the contractual cash flows by the current market rate for transactions with similar maturities.

There are always similar liabilities in the market, so inputs used to calculate fair value (funding rates) can be compared to similar transactions carried out by other financial institutions. These rates reflect all applicable costs and risks, including opportunity costs, administrative costs, taxes and the Bank's spread.

The carrying amount of variable rate deposits with maturities up to 30 days is considered to be the same as fair value.

g) Securities sold under repurchase agreements

The fair value of securities sold under repurchase agreements with fixed interest rates is calculated by discounting the cash flows by the current market rate for similar transactions.

There are always similar liabilities in the market, so inputs used to calculate fair value (funding rates) can be compared to similar transactions carried out by other financial institutions.

The carrying amount of variable rate transactions is considered to be the same as fair value.

Since the transactions are guaranteed by securities, the fair value measurement for repurchase agreements does not consider credit risk.

h) Liabilities from issuance of securities and other financial liabilities

Fair value is determined by discounting the cash flows using market rates for liabilities with similar contractual terms, maturities and risks.

i) Other financial assets and liabilities

For this line-item, the carrying amount in the consolidated balance sheet is considered to be the same as fair value.

j) Fair value input levels for financial assets and liabilities

The Bank's fair value measurements consider the following input levels:

Level 1 – Price quotations are derived from active markets for identical financial instruments. Financial instruments are considered to be quoted in an active market if prices are readily available and are based on regularly occurring arm's length transactions.

Level 2 – Requires the use of information obtained from the market that is not Level 1. This includes prices quoted in non-active markets for similar assets and liabilities and information that can be corroborated in the market.

Level 3 – Requires the use of information not obtained from the market to measure fair value. When there is not an active market for an instrument, the Bank uses valuation techniques that incorporate internal data. The Bank's methodologies are consistent with commonly used techniques for pricing financial instruments.



In thousands of Reais, unless otherwise stated

Most of the Bank's fair value measurements consider data obtained directly from active markets. If direct information is not available, it uses references available in the market. As a final option, the Bank considers similar assets. The fair value measurement process is monitored on a daily basis to determine the extent to which market prices are available for the Bank's assets.

The Bank's policy for transferring financial instruments between levels considers liquidity in the market. Depending on the level of liquidity, the Bank defines the type of fair value measurement to be used (mark-to-market or mark-to-model). The transfer policy provides consistent recognition principles for transfers between levels.

For private securities, the mark-to-market and mark-to-model methodologies are based on a market data hierarchy. The Bank monitors the valuation methods for all of these instruments on a daily basis.

When private securities are traded during the day, the mark-to-market calculation is based on the closing price. If there are no trades registered, but an indicative price is released by Anbima, this price will be used.

If there were no trades and there is no indicative price, the Bank determines if the security was negotiated within the past 30 days. If it was, the pricing model considers the relationship between the last negotiated price and the security's accrual value on the first day market volumes becomes available. If there were no trades within the past 30 days, the Bank uses one of two rating criteria (in the following order):

1st criterion – If Anbima releases the security's credit curve rating, the Bank uses the spread of this curve to calculate present value.

2nd criterion – If Anbima does not release the instrument's credit curve rating, the Bank uses a linear regression based on 30 days of indicative prices and interest rates provided by Anbima. The variables used to calculate the regression are the rating, maturity and indicative interest rate.

The Bank takes a conservative approach to mark-to-market values. Figures obtained through market prices and mathematical models are compared to prices calculated by the Risk Department based on credit spreads. The lower of the two prices is used.

As a result, the methodologies discussed above (market prices, indicative prices, historical mathematical relationships and rating aggregation models), which all use market-based data, could result in higher prices compared to figures based credit spreads.

No transfers were made between levels of the fair value hierarchy during 2021.



In thousands of Reais, unless otherwise stated

	Dec 31, 2021	Distribution by level		
		Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value in the balance sheet on a recurring basis				
Assets	317,229,981	262,983,098	51,783,334	2,463,549
Financial assets at fair value through profit or loss	11,739,070	5,284,237	6,102,645	352,188
Debt and equity instruments	9,604,035	5,284,237	4,240,507	79,291
Government bonds	4,920,964	4,920,964	--	--
Corporate bonds	4,683,071	363,273	4,240,507	79,291
Derivatives	2,135,035	--	1,862,138	272,897
Forward operations	1,623,170	--	1,623,170	--
Swaps	272,897	--	--	272,897
Options	94,055	--	94,055	--
Other derivative financial instruments	144,913	--	144,913	--
Financial assets at fair value through other comprehensive income	305,490,911	257,698,861	45,680,689	2,111,361
Government bonds	253,826,113	253,762,223	63,890	--
Corporate bonds	51,664,798	3,936,638	45,616,799	2,111,361
Liabilities	2,053,161	--	1,334,568	718,593
Financial liabilities at fair value through profit or loss	2,053,161	--	1,334,568	718,593
Derivatives	2,053,161	--	1,334,568	718,593
Forward operations	948,705	--	948,705	--
Swaps	718,593	--	--	718,593
Options	340,324	--	340,324	--
Other derivative financial instruments	45,539	--	45,539	--
Financial assets and liabilities not measured at fair value in the balance sheet				
Assets	1,374,507,849	19,878,183	11,238,849	1,343,390,817
Financial assets at amortized cost, net	1,374,507,849	19,878,183	11,238,849	1,343,390,817
Loans to financial institutions	42,909,565	--	--	42,909,565
Securities purchased under resale agreements	487,473,230	--	--	487,473,230
Loans to customers	766,183,670	--	--	766,183,670
Securities	31,117,032	19,878,183	11,238,849	--
Other financial assets	46,824,352	--	--	46,824,352
Liabilities	1,681,905,704	--	--	1,681,905,704
Financial liabilities at amortized cost	1,681,905,704	--	--	1,681,905,704
Deposits of clients	671,319,029	--	--	671,319,029
Amount payable to financial institutions	26,575,930	--	--	26,575,930
Securities sold under repurchase agreements	623,953,354	--	--	623,953,354
Liabilities from issuance of securities and other financial liabilities	292,842,525	--	--	292,842,525
Other financial liabilities	67,214,866	--	--	67,214,866



In thousands of Reais, unless otherwise stated

	Dec 31, 2020	Distribution by Level		
		Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value in the balance sheet on a recurring basis				
Assets	272,224,132	239,112,507	29,055,049	4,056,576
Financial assets at fair value through profit or loss	15,670,822	10,573,093	2,871,673	2,226,056
Debt and equity instruments	12,143,486	10,573,093	1,569,207	1,186
Government bonds	10,420,689	10,420,689	--	--
Corporate bonds	1,722,797	152,404	1,569,207	1,186
Derivatives	3,527,336	--	1,302,466	2,224,870
Swaps	2,224,870	--	--	2,224,870
Forward operations	1,203,171	--	1,203,171	--
Options	--	--	--	--
Other derivative financial instruments	99,295	--	99,295	--
Financial assets at fair value through other comprehensive income	256,553,310	228,539,414	26,183,376	1,830,520
Government bonds	224,851,038	224,765,319	85,719	--
Corporate bonds	31,702,272	3,774,095	26,097,657	1,830,520
Liabilities	3,098,315	--	1,556,708	1,541,607
Financial liabilities at fair value through profit or loss	3,098,315	--	1,556,708	1,541,607
Derivatives	3,098,315	--	1,556,708	1,541,607
Swaps	1,541,607	--	--	1,541,607
Forward operations	1,469,393	--	1,469,393	--
Options	8,440	--	8,440	--
Other derivative financial instruments	78,875	--	78,875	--
Financial assets and liabilities not measured at fair value in the balance sheet				
Assets	1,245,980,339	11,141,094	12,809,586	1,222,029,659
Financial assets at amortized cost, net	1,245,980,339	11,141,094	12,809,586	1,222,029,659
Loans to financial institutions	48,398,647	--	--	48,398,647
Securities purchased under resale agreements	466,344,274	--	--	466,344,274
Loans to customers	662,166,942	--	--	662,166,942
Securities	23,950,680	11,141,094	12,809,586	--
Other financial assets	45,119,796	--	--	45,119,796
Liabilities	1,501,436,774	--	--	1,501,436,774
Financial liabilities at amortized cost	1,501,436,774	--	--	1,501,436,774
Deposits of clients	601,882,881	--	--	601,882,881
Amount payable to financial institutions	26,092,184	--	--	26,092,184
Securities sold under repurchase agreements	504,761,242	--	--	504,761,242
Liabilities from issuance of securities and other financial liabilities	298,356,741	--	--	298,356,741
Other financial liabilities	70,343,726	--	--	70,343,726



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39 – FINANCIAL GUARANTEES AND OTHER OFF-BALANCE SHEET COMMITMENTS

	Dec 31, 2021	Dec 31, 2020
Credit commitments	170,148,951	127,849,028
Guarantees provided	11,256,217	9,569,192
Contracted credit opened for import	705,686	570,402
Confirmed export credit	598,396	390,200

Credit commitments represent overdrafts, revolving credit lines and similar instruments. Guarantees provided by the Bank, including standby letters of credit which represent conditional commitments. They generally guarantee a customer's performance to a third party under a loan. The information regarding the practices of risk management and maximum exposure are described in Note 41.d.

In these types of contracts, the contractual amount represents the maximum credit risk exposure if the counterparty fails to fulfill its obligations under the contract. However, a majority of these instruments mature without being drawn upon, so the contractual amount is not usually representative of future credit risk exposures or liquidity needs. To mitigate credit risk, the Bank requires the counterparty to provide cash, securities or other assets as collateral (similar to collateral required on loans to customers).

The Bank recognized a provision for estimated losses on guarantees and other commitments.

a) Breakdown of expected credit losses by stages

	Dec 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Expected losses for				
Guarantees provided	(214,422)	(77,456)	(225,245)	(517,123)
Loan commitments	(2,162,721)	(82,437)	--	(2,245,158)
Total	(2,377,143)	(159,893)	(225,245)	(2,762,281)

	Dec 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Expected losses for				
Guarantees provided	(269,856)	(22,628)	(274,771)	(567,255)
Loan commitments	(1,729,030)	(79,113)	--	(1,808,143)
Total	(1,998,886)	(101,741)	(274,771)	(2,375,398)

b) Reconciliation of changes

The expected losses from the financial guarantee provided and loan commitments are recorded in the Statement of Income in the line item "Net (constitution)/reversal of expected credit losses with other financial assets".



In thousands of Reais, unless otherwise stated

	Dec 31, 2021			
	Open Balance	(Constitution)/ reversal	Write-offs	Closing balance
Expected losses for				
Guarantees provided	(567,255)	43,305	6,827	(517,123)
Loan commitments	(1,808,143)	(437,015)	--	(2,245,158)
Total	(2,375,398)	(393,710)	6,827	(2,762,281)

	Dec 31, 2020			
	Open Balance	(Constitution)/ reversal	Write-offs	Closing balance
Expected losses for				
Guarantees provided	(463,813)	(124,952)	21,510	(567,255)
Loan commitments	(448,536)	(1,359,607)	--	(1,808,143)
Total	(912,349)	(1,484,559)	21,510	(2,375,398)

40 – REGULATORY CAPITAL AND FIXED ASSET LIMIT

Capital management

Objectives and policies

Bacen issued CMN Resolution 4,557/2017, which defines the scope and requirements of the risk management structure and the capital management structure for financial institutions.

In compliance with the Resolution, the Board of Directors has established Coris and has appointed as the Chief Risk Officer (CRO), responsible for risk and capital management, the Vice President of Internal Controls and Risk Management.

Capital management aims to ensure the Institution's future solvency concurrent with the implementation of business strategies.

Capital management is carried out through an organizational structure appropriate to the nature of its operations, the complexity of its business and the extent of exposure to relevant risks.

There are defined and documented capital management strategies that establish mechanisms and procedures to keep capital compatible with the Risk Appetite and Tolerance Statement (RAS).

In addition, the Bank has specific policies, approved by the Board, which aim to guide the development of functions or behaviors, through strategic drivers that guide capital management actions. These specific policies apply to all businesses that involve risk and capital at the Bank.

Elements comprised by capital management

Strategic plans, business goals and budgets respect the risk appetite and tolerance and indicators of capital adequacy and risk-adjusted return.



In thousands of Reais, unless otherwise stated

The Capital Plan is prepared in consistency with the business strategy, seeking to maintain capital indicators at appropriate levels. This Plan highlights the capital planning of Banco do Brasil and the prospective assessment of any need for capital contribution.

The Capital Plan preparation is referenced in the guidelines and limits contained in RAS and the Bank's Corporate Budget (BB Budget), considering that this represents the materialization of the guidelines of ECBB, the Master Plan (PD), the Fixed Investment Plan and the Strategic Information Technology Plan.

The budgeted amounts must correspond to the goals and objectives defined by the Board of Directors for the Banco do Brasil Conglomerate. Thus, premises such as business growth, credit growth in operations with higher profitability, restrictions on operations in segments with lower profitability, among others, are contained in the BB Budget.

In addition, the BB Budget considers the macroeconomic scenario prepared by the Global Treasury Unit (Tesou) and the legislation applied to the Brazilian Banking Industry (SFN).

The review of the ECBB and the PD results from the application of a set of strategic planning methodologies, observing the best market practices. It is noteworthy that the review of the ECBB and the PD takes place in an integrated manner with the budgeting process, with the RAS and with the other documents of the strategic architecture, which ensures the alignment between such documents, giving greater internal consistency to the strategic planning process.

The BB Budget follows the guidelines defined in the ECBB, respects the RAS and aims to meet the floors and ceilings defined in the indicators approved in the PD. The BB Budget allows the quantification in financial values of the strategic objectives defined in the ECBB.

The RAS is the strategic document that guides the planning of the business strategy, directing budget and capital towards a sustainable and optimized allocation, according to the Institution's capacity to assume risks and its strategic objectives, in addition to promoting understanding and dissemination of the risk culture.

This statement is applied to the Bank and considers potential impacts on the capital of the Banco do Brasil Prudential Conglomerate. It is expected that the Subsidiaries, Affiliates and Investment companies (ELBB) define their drivers based on these guidelines considering specific needs and legal and regulatory aspects to which they are subject.

As defined in the RAS, risk appetite is the maximum level of risk that the Institution accepts to incur in order to achieve its objectives, materialized by indicators that define an aggregate view of risk exposure. Tolerance, in turn, induces risk management in a more granular way, considering the defined appetite.

RAS defines prudential minimum limits that aim to perpetuate the strategy of strengthening the Bank's capital structure. These limits are established above the regulatory minimum, represent the Bank's Risk Appetite and are effective as of January of each year.

The capital target is the level of capital desired by the Bank, which is why its management actions must be guided by this driver. The goals are distinguished from tolerance and risk appetite because the latter defines the level at which the Institution does not accept to operate, and must take timely measures for readjustment, which may trigger contingency measures.



In thousands of Reais, unless otherwise stated

Integration

Adopting a prospective stance, the Bank assesses the capital status, classified as Critical, Alert or Surveillance, according to the time horizon that precedes the projected deadline for the breach of the prudential minimum capital limits defined by Senior Management and detailed in the RAS, as the figure below:

Capital Ratio		Period of noncompliance (months)					
		0 to 6	7 to 12	13 to 18	19 to 24	25 to 30	over 31
Target ¹	ICP	ALERT			SURVEILLANCE		
Appetite ²	Common Equity Tier 1 Ratio	CRITICAL			ALERT		SURVEILLANCE
	Tier 1 Ratio	CRITICAL		ALERT		SURVEILLANCE	
	Basel Prudential Ratio	CRITICAL		ALERT		SURVEILLANCE	

¹ level of capital desired by the institution
² maximum level of risk that institution agrees to incur in order to achieve its goals

The Capital Forum has the responsibility of identify the capital status of the Bank and occurs through the control of Common Equity Tier 1 Capital Ratio (ICP), Tier I Ratio and Capital Adequacy Ratio projected for a time horizon of at least 36 months. When the projections indicate a potential breach of the prudential minimum capital limits (risk appetite), the Institution will have enough time to promote strategic changes that avoid extrapolation, according to the deadlines defined for each indicator.

The assessment of the sufficiency of capital maintained by the Bank contemplates a 3-year time horizon and considers:

- the types of risks and respective levels to which the Bank is exposed and willing to assume;
- the Bank's ability to manage risks effectively and prudently;
- the Institution's strategic objectives; and
- the conditions of competitiveness and the regulatory environment in which it operates.

In compliance with the provisions of Bacen Circular 3,846/2017, this analysis is also part of the Internal Capital Adequacy Assessment Process (Icaap) and must cover, at least:

I – The assessment and measurement of the need for capital to cover credit risks (includes concentration and credit risk of the counterparty), market risk, interest rate variations for instruments classified in the bank portfolio (IRRBB) and operational;

II – The assessment of the capital need to cover the other relevant risks to which the Institution is exposed, considering, at least, the strategy, reputation and socio-environmental risks; and

III – The assessment of capital requirements based on the results of the stress test program.

The Icaap, implemented by the Bank on June 30, 2013, follows the disposed on CMN Resolution 4,557/2017. At the Bank, the responsibility for coordinating Icaap was assigned to the Risk Management Directorship. In turn, the Internal Controls Directorship is the responsible for validating the Icaap. Finally, Internal Audit is responsible for performing an annual evaluation of the overall capital management process.



Procedures

Capital management is an ongoing process of planning, evaluating, controlling and monitoring capital. It supports the Board in the decision process that will lead the Institution to adopt a posture capable of absorbing eventual losses arising from business risks or changes in the financial environment.

Capital simulations are carried out, integrating the results of risk and business stress tests, based on macroeconomic and / or idiosyncratic scenarios. Stress tests are carried out periodically and their impacts are assessed from the perspective of capital.

It is conducted monthly monitoring of the variables used in the preparation of the Capital Plan due to the review of the behavior projected in the preparation of the BB Budget, based on the observed numbers, market expectations and business dynamics. The relevant deviations are presented and discussed, by the Boards participating in the process, in the monthly meetings of the Capital Forum.

Management reports on capital adequacy are disclosed to the areas and strategic intervening committees, supporting the decision-making process by the Board of Directors.

The adoption of a prospective stance, by conducting continuous assessments of the capital need, makes it possible to proactively identify events with a non-zero probability of occurrence or changes in market conditions that may have an adverse effect on capital adequacy, including in stress scenarios.

Capital adequacy ratio

The Bank has calculated the Capital Adequacy Ratio in accordance with the requirements established by CMN Resolutions 4,192/2013 and 4,193/2013. Those requirements are related to the calculation of Referential Equity (RE) and Minimum Referential Equity Required (MRER) as a percentage of Risk Weighted Assets (RWA).

Bacen published its Basel III capital regulations on March 2013. The regulations came into force on October 1, 2013 and apply to all banks. Recommend by the Basel Committee, Basel III represents a new set of regulations governing the capital structure of financial institutions. The new rules establish the following:

- a new methodology for calculating regulatory capital, which continues to be divided into Tier I and Tier II. Tier I consists of Common Equity Tier I Capital – CET1 (net of regulatory adjustments) and Additional Tier I Capital;
- a new methodology for calculating capital requirements, establishing minimum requirements for RE, Tier I and CET1, and introducing the Additional CET1.

Regulatory adjustments listed below are considered for calculating CET1 ratio:

- goodwill;
- intangible assets;
- actuarial assets related to defined benefit pension plans, net of deferred tax liabilities;
- significant investments (greater than 10% of the share capital) in: non-consolidated entities similar to financial institutions, insurance companies, reinsurance companies, capitalization companies and open-ended pension funds; and institutions authorized by Bacen that are not part of the Prudential Conglomerate.
- non-controlling interests;
- deferred tax assets on temporary differences that rely on the generation of future taxable profits or income to be realized;
- deferred tax assets resulting from tax losses on excess depreciation;
- deferred tax assets resulting from tax losses carry forward; and
- value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution 4,277/2013.



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On August 28, 2014, Bacen authorized the R\$ 8,100,000 thousand perpetual bond included in Additional Tier I Capital to be considered as Common Equity Tier I Capital.

According to the Resolution 4,192/2013 and 4,193/2013, the calculation of the RE and the amount of RWA should be based on Prudential Conglomerate.

	Dec 31, 2021	Dec 31, 2020
RE - Referential Equity	165,648,211	161,924,480
Tier I	141,352,779	132,247,506
Common equity Tier 1 capital (CET1)	111,337,592	104,315,243
Shareholders' equity	134,523,198	116,940,782
Instrument qualifying as CET1	8,100,000	8,100,000
Regulatory adjustments	(31,285,606)	(20,725,539)
Additional Tier 1 capital (AT1)	30,015,187	27,932,263
Hybrid instruments authorized in accordance with CMN Resolution 4,192/2013	29,995,187	27,932,263
Perpetual subordinated notes	20,000	--
Tier II	24,295,432	29,676,974
Subordinated debt qualifying as capital	24,295,432	29,676,974
Subordinated debt authorized in accordance with CMN Resolution 4,192/2013 – financial bills	--	186,926
Subordinated debt authorized in accordance with regulations preceding the CMN Resolution 4,192/2013	24,295,432	29,490,048
Funds obtained from the FCO ⁽¹⁾	23,469,518	26,403,208
Funds raised in financial bills and CD ⁽²⁾	825,914	3,086,840
Risk weighted assets (RWA)	932,460,697	766,064,658
Credit risk (RWA _{CPAD})	789,739,180	677,256,134
Market risk (RWA _{MPAD})	36,079,847	21,125,396
Operational risk (RWA _{OPAD})	106,641,670	67,683,128
Minimum referential equity requirements ⁽³⁾	74,596,856	61,285,173
Margin on the minimum referential equity required ⁽⁴⁾	91,051,355	100,639,307
Tier I ratio (Tier I / RWA) ⁽⁴⁾	15.16%	17.26%
Common equity Tier 1 capital ratio (CET1 / RWA) ⁽⁴⁾	11.94%	13.62%
Capital adequacy ratio (RE / RWA) ⁽⁴⁾	17.76%	21.14%

(1) According to CMN Resolution 4,192/2013, the balance of FCO is limited to 80% of the amount that composed the Tier II of the RE on June 30, 2018.

(2) On December 31, 2021 it was considered the current value of subordinated debt instruments, applying on it the factor due to maturity date as determined by CMN Resolution 4,192/2013, in its 29th article.

(3) According to CMN Resolution 4,193/2013, corresponds to the application of the "F" factor to the amount of RWA, where "F" equals 8%.

(4) Values from DLO (Operational Threshold Statement).



In thousands of Reais, unless otherwise stated

Regulatory adjustments deducted from CET1:

	Dec 31, 2021	Dec 31, 2020
Actuarial assets related to defined benefit pension funds net of deferred tax liabilities	(11,184,840)	(4,588,635)
Significant investments and tax assets resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 15% threshold)	(7,558,089)	(6,702,085)
Intangible assets	(7,021,479)	(6,211,770)
Tax assets resulting from tax losses carry forward ⁽¹⁾	(2,911,502)	(1,609,596)
Significant investments (excess of 10%) ⁽²⁾	(1,748,071)	(1,375,048)
Tax assets resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 10% threshold)	(649,886)	--
Non-controlling interests ⁽³⁾	(160,215)	(112,462)
Goodwill	(26,756)	(35,026)
Tax assets resulting from tax loss of excess depreciation	(21,560)	(34,399)
Shortfall of the value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution 4,277/2013	(3,208)	(56,518)
Total	(31,285,606)	(20,725,539)

(1) It was applied the CMN Resolution 4,192/2013, which determines the non-deduction of the tax assets resulting from tax losses, recognized from January 1st, 2018 to December 31, 2020, arising from short position in foreign currency for the purpose of providing hedge of investments in foreign operations.

(2) It refers, mainly, to significant investments in non-consolidated entities similar to financial institutions, non-consolidated financial institutions and insurance companies, reinsurance companies, capitalization companies and open-ended pension funds.

(3) The adjustment of non-controlling interests was calculated according to CMN Resolution 4,192/2013, 1st paragraph of the article 9.

Fixed asset ratio and margin

	Dec 31, 2021	Dec 31, 2020
Fixed asset ratio	14.09%	14.12%
Margin in relation to the fixed asset	59,476,255	58,099,596

Bacen defines the fixed asset ratio as the percentage of fixed assets to Referential Equity. The maximum rate allowed is 50%, according to CMN Resolution 2,669/1999.

Margin refers to the difference between the 50% limit of Referential Equity and total fixed assets.

Regulatory indicators vs. observed indicators

CMN Resolution 4,783/2020 reduced, for a determined period, the percentages to be applied on RWA amount, for calculating the conservation capital buffer referred by CMN Resolution 4,193/2013, which, between October 1st, 2021 and March 31, 2022, is 2.00%. This reduction impacted the minimum regulatory requirement, as shown in the table below:

	Regulatory	Dec 31, 2021
Common Equity Tier 1 Capital Ratio ⁽¹⁾	7.50%	11.94%
Tier I Ratio ⁽¹⁾	9.00%	15.16%
Capital Adequacy Ratio ⁽¹⁾	11.00%	17.76%
Fixed asset ratio	Up to 50%	14.09%

(1) Includes additional main conservation, countercyclical and systemic capital.

On December 31, 2021, the compliance with the regulatory indicators is observed. The Bank, through the capital management strategies already listed, aims to surpass the minimum regulatory indicators, keeping them at levels



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capable of perpetuating the strategy of reinforcing the structure of capital of the Bank. In this way, the Bank defines the minimum prudential limits of capital indicators and the main capital target to be reached in each period. Following RAS and the Capital Plan, the goal to 2022 is to maintain a minimum of 11% Core Capital Ratio.

Instruments eligible as capital

The instruments eligible as capital are described in the Notes 34 and 37.

For subordinated financial bills issued up to the present date, there are the possibilities described in the emission instrument, as listed below:

- (i) There is no possibility of repurchase or redemption, total or partially, by the security holder and the expected cash flows will occur only on the maturity or on the exercise of the repurchase option by the Bank, as applicable.
- (ii) For the perpetual instruments, there is a repurchase or redemption option, observing the following requirements:
 - minimum of five years interval between the issue date and the first exercise date of the repurchase or redemption option;
 - the exercise of the repurchase or redemption option is subject, on the exercise date, to the authorization of the Central Bank of Brazil;
 - lack of characteristics that lead to the expectation that the repurchase or redemption option will be exercised, constituting an attribution of the Issuer;
 - the interval between the repurchase or redemption option must be, at least, 180 days.

For securities issued abroad, there is, until now, no possibility for the holder of the security to request repurchase or redemption, total or partial. The expected cash flows will occur when the coupon is paid, upon maturity or when exercising the repurchase by the Bank, as applicable.

The Instrument qualifying as Common Equity Tier I Capital does not have a maturity date and can only be settled in situations of dissolution of the issuing institution or of repurchases authorized by the Central Bank of Brazil. The expected cash flows occur only through the payment of annual remuneration interest. According to the Information to the Market, on April 8, 2021, the Bank presented a proposal to return the referred instrument in seven annual installments of R\$ 1 billion and a final installment of R\$ 1.1 billion, based on a schedule between July/2022 and July/2029. The schedule was considered suitable by the Federal Court of Accounts (TCU - Brazil), in a plenary session on Dec 15, 2021.

Regarding the dynamics of the FCO, the monthly flows contemplate the inflows/origins, such as the transfers from the National Treasury resulting from the collection of taxes (made every ten days of the month), returns originating from payments of credit operations and remuneration on the available resources and the exits, such as the reimbursement of payment / rebate bonuses, the audit, del credere, provision and remuneration expenses in the operationalization of Pronaf - National Program for Strengthening Family Agriculture. The use of FCO resources as an instrument eligible as capital is limited by CMN Resolution 4,192/2013 (Art. 29-A).

41 – RISK MANAGEMENT

a) Risk governance and capital governance

The risk and capital governance model adopted by the Bank involves an strategic committee structure, comprised by Vice Presidents, addressing the following issues:

- (i) segregation of functions: business versus risk;
- (ii) specific structure for risk assessment management;
- (iii) defined management process;
- (iv) decisions at multiple hierarchial levels;



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- (v) clear standards and structure of responsibilities; and
- (vi) incorporation of best practices.

All decisions related to risk management are taken collectively in accordance with the Bank's internal policies and procedures.

The bank continuously promotes the evaluation of the structure, governance, processes, systems and methodologies applied to risk and capital management. This evaluation, which aims to identify opportunities for improvement, may result in changes in the present governance structure, with a view to improving management.

The risk management area reports to the vice president for internal control & risk management and is responsible for corporate regulation and supervision of all relevant risks in the 2nd line of defense, including those that become defined as relevant in the future. The Internal Controls Directorship (Dicoi) is responsible for the regulation and supervision of the internal controls system and compliance.

The Internal Audit (Audit) carries out periodic assessments in the risk management processes in order to verify if they are in agreement with the strategic guidelines, the specific policies and the internal and regulatory norms.

The bank's capital management consists of a continuous process of planning, assessment, control and monitoring of the capital that is necessary to cover the company relevant risks, to support the capital requirements required by the regulator, and achieve the internally defined strategic and budget objectives, aiming to optimize its capital allocation.

b) Risk and capital management and process

Banco do Brasil considers integrated risk and capital management a fundamental instrument for the sustainability of the banking system. Risk identification, measurement, assessment, monitoring, reporting, control, enhancement, mitigation and improve methods safeguard financial institutions in adverse times and provide support for the generation of positive and recurring results over time.

The risk and capital management integrated process meets the aspects and standards set forth in the rules issued by the National Monetary Council (CMN) and the Central Bank of Brazil (Bacen). It is done based on the risk appetite, capital plan and policies and strategies of the Bank's senior management and permeates several areas at different levels of governance of the Institution, including the Board of Directors (CA) and its Advisory Committees, Board of Officers (CD), Strategic Committee, Directorships and the Forums.

The bank's risk and capital management is based on an assessment process capable of identifying the risks that represent opportunities or threats to the achievement of the Bank's strategic objectives, comprising, under a comprehensive view, the identification and management of relevant risks, the definition of risk appetite and tolerance and the assessment of capital sufficiency.

Identification and management of relevant risks

The Bank has a process of risk identification that results in the risk inventory and in the definition of the corporate set of relevant risks. That process is quite important for the risk and capital management, as well as for the business management.



Appetite and risk tolerance definition

The Risk Appetite Statement (RAS) is the strategic document that guides the planning of the business strategy, directing budget and capital towards a sustainable and optimized allocation, according to the Institution's capacity to assume risks and its strategic objectives, in addition to promoting the dissemination of the risk culture. The bank's defines risk appetite as the maximum level of risk that the institution accepts to incur in order to achieve its objectives. To define these levels, management indicators are used, which enable an aggregated view of the exposure to risks. Tolerance, in turn, induces risk management in a more granular way, considering the defined appetite. For the establishment of limits, relevant information is considered, for example, internal premises, possible internal, external and idiosyncratic scenarios, with their probabilities of occurrence, in addition to the strategic objectives of the Bank.

Risk and capital management policies

The policies that are specific for capital and risk management are applied to all the businesses that involve risks and capital in the Bank, aim to lead the development of functions or behaviors, by means of strategic directives that guide the risk and capital management actions.

c) Market risk and interest rate risk in the banking portfolio (IRRBB)

Market risk reflects the possibility of losses caused by changes in interest rates, foreign exchange rates, equity prices and commodity prices.

The interest rate risk in the bank portfolio is conceptualized as the risk, current or prospective, of the impact of adverse movements in interest rates on capital and on the results of the financial institution, for instruments classified in the bank portfolio.

Policies

The policies of market risk, interest rate risk of the banking portfolio, use of derivative financial instruments and the classification and reclassification of transactions in the trading portfolio, approved by the Board of Directors, comprise the strategic documents related to the management of market risk and the Bank's IRRBB.

These documents establish strategies and guidelines to be observed in the Bank's decision-making. They involve market risk assessment, dealing with quantitative aspects, such as metrics used, and also qualitative aspects such as the scope of management, and segregation of duties.

Within the sphere of the market risk management policies and strategies of Banco do Brasil, there is a management model intended to identify, measure, evaluate, monitor, report, control, mitigate and improve the market risk of the Prudential Conglomerate and its respective member institutions, as well as identify and monitor the market risk of other companies controlled by Prudential Conglomerate.

The Bank has policies and strategies in place regarding the use of financial derivative instruments to govern the performance of operations for its clients as well as to govern the management of its own positions, considering the various risk categories and adopting a consolidated view of the different risk factors.

It is important to note that the trading of derivative financial instruments is dependent upon prior evaluation of the nature and the dimension of the risks involved.



Measurement systems and methodologies for risk assessment

The Bank uses statistical and simulation methods to measure the market risks of its exposures. Among the metrics resulting from the application of these methods, the following stand out: sensitivity, value at risk (VaR) and stress.

Using the sensitivity metrics, the effects on the exposure value resulting from variations in the level of market risk factors are simulated.

The performance of the VaR metric is evaluated periodically through the application of adherence tests (backtests).

The interest rate risk in the banking book (IRRBB) comprises all transactions not classified in the trading book. The scope of coverage of the IRRBB is mainly comprised of credit operations, retail funding and bonds and securities and its main characteristic is the intention to maintain the respective operations until maturity, except for some securities that, even composing the bank portfolio, they can present trading opportunities.

The IRRBB management shares the curve-building and mark-to-market methodologies used in the management of market risk.

The main components of the IRRBB management are the active positions in fixed-rate instruments, which, added to the set of other exposures, form the amount subject to interest rate risk.

An important aspect in the management of the IRRBB is the incorporation of the risk of optionalities in the calculation of risk metrics. The options present in an instrument can be classified as explicit or embedded and are subdivided into:

- a) automatic options: over-the-counter, over-the-counter or explicit on products, allow the Bank to change the rate offered for products; and
- b) behavioral options: allow the customer the right to make early redemptions and prepayments.

The Bank uses statistical and simulation methods to measure the market risks of its exposures. Among the metrics resulting from the application of these methods, the following stand out:

- (i) Sensitivity analysis;
- (ii) Value at Risk (VaR); and
- (iii) Stress test.

(i) Sensitivity analysis

Analysis method and objective

The Bank conducts a quarterly sensitivity analysis of exposure to the interest rate risk of its owned positions, using as a method the application of parallel shocks on the market yield curves relating to the most relevant risk factors. The method is intended to simulate the impacts on the Bank's income vis-à-vis potential scenarios, which consider possible fluctuations in the market interest rates.

Method assumptions and limitations

The application of parallel shocks on the market yield curves assumes that uptrends or downtrends in the interest rates occur in an identical way, both for short terms and for longer terms. As market movements do not usually present such behavior, this method can present deviations from actual results.



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Scope, method application scenarios and implications for income

The sensitivity analysis process is carried out considering the following scope:

- (i) operations classified in the trading portfolio, basically composed of trading government bonds and derivative financial instruments, have positive or negative effects as a result from the possible movements of interest rates in the market. These changes generate a direct impact on the Bank's results or shareholders' equity; and
- (ii) operations classified in the banking portfolio, mainly composed of operations contracted with the intention of being held until their maturities – loans to customers, funding in the retail market and held to maturity securities – and which are accounted for at rates based on the contractual rates. The positive or negative effects resulting from changes in the interest rates in the market do not directly affect the Bank's income.

Two potential scenarios are considered for the performance of the sensitivity analysis, in which the benchmark annual SELIC rate would suffer parallel shocks, an increase or a decrease of 100 basis points (+/- 1 percentage point).

Results of the sensitivity analysis

Results obtained for the sensitivity analysis of the trading portfolio and for the set of operations included in the trading and banking portfolios are presented in the following tables charts:

Sensitivity analysis for trading portfolio

Risk factors	Exposures	Dec 31, 2021		Dec 31, 2020	
		+100 bps	-100 bps	+100 bps	-100 bps
Pre fixed rate	Fixed interest rates	(20,520)	21,000	(12,236)	12,535
Interest rate coupons	Interest rate coupons	(30)	30	(13)	13
Price index coupons	Inflation indices	(266,841)	293,880	(5,836)	6,252
Foreign currency coupons	Foreign currency coupons	(21,142)	23,165	(2,995)	(8,618)
Total		(308,533)	338,075	(21,080)	10,182

Sensitivity analysis for the set of operations recorded in the trading and non-trading portfolios

Risk factors	Exposures	Dec 31, 2021		Dec 31, 2020	
		+100 bps	-100 bps	+100 bps	-100 bps
Pre fixed rate	Fixed interest rates	(7,078,783)	7,334,666	(8,106,722)	8,461,191
Interest rate coupons	Interest rate coupons	5,892,391	(6,138,354)	5,019,081	(5,261,041)
Price index coupons	Inflation indices	(439,075)	470,669	(249,939)	259,248
Foreign currency coupons	Foreign currency coupons	(1,221,984)	1,659,978	(1,796,993)	2,511,999
Total		(2,847,451)	3,326,959	(5,134,573)	5,971,397



(ii) Value-at-Risk

Methodology

To measure VaR, The Bank's uses the historical simulation method and the following parameters:

- a) Total VaR: $(VaR + Stressed VaR) \times Multiplier$, where:
 - i. VaR: the expected potential loss using a historical series of shocks with 252 business days, a 99% confidence level and a 10-day holding period (according with Central Bank of Brazil instruction 3,646/2013);
 - ii. Stressed VaR (SVaR): the potential loss expected using the historical series of daily shocks contained in 12 months of portfolio stress, as of 01.02.2004, 99% confidence level and 10-day holding period (according with Central Bank of Brazil instruction 3,646/2013); and
 - iii. Multiplier: $M = 3$, as provided by Central Bank of Brazil instruction 3,646/2013.

The historical simulation method assumes that historical events have a direct correlation with possible future events and this method uses generalized historical events as possible future events (retrospective scenarios), hence each retrospective scenario corresponds to a possible "market state" under the simulation time horizon. One of the major advantages of using the VaR by historical simulation method is that the modeling risk is mitigated, since the use of the empirical distribution of returns renders the assumption of the hypothesis of normality unnecessary for the time series of returns, commonly assumed by other methods such as the parametric method.

The risk factors employed to measure Value-at-Risk for exposures subject to market risks are categorized in the following classes: (i) interest rates: risk of changes in the coupon interest rates in the market. Example: fixed, dollar, IPCA (Amplified Consumer Price Index), TR (Referential Rate); (ii) exchange rates: risk of changes in the exchange rates in the market. Example: Reais versus Dollar, Reais versus Euro, Reais versus Yen; (iii) stock prices: risk of changes in quoted stock prices. Example: PETR4 (Petrobras-PN), VALE5 (Vale-PNA); and (iv) prices of commodities: risk of changes in the prices of commodities in the market. Example: cattle, soya, corn.

Process of backtesting

The objective of backtesting, which is executed monthly, is to assess the accuracy of the market risk model (Value-at-Risk). This assessment is separate from the Value-at-Risk metric development and use procedures.

The Bank's methodology consists of verifying whether the number of extrapolations (number of times the negative returns exceeded the losses estimated by Value-at-Risk) is compatible with that provided for by the model (from the statistical viewpoint), and whether they occurred independently over time.

As a comparison between models, there is an evaluation of the magnitude of extreme values, in addition to the arrangement of the Value-at-Risk models.

The backtesting is performed on monthly basis by comparing the negative changes occurred in the positions (losses) with the estimates of Value at Risk (VaR).

Backtesting models use statistical methods of evaluation based on hypothesis testing (Kupiec, Christoffersen and Basel), with 99% significance level.

All of the models consist in verifying whether extrapolations events (the number of times that negative returns exceed the losses estimated by VaR model) are consistent with the model provided by backtesting, which foresee acceptable ranges that depend on series length.



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In Kupiec and Christoffersen tests, there is a lower limit and an upper limit of the range, rejecting when they are out of range and not rejected within range. The test also checks whether Christoffersen extrapolations independently occurred over time, a situation that is not rejected.

For the Basel test (Traffic Lights), there is a green band, below a defined number of extrapolations when the model is accurate; a yellow band between two threshold values that puts the model under observation and a red band above a defined number of extrapolations, where the model is not accurate.

For the 2020 period, extrapolations occurred, as the observed losses were greater than the losses forecast, which are measured according to the VaR model described above.

Date	% in comparison with VaR
03/12/2020	183.94%
03/19/2020	175.76%
06/02/2020	117.99%
10/05/2020	126.45%

For the period of 2021, no extrapolations occurred, because the losses observed were lower than the losses forecast.

The VaR model proved consistent, since the tests indicated that adverse outcomes (amount of extrapolations) fell within the limits established by the statistical tests and the level of confidence (99%).

There were no positions or financial instruments not considered in the VaR calculation for the reported periods.

(iii) Stress test

The Bank uses stress metrics resulting from simulations of its exposures to market risk under extreme conditions, such as financial crises and economic shocks. These tests aim to simulate the size of the impacts on regulatory, economic, MtM and Net Equity requirements of plausible events, unlikely to occur.

The Bank uses the stress testing program has the following objectives:

- (i) be integrated with the institution's risk management structure;
- (ii) to associate potential losses with plausible events;
- (iii) be considered in the development of the risk mitigation strategies and contingency plans of the Bank;
- (iv) performed individually by risk factor and jointly; and
- (v) consider the concentration in certain risk factors the non-linear instruments and the breakdown of the assumptions of the VaR model.

For capital requirement, the market risk stress testing program makes use of:

- (i) retrospective tests - trading portfolio, for the RWAjurs (1, 2, 3 and 4) and RWAacs, as well as for foreign exchange risk and commodities risk in the Prudential Conglomerate's trading and banking portfolio;
- (ii) prospective tests - carried out having as scope the Securities, Categories 1 and 2 and Derivatives, within the scope of the Integrated Stress Test; and
- (iii) sensitivity analysis tests – same scope of the retrospective tests.

Retrospective tests – trading portfolio

The retrospective stress test method estimates the percentage of the market value of exposures by applying shocks compatible with specific scenarios capable of reproducing historical periods of market stress or higher losses of the Bank, considering the following parameters:

- (i) metrics: minimum (worst loss) and maximum (highest gain) of the historical series of daily returns of the



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- trading portfolio;
- (ii) extension of the historical series: de April 1, 2000 until the base date;
- (iii) holding period: one month (21 working days); and
- (iv) test periodicity: monthly.

The control, monitoring and daily monitoring of stress limits for the Banco do Brasil's trading portfolio and for its groups and books are performed based on the retrospective stress test metrics.

The results of the retrospective stress tests aim to evaluate the capacity to absorb large losses and to identify possible measures to reduce the risks of the Bank. They follow the results of the retrospective stress tests of the trading book in accordance with the Banco do Brasil market risk stress test program.

Retrospective stress test loss estimates

Risk factors	Dec 31, 2021	
	Net exposure	Stress
Pre fixed rate	4,921,785	(15,671,201)
Foreign currency	6,525,047	(7,863,386)
Commodities	(60,299)	(299,008)
Total	11,386,533	

Risk factors	Dec 31, 2020	
	Net exposure	Stress
Pre fixed rate	1,425,208	(4,483,981)
Foreign currency	5,055,955	(1,273,005)
Commodities	82,541	(132,060)
Total	6,563,704	

Retrospective stress test gains estimates

Risk factors	Dec 31, 2021	
	Net exposure	Stress
Pre fixed rate	4,921,785	16,097,598
Foreign currency	6,525,047	10,063,785
Commodities	(60,299)	228,075
Total	11,386,533	

Risk factors	Dec 31, 2020	
	Net exposure	Stress
Pre fixed rate	1,425,208	6,593,175
Foreign currency	5,055,955	1,251,593
Commodities	82,541	660,541
Total	6,563,704	

Conclusions– worst losses:

- (i) RWA_{CAM} : In ARS currency exposures: R\$ (6,813.9) million and USD: R\$ (659.5) million, referring to the historical scenarios of 10/28/2008 and 08/01/2002, respectively, and RWA_{JUR} : risk factors Prefixed : R\$ (2,673.0) million and IPCA Coupon: R\$ (12,616.5) million, referring to the historical scenarios of 11/05/2002 and 07/02/2020, respectively; and



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- (ii) Impact on Core Capital: (21.40%).

Conclusions– highest gains:

- (i) RWACAM: In ARS currency exposures: R\$ 9,076.7 million and USD: R\$ 646.7 million, referring to the historical scenarios of 04/22/2003 and 05/18/2017, respectively, and RWAJUR: risk factors Prefixed : R\$ 3,221.6 million and IPCA Coupon: R\$ 12,467.3 million, referring to the historical scenarios of 10/16/2002 and 10/05/2020, respectively; and
(ii) Impact on Core Capital: 23.70%.

The column "net exposure" is the net result of the present and present exposures in present value, considered in the calculation of the requirement of market risk capital, presented in the tables below by risk factor:

Detail of the net exposures for the retrospective stress test:

Risk factors	Net exposure	
	Dec 31, 2021	Dec 31, 2020
Foreign currency	6,525,047	5,055,956
Swiss Franc	6,120	20,673
Canadian Dollar	10,945	10,683
Euro	538,514	1,586,722
Pound Sterling	143,925	5,303
Yen	239,196	(619,735)
USA Dollar	2,883,842	1,646,292
Xau	31,189	--
Other currencies	2,671,316	2,406,018
Commodities	(60,299)	82,541
Commodities	(60,299)	82,541
Interest Rates	4,921,785	1,425,207
Pre fixed rate	1,122,707	813,810
Price index coupom	3,378,710	103,718
Foreign currency coupom	420,368	507,679
Total	11,386,533	6,563,704

Among the instruments that make up the net exposure amounts above, are securities issued by the Brazilian government, securities issued by private companies and derivative financial instruments. The stress tests are applied to all instruments of the trading portfolio, as required by the Central Bank of Brazil. Therefore, all the market risk sensitive instruments included in our trading portfolio are within the scope of the market risk stress test.

The worst losses and the highest gains calculated by retrospective methodology refer to losses and gains calculated by historical simulations. In this type of methodology, we obtain the results for each risk factor (short or long positions) according to the historical changes positive or negative in the corporate curves used for stress tests.

Consequently, in the worst case scenario, we calculated the worst losses obtained with the historical simulation for each risk factor, regardless of their short or long net exposure, and similarly for the largest gains. There is the impact of a 21-day holding period on the results in the stress scenario, which represents the multiplication of daily gain or loss per square root of 21, as defined by our senior management. The tables below show the gains and losses by risk factor, computed by historical simulation with data from January 1, 2000 and observing the holding period of 21 days.



In thousands of Reais, unless otherwise stated

Detail of the losses and gains for the retrospective stress test:

Risk factors	Dec 31, 2021		Dec 31, 2020	
	Loss	Gain	Loss	Gain
Foreign currency	(7,863,385)	10,063,784	(1,273,004)	1,251,592
Swiss Franc	(2,785)	3,876	(9,114)	12,677
Canadian Dollar	(2,701)	2,446	(2,817)	2,564
Euro	(131,737)	109,019	(380,960)	348,944
Pound Sterling	(56,881)	50,488	(2,065)	1,844
Yen	(81,220)	71,519	(180,396)	193,747
USA Dollar	(659,528)	646,740	(404,310)	396,470
Other currencies	(6,928,533)	9,179,696	(293,342)	295,346
Commodities	(299,008)	228,075	(132,060)	660,541
Commodity options	(299,008)	228,075	(132,060)	660,541
Interest Rates	(15,671,201)	16,097,598	(4,483,981)	6,593,175
Pre fixed rate	(2,677,923)	3,227,906	(4,109,108)	4,862,982
Price index coupom	(12,616,506)	12,467,342	(320,485)	1,655,056
Foreign currency coupom	(376,772)	402,350	(54,388)	75,137
Total	(23,833,594)	26,389,457	(5,889,045)	8,505,308

From the analysis of the previous table, we concluded that the calculation of gains and losses under stress conditions, obtained through the historical simulation of short and long exposures that compose the net exposure, can generate values higher than the real net exposure.

Prospective testing – trading portfolio

The prospective stress test method estimates the percentage change in market value resulting from the application of shocks corresponding to market risk factors linked to Securities (financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income) and Derivatives. These shocks are estimated based on stress scenarios generated by our strategy and organization and finance departments.

Prospective stress testing seeks to simulate adversity based on the characteristics of our portfolio and the macroeconomic environment under severe and plausible conditions. There are two macroeconomic scenarios that consider the following assumptions:

- Scenario 1: " Hard landing" of the chinese economy and brazilian fiscal deterioration; and
- Scenario 2: " Hard landing " of the chinese economy and increases in the interest rate in the US economy.

The results of the prospective stress test are presented in the Icaap report, published on the site: <https://ri.bb.com.br>.

Foreign exchange and gold exposure

Banco do Brasil adopts policy for managing its foreign exchange risk to reduce its effects on the Bank's results.

Net foreign exchange exposure, December 31, 2021, was a liability in the amount of US\$ 393.6 millions, and on December 31, 2020, was a liability in the amount of US\$ 1,399.9 millions.



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Foreign currencies and gold balance

Currency	Balance sheet accounts			
	Dec 31, 2021		Dec 31, 2020	
	Assets	Liabilities	Assets	Liabilities
USA Dollar	199,197,527	221,070,724	198,710,522	226,973,411
Euro	15,259,508	9,097,907	17,139,446	16,845,410
Pound Sterling	321,235	456,908	165,327	239,971
Yen	2,568,416	2,523,335	3,347,847	2,177,404
Swiss Franc	24,039	17,918	38,236	17,462
Canadian Dollar	48,983	40,971	17,520	12,986
Gold	31,189	--	28,124	--
Other currencies	21,763,829	20,615,670	16,113,777	15,613,113
Total	239,214,726	253,823,433	235,560,799	261,879,757
Net position – balance sheet accounts		(14,608,707)		(26,318,958)

Currency	Derivatives			
	Dec 31, 2021		Dec 31, 2020	
	Long position	Short position	Long position	Short position
USA Dollar	60,015,597	41,332,772	59,946,012	38,390,075
Euro	1,707,511	8,427,585	2,694,202	3,152,712
Pound Sterling	274,423	976,796	42,994	1,326,039
Yen	314,446	688,755	--	2,656,813
Swiss Franc	--	--	--	--
Canadian Dollar	2,933	--	6,127	--
Other currencies	1,523,169	--	1,880,048	--
Total	63,838,079	51,425,908	64,569,383	45,525,639
Net position – derivatives	12,412,171		19,043,744	

Currency	Dec 31, 2021	Dec 31, 2020
	Net position	Net position
USA Dollar	(3,190,372)	(6,706,952)
Euro	(558,473)	(164,474)
Pound Sterling	(838,046)	(1,357,689)
Yen	(329,228)	(1,486,370)
Swiss Franc	6,121	20,774
Canadian Dollar	10,945	10,661
Gold	31,189	28,124
Other currencies	2,671,328	2,380,712
Net position total	(2,196,536)	(7,275,214)



In thousands of Reais, unless otherwise stated

Summary	Dec 31, 2021		Dec 31, 2020	
Balance sheet accounts and derivatives	303,052,805	305,249,341	300,130,182	307,405,396
Net position total		(2,196,536)		(7,275,214)
Net position total – US\$ ⁽¹⁾		(393,609)		(1,399,968)

(1) US Dollar Exchange rate December 31, 2021 – 1 US\$ = R\$ 5.5805. US Dollar Exchange rate December 31, 2020 – 1 US\$ = R\$ 5.1967.

d) Liquidity risk

Liquidity risk is the risk that the Bank will not be capable of fulfilling its financial commitments as they mature, without incurring at significant losses. For risk management purposes, liquidity is measured in monetary values according to the composition of assets and liabilities established by the liquidity manager.

This risk takes two forms: market liquidity risk and cash flow liquidity risk. The first is the possibility of loss resulting from the incapacity to perform a transaction in a reasonable period of time and without significant loss of value. The second is associated with the possibility of a shortage of funds to honor commitments assumed on account of the mismatching between payments and receipts.

Liquidity risk management

Liquidity risk management segregates liquidity in national currency from liquidity in foreign currencies. The managerial views for liquidity risk management contribute to the adequate management of risk in the jurisdictions where the Bank operates and in the currencies for which there is exposure. For this, the following instruments are used:

- a) Liquidity projections: liquidity projections in a base and stress scenario allow for a prospective assessment, within a 90-day time horizon, of the mismatch between funding and investments, in order to identify situations that could compromise the Bank's liquidity. Additionally, it is worth mentioning that the projection of liquidity in the base scenario is used as an indicator in the Bank's Recovery Plan;
- b) Stress test: the stress test is performed monthly from the liquidity projection, in a base and stress scenario, against the Liquidity Reserve, assessing whether the potential volume of liquidity contingency measures (MCL) meets the needs liquidity, when the projection in any scenario is below the liquidity reserve;
- c) Indicator of Maximum Intraday Liquidity Requirement – EMLI (only for liquidity in national currency): EMLI is the biggest difference, occurring during a business day, between the value of payments and receipts at any time of the day; and
- d) Risk limits: used to guarantee the maintenance of the level of exposure to liquidity risk at the levels desired by the Bank. The indicators used in the liquidity risk management process are:
 - Short-term Liquidity Indicator (LCR);
 - Medium and Long Term Liquidity Indicator (NSFR);
 - Liquidity reserve;
 - Liquidity mattress;
 - Free Resource Availability Indicator (DRL); and
 - Funding concentration indicator.

Banco do Brasil has a Liquidity Contingency Plan (PCL), which consists of a set of procedures, strategies and responsibilities to identify, manage and report Banco do Brasil's liquidity stress status, in order to ensure the maintenance of cash flow and restore the liquidity level to the desired level.

The liquidity stress states are used as a parameter for triggering the PCL and can occur when the observed liquidity falls below the liquidity reserve or when the LCR indicator falls below the limit established by the current RAS (Risk Appetite Statement).

The strategy to face the state of liquidity stress consists of activating the Liquidity Contingency Measures (MCL), aiming at re-establishing the liquidity reserve or the limit of the LCR indicator.



In thousands of Reais, unless otherwise stated

The instruments used in the management of liquidity risk are periodically reported to the Executive Committee for Risk Management, Internal Controls, Assets, Liabilities, Liquidity and Capital (CEGRC) and to the Bank's Management Committee.

Liquidity risk analysis

The liquidity risk limits are used to monitor the liquidity risk exposure level of the Bank. The control of these limits, that act in a complementary manner in the management of the short, medium and long-term liquidity risk of the Bank, ensured a favorable liquidity situation throughout the period, avoiding the activation of the liquidity contingency plan or the implementation of emergency actions in the budget planning to address the structural liquidity adequacy concerns.

Funding management

The funding composition and a wide and diversified customer base constitute an important element of the liquidity risk management of Banco do Brasil. The main funding is represented by client deposits which are composed of demand deposits, savings deposits and voluntary time deposits characterized by being products without defined maturity, with due dates defined by internal models adopted for market and liquidity risks management purposes.

Other representative funding sources are: judicial deposits, which are also characterized by high stability and undefined maturity; the external market funding designed to finance exports and imports; and other retail funding represented by other demand funds, such as collection, payment order, payments and receptions on behalf of third parties. The Agribusiness Letters of Credit and Mortgage Bonds issued, which has daily liquidity for the investor after a grace period of 90 days, is also a significant component of other retail funding.

Funding under repurchase agreements that are backed by securities and funding operations within the Bank's treasury are held for the short-term management of operational liquidity and for implementation of strategies on capital market funding in the medium and long term.

In order to present the funding maturity profile according to the criteria of IFRS 7, retail funding and deposits with no defined maturity (SMD) – demand deposits, savings deposits, time deposits with daily liquidity and judicial deposits – will have their maturities allocated in the column "Up to 1 month". The remaining fundings are presented by future flow on their respective maturity bands.



In thousands of Reais, unless otherwise stated

Funding Breakdown

Liabilities	Dec 31, 2021						Total gross	Part %
	Up to 1 month	1 to 6 months	6 to 12 months	1 to 5 years	> 5 years			
Term deposits	6,821,669	1,281,755	1,066,163	3,173,008	--	12,342,595	0.8%	
Cash inflow	14,755,110	1,191,349	8,954	1,791	8,291,570	24,248,774	1.5%	
Judicial deposits	182,994,208	--	--	--	--	182,994,208	11.6%	
Foreign market funding	5,129,541	11,773,709	8,398,193	23,947,748	52,188,031	101,437,222	6.4%	
Other retail funding	15,525,888	36,903	--	--	--	15,562,791	1.0%	
Clients deposits without defined maturity	399,238,275	--	--	--	--	399,238,275	25.3%	
Other retail funding without defined maturity	93,943,934	--	--	--	--	93,943,934	5.9%	
Funds and onlendings	6,080,984	10,913,041	9,479,304	42,043,247	59,288,058	127,804,634	8.1%	
Repurchase agreement	571,084,740	31,242,967	8,667,906	10,841,142	--	621,836,755	39.4%	
Total gross	1,295,574,349	56,439,724	27,620,520	80,006,936	119,767,659	1,579,409,188	100.0%	

Liabilities	Dec 31, 2020						Total gross	Part %
	Up to 1 month	1 to 6 months	6 to 12 months	1 to 5 years	> 5 years			
Term deposits	620,653	11,746,852	11,286,214	46,373,559	--	70,027,278	4.6%	
Cash inflow	4,226,166	4,743,857	3,008,549	1,143,066	8,180,875	21,302,513	1.4%	
Judicial deposits	164,224,096	--	--	--	--	164,224,096	10.9%	
Foreign market funding	1,541,829	15,118,741	4,784,103	53,881,284	96,678,905	172,004,862	11.4%	
Other retail funding	13,909,539	28,986	--	--	--	13,938,525	0.9%	
Clients deposits without defined maturity	365,773,946	--	--	--	--	365,773,946	24.2%	
Other retail funding without defined maturity	86,648,314	--	--	--	--	86,648,314	5.7%	
Funds and onlendings	6,393,847	9,166,713	7,921,601	39,885,464	46,987,940	110,355,565	7.3%	
Repurchase agreement	471,793,953	21,236,481	8,399,041	6,029,906	--	507,459,381	33.6%	
Total gross	1,115,132,343	62,041,630	35,399,508	147,313,279	151,847,720	1,511,734,480	100.0%	

Financial guarantee contracts

Financial guarantee contracts are credit conditional commitments issued by the Bank to guarantee performance of individual and corporate clients and other financial institutions to third parties.

The contingent nature of these liabilities is considered for the Bank's liquidity risk management in the definition of scenarios used in the liquidity stress test, carried out on a monthly basis.



In thousands of Reais, unless otherwise stated

The following tables presents a summary of the commitment value of the financial guarantee contracts realized by the Bank as December 31, 2021 and December 31, 2020:

Liabilities	Dec 31, 2021				
	1 to 6 months	6 to 12 months	1 to 5 years	Above 5 years	Total
Bank guarantee	4,913,260	1,926,048	4,087,153	225,735	11,152,196
Credit assignments and co-obligations	1	--	1,393	--	1,394
Others co-obligations	483,672	--	--	--	483,672
Total	5,396,933	1,926,048	4,088,546	225,735	11,637,262

Liabilities	Dec 31, 2020				
	1 to 6 months	6 to 12 months	1 to 5 years	Above 5 years	Total
Bank guarantee	4,869,709	1,200,507	3,697,145	243,351	10,010,712
Credit assignments and co-obligations	--	--	1,876	--	1,876
Others co-obligations	891,562	--	--	--	891,562
Total	5,761,271	1,200,507	3,699,021	243,351	10,904,150

Loan commitments

Banco do Brasil offers lines of credit that impact the measurement of liquidity risk, overdraft and credit card limits.

In these lines, the Bank maintains an approved credit limit for current account customers and can be used whenever necessary.

The following tables represent the distribution of the contractual maturities of the Bank's loan commitments, position of December 31, 2021 and December 31, 2020:

Liabilities		Dec 31, 2021			
		1 to 6 months	6 to 12 months	Above 1 year	Total
Overdraft	Withdraw	1,103,519	924,539	--	2,028,058
	Available	11,439,087	10,756,599	--	22,195,686
Credit card	Withdraw	27,008,931	24,745,728	--	51,754,659
	Available	57,127,586	28,650,521	--	85,778,107
Total		96,679,123	65,077,387	--	161,756,510

Liabilities		Dec 31, 2020			
		1 to 6 months	6 to 12 months	Above 1 year	Total
Overdraft	Withdraw	844,081	716,191	--	1,560,272
	Available	11,210,922	10,418,679	--	21,629,601
Credit card	Withdraw	17,151,652	17,514,904	--	34,666,556
	Available	34,347,429	12,670,047	--	47,017,476
Total		63,554,084	41,319,821	--	104,873,905



In thousands of Reais, unless otherwise stated

Derivative financial instruments

Banco do Brasil is a counterparty to financial derivative operations to hedge its own positions to meet the needs of our customers and to take proprietary positions. The hedging strategy is in line with the market and liquidity risk policy and with the derivative financial instruments use policy approved by the Board of Directors.

The Bank has a range of tools and systems for the management of the derivative financial instruments and uses statistical and simulation methodologies to measure the risks of its positions, by means of Value-at-Risk, sensitivity analysis and stress test models.

Operations with financial derivatives, with special emphasis on those subject to margin calls and daily adjustments, are considered in the measurement of the liquidity risk limits adopted by the Bank and in the composition of the



scenarios used in the liquidity stress tests, conducted monthly.

e) Credit risk

Credit risk is the risk of loss due to non-performance by a borrower under the contractual terms of a loan, devaluation of a loan due to deterioration in the borrower's risk rating, reduced expectations of earnings or interest under a loan contract, concession of benefits as part of a renegotiation or the incurrence of additional costs to recover a loan.

The credit risk management includes counterparty credit risk (RCC), country risk, sovereign risk, transfer risk, credit concentration risk and the effectiveness of mitigation or transfer instruments used exposures that generate the designated risks.

The Bank's credit risk management process is based on best practices and complies with the requirements of BACEN. The process is designed to identify, measure, evaluate, monitor, report, control and mitigate exposures to credit risk. This contributes to the ongoing financial strength and solvency of the Bank and the protection of shareholders' interests.

In accordance to Bacen Resolution 54/2020, the bank discloses the risk management information aligned with the guidelines of Pillar 3 of Basel II. The report can be viewed at www.bb.com.br/ir.

Credit policy

Banco do Brasil's specific credit policy contains strategic guidelines to direct credit-risk management actions in the conglomerate. It is approved by the Board of Directors and reviewed every year. It applies to all business that involve credit risk and is available to all employees. It is expected that the Subsidiaries, Affiliates and Investment companies define their paths from these guidelines, taking into account the specific needs and legal and regulatory issues to which they are subject.

The specific credit policy guides the continuous, integrated and prospective management of credit risk, comprising all stages of the credit process, the management of the assets subject to this risk as well as the process of credit collections and recovery, including those incurred at the risk and expense of third parties.

Credit risk mitigation mechanisms

The Bank's credit policy addresses the use of risk mitigating instruments, which forms part of the strategic decision-making process. These policies are communicated throughout the Bank and cover every phase of the credit risk management process.

In conducting any business subject to credit risk, the bank's general rule is to tie it to a mechanism that provides partial or complete hedging of risk incurred. In managing credit risk on the aggregate level, to keep exposure within the risk levels established by the senior management, the Bank has the prerogative to transfer or to share credit risk.

Credit rules provide clear, comprehensive guidelines for the operational units. Among other aspects, the rules address ratings, requirements, choices, assessments, formalization, control and reinforcement of guarantees, ensuring the adequacy and sufficiency of the mitigator throughout the transaction cycle.



Measurement

Due to the nature and volume of the transactions, the diversity and complexity of its products and services and the significant amounts involved, the Bank's credit risk measurement process is performed systematically. The architecture of databases and corporate systems allows the Bank to perform comprehensive measurements of credit risk, evaluating prospectively the behavior of the portfolio subject to credit risk considered in several scenarios, corporately defined, including stress.

At the Bank, estimates of Expected Loss (EL) associated with credit risk consider the macroeconomic environment, the likelihood that the exposure will be characterized as a problematic asset and the recovery of credit, including concessions, execution costs and terms. Banco do Brasil periodically reviews the composition of the financial assets portfolio in order to assess whether expected impairment losses should be recognized. The portfolio evaluation process involves several estimates and judgments, observing factors that show a change in the risk profile of the client, the credit instrument and the quality of the guarantees that result in a reduction in the estimate of the receipt of future cash flows.

The model adopted for the calculation of the impairment of financial assets is based on the concept of expected credit loss, thus, all operations have an expected loss since their origin and are monitored as the credit risk situation changes.

Credit deterioration

The expected loss models aim to identify the losses that will occur in the next 12 months or that will occur during the life of the operation on a forward-looking basis. Financial instruments are evaluated in 3 stages and are subject to quantitative and qualitative analysis.

The stage in which each asset is classified is systematically reviewed and considers the Bank's risk monitoring processes in order to capture changes in the characteristics of the instruments and their guarantees that impact the financial capacity of the client.

The migration of financial assets between stages is sensitized after analyzes that result in aggravation or mitigation of credit risk. These estimates are based on assumptions of a number of factors, and for this reason, actual results may vary, generating future constitutions or reversals of allowances.

Other information on the calculation methodology and assumptions used by the Bank for the evaluation of impairment losses on loans to customers, as well as the quantitative amounts recorded as expected loss for doubtful accounts, can be obtained in Notes 3.j, 18, 19, 21, 22, 23, 24 and 39.

Economic scenarios

For accounting purposes, the expected loss models aim to identify credit losses, over a given time horizon, that influence the assets value, on a forward-looking basis. In order to calculate the expected loss provisions for financial instruments, the Bank associates systemic risk variables (macroeconomic variables). These variables relation makes the expected loss estimation more dynamic, especially when considering current macroeconomic conditions.



In thousands of Reais, unless otherwise stated

Maximum credit risk exposure

The following table shows the maximum exposure on December 31, 2021 and December 31, 2020:

	Dec 31, 2021	Dec 31, 2020
Financial assets at amortized cost, net	1,344,538,282	1,219,130,246
Loans to financial institutions	42,842,588	49,317,455
Securities purchased under resale agreements	487,472,927	466,344,581
Loans to customers	734,290,606	633,402,350
Securities	33,107,809	24,946,064
Other financial assets	46,824,352	45,119,796
Financial assets at fair value through profit or loss	11,739,070	15,670,822
Debt and equity instruments	9,604,035	12,143,486
Derivatives	2,135,035	3,527,336
Financial assets at fair value through other comprehensive income	305,490,911	256,553,310
Off-balance sheet Items	182,709,250	138,378,822

The Bank's other exposures are described below:

Loans to financial institutions

Loans to financial institutions refer to interbank deposits and to loan portfolios acquired with recourse to the assigning institution.

These loans follow the Bank's risk analysis, being classified by internal rating and these exposures exhibit low credit risk.

Repurchase agreements

Repurchase agreements are mainly with the Brazilian Central Bank and other financial institutions. Securities used to back these transactions are normally federal government bonds. These transactions do not present non-performing credits.

Securities

Securities valued at amortized cost are those in which their contractual cash flows have a characteristic of payment of principal and interest only and management maintains it in a business model whose purpose is to obtain the contractual cash flows.

Securities measured in this category are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate. Financial charges are recorded on an accrual basis and added to the principal amount in each period. The asset value is reduced by principal repayments, as well as impairment losses (expected losses).



In thousands of Reais, unless otherwise stated

Financial assets at fair value through profit or loss

An asset will be measured in this category when its contractual cash flows do not have the characteristic of only payment of principal and interest or when Management maintains it in a business model whose objective is to sell it.

Financial instruments in this category are initially measured at fair value, and their income (interest and dividends) is recognized as interest income. Gains and losses realized and not realized as a result of the fair value variations of these instruments are recognized in the income statement.

Financial assets at fair value through other comprehensive income

Financial assets classified at fair value through other comprehensive income are managed within the business model whose purpose is to generate returns both for recognition of contractual cash flows and for trading with substantial transfer of risks and benefits.

Off-balance sheet items

The same risk classification criteria used for regular loans is also used for off-balance sheet items. These arrangements impact clients' credit limits and generally refer to pre-approved credit, credit pending disbursement and guarantees.

Pre-approved credit includes credit cards and overdraft limits. Credit pending disbursement represents future cash outflows under existing loan commitments (following a release of funds schedule), including project finance and real estate loans. These clients present low credit risk.

Guarantees provided represent various types of guarantees offered to low risk clients. Payment is only required under these agreements if the client defaults on its obligation to a third-party creditor. When payment is required, the exposure is transformed into a loan.



In thousands of Reais, unless otherwise stated

Loans to customers

The following table represents the maximum exposure of financial assets segregated by portfolio type and by credit risk classification.

	Dec 31, 2021															
	Stage 1				Stage 2				Stage 3				Total			
	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total
Individuals	420,487,340	97,451,232	789,140	518,727,712	34,945,433	3,330,540	3,263	38,279,236	23,829,754	174,367	80,173	24,084,294	479,262,527	100,956,139	872,576	581,091,242
Retail Individuals	216,271,089	88,182,651	687,480	305,141,220	25,869,116	3,218,140	3,263	29,090,519	18,248,899	138,951	74,771	18,462,621	260,389,104	91,539,742	765,514	352,694,360
Retail rural producer	204,216,251	9,268,581	101,660	213,586,492	9,076,317	112,400	--	9,188,717	5,580,855	35,416	5,402	5,621,673	218,873,423	9,416,397	107,062	228,396,882
Corporations	262,896,341	66,983,901	9,577,679	339,457,921	15,338,486	1,415,701	234,213	16,988,400	19,883,665	793,210	571,749	21,248,624	298,118,492	69,192,812	10,383,641	377,694,945
Wholesale	208,751,529	46,587,524	9,269,212	264,608,265	11,265,763	640,329	231,438	12,137,530	14,686,001	231,169	118,688	15,035,858	234,703,293	47,459,022	9,619,338	291,781,653
Retail MPE	54,129,135	20,395,254	308,467	74,832,856	4,067,864	775,337	2,775	4,845,976	5,171,561	561,956	453,061	6,186,578	63,368,560	21,732,547	764,303	85,865,410
Retail rural producer	15,677	1,123	--	16,800	4,859	35	--	4,894	26,103	85	--	26,188	46,639	1,243	--	47,882
Total	683,383,681	164,435,133	10,366,819	858,185,633	50,283,919	4,746,241	237,476	55,267,636	43,713,419	967,577	651,922	45,332,918	777,381,019	170,148,951	11,256,217	958,786,187
%	79.63%	19.16%	1.21%	100.00%	90.98%	8.59%	0.43%	100.00%	96.43%	2.13%	1.44%	100.00%	81.08%	17.75%	1.17%	100.00%

	Dec 31, 2020															
	Stage 1				Stage 2				Stage 3				Total			
	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total
Individuals	320,998,602	57,877,749	668,116	379,544,467	54,606,882	2,547,204	15,000	57,169,086	22,041,263	119,352	95,117	22,255,732	397,646,747	60,544,305	778,233	458,969,285
Retail Individuals	167,617,947	52,119,214	505,819	220,242,980	45,152,202	2,484,700	566	47,637,468	15,440,396	102,119	86,756	15,629,271	228,210,545	54,706,033	593,141	283,509,719
Retail rural producer	153,380,655	5,758,535	162,297	159,301,487	9,454,680	62,504	14,434	9,531,618	6,600,867	17,233	8,361	6,626,461	169,436,202	5,838,272	185,092	175,459,566
Corporations	215,513,249	63,174,657	7,196,905	285,884,811	38,743,472	3,383,407	927,137	43,054,016	23,552,152	746,659	666,917	24,965,728	277,808,873	67,304,723	8,790,959	353,904,555
Wholesale	177,081,556	44,980,203	7,167,022	229,228,781	31,241,104	1,496,003	924,362	33,661,469	19,906,799	294,191	245,015	20,446,005	228,229,459	46,770,397	8,336,399	283,336,255
Retail MPE	38,424,221	18,193,868	29,883	56,647,972	7,498,723	1,887,351	2,775	9,388,849	3,627,527	452,446	421,902	4,501,875	49,550,471	20,533,665	454,560	70,538,696
Retail rural producer	7,472	586	--	8,058	3,645	53	--	3,698	17,826	22	--	17,848	28,943	661	--	29,604
Total	536,511,851	121,052,406	7,865,021	665,429,278	93,350,354	5,930,611	942,137	100,223,102	45,593,415	866,011	762,034	47,221,460	675,455,620	127,849,028	9,569,192	812,873,840
%	80.63%	18.19%	1.18%	100.00%	93.14%	5.92%	0.94%	100.00%	96.55%	1.83%	1.62%	100.00%	83.09%	15.73%	1.18%	100.00%



In thousands of Reais, unless otherwise stated

Other financial assets

Financial assets at fair value through other comprehensive income

Dec 31, 2021	Stage 1	Stage 2	Stage 3	Total
Debt instruments				
Brazilian federal government bonds	232,407,095	--	--	232,407,095
Securities issued by non-financial companies	44,744,418	568,648	1,291,551	46,604,617
Brazilian government bonds issued abroad	10,839,687	--	--	10,839,687
Federal government bonds	10,579,331	--	--	10,579,331
Investments in mutual funds	4,106,244	--	--	4,106,244
Securities issued by financial companies	953,937	--	--	953,937
Total	303,630,712	568,648	1,291,551	305,490,911

Dec 31, 2020	Stage 1	Stage 2	Stage 3	Total
Debt instruments				
Brazilian federal government bonds	201,850,585	--	--	201,850,585
Securities issued by non-financial companies	25,010,846	193,546	1,650,142	26,854,534
Brazilian government bonds issued abroad	12,403,613	--	--	12,403,613
Federal government bonds	10,596,840	--	--	10,596,840
Investments in mutual funds	3,958,901	--	--	3,958,901
Securities issued by financial companies	888,837	--	--	888,837
Total	254,709,622	193,546	1,650,142	256,553,310

Securities at amortized cost

Dec 31, 2021	Stage 1	Stage 2	Stage 3	Total
Debt instruments				
Securities issued by non-financial companies	13,836,790	2,693,828	784,866	17,315,484
Brazilian federal government bonds	12,011,257	--	--	12,011,257
Brazilian government bonds issued abroad	2,854,926	--	--	2,854,926
Securities issued by financial companies	837,406	--	--	837,406
Foreign government bonds	582,122	--	--	582,122
Subtotal	30,122,501	2,693,828	784,866	33,601,195
Expect losses on securities	(70,172)	(340,021)	(83,193)	(493,386)
Total	30,052,329	2,353,807	701,673	33,107,809



In thousands of Reais, unless otherwise stated

Dec 31, 2020	Stage 1	Stage 2	Stage 3	Total
Debt instruments				
Securities issued by non-financial companies	11,272,011	947,932	2,562,145	14,782,088
Brazilian federal government bonds	6,573,995	--	--	6,573,995
Brazilian government bonds issued abroad	2,686,004	--	--	2,686,004
Securities issued by financial companies	1,178,417	--	389,939	1,568,356
Foreign government bonds	702,697	--	--	702,697
Subtotal	22,413,124	947,932	2,952,084	26,313,140
Expect losses on securities	(239,788)	(210,863)	(916,425)	(1,367,076)
Total	22,173,336	737,069	2,035,659	24,946,064

Assets received as collateral

	Dec 31, 2021	Dec 31, 2020
Collateralised loans	512,335,083	450,690,446
Uncollateralised loans	137,673,565	116,893,510
Loans with other mitigators	127,372,371	107,871,664
Total	777,381,019	675,455,620

The different types of loan collateral received by the Bank are listed below:

- (i) rural properties (land and buildings);
- (ii) urban properties – real estate located in urban areas (houses, apartments, warehouses, sheds, commercial or industrial buildings, urban lots, shops, etc.);
- (iii) crops – representing the harvest of the financed products (avocado, rice, beans, etc.). Perishable goods (vegetables, fruit, flowers, etc.) require additional collateral;
- (iv) furniture and equipment – only assets that can be easily moved or removed (machinery, equipment, vehicles, etc.);
- (v) financial investments with the Bank – savings accounts, certificates of deposit, fixed income funds, etc.;
- (vi) personal guarantees – including personal endorsements and surety funds such as FGO, FAMPE, FUNPROGER, etc.;
- (vii) extractive agricultural products – pineapple, acai, rice, coffee, cocoa, grapes, etc.;
- (viii) industrial products – raw materials, goods or industrial products (steel coil, footwear, stainless steel plates, etc.);
- (ix) receivables – including credit cards, future billings and checks;
- (x) livestock – cattle, pigs, sheep, goats, horses, etc.;
- (xi) securities and other rights – credit securities and other collateral rights (Commercial Credit Notes – CCC, Industrial Credit Notes – CCI, Credit Notes Export – CCE, Rural Product Notes – CPR, rural notes, resources held by the Bank, receivables or other credit notes arising from services provided or goods delivered); and
- (xii) credit insurance – provided by the Brazilian Insurer for Export Credits – SBCE, Brazilian Credit Insurer – SECUREB, etc.



In thousands of Reais, unless otherwise stated

The Bank prioritizes collateral with high liquidity on its loans to customer balances.

The maximum guarantee that may be provided by each type of collateral is based on the use of specific percentages, as shown in the table below:

Percentage of coverage on assets received as collateral

Asset	% Coverage
Credit rights	
Receipt for bank deposit	100%
Certificate of bank deposit ⁽¹⁾	100%
Savings deposits	100%
Fixed income investment funds	100%
Pledge agreement – cash collateral ⁽²⁾	100%
Standby letter of credit	100%
Others	80%
Guarantee funds	
Guarantee Fund for Generation of Employment and Income	100%
Guarantee Fund for Micro and Small Business	100%
Guarantee Fund for Operations	100%
Guarantee Fund for Investment	100%
Other	100%
Guarantee ⁽³⁾	100%
Credit insurance	100%
Pledge agreement – securities ⁽⁴⁾	77%
Offshore funds – BB Fund ⁽⁵⁾	77%
Livestock ⁽⁶⁾	70%
Pledge agreement – cash collateral ⁽⁷⁾	70%
Other ⁽⁸⁾	50%

(1) Except certificates that have swap contracts.

(2) In the same currency of the loan.

(3) Provided by a banking institution that has a credit limit at the Bank, with sufficient margin to support the co-obligation.

(4) Contract of deposit/transfer of customer funds.

(5) Exclusive or retail.

(6) Except in Rural Product Notes (CPR) transactions.

(7) Cash collateral celebrated in a distinct currency of the supported operations that have no foreign exchange hedge mechanism.

(8) Include properties, vehicles, machines, equipment, among others.

Collateral in the form of financial investments with the Bank may not be used by the client for other purposes until the loan is fully settled. Without having to notify the borrower, when the financial investments mature, the Bank may apply the funds to any past-due loan installments.

In addition to the credit assignment and credit rights assignment clauses, loans to customers also contain a collateral reinforcement clause. This ensures that the collateral coverage percentage agreed to at inception of the loan is maintained over the entire life of the transaction.

Concentration

The credit risk management strategies guide the Bank's activities at the operational level. Strategic decisions include, among other aspects, determination of the Bank's risk appetite and credit risk and concentration limits.



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The Bank also follows the concentration limits established by Bacen.

The Bank has a systematic risk management approach to the concentration of the credit portfolio. In addition to monitoring the concentration levels of different segments of the portfolio, based on the Herfindahl-Hirshman Index, the impact of the concentration on capital allocation for credit risk is evaluated.

Exposures by geographic region

	Dec 31, 2021	Dec 31, 2020
Banco do Brasil		
Domestic market	742,141,827	644,498,620
Southeast	306,586,459	285,607,430
South	139,276,680	117,649,594
Midwest	143,964,522	115,622,387
Northeast	104,281,946	86,915,236
North	48,032,220	38,703,973
Foreign market	35,239,192	30,957,000
Total	777,381,019	675,455,620

Loans to customers – concentration of credit operations

The following table sets forth the concentration level of the portfolio with customers and business groups with which Banco do Brasil has relations.

	Dec 31, 2021	Dec 31, 2020
1st Customer	1.5%	1.8%
2nd to 20th	7.9%	10.2%
21st to 100th	6.5%	6.7%
Top 100 largest	15.9%	18.7%

Additional information about credit exposure by economic activity is contained in Note 23 – Loans to customers.



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Renegotiated loans due to delay

Renegotiated loans are those with evidences of credit recoverability problems, due to significant financial difficulty of the debtor, that have been renegotiated with changes in the conditions originally agreed upon.

These operations aim to provide the client with a situation of financial viability over time, adapting the repayment of the loan with the Bank to the client's new situation of generating funds.

Renegotiations are carried out according to the viability of the operations based on the client's willingness and capacity to pay, for which purpose an updated analysis of its economic and financial situation and capacity to generate revenues is performed.

Assets that the Bank acquired in the settlement of loans

	Dec 31, 2021	Dec 31, 2020
Real estate	353,809	263,516
Machines and equipment	260	1,121
Vehicles and related	365	336
Other	1,000	3,340
Total	355,434	268,313

Other real estate owned received as settlement for non-performing loans is periodically offered in the market through auctions. The Bank does not use these assets to obtain financial income or in the performance of its own activities.

f) Operational risk

Operational risk is the possibility of loss due to failures, deficiencies or inadequacies in internal processes and systems, human error and external events. It also includes legal risk arising from errors or deficiencies in contracts, sanctions for non-compliance with laws and indemnification for damages caused to third parties.

Based on the Bank's operational risk strategies and policies, and complying with regulatory requirements, the operational risk management process can be summarized as follows:



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Phases of the operational risk management process

Management phase	Summary of activities
Identification	Involves identifying and classifying operational risk events to which the Bank is exposed, which also may affect the achievement of its goals, by specifying causes and ways of occurrence.
Measurement	It consists of the quantification of operational losses, grouped by specific limits within the operational risk categories and directed to product, service or process managers. It also covers the impact of losses in the form of indicators contained in the work agreement of the affected units.
Evaluation	Involves the quantification of operational risk exposures to evaluate its impact on the Bank's business. It aims to assign a criticality degree to the operational risks, considering its impact and the results of control efficiency, which contributes to the management and the decision making process.
Mitigation	Involves the development and implementation of mechanisms to reduce operational risk. The mechanisms aim to change the risk, by reducing operational losses through removing the risk causes, altering the probability of occurrence or altering the risk event consequences.
Control	Involves monitoring the behavior of operational risks, limits, indicators and operational loss events. Also involves the implementation of controls to ensure that operational risk limits and indicators remain within acceptable levels.
Monitoring	Designed to identify deficiencies in the operational risk management process and to report them to senior management. Also involves communication and feedback based on the detection of weaknesses in the other phases.
Disclosure	It consists of generating information to managers, Senior Management, and Internal Audit, containing the levels of loss, their causes and consumption of the approved limits, in order to inform and support strategies for timely correction of the identified deficiencies and weaknesses.
Enhancement	Action that involves continuous improvement in the treatment of operational loss events, in addition to acting with the managers involved in order to provide guidance in the search for mitigators of these events.

Operational risk policy

The Board of Directors reviews and approves the operational risk policy each year. The policy provides guidance to the Bank's different areas to ensure the overall effectiveness of the operational risk management model. The Bank's subsidiaries and investees use these guidelines to define their individual operational risk policies, considering any specific requirements and the laws and regulations of the countries in which they operate.

In accordance with CMN Resolution 4,557/2017, the policy permeates all of the activities related to operational risk and is designed to identify, measure, evaluate, mitigate, control, monitor, disclose and enhance risks in Prudential Conglomerate and in each individual institution. It also aims to identify and monitor the risks associated to the investees of the institutions that composes the Prudential Conglomerate.



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Monitoring

The monitoring of operational losses, to include in the appropriate reports, occurs through a tool called operational risk panel, which is also accompanied by each area responsible for the process, systems, products or services. Operational losses are monitored based on monthly calculations of the losses and consider overall and specific limits established for operational losses.

To make the monitoring process more efficient, specific operational risk limits were established for each of the following categories:

- labor issues;
- improper practices concerning the business, products and customers;
- external fraud and theft;
- internal fraud and theft;
- system failures;
- damages to physical assets and injuries to person;
- failures in process execution and management; and
- interruption of activities.

Risk panel is used to support the systemic monitoring of operational loss events. This panel contains information about global and specific limits and the decisions made by the Risk Management Committee. If any limits are exceeded, the managers responsible for the process, product or service must explain the reason for the occurrence and provide plans to mitigate the associated risks.

42 – TRANSFERS OF FINANCIAL ASSETS

The Bank transfers financial assets during the normal course of business. The most common assets transferred are debt and equity instruments and loans to customers. To determine the appropriate accounting treatment, the Bank evaluates the level of continuing involvement with the transferred asset. This analysis allows the Bank to determine if the asset should continue to be recognized in full, recognized to the extent of its continuing involvement or derecognized.

The most common transfers are:

- sales of securities under repurchase agreements (with a corresponding liability recognized in securities sold under repurchase agreements); and
- transfers of loan portfolios with retention of substantially all of the risks and rewards of ownership (with a corresponding liability recognized in amounts payable to financial institutions).

Financial assets transferred and still recognized in the consolidated balance sheet and their associated liabilities

	Dec 31, 2021		Dec 31, 2020	
	Financial assets transferred	Associated liabilities	Financial assets transferred	Associated liabilities
Financial assets related to repurchase agreements				
Financial assets at amortized cost – securities	5,141,660	5,420,304	8,667,388	8,962,223
Financial assets at fair value through other comprehensive income	139,598,111	136,063,836	158,774,894	151,363,855
Total	144,739,771	141,484,140	167,442,282	160,326,078



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Financial assets transferred and still recognized in the consolidated balance sheet which the associated liabilities are resources only to the transferred assets

	Dec 31, 2021		Dec 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Credit assignment with substantial retention of risks ⁽¹⁾				
Financial assets transferred	199,113	276,063	258,722	389,335
Associated liabilities	198,879	198,879	258,493	258,493
Net position	234	77,184	229	130,842

(1) Financial assets transferred and associated liabilities are recognized in the consolidated balance sheet in the line items "Loans to customers" and "Amount payable to financial institutions", respectively.

Sales with repurchase agreement

These are transactions in which the Bank sells a security and simultaneously agrees to buy it back on for a fixed price on a future date. The Bank continues to recognize the security in full on the balance sheet, since it retains substantially all of the risks and rewards of ownership. Consequently, the Bank continues to participate in changes in fair value and income generated by the security.

The Bank recognizes the cash received as an asset. A liability is recognized for the obligation to repurchase the security. During the life of the transaction, the Bank does not have the right to negotiate the transferred asset, since it effectively sells the contractual rights to the security's cash flows.

Credit assignment with substantial retention of risks and rewards

In these transactions, the Bank transfers the rights to the future cash flows of loans and receivables in exchange for cash. The Bank continues to recognize the assets on the balance sheet, since it retains substantially all of the risks and rewards associated with the loans. Consequently, the Bank has responsibility for any defaults on the receivables it transfers.

The Bank recognizes the cash received as an asset. A liability is recognized for the obligation to the counterparty financial institution. During the life of the transaction, the Bank does not have the right to negotiate the transferred asset, since it effectively sells the contractual rights to the loan's cash flows.

43 – OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

These rules apply to financial assets and liabilities presented on a net basis in the consolidated balance sheet or subject to master netting or similar agreements, regardless of whether they are presented on a net basis.

IAS 32 requires financial assets and liabilities to be offset and presented on a net basis when there is a legally enforceable right to offset the amounts and the Bank intends to settle them on a net basis, or to realize the asset and liability simultaneously.

IFRS 7 requires the Bank to present financial instruments subject to master netting or similar agreements, even if they do not meet some or all of the requirements for offsetting under IAS 32. Agreements of this nature include the Global Derivative Agreements (known as CGD in Brazil), International Swaps and Derivatives Agreement (ISDA) and Global Master Repurchase Agreements (GMRA).

Some of the Bank's derivatives are contracted under CGD agreements in Brazil and ISDA contracts overseas. These contracts include the following conditions for offsetting:



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- netting of payments: provides for offsetting in the ordinary course of business when there are amounts to be paid by the parties in the same currency for the same transaction;
- multiple transaction payment netting: provides for offsetting in the ordinary course of business when there are amounts to be paid by the parties in the same currency on the same date;
- set off: provides for offsetting transactions subject to early termination if the party not in default exercises its right to offset.

Some of the Bank's repurchase agreements involve overseas master netting agreements (GMRA contracts). These agreements contain offsetting rules similar to those of the CGD / ISDA agreements.

Offsetting under master netting agreements are permissible in the ordinary course of business (Netting of payments or Multiple Transaction Payment Netting) and in the event of default, insolvency or bankruptcy by either of the parties (Set off).

Financial instruments received and pledged as collateral include cash deposits and / or highly liquid financial instruments. These instruments are subject to normal market variations and include an ISDA Credit Support Annex, as applicable. This allows the securities received as collateral to be sold or pledged as collateral in a different transaction over the life of the agreement. However, the collateral must be returned at maturity. The guarantee may be sold and the proceeds used to pay-down the outstanding balance in the event of default, insolvency or bankruptcy of one of the counterparties.

For both repo and derivative contracts, collaterals (given and received) may be in the form of cash or trading securities.



In thousands of Reais, unless otherwise stated

Financial assets subject to offsetting, enforceable master offsetting agreements or similar agreements

Dec 31, 2021	Effects of offsetting on balance sheet			Related amounts not offset				Amounts not subject to enforceable netting arrangements ⁽²⁾	Balance sheet total
	Gross amounts ⁽¹⁾	Gross amounts offset	Net amounts offset	Impact of master netting agreements	Financial collateral received		Net amounts		
					Cash	Securities			
Derivatives	6,075,751	(4,938,841)	1,136,910	(119,545)	--	--	1,017,365	998,125	2,135,035
Reverse repurchase agreement	1,862,231	--	1,862,231	--	--	(1,662,595)	199,636	485,610,696	487,472,927
Total	7,937,982	(4,938,841)	2,999,141	(119,545)	--	(1,662,595)	1,217,001	486,608,821	489,607,962

Dec 31, 2020	Effects of offsetting on balance sheet			Related amounts not offset				Amounts not subject to enforceable netting arrangements ⁽²⁾	Balance sheet total
	Gross amounts ⁽¹⁾	Gross amounts offset	Net amounts offset	Impact of master netting agreements	Financial collateral received		Net amounts		
					Cash	Securities			
Derivatives	6,869,047	(3,909,673)	2,959,374	(806,345)	--	--	2,153,029	567,962	3,527,336
Reverse repurchase agreement	3,946,112	--	3,946,112	--	--	(3,593,397)	352,715	462,398,469	466,344,581
Total	10,815,159	(3,909,673)	6,905,486	(806,345)	--	(3,593,397)	2,505,744	462,966,431	469,871,917

(1) Includes the amount of operations subject to enforceable master netting arrangements and similar agreements.

(2) Includes the total amount of operations without master netting agreements.



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Financial liabilities subject to offsetting, enforceable master offsetting agreements or similar agreements

Dec 31, 2021	Effects of offsetting on balance sheet			Related amounts not offset				Amounts not subject to enforceable netting arrangements ⁽²⁾	Balance sheet total
	Gross amounts ⁽¹⁾	Gross amounts offset	Net amounts offset	Impact of master netting agreements	Financial collateral given		Net amounts		
					Cash	Securities			
Derivatives	(6,518,746)	4,938,841	(1,579,905)	393,670	--	--	(1,186,235)	(473,256)	(2,053,161)
Repurchase agreement	(2,099,173)	--	--	--	--	1,909,391	(189,782)	(619,737,582)	(621,836,755)
Total	(8,617,919)	4,938,841	(3,679,078)	393,670	--	1,909,391	(1,376,017)	(620,210,838)	(623,889,916)

Dec 31, 2020	Effects of offsetting on balance sheet			Related amounts not offset				Amounts not subject to enforceable netting arrangements ⁽²⁾	Balance sheet total
	Gross amounts ⁽¹⁾	Gross amounts offset	Net amounts offset	Impact of master netting agreements	Financial collateral given		Net amounts		
					Cash	Securities			
Derivatives	(6,544,913)	3,909,673	(2,635,240)	2,553,177	--	--	(82,063)	(463,075)	(3,098,315)
Repurchase agreement	(1,673,147)	--	(1,673,147)	--	--	1,400,210	(272,937)	(502,049,675)	(503,722,822)
Total	(8,218,060)	3,909,673	(4,308,387)	2,553,177	--	1,400,210	(355,000)	(502,512,750)	(506,821,137)

(1) Includes the amount of operations subject to enforceable master netting arrangements and similar agreements.

(2) Includes the total amount of operations without master netting agreements.



In thousands of Reais, unless otherwise stated

44 – EMPLOYEE BENEFITS

Banco do Brasil sponsors the following pension and health insurance plans for its employees, that ensure the complementation of retirement benefits and medical assistance:

	Plans	Benefits	Classification
Previ – Caixa de Previdência dos Funcionários do Banco do Brasil	Previ Futuro	Retirement and pension	Defined contribution
	Benefit Plan 1	Retirement and pension	Defined benefit
	Informal Plan	Retirement and pension	Defined benefit
Cassi – Caixa de Assistência dos Funcionários do Banco do Brasil	Associates Plan	Health care	Defined benefit
Economus – Instituto de Seguridade Social	Prevmias	Retirement and pension	Variable contribution
	General Regulation	Retirement and pension	Defined benefit
	Complementary Regulation 1	Retirement and pension	Defined benefit
	B' Group	Retirement and pension	Defined benefit
	Unified Health Plan - PLUS	Health care	Defined benefit
	Unified Health Plan - PLUS II	Health care	Defined benefit
Fusesc – Fundação Codesc de Seguridade Social	Complementary Health Care - PAMC	Health care	Defined benefit
	Multifuturo Plan I	Retirement and pension	Variable contribution
	Benefit Plan I	Retirement and pension	Defined benefit
SIM – Caixa de Assistência dos Empregados dos Sistemas Besc e Codesc, do Badesc e da Fusesc	Health Plan	Health care	Defined contribution
Prevbep – Caixa de Previdência Social	BEP Plan	Retirement and pension	Defined benefit

Number of participants covered by benefit plans sponsored by the Bank

	Dec 31, 2021			Dec 31, 2020		
	Number of participants			Number of participants		
	Active	Retired/users	Total	Active	Retired/users	Total
Retirement and pension plans	86,620	123,411	210,031	94,026	119,972	213,998
Benefit Plan 1 – Previ	4,124	101,186	105,310	6,722	99,812	106,534
Previ Futuro	71,765	3,447	75,212	74,760	2,344	77,104
Informal Plan	--	2,231	2,231	--	2,480	2,480
Other plans	10,731	16,547	27,278	12,544	15,336	27,880
Health care plans	87,785	108,307	196,092	94,704	106,104	200,808
Cassi	78,880	102,327	181,207	84,523	99,885	184,408
Other plans	8,905	5,980	14,885	10,181	6,219	16,400



In thousands of Reais, unless otherwise stated

Bank's contributions to benefit plans

	2021	2020	2019
Retirement and pension plans	1,813,181	1,791,030	1,928,021
Benefit Plan 1 – Previ ⁽¹⁾	598,607	621,846	832,757
Previ Futuro	807,075	762,023	713,942
Informal Plan	144,088	150,480	157,629
Other plans	263,411	256,681	223,693
Health care plans	1,840,605	2,625,470	1,394,079
Cassi ⁽²⁾	1,663,483	2,461,292	1,211,275
Other plans	177,122	164,178	182,804
Total	3,653,786	4,416,500	3,322,100

(1) Refers to the contributions relating to participants subject to Agreement 97 and Plan 1, whereby these contributions occur by the realization of Fundo Paridade until 2018 and Fundo de Utilização (Note 44.f). Agreement 97 aims to regulate the funding required to constitute a portion equivalent to 53.7% of guaranteed amount relating to the supplementary pension due to the participants who joined the Bank up to April 14, 1967 and who have retired or will retire after the aforementioned date, except for those participants who are part of the Informal Plan.

(2) In 2020, it includes contributions retroactive to January/2019, referring to the temporary administration fee and employer contribution on dependents, as well as the early settlement of the Bank to the group of indirect dependents (GDI) (Note 47.a).

The Bank's contributions to defined benefit plans (post-employment) are estimated at R\$ 891,076 thousand for the next 6 months and R\$ 1,899,428 thousand for the next 12 months.

Amounts recognized in profit or loss

	2021	2020	2019
Retirement and pension plans	490,556	(1,735,210)	(1,167,595)
Benefit Plan 1 – Previ	1,541,705	(664,008)	(115,593)
Previ Futuro	(807,075)	(762,023)	(713,942)
Informal Plan	(96,630)	(105,788)	(106,856)
Other plans	(147,444)	(203,391)	(231,204)
Health care plans	(2,075,588)	(2,087,397)	(1,701,107)
Cassi	(1,882,428)	(1,914,613)	(1,512,293)
Other plans	(193,160)	(172,784)	(188,814)
Total	(1,585,032)	(3,822,607)	(2,868,702)

Detailed information regarding defined benefit plans is provided in Note 44.d.4.

a) Retirement and pension plans

Previ Futuro (Previ)

Participants in this plan include Bank employees hired after December 24, 1997. Depending on time of service and salary, active participants may contribute between 7% and 17% of their salary. Retired participants do not contribute. The plan sponsor matches participants' contributions up to 14% of their salaries.

Benefit Plan 1 (Previ)

Participants in this plan include Bank employees hired prior to December 23, 1997. Active and retired participants may contribute between 1.8% and 7.8% of their salary or pension.



Informal Plan (Previ)

Banco do Brasil is fully responsible for this plan. The Bank's contractual obligations include to:

- providing retirement benefits to the initial group of participants and pension payments to the beneficiaries of participants who died prior to April 14, 1967;
- paying additional retirement benefits to plan participants who retired prior to April 14, 1967, or had the right to retire based on time of service and at least 20 years of service with the Bank; and
- increasing retirement and pension benefits above the amount provided for in Previ's benefit plan due to judicial and administrative decisions related to changes in the Bank's job, salary and incentive plans.

The Bank and Previ formalized an agreement on December 31, 2012. Under the agreement, Banco do Brasil paid 100% of the mathematical reserves of the Special Group (for which it was fully liable) using funds from the Parity Fund. As a result, this group migrated from the Informal Plan to Benefit Plan 1. The Special Group includes participants from Benefit Plan 1 (Previ) listed in the first paragraph of first clause of the contract signed on December 24, 1997. These participants received additional retirement benefits due to administrative and/or judicial decisions.

Prevmais (Economus)

Participants in this plan include employees of Banco Nossa Caixa (a bank acquired by Banco do Brasil on November 30, 2009) who enrolled after August 01, 2006, or were part of the General Regulation benefit plan and opted to receive their vested account balances. The sponsor and participants make equal contributions, which may not exceed 8% of participants' salaries. The plan provides additional risk coverage, including supplemental health, work-related accident, disability and death benefits.

General Regulation (Economus)

Participants in this plan include employees of Banco Nossa Caixa who enrolled prior to July 31, 2006. This plan is closed to new members. The sponsor and participants contribute equally.

Complementary Regulation 1 (Economus)

Participants in this plan include employees of Banco Nossa Caixa. This plan offers supplemental health benefits and annuities upon death or disability. The sponsor, participants and retired/other beneficiaries fund the plan.

B' Group (Economus)

Group of employees and retirees of Banco Nossa Caixa admitted between January 22, 1974, and May 13, 1974, and their beneficiaries. Benefit levels are based on the fulfillment of certain conditions outlined in the plan regulation.

Multifuturo Plan I (Fusesc)

Participants in this plan include employees of the Banco do Estado de Santa Catarina – Besc (acquired by Banco do Brasil on September 30, 2008) who enrolled after January 12, 2003, or were part of the Benefit Plan I (Fusesc) and chose to participate in this plan. Participants may contribute from 2.33% to 7% of their salaries. The plan sponsor matches these contributions.

Benefit Plan I (Fusesc)

Participants in this plan include employees of Besc who enrolled prior to January 11, 2003. This plan is closed to



new members. The sponsor and participants contribute equally.

BEP Plan (Prevbep)

Participants in this plan include employees of the Banco do Estado do Piauí – BEP (acquired by Banco do Brasil on November 30, 2008). The sponsor and participants contribute equally.

b) Health care plans

Associates Plan (Cassi)

The Bank sponsors a health care plan managed by Cassi. The plan covers health care services related to prevention, protection, recovery and rehabilitation for participants and their beneficiaries. Each month, the Bank contributes 4.5% of participants' salaries or pension benefits, in addition to 3% per dependent of active employee (up to three dependents), plus a temporary administration fee, corresponding to 10% on the sum of employers' and personal contributions (active holders), until 2021.

Monthly contributions by participants and pensioners total 4% of their salary or pension, copayments for certain hospital procedures, in addition to the contribution per dependent, following the rules provided for in the Cassi Statute and in the plan's regulations.

Unified Health Plan – PLUS (Economus)

Participants in this plan include employees from Banco Nossa Caixa, who enrolled prior to December 31, 2000. Participation in this plan requires a contribution of 1.5% over gross salary, without limit (offering coverage for employees and certain preferred dependents) deducted from their payroll. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents (preferred and non-preferred).

Unified Health Plan - PLUS II (Economus)

Participants in this plan include employees from Banco Nossa Caixa who enrolled after January 01, 2001. Participation in this plan requires a contribution of 1.5% over gross salary, without limit (offering coverage for employees and certain preferred dependents), deducted from their payroll. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents and adult children. This plan does not cover non-preferred dependents.

Complementary Health Care Plan – PAMC (Economus)

Participants in this plan include employees of Banco Nossa Caixa located in the state of São Paulo. The plan serves disabled employees under the Complementary and General Regulations and their dependents. Participant costs vary based on usage and in accordance with a progressive salary table.

Health Plan (SIM)

Participants in this plan include employees of Besc and other sponsors of the plan (including Badesc, Codesc, Bescor, Fusc and SIM). Active members contribute monthly 4.55% of gross salary, including their 13th salary. Inactive members contribute monthly 11.72% of gross salary, while the plan sponsors contribute 7,17%. Beneficiaries also contribute 0.99% per dependent. The plan requires a copayment for ambulatory care procedures.



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c) Risk factors

The Bank may be required to make extraordinary contributions to sponsored entities, which may adversely affect the Bank's operating income and shareholders' equity.

In one hand, from an asset point of view, actuarial risk is associated with the possibility of losses resulting from fluctuation (decrease) in the fair value of plan assets. On the other hand, from the point of view of actuarial liabilities, the risk is associated with the possibility of losses arising from the fluctuation (increase) in the present value of the actuarial obligations of the plans of the Defined Benefit category.

Determination of the Bank's obligations to these entities is based on long-term actuarial and financial estimates and the application and interpretation of current regulatory standards. Inaccuracies inherent to the estimation process could result in differences between recorded amounts and the actual obligations in the future. This could have a negative impact on the Bank's operating results.



In thousands of Reais, unless otherwise stated

d) Actuarial valuations

Actuarial evaluations are performed every six months. The information contained in the below tables refers to the calculations at December 31, 2021 and December 31, 2020.

d.1) Changes in present value of defined benefit actuarial obligations

	Benefit Plan 1 – Previ		Informal Plan – Previ		Associates Plan – Cassi		Other plans	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	(197,181,895)	(211,164,640)	(1,058,846)	(1,100,658)	(12,359,453)	(13,234,231)	(11,411,961)	(11,833,607)
Interest cost	(14,713,266)	(14,289,666)	(71,830)	(68,305)	(931,048)	(907,097)	(855,549)	(813,178)
Current service cost	(171,048)	(275,589)	--	--	(94,349)	(94,355)	(6,698)	(9,911)
Past service cost	--	--	(24,800)	(37,482)	--	(56,700)	--	--
Benefits paid using plan assets	14,054,028	13,117,049	144,088	150,481	806,452	763,559	773,089	725,222
Reductions/settlements ⁽¹⁾	--	--	--	--	--	450,920	--	--
Remeasurements of actuarial gain/(losses)	45,607,459	15,430,951	165,363	(2,882)	3,365,957	718,451	2,525,905	519,513
Experience adjustment	(12,926,137)	(3,704,965)	(52,900)	(36,898)	(68,299)	(499,419)	(566,119)	(265,968)
Changes to biometric/demographic assumptions	25,031	--	--	--	(10,078)	--	(78,445)	(48,938)
Changes to financial assumptions	58,508,565	19,135,916	218,263	34,016	3,444,334	1,217,870	3,170,469	834,419
Closing balance	(152,404,722)	(197,181,895)	(846,025)	(1,058,846)	(9,212,441)	(12,359,453)	(8,975,214)	(11,411,961)
Present value of actuarial liabilities with surplus	(152,404,722)	(197,181,895)	--	--	--	(80,750)	(7,590,710)	(7,922,125)
Present value of actuarial liabilities without surplus	--	--	(846,025)	(1,058,846)	(9,212,441)	(12,278,703)	(1,384,504)	(3,489,836)

(1) Settlement of the Bank's contractual obligation to the Group of Indirect Dependents (GDI), belonging to the Plano de Associados, managed by Cassi.



In thousands of Reais, unless otherwise stated

d.2) Changes in fair value of plan assets

	Benefit Plan 1 – Previ		Informal Plan – Previ		Associates Plan – Cassi		Other plans ⁽¹⁾	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	208,906,421	194,700,370	--	--	80,750	161,500	7,922,125	7,416,701
Interest income	17,967,725	13,237,239	--	--	--	--	673,786	529,344
Advance of consideration ⁽²⁾	--	--	--	--	(80,750)	(80,750)	--	--
Contributions received	1,195,417	1,209,842	144,088	150,480	806,452	763,559	409,667	398,249
Participants	596,810	587,996	--	--	--	--	159,412	152,858
Sponsor ⁽³⁾	598,607	621,846	144,088	150,480	806,452	763,559	250,255	245,391
Benefits paid using plan assets	(14,054,028)	(13,117,049)	(144,088)	(150,480)	(806,452)	(763,559)	(773,090)	(725,221)
Actuarial gain/(loss) on plan assets	(21,144,702)	12,876,019	--	--	--	--	(641,778)	303,052
Closing balance	192,870,833	208,906,421	--	--	--	80,750	7,590,710	7,922,125

(1) Refers to the following plans: General Regulation (Economus), Prevmis (Economus), Complementary Regulation 1 (Economus), Multifuturo I (Fusesc), Benefit Plan I (Fusesc) and BEP Plan (Prevbep).

(2) Refers to the advance of employer contributions on Christmas bonus (13th salary) corresponding to the period from 2018 to 2021.

(3) Includes in Benefit Plan 1 – Previ, the amount of R\$ 1,797 thousand (R\$ 33,850 thousand in 2020), related to the Agreement 97 and Grupo Especial.

d.3) Amounts recognized in the consolidated balance sheet

	Benefit Plan 1 – Previ		Informal Plan – Previ		Associates Plan – Cassi		Other plans	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
1) Fair value of the plan assets	192,870,833	208,906,421	--	--	--	80,750	7,590,710	7,922,125
2) Present value of actuarial liabilities	(152,404,722)	(197,181,895)	(846,025)	(1,058,846)	(9,212,441)	(12,359,453)	(8,975,214)	(11,411,961)
3) Surplus/(deficit) (1+2)	40,466,111	11,724,526	(846,025)	(1,058,846)	(9,212,441)	(12,278,703)	(1,384,504)	(3,489,836)
4) Net actuarial asset/(liability) ⁽¹⁾	20,233,055	5,862,263	(846,025)	(1,058,846)	(9,212,441)	(12,278,703)	(1,199,726)	(2,477,735)

(1) Refers to the portion of the surplus/(deficit) due from the sponsor.



In thousands of Reais, unless otherwise stated

d.4) Breakdown of the amounts recognized in the consolidated statement of income relating to defined benefit plans

	Benefit Plan 1 – Previ			Informal Plan – Previ			Associates Plan – Cassi			Other plans		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Current service cost	(85,524)	(137,795)	(166,011)	--	--	--	(94,349)	(94,355)	(92,545)	(3,349)	(4,956)	(8,388)
Interest cost	(7,356,633)	(7,144,832)	(7,904,141)	(71,830)	(68,305)	(80,681)	(931,048)	(907,096)	(954,301)	(479,799)	(456,141)	(501,982)
Expected yield on plan assets	8,983,862	6,618,619	7,954,559	--	--	--	--	--	--	335,976	263,981	279,221
Unrecognized past service cost	--	--	--	(24,800)	(37,483)	(26,175)	--	(56,700)	--	--	--	--
Expense with active employees	--	--	--	--	--	--	(857,031)	(856,462)	(465,447)	(196,620)	(182,682)	(193,609)
Other adjustments/reversals	--	--	--	--	--	--	--	--	--	3,188	3,623	4,740
(Expense)/income recognized in profit or loss	1,541,705	(664,008)	(115,593)	(96,630)	(105,788)	(106,856)	(1,882,428)	(1,914,613)	(1,512,293)	(340,604)	(376,175)	(420,018)

d.5) Amounts recognized in the shareholders' equity

	Benefit Plan 1 – Previ		Informal Plan – Previ		Associates Plan – Cassi		Other plans	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Opening balance	(9,715,783)	(17,490,891)	(227,609)	(226,025)	(2,813,815)	(3,208,963)	(1,007,952)	(1,236,627)
Accumulated other comprehensive income	12,230,480	14,136,560	165,363	(2,880)	3,365,956	718,451	1,174,930	417,576
Tax effects	(5,750,249)	(6,361,452)	(74,413)	1,296	(1,514,681)	(323,303)	(531,299)	(188,901)
Closing balance	(3,235,552)	(9,715,783)	(136,659)	(227,609)	(962,540)	(2,813,815)	(364,321)	(1,007,952)



In thousands of Reais, unless otherwise stated

d.6) Maturity profile of defined benefit actuarial obligations

	Duration ⁽¹⁾	Expected benefit payments ⁽²⁾				
		Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Benefit Plan 1 (Previ)	9.39	15,751,309	15,490,420	15,184,665	309,149,628	355,576,022
Informal Plan (Previ)	5.68	153,458	136,240	120,597	925,762	1,336,057
Associates Plan (Cassi)	10.44	906,351	894,684	881,236	22,479,423	25,161,694
General Regulation (Economus)	9.50	637,572	637,445	636,021	13,564,409	15,475,447
Complementary Regulation 1 (Economus)	11.72	3,186	3,334	3,522	135,838	145,880
Plus I and II (Economus)	13.05	40,900	42,504	44,059	2,136,951	2,264,414
B' Group (Economus)	9.08	21,657	21,523	21,370	416,455	481,005
Prevmais (Economus)	11.44	24,922	25,314	25,647	853,848	929,731
Multifuturo Plan I (Fusesc)	11.69	7,988	8,083	8,177	290,722	314,970
Benefit Plan I (Fusesc)	8.01	49,843	48,879	47,862	724,375	870,959
BEP Plan (Prevbep)	9.63	6,844	7,056	7,107	153,271	174,278

(1) Weighted average duration, in years, of the defined benefit actuarial obligation.

(2) Amounts considered without discounting at present value.

d.7) Composition of the plan assets

	Benefit Plan 1 – Previ		Other plans	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Fixed income	111,151,461	95,762,703	6,434,495	6,431,346
Equity and funds ⁽¹⁾	63,685,949	95,240,437	589,127	719,745
Real estate investments	10,627,183	11,239,165	240,632	312,911
Loans and financing	5,168,938	5,368,895	162,835	172,841
Other ⁽²⁾	2,237,302	1,295,221	163,621	366,032
Total	192,870,833	208,906,421	7,590,710	8,002,875
Amounts listed in fair value of plan assets				
In the sponsor's own financial instruments	9,952,135	7,510,061	--	30,554
In properties or other assets used by the sponsor	1,215,086	82,975	34,606	38,701

(1) Includes, in Plano 1 – Previ, the amount of R\$ 5,641,967 thousand (R\$ 41,919,306 thousand on 31.12.2020), related to the assets that are not quoted in active markets.

(2) Includes in 2020, in Other Plans, the amount of R\$ 80,750 thousand related to the assets of Cassi.

d.8) Main actuarial assumptions adopted

	Benefit Plan 1 – Previ		Informal Plan – Previ		Associates Plan – Cassi		Other plans	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Inflation rate (p.a.)	3.29%	3.31%	3.43%	3.36%	3.27%	3.31%	3.28%	3.29%
Real discount rate (p.a.)	7.53%	4.24%	7.25%	3.58%	7.59%	4.33%	7.54%	4.25%
Nominal rate of return on investments (p.a.)	11.07%	7.69%	--	--	--	--	11.07%	7.69%
Real rate of expected salary growth (p.a.)	0.67%	0.93%	--	--	--	--	0.92%	0.92%
Actuarial life table	BR-EMSSb-2015		BR-EMSSb-2015		BR-EMSSb-2015		AT-2000 / AT-83	
Capitalization method	Projected credit unit		Projected credit unit		Projected credit unit		Projected credit unit	

d.9) Sensitivity analysis

The sensitivity analysis is performed for changes in a single assumption while maintaining all others constant. This



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is unlikely in reality, since some of the assumptions are correlated.

The same methodology was used to perform the sensitivity analysis in each of the periods presented. However, the discount rate was updated to reflect market conditions.

The table below presents the sensitivity analysis of the most relevant actuarial assumptions, showing the increase/(decrease) in defined benefit obligations, with variations reasonably possible for December 31, 2021.

	Discount rate		Life expectancy		Salary increase	
	+0.25%	-0.25%	+1 age	-1 age	+0.25%	-0.25%
Benefit Plan 1 (Previ)	(2,999,357)	3,115,893	2,375,184	(2,427,526)	19,324	(19,211)
Informal Plan (Previ)	(10,220)	10,493	25,743	(25,439)	--	--
Associates Plan (Cassi)	(173,155)	180,229	109,132	(110,859)	580	(567)
General Regulation (Economus)	(140,207)	145,466	108,014	(112,390)	--	--
Complementary Regulation 1 (Economus)	(1,413)	1,472	(1,811)	1,868	--	--
Plus I and II (Economus)	(16,656)	17,485	26,424	(25,901)	--	--
B' Group (Economus)	(4,163)	4,305	4,403	(4,576)	--	--
Prevmais (Economus)	(7,612)	7,941	1,266	(1,224)	1,251	(1,237)
Multifuturo I (Fusesc)	(2,790)	2,982	898	(925)	794	(731)
Benefit Plan I (Fusesc)	(7,627)	7,878	8,518	(8,680)	1	(1)
BEP Plan (Prevbep)	(1,551)	1,612	1,002	(1,033)	9	(9)

e) Overview of actuarial asset/(liability) recorded by the Bank

	Actuarial assets		Actuarial liabilities	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Benefit Plan 1 (Previ)	20,233,055	5,862,263	--	--
Informal Plan (Previ)	--	--	(846,025)	(1,058,846)
Associates Plan (Cassi)	--	--	(9,212,441)	(12,278,703)
General Regulation (Economus)	--	--	(702,369)	(1,364,974)
Complementary Regulation 1 (Economus)	6,197	--	--	(3,578)
Plus I and II (Economus)	--	--	(623,285)	(1,052,895)
B' Group (Economus)	--	--	(225,770)	(274,683)
Prevmais (Economus)	117,373	69,947	--	--
Multifuturo I (Fusesc)	97,879	67,904	--	--
Benefit Plan I (Fusesc)	103,332	63,645	--	--
BEP Plan (Prevbep)	26,917	16,899	--	--
Total	20,584,753	6,080,658	(11,609,890)	(16,033,679)



In thousands of Reais, unless otherwise stated

f) Allocations of the surplus – Benefit Plan 1

	2021	2020
Surplus Fund ⁽¹⁾		
Opening balance	9,912,387	9,572,386
Contributions to Plan 1	(598,607)	(621,846)
Interest and inflation adjustment	1,481,563	961,847
Closing balance	10,795,343	9,912,387

(1) Contains resources transferred from the Allocation Fund (because of the plan's surplus). The Bank can use for repayments or to reduce future contributions (after first meeting all applicable legal requirements). The fund is recalculated based on the actuarial target (INPC + 4.75% p.a.).

45 – RELATED-PARTY TRANSACTIONS

a) Bank's key management personnel

Salaries and other benefits paid the Bank's key management personnel (Executive Board and Board of Directors) are as follows:

	2021	2020	2019
Short-term benefits	47,005	51,521	53,636
Salary and social security costs	31,533	32,259	34,191
Executive Board	31,181	31,868	33,807
Board of Directors	352	391	384
Variable remuneration (cash) and social security costs	11,844	14,955	16,056
Other ⁽¹⁾	3,628	4,307	3,389
Termination benefits	2,268	834	741
Share-based payment benefits	5,719	10,801	15,290
Total	54,992	63,156	69,667

(1) Includes contributions to pension plan and complementary healthy plan, housing and relocation benefits, group insurance, among others.

The Bank's variable compensation policy (developed in accordance with CMN Resolution 3,921/2010) requires variable compensation for the Executive Directors to be paid partially in shares (Note 37.I).

The Bank does not offer post-employment benefits to its key management personnel, except for those who are part of the staff of the Bank.

b) Details of related party transactions

The Bank has the policy of related party transactions approved by the Board of Directors and disclosed to the market. The policy aims to establish rules to assure that all decisions, especially those involving related party and other situations potentially conflicted, are made observing the interests of the Bank and its shareholders. It is applicable to all staff and directors of the company.

The policy forbids related party transactions under conditions other than those of the market or that may adversely affect the Bank's interest. Therefore, the transactions are conducted under normal market conditions. The terms and conditions reflect comparable transactions with unrelated parties (including interest rates and collateral requirements). These transactions do not involve unusual payment risks, as disclosed in other notes.

The transactions between the consolidated companies are eliminated in the consolidated financial statements.



In thousands of Reais, unless otherwise stated

The main transactions carried out by the Bank with related parties are:

- intercompany transactions, such as: interbank deposits, securities, loans, interest bearing and non-interest bearing deposits, securities sold under repurchase agreements, borrowings and onlendings, guarantees given and others;
- receivables from the National Treasury for interest rate equalization under Federal Government programs (Law 8,427/1992). Interest rate equalization represents an economic subsidy for rural credit, which provides borrowers with discounted interest rates compared to the Bank's normal funding costs (including administrative and tax expenses). The equalization payment is updated by the Selic rate in accordance with the National Treasury's budgeting process (as defined by law) and is designed to preserve the Bank's earnings;
- Previ uses the Bank's internal systems for voting, selective processes and access to common internal standards, which generates cost savings for both parties involved;
- related parties loan physical space to the Bank free of charge with the Bank, using the spaces mainly for the installation of self-service terminals, banking service offices and branches. These free of charge loans with related parties do not represent significant value, because the most of them are carried out with third parties;
- provision of business support services for controlled and sponsored entities for which the Bank is reimbursed for its costs with employees, technology and materials. Sharing of structure aims to gain efficiency for the Conglomerate. In 2021, the Bank was reimbursed a total of R\$ 528,860 thousand (R\$ 500,615 thousand in 2020), related to employees assigned;
- contracts in which the Bank rents property owned by the entities sponsored to carry out its activities;
- acquisition of portfolio of loans transferred by Banco Votorantim;
- assignment of credits arising from loans written off as losses to Ativos S.A;
- hiring specialized services from BB Tecnologia S.A (BBTS) for specialized technical assistance, digitization and copy of documents, telemarketing, extrajudicial collection, support and backing for financial and non-financial business processes, monitoring, supervision and execution of activities inherent to equipment and environments, software development, support and testing, data center support and operation, management of cell phone electronic messages, outsourcing and monitoring of physical security systems and telephony outsourcing; and
- amounts receivable arising from the honors requested by the Bank to the Guarantee Funds (in which the Federal Government holds participation), according to the terms and conditions established by the regulation of each guarantee program. The Guarantee Funds are public or private nature instruments intended to guarantee projects and credit operations, aiming to, among others, enable structured enterprises of the Federal Government and support the inclusion of individuals and companies in the credit market.

The Bank and Caixa Econômica Federal (CEF) signed a credit opening agreement for real estate loans, in the amount up to R\$ 457,193 thousand, in 2021 (up to R\$ 4,100,200 thousand in 2020).

The balances arising from the transactions above mentioned are disclosed in the "Summary of related party transactions" segregated by nature and category of related parties.

Some transactions are disclosed in other notes: the resources applied in federal government securities are listed in Notes 20, 21 and 22; information about the government funds are related in Note 34; and additional information about the Bank's contributions and other transactions with sponsored entities are listed in Note 44.

Fundação Banco do Brasil (FBB) promotes, encourages and sponsors actions in the areas of education, culture, health, social welfare, recreation and sports, science, technology and community development. In 2021, the Bank's contributions to FBB totaled R\$ 72,632 thousand (R\$ 82,976 thousand in 2020).

c) Acquisition of portfolio of loans transferred by Banco Votorantim

	2021	2020
Assignment with substantial retention of risks and rewards (with co-obligation)	5,852,020	7,856,098



In thousands of Reais, unless otherwise stated

d) Summary of related party transactions

	Dec 31, 2021				
	Controlling shareholder ⁽¹⁾	Associates and joint ventures ⁽²⁾	Key management personnel ⁽³⁾	Other related parties ⁽⁴⁾	Total
Assets					
Loans to financial institutions	--	8,045,572	--	1,999,640	10,045,212
Financial assets	--	3,603,062	--	523,136	4,126,198
Loans to customers ⁽⁵⁾	--	233,275	7,017	5,360,190	5,600,482
Other assets ⁽⁶⁾	2,209,638	997,946	--	290,978	3,498,562
Total	2,209,638	12,879,855	7,017	8,173,944	23,270,454
Guarantees received ⁽⁷⁾	--	3,701	--	555,596	559,297
Liabilities					
Deposits of clientes	2,371,910	711,292	1,775	9,912,592	12,997,569
Securities sold under repurchase agreements	--	--	--	4,361,701	4,361,701
Liabilities from issuance of securities and other financial liabilities	142,969	--	--	50,701,728	50,844,697
Other liabilities ⁽⁸⁾	1,489,903	15,087,882	15,586	2,063,979	18,657,350
Total	4,004,782	15,799,174	17,361	67,040,000	86,861,317
Guarantees given and other coobligations ⁽⁹⁾	--	5,009,367	--	183,706	5,193,073
Consolidated statement of income					
	2021				
Interest income	2,416,957	617,739	725	559,169	3,594,590
Interest expense	(136,654)	(30,159)	(795)	(3,217,911)	(3,385,519)
Commissions and fee income	129,844	5,335,633	--	768,293	6,233,770
Other operating income ⁽¹⁰⁾	69,813	764,638	--	9,340	843,791
Other operating expenses	(964,326)	(766,240)	--	(785,778)	(2,516,344)
Total	1,515,634	5,921,611	(70)	(2,666,887)	4,770,288

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) Comprised of the companies listed in Note 26.

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R\$ 47 thousand as allowance for losses on loans on transactions with related parties. The reversal of expense was R\$ 128 thousand in 2021.

(6) The transactions with the Controller refer mainly to interest rate equalization – agricultural crop and receivables – National Treasury.

(7) Mainly include National Treasury guarantees, billing with registration, among others.

(8) Mainly include derivative financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(10) Includes the amount of R\$ 378,706 thousand in 2021 related recoveries of costs and expenses from the structure sharing.



In thousands of Reais, unless otherwise stated

	Dec 31, 2020				
	Controlling shareholder ⁽¹⁾	Associates and joint ventures ⁽²⁾	Key management personnel ⁽³⁾	Other related parties ⁽⁴⁾	Total
Assets					
Loans to financial institutions	--	7,508,400	--	2,634,986	10,143,386
Financial assets	--	3,487,007	--	493,943	3,980,950
Loans to customers ⁽⁵⁾	--	21,061	5,209	14,713,767	14,740,037
Other assets ⁽⁶⁾	2,728,800	459,237	--	286,444	3,474,481
Total	2,728,800	11,475,705	5,209	18,129,140	32,338,854
Guarantees received ⁽⁷⁾	--	6,921	--	1,262,402	1,269,323
Liabilities					
Deposits of clientes	6,156,493	783,169	2,596	13,554,375	20,496,633
Securities sold under repurchase agreements	43,510	1,041,700	--	1,542,650	2,627,860
Liabilities from issuance of securities and other financial liabilities	172,995	--	--	58,158,330	58,331,325
Other liabilities ⁽⁸⁾	1,578,002	13,319,585	19,532	1,445,773	16,362,892
Total	7,951,000	15,144,454	22,128	74,701,128	97,818,710
Guarantees given and other coobligations ⁽⁹⁾	--	5,010,636	--	716,003	5,726,639
Consolidated statement of income					
	2020				
Interest income	1,611,195	491,439	471	917,510	3,020,615
Interest expense	(242,655)	(18,661)	(432)	(3,278,989)	(3,540,737)
Commissions and fee income	37,643	4,760,591	--	512,505	5,310,739
Other operating income ⁽¹⁰⁾	16,322	684,632	--	7,768	708,722
Other operating expenses	(953,172)	(666,447)	--	(645,923)	(2,265,542)
Total	469,333	5,251,554	39	(2,487,129)	3,233,797

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) Comprised of the companies listed in Note 26.

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R\$ 175 thousand as allowance for losses on loans on transactions with related parties. The reversal of expense was R\$ 995 thousand in 2020.

(6) The transactions with the Controlling refer mainly to Extension of rural credits – National Treasury transactions, interest rate equalization – agricultural crop and receivables – National Treasury.

(7) Mainly include National Treasury guarantees, oil ships, among others.

(8) Mainly include derivative financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(10) Includes the amount of R\$ 320,986 thousand in 2020 related recoveries of costs and expenses from the structure sharing.



In thousands of Reais, unless otherwise stated

46 – CURRENT AND NON CURRENT ASSETS AND LIABILITIES

	Dec 31, 2021		
	Up to 1 year	After 1 year	Total
Assets			
Cash and bank deposits	18,023,001	--	18,023,001
Compulsory deposits with Brazilian Central Bank	75,504,036	--	75,504,036
Financial assets at amortized cost, net	858,439,797	486,098,485	1,344,538,282
Loans to financial institutions	37,278,227	5,564,361	42,842,588
Securities purchased under resale agreements	487,444,472	28,455	487,472,927
Loans to customers	315,909,987	418,380,619	734,290,606
Securities	10,059,172	23,048,637	33,107,809
Other financial assets	7,747,939	39,076,413	46,824,352
Financial assets at fair value through profit or loss	11,739,070	--	11,739,070
Debt and equity instruments	9,604,035	--	9,604,035
Derivatives	2,135,035	--	2,135,035
Financial assets at fair value through other comprehensive income	59,842,305	245,648,606	305,490,911
Non current assets held for sale	417,340	--	417,340
Investments in associates and joint ventures	--	19,446,188	19,446,188
Property and equipment	--	13,401,651	13,401,651
Use	--	8,982,146	8,982,146
Right of use	--	4,419,505	4,419,505
Intangible assets	--	7,035,270	7,035,270
Tax assets	7,345,674	57,663,822	65,009,496
Current	7,345,674	--	7,345,674
Deferred	--	57,663,822	57,663,822
Other assets	6,409,452	32,325,814	38,735,266
Total	1,037,720,675	861,619,836	1,899,340,511
Liabilities			
Financial liabilities at amortized cost	1,393,582,575	285,584,259	1,679,166,834
Deposits of clients	590,316,047	80,953,494	671,269,541
Amount payable to financial institutions	19,140,052	7,027,645	26,167,697
Securities sold under repurchase agreements	611,762,362	10,074,393	621,836,755
Liabilities from issuance of securities and other financial liabilities	111,556,347	181,121,628	292,677,975
Other financial liabilities	60,807,767	6,407,099	67,214,866
Financial liabilities at fair value through profit or loss	2,053,161	--	2,053,161
Provisions for labor, tax and civil lawsuits	5,618,405	11,108,134	16,726,539
Expected losses for guarantees provided and loan commitments	2,377,143	385,138	2,762,281
Tax liabilities	2,617,588	9,579,762	12,197,350
Current	2,617,588	--	2,617,588
Deferred	--	9,579,762	9,579,762
Other liabilities	36,480,311	3,843,802	40,324,113
Shareholders' equity	--	146,110,233	146,110,233
Total	1,442,729,183	456,611,328	1,899,340,511



In thousands of Reais, unless otherwise stated

	Dec 31, 2020		
	Up to 1 year	After 1 year	Total
Assets			
Cash and bank deposits	16,784,560	--	16,784,560
Compulsory deposits with Brazilian Central Bank	60,308,542	--	60,308,542
Financial assets at amortized cost, net	761,809,186	457,321,060	1,219,130,246
Loans to financial institutions	44,588,690	4,728,765	49,317,455
Securities purchased under resale agreements	463,201,621	3,142,960	466,344,581
Loans to customers	238,686,924	394,715,426	633,402,350
Securities	6,923,925	18,022,139	24,946,064
Other financial assets	8,408,026	36,711,770	45,119,796
Financial assets at fair value through profit or loss	15,670,822	--	15,670,822
Debt and equity instruments	12,143,486	--	12,143,486
Derivatives	3,527,336	--	3,527,336
Financial assets at fair value through other comprehensive income	31,588,803	224,964,507	256,553,310
Non current assets held for sale	500,059	--	500,059
Investments in associates and joint ventures	--	17,906,810	17,906,810
Property and equipment	--	11,275,605	11,275,605
Use	--	8,545,213	8,545,213
Right of use	--	2,730,392	2,730,392
Intangible assets	--	6,225,067	6,225,067
Tax assets	7,153,007	58,803,117	65,956,124
Current	7,153,007	--	7,153,007
Deferred	--	58,803,117	58,803,117
Other assets	4,376,005	19,106,853	23,482,858
Total	898,190,984	795,603,019	1,693,794,003
Liabilities			
Financial liabilities at amortized cost	1,211,456,547	288,715,941	1,500,172,488
Deposits of clients	527,711,085	74,273,180	601,984,265
Amount payable to financial institutions	19,079,862	6,865,520	25,945,382
Securities sold under repurchase agreements	497,004,107	6,718,715	503,722,822
Liabilities from issuance of securities and other financial liabilities	102,457,344	195,718,949	298,176,293
Other financial liabilities	65,204,149	5,139,577	70,343,726
Financial liabilities at fair value through profit or loss	3,098,315	--	3,098,315
Provisions for labor, tax and civil lawsuits	4,241,703	10,277,519	14,519,222
Expected losses for guarantees provided and loan commitments	1,998,886	376,512	2,375,398
Tax liabilities	2,698,362	3,719,144	6,417,506
Current	2,698,362	--	2,698,362
Deferred	--	3,719,144	3,719,144
Other liabilities	36,474,746	2,875,044	39,349,790
Shareholders' equity	--	127,861,284	127,861,284
Total	1,259,968,559	433,825,444	1,693,794,003



47 – OTHER INFORMATION

a) Cassi

On July 22, 2019, the National Agency of Supplementary Health (ANS) published Operational Resolution 2,439, which establishes fiscal administration at Cassi. ANS clarifies that the fiscal administration regime is not an intervention. The agency has appointed a tax director, with no management powers at the operator, to evaluate Cassi's situation in person. The director will analyze the remedial measures proposed by the operator and subsidize the ANS in its decisions. The fiscal administration has a duration of up to 365 days and the regime may be renewed.

After 90 days subject to a financial accounting audit, the ANS issued the Directive Instruction 12, on October 23, 2019, ratifying that Cassi meet the precepts required by accounting control standards and recommended two specific adjustments. Moreover, the Fiscal Director gave 30 days to present a Sanitation Program, which must imply actions and goals to revert all the noncompliance indicators.

On October 31, 2019, the Bank announced that the Board of Officers has approved a new proposal for Bylaw reform presented by the Deliberative Council of Cassi. On November 28, 2019, the Bank announced that associates approved the new proposal. In 2019, there was an additional administrative expense of R\$ 549 million, related to funding the new model, that was recognized in Personnel expenses.

On January 17, 2020, the Bank published Transaction with Related Party informing the settlement of the Bank's contractual obligation to the Group of Indirect Dependents (GDI), belonging to the Associates Plan, managed by Cassi, for the amount of R\$ 451 million. The settlement of this obligation represents a decrease in the Bank's provisions, resulting from CVM Deliberation 695/2012, this not generating a financial impact on Banco do Brasil.

On January 20, 2020, the Bank published Transaction with Related Party informing the following resources were made to Cassi, retroactive to January, 2019: a payment of the Management Fee, in the amount of R\$ 124 million, and a payment of the Employer's Contribution on Dependents of Cassi's Associates Plan, for the amount of R\$ 425 million. The increase in expenses does not impact the actuarial liability, calculated in accordance with CVM Deliberation 695/2012.

On June 15, 2020, ANS published the Operational Resolution 2,556, announcing the end of the special fiscal administration at CASSI. The decision attests that CASSI regularized all the economic and financial indicators that led to the establishment of fiscal administration in July 2019 and fulfills the projections that make up the Sanitation Program, presented to ANS in December of the same year.

b) BB Seguridade share capital reduction

On September 25, 2019, the Board of Directors of BB Seguridade Participações S.A., a subsidiary of Banco do Brasil, approved the submission of a proposal to the Extraordinary Shareholders Meeting to reduce the share capital in the amount of R\$ 2.7 billion, without cancelling shares, for considering it excessive, pursuant to article 173 of Law 6,404/1976.

On October 30, 2019, the BB Seguridade's Extraordinary Shareholders Meeting approved the proposal to reduce the share capital, that will be effective 60 (sixty) days after the meeting's protocol.

On April 30, 2020, with this approval, the Bank has received the approximate amount of R\$ 1.8 billion as a refund of part of the value of its shares. This amount did not affect the Bank's profit or loss.



c) Assignment of credit portfolio

On July 1, 2020, the Bank assigned a loan portfolio, mostly in losses, to the Non-Standardized and Exclusive Credit Rights Investment Fund (FIDC-NP), managed by BTG Pactual Serviços Financeiros S.A. DTVM.

The assigned portfolio has a book value of R\$ 2.9 billion and the financial impact of the transaction was R\$ 371 million, before taxes, recorded in 2020 net income.

d) Call option for perpetual debt security

Banco do Brasil exercised on October 20, 2020 the call option of the total perpetual debt security issued in 2009 (Banbra 8.5 %), in force under the Basel II rules. The redemption was for 100 % of its face value and interest accrued and unpaid to date, amounting R\$ 4.953 billion (Note 34.d).

The redemption was paid in cash and will not have any significant impact on the institution's liquidity and capital levels.

e) Review and resizing of the organizational structure and incentive termination

As disclosed in the Relevant Fact to the market on January 11, 2021, the Bank approved a set of measures related to the revision and resizing of its organizational structure, in line with the strategic objectives of centrality in the client and increase of operational efficiency.

The full implementation of the measures occurred since the first half of 2021, providing efficiency and optimization gains in 870 service points in the country, including:

- i) deactivation of units;
- ii) conversion of branches into service stations and service stations transformed into branches;
- iii) transformation of business units into Banco do Brasil Stores, without cashier counters, with a greater vocation for advisory and relationship;
- iv) shared relocation of business units; and
- v) creation of specialized branches for agribusiness customers and Leve Digital Offices (specialized services to customers with digital maturity).

The reorganization of the service network is being adapted driven by the new profile and behavior of customers and includes, in addition to the structure optimization measures described above, other revision and resizing measures in the directorships, support areas and service network, favoring the specialization of service and expanding the offer of digital solutions.

Furthermore, with the measures, the Bank expands its capacity of serving customers with managed advisory, expanding relationship and businesses and enhancing satisfaction and loyalty.

At the same time, two modalities of voluntary termination incentive program were approved: the Staff Adequacy Program (PAQ), in order to optimize the distribution of the workforce, addressing the situations of vacancies and excesses in the bank units, and the Extraordinary Dismissal Program (PDE), available to all employees that meet the prerequisites. The Programs have specific regulations that define the rules for adhesion.

After completing the phase of voluntary expression of interest in the incentive termination programs, the terminations of 5,533 employees in the PAQ and PDE were validated, whose financial impacts are estimated at R\$ 795 thousand, in 2021.



f) Tax rate increase

On July 14, 2021 the Provisional Measure (MP) 1,034 was converted in to the Law 14,183/2021, that modify the Law 7,689/1988 to increase the social contribution rate (CSLL) due by financial sector entities. The CSLL tax rate was fixed at 25 % in the period from July to December 2021, returning to 20 % from January 1, 2022.

g) Coronavirus Pandemic (Covid-19)

Since the 1st quarter/2020, the world economy was negatively impacted by the spread of respiratory disease caused by the new Coronavirus (Covid-19), raised to the level of a pandemic by the World Health Organization (WHO).

Banco do Brasil adopted several preventive measures recommended by specialists, by the Ministry of Health and by the authorities of the countries where it operates, reaffirming the commitment to the health and safety of employees, collaborators, customers and the society.

At the same time, Banco do Brasil is working to guarantee quality financial services, being prepared to continue attending its demands, as communicated to the market on March 24, 2020.

Among the measures taken, it stands out:

Collective Labor Agreement (CLA)

The Bank signed the Collective Labor Agreement (CLA) with Union Entities on July 16, 2020, reaching to minimize Covid-19 impacts. The new rules are specific to this period and temporary, and they are valid up to 2 (two) years from the signing date. Main themes celebrated in the CLA:

- working from home, remote work or home office: prioritized use by risk group employees.
- vacation: must be informed up to 5 days before the absence date, there will be preserved 15 days from the acquisition period to be used in the future, when anticipating. In addition, an allowance on April 7, 8, 9, 28 and 29, 2020 to the employees who received a vacation notice at the initiative of the company and were in a situation other than “real workforce”.
- bank of negative hours: applies to all employees subject to journey control, without the need for accession; 18-month deadline to compensate for negative hours made since April 7, 2020; in order to use the hour bank, the need for negotiation between the employee and the manager remains; 10 % discount on the negative hours accumulated until July and on the month-to-month balance from August to December, 2020.
- other commitments arising from the negotiation: no decommissioning due to performance during the pandemic; possibility of using the positive balance of the hour bank, together with other situations of absences, for post-pandemic rest, primarily for employees who are in person attendance; maintenance of the possibility, even if on a rotating basis, of the manager paying 1 or 2 hours for employees who are in person at the branches.

Additionally to signing the agreement, the Bank adopted these actions:

Employees and collaborators

- communication with employees, guiding constantly about work conditions and customer service, according to the disease evolution in the country.



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- creation of a Strategic Group for the Crisis Management to properly deal with the matter, ensuring uniqueness and opportune dissemination of information to the internal and external public.
- suspension of international and national travels.
- replacement of physical meetings for videoconferences and audio conferences.
- increased cleanliness and sanitation of the ambience and spaces.
- work leave for 14 days of employees who have symptoms and who had contact with confirmed or suspected cases (social isolation).
- work leave for seven days of employees arriving from any country from the date of departure of any foreign country (social isolation).
- prioritization of home office according to the process criticality and to the type of work, and for employees considered as risk group.
- distinguished working hours, change on vacation period and licenses.

Customers and users

- securing essential banking services to the population, prioritizing the continued supply and operation of ATMs in self-service rooms.
- providing physical assistance for services considered essential exceptionally at the branches.
- special hours (9 am to 10 am) exclusive for INSS retirees and the public of greater risk.
- encouraging the use of digital channels for services and customer relations through internet and mobile phones, expanding access to other customer profiles for customer service through messages, as well as the possibility of performing banking transactions directly by message apps for all the customers.
- availability of up to R\$100 billion of loans to individuals, companies, agribusiness, in addition to health supplies for city halls and governments. The funds refer to existing credit lines, mainly consumer loans and working capital.
- complying with the note issued by Febraban on March 16, 2020, and in order to minimize the momentary impacts of this situation, the bank is offering an option to extend the installments falling due in the next 60 days, upon the customer's manifestation, available in the Bank's digital channels. Customers can also adjust their financial commitments, through loans renegotiation, with a grace period for payment of the first installment between 60 and 180 days, depending on the loan line, and the payment term lengthening. This renegotiation process is also available through digital channels.

Society

- resources donation by the Group companies to promote pandemic combat actions.
- Fundação Banco do Brasil performance in actions to implement assistance and awareness projects with communities.

Banco do Brasil continues to evaluate and monitor the potential impacts on the credit portfolio, considering the various segments and sectors and has adopted proactive measures for risk management.



In addition, the Bank is working to preserve the regularity of its activities and the continuity of operations.

Accounting and capital implications of COVID-19 effects

The Covid-19 pandemic crisis is significantly affecting the economic environment of countries affected by the virus. Despite the mitigating actions adopted to date, implications for the Bank's financial statements are expected. The main reflexes and measures are presented below.

g.1) Main judgments and uncertainties

Because of the uncertainties caused by the Covid-19 pandemic scenario, the Bank revised some judgments and estimates historically adopted so that the accounting information derived from these judgments and estimates would reflect with higher reliability the equity position and the results for the period disclosed.

g.2) Consolidation

Despite the challenging economic scenario arising from the confrontation of the pandemic, Banco do Brasil Conglomerate did no corporate restructuring or increased significant intragroup transactions that were not initially foreseen by the Bank's Management, so that there were no changes in the Conglomerate's consolidation process.

g.3) Profit Distribution

According to the Material Fact released on January 25, 2021, the Board of Directors approved, in accordance with CMN Resolution 4,885, dated December 23, 2020, which amended CMN Resolution 4,820, dated May 29, 2020, the payout ratio of 35.29 % for the fiscal year of 2020. The Board of Directors also approved a policy revision and established a 40 % payout in 2021, through dividends and/or interest on shareholders' equity.

g.4) Risk and capital management

- capitalization - sufficiency for protection in a stress event.

Releasing the Capital Conservation Buffer – CMN Resolution 4,783/2020

The Capital Conservation Buffer (CCB) was reduced from 2.5% to 1.25% with an additional year to gradually reestablish the original buffer rate by March 2022. The measure aims at strengthening banks confidence in providing credit, supporting the credit flow. Expected impact: a capital relief (specifically banks' CET1 capital) — creating room for credit supply expansion.

FX overhedge of equity abroad – CMN Resolution 4,192/2013 (amended by CMN Resolution 4,851/2020)

The measure establishes no capital deduction for the tax effects arising from the FX hedge operations of banks foreign equity investments. Banks hedge their investments on equity held abroad in order to obtain protection against Exchange rate (FX) fluctuations. Specifically, the measure provides financial institutions with confidence to implement or expand their credit grant plans.

- liquidity - sufficiency to withstand long periods of stress.



Enhancement of the Leverage Coverage Ratio's (LCR) regulation - Bacen Circular 3,986/2020

The measure safely reduced liquidity requirements for Brazilian institutions. The reduction in the need for financial institutions to carry other HQLA will allow an expansion in the ability to grant credit.

- credit, market and business - strategy to mitigate increased volatility in earnings (such as concentration limits and incentives to diversify revenues).
- operational risk - identification and mitigation of operational risk events (remote work, occurrence monitoring, fraud prevention).
- reputation - monitoring the assertiveness of the measures and their impacts in order to mitigate any negative consequences on brand value and reputation.
- credit risk - monitoring, provisioning, policy review and risk appetite.

g.5) Impairment of Assets

Banco do Brasil carried out studies to identify whether its non-financial assets showed signs of devaluation due to the reduction in their value in use or by discounted cash flows, which may indicate an Impairment of Assets.

In 2021, the Bank recognized R\$ 959 million impairment losses, related to rights to manage payroll contracts booked as intangible assets (Note 29). The Bank did not identify relevant impacts on the recoverable amounts of property and investments.

g.6) Fair value of financial instruments

As established in the risk and capital management item, Banco do Brasil adapted its procedures for daily monitoring of the financial market, carrying out simulations and projections that aimed to identify significant variations in the fair value of the financial instruments.

The Bank revised mark-to-market models to take into account the possible impacts of the Covid-19 on the economic and financial indicators used in the projection of scenarios, especially in the calculation of the fair value of financial instruments classified at level 2 and level 3 in the fair value hierarchy.

Changes in the fair value of the financial instruments, caused by the Covid-19 pandemic and so far identified, have already affected these financial statements.

There was no change in the business models of Conglomerate's securities that may give rise to a change in the category of financial instruments.



g.7) Expected loss on loan to customers

The pandemic caused by the Covid-19 generated an increase in the credit risk of customers located in the main affected countries, in which there was a noticeable reduction in economic activity and, therefore, possibly in the ability of these customers to honor their contracts.

However, within the scope of regulation, the CMN, through the Bacen, has established measures to mitigate the impacts on resource funding, credit operations, credit provision and regulatory capital.

The Bank monitors the macroeconomic environment through the analysis of scenarios and stress tests, weighing them in the expected loss estimates and the possible impacts on the result and capital.

In 2021, the cooling of the Covid-19 pandemic to a context of lower volatility and more predictable impacts, it is considered that the provision estimate is returning to a normality scenario.

g.8) Use of recognized deferred tax assets

The Bank carried out studies for the recognized deferred tax asset consumptions, in view of the projections of results from the Bank or its subsidiaries.

The study concluded that there would be no change in the expectation of deferred tax assets realization.

g.9) Impacts in the discount rate and in the fair value of assets guaranteeing defined benefit plans

In the period, the Bank identified an increase in the discount rate used in actuarial calculations, due to changes in the fair value of Brazilian government bonds, as well as a reduction in the fair value of certain assets guaranteeing defined benefit plans, including publicly traded company shares. These effects jointly generate net adjustments to actuarial liabilities, with an impact of R\$ 9.1 billion in 2021 (R\$ 8.4 billion in 2020) in shareholders' equity, net of taxes (see OCI). However, given the situation of uncertainty at the present economic moment, we observe that these two premises have presented important fluctuations to follow-up.

g.10) Provisions for labor, tax and civil lawsuits

The Bank reassessed the risks involved, especially with regard to civil and labor claims, with no relevant impacts identified so far, in view of the existing provisions.

g.11) Restructuring plans

There is no expectation that restructuring will occur, such as the sale or closing of part of business or the reduction of operations due to the Covid-19 crisis.

g.12) Other possible identified/expected effects

Governmental assistance

During the pandemic confrontation period, governmental and regulatory measures took place that provided support to the business and improved the Bank's performance. We list some of these measures and their impacts in the national financial system:



Taxes:

Postponement of tax collection, in compliance with ordinance Ministry's of Economy 139/2020. The Group did not adopt the option granted.

Business support:

Reduction of the IOF tax rate charged to borrowers of loans (Decreets 10,305, 10,414, 10,504, 10,551 and 10,572/2020). Reduction to zero of IOF rates on loans specified in the Decreets, acquired between April 3 and November 26, 2020 and between December 15 and December 31, 2020.

Emergency Employment Support Program provides emergency payroll financing for small and medium-sized businesses – CMN Resolution 4,846/2020

The program was instituted for Law 14,043 on August 19, 2020. Total amount of the credit goes down to R\$ 29 billion, of which R\$ 12 billion on guarantees for loans of Pronampe (Programa Nacional de Apoio à Microempresas e Empresas de Pequeno Porte) and R\$ 17 billion to be injected from de federal government on the BNDES (Banco Nacional de Desenvolvimento Econômico e Social) for funding the credit line. The resources are still 85 % from the BNDES and the remaining from participating financial institutions. The measure provides for return to federal government up to 50% of resources that had not been passed to the banks as of September 30, 2020. In 2020, the Bank lent the amount of R\$ 8.0 billion on the program. This Resolution determined that the loans fund must be dealt until October 31, 2020.

Additional reduction in reserve requirements – Bacen Resolution 78/2021

Resolution BCB No. 78/2021 revoked Resolution BCB No. 21/2020, changing Circular Bacen No. 3,916/2018, decreasing time deposits reserve requirements to 17 % from March 2020 to November 2021 and increasing to 20 % until December 2021. The measure aims the strategic increase of liquidity to the economy. The releases adds up to the amount of R\$ 50 billion already released from March 16, 2020.

Dollar sovereign bond repos – Bacen Resolution 76/2021

The Resolution 76 revoked the Bacen Circular 3,990/2020 and others. The measure aims to review, update, simplify and consolidate the normative acts, to rationalize the regulatory capital. The Central Bank ceased to do liquidity operations in US dollars through repos of Brazilian sovereign bonds denominated in dollars (global bonds) held by national financial institutions. The measure regulates the definitive purchase or sale of foreign currency in the spot markets, with settlement on a future and forward date, including a resale commitment together with a repurchase commitment, assumed by the counterparty, for settlement on a pre-established date, within a period of up to 360 days.

New Time Deposit with Special Guarantees – CMN Resolution 4,785/2020

The New Time Deposit with Special Guarantees (NDPGE) is an additional option for fundraising accessible to the financial institutions associated with the Credit Guarantee Fund (FGC). It is about the possibility of these institutions taking deposits guaranteed by the FGC, which also contributes to the continuity of the credit offer for the real sector. The FGC coverage, previously limited to R\$ 20 million, was increased to R\$ 40 million per holder. This guarantee does not involve public funds, since the FGC is a 100 % private entity.



Flexibility in Agribusiness Letters of Credit (LCAs) – Manual de Crédito Rural (MCR)

The calculation basis was adjusted in order to allow more institutions to raise funds with LCAs, increasing their liquidity. Thus, the funds application rules from agribusiness funding activities were relaxed. CMN Resolution 4,903/2021 revoked the CMN Resolution 4,787/2020 to comply with the review and consolidation of normative acts lower than the decree referred to in Decree 10,139, of November 28, 2019.

Loan backed by debentures – CMN Resolution 4,786/2020 (revoked by Resolution CMN 4,953/2021)

Bacen now has the possibility to grant loans backed by debentures (private securities) to financial institutions. The resources that financial institutions compulsorily maintain in their reserve accounts with Bacen also guarantees these operations, eliminating the risk to the monetary authority. This is a Special Temporary Liquidity Line, which aims to guarantee liquidity and the normal functioning of the private corporate credit market during the crisis. This prerogative was discontinued as of November 1, 2021 by CMN Resolution No. 4,953 of September 30, 2021.

Greater possibility for banks to repurchase their own financial bills – CMN Resolution 4,788/2020

The largest banks will be able to repurchase a larger volume of their own financial bills. As a result, holders of these securities (mostly investment funds) will find it easier to redeem the funds invested, if necessary. The allowed repurchase percentage went from 5 % to 20 %.

Loan backed by financial bills guaranteed by credit operations (revoked by Resolution 4,953/2021)

CMN Resolution No. 4,795/2020 authorized Bacen granting loans to financial institutions with the guarantee of the institutions' credit portfolios. The measure provided liquidity and guarantee the normal functioning of the credit market in the country. This prerogative was discontinued as of November 1, 2021 by CMN Resolution No. 4,953 of September 30, 2021.

Injection of longer-term funds by Bacen via repo operations backed by Federal Public Securities

In times of crisis, institutions may find it difficult to access liquid resources for longer periods. In order to provide liquidity to the SFN, Bacen started to offer longer repo operations at the donor end, through its open market operations. As a result, institutions can obtain liquid resources for longer terms as opposed to the demand for very short-term liquidity by market agents. This measure also facilitates the management of liquidity in its balance sheets, as it provides a reduction in the cost of maintaining a longer-term portfolio (duration cost).

US dollar liquidity swap line

The Bacen established a US\$ 60 billion liquidity swap line in cooperation with the Federal Reserve (FED). The line expands the potential supply of dollars in the domestic market and does not imply economic policy conditionalities. If necessary, it can be used to increase the funds available for operations in the foreign exchange market by the Bacen. The swap agreement between the Bacen and the FED will remain effective until March 31, 2021.

Working Capital Program for the Preservation of Companies (CGPE)

On July 16, 2020, the Provisional Measure 992/2020 was issued, which provides, among other purposes, for the financing to micro and small and medium-sized companies within the scope of the Working Capital Program for the Preservation of Companies (CGPE). In addition, it provides for the use of presumed credit calculated based on



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credits arising from temporary differences and the sharing of fiduciary alienation. On July 21, 2020, the Resolution CMN 4,838 was issued, which provides for credit operations contracted within the scope of the CGPE. In 2020, the Bank registered the amount of R\$ 10.2 billion in program operations. The measure was effective until November 12, 2020.

Credit Incentive Program (PEC)

The Program was established by Provisional Measure 1,057, of July 6, 2021, which also establish the presumed credit calculated from credits arising on temporary differences. The MP allows loaning to individual microentrepreneurs, microenterprises, small businesses and rural producers, with annual gross revenue up to R\$ 4.8 million, until December 31, 2021, in exchange for presumed credits to temporary differences, in the framework of this MP, and which have not yet been used for loans under MP No. 992/2020.

h) Disposal of indirect equity interest

On October 8, 2021, the Board of Directors approved the sale of the entire indirect equity interest held in Banco Digio S.A., by BB Elo Cartão Participações S.A., a wholly owned subsidiary of BB. The sale contract of 49.99% interest, for R\$ 625 million, was signed on that date with Bradescard Elo Participações S.A., a company owned by Banco Bradesco S.A.

The transaction was approved by the Administrative Council for Economic Defense on December 24, 2021, and by the Brazilian Central Bank on February 04, 2022, and was settled on February 25, 2022, for the final amount of R\$ 645 million. The expected impact on Banco do Brasil's 1st quarter/2022 results, through equity method, will be approximately R\$ 213 million.

48 – SUBSEQUENT EVENTS

a) Social Bond Issue

On Jan 11, 2022, the Bank informed that, through its Grand Cayman Branch, priced, on Jan 6, 2022, a sustainable international funding of senior debt, of the social bond type, in the amount of US\$ 500 million, maturing on Jan 11, 2029, and coupon of 4.875% p.a. The financial settlement took place on Jan 11, 2022.

This is the first social bond issued by the Bank.

The issuance took place within the scope of the Bank's Sustainable Finance Framework (Framework), which is in line with international standards and taxonomies, such as the ICMA Social Bond Principles 2021, and best global practices such as the Sustainable Development Goals (SDG) of the UN.

b) Russia-Ukraine Conflict

Few weeks after of intensifying tensions in Eastern Europe, on February 24, 2022 Russian troops advanced into Ukrainian territory. In response to this action, governments of several countries imposed economic sanctions on Russia and some private companies spontaneously announced the suspension of their activities in the country and the cessation of operations with companies and the Russian government.

Straight Away, the conflict promoted the dislocation of a large part of the Ukrainian population taking refuge in other areas and part of the country's structure was damaged. Sectors such as oil and agriculture have been affected worldwide given the relevance of Russia in the supply of oil and fertilizers, and of both countries in the production of cereals.



In thousands of Reais, unless otherwise stated

Banco do Brasil and its subsidiaries, in Brazil and abroad, do not have direct exposure to the conflict, as the region is not an area of activity and there are no relevant operations with governments and companies from both countries. Inevitably, the impact of the war on the world economy brings systemic effects to the financial industry in Brazil, which for the moment are not reflected in our Financial Statements. The Bank continues to closely monitor the development of events to mitigate potential financial impacts on its operations.



MEMBERS OF MANAGEMENT

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Fausto de Andrade Ribeiro

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Antônio José Barreto de Araújo Júnior
Carlos Motta dos Santos
Ênio Mathias Ferreira
João Carlos de Nobrega Pecego
José Ricardo Fagonde Forni
Marcelo Cavalcante de Oliveira Lima
Renato Luiz Bellinetti Naegele

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Antonio Carlos Wagner Chiarello
Daniel Alves Maria
Daniela de Avelar Gonçalves
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Francisco Augusto Lassalvia
Guilherme Alexandre Rossi
Gustavo Garcia Lellis
Jayme Pinto Junior
João Leocir Dal Rosso Frescura
João Vagnes de Moura Silva
Lucinéia Possar
Marco Túlio de Oliveira Mendonça
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Rodrigo Mulinari
Thiago Affonso Borsari
Thompson Soares Pereira César

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Vera Lucia de Almeida Pereira Elias

ACCOUNTING DEPT.

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