



Banco do Brasil S.A.
Financial Statements
Prudential Conglomerate
2020 Results





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In thousands of Reais, unless otherwise stated

BALANCE SHEET

ASSETS	Note	Dec 31, 2020	Dec 31, 2019
Cash and due from banks	6	16,784,270	14,170,680
Financial assets		1,642,779,180	1,403,537,477
Central Bank compulsory reserves	7	60,308,542	65,124,107
Interbank investments	8	510,632,217	425,463,235
Securities	9	291,240,824	197,771,508
Derivative financial instruments	10	3,527,336	820,935
Loan portfolio	11	681,776,452	621,359,555
Other financial assets	12	95,293,809	92,998,137
(Allowance for losses associated with credit risk)		(47,762,564)	(41,978,193)
(Loan portfolio)	11	(45,170,370)	(39,799,866)
(Other financial assets)	12	(2,592,194)	(2,178,327)
Tax assets		65,759,873	68,016,127
Current tax assets		8,291,726	9,126,671
Deferred tax assets (tax credit)	21	57,468,147	58,889,456
Investments	13	19,515,828	18,132,646
Investments in subsidiaries, associates and joint ventures		19,277,094	17,863,598
Other investments		305,755	320,541
(Impairment losses)		(67,021)	(51,493)
Property for use	14	8,127,290	7,784,807
Property and equipment		19,728,634	18,365,392
(Accumulated depreciation)		(11,567,797)	(10,558,209)
(Impairment losses)		(33,547)	(22,376)
Intangible	15	6,211,770	5,913,962
Intangible assets		13,793,364	12,001,478
(Accumulated amortization)		(6,559,932)	(5,077,855)
(Impairment losses)		(1,021,662)	(1,009,661)
Other assets	12	11,560,284	6,362,810
TOTAL ASSETS		1,722,975,931	1,481,940,316

See the accompanying notes to the financial statements.

In thousands of Reais, unless otherwise stated

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Dec 31, 2020	Dec 31, 2019
Financial liabilities		1,523,562,118	1,294,024,440
Customers resources	16	602,102,426	485,076,462
Financial institutions resources	17	611,068,892	523,786,584
Funds from issuance of securities	18	196,842,846	201,392,991
Derivative financial instruments	10	3,049,843	961,612
Other financial liabilities	19	110,498,111	82,806,791
Provisions	20	33,716,403	31,446,303
Provisions for civil, tax and labor claims		26,990,983	25,405,334
Other provisions		6,725,420	6,040,969
Tax liabilities		12,416,733	11,793,354
Current tax liabilities		9,766,364	9,723,714
Deferred tax liabilities	21	2,650,369	2,069,640
Other liabilities	19	28,239,894	37,654,772
Shareholders' Equity	22	125,040,783	107,021,447
Capital	22.b	90,000,023	67,000,000
Instruments qualifying as common equity tier 1 capital	22.c	8,100,000	8,100,000
Capital reserves	22.e	1,399,152	1,366,443
Revaluation reserves	22.d	2,040	2,169
Profit reserves	22.e	39,198,468	53,814,656
Other comprehensive income	22.i	(13,851,389)	(23,282,394)
(Treasury shares)	22.m	(280,642)	(339,636)
Non-controlling interests	22.j	473,131	360,209
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,722,975,931	1,481,940,316

See the accompanying notes to the financial statements.

In thousands of Reals, unless otherwise stated

STATEMENT OF INCOME

	Note	2nd half/2020	2020	2019
Income from Financial Intermediation		45,354,503	122,380,906	128,653,306
Loan portfolio	11.b	35,722,682	87,190,882	82,579,368
Interbank investments	8.b	5,428,760	13,814,310	28,509,450
Securities	9.b	3,425,673	15,570,466	13,156,967
Derivative financial instruments	10.b	(556,606)	3,407,521	639,632
Reserve requirement	7.b	519,797	1,324,262	2,371,998
Other financial assets	12.d	814,197	1,073,465	1,395,891
Expenses from Financial Intermediation		(16,616,986)	(73,542,686)	(75,535,735)
Financial institutions resources	17.d	(6,228,174)	(48,295,194)	(38,687,577)
Customers resources	16.c	(6,688,282)	(15,103,252)	(25,513,322)
Funds from issuance of securities	18.e	(3,427,850)	(7,487,929)	(10,008,070)
Other funding expenses	19.c	(272,680)	(2,656,311)	(1,326,766)
Allowance for Losses Associated with Credit Risk		(13,415,707)	(26,076,942)	(22,468,718)
Loan portfolio	11.f	(13,141,920)	(25,560,796)	(22,682,333)
Other financial assets	12.b	(273,787)	(516,146)	213,615
Net income from financial intermediation		15,321,810	22,761,278	30,648,853
Other operating income/expenses		(4,846,914)	(5,912,285)	(7,746,682)
Service fee income	23	12,697,474	24,994,834	25,703,481
Personnel expenses	24	(10,045,873)	(19,769,530)	(20,062,077)
Other administrative expenses	25	(6,952,307)	(13,577,167)	(13,236,197)
Tax expenses	21.c	(2,529,122)	(4,538,517)	(4,321,757)
Net gains from equity method investments	13.a	1,524,660	8,257,748	6,746,453
Other operating income/expenses	26	458,254	(1,279,653)	(2,576,585)
Provisions	20.d	(3,197,494)	(4,850,240)	(11,496,964)
Civil, tax and labor claims		(2,379,132)	(3,945,191)	(11,413,329)
Other		(818,362)	(905,049)	(83,635)
Operating income		7,277,402	11,998,753	11,405,207
Net non-operating income		(54,755)	(39,323)	48,046
Profit Before Taxation and Profit Sharing		7,222,647	11,959,430	11,453,253
Income tax and social contribution	21.a	(65,814)	2,584,650	9,288,156
Employee and directors profit sharing		(740,446)	(1,568,572)	(2,334,872)
Non-controlling interests	22.j	(132,431)	(278,123)	(244,470)
Net Income		6,283,956	12,697,385	18,162,067
Net income attributable to shareholders				
Shareholders of the bank		6,283,956	12,697,385	18,162,067
Non-controlling interests		132,431	278,123	244,470
Earnings per share	22.f			
Weighted average number of shares - basic		2,853,115,777	2,852,522,381	2,799,325,330
Weighted average number of shares - diluted		2,852,780,207	2,852,322,673	2,799,054,753
Basic and diluted earnings per share (R\$)		2.16	4.39	6.39

See the accompanying notes to the financial statements.

In thousands of Reais, unless otherwise stated

STATEMENT OF COMPREHENSIVE INCOME

	2nd half/2020	2020	2019
Net income attributable to controlling interests	6,283,956	12,697,385	18,162,067
Net income attributable to non-controlling interests	132,431	278,123	244,470
Net income attributable to shareholders	6,416,387	12,975,508	18,406,537
Items that may be subsequently reclassified to the Statement of Income			
Financial assets available for sale	1,593,689	1,084,282	1,577,055
Unrealized gains/(losses) on financial assets available for sale	704,506	(633,122)	1,955,358
Realized (gains)/losses on financial assets available for sale - reclassified to profit or loss	906,289	1,735,471	156,663
Tax effect	(17,106)	(18,067)	(534,966)
Share in the comprehensive income of subsidiaries, associates and joint ventures	137,549	(14,948)	99,789
Unrealized gains/(losses) on financial assets available for sale	240,494	(9,745)	164,970
Unrealized gains/(losses) on cash flow hedge	4,830	19,703	(32,516)
Unrealized gains/(losses) on other comprehensive income	3,821	10,608	(6,786)
Tax effect	(111,596)	(35,514)	(25,879)
Foreign currency exchange adjustments	(656,271)	(75,727)	(877,101)
Items that will not be subsequently reclassified to the Statement of Income			
Defined benefit pension plans	6,756,559	8,397,347	(8,076,793)
Gains/(losses) related to remeasurement of defined benefit pension plans	12,285,013	15,269,708	(16,820,887)
Tax effect	(5,528,454)	(6,872,361)	8,744,094
Other comprehensive income net of tax effects	7,831,526	9,390,954	(7,277,050)
Comprehensive income	14,247,913	22,366,462	11,129,487
Comprehensive income attributable to controlling interests	14,222,307	22,128,390	11,033,789
Comprehensive income attributable to non-controlling interests	25,606	238,072	95,698

See the accompanying notes to the financial statements.



In thousands of Reais, unless otherwise stated

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

BB Consolidated	Note	Capital	Instruments qualifying to common equity tier 1 Capital	Capital reserves	Revaluation reserves	Profit reserves		Other comprehensive income	Treasury shares	Retained earnings/accumulated losses	Non-controlling interest	Total
						Legal reserve	Statutory reserves					
Balances at Dec 31, 2018		67,000,000	8,100,000	14,692	2,240	7,738,497	34,874,085	(16,154,116)	(1,833,431)	--	374,202	100,116,169
Accumulated other comprehensive income of financial instruments, net of taxes	22.i	--	--	--	--	--	--	1,696,844	--	--	--	1,696,844
Accumulated other comprehensive income - benefit plans, net of taxes	22.i	--	--	--	--	--	--	(8,081,608)	--	--	--	(8,081,608)
Foreign exchange variation of investments abroad	22.i	--	--	--	--	--	--	(728,329)	--	--	--	(728,329)
Cash flow hedge	22.i	--	--	--	--	--	--	(13,739)	--	--	--	(13,739)
Share-based payment transactions		--	--	43,984	--	--	--	--	36,271	--	--	80,255
Subsequent offering of shares (follow on)	22.h	--	--	--	--	--	--	(1,446)	(13,836)	--	--	(15,282)
Expired dividend/interest on own capital		--	--	--	--	--	--	--	--	7,095	--	7,095
Disposal of treasury shares	22.m	--	--	1,307,767	--	--	--	--	1,471,360	--	--	2,779,127
Realization of revaluation reserve in associates and subsidiaries	22.d	--	--	--	(71)	--	--	--	--	71	--	--
Change in noncontrolling interest		--	--	--	--	--	--	--	--	--	(13,993)	(13,993)
Net income	22.h	--	--	--	--	--	--	--	--	18,162,067	--	18,162,067
Interest on instruments qualifying to common equity		--	--	--	--	--	--	--	--	(234,618)	--	(234,618)
Unrealized gains		--	--	--	--	--	28,100	--	--	(28,100)	--	--
Allocation - Reserves		--	--	--	--	894,967	15,992,656	--	--	(16,887,623)	--	--
- Interest on own capital	22.g	--	--	--	--	--	(5,713,649)	--	--	(1,018,892)	--	(6,732,541)
Balances at Dec 31, 2019		67,000,000	8,100,000	1,366,443	2,169	8,633,464	45,181,192	(23,282,394)	(339,636)	--	360,209	107,921,447
Changes in the period		--	--	1,351,751	(71)	894,967	10,307,107	(7,128,278)	1,493,795	--	(13,993)	6,905,278
Balances at Jun 30, 2020		67,000,000	8,100,000	1,389,894	2,134	8,950,857	49,462,016	(21,789,740)	(305,282)	--	447,549	113,257,428
Capital increase - capitalization of reserves	22.b	23,000,000	--	--	--	--	(23,000,000)	--	--	--	--	--
Capital increase - incorporation of associates and subsidiaries	5.c	23	--	--	--	--	--	--	--	--	--	23
Accumulated other comprehensive income of financial instruments, net of taxes	22.i	--	--	--	--	--	--	1,728,273	--	--	--	1,728,273
Accumulated other comprehensive income - benefit plans, net of taxes	22.i	--	--	--	--	--	--	6,760,546	--	--	--	6,760,546
Foreign exchange variation of investments abroad	22.i	--	--	--	--	--	--	(549,446)	--	--	--	(549,446)
Cash flow hedge	22.i	--	--	--	--	--	--	(1,022)	--	--	--	(1,022)
Share-based payment transactions		--	--	9,258	--	--	--	--	24,640	--	--	33,898
Expired dividend/interest on own capital		--	--	--	--	--	--	--	--	2,854	--	2,854
Realization of revaluation reserve in associates and subsidiaries	22.d	--	--	--	(94)	--	--	--	--	94	--	--
Change in noncontrolling interest		--	--	--	--	--	--	--	--	--	25,582	25,582
Net income	22.h	--	--	--	--	--	--	--	--	6,283,956	--	6,283,956
Interest on instruments qualifying to common equity		--	--	--	--	--	--	--	--	(78,583)	--	(78,583)
Unrealized gains		--	--	--	--	--	41,076	--	--	(41,076)	--	--
Allocation - Reserves		--	--	--	--	308,215	5,019,440	--	--	(5,327,655)	--	--
- Interest on own capital	22.g	--	--	--	--	--	(1,583,136)	--	--	(839,590)	--	(2,422,726)
Balances at Dec 31, 2020		90,000,023	8,100,000	1,399,152	2,040	9,259,072	29,939,396	(13,851,389)	(280,642)	--	473,131	125,040,783
Changes in the period		23,000,023	--	9,258	(94)	308,215	(19,522,620)	7,938,351	24,640	--	25,582	11,783,355
Balances at Dec 31, 2019		67,000,000	8,100,000	1,366,443	2,169	8,633,464	45,181,192	(23,282,394)	(339,636)	--	360,209	107,921,447
Capital increase - capitalization of reserves	22.b	23,000,000	--	--	--	--	(23,000,000)	--	--	--	--	--
Capital increase - incorporation of associates and subsidiaries	5.c	23	--	--	--	--	--	--	--	--	--	23
Accumulated other comprehensive income of financial instruments, net of taxes	22.i	--	--	--	--	--	--	1,053,468	--	--	--	1,053,468
Accumulated other comprehensive income - benefit plans, net of taxes	22.i	--	--	--	--	--	--	8,406,149	--	--	--	8,406,149
Foreign exchange variation of investments abroad	22.i	--	--	--	--	--	--	(35,676)	--	--	--	(35,676)
Cash flow hedge	22.i	--	--	--	--	--	--	7,064	--	--	--	7,064
Share-based payment transactions		--	--	31,890	--	--	--	--	45,158	--	--	77,048
Expired dividend/interest on own capital		--	--	--	--	--	--	--	--	4,508	--	4,508
Disposal of treasury shares (follow on)		--	--	819	--	--	--	--	13,836	--	--	14,655
Realization of revaluation reserve in associates and subsidiaries	22.d	--	--	--	(129)	--	--	--	--	129	--	--
Change in noncontrolling interest		--	--	--	--	--	--	--	--	--	112,922	112,922
Net income	22.h	--	--	--	--	--	--	--	--	12,697,385	--	12,697,385
Interest on instruments qualifying to common equity		--	--	--	--	--	--	--	--	(121,321)	--	(121,321)
Unrealized gains		--	--	--	--	--	63,909	--	--	(63,909)	--	--
Allocation - Reserves		--	--	--	--	625,608	10,881,506	--	--	(11,507,114)	--	--
- Interest on own capital	22.g	--	--	--	--	--	(3,187,211)	--	--	(1,009,678)	--	(4,196,889)
Balances at Dec 31, 2020		90,000,023	8,100,000	1,399,152	2,040	9,259,072	29,939,396	(13,851,389)	(280,642)	--	473,131	125,040,783
Changes in the period		23,000,023	--	32,709	(129)	625,608	(15,241,796)	9,431,005	58,994	--	112,922	18,019,336

See the accompanying notes to the financial statements.



In thousands of Reais, unless otherwise stated

STATEMENT OF CASH FLOWS

	Note	2nd half/2020	2020	2019
Cash flows from operating activities				
Income before taxation and profit sharing		7,222,647	11,959,430	11,453,253
Adjustments to income before taxation and profit sharing		11,049,036	34,130,905	33,123,928
Provision for credit losses	11 and 12	13,415,707	26,076,942	22,468,718
Depreciation and amortization		1,601,969	3,108,277	2,792,838
Exchange (gain) loss on the conversion of assets and liabilities into foreign currency		(8,012,300)	18,425,843	(60,691)
(Reversal) expenses from impairment		32,904	50,627	971,814
Share of (earnings) losses of subsidiaries, associates and joint ventures	13.a	(1,524,660)	(8,257,748)	(6,746,453)
(Gain) loss on the disposal of assets		(41,561)	(79,426)	(90,727)
Capital (gain) loss		20,193	47,903	71,805
(Reversal) provision for devaluation of other assets		14,902	16,205	1,963
Amortization of goodwill	13.c	13,188	27,670	118,653
Tax, civil and labor lawsuits provisions	20.d	2,379,132	3,945,191	11,413,329
Adjustment of actuarial assets/liabilities and surplus allocation funds	28.d.4f	245,323	1,063,216	607,062
Effect of changes in foreign exchange rates in cash and cash equivalents		3,135,934	(10,320,668)	158,785
Other adjustments		(231,695)	26,873	1,416,832
Income adjusted before taxation and profit sharing		18,271,683	46,090,335	44,577,181
Changes in assets and liabilities		130,008,777	156,343,589	9,487,454
(Increase) decrease in central bank compulsory reserves		7,278,116	4,815,565	(6,008,753)
(Increase) decrease in short-term interbank investments		115,126,617	16,471,959	641,815
(Increase) decrease in trading securities		13,968,989	1,603,026	(16,724,364)
(Increase) decrease in derivatives		(324,307)	(618,170)	14,637
(Increase) decrease in loans, net of provision		(36,322,010)	(69,393,439)	4,517,742
(Increase) decrease in other financial assets		9,172,769	7,510,623	14,185,564
(Increase) decrease in other assets		(5,127,087)	(7,793,978)	3,853,812
Income tax and social contribution paid		(491,228)	(2,246,236)	(2,400,055)
(Decrease) increase in customer resources		50,609,591	120,902,633	32,721,851
(Decrease) increase in financial institution resources		(6,867,928)	80,063,950	(13,352,536)
(Decrease) increase in funds from issuance of securities		(3,199,140)	(2,909,343)	3,871,099
(Decrease) increase in other financial liabilities		(12,936,185)	6,827,263	4,527,436
(Decrease) increase in other liabilities		(879,420)	1,109,736	(16,360,794)
CASH PROVIDED BY OPERATING ACTIVITIES		148,280,460	202,433,924	54,064,635
Cash flows from investing activities				
Purchase of securities available for sale		(101,166,562)	(213,782,252)	(150,372,171)
Disposal of securities available for sale		62,903,429	125,581,289	115,993,130
Purchase of securities held to maturity		(2,774,284)	(6,133,568)	(1,446,268)
Disposal of securities held to maturity		6,189	346,477	2,348,583
Dividends received from associates and joint ventures		1,266,683	4,233,041	5,305,161
Purchase of property and equipment		(949,037)	(1,687,838)	(1,749,687)
Disposal of property and equipment		19,196	33,126	96,322
Disposal of investments		8,582	11,207	11,534
Purchase of intangible assets		(267,977)	(2,066,399)	(2,733,858)
Cash received on BB Seguridade's capital decrease		--	1,791,795	--
Redemption of preferred shares of UBS BB		145,000	145,000	--
Net cash received on disposal of Neoenergia S.A.		--	--	1,732,689
CASH USED IN INVESTING ACTIVITIES		(40,808,781)	(91,528,122)	(30,814,565)
Cash flows from financing activities				
(Decrease) increase in subordinated debts		(976,073)	(4,854,332)	(8,341,410)
(Decrease) increase in equity and debt hybrid securities		(5,884,806)	(7,933,298)	1,057,119
(Acquisition) disposal of treasury shares		--	15,268	2,805,364
Dividends paid to non-controlling shareholders		--	--	94,883
Interest on own capital paid		(2,439,626)	(4,199,577)	(7,121,003)
CASH USED IN FINANCING ACTIVITIES		(9,300,505)	(16,971,939)	(11,505,047)
Net variation of cash and cash equivalents		98,171,174	93,933,863	11,745,023
At the beginning of the period		81,140,683	71,921,392	60,335,154
Effect of changes in foreign exchange rates in cash and cash equivalents		(3,135,934)	10,320,668	(158,785)
At the end of the period		176,175,923	176,175,923	71,921,392
Increase (decrease) in cash and cash equivalents		98,171,174	93,933,863	11,745,023

See the accompanying notes to the financial statements.



In thousands of Reais, unless otherwise stated

1 - THE BANK AND ITS OPERATIONS

Banco do Brasil S.A. (Banco do Brasil or the Bank) is a publicly-traded company, which explores economic activity pursuant to Art. 173 of the Brazilian Federal Constitution, subject to the rules of Brazilian Corporate Law, and is governed by Laws 4,595/1964, 13,303/2016 and the respective ruling Decree. The Brazilian Federal Government controls the Bank. Its headquarters and domicile 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 American Depositary Receipts (ADRs) 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 Bank is a multiple bank with operations throughout the national territory also develops activities in important global financial centers. The Bank'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.

The Bank also acts as an agent for execution of the Brazilian Federal Government's credit and financial policies, Brazilian Law requires the Bank to perform functions, specifically those under Art. 19 of Law 4,595/1964:

- (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 National Monetary Council (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.

With a history of 212 years, the Bank operates in a responsible manner to promote social inclusion through the generation of jobs and income.

The Bank finances the production and commercialization of agricultural products; foster rural investments such as storage, processing, industrialization of agricultural products and modernization of machinery and implements; and adjust rural properties to 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 options related to cash flow, social security, pension plan, and services. The Bank provides financing alternatives and business models that promote the transition to an inclusive economy to several companies, including Individual Microentrepreneurs (Microempreendedores Individuais – MEI).

In foreign trade financing, the Bank operates government policy instruments regarding 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).

More information about the subsidiaries is included in Note 2. f.



In thousands of Reais, unless otherwise stated

2 - PRESENTATION OF FINANCIAL STATEMENTS

a) Statement of compliance

The consolidated financial statements of the Prudential Conglomerate have been prepared with the specific purpose of meeting the requirements of the National Monetary Council (Conselho Monetário Nacional - CMN), and of the Central Bank of Brazil (Banco Central do Brasil - Bacen), by CMN Resolutions 4,280/2013 and 4,517/2016, and Bacen Circular 3,701/2014, which determine the scope of consolidation, restricted to financial institutions and similar companies. These should not be confused with the set of general purpose financial statements "Corporate Consolidated Financial Statements", disclosed to the market on February 11, 2021.

These consolidated financial statements of the Prudential Conglomerate were approved by the Executive Board of Directors and authorized for issuance on March 24, 2021.

b) Functional and presentation currency

These consolidated financial statements of the Prudential Conglomerate are presented in Brazilian Reais, which is the Bank's functional and presentation currency. Unless otherwise indicated, the quantitative financial information is presented in thousands of Reais (R\$ thousand).

c) Going Concern

Management has assessed the Bank's ability to continue its normal operations and is convinced that it has the resources to continue its business in the future. In addition, Management is not aware of any material uncertainty that could generate significant doubts about its ability to continue operating. Thus, these consolidated financial statements were prepared based on the assumption of going concern.

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 based on the fact that a large part of its business operations continues to be conducted on digital platforms with remote access and service, in addition to having quality advice and special credit conditions.

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 foreseeable 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 December 31, 2019.

e) Changes in the presentation of the consolidated financial statements

The CMN Resolution No. 4,720/2019 and its complementary regulations changed, as of January 01, 2020, the general criteria for the preparation and disclosure of financial statements. Based on the aforementioned Resolution and Resolution 2/2020, the Bank made changes to the disclosure of the Financial Statements in accordance with the respective Circular, among which we highlight:



In thousands of Reais, unless otherwise stated

Balance Sheet

- Presentation of the asset and liability accounts exclusively in order of liquidity and enforceability. The opening of segregation between current and non-current is being disclosed in the respective notes;
- Adoption of new nomenclatures and groupings of equity items, such as: financial assets, allowance for losses associated with credit risk, financial liabilities, tax assets and liabilities and provision

Statement of Income

- Use of new nomenclatures of income and expenses from financial intermediation according to the groups presented in the Balance Sheet;
- Highlight for allowance for losses associated with credit risk and provisions for tax, civil and labor claims;
- Disclosure of the participation of controlling and non-controlling shareholders in net income in a specific line.

Notes to the Financial Statements

Readjustment of the presentation structure of the Notes to the Financial Statements due to the adoption of new nomenclatures and groupings of equity and income items. Inclusion of Notes 04 - Main accounting judgments and estimates na 30 - Recurring and non- recurring net income.

Other Information

The Statement of Comprehensive Income (DRA) is disclosed as a mandatory financial statement.

In compliance with Resolution 2/2020, the Bank is presenting financial leasing operations at the present value of the total amounts receivable provided for in the contract, including the provision for losses associated with credit risk. The Bank also observed what is required by CPC 41 to calculate earnings per share.

f) Consolidated financial statements

The consolidated financial statements of the Prudential Conglomerate include the operations of the Bank performed by their branches, domestic and abroad, the operations of controlled financial institutions and similar companies, domestic and abroad, as well as of the investment financial fund of which the companies of Banco do Brasil's Conglomerate are the main beneficiaries or detain the main obligations.

In relation to requirements of CMN Resolution 4,280/2013 and Bacen Circular 3,701/2014, the following entities are considered similar to financial institutions: the consortium managers, payment institutions, companies responsible for acquisition of loans operations, including real estate, or credit rights, for example the factoring companies, securitization companies and corporation of exclusive object, and other legal entities headquartered in the country whose exclusive purpose is the equity interest in the entities mentioned above.

In the preparation of these consolidated financial statements, amounts resulting from transactions between consolidated companies, including the equity interest held by one in another, balances of balance sheet accounts, revenues, expenses and unrealized profits, net of tax effects, were eliminated. Non-controlling interest in shareholders' equity and income were separately disclosed in the financial statements. The profit and loss with foreign exchange from branches operations are presented in the groupings of income in which the charges and income on these transactions are recognized.



In thousands of Reais, unless otherwise stated

Equity interests included in the Prudential Conglomerate consolidated financial statements, in accordance to Resolutions CMN 4,280/2013 and 4,517/2016:

	Activity	Functional currency	Dec 31, 2020	Dec 31, 2019
			% of Total Share	
Financial institutions				
Banco do Brasil AG	Banking	Real	100.00%	100.00%
BB Leasing S.A. - Arrendamento Mercantil	Leasing	Real	100.00%	100.00%
BB Securities Asia Pte. Ltd.	Broker	Real	100.00%	100.00%
Banco do Brasil Securities LLC.	Broker	Real	100.00%	100.00%
BB Securities Ltd.	Broker	Real	100.00%	100.00%
BB USA Holding Company, Inc.	Holding	Real	100.00%	100.00%
BB Cayman Islands Holding	Holding	Real	100.00%	100.00%
Banco do Brasil Americas	Banking	American Dollar	100.00%	100.00%
Banco Patagonia S.A.	Banking	Argentinian Peso	80.39%	80.39%
BB Banco de Investimento S.A.	Investment bank	Real	100.00%	100.00%
BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.	Asset management	Real	100.00%	100.00%
Besc Distribuidora de Títulos e Valores Mobiliários S.A. ⁽¹⁾	Asset management	Real	--	99.62%
Consortium manager				
BB Administradora de Consórcios S.A.	Consortiumr	Real	100.00%	100.00%
Payment institutions				
BB Administradora de Cartões de Crédito S.A.	Service rendering	Real	100.00%	100.00%
Securitization companies				
Ativos S.A. Securitizadora de Créditos Financeiros	Credits acquisition	Real	100.00%	100.00%
BB Asset Management Ireland Limited	Credits acquisition	Real	100.00%	100.00%
Investment Funds ⁽²⁾				
Compesa Fundo de Investimento em Direitos Creditórios Cia. Pernambucana de Saneamento (FI Compesa)	Investment funds	Real	75.41%	83.72%
BB Asset Ações US Biotech BDR Nível I Fundo de Investimento ⁽³⁾	Investment funds	Real	97.03%	--
BB Espelho Ações Leblon ⁽³⁾	Investment funds	Real	82.20%	--
BB Asset Ações Nordea Global Climate and Enviroment ⁽³⁾	Investment funds	Real	100.00%	--
BB Asset Multimercado Nordea Alpha 15 ⁽³⁾	Investment funds	Real	99.55%	--
BB Espelho Multimercado Canvas Vector ⁽³⁾	Investment funds	Real	90.32%	--
BB Espelho Multimercado Occam Equity Hedge ⁽³⁾	Investment funds	Real	84.87%	--
BB Renda Fixa Longo Prazo Tesouro Inflação Curta ⁽³⁾	Investment funds	Real	61.87%	--
BB Renda Fixa Longo Prazo Tesouro Inflação ⁽³⁾	Investment funds	Real	59.42%	--
BB Renda Fixa Longo Prazo Tesouro Prefixado ⁽³⁾	Investment funds	Real	60.61%	--

(1) Incorporated company on December 09, 2020 (Note 5).

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

(3) 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.

Other information

Despite the challenging economic scenario arising from the Covid-19 pandemic, the Banco do Brasil Conglomerate did not carry out corporate restructuring or increased significant intra-group transactions that were not initially planned by Management, so that there were no changes in the Conglomerate's consolidation process.



In thousands of Reais, unless otherwise stated

g) Convergence to international accounting standards

The Accounting Pronouncements Committee (CPC) issues pronouncements and accounting interpretations aligned with international accounting standards and approved by the CVM. CMN and Bacen approved the following pronouncements, fully observed by the Bank, when applicable:

CPC	Resolutions
CPC 00 (R1) - Conceptual framework for Financial Reporting	CMN Resolution 4,144/2012
CPC 01 - Impairment of Assets	CMN Resolution 3,566/2008
CPC 03 (R2) - Statement of Cash Flows	CMN Resolution 4,720/2019
CPC 05 (R1) - Related Party Disclosures	CMN Resolution 4,636/2018
CPC 10 (R1) - Share-based Payment	CMN Resolution 3,989/2011
CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors	CMN Resolution 4,007/2011
CPC 24 - Events after the Reporting Period	CMN Resolution 3,973/2011
CPC 25 - Provisions, Contingent Liabilities and Contingent Assets	CMN Resolution 3,823/2009
CPC 33 (R1) - Employee Benefits	CMN Resolution 4,424/2015
CPC 41 - Earnings per Share	BCB Resolution 2/2020
CPC 46 - Fair Value Measurement	CMN Resolution 4,748/2019

CMN also issued proprietary rules that partially incorporate the pronouncements issued by the CPC and are applicable to the consolidated financial statements:

CMN Standart	CPC Pronunciament Equivalente
CMN Resolution 4,524/2016 - recognition of the effects of foreign exchange variations resulting from the conversion of transactions into foreign currency and financial statements of investees abroad and to foreign exchange hedge operations of investments abroad.	CPC 02 (R2)
CMN Resolution 4,534/2016 - accounting recognition and measurement of intangible asset components.	CPC 04 (R1)
CMN Resolution 4,535/2016 - recognition and accounting record of components of property and equipment in use.	CPC 27

In addition, it was published the CMN Resolution 3,533/2008, whose term began in January 2012, which established procedures for classification, recording and disclosure of sales operations or transfer of financial assets.

The Bank also applied the CPC 12 - Present Value Adjustment that is not in conflict with Bacen rules, as determined by article 22, paragraph 2, of Law No. 6,385/1976.

h) Standards to be adopted in future periods

Below is a summary of the new standards that have recently been issued by Organs regulatory bodies, to be adopted by the Bank at a date after December 31, 2020:

CMN Resolution 4,817, of May 29, 2020. The standard establishes the criteria for accounting measurement and recognition, by financial institutions, of investments in associates, subsidiaries and jointly controlled companies, in Brazil and abroad, including operations for the acquisition of interests; valuation using the equity method; investments held for sale; and incorporation, merger and spin-off operations.

CMN Resolution 4,817/2020 is effective as of January 01, 2022.

CMN Resolution 4,818, of May 29, 2020. CMN Resolution 4,818, of May 29, 2020. The standard consolidates the general criteria for the preparation and disclosure of individual and consolidated financial statements by financial institutions.

CMN Resolution 4,818/2020 comes into force as of January 01, 2021, except for articles 10 and 11, which will only be effective in January 1st, 2022, and early application is prohibited.

CMN Resolution 4,877, of December 23, 2020. The standard consolidates the general criteria for measuring and recognizing social and labor obligations by financial institutions, establishing that institutions must comply with Technical Pronouncement CPC 33 (R1) - Benefits to Employees in measuring, recognizing and disclosing employee benefits.



In thousands of Reais, unless otherwise stated

The standard allows the determination of the discount rate dealt with in items 83 to 86 of Pronouncement CPC 33 (R1) based on the average market yield determined in the six months prior to the date specified as accounted for, observing the other production provisions without pronouncement. When using this faculty, as necessary institutions (i) apply it prospectively; (ii) show, in an explanatory note, the amount of the effect on shareholders' equity if the rate referred to in item 83 of CPC 33 (R1) is used; and (iii) applying an average discount rate consistently over time.

This Resolution takes effect as of January 1st, 2021.

The Bank has begun to assess the impacts of adopting the new standards. Any impacts resulting from the assessment of these standards are being evaluated and will be concluded by the effective date of each standard

3 - DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

The accounting practices adopted by Banco do Brasil are applied consistently in all periods presented in these financial statements and applied to all the entities of the Group Banco do Brasil.

a) Statement of income

In accrual basis accounting, revenues and expenses are reported in the closing process of the period in which they are incurred, regardless of receipt or payment. The operations with floating rates are adjusted pro rata die, based on the variation of the indexes agreed, and operations with fixed rates are recorded at future redemption value, adjusted for the unearned income or prepaid expenses for future periods. The operations indexed to foreign currencies are converted at the reporting date using current rates.

b) Present value measurement

Financial assets and liabilities are presented at present value due to the application of the accrual basis in the recognition of their interest income and expenses.

Non-contractual liabilities are primarily represented by provisions for lawsuit and legal obligations, for which the disbursement date is uncertain and is not under the Bank's control. They are measured at present value because they are initially recognized at estimated disbursement value on the valuation date and are updated monthly.

c) Cash and cash equivalents

Cash and cash equivalents comprise available funds in local currency, foreign currency, securities purchased under resale agreements – guaranteed by securities not repledged/re-sold, interbank deposits and investments in foreign currencies, with high liquidity and insignificant risk of change in value, with maturity at time of acquisition not exceeding 90 days.

d) Interbank investments

Interbank investments are recorded at their investment or acquisition amount, plus income accrued up to the balance sheet date and adjustments for allowance for losses.

e) Securities

The securities purchased for the Bank's portfolio are recorded at the actual amount paid, including brokerage charges and fees, and are classified based on management's intention, in one of three categories, according to Bacen Circular 3,068/2001:

Trading Securities: these are securities purchased to be actively and frequently traded. They are adjusted monthly to fair value. The increases and decreases in value are recorded in income and expense accounts for the period;



In thousands of Reais, unless otherwise stated

Securities available for sale: these are securities that may be traded at any time, but are not acquired to be actively and frequently traded. They are adjusted monthly to market value and their increases and decreases in value are recorded, net of tax effects, in Accumulated other comprehensive income in Shareholders' equity; and

Securities held to maturity: these are securities that the Bank owns and has the financial capacity and intent to hold to maturity. These securities are not adjusted to market value. The Bank's financial capacity to hold to maturity is supported by a cash flow projection that does not consider the possibility of sale of these securities.

The fair value methodology used for securities was established following consistent, verifiable criteria, which consider the average price of trading on the day of calculation or, if not available, the indicative price reported by Anbima (Brazilian Financial and Capital Markets Association), or relationship between the unit price and the latest business value in the last 30 day, or the net expected realizable value obtained through pricing models, using credit risk curves, expected credit losses, future values of interest rates, foreign exchange rates, price and currency indices, and similar financial instruments.

Income accrued on the securities, irrespective of the category in which they are classified, is appropriated on a pro rata die basis on an accrual basis until the date of maturity or final sale, using the cumulative or straight-line method, based on the contractual remuneration and purchase price, and recorded directly in the statement of income for the period.

Impairment of securities classified as available for sale and held to maturity, if considered not to be temporary, are recorded directly in expense for the period and a new cost basis for the asset is determined.

Upon sale, the difference between the sale amount and the cost of purchase plus accrued income is considered as a result of the transaction and is recorded on the date of the transaction as a gain or loss on securities.

f) Derivative financial instruments

Derivative financial instruments are adjusted to market value at each monthly trial balance and balance sheet date. Increases or decreases in value are recorded in the appropriate income or expense accounts.

The fair value methodology used for derivative financial instruments was established following consistent and verifiable criteria, which consider the closing price, or adjustment, when applicable, on the day of calculation or, if not available, pricing models that estimate the expected net realizable value, or the price of a similar financial instrument, considering at least, the payment or maturity date, the currency or index, and the credit risk associated with the counterparty.

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in the fair value or asset cash flow or financial liabilities, commitment or future transaction, are considered hedge instruments and are classified according to their nature:

Market Risk Hedge: increases or decreases in value of the financial instruments, as well as of the hedged item, are recorded in income/expense accounts for the period; and

Cash Flow Hedge: the effective portion of the increases or decreases in value of the derivative financial instruments classified in this category are recorded, net of tax effects, in Accumulated other comprehensive income in Shareholders' equity. The effective amount is that in which the variation of the hedged item, directly related to the corresponding risk, is offset by the variation in the financial instrument used for the hedge, considering the accumulated effect of the transaction. Other variations in these instruments are recorded directly in the statement of income for the period.

g) Loan and leasing transactions, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for loan losses

Loans, leases, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's judgment with respect to the level of risk, taking into consideration market conditions, past experience and specific risks in relation to the transaction, to borrowers and guarantors, observing the parameters established by CMN Resolution 2,682/1999, which requires periodic analyses of the portfolio and its classification into nine levels, ranging from AA (minimum risk) to H (maximum risk), as well as the classification of transactions more than 15 days overdue as non-performing. For atypical transactions with a term of more than 36 months, there is a double counting on the days-past-due intervals defined for the nine levels of risk, as permitted by CMN Resolution 2,682/1999.



In thousands of Reais, unless otherwise stated

Income from loans overdue for more than 60 days, regardless of their risk level, will only be recognized as income when effectively received.

The operations classified as level H risk are written off against the existing allowance after six months of classification in this level of risk, and they are delayed more than 180 days.

Renegotiated transactions are maintained, at a minimum, at the same level at which they were rated on the date of renegotiation. The renegotiations of loans already written off against the allowance are rated as H level and any gains from renegotiation are recognized as income when effectively received. Reclassification to a lower risk category is allowed when there is significant amortization of the transaction or when new material facts justify a change in risk level, according to CMN Resolution 2,682/1999.

Allowance for loan losses, considered sufficient by management, satisfies the minimum requirement established by the aforementioned CMN Resolution 2,682/1999.

h) Taxes

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⁾	20.00%
Social Integration Program/Public servant fund program(PIS/Pasep) ⁽²⁾	0.65%
Contribution to Social Security Financing – (Cofins) ⁽²⁾	4.00%
Tax on services of any kind – (ISSQN)	Up to 5.00%

(1) Rate applied to Banco do Brasil and Banco de Investimentos, in accordance with the Constitutional Amendment No. 103, dated November 12, 2019. For other financial and non-financial companies in the areas of insurance, private pension plans and capitalization the rate remains 15%. For others non-financial companies, the CSLL rate is 9%.

(2) For non-financial firms that have opted for the non-cumulative regime of calculation, the PIS/PASEP rate is 1.65% and the Cofins rate is 7.6%.

Deferred tax assets (DTA) and deferred tax liabilities are recorded by applying the current rates of taxes on their respective bases. Before the increase in the CSLL established in article 32 of Constitutional Amendment No. 103, dated November 12, 2019, and the provisions of Circular Bacen 3,171/2002, article 1, paragraph 2, the increased rate of 20% for the CSLL was considered, since the base date of December/2019. For the recording, maintaining and writing-off of deferred tax assets, the Bank follows the established criteria by CMN Resolution 3,059/2002, amended by CMN Resolutions 3,355/2006, CMN 4,192/2013 and CMN 4,441/2015 and they are supported by a study of their realizability.

i) Prepaid expenses

These expenses refer to the application of payments made in advance, for which the benefits or the services will occur in subsequent periods. Prepaid expenses are recorded at cost and amortized as incurred.

j) Permanent assets

Investments: investments in associates and joint ventures in which the Bank has significant influence or an ownership interest of 20% or more of the voting shares, and in other companies which are part of a group or are under common control are accounted for by the equity method based on the Shareholders' equity of the associates and joint ventures.

The cash flows related to dividends and interest on equity received are presented separately in the statement of cash flows, being consistently classified, from period to period, as arising from investment activities.

In the consolidated financial statements of the Prudential Conglomerate, the controlled companies considered as financial and similar institutions are fully consolidated and the other controlled, the associates and joint ventures are accounted under the equity method.



In thousands of Reais, unless otherwise stated

Goodwill, the premium paid over the fair value of the investment acquired due to expectations of future profitability, is based on a financial-economic assessment which substantiate the purchase price of the business and is amortized based on annual income projections as per the assessment. Goodwill is tested for impairment annually.

Other permanent investments are valued at acquisition cost, less allowance for impairment losses, as applicable.

Property and equipment: property and equipment are stated at acquisition cost less the impairment losses and depreciation, calculated using the straight-line method by the useful life of the asset. Depreciation of property and equipment in use is recorded in the Other administrative expenses account.

Intangible: intangible assets consist of rights over intangible assets used in the running of the Bank, including acquired goodwill.

An asset meets the criteria for identification as an intangible asset, when it is separable, i.e, it can be separated from the entity and sold, transferred or licensed, rented or exchanged, individually or jointly with a contract, related assets or liabilities, regardless of the intention for use by the entity; or results from contractual rights or other legal rights, regardless of whether these rights are transferable or separable from the entity or other rights and obligations.

Intangible assets with finite useful lives comprise: disbursements for the acquisition of rights to provide banking services (rights to managing payrolls), amortized over the terms of contracts; software, amortized on a straight-line basis by the useful life from the date it is available for use. Intangible assets are adjusted by allowance for impairment losses, if applicable. The amortization of intangible assets is recorded in the Other administrative expenses account.

k) Impairment of non-financial assets

Non-financial assets are reviewed to see if there is any indication that they may have depreciated, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If there is any indication of devaluation, the Bank estimates the asset's recoverable value, which is the higher of its fair value, less costs to sell it, and its value in use.

If the recoverable amount of the asset is less than its carrying amount, the asset's carrying amount is reduced to its recoverable amount through a provision for impairment, which is recognized in the Income statement.

Methodologies in assessing the recoverable amount of the main non-financial assets:

Property and equipment in use

Land and buildings – the Bank relies on technical evaluations prepared in accordance with the standards of the Brazilian Association of Technical Standards - ABNT to determine the recoverable amount of land and buildings. The 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 interbank deposit certificate - CDI 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 and goodwill on acquisition of investments

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:



In thousands of Reais, unless otherwise stated

- 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.

Intangible

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.

The losses recorded in the Statement of Income to adjust the recoverable value of these assets, if any, are stated in the respective notes.

l) 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 CPC 33 (R1) - Employee benefits, approved by CVM Resolution 695/2012 and by the CMN Resolution 4,424/2015. The evaluations are performed semiannually.

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 partially or fully 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 CPC 33 (R1), 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.

m) Deposits and Securities sold under repurchase agreements



In thousands of Reais, unless otherwise stated

Deposits and Securities sold under repurchase agreements are recorded at the amount of the liabilities and include, when applicable, related charges up to the balance sheet date, on a daily pro rata die basis.

n) Provisions, contingent assets and liabilities and legal obligations

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
- 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.

o) Debt instrument issue expense

Expenses related to transactions involving the issue of debt instruments are capitalized and presented as a reduction of the corresponding liability. The expenses are recognized in the income statement over the term of the transaction.

p) Other assets and liabilities

Other assets are stated at their realizable amounts, including, when applicable, related income and monetary and exchange variations on a pro rata die basis, and allowance for losses, when deemed appropriate. Other liabilities are stated at their known and measurable amounts, plus, when applicable, related charges and monetary and exchange variations on a pro rata die basis.

q) 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; and
- diluted earnings per share: calculated by dividing net income attributed to the Bank's shareholders by the weighted average of outstanding common shares, adjusted to reflect the effect of all dilutable common shares.



In thousands of Reais, unless otherwise stated

r) Functional and presentation currency

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 for BB Americas and Banco Patagonia).

The financial statements of branches and subsidiaries abroad follow the accounting criteria in force in Brazil and are converted into the Real currency by the current rate criterion, as provided for in Bacen Circular 2,397/1993 and CMN Resolution 4,524/2016. Their effects are recognized in the income statement, under the equity method for those who record the functional currency equal to the national currency, and in Accumulated other comprehensive income in Shareholders' equity, for those who record the functional currency different from the national currency.

s) Non-recurring results

As defined by BCB Resolution 2/2020, non-recurring results are those that are not related or are only incidentally related to the institution's typical activities, and are not expected to occur frequently in future years. The information on the recurring and non-recurring results is included in Note 30.

4 - SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of financial statements requires the application of certain relevant assumptions and judgments that involve a high degree of uncertainty and that may have a material impact on these statements. Accordingly, it requires Management to make judgments and use estimates that affect the recognized amounts of assets, liabilities, income and expenses. These adopted estimates and assumptions are reviewed on an ongoing basis, with the revisions recognized in the period in which the estimate is reassessed, with prospective effects. It should be noted that actual results may differ from these estimates.

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 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 cover items for which fair value valuation is required. The following components of the consolidated financial statements require the highest degree of judgment and use of estimates:

a) Fair value of financial instruments

When the fair value 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.

Since the 1st quarter of 2020, the Bank has adapted its procedures for daily monitoring of the financial market, carrying out simulations and projections that aim to identify significant variations in the fair value of financial instruments held or traded by the Bank.

The Bank's mark-to-market models were reviewed to observe the possible impacts of 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 financial instruments, identified so far as a result of the Covid 19 pandemic, impacted these financial statements.



In thousands of Reais, unless otherwise stated

b) Allowance for losses associated with credit risk of the loan portfolio (loans, leasing, advances on foreign exchange contracts, other receivables with loan characteristics and guarantees provided)

The loan portfolio is classified according to Management's judgment on the risk level. Economic situation, past experience and specific risks in relation to the operation, to debtors and guarantors, are taken into account, observing the parameters established by CMN Resolution 2,682/1999, which requires periodic portfolio analysis and its classification into nine risk levels (rating), AA (minimum risk) and H (maximum risk), as well as the classification of operations overdue for more than 15 days as non-performing. For non-performing loan with a maturity of more than 36 months, double counting over the delay intervals defined for the nine risk levels is carried out, as provided by CMN Resolution 2,682/1999.

Allowance for losses is constituted or reversed according to the risk levels established by CMN Resolution 2,682/1999, considering the risk levels attributed to the operations.

Covid- 19 pandemic caused a worsening in the credit risk of customers located at the main affected countries, in which there was a noticeable reduction in economic activity. Therefore, it may impacting customers ability to honor their payment schedule of their contracts.

The allowance is considered sufficient by Management and meets the minimum requirement established by CMN Resolution 2,682/1999.

c) Permanent loss of securities

Securities are subject to periodic evaluation by the Permanent Loss Assessment Forum, which is responsible for identifying problematic assets, pursuant to CMN Resolution 4,557/2017, proposing the marking of new problematic assets, assessing the need of an asset to be subject to impairment test and the impact of any loss within the scope of the Prudential Conglomerate.

A problematic asset is characterized when there is a pending settlement for more than ninety days or there are indications that the asset will not be realized without the need to resort to guarantees and collateral. Indications that the asset will not be realized are: when the Bank considers that the debtor no longer has the financial capacity to honor its obligation, if the Bank recognizes a significant deterioration in the credit quality of the debtor, if the operation is subject to renegotiation that implies a concession of advantages to the debtor as a result of the deterioration of its creditworthiness or of its mitigators (debt restructuring), if the Bank asks for bankruptcy or other similar attitude towards the debtor, or if the debtor requests any type of judicial measure that limits, delay or prevent the fulfillment of its obligations under the agreed conditions.

The problematic assets can be reverted to the condition of normal course assets as long as there is evidence that the debtor has returned its ability to honor its obligations under the agreed conditions. It is analyzed whether the debtor is not responsible for any pending arrears for more than ninety days, whether the asset no longer meets the criteria of problematic assets, whether continuous and effective payments have occurred in a period of not less than 3 months and whether the debtor's financial situation has improved to such an extent that the realization of the asset is probable.

d) 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 amount, which is the highest of: i) its fair value less costs to sell it; and ii) its value in use.

Regardless any indicator of impairment, the Bank tests the recoverable value of intangible assets not yet available for use and of goodwill in the acquisition of investments, at least annually, always at the same period.

If the asset's recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount by recording an impairment loss.

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.



In thousands of Reais, unless otherwise stated

e) 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 believe that will not be required any significant adjustments to the income tax recorded in these financial statements.

f) Recognition and assessment 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 current tax legislation

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 relate 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 claims 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.

g) Pensions and other employee benefits

The Bank sponsors defined contribution and defined benefit pension plans, accounted for in accordance with CPC 33. 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.

Changes in these assumptions can have significant impact on the amounts determined.

h) Provisions, contingent assets and liabilities and legal obligations

The recognition, measurement and disclosure of provisions, contingent assets and liabilities and legal obligations are carried out in accordance with the criteria defined by CPC 25.

Contingent assets are not recognized in the financial statements, however, they are recognized as assets 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.



In thousands of Reais, unless otherwise stated

Contingent liabilities are recognized in the financial statements when, based on the opinion of legal advisor and Management, the risk of loss of legal or administrative proceedings is considered probable, with a probable outflow of financial resource for the settlement of the obligation and when the amounts involved are measurable with sufficient assurance, being quantified when judicial noticed and revised monthly as follows:

Aggregated Method: cases that are similar and recurring in nature and whose values are not considered individually significant. Provisions are based on statistical data. It covers civil, tax or labor judicial proceedings (except labor claims filed by trade unions and all proceedings classified as strategic) with probable value of award, estimated by legal advisors, up to R\$ 1 million.

Individual Method: cases considered unusual or whose value is considered relevant by our legal advisor. Provisions are based on: the amount claimed; probability of an unfavorable decision; evidence presented; evaluation of legal precedents; other facts raised during the process; judicial decisions made during the course of the case; and the classification and the risk of loss of legal actions.

Contingent liabilities, subject to individual method, considered as possible losses are not recognized in the financial statements, they are disclosed in notes, while those classified as remote do not require any provision or disclosure.

Legal obligations (fiscal and social security) are derived from tax obligations provided in the legislation, regardless of the probability of success of lawsuits in progress, which have their amountss fully recognized in the financial statements.

5 - 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 AG (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 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 SA (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.

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 will appoint three members to the Board of Directors, with the Chairman appointed by the Bank and the Vice Chairman by UBS. The executive board will also be composed by professionals from the two shareholders and UBS will appoint 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.



In thousands of Reais, unless otherwise stated

The Banks'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 purposes 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. 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 are disclosed in Note 13.

b) Corporate Restructuring BB-BI and BB Elo

On January 18, 2019, the Bank informed that its Board of Directors approved the partial spin-off of BB Banco de Investimento S.A. (BB-BI) equity, related to Cielo S.A. (Cielo) and the transfer of the spun-off party to BB Elo Cartões Participações S.A. (BB Elo).

The corporate restructuring intends to promote the centralization of eletronic payments investments under a single holding company, BB Elo, in order to be aligned with the strategy of simplifying Banco do Brasil's corporate organization.

On June 28, 2019, the interest in Cielo was transferred to BB Elo. Residual effect was recognized in the income of the companies.

c) Bescval - Incorporation

On December 09, 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.

As a result of the approval of the merger by the EGMs, Bescval is extinguished pleno jure, 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.



In thousands of Reais, unless otherwise stated

As a result, the Bank's share capital were increased by R\$ 23 thousand, due to the issuance of 425 new common shares, with no par value, registered and book-entry, by the Incorporator, 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 the base date of 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 will be extinguished. The incorporation will be submitted, under the terms of the legislation in force, to the approval of the Brazilian Central Bank.

Incorporated balances

	Dec 09, 2020
Total assets	5,925
Total liabilities	1
Total shareholders' equity	5,924

6 - CASH AND CASH EQUIVALENTS

	Dec 31, 2020	Dec 31, 2019
Cash and due from banks	16,784,270	14,170,680
Local currency	9,697,168	8,006,165
Foreign currency	7,087,102	6,164,515
Interbank investments ⁽¹⁾	159,391,653	57,750,712
Securities purchased under resale agreement – securities not repledged / re-sold	119,375,173	29,516,903
Interbank deposits	40,016,480	28,233,809
Total	176,175,923	71,921,392

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



In thousands of Reais, unless otherwise stated

7 - CENTRAL BANK COMPULSORY RESERVES**a) Breakdown**

	Dec 31, 2020	Dec 31, 2019
Savings deposit requirements	32,383,686	35,862,524
Demand deposit requirements	12,908,748	12,955,660
Time deposit requirements	13,465,192	15,870,135
Instant payment account	990,249	--
Electronic currency deposits	422,356	252,364
Resources for microfinance	138,311	183,424
Current assets	60,308,542	65,124,107
Non-current assets	--	--
Total	60,308,542	65,124,107

b) Income due to reserve requirements

	2nd half/2020	2020	2019
Savings deposit requirements	398,292	974,451	1,567,674
Time deposit requirements	121,505	349,811	804,324
Total	519,797	1,324,262	2,371,998

8 - INTERBANK INVESTMENTS**a) Breakdown**

	Dec 31, 2020	Dec 31, 2019
Securities purchased under resale agreement	466,345,200	390,842,172
Reverse repos - own resources	119,375,173	29,607,492
Treasury financial bills	350,757	25,176,764
National Treasury bills	117,989,892	288,331
National Treasury notes	266,499	1,222
Other securities	768,025	4,141,175
Reverse repos - financed position	346,970,027	361,234,680
Treasury financial bills	173,148,914	333,457,363
National Treasury bills	8,532,956	26,515,023
National Treasury notes	161,715,081	1,049,994
Other securities	3,573,076	212,300
Interbank deposits	44,287,017	34,621,063
Total	510,632,217	425,463,235
Current assets	505,887,681	421,930,384
Non-current assets	4,744,536	3,532,851

b) Income from interbank investments

	2nd half/2020	2020	2019
Income from securities purchased under resale agreement	5,353,594	13,234,129	27,604,343
Funded position	4,984,376	12,524,630	25,479,718
Own portfolio position	369,218	709,499	2,124,625
Income from investments in interbank deposits	75,166	580,181	905,107
Total	5,428,760	13,814,310	28,509,450



In thousands of Reais, unless otherwise stated

9- SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

a) Securities

a.1) Breakdown of the portfolio by category, type of bonds and maturity

Maturity in days	Dec 31, 2020								Dec 31, 2019		
	Fair value					Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Fair value	Mark to market	Cost value	Fair value	Mark to market
1 - Trading securities	732,002	4,214,791	1,188,264	1,732,357	9,901,722	17,300,612	17,769,136	468,524	5,008,477	5,231,360	222,883
Federal government bonds	--	4,203,267	1,188,264	1,719,036	9,160,913	15,871,523	16,271,480	399,957	3,945,705	4,161,705	216,000
National Treasury bills	--	--	235,773	1,483,062	7,113,234	8,716,947	8,832,069	115,122	301,959	304,070	2,111
Foreign Government bonds	--	4,174,101	938,456	235,974	978,028	6,057,671	6,326,559	268,888	2,756,325	2,970,153	213,828
National Treasury notes	--	--	--	--	735,388	718,985	735,388	16,403	98,730	99,217	487
Treasury financial bills	--	--	--	--	314,436	314,938	314,436	(502)	306,329	306,606	277
Brazilian foreign debt securities	--	29,166	14,035	--	19,827	62,982	63,028	46	116,944	114,625	(2,319)
Other	--	--	--	--	--	--	--	--	365,418	367,034	1,616
Private securities	732,002	11,524	--	13,321	740,809	1,429,089	1,497,656	68,567	1,062,772	1,069,655	6,883
Shares in investment funds	598,482	--	--	--	--	604,543	598,482	(6,061)	335,782	335,782	--
Debentures	--	208	--	--	521,032	511,398	521,240	9,842	577,185	564,683	(12,502)
Eurobonds	--	11,316	--	7,198	114,414	132,457	132,928	471	--	--	--
Agribusiness receivables certificate	--	--	--	--	46,940	47,165	46,940	(225)	38,232	32,551	(5,681)
Real states receivables certificate	--	--	--	--	44,115	41,957	44,115	2,158	601	642	41
Shares	31	--	--	--	--	5	31	26	6	10	4
Other	133,489	--	--	6,123	14,308	91,564	153,920	62,356	110,966	135,987	25,021
2 - Available for sale securities	2,259,396	834,803	15,707,915	11,316,340	221,879,225	250,445,611	251,997,679	1,552,068	169,499,927	169,940,497	440,570
Federal government bonds	--	156,797	13,526,021	8,242,347	196,985,099	217,565,843	218,910,264	1,344,421	135,170,320	136,072,640	902,320
Treasury financial bills	--	--	12,801,795	8,144,244	158,751,720	180,233,573	179,697,759	(535,814)	97,989,651	98,016,553	26,902
Brazilian foreign debt securities	--	106,366	3,280	--	12,293,967	11,177,576	12,403,613	1,226,037	6,711,851	7,131,142	419,291
National Treasury notes	--	--	--	--	11,011,356	10,818,747	11,011,356	192,609	12,732,542	12,986,658	254,116
National Treasury bills	--	--	--	--	11,058,015	10,754,400	11,058,015	303,615	14,591,045	14,778,431	187,386
Foreign Government bonds	--	50,431	720,577	98,090	3,786,969	4,502,366	4,656,067	153,701	3,025,828	3,033,015	7,187
Agricultural debt securities	--	--	369	13	476	882	858	(24)	1,436	1,414	(22)
Other	--	--	--	--	82,596	78,299	82,596	4,297	117,967	125,427	7,460
Private securities	2,259,396	678,006	2,181,894	3,073,993	24,894,126	32,879,768	33,087,415	207,647	34,329,607	33,867,857	(461,750)
Debentures	--	85,545	345,672	506,481	17,052,883	18,768,906	17,990,581	(778,325)	21,070,166	19,814,773	(1,255,393)
Rural product bills - commodities	--	338,559	1,749,838	2,332,558	114,595	4,453,303	4,535,550	82,247	4,027,011	4,083,074	56,063
Eurobonds	--	253,902	--	32,696	3,976,531	4,436,878	4,263,129	(173,749)	2,250,560	1,998,693	(251,867)
Shares in investment funds	2,200,455	--	51,554	189,506	1,426,639	2,967,615	3,868,154	900,539	4,517,022	5,545,429	1,028,407
Certificates of agribusiness credit rights	--	--	28,518	--	905,894	926,671	934,412	7,741	287,989	287,872	(117)
Promissory notes	--	--	6,312	12,752	237,628	254,728	256,692	1,964	528,428	520,904	(7,524)
Shares	58,941	--	--	--	--	60,838	58,941	(1,897)	2,947	3,155	208
Real estate receivables certificates	--	--	--	--	29,899	26,424	29,899	3,475	281,176	131,976	(149,200)
Certificate of Deposit	--	--	--	--	--	--	--	--	201,726	202,107	381
Other	--	--	--	--	1,150,057	984,405	1,150,057	165,652	1,162,582	1,279,874	117,292



In thousands of Reais, unless otherwise stated

Maturity in days	Dec 31, 2020								Dec 31, 2019		
	Fair value					Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Fair value	Mark to market	Cost value	Fair value	Mark to market
3 - Held to maturity securities	--	--	1,530,588	1,796,112	17,069,682	21,474,009	20,396,382	(1,077,627)	22,599,651	21,811,100	(788,551)
Federal government bonds	--	--	108,897	--	10,291,055	9,962,695	10,399,952	437,257	12,266,254	12,552,443	286,189
National Treasury bills	--	--	--	--	6,573,995	6,573,995	6,573,995	--	9,696,375	9,696,375	--
Brazilian foreign debt securities	--	--	--	--	3,122,869	2,686,003	3,122,869	436,866	2,104,243	2,389,543	285,300
Foreign Government bonds	--	--	108,897	--	594,191	702,697	703,088	391	465,636	466,525	889
Private securities	--	--	1,421,691	1,796,112	6,778,627	11,511,314	9,996,430	(1,514,884)	10,333,397	9,258,657	(1,074,740)
Debentures	--	--	690,818	1,796,112	6,542,764	10,392,508	9,029,694	(1,362,814)	9,863,313	8,691,508	(1,171,805)
Certificate of Deposit	--	--	730,873	--	--	728,864	730,873	2,009	--	--	--
Real estate receivables certificates	--	--	--	--	235,863	389,942	235,863	(154,079)	364,187	458,966	94,779
Eurobonds	--	--	--	--	--	--	--	--	105,897	108,183	2,286
Total	2,991,398	5,049,594	18,426,767	14,844,809	248,850,629	289,220,232	290,163,197	942,965	197,108,055	196,982,957	(125,099)



In thousands of Reais, unless otherwise stated

a.2) Breakdown of the portfolio by financial statement classification and maturity date

Maturity in days	Dec 31, 2020								Dec 31, 2019		
	Fair value					Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Fair value	Mark to market	Cost value	Fair value	Mark to market
Total by portfolio	2,991,398	5,049,594	18,426,767	14,844,809	248,850,629	289,220,232	290,163,197	942,965	197,108,055	196,982,957	(125,098)
Own portfolio	2,991,398	4,702,691	10,144,930	9,276,799	80,106,008	106,306,292	107,221,826	915,534	142,691,069	142,082,614	(608,455)
Subject to repurchase agreements	--	346,903	7,479,904	4,641,907	156,530,704	168,964,045	168,999,418	35,373	49,648,260	50,088,428	440,168
Pledged in guarantee	--	--	801,933	926,103	12,213,917	13,949,895	13,941,953	(7,942)	4,768,726	4,811,915	43,189

a.3) Breakdown of the portfolio by category and maturity in years

Maturity in years	Dec 31, 2020							Dec 31, 2019	
	Fair value					Total		Total	
	Without maturity	Due in up to one year	Due from 1 to 5 years	Due from 5 to 10 years	Due after 10 years	Cost value	Fair value	Cost value	Fair value
Total by category	2,991,398	38,321,170	184,325,353	52,315,745	12,209,531	289,220,232	290,163,197	197,108,055	196,982,957
1 - Trading securities	732,002	7,135,412	8,474,158	1,026,720	400,844	17,300,612	17,769,136	5,008,477	5,231,360
2 - Available for sale securities	2,259,396	27,859,058	163,749,386	46,345,718	11,784,121	250,445,611	251,997,679	169,499,927	169,940,497
3 - Held to maturity securities	--	3,326,700	12,101,809	4,943,307	24,566	21,474,009	20,396,382	22,599,651	21,811,100

a.4) Summary of the portfolio by financial statement classification

	Dec 31, 2020			Dec 31, 2019		
	Book value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
Total by portfolio	51,214,290	240,026,534	291,240,824	39,855,177	157,916,331	197,771,508
Own portfolio	36,810,307	71,533,152	108,343,459	28,023,710	115,037,855	143,061,565
Subject to repurchase agreements	12,677,956	156,279,466	168,957,422	9,074,507	40,823,519	49,898,026
Pledged in guarantee	1,726,027	12,213,916	13,939,943	2,756,960	2,054,957	4,811,917

a.5) Summary of the portfolio by category

	Dec 31, 2020		Dec 31, 2019	
Total by category				
1 - Trading securities	17,769,136	6%	5,231,360	3%
2 - Available for sale securities	251,997,679	87%	169,940,497	86%
3 - Held to maturity securities	21,474,009	7%	22,599,651	11%
Portfolio book value	291,240,824	100%	197,771,508	100%
Mark to market - held to maturity	(1,077,627)	--	(788,551)	--
Portfolio fair value	290,163,197	--	196,982,957	--

b) Income from operations with securities

	2nd half/2020	2020	2019
Fixed-income securities	4,271,327	9,118,987	12,180,097
Variable-income securities	(845,654)	6,451,479	976,870
Total	3,425,673	15,570,466	13,156,967



In thousands of Reais, unless otherwise stated

c) Reclassification of securities

There was no reclassification of marketable securities during 2019.

In fiscal year 2020, the following reclassifications took place, due to the criteria for allocating papers in the “Securities for Trading” category, which establishes a maximum trading term of 270 days:

- Securities (debentures) from the “Securities for Trading” category to the “Securities Available for Sale” category, in the amount of R \$ 23,315 thousand (cost value) and R \$ 21,438 thousand (market value). The negative mark-to-market of R\$ 1,877 thousand remained in the result of the 1st Semester/2020.

- Securities (debentures and agribusiness receivable certificates) from the “Securities for Trading” category to the “Securities Available for Sale” category, in the amount of R \$ 331,416 thousand (cost value) and R \$ 324,802 thousand (market value). The negative mark to market of R \$ 6,614 thousand remained in the result of the 2nd Semester/2020.



In thousands of Reais, unless otherwise stated

10 - DERIVATIVE FINANCIAL INSTRUMENTS

The Bank uses derivative financial instruments to manage, at the consolidated level, its positions manage credit risk and to meet clients' needs, classifying its own positions as hedge (market risk) and trading, both within limits approved by committees of the Bank. The hedge strategy of the equity positions is in line with macroeconomic analyses and it is approved by the Executive 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 the derivative financial instruments are considered in the management of these instruments and the consolidated view of different risk factors 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 29.

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.

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

Strategies are developed based on:

- analysis of economic scenarios;
- technical analysis (graphical) and fundamental analysis;
- simulation of expected results;
- 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 for the sale of 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 the needs of our clients 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 or in the cash flow 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.



In thousands of Reais, unless otherwise stated

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.

Accordingly, the calculated VaR for the Bank derivatives portfolio, on December 31, 2020, was R\$ 266,309 thousand (R\$ 165,812 thousand on December 31, 2019).

Total credit exposure from swaps is R\$ 169,409 thousand on December 31, 2020 (R\$ 477,077 thousand on December 31, 2019).



In thousands of Reais, unless otherwise stated

a.1) Breakdown of the portfolio of derivatives for trading by index

By Index	Dec 31, 2020			Dec 31, 2019		
	Notional value	Cost value	Fair value	Notional value	Cost value	Fair value
Future contracts						
Purchase commitments	28,590,657	--	--	12,958,174	--	--
Interbank deposits	11,501,501	--	--	4,439,417	--	--
Currencies	16,985,942	--	--	8,508,366	--	--
Bovespa Index	56,043	--	--	--	--	--
On-shore USD rates	43,231	--	--	--	--	--
Commodities	3,940	--	--	10,391	--	--
Sales commitments	22,411,530	--	--	6,263,653	--	--
Interbank deposits	11,304,962	--	--	3,523,785	--	--
Currencies	6,221,277	--	--	19,218	--	--
Bovespa Index	134	--	--	--	--	--
On-shore USD rates	14,005	--	--	--	--	--
Libor	4,657,647	--	--	2,521,629	--	--
Commodities	213,505	--	--	199,021	--	--
Forward operations						
Asset position	14,421,418	1,213,145	1,203,171	10,031,354	294,545	323,981
Term currencies	14,223,086	1,181,495	1,178,888	9,831,336	276,348	244,461
Term commodities	198,332	31,650	24,283	200,018	18,197	79,520
Liability position	22,238,742	(1,734,345)	(1,469,393)	12,879,633	(489,380)	(404,500)
Term currencies	21,927,251	(1,710,453)	(1,434,933)	12,849,084	(486,553)	(394,893)
Term commodities	311,491	(23,892)	(34,460)	30,549	(2,827)	(9,607)
Option market						
Purchase commitments - long position	--	--	--	4,031	152	209
Foreign currency	--	--	--	4,031	152	209
Sale commitments - long position	--	--	--	565,000	183	12,612
Interbank deposit	--	--	--	565,000	183	12,612
Purchase commitments - short position	48,912	(2,069)	(12,494)	24,865	(1,219)	(1,253)
Foreign currency	22,632	(683)	(538)	1,635	(43)	(3)
Pre-fixed	--	--	--	--	(26)	(26)
Bovespa Index	51	(3)	(6)	58	(3)	1
IPCA	3,415	(446)	(416)	6,913	(851)	(895)
Commodities	22,814	(937)	(11,534)	16,259	(296)	(330)



In thousands of Reais, unless otherwise stated

By Index	Dec 31, 2020			Dec 31, 2019		
	Notional value	Cost value	Fair value	Notional value	Cost value	Fair value
Sale commitments - short position	312,071	(5,978)	4,054	1,000,022	(6,736)	(25,134)
Foreign currency	157,460	(2,093)	5,572	31,995	(904)	(1,131)
Bovespa index	11	--	--	--	--	--
Interbank deposit	9,842	(146)	(728)	726,073	(1,069)	(15,069)
Commodities	144,758	(3,739)	(790)	241,954	(4,763)	(8,934)
Swap contracts						
Asset position	22,294,063	2,158,220	2,224,870	9,069,206	433,088	466,072
Interbank deposits	17,056,269	954,934	979,075	526,645	8,103	15,166
Foreign currency	4,840,051	1,199,918	1,239,840	5,730,891	396,165	352,141
Pre-fixed	397,743	3,368	5,955	2,811,670	28,820	98,765
Liability position	21,068,694	(1,383,874)	(1,493,135)	12,497,674	(411,212)	(439,846)
Interbank deposits	5,529,493	(270,395)	(274,687)	4,694,644	(94,932)	(203,436)
Foreign currency	8,789,458	(1,090,491)	(1,189,782)	7,471,831	(119,651)	(198,425)
Pre-fixed	6,728,443	(21,882)	(25,686)	297,199	(196,607)	(35,378)
IPCA	21,300	(1,106)	(2,980)	34,000	(22)	(2,607)
Credit Derivatives ⁽¹⁾						
Asset position						
Brazilian public debt securities	--	--	--	--	--	--
Liability position						
Brazilian public debt securities	374,162	(1,429)	(1,429)	--	--	--
Other Derivatives ⁽²⁾						
Asset position						
Foreign currency	2,704,318	108,028	99,295	1,483,075	26,210	18,061
Liability position						
Foreign currency	2,537,013	(75,980)	(77,446)	6,167,502	(51,396)	(90,879)

(1) Refers to credit derivatives originating from a structure involving CDS (Credit Default Swap) and CLN (Credit Linked Notes) operations, whose risks received and transferred are offset. In fiscal year 2020, these operations did not impact the Reference Equity and there were no credit events provided for in the contract.

(2) Related to transactions carried out in the Forex market abroad, recorded as Non Deliverable Forwards (NDF) which object is an exchange rate of a specific currency and is traded in the over-the-counter (OTC) market.



In thousands of Reais, unless otherwise stated

a.2) Breakdown of the derivatives portfolio by maturity (notional value)

Maturity in days	0 to 30	31 to 180	181 to 360	More than 360	Dec 31, 2020	Dec 31, 2019
Futures	6,807,376	24,832,764	3,386,604	15,975,443	51,002,187	19,221,828
Forwards	5,539,364	19,518,109	5,398,121	6,204,566	36,660,160	22,910,987
Options	93,347	230,881	28,301	8,454	360,983	1,593,918
Swap	8,579,307	17,158,606	3,568,640	14,056,204	43,362,757	21,566,880
Credit derivatives	--	374,162	--	--	374,162	--
Other	1,324,932	3,598,063	--	318,336	5,241,331	7,650,577

a.3) Breakdown of the derivative portfolio by trading market and counterparty (notional value on December 31, 2020)

	Futures	Forwards	Option market	Swaps	Credit derivatives	Other derivatives
Stock Exchange						
B3	46,344,540	--	167,572	--	--	--
Abroad	4,657,647	--	--	--	--	--
Over-the-counter						
Financial Institutions	--	531,612	--	39,147,327	374,162	5,241,331
Clients	--	36,128,548	193,411	4,215,430	--	--

a.4) Breakdown of margin given as guarantee for transactions with derivative financial instruments

	Dec 31, 2020	Dec 31, 2019
Treasury financial bills	4,717,046	5,943,578

a.5) Portfolio of derivatives designated as hedge accounting

	Dec 31, 2020	Dec 31, 2019
Market risk hedge		
Hedging instruments		
Liabilities	(7,007,786)	(41,793)
Futures	(44,619)	--
Swaps	(6,963,167)	(41,793)
Hedged items		
Assets	9,733,434	2,291,874
Interbank deposits	3,115,079	2,291,874
Securities	6,618,355	--
Liabilities	(2,687,214)	(2,217,511)
Foreign securities	(2,687,214)	(2,217,511)

Banco do Brasil branches abroad use swap operation (Cross Currency Interest Rate Swap) to hedge external borrowings against possible fluctuations in interest and exchange rates of their financial instruments. In December 31, 2020, hedge accounting strategies were designated which object is Federal Public Securities (National Treasury Bills), classified as available for sale and held to maturity categories. Interest futures contracts protect securities of available for sale category, while swaps protect securities of held to maturity category.

These hedge operations are effective, in accordance with Central Bank Circular 3,082/2002, which requires evidence of hedge effectiveness in the range of 80 % to 125 %.



In thousands of Reais, unless otherwise stated

a.6) Income gains and losses with hedging instruments and hedged items

	2nd half/2020	2020	2019
Hedge items losses	(443,305)	(489,778)	(185,355)
Hedging instruments gains	435,922	482,379	182,554
Net effect	(7,383)	(7,399)	(2,801)
Hedge items gains	80,480	786,671	102,550
Hedging instruments losses	(81,039)	(784,289)	(100,315)
Net effect	(559)	2,382	2,235

a.7) Derivative financial instruments segregated by current and non-current

	Dec 31, 2020		Dec 31, 2019	
	Current	Non-current	Current	Non-current
Assets				
Forwards	1,091,775	111,396	290,702	33,279
Options	--	--	12,821	--
Swap	1,933,799	291,071	88,397	377,675
Credit derivatives	--	--	--	--
Other derivatives	94,430	4,865	18,061	--
Total	3,120,004	407,332	409,981	410,954
Liabilities				
Forwards	(1,180,689)	(288,704)	(341,126)	(63,374)
Options	(8,065)	(375)	(25,208)	(1,179)
Swap	(931,117)	(562,018)	(258,474)	(181,372)
Credit derivatives	(1,429)	--	--	--
Other derivatives	(77,446)	--	(90,879)	--
Total	(2,198,746)	(851,097)	(715,687)	(245,925)

b) Income from derivative financial instruments

	2nd half/2020	2020	2019
Swaps	772,072	(7,684)	561,473
Forwards	(918,893)	1,962,963	(55,622)
Options	2,891	9,971	(4,381)
Futures	(452,908)	1,252,801	(230,140)
Credit derivatives	1,536	1,901	--
Other derivatives	38,696	187,569	368,302
Total	(556,606)	3,407,521	639,632



In thousands of Reais, unless otherwise stated

11 - LOAN PORTFOLIO**a) Loan portfolio by modality**

	Dec 31, 2020	Dec 31, 2019
Loans	624,416,758	566,647,869
Loans and discounted credit rights	260,104,534	214,308,911
Financing	131,721,007	127,931,373
Rural financing	181,110,513	169,651,248
Real estate financing	51,221,982	54,425,586
Loans sold under assignment ⁽¹⁾	258,722	330,751
Other receivables with loan characteristics	57,187,216	54,520,375
Credit card operations	32,936,390	31,069,069
Advances on exchange contracts (Note 12.c)	13,438,613	12,205,192
Other receivables purchase under assignment ⁽²⁾	5,561,823	4,522,612
Receivables acquisition	4,269,049	5,737,671
Guarantees honored	223,307	446,862
Other	758,034	538,969
Leasing	172,478	191,311
Total loan portfolio	681,776,452	621,359,555
Current assets	164,223,867	174,391,432
Non-current assets	517,552,585	446,968,123
Allowance for losses associated with credit risk	(45,170,370)	(39,799,866)
(Allowance for loan losses - loans)	(42,968,298)	(37,751,311)
(Allowance for other losses - other receivables with loan characteristics)	(2,198,371)	(2,044,773)
(Allowance for lease losses - leasing transactions)	(3,701)	(3,782)
Total loan portfolio net of provisions	636,606,082	581,559,689

(1) Loans assigned with retention of the risks and benefits of the financial assets.

(2) Loans acquired with retention of the risks and benefits by the assignor of the financial assets.



In thousands of Reais, unless otherwise stated

b) Loan portfolio income

	2nd half/2020	2020	2019
Loans income	35,636,020	86,922,328	82,382,550
Loans and discounted credit rights	21,848,773	44,225,561	46,141,005
Financing	471,448	16,445,547	8,839,866
Rural financing	5,811,720	11,287,086	10,791,967
Recovery of loans previously written-off as loss ⁽¹⁾	4,183,442	7,359,412	6,745,422
Real estate financing	1,957,856	3,915,267	4,255,499
Equalization of rates - agricultural crop- Law 8,427/1992	647,699	1,611,119	2,947,916
Export financing	364,664	880,035	1,546,776
Income from foreign currency financing	142,684	719,012	400,388
Receivables acquisition	88,683	225,133	331,312
Advances to depositors	94,902	188,292	282,995
Guarantees honored	4,781	28,231	56,979
Other	19,368	37,633	42,425
Leasing transactions income/(expenses)	13,009	28,420	43,148
Transfer of financial assets income/(expenses)	73,653	240,134	153,670
Total	35,722,682	87,190,882	82,579,368

(1) The amount of R\$ 175,170 thousand in the 2nd half/2020 (with impact on the income of R\$ 91,863 thousand), R\$ 300,691 thousand in 2nd half/2019 (with impact on the income of R\$ 172,025 thousand), R\$ 241,171 thousand in the period of 2020 (with impact on the income of R\$ 126,476 thousand) and R\$ 418,313 thousand in the period of 2019 (with impact on the income of R\$ 239,316 thousand), was received from assignments without recourse of written off credits to entities outside the financial system, in accordance with CMN Resolution 2,836/2001. The book value of these transactions were R\$ 345,231 thousand, R\$ 377,546 thousand, R\$ 485,425 thousand and R\$ 507,101 thousand, respectively.

c) Breakdown of the loan portfolio by sector

	Dec 31, 2020	%	Dec 31, 2019	%
Public sector	71,632,396	10.6	62,401,684	10.0
Public administration	55,596,464	8.2	44,830,623	7.2
Oil sector	12,009,390	1.8	11,202,797	1.8
Electricity	3,346,430	0.5	4,586,334	0.7
Services	393,291	0.1	567,709	0.1
Other activities	286,821	--	1,214,221	0.2
Private sector	610,144,056	89.4	558,957,871	90.0
Individuals	402,336,537	59.0	373,080,297	60.0
Companies	207,807,519	30.4	185,877,574	30.0
Agribusiness of plant origin	31,730,654	4.7	28,982,816	4.7
Services	25,298,128	3.7	16,535,921	2.7
Transportation	16,767,186	2.5	14,513,945	2.4
Mining and metallurgy	13,760,773	2.0	13,215,136	2.1
Automotive sector	13,016,570	1.9	11,829,036	1.9
Retail commerce	11,814,949	1.7	9,518,827	1.5
Agribusiness of animal origin	9,749,250	1.4	9,849,103	1.6
Electricity	8,187,291	1.2	7,111,590	1.1
Agricultural inputs	7,560,925	1.1	7,528,519	1.2
Fuel	7,410,164	1.1	6,755,371	1.1
Real estate agents	7,050,108	1.0	7,923,857	1.3
Specific activities of construction	6,984,339	1.0	6,632,904	1.1
Wholesale and various industries	6,949,717	1.0	6,244,586	1.0
Chemical	6,862,817	1.0	6,051,352	1.0
Electronics	6,656,646	1.0	5,662,511	0.9
Textile and clothing	6,474,714	1.0	5,344,701	0.9
Financial services	6,453,003	0.9	7,693,137	1.2
Woodworking and furniture market	4,043,707	0.6	4,058,347	0.7
Pulp and paper	2,876,369	0.4	3,252,891	0.5
Heavy construction	2,690,989	0.4	2,343,976	0.4
Telecommunications	2,423,001	0.4	2,128,727	0.3
Other activities	3,046,219	0.4	2,700,321	0.4
Total	681,776,452	100.0	621,359,555	100.0



In thousands of Reais, unless otherwise stated

d) Loan portfolio by risk level and maturity

	AA	A	B	C	D	E	F	G	H	Dec 31, 2020	Dec 31, 2019
Loans not past due											
Installments falling due											
01 to 30	10,305,655	6,995,233	14,368,484	10,748,030	1,012,640	400,622	77,993	16,150	240,946	44,165,753	42,341,536
31 to 60	8,270,485	2,836,068	4,841,821	4,077,729	313,470	131,987	19,561	11,639	361,586	20,864,346	20,514,470
61 to 90	10,102,226	2,083,587	3,568,728	2,979,386	623,971	137,739	1,111,829	9,074	544,506	21,161,046	17,272,962
91 to 180	26,002,886	6,970,589	12,908,472	8,902,716	1,230,501	490,029	98,548	49,998	750,293	57,404,032	56,114,952
181 to 360	45,674,242	7,507,445	26,959,267	13,948,701	1,484,926	854,998	96,253	69,742	1,260,086	97,855,660	87,662,230
More than 360	203,443,657	38,596,067	91,569,568	53,238,838	9,910,219	5,858,517	1,017,406	890,364	13,950,396	418,475,032	365,907,885
Installments overdue											
Up to 14 days	31,069	37,716	163,676	115,915	32,064	50,347	3,650	8,739	136,467	579,643	1,910,187
Subtotal	303,830,220	65,026,705	154,380,016	94,011,315	14,607,791	7,924,239	2,425,240	1,055,706	17,244,280	660,505,512	591,724,222
Loans past due											
Installments falling due											
01 to 30	--	--	22,440	153,588	74,925	19,739	7,258	13,313	217,515	508,778	645,474
31 to 60	--	--	13,786	47,799	30,976	20,431	7,711	16,122	126,794	263,619	346,290
61 to 90	--	--	10,884	34,412	24,692	16,470	9,517	8,021	126,707	230,703	326,494
91 to 180	--	--	31,410	94,873	71,028	58,567	25,784	17,810	332,499	631,971	969,350
181 to 360	--	--	87,422	194,077	157,608	112,850	50,036	40,003	650,873	1,292,869	2,031,623
More than 360	--	--	1,998,207	1,407,122	922,429	756,549	361,061	318,952	6,203,666	11,967,986	18,012,638
Installments overdue											
01 to 14	--	--	2,441	10,054	9,077	6,790	3,587	5,457	42,814	80,220	120,054
15 to 30	--	--	139,310	119,386	49,814	14,739	5,769	4,330	133,560	466,908	517,892
31 to 60	--	--	15,509	215,172	77,455	27,747	13,531	11,158	193,203	553,775	976,393
61 to 90	--	--	--	82,923	172,299	18,027	47,176	7,782	207,048	535,255	601,543
91 to 180	--	--	--	10,065	27,002	72,617	152,834	54,825	1,473,127	1,790,470	1,568,735
181 to 360	--	--	--	--	1	18,508	33,037	24,810	2,052,851	2,129,207	2,524,225
More than 360	--	--	411	257	--	203	1,795	--	816,513	819,179	994,622
Subtotal	--	--	2,321,820	2,369,728	1,617,306	1,143,237	719,096	522,583	12,577,170	21,270,940	29,635,333
Total	303,830,220	65,026,705	156,701,836	96,381,043	16,225,097	9,067,476	3,144,336	1,578,289	29,821,450	681,776,452	621,359,555



In thousands of Reais, unless otherwise stated

e) Allowance for loan losses by risk level

Level of risk	% Minimum provision	Dec 31, 2020				Dec 31, 2019			
		Value of loans	Minimum required allowance	Supplementary allowance ⁽¹⁾	Total	Value of loans	Minimum required allowance	Supplementary allowance ⁽¹⁾	Total
AA		303,830,220	--	--	--	294,254,332	--	--	--
A	0.5	65,026,705	325,134	42,219	367,353	66,827,896	334,139	41,956	376,095
B	1	156,701,836	1,567,018	625,322	2,192,340	150,152,446	1,501,524	543,278	2,044,802
C	3	96,381,043	2,891,431	2,670,593	5,562,024	58,086,001	1,742,580	1,382,759	3,125,339
D	10	16,225,097	1,622,510	207,337	1,829,847	9,997,194	999,719	196,216	1,195,935
E	30	9,067,476	2,720,243	143	2,720,386	6,819,860	2,045,958	8,699	2,054,657
F	50	3,144,336	1,572,168	--	1,572,168	3,780,796	1,890,398	5,939	1,896,337
G	70	1,578,289	1,104,802	--	1,104,802	7,784,871	5,449,410	1,132	5,450,542
H	100	29,821,450	29,821,450	--	29,821,450	23,656,159	23,656,159	--	23,656,159
Total		681,776,452	41,624,756	3,545,614	45,170,370	621,359,555	37,619,887	2,179,979	39,799,866

(1) Refers to the supplementary allowance over and above the minimum required by CMN Resolution 2,682/1999. This provision is established based on the internal scale of risk level.



In thousands of Reais, unless otherwise stated

f) Changes in allowance for losses associated with credit risk

Includes loans, leases and other receivables with characteristics of credit.

	2nd half/2020	2020	2019
Opening balance	41,676,660	39,799,866	34,350,503
Addition/(reversal)	13,141,920	25,560,796	22,682,333
Minimum required allowance	11,855,495	24,195,161	22,789,869
Supplementary allowance ⁽¹⁾	1,286,425	1,365,635	(107,536)
Exchange fluctuation - foreign allowances	(19,897)	183,660	(91,901)
Write off	(9,628,313)	(20,373,952)	(17,141,069)
Closing balance	45,170,370	45,170,370	39,799,866

(1) Refers to the supplementary allowance over and above the minimum required by CMN Resolution 2,682/1999. This provision is established based on the internal scale of risk level.

g) Leasing portfolio by maturity

	Dec 31, 2020	Dec 31, 2019
Up to 1 year ⁽¹⁾	88,126	98,526
More than 1 year and up to 5 years	84,352	92,781
Over 5 years	--	4
Total present value	172,478	191,311

(1) Includes amounts related to overdue installments.

h) Concentration of loans

	Dec 31, 2020	% of credit portfolio	Dec 31, 2019	% of credit portfolio
Largest debtor	12,140,090	1.8	12,112,454	1.9
10 largest debtors	62,413,919	9.2	58,823,503	9.5
20 largest debtors	81,548,565	12.0	76,023,142	12.2
50 largest debtors	109,019,299	16.0	101,665,529	16.4
100 largest debtors	127,563,170	18.7	119,396,953	19.2

i) Renegotiated credits

	2nd half/2020	2020	2019
Credits renegotiated during the period	51,608,616	100,068,113	84,834,620
Renegotiated when past due ⁽¹⁾	10,913,752	20,382,492	11,070,010
Renovated ⁽²⁾	40,694,864	79,685,621	73,764,610
Changes on credits renegotiated when past due			
Opening balance	25,497,445	23,657,317	22,874,209
Contracts ⁽¹⁾	10,913,752	20,382,492	11,070,010
Interest (received) and appropriated	(4,691,860)	(9,686,123)	(5,024,508)
Write off	(2,077,708)	(4,712,057)	(5,262,394)
Closing balance ⁽³⁾	29,641,629	29,641,629	23,657,317
Allowance for loan losses of the portfolio renegotiated when past due		17,738,543	12,803,972
(%) Allowance for loan losses on the portfolio		59.8%	54.1%
90 days default of the portfolio renegotiated when past due		2,663,242	3,156,472
(%) Portfolio default		9.0%	13.3%

(1) Renegotiated credit under debt composition as a result of payment delay by the clients.

(2) Renegotiated current credits (i.e. not past due) in the form of the extension or renewal of the credit or the granting of new loans for partial or full settlement of previous contracts or any other type of agreement that changes the maturity or the payment terms, originally agreed.

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



In thousands of Reais, unless otherwise stated

j) Supplementary information

	Dec 31, 2020	Dec 31, 2019
Undrawn credit lines	127,849,028	121,903,680
Guarantees provided ⁽¹⁾	9,569,192	7,983,300
Contracted credit opened for import	570,402	375,438
Confirmed export credit	390,200	275,571
Linked resources	311,779	92,698

(1) For these operations, the Bank maintains an allowance recorded in Provisions, (Note 20,c).

k) Loans by line of credit from Fund for Workers' Assistance (Fundo de Amparo ao Trabalhador – FAT)

Lines of FAT	TADE ⁽¹⁾	Dec 31, 2020	Dec 31, 2019
Loans and discounted credit rights		32,485	397,271
Proger Urbano Capital de Giro	01/2016	32,209	394,530
FAT Turismo - Capital de Giro	02/2012	276	2,741
Financing		944,872	1,555,034
Proger Urbano Investimento	18/2005	839,264	1,360,858
FAT Taxista	02/2009	101,234	174,361
FAT Turismo - Investimento	01/2012	4,098	15,720
Proger Exportação	27/2005	276	4,095
Rural financing		2,841	5,619
Pronaf Investimento	05/2005	2,276	4,303
Proger Rural Investimento	13/2005	352	1,029
Pronaf Custeio	04/2005	211	283
Proger Rural Custeio	02/2006	2	4
Total		980,198	1,957,924

(1) TADE - Allocation Term of Special Deposits.

l) Emergency Employment Support Program (Pese)

The CMN Resolution 4,846/2020 allows financial institutions to participate in the government emergency employment support program (Programa Emergencial de Suporte a Empregos – Pese), under Law 14,043/2020.

According to this Program, financial institutions can provide funding to payroll of entrepreneurs, business companies and cooperative companies, except credit companies. Every financing operation have 85% of resources coming from the National Treasury Secretariat (STN) and the remaining 15% from the Financial Institution counterparty.

The same percentage will be applied to the risk of default on credit operations and to possible financial losses.

The amount of Pese credit operations and the allowance for loan losses by risk level are presented in the table below:

Level of risk	% Minimum provision	Dec 31, 2020			
		Value of loans	Minimum required allowance	Supplementary allowance ⁽¹⁾	Total
AA		884,964	--	--	--
A	0.5	1,134	6	--	6
B	1	40,742	407	388	795
C	3	112,574	3,377	5,060	8,437
D	10	281	28	13	41
E	30	497	149	--	149
F	50	34	17	--	17
G	70	--	--	--	--
H	100	37	37	--	37
Total		1,040,263	4,021	5,461	9,482

(1) Refers to the supplementary allowance over and above the minimum required by CMN Resolution 2,682/1999. This provision is established based on the internal scale of risk level.



In thousands of Reais, unless otherwise stated

12 - OTHER ASSETS**a) Breakdown**

	Dec 31, 2020	Dec 31, 2019
Financials	95,293,809	92,998,137
Sundry debtors from escrow deposits	53,517,173	52,391,099
Foreign exchange portfolio (Note 12.c)	18,759,182	15,986,127
Fund of allocation of surplus - Previ (Note 28.f)	9,912,387	9,572,386
Notes and credits receivable ⁽¹⁾	3,493,348	4,102,742
Accrued income	3,372,551	5,064,989
Fundo de Compensação de Variações Salariais	2,577,555	2,431,268
Other	3,661,613	3,449,526
Current assets	43,890,852	42,469,687
Non-current assets	51,402,957	50,528,450
Non-Financial	11,560,285	6,362,810
Sundry debtors	3,227,404	4,320,111
Assets not for own use and materials in stock	795,995	719,026
Actuarial assets	6,080,658	160,728
Specific credits ⁽²⁾	392,908	392,908
Prepaid expenses	332,381	308,529
Other	730,939	461,508
Current assets	4,989,580	5,701,184
Non-current assets	6,570,705	661,626

(1) It includes sundry receivables from the Brazilian National Treasury, in the amount of R\$ 855,196 thousand (R\$ 788,948 thousand as of Dec 31, 2019). Mainly refers to amounts of subsidies in operations with funds MCR 6-2, MCR 6-4 (Rural Credit Manual) and are supported by specific legislation, such as CMN resolutions, the Bahia Cocoa Agriculture Recovery Program (CMN Resolution 2,960/2002) and regional funds (FDNE and FDCO). Credits receivable from the Federal Government, from expanded and securitized rural operations under the terms of Law No. 9,138/1995, assigned through Provisional Measure No. 2,196/2001, in the amount of R\$ 133,574 thousand, in a reconciliation process with the National Treasury Department. The Bank has amounts payable to the Federal Government recognized in Other liabilities - Sundry creditors (Note 19.a). Also includes receivables from the National Treasury from interest rate equalization of agricultural crops Law 8,427/1992, of R\$ 698,835 thousand (R\$ 1,306,279 thousand in Dec 31, 2019).

(2) Credits receivable from the Federal Government, from extended and securitized rural transactions under Law No. 9,138 / 1995, assigned through Provisional Measure No. 2,196 / 2001, in a reconciliation process with the National Treasury Secretariat. The Bank has liabilities payable to the Federal Government recorded in Other liabilities - Sundry creditors - domestic (Note 19.a).

b) Allowance for losses associated with credit risk

	Dec 31, 2020	Dec 31, 2019
Notes and credits receivable	1,411,592	1,328,897
Sundry debtors	879,026	609,386
Accrued income	171,676	172,298
Other	129,900	67,746
Total	2,592,194	2,178,327

Breakdown of the allowance

	2nd half/2020	2020	2019
Opening balance	2,425,703	2,178,327	2,401,995
Addition/(reversal)	273,787	516,146	(213,615)
Exchange fluctuation - foreign allowances	(10,351)	(3,920)	(3,822)
Write-off/other adjustments	(96,945)	(98,359)	(6,231)
Closing balance	2,592,194	2,592,194	2,178,327



In thousands of Reais, unless otherwise stated

c) Foreign exchange portfolio

	Dec 31, 2020	Dec 31, 2019
Asset position		
Exchange purchases pending settlement	17,927,393	15,277,486
Bills of exchange and time drafts in foreign currency	64,155	49,759
Receivables from sales of foreign exchange	29,412,495	16,082,319
(Advances received in national/foreign currency)	(28,645,733)	(15,424,591)
Foreign currency receivables	872	1,154
Total	18,759,182	15,986,127
Current assets	18,663,816	15,980,454
Non-current assets	95,366	5,673
Liability position		
Exchange sales pending settlement	34,049,369	16,628,954
Exchange purchase liabilities	17,261,661	15,115,959
Foreign currency payables	65,906	52,512
Subtotal (Note 19.a)	51,376,936	31,797,425
(Advances on exchange contracts) (Note 11.a)	(13,438,613)	(12,205,192)
Total	37,938,323	19,592,233
Current liabilities	34,059,881	10,084,565
Non-current liabilities	3,878,442	9,507,668
Net foreign exchange portfolio	(19,179,141)	(3,606,106)
Off balance accounts		
Credit opened for imports	911,691	464,074
Confirmed export credit	390,200	275,571

d) Results from other financial assets

	2nd half/2020	2020	2019
Foreign exchange results	737,911	922,966	1,089,852
Other	76,286	150,499	306,039
Total	814,197	1,073,465	1,395,891



In thousands of Reais, unless otherwise stated

13 - INVESTMENTS

a) Changes in associates and joint ventures

	Share capital	Adjusted shareholders' equity	Net income		Number of shares (in thousands)		Ownership interest in share capital %	Book value		Changes – 2020			Equity income	
			2020	2019	Common	Preferred		Dec 31, 2019	Dec 31, 2020	Dividends	Other events ⁽¹⁾	Equity income	2020	2019
Domestic								17,529,878	(2,466,008)	61,550	3,868,140	18,993,560	6,209,450	
BB Elo Cartões Participações S.A. ⁽²⁾	7,734,513	9,368,728	854,405	17,703	--	100.00%	9,009,550	(506,823)	12,237	853,764	9,368,728	857,654		
Banco Votorantim S.A. ⁽³⁾	8,130,372	10,782,225	1,064,620	26,880,148	25,815,588	50.00%	4,949,987	(170,364)	59,452	533,735	5,372,810	679,729		
BB Seguridade Participações S.A. ⁽⁴⁾	3,396,767	5,738,385	3,859,916	1,325,000	--	66.36%	3,044,982	(1,788,821)	(9,776)	2,561,703	3,808,088	4,293,348		
BB Tecnologia e Serviços	282,606	220,660	(89,595)	248,458	248,586	99.99%	298,253	--	--	(87,440)	210,813	49,459		
UBS BB Serviços de Assessoria Financeira e Participações S.A. ⁽⁵⁾	2,289,917	1,374,882	9,114	1,954,245	--	49.99%	--	--	682,748	4,556	687,304	--		
Cielo S.A. ⁽²⁾	--	--	--	--	--	--	--	--	--	--	--	258,112		
Neoenergia S.A. ⁽⁶⁾	--	--	--	--	--	--	--	--	--	--	--	92,584		
Other investments							227,106	--	(9,797)	1,822	219,131	(21,436)		
Unrealised profits on transactions with equity-accounted investees ⁽⁷⁾							--	--	(673,314)	--	(673,314)	--		
Overseas							333,720	--	(4,439,794)	4,389,608	283,534	537,003		
Goodwill on acquisition of investments abroad							333,720	--	(50,186)	--	283,534	--		
Profit/loss with exchange in the branches							--	--	(3,515,818)	3,515,818	--	449,414		
Profit/(loss) with foreign exchange in the affiliates and associates							--	--	(848,901)	848,901	--	83,872		
Increase/decrease in equity resulting from other changes							--	--	(24,889)	24,889	--	3,717		
Total investments in associates and joint ventures							17,863,598	(2,466,008)	(4,378,244)	8,257,748	19,277,094	6,746,453		
(Allowance for losses)							(22,240)	--	924	--	(21,316)	--		

(1) These basically refer to the corporate restructuring and write-off of the investments and the equity valuation adjustments of available-for-sale securities.

(2) Cielo's investment was transferred from BB BI to BB Elo Cartões Participações S.A. in 2019, a non-consolidated holding in Prudential Conglomerate.

(3) Excluded unrealised profits on transactions with the Banco do Brasil.

(4) On December 31, 2020, the price of BB Seguridade share was R\$ 29.63.

(5) 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 (Note 5). The net income presented corresponds to that of the post-partnership period.

(6) Investment was sold in June 2019.

(7) Unrealised profit arising from strategic partnership between BB-BI and UBS A.G.



In thousands of Reais, unless otherwise stated

b) Other investments

	Dec 31, 2020	Dec 31, 2019
Tax incentive investments	10,551	63,856
Equity securities	57	57
Stocks and shares	90,065	84,514
Other investments	3,879	3,690
Other equity abroad	201,203	168,424
Total	305,755	320,541
(Allowance for losses)	(45,705)	(29,253)

c) Goodwill arising on acquisition of investments

Changes of goodwill	2nd half/2020	2020	2019
Opening balance	370,856	333,720	735,359
Reductions	--	--	(81,275)
Amortizations ⁽¹⁾	(13,188)	(27,670)	(118,653)
Foreign exchange fluctuation ⁽²⁾	(74,134)	(22,516)	(201,711)
Closing balance	283,534	283,534	333,720

(1) Booked in other administrative expenses.

(2) Relates to the goodwill from Banco Patagonia.

d) Expected goodwill amortization

	2021	2022	2023	After 2023	Total
Banco Patagonia ⁽¹⁾	23,269	23,269	23,269	178,461	248,268
Tax effects	(10,471)	(10,471)	(10,471)	(80,307)	(111,720)
Net total	12,798	12,798	12,798	98,154	136,548

(1) The goodwill to be amortized does not include an amount of R\$ 35,266 thousand related to the intangible asset with an indefinite useful life and other assets not subject to amortization.

The expected amortization of goodwill arising on the acquisition of investments is based on the projections of results made at the time of the purchase, prepared by specialized firms or technical departments within the Bank, and considers the timing of the estimates and discount rates used in calculating the net present value of expected cash flows.

e) Goodwill impairment test

The recoverable amount of goodwill arising on acquisition of investments is determined by the value in use, which is the discounted value of the cash flow projections of the invested entity (cash-generating unit). For the evaluation of the banks, the free cash flow for shareholders discounted by the cost of equity capital calculated for each institution was used.

Assumptions used to project these cash flows are based on public information, budgets and / or business plans of the purchased entities. These assumptions consider current and past performance, as well as expected market and macroeconomic growth.

The cash flow of the entity below was actively projected for six years and considered perpetual from the last period with fixed growth rates. For the periods that exceed the terms of the budget or business plan, the growth estimates are in line with those adopted by the entity. The nominal discount rate is determined annually based on the CAPM (Capital Asset Pricing Model) adjusted for the market and the currency of each country.



In thousands of Reais, unless otherwise stated

Entity (cash-generating unit)	Growth rate p.a. ⁽¹⁾	Discount rate p.a. ⁽²⁾
Banco Patagonia	14.4%	39.5%

(1) Nominal growth in perpetuity.

(2) Geometric average of the projections for the period 2020 to 2025.

According to the sensitivity analysis performed, there is no indication that changes in the assumptions would cause the book value of the cash-generating units to exceed the recoverable amount.

In the periods presented, there was no impairment loss on goodwill arising on the acquisition of investments.

14 - PROPERTY AND EQUIPMENT

	Annual depreciation rate	Dec 31, 2019	2020			Dec 31, 2020			
		Book value	Changes	Depreciation	Allowance for losses	Cost value	Accumulated depreciation	Impairment losses	Book value
Buildings	4 to 10%	3,427,463	467,562	(405,486)	(11,171)	8,422,356	(4,910,483)	(33,505)	3,478,368
Furniture and equipment	10%	1,643,087	405,765	(307,885)	--	3,900,660	(2,159,655)	(38)	1,740,967
Data processing systems	10 to 20%	1,363,119	750,225	(511,545)	--	4,727,454	(3,125,655)	--	1,601,799
Constructions in progress	--	651,762	(31,635)	--	--	620,127	--	--	620,127
Land	--	329,508	(1,478)	--	--	328,030	--	--	328,030
Communication and security equipment	10%	222,349	47,287	(46,118)	--	690,513	(466,991)	(4)	223,518
Facilities	10%	142,340	16,861	(28,832)	--	1,027,846	(897,477)	--	130,369
Vehicles	10%	4,284	138	(1,192)	--	10,766	(7,536)	--	3,230
Furniture and equipment in stock	--	895	(13)	--	--	882	--	--	882
Total		7,784,807	1,654,712	(1,301,058)	(11,171)	19,728,634	(11,567,797)	(33,547)	8,127,290



In thousands of Reais, unless otherwise stated

15 - INTANGIBLE ASSETS**a) Changes and breakdown**

	Annual amortization rate	Dec 31, 2019	2020					Dec 31, 2020			
		Book value	Acquisitions	Exchange fluctuation	Write offs	Amortization	(Allowance)/reversal for losses ⁽¹⁾	Cost value	Accumulated amortization	Impairment losses	Book value
Rights to manage payroll ⁽²⁾	Contract	3,257,872	1,360,320	--	(26,041)	(1,398,412)	7,635	7,838,474	(3,639,535)	(997,565)	3,201,374
Software	10%	2,625,873	888,826	50,628	(162,956)	(391,975)	--	5,916,294	(2,905,898)	--	3,010,396
Other intangible assets	Contract	30,217	375,000	--	(368,750)	(16,831)	(19,636)	38,596	(14,499)	(24,097)	--
Total		5,913,962	2,624,146	50,628	(557,747)	(1,807,218)	(12,001)	13,793,364	(6,559,932)	(1,021,662)	6,211,770

(1) Registered in other administrative expenses on statement of income.

(2) The values of acquisitions and write-offs include contracts renegotiated in the period, in which the new contract value is recorded and the past contract value is written-off without impact on statement of income.

b) Estimate for amortization

	2021	2022	2023	2024	After 2024	Total
Amounts to be amortized	1,483,881	1,149,125	875,876	822,609	1,880,279	6,211,770



In thousands of Reais, unless otherwise stated

16 - CUSTOMER RESOURCES

a) Deposits

	Prudential	
	Dec 31, 2020	Dec 31, 2019
Demand deposits	98,425,571	71,140,732
Individuals	53,213,887	37,199,373
Corporations	32,405,701	22,098,617
Government	2,511,563	2,020,811
Restricted ⁽¹⁾	6,864,873	7,500,959
Foreign currency	531,029	648,824
Associated	748,526	397,337
Financial system institutions	1,199,708	466,974
National Treasury Special	179,905	170,968
Domiciled abroad	77,589	84,075
Other	692,790	552,794
Savings deposits	219,396,331	180,942,854
Individuals	211,872,717	174,201,660
Corporations	7,120,911	6,355,740
Associated	386,187	368,622
Financial system institutions	16,516	16,832
Time deposits	283,819,600	232,749,707
Judicial	164,538,401	154,065,246
National currency	82,329,374	52,257,226
Foreign currency	28,696,008	18,399,844
Fundo de Amparo ao Trabalhador - FAT (Note 16.d)	1,903,053	2,465,968
Funproger (Note 16.e)	485,872	456,613
Third party collaterals ⁽²⁾	1,832,849	1,650,490
Special Regime ⁽³⁾	2,800,973	2,219,742
Other	1,233,070	1,234,578
Other deposits	460,924	243,169
Total	602,102,426	485,076,462
Current liabilities	527,829,246	437,877,040
Non-current liabilities	74,273,180	47,199,422

(1) Includes the amount of R\$ 3,218,726 thousand (R\$ 3,315,146 thousand as of Dec 31, 2019) relating to DAF resources - Demonstrativos da Distribuição de Arrecadação Federal e Ordens Bancárias do Tesouro, also the amount of R\$ 55,316 thousand (R\$ 55,316 thousand as of Dec 31, 2019), relating to obligations with the Federal Government, from extended and securitized rural transactions under Law 9,138/1995, assigned through Provisional Measure No. 2,196/2001, in a reconciliation process with the National Treasury Secretariat.

(2) Cooperation agreements made between the Court houses or councils to attend Brazilian Justice National Council Resolution No. 98/2009.

(3) Special deposits for the Justice Courts, to comply with the Constitutional Transitory Acts pursuant to Constitutional Amendment No. 99/2017.

b) Deposits by maturity

	Prudential					Dec 31, 2020	Dec 31, 2019
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years		
Time deposits ⁽¹⁾	172,708,851	23,767,766	13,069,803	15,405,154	58,868,026	283,819,600	232,749,707
Savings deposits	219,396,331	--	--	--	--	219,396,331	180,942,854
Demand deposits	98,425,571	--	--	--	--	98,425,571	71,140,732
Other deposits	460,924	--	--	--	--	460,924	243,169
Total	490,991,677	23,767,766	13,069,803	15,405,154	58,868,026	602,102,426	485,076,462

(1) Includes the amount of R\$ 77,225,836 thousand (R\$ 48,167,226 thousand as of Dec 31, 2019), of time deposits with early repurchase clause (liquidity commitment), classified based on the contractual maturity dates.



In thousands of Reais, unless otherwise stated

c) Expenses with customer resources

	Prudential		
	2nd half/2020	2020	2019
Savings deposits	(3,109,762)	(6,629,194)	(11,301,659)
Time deposits	(3,578,520)	(8,474,058)	(14,211,663)
Judicial	(1,749,533)	(4,591,388)	(9,463,971)
Other	(1,828,987)	(3,882,670)	(4,747,692)
Total	(6,688,282)	(15,103,252)	(25,513,322)

d) Fund for worker's assistance (Fundo de Amparo ao Trabalhador – FAT)

	Resolution/ TADE ⁽¹⁾	Repayment of FAT Funds		Dec 31, 2020			Dec 31, 2019		
		Type ⁽²⁾	Initial date	Available TMS ⁽³⁾	Invested TJLP and TLP ⁽⁴⁾	Total	Available TMS ⁽³⁾	Invested TJLP and TLP ⁽⁴⁾	Total
Proger Rural and Pronaf				419	11,571	11,990	1,484	12,974	14,458
Pronaf Custeio	04/2005	RA	11/2005	10	127	137	13	155	168
Pronaf Investimento	05/2005	RA	11/2005	283	10,734	11,017	1,211	11,790	13,001
Rural Custeio	02/2006	RA	11/2005	--	1	1	2	1	3
Rural Investimento	13/2005	RA	11/2005	126	709	835	258	1,028	1,286
Proger Urbano				868,766	885,941	1,754,707	484,478	1,731,421	2,215,899
Urbano Investimento	18/2005	RA	11/2005	444,683	853,032	1,297,715	224,748	1,338,427	1,563,175
Urbano Capital de Giro	01/2016	RA	06/2016	129,800	27,432	157,232	259,730	392,994	652,724
Urbano Capital de Giro 2020	01/2020	RA	04/2020	294,283	5,477	299,760	--	--	--
Other				29,753	106,603	136,356	43,690	191,921	235,611
Proger Exportação	27/2005	RA	11/2005	1,022	98	1,120	4,085	3,019	7,104
FAT Taxista	02/2009	RA	09/2009	25,299	102,593	127,892	34,513	173,767	208,280
FAT Turismo Investimento	01/2012	RA	08/2012	3,432	3,912	7,344	5,092	15,135	20,227
Total				898,938	1,004,115	1,903,053	529,652	1,936,316	2,465,968

(1) TADE - Allocation Term of Special Deposits.

(2) RA - Automatic Return (monthly, 2% of the total balance).

(3) Funds remunerated by the Taxa Média Selic (average selic rate - TMS).

(4) Funds remunerated by Long-term interest rate (TJLP) for resources released until 12.31.2017 and Long-Term Rate (TLP) for those released as of January 01, 2018.



In thousands of Reais, unless otherwise stated

FAT is a special accounting and financial fund, established by Law 7,998/1990, associated with the Ministério da Economia (Ministry of Economy) and managed by the Executive Council of the Fundo de Amparo ao Trabalhador (Fund for Workers' Assistance) – Codefat. Codefat is a collective, tripartite, equal level organization, composed of representatives of workers, employers and government, who acts as manager of the FAT.

The main actions to promote employment using FAT funds are structured around the Employment and Earnings Generating Program (Proger), which resources are invested through special deposits, established by Law 8,352/1991, in official federal financial institutions. These programs include, among others, the urban Proger program (Investment and Working Capital), Popular Entrepreneur, the National Program for Strengthening Family Farming – Pronaf, in addition to special lines such as FAT Taxista, FAT Turismo Investimento and FAT Turismo Capital de Giro.

The FAT special deposits invested in Banco do Brasil are daily accrued the Average Selic Rate (TMS), when not lent out. As they are invested in the financing, they will be remunerated by the Long Term Rate (TLP) as of January 1, 2018 and TJLP (Long Term Interest Rate) for funds released through December 31, 2017, until maturity. The accruals are paid to FAT on a monthly basis, as established in Codefat Resolutions 439/2005, 489/2006 and 801/2017.

e) Endorsement fund for the generation of employment and income (Funproger)

The Endorsement fund for the generation of employment and income (Funproger) is a special accounting fund established on November 23, 1999 by Law 9,872/1999, amended by Law 10,360/2001 and by Law 11,110/2005 and regulated by Codefat Resolution 409/2004, and its amendments. It is managed by Banco do Brasil under the supervision of Codefat/MTE and the balance at Dec 31, 2020 is R\$ 485,872 thousand (R\$ 456,613 thousand as of Dec 31, 2019).

The objective of Funproger is to provide endorsement to entrepreneurs who do not have the necessary guarantees to contract financing by Proger Urbano and Programa Nacional de Microcrédito Produtivo Orientado, through the payment of a commission. The Funproger equity where incorporated from the spread between TMS and TJLP accrued over FAT special deposits. Other sources of funds are the operations accruals and the income paid by Banco do Brasil, the fund manager.



In thousands of Reais, unless otherwise stated

17 - FINANCIAL INSTITUTIONS RESOURCES**a) Breakdown**

	Dec 31, 2020	Dec 31, 2019
Securities sold under repurchase agreements (b)	511,239,452	415,451,969
Borrowings and onlendings (c)	73,884,058	78,875,614
Interbank deposits	25,686,889	29,128,475
Liabilities for operations linked to assignments	258,493	330,526
Total	611,068,892	523,786,584
Current liabilities	568,589,909	477,705,977
Non-current liabilities	42,478,983	46,080,607

b) Securities sold under repurchase agreements

	Dec 31, 2020	Dec 31, 2019
Own portfolio	167,842,500	54,462,666
Private securities	13,675,125	12,957,635
National Treasury bills	--	23,462
Financial Treasury bills	148,515,601	37,121,114
Securities abroad	5,651,774	4,360,455
Third-party portfolio	343,396,952	360,989,303
Financial treasury bills	173,148,915	333,424,753
National Treasury bills	8,532,956	26,514,556
National Treasury notes	161,715,081	1,049,994
Total	511,239,452	415,451,969
Current liabilities	500,245,493	398,297,379
Non-current liabilities	10,993,959	17,154,590

c) Borrowings and onlendings**Borrowings**

	BB Consolidated				Dec 31, 2020	Dec 31, 2019
	up to 90 days	from 91 to 360 days	from 1 to 3 years	from 3 to 5 years		
Overseas	6,405,424	6,441,388	2,148,968	556,954	15,552,734	17,966,872
Borrowings from bankers abroad	6,330,302	6,337,133	2,148,968	556,954	15,373,357	17,869,740
Imports	75,122	104,255	--	--	179,377	97,132
Total	6,405,424	6,441,388	2,148,968	556,954	15,552,734	17,966,872
Current liabilities					12,846,812	15,966,594
Non-current liabilities					2,705,922	2,000,278



In thousands of Reais, unless otherwise stated

Onlendings

Domestic – official institutions

Programs	Finance charges	Dec 31, 2020	Dec 31, 2019
National Treasury - rural credits resources		172,994	167,215
Pronaf	TMS (if available) or Fixed 0.50% p.a. to 4.00% p.a. (if applied)	13,605	16,968
Cacau (cocoa)	IGP-M + 8.00% p.a. or TJLP + 0.60% p.a. or Fixed 6.35% p.a.	144,272	136,518
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		4,347	2,959
BNDES	Fixed 0.00% p.a. to 8.00% p.a. TJLP + 0.50% p.a. to 4.00% p.a. IPCA + 7.02% p.a. to 9.41% p.a. Selic + 2.08% p.a. TLP + 1.30% p.a. to 2.10% p.a.	19,161,196	17,838,581
Caixa Econômica Federal	Fixed 4.88% p.a. (average)	30,259,319	30,936,767
Finame	Fixed 0.00% p.a. to 8.50% p.a. TJLP + 0.90% p.a. to 4.00% p.a. Selic + 2.08% p.a. to 2.45% p.a. TLP + 1.42% p.a. to 2.25% p.a.	8,587,353	11,932,325
Other official institutions		150,462	33,854
Funcafé	TMS (if available) Fixed 5.25% p.a. to 6.75% p.a.	150,434	33,826
Other		28	28
Total		58,331,324	60,908,742
Current liabilities		36,417,742	37,178,163
Non-current liabilities		21,913,582	23,730,579

d) Expenses from financial institutions resources

	2nd half/2020	2020	2019
Securities sold under repurchase agreements	(5,643,490)	(14,130,101)	(27,961,265)
Third-party portfolio	(4,926,618)	(12,362,187)	(25,073,260)
Own portfolio	(716,872)	(1,767,914)	(2,888,005)
Interbank deposits	(227,676)	(610,625)	(1,068,879)
Borrowings expenses	44,408	(20,850,958)	(3,929,880)
Onlendings expenses	(401,416)	(12,703,510)	(5,727,553)
Overseas	994,261	(9,873,755)	(2,451,019)
Caixa Econômica Federal	(768,668)	(1,550,397)	(1,534,550)
BNDES	(486,853)	(985,588)	(1,368,097)
Finame	(117,245)	(247,700)	(293,495)
Tesouro Nacional	(12,096)	(22,090)	(28,964)
Other	(10,815)	(23,980)	(51,428)
Total	(6,228,174)	(48,295,194)	(38,687,577)

(1) The credit balances presented arise from the negative exchange variation of the period (depreciation of the Real against the Dollar).



In thousands of Reais, unless otherwise stated

18 - RESOURCES FROM ISSUANCE OF DEBT SECURITIES

a) Breakdown

	Dec 31, 2020	Dec 31, 2019
Funds from issuance of securities (b)	118,419,565	124,713,385
Subordinated debts (c)	49,963,306	50,487,374
Equity and debt hybrid securities (d)	28,459,975	26,192,232
Total	196,842,846	201,392,991
Current liabilities	43,913,905	49,568,458
Non-current liabilities	152,928,941	151,824,533

b) Funds from issuance of securities

Funding	Currency	Issued value	Remuneration p.a.	Issue date	Maturity	Dec 31, 2020	Dec 31, 2019
Banco do Brasil			„PP F			118,381,903	124,672,862
Global Medium - Term Notes Program						15,850,558	14,488,650
	USD	500,000	6.00%	2010	2020	--	2,067,578
	USD	1,000,000	4.63%	2017	2025	5,286,224	4,096,037
	BRL	293,085	10.15%	2017	2027	366,360	367,073
	USD	750,000	4.88%	2018	2023	3,932,664	3,049,310
	COP	160,000,000	8.51%	2018	2025	304,179	232,007
	USD	750,000	4.75%	2019	2024	3,944,455	3,058,215
	BRL	398,000	9.50%	2019	2026	469,785	467,185
	MXN	1,900,000	8.50%	2019	2026	604,458	457,127
	COP	520,000,000	6.50%	2019	2027	942,433	694,118
"Senior Notes"						9,448,593	7,311,966
	USD	1,809,700 ⁽¹⁾	3.88%	2012	2022	9,448,593	7,311,966
Structured notes						305,850	88,145
	EUR	18,400	1.93 to 3.55%		2021	118,508	84,097
	USD	36,000	2.21 to 4.10%		2021	187,342	4,048
Certificates of deposits⁽²⁾						5,748,485	4,606,715
Short term			0.05 to 3.27%			4,334,395	4,108,987
Long term			1.35 to 3.80%		2023	1,414,090	497,728
Certificates of structured operations						2,563	18,641
Short term			1.96 to 9.87% of DI			1,084	16,411
Long term			3.93 to 10.07% of DI		2023	1,479	2,230
Letters of credit - real estate			65.00 to 96.00% of DI TR + 7.7151%			12,437,868	16,992,681
Short term						1,863,775	3,411,597
Long term					2026	10,574,093	13,581,084
Letters of credit - agribusiness			70.00 to 102.00% of DI Fixed 1.77 to 5.24%			74,210,446	75,882,064
Short term						25,537,358	34,689,326
Long term					2023	48,673,088	41,192,738
Financial letters			98.25 to 102.00% of DI Fixed 7.20 to 8.70%			377,540	5,284,000
Short term						376,529	4,872,746
Long term					2022	1,011	411,254
Banco Patagonia			Fixed 38.50% 500 pts + Badlar			60,287	69,733
Short term	ARS					60,287	69,733
Long term	ARS					--	--
Eliminated amount on consolidation⁽⁴⁾						(22,625)	(29,210)
Total						118,419,565	124,713,385
Current liabilities						32,479,278	49,235,532
Non-current liabilities						85,940,287	75,477,853

(1) Refers to the outstanding value since partial repurchases occurred.

(2) Securities issued abroad in USD.

(3) Refers to securities issued by Banco do Brasil Conglomerate, which are in possession of overseas subsidiaries/entities.



In thousands of Reais, unless otherwise stated

c) Subordinated debts

Funding	Currency	Issued value	Remuneration p.a.	Issue date	Maturity	Dec 31, 2020	Dec 31, 2019
FCO – Resources from Fundo Constitucional do Centro-Oeste						26,403,208	29,336,898
Subordinated debt abroad						15,387,511	11,999,497
	USD	660,000	5.38%	2010	2021	3,514,727	2,724,052
	USD	1,500,000	5.88%	2011	2022	7,927,674	6,181,924
	USD	750,000	5.88%	2012	2023	3,945,110	3,093,521
Subordinated letters of credit						8,218,331	9,191,329
		150,500	112.50% of CDI 5.45% + IPCA	2012	2020	--	330,801
		540,623	112.00% to 114.00% of CDI	2014	2020	--	972,139
		3,868,384	113.00% to 115.00% of CDI	2014	2021	7,283,702	7,059,258
		400,000	8.08% + IPCA	2014	2022	934,629	829,131
Total subordinated debt issued by Banco do Brasil						50,009,050	50,527,724
Eliminated amount on consolidation						(45,744)	(40,350)
Total subordinated debt issued consolidated ⁽¹⁾						49,963,306	50,487,374
Current liabilities						11,134,396	332,926
Non-current liabilities						38,828,910	50,154,448

(1) The amount of R\$ 29,676,974 thousand (R\$ 35,796,321 thousand as of December 31, 2019) comprise the tier II of the Referential Equity (RE).

d) Equity and debt hybrid securities

Funding	Currency	Issued value ⁽¹⁾	Remuneration p.a.	Issue date	Dec 31, 2020	Dec 31, 2019
Perpetual bonds						
	USD	851,012	8.50%	10/2009	--	3,680,805
	USD	1,285,950	9.25%	01 and 03/2012	6,915,600	5,428,215
	USD	1,950,000	6.25%	01/2013	10,250,286	8,101,231
	BRL	8,100,000	5.50% ⁽²⁾	09/2012	8,221,320	8,334,618
	USD	2,150,000	9.00%	06/2014	11,189,199	8,753,627
Total Banco do Brasil					36,576,405	34,298,496
Eliminated amount on consolidation					(16,430)	(6,264)
Total reclassified to shareholders' equity (Note 22.c)					(8,100,000)	(8,100,000)
Total BB Consolidated					28,459,975	26,192,232
Current liabilities					300,231	--
Non-current liabilities					28,159,744	26,192,232

(1) Refers to the outstanding value in US dollars funding, as partial repurchases of these instruments occurred.

(2) The remuneration is fully variable since August 28, 2014 (Note 22.c).

The amount of R\$ 27,932,263 thousand of the Perpetual bonds is included in the Referential Equity (R\$ 25,091,108 thousand as of December 31, 2019), this information is presented in Note 29.c.

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.



In thousands of Reais, unless otherwise stated

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 the rules of Bacen through CMN Resolution 4,192 of March 1, 2013, 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) Expenses from Issuance of Debt Securities

	2nd half/2020	2020	2019
Funds from acceptance and issuance of securities	(1,674,897)	(4,049,206)	(7,287,886)
Letters of credit - agribusiness	(680,509)	(1,862,263)	(4,233,721)
Financial bills	(157,039)	(394,434)	(1,001,895)
Securities issued abroad	(721,264)	(1,447,097)	(1,293,779)
Letters of credit – real estate	(115,922)	(345,068)	(752,705)
Certificates of structured operations	(163)	(344)	(5,786)
Subordinated debt abroad	(456,394)	(876,561)	(674,262)
Equity and debt hybrid securities	(1,296,559)	(2,562,162)	(2,045,922)
Total	(3,427,850)	(7,487,929)	(10,008,070)

19 - OTHER LIABILITIES**a) Breakdown**

	Dec 31, 2020	Dec 31, 2019
Financial	110,498,111	82,806,791
Foreign exchange portfolio (Note 12.c)	51,376,936	31,797,425
Credit/debit card operations	30,774,028	28,114,307
Financial and development funds (Note 19.b)	21,650,544	17,012,893
Other	6,696,603	5,882,166
Current liabilities	91,966,732	50,568,141
Non-current liabilities	18,531,379	32,238,650
Non-financial	28,239,894	37,654,772
Actuarial liabilities (Note 28.e)	16,033,678	25,509,836
Sundry creditors ⁽¹⁾	4,622,792	4,199,504
Billing and collection of taxes and contributions ⁽²⁾	392,242	449,068
Third party payment obligations	2,861,625	2,104,665
Shareholders and statutory distributions	2,166,812	2,603,869
Liabilities for official agreements	893,291	1,132,122
Unearned revenues	142,583	--
Other	1,126,871	1,655,708
Current liabilities	28,094,586	37,596,185
Non-current liabilities	145,308	58,587

(1) Includes the amount of R\$ 492,918 thousand (R\$ 492,918 thousand on December 31, 2019) relating to obligations with the Federal Government, from extended and securitized rural transactions under Law 9,138/1995, assigned through Provisional Measure 2,196/2001, in a reconciliation process with the National Treasury Secretariat.

(2) Includes the amount of R\$ 12,499 thousand (R\$ 9,130 thousand in Dec 31, 2019) of federal tax liabilities.



In thousands of Reais, unless otherwise stated

b) Financial and development funds

	Dec 31, 2020	Dec 31, 2019
Marinha Mercante	8,103,425	7,663,597
Fundo Constitucional do Centro Oeste - FCO ⁽¹⁾	9,771,373	4,066,726
Fundo de Desenvolvimento do Nordeste - FDNE	1,719,753	1,641,809
Pasep ⁽²⁾	314,982	1,374,355
Fundo de Desenvolvimento do Centro Oeste - FDCO	258,860	1,074,649
Funds from Governo do Estado de São Paulo	756,060	879,565
Other	726,091	312,192
Total	21,650,544	17,012,893
Current liabilities	9,278,885	8,659,015
Non-current liabilities	12,371,659	8,353,878

(1) CMN Resolution 4,192/2013 limited FCO resources to be considered as tier II of the Referential Equity – RE (Note 18.c), thus the amount disclosed refers to what exceed this value. The amount of R\$ 9,561,153 thousand refers to funds applied (remunerated at the rates on the loans funded with these amounts less the del credere of the financial institution, according to article 9 of Law 7,827/1989) and R\$ 210,220 thousand refers resources available (remunerated based on extra-market rate announced by the Banco Central do Brasil, according to article 9 of Law 7,827/1989).

(2) The Bank is administrator of the Public Servant Heritage Formation Program (Pasep), guaranteeing a minimum return equal to the Long-Term Interest Rate - TJLP.

c) Other funding expenses

	2nd half/2020	2020	2019
Financial and development funds ⁽¹⁾	309	(2,141,987)	(847,864)
Other	(272,989)	(514,324)	(478,902)
Total	(272,680)	(2,656,311)	(1,326,766)

(1) Includes the interest payment about FCO financial intermediation, according to Law 7,827/1989 (Note 19.b)

20 - PROVISIONS**a) Breakdown**

	Dec 31, 2020	Dec 31, 2019
Provisions for civil, tax and labor claims (b)	26,990,983	25,405,334
Civil lawsuits	9,333,752	8,826,122
Labor lawsuits	4,451,439	3,619,669
Tax lawsuits	436,614	410,185
Provision for tax risks (restatement of deposit) ⁽¹⁾	12,769,178	12,549,358
Other provisions	6,725,420	6,040,969
Provisions for pending payments	4,571,483	4,786,911
Financial guarantees (c)	752,473	437,136
Other	1,401,464	816,922
Total	33,716,403	31,446,303

(1) It includes the amount of R\$ 7,198 thousand related to BB Consórcio.

b) Provisions, contingent assets and liabilities, legal liabilities**Contingent assets**

Contingent assets are not recognized in the financial statements according to CPC 25 – Provisions, Contingent Liabilities and Contingent Assets.



In thousands of Reais, unless otherwise stated

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, in spite of 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.

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 and Economic Plans (Bresser Plan, Verão Plans and Collor Plans I and II).

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.

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 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 will can join the agreement, through a tool made available by Febraban. On March 12, 2020, the contract was granted for more than 5 years, according to the Amendment signed by the entities representing financial institutions and consumers.

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 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.



In thousands of Reais, unless otherwise stated

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. 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.

Provisions for labor, tax and civil claims – probable loss

The Bank recorded a provision for labor, tax and civil demands 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 labor, tax and civil claims.

Changes in the provisions for civil, tax and labor claims classified as probable

	2nd half/2020	2020	2019
Labor lawsuits			
Opening balance	3,834,284	3,619,669	2,474,600
Addition	1,504,478	2,398,093	3,411,230
Reversal of the provision	(172,256)	(429,337)	(779,640)
Write off	(844,603)	(1,380,951)	(1,714,458)
Inflation correction and exchange fluctuation	129,536	243,965	227,937
Closing balance	4,451,439	4,451,439	3,619,669
Tax lawsuits			
Opening balance	414,237	410,185	259,014
Addition	117,094	211,111	464,977
Reversal of the provision	(61,092)	(134,504)	(95,742)
Write off	(33,808)	(56,628)	(229,571)
Inflation correction and exchange fluctuation	183	6,450	11,507
Closing balance	436,614	436,614	410,185
Civil lawsuits			
Opening balance	8,736,886	8,826,122	6,971,809
Addition	2,046,779	3,319,147	11,375,683
Reversal of the provision	(53,231)	(316,390)	(3,036,661)
Write off	(1,499,644)	(2,712,377)	(6,706,030)
Inflation correction and exchange fluctuation	102,962	217,250	221,321
Closing balance	9,333,752	9,333,752	8,826,122
Total labor, tax and civil	14,221,805	14,221,805	12,855,976

Expected outflows of economic benefits

	Labor	Tax	Civil
Up to 5 years	3,840,759	171,216	7,588,748
Over 5 years	610,680	265,398	1,745,004
Total	4,451,439	436,614	9,333,752



In thousands of Reais, unless otherwise stated

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.

Contingent liabilities – possible loss

The labor, tax and civil 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.

The balances of contingent liabilities classified as possible loss

	Dec 31, 2020	Dec 31, 2019
Labor lawsuits	101,989	164,769
Tax lawsuits ⁽¹⁾	13,745,369	11,186,928
Civil lawsuits	2,503,605	2,165,060
Total	16,350,963	13,516,757

(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 year-end bonuses paid under the collective agreements in the period from 1995 to 2006, in the amount of R\$ 1,362,273 thousand, public transport pay and use of private car by employees of Banco do Brasil, in the amount of R\$ 955,656 thousand and employee profit sharing corresponding to the period from April 2001 to October 2003, in the amount of R\$ 1,239,027 thousand; and (ii) notices of tax assessment drawn by the Treasuries of the Municipalities, which amounts R\$ 1,753,531 thousand.

Deposits in guarantee

Deposits given in guarantee of contingencies

	Dec 31, 2020	Dec 31, 2019
Labor lawsuits	6,243,318	5,602,926
Tax lawsuits	9,206,177	9,005,809
Civil lawsuits	18,681,629	18,618,388
Total	34,131,124	33,227,123

Legal liabilities

The Bank has a record in Provisions – Provisions for tax, civil and labor claims and Tax liabilities – Current tax liabilities the amount of R\$ 19,333,653 thousand (R\$ 19,121,031 thousand on December 31, 2019) relating to the following action:

In 1998, the Bank requested full compensation of the accumulated tax losses of income tax and the negative calculation bases of social contribution. Since then, the Bank has fully offset tax losses and negative bases with the due amount of income tax and social contribution, making a full deposit of the amount due (70% of the amount offset), which led to the court order, determining the Suspension of the enforceability of said taxes.

In June 26, 2019, the STF finalized the Extraordinary Appeal judgment (RE 591,340-SP) and concluded that the 30% limitation of the right to offset tax losses and the negative basis is constitutional. This conclusion of the STF will be reflected in the judgment of the Extraordinary Appeal interposed by Banco do Brasil.

The offsetting of tax loss carry forward and recoverable social contribution has resulted in the write-off of deferred tax assets, observing the limitation of 30%.

Deferred taxes including corporate income tax and social contribution on the interest / inflation restatements of judicial deposits are being offset with the tax credits resulting from the provision related to that judicial deposit, in accordance with article 9 of CMN Resolution 4,842/2020, with no impact on income.

After the judgment of the Bank's Extraordinary Appeal, the amounts deposited in escrow will be converted into income in favor of the Federal Government and will be reclassified, to the assets of IRPJ to offset and CSLL to offset, the installments of IRPJ and CSLL tax losses, respectively, that could have been used since the October 2005 and February 2009 accrual, observing the limitation of 30%.



In thousands of Reais, unless otherwise stated

The taxes recoverable, which would result from the adjustments to prior year Statements of economic-fiscal information of businesses, corresponds to R\$ 6,010,012 thousand as of December 31, 2020 and updating by the Selic rate results in a further recoverable amount of R\$ 5,161,394 thousand.

The amounts related to this matter

	Dec 31, 2020	Dec 31, 2019
Judicial deposits	19,333,653	19,121,031
Amount realized (70%)	7,817,011	7,817,011
Inflation correction	11,516,642	11,304,020
Legal liability – provision for lawsuit	19,333,653	19,121,031
Tax losses of income tax (Tax liabilities – Current tax liabilities)	3,002,033	3,002,033
Social contribution negative bases/social contribution recoverable (Tax liabilities – Current tax liabilities)	3,569,640	3,569,640
Provision for tax risks (restatement of deposit)	12,761,980	12,549,358

c) Financial Guarantees

	Dec 31, 2020		Dec 31, 2019	
	Guaranteed values	Allowance	Guaranteed values	Allowance
Other financial guarantees provided ⁽¹⁾	2,671,307	599,156	2,025,046	152,370
Guarantees related to bidding, auctions, service rendering or execution of works	906,105	89,646	1,286,645	241,828
Sureties or guarantees in lawsuits and in tax-based administrative proceedings	327,223	55,680	329,390	39,246
Other bank guarantees	5,453,866	7,883	3,971,518	3,574
Guarantees related to the supply of goods	161,941	53	280,689	108
Guarantees related to international trade of goods	46,442	55	88,372	10
Other guarantees	2,308	--	1,640	--
Total	9,569,192	752,473	7,983,300	437,136

(1) Refers mainly to guarantees provided in foreign currency.

The operations of financial guarantees provided are evaluated through the risk classification models of operations in force in the institution, in the same format as the credit operations, which follow the provisions of CMN Resolutions 2,682/1999 and 2,697/2000, which set out the classification criteria for credit operations and the rules for the constitution of allowance for losses associated with credit risk.

The risk classification of operations is carried out by applying methodologies developed that take into account the characteristics of customers, operations and guarantees. The final result of the classification is the assignment of risk according to the scale contained in CMN Resolution 2,682/1999, which defines the percentage of provision that should be allocated to the operation.

d) Provisions expenses

	2nd half/2020	2020	2019
Provisions for civil, tax and labor claims	(2,379,132)	(3,945,191)	(11,413,329)
Labor	(1,461,758)	(2,212,721)	(2,859,527)
Civil	(784,517)	(1,436,605)	(6,719,012)
Tax	(56,185)	(83,057)	(380,742)
Provision for tax risks (restatement of deposit)	(76,672)	(212,808)	(1,454,048)
Other	(818,362)	(905,049)	(83,635)
Financial guarantees	(231,967)	(317,019)	(77,711)
Other	(586,395)	(588,030)	(5,924)
Total	(3,197,494)	(4,850,240)	(11,496,964)



In thousands of Reais, unless otherwise stated

21 - TAXES**a) Breakdown of income tax (IR) and social contribution expenses (CSLL)**

	2nd half/2020	2020	2019
Current Values	(1,354,737)	(2,502,881)	(2,532,278)
Domestic income tax and social contribution	(1,153,784)	(1,990,030)	(1,911,895)
Foreign income tax	(200,953)	(512,851)	(620,383)
Deferred Values	1,288,923	5,087,531	11,820,434
Deferred Tax Liabilities	273,191	(436,350)	(1,076,741)
Leasing – portfolio adjustment and accelerated depreciation	(1,572)	(3,486)	6,607
Fair value	(86,305)	(142,874)	(75,059)
Interest and inflation adjustment of fiscal judicial deposits	(34,473)	(95,680)	(791,072)
Foreign profits	582,449	--	--
Transactions carried out on the futures market	--	5,835	(5,217)
Recovered term credits	116,083	102,846	(212,000)
Unrealized gains (BB-BI)	(302,991)	(302,991)	--
Deferred Tax Assets	1,015,732	5,523,881	12,897,175
Temporary differences	3,858,204	5,686,019	11,785,327
Tax losses/CSLL negative bases	(2,704,669)	(61,533)	1,162,570
Fair value	(117,294)	(122,935)	(50,722)
Transactions carried out on the futures market	(20,509)	22,330	--
Total	(65,814)	2,584,650	9,288,156

b) Reconciliation of income tax and social contribution charges

	2nd half/2020	2020	2019
Profit Before Taxation and Profit Sharing	7,222,647	11,959,430	11,453,253
Total charges of IR (25%) and CSLL (20%) ⁽¹⁾	(3,250,191)	(5,381,743)	(4,581,301)
Charges upon interest on own capital	1,090,227	1,888,600	2,693,016
Net gains from equity method investments	686,097	3,715,987	2,652,629
Employee profit sharing	327,143	693,719	922,528
Effect of the increase in the CSLL rate – EC 103/2019 ⁽¹⁾	--	--	4,964,891
Other amounts	1,080,910	1,668,087	2,636,393
Income Tax and Social Contribution	(65,814)	2,584,650	9,288,156

(1) Increase in the CSLL rate from 15% to 20%, according to Art.32 of Constitutional Amendment n.º 103/2019.

c) Tax expenses

	2nd half/2020	2020	2019
Cofins	(1,492,855)	(2,577,160)	(2,374,614)
ISSQN	(535,776)	(1,050,031)	(1,068,581)
PIS/Pasep	(245,542)	(423,018)	(391,822)
Other	(254,949)	(488,308)	(486,740)
Total	(2,529,122)	(4,538,517)	(4,321,757)



In thousands of Reais, unless otherwise stated

d) Deferred tax liabilities

	Dec 31, 2020	Dec 31, 2019
Financial instruments fair value	1,055,198	882,228
Interest and inflation adjustment of fiscal judicial deposits	361,318	361,318
Recovered term credits	534,788	637,634
Foreign entities	102,232	86,466
Leasing portfolio adjustment	18,842	15,356
Positive adjustments of benefits plans	525,452	27,632
Futures market transactions	--	6,467
Other	52,539	52,539
Total Deferred Tax Liabilities	2,650,369	2,069,640
Income tax	1,553,699	1,117,350
Social contribution ⁽¹⁾	991,565	862,531
Cofins	89,994	77,212
PIS/Pasep	15,111	12,547

(1) In the period from December 31, 2018 to November 30, 2019, deferred tax assets and liabilities were recognized at the rate of 15%. The increase in the rate from 15% to 20% adjusted these deferred tax assets and liabilities on December 31, 2019.

e) Deferred tax assets (tax credit)

	Dec 31, 2019	2020		Dec 31, 2020
	Balance	Constitution	Write off	Balance
Temporary differences	55,753,386	22,133,408	(23,399,770)	54,487,024
Allowance for losses associated with credit risk	28,403,885	12,923,904	(9,267,780)	32,060,009
Provisions – taxes and social security	1,082,639	21,186	(9,272)	1,094,553
Provisions – others	12,811,724	3,604,182	(3,327,296)	13,088,610
Negative adjustments of benefits plans	10,136,488	3,188,652	(9,259,617)	4,065,523
Fair value adjustments (MTM)	786,560	1,264,043	(1,219,030)	831,573
Other provisions	2,532,089	1,131,442	(316,775)	3,346,756
CSLL written to 18% (MP 2,158/2001)	636,752	--	(214)	636,538
Tax losses/excess depreciation	41,012	--	(6,613)	34,399
Tax losses/negative bases	2,458,306	4,973,052	(5,121,172)	2,310,186
Total Deferred Tax Assets	58,889,456	27,106,460	(28,527,769)	57,468,147
Income tax	32,113,077	14,285,958	(14,756,590)	31,642,445
Social contribution ⁽¹⁾	26,701,397	12,675,680	(13,651,478)	25,725,599
Cofins	64,501	124,578	(102,968)	86,111
PIS/Pasep	10,481	20,244	(16,733)	13,992

(1) In the period from December 31, 2018 to November 30, 2019, deferred tax assets and liabilities were recognized at the rate of 15%. The increase in the rate from 15% to 20% adjusted these deferred tax assets and liabilities on December 31, 2019.

f) Deferred tax assets (tax credit – not recorded)

	Dec 31, 2020	Dec 31, 2019
Foreign deferred tax assets	1,672,771	1,092,996
Tax losses carryforward/negative bases	--	282
Temporary differences	--	1
Total Deferred Tax Assets	1,672,771	1,093,279
Income tax	929,317	683,300
Social contribution	743,454	409,979



In thousands of Reais, unless otherwise stated

Realization expectative

The expectation of realization of the deferred tax assets (tax credits) is based on a technical study, prepared on December 31, 2020, and the present value is determined based on the average rate of funding of Banco do Brasil.

	Future value	Present value
In 2021	21,367,966	20,968,952
In 2022	22,370,439	21,693,958
In 2023	13,139,979	12,461,781
In 2024	237,797	207,819
In 2025	190,698	169,717
In 2026	103,599	88,816
In 2027	30,009	24,567
In 2028	2,595	1,761
In 2029	10,763	8,278
In 2030	14,302	10,821
Total Deferred Tax Assets on Dec 31, 2020	57,468,147	55,636,470

In 2020, it was possible to observe the realization of tax credits at Banco do Brasil, in the amount of R\$ 28,345,948 thousand corresponding to 162.66% of the projection of use for the period of 2019 contained in the technical study prepared on December 31, 2019.

The realization of the nominal value of tax credits registered, considering the recovery of those written-off during the lawsuits (Note 20.b), based on a technical study conducted by Banco do Brasil on December 31, 2020, is projected for 10 years in the following proportions:

	Tax losses/CSLL recoverable ⁽¹⁾	Diferences intertemporary ⁽²⁾
In 2021	39%	37%
In 2022	37%	39%
In 2023	20%	23%
From 2024	4%	1%

(1) Projected consumption linked to the capacity to generate IR and CSLL taxable amounts in subsequent periods.

(2) The consumption capacity results from the movements of provisions (expectation of reversals, write offs and uses).

22 - SHAREHOLDERS' EQUITY

a) Book value and market value per common share

	Dec 31, 2020	Dec 31, 2019
Shareholders' equity - Banco do Brasil	116,723,222	98,895,999
Book value per share (R\$) ⁽¹⁾	40.91	34.68
Fair value per share (R\$)	38.80	52.82
Shareholders' equity - consolidated	125,040,783	107,021,447

(1) Calculated based on the equity attributable to shareholders of Banco do Brasil.

b) Capital

Banco do Brasil's share capital of R\$ 90,000,023 thousand (R\$ 67,000,000 thousand on December 31, 2019) 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 a majority of the Bank's voting shares.



In thousands of Reais, unless otherwise stated

The share capital increase in 2020, in the amount of R\$ 23,000,023 thousand, resulted from the use of Statutory reserve for operating margin, approved by the Special Meeting of Shareholders held on July 30, 2020, and authorized by Bacen on November 11, 2020 (R\$ 23,000,000 thousand) and the incorporation of Besc Distribuidora de Títulos e Valores Mobiliários S.A. – Bescval, approved by the Special Meeting of Shareholders held on December 09, 2020 (R\$ 23 thousand – Note 5.d), pending approval by Bacen.

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 02, 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 1 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.

As the instrument is qualifying as Common Equity Tier I Capital, its balance is reclassified to the Shareholders' Equity, for disclosure purposes.

d) Revaluation reserves

The revaluation reserves, totaling R\$ 2,040 thousand (R\$ 2,169 thousand as of December 31, 2019), refer to revaluations of assets made by the associates/subsidiaries.

In 2020, there was a reserve realization of R\$ 129 thousand (R\$ 71 thousand in 2019), due to depreciation, transferred to Retained Earnings (Accumulated Losses), net of taxes. In accordance with CMN Resolution 3,565/2008, the remaining amount will be recognized until the date of its effective realization.



In thousands of Reais, unless otherwise stated

e) Capital and profit reserves

	Dec 31, 2020	Dec 31, 2019
Capital reserves	1,399,152	1,366,443
Profit reserves	39,198,468	53,814,656
Legal reserve	9,259,072	8,633,464
Statutory reserves	29,939,396	45,181,192
Operating margin	21,225,998	38,699,369
Capital payout equalization	8,713,398	6,481,823

The capital reserve is intended, among others, to recognize the amounts related to transactions with share based payments or other share capital instruments to be settled with the delivery of equity instruments, as well as the profit earned on the sale of treasury shares.

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, 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 after allocation to legal reserve (including dividends) and is limited to 80% of the share capital.

The capital payout equalization statutory reserve provides funds for the payment of capital payout. The reserve consists of up to 50% of net income after allocation to legal reserve (including dividends) and is limited to 20% of the share capital.

f) Earnings per share

	2nd half/2020	2020	2019
Net income Banco do Brasil (R\$ thousand)	6,164,297	12,512,155	17,899,349
Weighted average number of shares (basic)	2,853,115,777	2,852,522,381	2,799,325,330
Weighted average number of shares (diluted) ⁽¹⁾	2,852,780,207	2,852,322,673	2,799,054,753
Earnings per share (basic and diluted) (R\$)	2.16	4.39	6.39

(1) The reconciliation of the weighted average number of shares is represented by the future distribution of shares to the executives of the Bank according to the Variable Remuneration Program (Notes 22.m and 22.n), of 335,570, 199,708, 270,577, respectively, in each of the periods in the table above.

g) Interest on own capital/dividends and destination of the income

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 2020, in the amount of R\$ 4,196,889 thousand (R\$ 6,732,541 thousand in 2019), provided an expense reduction on tax charges totaling R\$ 1,888,600 thousand (R\$ 2,755,142 thousand in 2019).



In thousands of Reais, unless otherwise stated

Calculation base of dividends and the destination of the income of the period are shown below:

	2020	2019
1) Net income - Banco do Brasil	12,512,155	17,899,349
Domestic	9,864,941	15,210,693
Overseas	2,647,214	2,688,656
2) Interest on instrument qualifying as common equity tier 1 capital	121,321	234,618
3) Calculation base of dividends ⁽¹⁾	11,891,184	18,133,967
Dividends – payout ⁽¹⁾	4,196,889	6,732,541
Minimum required dividend	2,972,796	4,252,887
Additional dividend	594,560	1,469,773
Withholding tax applied to the interest on own capital ⁽²⁾	629,533	1,009,881
4) Allocation		
Net income	12,512,155	17,899,349
(±) Retained earnings/losses	4,637	7,166
(-) Legal reserve	625,608	894,967
Adjusted Net Income ⁽¹⁾	11,891,184	17,011,548
Dividends and interest on own capital	4,196,889	6,732,541
Minimum required dividend	2,972,796	4,252,887
Additional dividend	594,560	1,469,773
Withholding tax applied to the interest on own capital ⁽²⁾	629,533	1,009,881
Statutory reserves	10,881,506	15,992,656
Statutory reserves used for capital payout equalization	(3,187,211)	(5,713,649)

(1) In 2020, Management chose to remunerate the capital in 35.29% of the adjusted net income, 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. In 2019, the payout calculation base was the net income of Banco do Brasil plus interest on instrument qualifying as common equity tier 1 capital.

(2) Withholding tax applied to the interest on own capital attributed to dividends, with the exception of shareholders who are exempted or immune.

Payment schedule of interest on own capital and dividends:

	Amount	Amount per share (R\$)	Base date of payment	Payment date
1st quarter/2020				
Interest on own capital ⁽¹⁾	517,440	0.181	Mar 11, 2020	Mar 31, 2020
2nd quarter/2020				
Interest on own capital ⁽¹⁾	1,256,723	0.441	Aug 21, 2020	Aug 31, 2020
3rd quarter/2020				
Interest on own capital ⁽¹⁾	293,382	0.103	Sep 11, 2020	Sep 30, 2020
Complementary Interest on own capital ⁽¹⁾	555,736	0.195	Nov 16, 2020	Nov 27, 2020
4th quarter/2020				
Interest on own capital ⁽¹⁾	333,785	0.117	Dec 11, 2020	Dec 30, 2020
Complementary Interest on own capital ⁽¹⁾	1,239,823	0.435	Feb 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.



In thousands of Reais, unless otherwise stated

	Amount	Amount per share (R\$)	Base date of payment	Payment date
1st quarter/2019				
Interest on own capital ⁽¹⁾	435,000	0.156	Mar 11, 2019	Mar 29, 2019
Complementary Interest on own capital ⁽¹⁾	1,155,939	0.415	May 21, 2019	May 31, 2019
2nd quarter/2019				
Interest on own capital ⁽¹⁾	476,640	0.171	Jun 11, 2019	Jun 28, 2019
Complementary Interest on own capital ⁽¹⁾	1,229,989	0.441	Aug 21, 2019	Aug 30, 2019
3rd quarter/2019				
Interest on own capital ⁽¹⁾	649,308	0.233	Sep 11, 2019	Sep 30, 2019
Complementary Interest on own capital ⁽¹⁾	1,040,834	0.373	Nov 21, 2019	Nov 29, 2019
4th quarter/2019				
Interest on own capital ⁽¹⁾	502,320	0.176	Dec 11, 2019	Dec 30, 2019
Complementary Interest on own capital ⁽¹⁾	1,242,511	0.436	Feb 21, 2020	Mar 05, 2020
Total allocated to the shareholders	6,732,541	2.401		

(1) Amounts subject to Withholding Tax, with the exception of shareholders who are exempted or immune.

h) Reconciliation of net income and shareholders' equity

	Net income			Shareholders' equity	
	2nd half/2020	2020	2019	Dec 31, 2020	Dec 31, 2019
Banco do Brasil	6,164,297	12,512,155	17,899,349	116,723,222	98,895,999
Instruments qualifying to common equity tier 1 capital ⁽¹⁾	78,583	121,321	234,618	8,100,000	8,100,000
Unrealized gains ⁽²⁾	41,076	63,909	28,100	(255,570)	(319,479)
Non-controlling interests	--	--	--	473,131	360,209
Secondary public offering of shares (follow on)	--	--	--	--	(15,282)
BB Consolidated	6,283,956	12,697,385	18,162,067	125,040,783	107,021,447

(1) The instrument qualifying as CET1 was registered in the liabilities in the Individual Financial Statements and its interest recognized as expenses with securities sold under repurchase agreements. This Instrument was reclassified to Shareholder's Equity in the consolidated financial statements. (Note 22.c).

(2) Refers to unrealized results arising from the assignment of credits from the Bank to Ativos S.A.

i) Accumulated other comprehensive income

	Dec 31, 2020	Dec 31, 2019
Banco do Brasil		
Securities available for sale	1,293,372	219,688
Actuarial gains/(losses) on pension plans	(13,765,159)	(22,162,506)
Subsidiaries, associates and joint ventures		
Securities available for sale	133,482	153,698
Cash flow hedge	(56,459)	(63,523)
Foreign exchange variation in investments abroad	(1,460,612)	(1,424,936)
Others	3,987	(4,815)
Total	(13,851,389)	(23,282,394)

j) Noncontrolling interests

	Net Income			Shareholders' Equity	
	2nd half/2020	2020	2019	Dec 31, 2020	Dec 31, 2019
Banco Patagonia S.A.	132,431	278,124	244,472	473,131	360,184
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	--	(1)	(2)	--	24
Non-controlling interest	132,431	278,123	244,470	473,131	360,209



In thousands of Reais, unless otherwise stated

k) Shareholdings (number of shares)

Number of shares issued by the Bank to shareholders which, directly or indirectly, hold more than 5% of the shares:

Shareholders	Dec 31, 2020		Dec 31, 2019	
	Shares	% Total	Shares	% Total
Federal government	1,432,708,542	50.0	1,453,493,742	50.7
Tesouro Nacional	1,432,708,542	50.0	1,432,708,542	50.0
Banco Nacional de Desenvolvimento Econômico e Social - BNDES - FND	--	--	20,785,200	0.7
Caixa de Previdência dos Funcionários do Banco do Brasil - Previ	134,751,214	4.7	137,257,114	4.8
Treasury shares ⁽¹⁾	12,175,335	0.4	14,459,169	0.5
Other shareholders	1,285,781,929	44.9	1,260,206,995	44.0
Total	2,865,417,020	100.0	2,865,417,020	100.0
Resident shareholders	2,220,240,434	77.5	2,141,139,495	74.7
Non resident shareholders	645,176,586	22.5	724,277,525	25.3

(1) It includes, on December 31, 2020, 31,496 shares of the Bank held by BB DTVM (347,049 on December 31, 2019, of 32.900 held by BB DTVM and 314.149 held by BB-BI).

Number of shares issued by the Bank, held by the Board of Directors, the Executive Board and the Audit Committee:

	Common shares (ON) ⁽¹⁾	
	Dec 31, 2020	Dec 31, 2019
Board of Directors (except for Bank's CEO, listed in the Bank's Executive Committee)	4,628	3,581
Executive Committee	114,966	77,674
Audit Committee	57	18

(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.

l) Movement of shares outstanding/free float

	Dec 31, 2020		Dec 31, 2019	
	Total	%	Total	%
Free float at the beginning of the period	1,397,382,845	48.8	1,331,861,026	46.5
Banco Nacional de Desenvolvimento Econômico e Social - BNDES - FND	20,785,200		--	
Secondary public offering of shares (follow on)	--		64,000,000	
Other changes ⁽¹⁾	2,245,495		1,521,819	
Free float at the end of the period ⁽²⁾	1,420,413,540	49.6	1,397,382,845	48.8
Outstanding shares	2,865,417,020	100.0	2,865,417,020	100.0

(1) It includes changes coming from Technical and Advisory Bodies.

(2) According to the Law 6,404/1976 and the regulation of B3's New Market. The shares held by the Board of Directors and Executive Committee are not included. The shares held by the Caixa de Previdência dos Funcionários do Banco do Brasil - Previ compose the free float shares.

m) Treasury shares

On October 3rd, 2019, the Bank announced an Information to the Market and Preliminary Prospectus of the Follow-on Public Offering of 64,000,000 common shares issued by the Bank and held in treasury. On October 23, 2019, the closing of the Public Offering of common shares was announced, at the price of R\$ 44.05 per share.



In thousands of Reais, unless otherwise stated

The composition of the treasury shares is shown below:

	Dec 31, 2020		Dec 31, 2019	
	Shares	% Total	Shares	% Total
Treasury shares	12,175,335	100.0	14,459,169	100.0
Received in order to comply with operations secured by the FGCN - Fundo de Garantia para a Construção Naval	8,075,350	66.3	8,075,350	55.8
Repurchase Programs (2012 and 2015) ⁽¹⁾	3,764,352	30.9	5,710,078	39.5
Share-based payment	335,570	2.8	359,529	2.5
Follow-on offering	--	--	314,149	2.2
Mergers	63	--	63	--
Book value	(280,642)		(339,636)	

(1) Reduction due to the follow-on offering.

n) Share-based payment

The Program of Variable Remuneration

The program of variable remuneration was based on the CMN Resolution 3,921 of November 25, 2010, which governs compensation policies for executives of financial institution.

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 (CPC 33 (R1) - Employee benefits) 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 income in Banco do Brasil were R\$ 22,276 thousand in 2020 (R\$ 24,380 thousand in 2019).

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.



In thousands of Reais, unless otherwise stated

We present the statement of acquired shares, its distribution and its transfer schedule:

	Total Program Shares	Average Cost	Shares Distributed	Shares to Distribute	Estimated Schedule Transfers
2016 Program					
Banco do Brasil	99,348	33.78	79,502	19,846	Mar 2021
Total shares to be distributed				19,846	
BB DTVM					
BB DTVM	10,397	32.84	8,319	2,078	Mar 2021
Total shares to be distributed				2,078	
2017 Program					
Banco do Brasil	193,976	42.65	116,452	38,762	Mar 2021
				38,762	Mar 2022
Total shares to be distributed				77,524	
BB DTVM					
BB DTVM	20,270	42.65	12,166	4,052	Mar 2021
				4,052	Mar 2022
Total shares to be distributed				8,104	
2018 Program					
Banco do Brasil	127,860	53.44	51,192	25,556	Mar 2021
				25,556	Mar 2022
				25,556	Mar 2023
Total shares to be distributed				76,668	
BB DTVM					
BB DTVM	14,218	53.44	5,692	2,842	Mar 2021
				2,842	Mar 2022
				2,842	Mar 2023
Total shares to be distributed				8,526	
2019 Program					
Banco do Brasil	162,641	46.05	32,605	32,509	Mar 2021
				32,509	Mar 2022
				32,509	Mar 2023
				32,509	Mar 2024
Total shares to be distributed				130,036	
BB DTVM					
BB DTVM	15,998	46.07	3,210	3,197	Mar 2021
				3,197	Mar 2022
				3,197	Mar 2023
				3,197	Mar 2024
Total shares to be distributed				12,788	

The Program of Gratified Performance (PDG):

The Program of Gratified Performance is a semiannual reward aiming to strengthen the partnership between the employees and the Bank, recognition of the participants' effort in the results attainment and the alignment of these results with the Bank strategies.

The qualification and classification of the participants are 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 determines that 50% of the reward should be paid in shares of the Bank and 50% in the Alelo reward card. The average price is the simple arithmetic mean of the daily average prices of the week prior to the payment. In 2020 1,767,087 treasury shares were distributed (1,499,377 in 2019). The effects of the Program of Gratified Performance on income were R\$ 320,807 thousand in 2020 (R\$ 219,021 thousand in 2019).



In thousands of Reais, unless otherwise stated

23 - SERVICE FEE INCOME

	2nd half/2020	2020	2019
Account fee	3,683,581	7,523,999	7,791,230
Fund management	3,462,587	6,858,915	6,398,658
Card income	1,028,738	2,033,302	2,047,159
Loans and guarantees provided	887,202	1,640,052	1,798,322
Consortium management fees	774,831	1,400,795	1,223,093
Billing	744,754	1,394,781	1,324,547
Collection	481,123	967,107	1,108,186
Capital market income	294,067	505,898	974,599
National Treasury and official funds management ⁽¹⁾	188,860	384,972	395,949
Commissions on insurance, pension plans and capitalization	161,747	292,237	317,931
Interbank	59,586	127,586	149,748
Other	930,398	1,865,190	2,174,059
Total	12,697,474	24,994,834	25,703,481

(1) Includes the amount of R\$ 18,472 thousand in the 2nd half/2020 related to the collection of contributions and federal tax (R\$ 31,789 thousand in 2020 and R\$ 35,453 thousand in 2019).

24- PERSONNEL EXPENSES

	2nd half/2020	2020	2019
Wages and salaries	(5,283,782)	(10,101,054)	(9,882,928)
Benefits	(1,615,685)	(3,272,033)	(3,056,439)
Social charges	(1,613,127)	(3,095,493)	(3,118,476)
Personnel administrative provisions	(1,025,056)	(2,328,798)	(3,021,844)
Pension plans	(464,466)	(888,946)	(871,279)
Director's and officer's remuneration	(20,819)	(42,133)	(37,360)
Training	(22,938)	(41,073)	(73,751)
Total	(10,045,873)	(19,769,530)	(20,062,077)



In thousands of Reais, unless otherwise stated

25- OTHER ADMINISTRATIVE EXPENSES

	2nd half/2020	2020	2019
Amortization	(942,750)	(1,834,889)	(1,686,825)
Rent	(664,037)	(1,328,404)	(1,325,934)
Depreciation	(672,407)	(1,301,058)	(1,224,666)
Security services	(592,725)	(1,163,425)	(1,153,134)
Maintenance and upkeep	(532,526)	(1,042,845)	(1,037,531)
Financial system services	(508,622)	(925,767)	(833,408)
Data processing	(462,297)	(897,401)	(862,611)
Expenses with outsourced services	(468,920)	(879,799)	(836,478)
Transport	(336,054)	(790,276)	(804,418)
Communications	(342,936)	(702,080)	(736,936)
Water, electricity and gas	(216,321)	(462,158)	(509,369)
Advertising and marketing	(260,825)	(442,201)	(497,709)
Specialized technical services	(204,409)	(384,476)	(389,889)
Promotion and public relations	(73,659)	(147,400)	(149,961)
Materials	(41,956)	(86,349)	(94,376)
Domestic travel	(7,052)	(25,953)	(82,915)
Other	(624,811)	(1,162,686)	(1,010,037)
Total	(6,952,307)	(13,577,167)	(13,236,197)

26 - OTHER OPERATING INCOME/EXPENSES**a) Other operating income**

	2nd half/2020	2020	2019
Foreign exchange variation	2,619,257	2,619,257	1,159,304
Recovery of charges and expenses	926,789	1,994,711	2,322,435
Surplus allocation update - Previ Plan 1 (Note 28.f)	705,173	961,847	893,382
Update of deposits in guarantee	302,807	937,298	1,855,699
Cards transactions	111,614	363,481	684,475
Clube de Benefícios BB	253,563	289,635	--
Reversal of provisions - administrative and personnel expenses	114,127	203,322	313,074
Reversal of provisions - other	59,573	105,635	332,622
Income on receivables	26,937	52,109	104,346
Adjustment of tax recoverable	15,014	28,496	237,834
Income from convictions, costs and court settlements	13,192	28,300	90,096
Dividends received	2,616	27,230	33,058
From non-financial subsidiaries	13,225	23,802	64,282
Defined benefit plan income	8,089	13,818	186,747
Other	231,208	474,302	481,035
Total	5,403,184	8,123,243	8,758,389



In thousands of Reais, unless otherwise stated

b) Other operating expenses

	2nd half/2020	2020	2019
Cards transactions	(887,084)	(1,722,074)	(1,890,082)
Actuarial liabilities update	(836,660)	(1,707,593)	(1,394,073)
Business relationship bonus	(645,073)	(1,246,651)	(1,656,474)
Discounts granted on renegotiations	(510,683)	(990,448)	(1,067,955)
Expenses with outsourced services	(520,705)	(961,811)	(919,879)
ATM Network	(216,275)	(449,123)	(227,938)
From non-financial subsidiaries	(164,471)	(283,569)	(242,489)
INSS - Social Security	(121,100)	(247,351)	(232,752)
Compensation for transactions of banking correspondents	(111,910)	(226,413)	(271,529)
Life insurance premium - consumer credit	(99,228)	(189,175)	(150,241)
Failures/frauds and other losses	(122,278)	(183,591)	(144,587)
Foreign exchange variation	(156,259)	(156,259)	(286,408)
Other expenses - operating provisions	(84,703)	(111,854)	(50,756)
Compliance bonus	(6,653)	(19,656)	(125,944)
Compensation for transactions of Banco Postal	--	(17,580)	(143,320)
Impairment losses of rights to manage payroll	--	--	(982,690)
Other	(461,848)	(889,748)	(1,547,857)
Total	(4,944,930)	(9,402,896)	(11,334,974)



In thousands of Reais, unless otherwise stated

27 - 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:

	2nd half/2020	2020	2019
Short-term benefits	22,450	51,521	53,636
Fees and social security contributions	16,441	32,259	34,191
Executive Board	16,233	31,868	33,807
Board of Directors	208	391	384
Variable remuneration (cash) and social charges	3,617	14,955	16,056
Other ⁽¹⁾	2,392	4,307	3,389
Termination benefits	227	834	741
Share-based payment benefits	--	10,801	15,290
Total	22,677	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 22.n).

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.

The main transactions carried out by the Bank with related parties are:

- i. 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;
- ii. the most important transactions involving the National Treasury include rural loans granted by the Bank under CMN Resolution 2,238/1996 and 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;
- iii. 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;
- iv. 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;



In thousands of Reais, unless otherwise stated

- v. 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. Additional information regarding the assignment of employees can be obtained in Note 31.d;
- vi. contracts in which the Bank rents property owned by the entities sponsored to carry out its activities;
- vii. acquisition of portfolio of loans transferred by Banco Votorantim;
- viii. assignment of credits arising from loans written off as losses to Ativos S.A; and
- ix. 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.

The Bank established companies credit card ceiling to pay Cielo S.A. bills under usual financial market conditions, in 2019.

The Bank and Caixa Econômica Federal (CEF) signed a credit opening agreement for real estate loans, in the amount of up to R\$ 4,100,200 thousand, related to 2020 budget.

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 Note 9; information about the government funds are related in Note 19; and additional information about the Bank's contributions and other transactions with sponsored entities are listed in Note 28.

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 2020, the Bank's contributions to FBB totaled R\$ 82,976 thousand (R\$ 55,098 thousand in 2019).

c) Acquisition of portfolio of loans transferred by Banco Votorantim

	2020	2019
Assignment with substantial retention of risks and rewards (with co-obligation)	7,856,098	3,107,504



In thousands of Reais, unless otherwise stated

d) Summary of related party transactions

	Dec 31, 2020					
	Controller ⁽¹⁾	Subsidiaries ⁽²⁾	Joint ventures and associates ⁽³⁾	Key management personnel ⁽⁴⁾	Other related parties ⁽⁵⁾	Total
Assets						
Interbank investments	--	--	1,946,378	--	2,634,986	4,581,364
Securities	--	--	287,129	--	493,943	781,072
Loan portfolio ⁽⁶⁾	--	--	5,583,083	5,209	14,713,767	20,302,059
Receivables from related companies	--	23,970	276,180	--	12,296	312,446
Other assets ⁽⁷⁾	2,728,800	13,352	22,136	--	274,148	3,038,436
Guarantees received ⁽⁸⁾	--	--	6,921	--	1,262,402	1,269,323
Liabilities						
Demand deposits	1,583,502	118,161	102,571	1,976	373,096	2,179,306
Saving deposits	1,761	--	--	415	238,703	240,879
Time deposits	4,571,230	19,920	680,598	205	12,942,576	18,214,529
Securities sold under repurchase agreements	43,510	7,516,630	1,041,700	--	1,542,650	10,144,490
Borrowings and onlendings	172,995	--	--	--	58,158,330	58,331,325
Other liabilities ⁽⁹⁾	1,578,002	2,086,889	10,845,580	19,532	1,445,724	15,975,727
Guarantees given and other obligations ⁽¹⁰⁾	--	5,297	5,010,636	--	716,003	5,731,936
2nd half/2020						
Income from financial intermediation	647,730	56	155,721	276	391,561	1,195,344
Service fee income	19,736	174	646,496	--	313,491	979,897
Other income ⁽¹¹⁾	9,046	106,223	202,176	--	2,671	320,116
Expenses from financial intermediation	(107,721)	(101,518)	(8,908)	(177)	(1,643,485)	(1,861,809)
Other expenses	--	(554,777)	(384,593)	--	(310,797)	(1,250,167)
2020						
Income from financial intermediation	1,611,195	449	390,506	471	917,510	2,920,131
Service fee income	37,643	337	1,208,363	--	512,058	1,758,401
Other income ⁽¹¹⁾	16,322	220,028	470,534	--	7,768	714,652
Expenses from financial intermediation	(242,655)	(280,469)	(18,661)	(432)	(3,278,989)	(3,821,206)
Other expenses	--	(1,075,152)	(666,447)	--	(645,907)	(2,387,506)

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) BB Corretora de Seguros e Administradora de Bens S.A., BB Seguridade Participações S.A., BB Seguros Participações S.A., Ativos S.A. Gestão de Cobrança e Recuperação de Crédito, BB Tur Viagens e Turismo Ltda, BB Tecnologia e Serviços, BB Elo Cartões Participações S.A., Dollar Diversified Payment Rights Finance Company and Loans Finance Company Limited.

(3) Mainly refer to Banco Votorantim, Cielo, BB Mapfre Participações, Brasilprev, Brasilcap, Alelo, Cateno and Tecban.

(4) Board of Directors and Executive Board.

(5) 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.

(6) The Bank constituted the amount of R\$ 175 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R\$ 98 thousand in the 2nd half/2020 (reversal of R\$ 995 thousand in 2020).

(7) The transactions with the Controller refer mainly to Extension of rural credits – National Treasury transactions, interest rate equalization – agricultural crop and receivables – National Treasury.

(8) Mainly include National Treasury guarantees, billing with registration, among others.

(9) Mainly include derivative financial instruments and financial bills. 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.

(10) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(11) Includes the amount of R\$ 255,681 thousand in the 2nd half/2020 related recoveries of costs and expenses from the structure sharing (R\$ 520,394 thousand in 2020).



In thousands of Reais, unless otherwise stated

	Dec 31, 2019					
	Controller ⁽¹⁾	Subsidiaries ⁽²⁾	Joint ventures and associates ⁽³⁾	Key management personnel ⁽⁴⁾	Other related parties ⁽⁵⁾	Total
Assets						
Interbank investments	--	--	559,618	--	652,514	1,212,132
Securities	--	--	891,591	--	397,893	1,289,484
Loan portfolio ⁽⁶⁾	--	15,000	4,522,222	4,996	16,080,604	20,622,822
Receivables from related companies	--	24,799	271,209	--	9,637	305,645
Other assets ⁽⁷⁾	2,997,540	1,817,557	53,993	--	259,704	5,128,794
Guarantees received ⁽⁸⁾	--	--	18,918	--	2,314,822	2,333,740
Liabilities						
Demand deposits	540,503	74,158	64,653	1,045	269,947	950,306
Saving deposits	720	--	--	323	235,704	236,747
Time deposits	4,631,093	19,766	490,122	112	12,049,322	17,190,415
Securities sold under repurchase agreements	42,337	11,096,642	35,672	--	8,759,749	19,934,400
Borrowings and onlendings	167,215	--	--	--	60,741,527	60,908,742
Other liabilities ⁽⁹⁾	1,624,112	1,625,585	12,107,692	14,394	1,881,962	17,253,745
Guarantees given and other obligations ⁽¹⁰⁾	--	5,288	5,011,026	403	714,055	5,730,772
	2019					
Income from financial intermediation	2,948,688	1,243	524,973	463	1,592,603	5,067,970
Service fee income	52,150	273	1,013,925	13	367,717	1,434,078
Other income ⁽¹¹⁾	39,755	233,958	430,839	--	19,771	724,323
Expenses from financial intermediation	(221,731)	(458,471)	(31,393)	(987)	(3,898,748)	(4,611,330)
Other expenses	--	(1,084,165)	(612,073)	--	(919,088)	(2,615,326)

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) BB Corretora de Seguros e Administradora de Bens S.A., BB Seguridade Participações S.A., BB Seguros Participações S.A., Ativos S.A. Gestão de Cobrança e Recuperação de Crédito, BB Tur Viagens e Turismo Ltda, BB Tecnologia e Serviços, BB Elo Cartões Participações S.A., Dollar Diversified Payment Rights Finance Company and Loans Finance Company Limited.

(3) Mainly refer to Banco Votorantim, Cielo, BB Mapfre Participações, Brasilprev, Brasilcap, Alelo, Cateno and Tecban.

(4) Board of Directors and Executive Board.

(5) 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.

(6) The Bank constituted the amount of R\$ 1,244 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R\$ 1,239 thousand in 2019.

(7) The transactions with the Controller refer mainly to Extension of rural credits – National Treasury transactions, interest rate equalization – agricultural crop and receivables – National Treasury.

(8) Mainly include National Treasury guarantees, oil ships, among others.

(9) Mainly include derivative financial instruments and financial bills. 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.

(10) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(11) Includes the amount of R\$ 615,188 thousand in 2019 related recoveries of costs and expenses from the structure sharing.



In thousands of Reais, unless otherwise stated

28 - EMPLOYEE BENEFITS

Banco do Brasil sponsors the following pension and health insurance plans for its employees:

	Plans	Benefits	Classification
Previ - Caixa de Previdência dos Funcionários do Banco do Brasil	Previ Futuro	Retirement and Pension	Defined contribution
	Plano de Benefícios 1	Retirement and Pension	Defined benefit
	Plano Informal	Retirement and Pension	Defined benefit
Cassi - Caixa de Assistência dos Funcionários do Banco do Brasil	Plano de Associados	Health Care	Defined benefit
Economus – Instituto de Seguridade Social	Prevmais	Retirement and Pension	Variable contribution
	Regulamento Geral	Retirement and Pension	Defined benefit
	Regulamento Complementar 1	Retirement and Pension	Defined benefit
	Grupo B'	Retirement and Pension	Defined benefit
	Plano Unificado de Saúde - PLUS	Health Care	Defined benefit
	Plano Unificado de Saúde - PLUS II	Health Care	Defined benefit
Fusesc - Fundação Codesc de Seguridade Social	Plano de Assistência Médica Complementar - PAMC	Health Care	Defined benefit
	Multifuturo I	Retirement and Pension	Variable contribution
	Plano de Benefícios I	Retirement and Pension	Defined benefit
SIM - Caixa de Assistência dos Empregados dos Sistemas Besc e Codesc, do Badesc e da Fusesc	Plano de Saúde	Health Care	Defined contribution
Prevbep - Caixa de Previdência Social	Plano BEP	Retirement and Pension	Defined benefit

Number of participants covered by benefit plans sponsored by the Bank

	Dec 31, 2020			Dec 31, 2019		
	Number of participants			Number of participants		
	Active	Retired/users	Total	Active	Retired/users	Total
Retirement and pension plans	94,026	119,972	213,998	95,971	120,303	216,274
Plano de Benefícios 1 - Previ	6,722	99,812	106,534	7,470	100,057	107,527
Plano Previ Futuro	74,760	2,344	77,104	75,735	2,073	77,808
Plano Informal	--	2,480	2,480	--	2,661	2,661
Other plans	12,544	15,336	27,880	12,766	15,512	28,278
Health care plans	94,704	106,104	200,808	96,631	106,837	203,468
Cassi	84,523	99,885	184,408	86,383	100,145	186,528
Other plans	10,181	6,219	16,400	10,248	6,692	16,940

Bank's contributions to benefit plans

	2nd half/2020	2020	2019
Retirement and pension plans	937,686	1,791,030	1,928,021
Plano de Benefícios 1 - Previ ⁽¹⁾	314,424	621,846	832,757
Plano Previ Futuro	409,077	762,023	713,942
Plano Informal	77,387	150,480	157,629
Other plans	136,798	256,681	223,693
Health care plans	915,453	2,625,470	1,394,079
Cassi ⁽²⁾	838,687	2,461,292	1,211,275
Other plans	76,766	164,178	182,804
Total	1,853,139	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 28.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 Plano Informal.

(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 31.g).



In thousands of Reais, unless otherwise stated

The Bank's contributions to defined benefit plans (post-employment) were estimated at R\$ 863,649 thousand for the next 6 months and R\$ 1,843,230 thousand for the next 12 months.

Values recognized in income

	2nd half/2020	2020	2019
Retirement and pension plans	(859,699)	(1,735,210)	(1,167,595)
Plano de Benefícios 1 – Previ	(303,641)	(664,008)	(115,593)
Plano Previ Futuro	(409,077)	(762,023)	(713,942)
Plano Informal	(45,740)	(105,788)	(106,856)
Other plans	(101,241)	(203,391)	(231,204)
Health care plans	(1,030,396)	(2,087,397)	(1,701,107)
Cassi	(946,919)	(1,914,613)	(1,512,293)
Other plans	(83,477)	(172,784)	(188,814)
Total	(1,890,095)	(3,822,607)	(2,868,702)

Detailed information regarding defined benefit plans is provided in Note 28.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.

Plano de Benefícios 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.

Plano Informal (Previ)

Banco do Brasil is fully responsible for this plan. The Bank's contractual obligations include to:

- (i) providing retirement benefits to the initial group of participants and pension payments to the beneficiaries of participants who died prior to April 14, 1967;
- (ii) 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
- (iii) increasing retirement and pension benefits due to judicial and administrative decisions related to changes in the Bank's career, salary and incentive plans (in excess of the plan's original benefits).

The Bank and Previ formalized an agreement on December 31, 2012. Under the agreement, Banco do Brasil paid 100% of the mathematical reserves for the so-called Grupo Especial (for which it was fully liable) using funds from the Fundo Paridade. As a result, this group migrated from the Plano Informal to Plano de Benefícios 1. The Grupo Especial included participants from Plano de Benefícios 1 (Previ) listed in the paragraph of first clause of the agreement signed on December 24, 1997. These participants received additional retirement benefits due to administrative and/or judicial decisions.



In thousands of Reais, unless otherwise stated

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 Regulamento Geral 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.

Regulamento Geral (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.

Regulamento Complementar 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.

Grupo B' (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 I (Fusesc)

Participants in this plan include employees of the State Bank of Santa Catarina – Besc (acquired by Banco do Brasil on September 30, 2008) who enrolled after January 12, 2003, or were part of the Plano de Benefícios 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.

Plano de Benefícios 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.

Plano BEP (Prevbep)

Participants in this plan include employees of the State Bank of Piauí – BEP (acquired by Banco do Brasil on November 30, 2008). The sponsor and participants contribute equally.

b) Health Care Plans**Plano de Associados (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.



In thousands of Reais, unless otherwise stated

Plano Unificado de Saúde - PLUS (Economus)

Participants in this plan include employees from Banco Nossa Caixa, who enrolled prior to December 12, 2000. Participation in this plan requires a direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents (both preferred and non-preferred).

Plano Unificado de Saúde - 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 direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. 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.

Plano de Assistência Médica Complementar - 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 Complementar and Regulamento Geral and their dependents. Participant costs vary based on usage and in accordance with a progressive salary table.

Plano de Saúde (SIM)

Participants in this plan include employees of Besc and other sponsors of the plan (including Badesc, Codesc, Bescor, Fusc and SIM). For active members, monthly contributions total 4.55% of salary, including their 13th salary. For inactive members, monthly contributions total 11.72% of salary, while the plan sponsors contribute 7.17%. Beneficiaries also contribute 0.99% per dependent. The plan requires a copayment for ambulatory care procedures.

c) Risk factors

The Bank may need to make unplanned contributions to Previ, Economus, Fusc and Prevbep, which could negatively affect operating income.

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, 2020 and December 31, 2019.

d.1) Changes in present value of defined benefit actuarial obligations

	Plano 1 - Previ		Plano Informal - Previ		Plano de Associados - Cassi		Other plans	
	2020	2019	2020	2019	2020	2019	2020	2019
Opening balance	(211,164,640)	(172,028,674)	(1,100,658)	(940,374)	(13,234,231)	(9,394,601)	(11,833,607)	(9,719,429)
Interest cost	(14,289,666)	(15,808,281)	(68,305)	(80,681)	(907,097)	(954,302)	(813,178)	(901,862)
Current service cost	(275,589)	(332,022)	--	--	(94,355)	(92,546)	(9,911)	(16,776)
Past service cost	--	--	(37,482)	(26,175)	(56,700)	--	--	--
Benefits paid using plan assets	13,117,049	12,572,211	150,481	157,629	763,559	745,828	725,222	701,391
Reductions/settlements ⁽¹⁾	--	--	--	--	450,920	--	--	--
Remeasurements of actuarial gain/(losses)	15,430,951	(35,567,874)	(2,882)	(211,057)	718,451	(3,538,610)	519,513	(1,896,931)
Experience adjustment	(3,704,965)	(3,586,618)	(36,898)	(98,337)	(499,419)	(1,258,362)	(265,968)	98,144
Changes to biometric/demographic assumptions	--	--	--	--	--	1,089	(48,938)	(258,911)
Changes to financial assumptions	19,135,916	(31,981,256)	34,016	(112,720)	1,217,870	(2,281,337)	834,419	(1,736,164)
Closing 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)
Present value of actuarial liabilities with surplus	(197,181,895)	(194,700,370)	--	--	(80,750)	(161,500)	(7,922,125)	(7,416,701)
Present value of actuarial liabilities without surplus	--	(16,464,270)	(1,058,846)	(1,100,658)	(12,278,703)	(13,072,731)	(3,489,836)	(4,416,906)

(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

	Plano 1 – Previ		Plano Informal – Previ		Plano de Associados - Cassi		Other plans ⁽¹⁾	
	2020	2019	2020	2019	2020	2019	2020	2019
Opening balance	194,700,370	179,197,455	--	--	161,500	242,250	7,416,701	6,045,154
Interest income	13,237,239	15,909,119	--	--	--	--	529,344	559,710
Advance of consideration ⁽²⁾	--	--	--	--	(80,750)	(80,750)	--	--
Contributions received	1,209,842	1,413,748	150,480	157,629	763,559	745,828	398,249	350,595
Participants	587,996	580,991	--	--	--	--	152,858	128,259
Sponsor ⁽³⁾	621,846	832,757	150,480	157,629	763,559	745,828	245,391	222,336
Benefits paid using plan assets	(13,117,049)	(12,572,211)	(150,480)	(157,629)	(763,559)	(745,828)	(725,221)	(701,391)
Actuarial gain/(loss) on plan assets	12,876,019	10,752,259	--	--	--	--	303,052	1,162,633
Closing balance	208,906,421	194,700,370	--	--	80,750	161,500	7,922,125	7,416,701

(1) Refers to the following plans: Regulamento Geral (Economus), Prevmais (Economus), Regulamento Complementar 1 (Economus), Multifuturo I (Fusesc), Plano I (Fusesc) and Plano BEP (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 Plano 1 – Previ, the amount of R\$ 33,850 thousand (R\$ 251,766 thousand on December 31, 2019), related to the Agreement 97 and Grupo Especial.

d.3) Amounts recognized in the balance sheet

	Plano 1 – Previ		Plano Informal - Previ		Plano de Associados - Cassi		Other plans	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
1) Fair value of the plan assets	208,906,421	194,700,370	--	--	80,750	161,500	7,922,125	7,416,701
2) Present value of actuarial liabilities	(197,181,895)	(211,164,640)	(1,058,846)	(1,100,658)	(12,359,453)	(13,234,231)	(11,411,961)	(11,833,607)
3) Surplus/(deficit) (1+2)	11,724,526	(16,464,270)	(1,058,846)	(1,100,658)	(12,278,703)	(13,072,731)	(3,489,836)	(4,416,906)
4) Net actuarial asset/(liability) ⁽¹⁾	5,862,263	(8,232,135)	(1,058,846)	(1,100,658)	(12,278,703)	(13,072,731)	(2,477,735)	(2,943,584)

(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 statement of income relating to defined benefit plans

	Plano 1 - Previ			Plano Informal - Previ			Plano de Associados - Cassi			Other plans		
	2nd half/2020	2020	2019	2nd half/2020	2020	2019	2nd half/2020	2020	2019	2nd half/2020	2020	2019
Current service cost	(57,642)	(137,795)	(166,011)	--	--	--	(50,483)	(94,355)	(92,545)	(2,159)	(4,956)	(8,388)
Interest cost	(3,558,782)	(7,144,832)	(7,904,141)	(34,100)	(68,305)	(80,681)	(455,717)	(907,096)	(954,301)	(229,228)	(456,141)	(501,982)
Expected yield on plan assets	3,312,783	6,618,619	7,954,559	--	--	--	--	--	--	136,472	263,981	279,221
Unrecognized past service cost	--	--	--	(11,640)	(37,483)	(26,175)	--	(56,700)	--	--	--	--
Expense with active employees	--	--	--	--	--	--	(440,719)	(856,462)	(465,447)	(91,772)	(182,682)	(193,609)
Other adjustments/reversals	--	--	--	--	--	--	--	--	--	1,969	3,623	4,740
(Expense)/income recognized in the statement of income	(303,641)	(664,008)	(115,593)	(45,740)	(105,788)	(106,856)	(946,919)	(1,914,613)	(1,512,293)	(184,718)	(376,175)	(420,018)

d.5) Amounts recognized in the shareholders' equity

	Plano 1 - Previ		Plano Informal - Previ		Plano de Associados - Cassi		Other plans	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Opening balance	(17,490,891)	(11,560,758)	(226,025)	(119,938)	(3,208,963)	(1,377,520)	(1,236,627)	(1,027,497)
Accumulated other comprehensive income	14,136,560	(12,533,690)	(2,880)	(211,058)	718,451	(3,538,612)	417,576	(537,526)
Tax effects	(6,361,452)	6,603,557	1,296	104,971	(323,303)	1,707,169	(188,901)	328,396
Closing balance	(9,715,783)	(17,490,891)	(227,609)	(226,025)	(2,813,815)	(3,208,963)	(1,007,952)	(1,236,627)



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
Plano 1 (Previ)	11.25	13,992,354	13,862,449	13,716,113	300,061,736	341,632,652
Plano Informal (Previ)	6.33	156,241	138,824	123,004	930,110	1,348,179
Plano de Associados (Cassi)	12.23	880,982	872,738	866,102	22,049,835	24,669,657
Regulamento Geral (Economus)	10.96	576,163	575,944	576,177	12,761,118	14,489,402
Regulamento Complementar 1 (Economus)	13.42	2,991	3,133	3,272	136,632	146,028
Plus I e II (Economus)	14.08	44,323	45,682	46,974	1,802,804	1,939,783
Grupo B' (Economus)	9.95	20,280	20,121	19,942	372,221	432,564
Prevmais (Economus)	15.08	15,377	16,200	16,947	790,563	839,087
Multifuturo I (Fusesc)	16.83	7,146	7,290	7,451	446,444	468,331
Plano I (Fusesc)	9.25	46,066	45,281	44,427	705,800	841,574
Plano BEP (Prevbep)	11.18	5,961	6,157	6,363	143,403	161,884

(1) Weighted average duration, in years, of the defined benefit actuarial obligation.

(2) Amounts considered without discounting at present value.



In thousands of Reais, unless otherwise stated

d.7) Composition of the plan assets

	Plano 1 - Previ		Other plans	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Fixed income	95,762,703	84,655,721	6,431,346	5,791,610
Equity securities and similar instruments ⁽¹⁾	95,240,437	92,404,796	719,745	821,833
Real estate investments	11,239,165	10,747,460	312,911	331,681
Loans and financing	5,368,895	5,548,961	172,841	167,758
Other ⁽²⁾	1,295,221	1,343,432	366,032	465,319
Total	208,906,421	194,700,370	8,002,875	7,578,201
Amounts listed in fair value of plan assets				
In the entity's own financial instruments	7,510,061	9,371,430	30,554	33,563
In properties or other assets used by the entity	82,975	90,463	38,701	39,967

(1) Includes, in Plano 1 – Previ, the amount of R\$ 41,919,306 thousand (R\$ 42,137,086 thousand on December 31, 2019), related to the assets that are not quoted in active markets.

(2) Includes, in Other Plans, the amount of R\$ 80,750 thousand (R\$ 161,500 thousand on December 31, 2019) related to the assets of Cassi.

d.8) Main actuarial assumptions adopted

	Plano 1 - Previ		Plano Informal - Previ		Plano de Associados - Cassi		Other plans	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Inflation rate (p.a.)	3.31%	3.54%	3.36%	3.56%	3.31%	3.53%	3.29%	3.53%
Real discount rate (p.a.)	4.24%	3.48%	3.58%	3.17%	4.33%	3.50%	4.25%	3.49%
Nominal rate of return on investments (p.a.)	7.69%	7.14%	--	--	--	--	7.69%	7.15%
Real rate of expected salary growth (p.a.)	0.93%	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	

In order to determine the values for the defined benefit plans, the Bank uses methods and assumptions different from those submitted by the entities sponsored.

CPC 33 (R1) prescribes the accounting, as well as the effects that occurred or that will occur in the entities that sponsor employee benefits plans. However, the sponsored entities themselves must comply with the rules issued by the Ministério da Economia Social, through the Conselho Nacional de Previdência Complementar (CNPCC) and the Superintendência Nacional de Previdência Complementar (Previc). The most significant differences are in the definition of the assumptions used in Plano 1 – Previ.



In thousands of Reais, unless otherwise stated

d.9) Differences in assumptions of the Plano 1 - Previ

	Bank	Previ
Real discount rate (p.a.)	4.24%	4.75%
Evaluation of assets		
Federal Government securities	Fair value	Amortized Cost
Equity stakes	Fair value	Adjusted Value ⁽¹⁾
Capitalization method	Projected credit unit	Aggregate method

(1) In the valuation methodology for its investment in Litel, Previ uses as reference the closing price of Vale's share, the Litel group's main asset, on the penultimate day of each month. The Bank uses the closing price of Vale's share on the last day of the month from actuarial evaluation.

d.10) Reconciliation of amounts calculated in Plan 1 - Previ/Bank

	Plan assets		Actuarial liabilities		Effect in surplus/(deficit)	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Value determined - Previ	185,396,375	167,103,388	(171,558,201)	(164,817,351)	13,838,174	2,286,037
Incorporation of values from agreement 97	12,531,309	12,926,132	(12,531,309)	(12,926,132)	--	--
Incorporation of values from Grupo Especial	1,070,509	1,093,684	(1,070,509)	(1,093,684)	--	--
Adjustment in the value of plan assets ⁽¹⁾	9,908,228	13,577,166	--	--	9,908,228	13,577,166
Adjustment in the liabilities - discount rate/capitalization method	--	--	(12,021,876)	(32,327,473)	(12,021,876)	(32,327,473)
Value determined - Bank	208,906,421	194,700,370	(197,181,895)	(211,164,640)	11,724,526	(16,464,270)

(1) Refers mainly to adjustments made by the Bank in determining the fair value of the investments in Litel and in securities held to maturity.

d.11) Sensitivity analysis

The sensitivity analysis is performed for changes in a single assumption while maintaining all others constant. This 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, 2020.

	Discount rate		Life expectancy		Salary increase	
	+0.25%	-0.25%	+1 age	-1 age	+0.25%	-0.25%
Plano 1 (Previ)	(5,175,216)	5,428,181	3,700,449	(3,731,269)	51,246	(50,900)
Plano Informal (Previ)	(15,809)	16,316	37,276	(36,408)	--	--
Plano de Associados (Cassi)	(318,026)	334,380	187,984	(188,059)	1,238	(1,207)
Regulamento Geral (Economus)	(223,364)	233,320	179,633	(183,327)	--	--
Regulamento Complementar 1 (Economus)	(2,420)	2,444	(1,456)	1,572	--	--
Plus I e II (Economus)	(37,987)	40,426	43,486	(41,789)	--	--
Grupo B' (Economus)	(6,213)	6,598	7,065	(7,197)	--	--
Prevmias (Economus)	(11,282)	11,890	2,259	(2,136)	1,805	(1,776)
Multifuturo I (Fusesc)	(6,931)	6,017	1,333	(1,383)	2,883	(2,752)
Plano I (Fusesc)	(12,037)	12,517	13,719	(13,769)	3	(3)
Plano BEP (Prevbep)	(2,514)	2,635	1,731	(1,756)	30	(30)



In thousands of Reais, unless otherwise stated

e) Overview of actuarial asset/(liability) recorded by the Bank

	Actuarial assets		Actuarial liabilities	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Plano 1 (Previ)	5,862,263	--	--	(8,232,135)
Plano Informal (Previ)	--	--	(1,058,846)	(1,100,658)
Plano de Associados (Cassi)	--	--	(12,278,703)	(13,072,731)
Regulamento Geral (Economus)	--	--	(1,364,974)	(1,758,159)
Regulamento Complementar 1 (Economus)	--	--	(3,578)	(7,545)
Plus I e II (Economus)	--	--	(1,052,895)	(1,043,226)
Grupo B' (Economus)	--	--	(274,683)	(295,382)
Prevmias (Economus)	69,947	45,824	--	--
Multifuturo I (Fusesc)	67,904	37,998	--	--
Plano I (Fusesc)	63,645	58,044	--	--
Plano BEP (Prevbep)	16,899	18,862	--	--
Total	6,080,658	160,728	(16,033,679)	(25,509,836)

f) Allocations of the Surplus - Plano 1

	2nd half/2020	2020	2019
Fundo de Utilização ⁽¹⁾			
Opening balance	9,521,638	9,572,386	9,511,761
Contributions to Plano 1	(314,424)	(621,846)	(832,757)
Restatement	705,173	961,847	893,382
Closing balance	9,912,387	9,912,387	9,572,386

(1) Contains resources transferred from the Fundo de Destinação (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.).

29 - RISK AND CAPITAL MANAGEMENT**a) Risk management process**

For Banco do Brasil, risk management is one of the most important elements of the decision-making process.

The Institution has a process of identification of risks that are part of the Institution's risks inventory, performed by analyzing the business segments, direct and indirectly, considering Banco do Brasil related entities.

Once the risk inventory and its respective concepts are defined, the relevance of the risks is determined based on quantitative and qualitative criteria specified in the Corporate Manual. Risks deemed relevant are:

- a) Credit Risk;
- b) Market Risk;
- c) Banking Book Interest Rate Risk;
- d) Liquidity Risk;
- e) Operational Risk;
- f) Legal Risk;
- g) Environmental Risk;
- h) Climate Risk;
- i) Strategic Risk;
- j) Reputational Risk;
- k) Complementary Pension Fund Entities and Private Health Insurance Plan Operators for Employees Risk;
- l) Model Risk;
- m) Cybernetic Risk;
- n) IT Risk;
- o) Contagion Risk;
- p) Compliance Risk;
- q) Behavioral Risk; and
- r) Supplier Risk.



In thousands of Reais, unless otherwise stated

Residual, Concentration and Frontier risks were deemed of “very low” relevance in the BB Risk Taxonomy.

In the Bank, the collegiate risk management is absolutely parted from the business units. Risk management policies are approved by the Board of Directors, advised by the Capital and Risk Committee (Coris). The Executive Committee for Risk Management, Internal Controls, Assets, Liabilities, Liquidity and Capital (CEGRC) is responsible for implementation and monitoring of these policies, as well for the approval of related guidelines.

To learn more about the risk and capital management process in Banco do Brasil, visit the information available in the Risk Management Report and in the Recovery Plan at the website bb.com.br/ir.

b) Capital management

Objectives and policies

On 2017, Bacen issued CMN Resolution 4,557, 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.

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 Markets Business Plan, 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 Strategy and Organization Directorship (Direo) 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.



In thousands of Reais, unless otherwise stated

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

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: i) the types of risks and respective levels to which the Institution is exposed and willing to assume; ii) the Institution's ability to manage risks effectively and prudently; iii) the Institution's strategic objectives; and iv) 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:



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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.

c) 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 01, 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.



In thousands of Reais, unless otherwise stated

- 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;
- value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution 4,277/2013.

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, as described in Note 22.c.

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, 2020	Dec 31, 2019
RE - Referential Equity	161,924,480	132,150,432
Tier I	132,247,506	96,380,201
Common Equity Tier 1 Capital (CET1)	104,315,243	71,289,093
Shareholders' Equity	116,940,782	98,921,447
Instrument qualifying as CET1	8,100,000	8,100,000
Regulatory adjustments	(20,725,539)	(35,732,354)
Additional Tier 1 Capital (AT1)	27,932,263	25,091,108
Hybrid instruments authorized in accordance with CMN Resolution 4,192/2013	27,932,263	21,665,013
Hybrid instruments authorized in accordance with regulations preceding the CMN Resolution 4,192/2013 ⁽¹⁾	--	3,426,095
Tier II	29,676,974	35,770,231
Subordinated debt qualifying as capital	29,676,974	35,796,321
Subordinated debt authorized in accordance with CMN Resolution 4,192/2013 - Financial bills	186,926	1,743,504
Subordinated Debt authorized in accordance with regulations preceding the CMN Resolution 4,192/2013	29,490,048	34,052,817
Funds obtained from the FCO ⁽²⁾	26,403,208	29,336,898
Funds raised in financial bills and CD ⁽³⁾	3,086,840	4,715,919
Deduction from tier II	--	(26,090)
Funding instruments issued by financial institution	--	(26,090)
Risk Weighted Assets (RWA)	766,064,658	711,401,976
Credit risk (RW _{ACPAD})	677,256,134	612,629,806
Market risk (RW _{AMPAD})	21,125,396	21,392,666
Operational risk (RW _{OPAD})	67,683,128	77,379,504
Minimum referential equity requirements⁽⁴⁾	61,285,173	56,912,158
Margin on the minimum referential equity required⁽⁵⁾	100,639,307	75,238,274
Tier I Ratio (Tier I/RWA)⁽⁵⁾	17.26%	13.55%
Common Equity Tier 1 Capital Ratio (CET1/RWA) ⁽⁵⁾	13.62%	10.02%
Capital Adequacy Ratio (RE/RWA)⁽⁵⁾	21.14%	18.58%

(1) Call option exercised on October 20, 2020.

(2) According to CMN Resolution 4,192/2013, the balance of FCO is limited to 90% of the amount that composed the Tier II of the RE on June 30, 2018.

(3) On December 31, 2020 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.

(4) According to CMN Resolution 4,193/2013, corresponds to the application of the "F" factor to the amount of RWA, where "F" equals 8%.

(5) Values from DLO (Operational Threshold Statement).



In thousands of Reais, unless otherwise stated

Regulatory adjustments deducted from CET1:

	Dec 31, 2020	Dec 31, 2019
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)	(6,702,085)	(12,297,448)
Intangible assets	(6,211,770)	(5,913,962)
Actuarial assets related to defined benefit pension funds net of deferred tax liabilities	(4,588,635)	(133,096)
Tax assets resulting from tax losses carry forward ⁽¹⁾	(1,609,596)	(1,732,650)
Significant investments (excess of 10%) ⁽²⁾	(1,375,048)	--
Non-controlling interests ⁽³⁾	(112,462)	(90,223)
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	(56,518)	(7,682)
Goodwill	(35,026)	(43,068)
Tax assets resulting from tax loss of excess depreciation	(34,399)	(41,012)
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)	--	(15,473,213)
Total	(20,725,539)	(35,732,354)

(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 1, 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 to significant investments in non-consolidated entities similar to financial institutions, insurance companies, reinsurance companies, capitalization companies, open-ended pension funds and non-consolidated financial institutions.

(3) The adjustment of non-controlling interests was calculated according to CMN Resolution 4,192/2013, 1st paragraph of the article 9.

d) Fixed asset ratio and margin

	Dec 31, 2020	Dec 31, 2019
Fixed asset ratio	14.12%	14.28%
Margin in relation to the fixed asset	58,099,596	47,199,718

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.

e) 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 April 1, 2020 and March 31, 2021, is 1.25%. This reduction impacted the minimum regulatory requirement, as shown in the table below:

	Regulatory	Dec 31, 2020
Common Equity Tier 1 Capital Ratio ⁽¹⁾	6.75%	13.62%
Tier I Ratio ⁽¹⁾	8.25%	17.26%
Capital Adequacy Ratio ⁽¹⁾	10.25%	21.14%
Fixed asset ratio	Up to 50%	14.12%

(1) Includes additional main conservation, countercyclical and systemic capital

On June 30, 2020, 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 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.



In thousands of Reais, unless otherwise stated

f) Instruments eligible as capital

The instruments eligible as capital are described in the Notes 18.c, 18.d and 22.c.

For subordinated financial bills issued up to the present date, 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.

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.

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.

30 – RECURRING AND NON-RECURRING NET INCOME

As defined by BCB Resolution 2/2020, non-recurring results are those that are not related or are only incidentally related to the institution's typical activities, and are not expected to occur frequently in future years.

During the reporting period, the events recorded in the table below were identified as “Non-recurring items”, with the respective tax effect and profit sharing, detailed below, when necessary for better understanding:

Economic plans: Provision expenses from lawsuits related to economic plans.

Extraordinary provision for contingent claims: Extraordinary provision for contingent claims.

Provision of legal lawsuits – adjustment of parameters: Provision for legal demands from adjustments in the evaluation parameters.

Tax Credit: Tax credit activation due to the increase in the CSLL ratio, from 15% to 20%, according to Constitutional Amendment No. 103 of November 2019.

Staff Adequacy Program: Expenses from the Staff Adequacy Program (PAQ), as disclosed on Material Fact published on July 29, 2019.

Intangible Assets Impairment: Impairment loss on intangible assets related to rights to manage payroll.

Staff Agreement 2020-2021 - Lump-sum Bonus: Expenses resulting from the collective labor agreement signed in September/2020, Allowance -Staff Agreement 2020-2021.



In thousands of Reais, unless otherwise stated

a) Breakdown of Net Income for the period into non-recurring items and recurring income

	2nd half/2020	2020	2019
Net income	6,283,956	12,697,385	18,162,067
Non-recurring items	(893,383)	(1,186,433)	314,562
Economic plans	(954,843)	(1,503,028)	(3,273,901)
Extraordinary provision for contingent claims	4,879	6,419	(2,161,053)
Provision of legal lawsuits – Adjustment of parameters	--	--	(1,578,640)
Previous year tax credit	--	--	1,033,509
Tax Credit	--	--	4,973,394
Sales of Investment - IRB-Brasil Resseguros S.A.	--	--	2,733,263
Staff Adequacy Program	--	--	(250,456)
Intangible Assets Impairment	--	--	(982,690)
Securities Impairment	--	--	(853,384)
Extraordinary prudential provision for credit risk	--	--	(2,934,353)
Staff Agreement 2020-2021 - Lump-sum Bonus	(189,402)	(189,402)	--
Adjustment of funds and programs	(585,472)	(585,472)	--
Tax effect and employee and directors profit sharing effect on non-recurring items	831,455	1,085,050	3,608,873
Recurring net income	7,177,339	13,883,818	17,847,505

31 - OTHER INFORMATION**a) Investment funds management**

Funds managed by BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.:

	Numbers of funds/portfolios (in Units)		Balance	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Managed funds	983	876	1,177,122,743	1,055,895,208
Investment funds	976	865	1,155,405,598	1,037,112,395
Managed portfolios	7	11	21,717,145	18,782,813

b) Details in relation to overseas branches, subsidiaries and associates

	Dec 31, 2020	Dec 31, 2019
Assets		
BB Group	86,875,056	87,026,515
Third parties	119,676,281	88,956,826
TOTAL ASSETS	206,551,337	175,983,341
Liabilities		
BB Group	32,888,815	24,435,879
Third parties	155,089,538	134,576,828
Shareholders' Equity	18,572,984	16,970,634
Attributable to parent company	18,099,853	16,610,450
Non-controlling interests	473,131	360,184
TOTAL LIABILITIES	206,551,337	175,983,341



In thousands of Reais, unless otherwise stated

	2nd half/2020	2020	2019
Net income	1,135,809	2,881,385	2,923,878
Attributable to parent company	1,003,378	2,603,261	2,679,405
Non-controlling interest	132,431	278,124	244,473

c) Consortium funds

	Dec 31, 2020	Dec 31, 2019
Monthly forecast of purchase pool members receivable funds	536,685	453,641
Obligations of the groups due to contributions	23,225,234	20,443,355
Purchase pool members - assets to be delivered	21,351,283	18,717,384
(In units)		
Quantity of groups managed	218	194
Quantity of active consortium members	1,115,774	947,037
Quantity of assets deliverable to members (drawn or winning offer)	86,616	132,369

	2nd half/2020	2020	2019
Quantity of assets (in units) delivered in the period	100,433	164,463	112,788

d) Assignment of employees to outside agencies

Federal government assignments are regulated by Law 10,470/2002 and Decree No. 9,144/2017.

	2nd half/2020		2020		2019	
	Quantity of assigned employees ⁽¹⁾	Cost in the period	Quantity of assigned employees ⁽¹⁾	Cost in the period	Quantity of assigned employees ⁽¹⁾	Cost in the period
With costs for the Bank						
Labor unions	217	21,640	217	43,396	219	41,338
Other organizations/entities	2	465	2	906	2	1,043
Subsidiaries and associates	2	1,222	2	2,505	2	2,508
Without cost to the Bank⁽²⁾						
Federal, state and municipal governments	175	--	175	--	173	--
External organizations (Cassi, Previ, Economus, Fusesc and PrevBep)	532	--	532	--	545	--
Employee entities	70	--	70	--	78	--
Subsidiaries and associates	569	--	569	--	568	--
Total	1,567	23,327	1,567	46,807	1,587	44,889

(1) Balance on the last day of the period.

(2) In the 2nd half/2020, the Bank was reimbursed in the amount of R\$ 255,331 thousand and, in 2020, in the amount of R\$ 500,615 (R\$ 240,947 thousand in the 2nd half/2020 and R\$ 483,220 thousand in the 2019), referring to the costs of assigned employees.



In thousands of Reais, unless otherwise stated

e) Remuneration of employees and managers

Monthly wages paid to employees and Directors of the Banco do Brasil (in Reais):

	Dec 31, 2020	Dec 31, 2019
Lowest salary	3,022.37	2,977.70
Highest salary	50,569.51	49,822.18
Average salary	8,379.41	7,796.44
President	68,781.86	68,781.86
Vice-president	61,564.83	61,564.83
Director	52,177.45	52,177.45
Fiscal council	5,914.84	5,948.54
Board of Directors	5,914.84	5,948.54
Audit Committee - member	46,959.71	46,959.71
Capital and Risk Committee	46,959.71	46,959.71

f) Insurance policy of assets

Despite the reduced level of risk to which its assets are subject, the Bank insured its assets in amounts rendered enough to hedge any losses.

Insurance contracted by the Bank in force on December 31, 2020

Covered risks	Amounts covered	Value of the premium
Property insurance for the relevant fixed assets	1,170,028	4,072
Life insurance and collective personal accident insurance for the Executive Board ⁽¹⁾	105,260	305
Other	1,300	1
Total	1,276,588	4,378

(1) Refers to individual coverage for members of the Executive Board.

g) Cassi

On July 22, 2019, the National Agency of Supplementary Health (ANS) published Operational Resolution No. 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 No. 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 No. 695/2012, this not generating a financial impact on Banco do Brasil.



In thousands of Reais, unless otherwise stated

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 about the Administration Fee, 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 No. 695/2012.

On June 15, 2020, ANS published the Operational Resolution No. 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.

h) 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.

With this approval, the Bank has received, as a refund of part of the value of its shares, the approximate amount of R\$ 1.8 billion. This amount did not affect the Bank's profit or loss.

i) 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 the 3rd quarter/2020 net income.

j) 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 18.d).

The redemption was paid in cash and will not have any significant impact on the institution's liquidity and capital levels.

k) Coronavirus Pandemic (Covid-19)

In 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.



In thousands of Reais, unless otherwise stated

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 July 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.
- 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.



In thousands of Reais, unless otherwise stated

- 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.

i) 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.

ii) 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.

iii) 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.

iv) 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 (CCoB) was reduced from 2.5% to 1.25% of RWA through March 2021 with an additional year to reestablish gradually 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 (Note 29.c).



In thousands of Reais, unless otherwise stated

FX overhedge of equity abroad – CMN Resolution No. 4,192/2013 (amended by CMN Resolution No. 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.

v) 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.

The Bank did not identify relevant impacts on the recoverable amounts of property, plant and equipment, investments and intangibles.

vi) 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 held or traded by the Bank.

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 intention to hold or trade the Conglomerate's securities that may give rise to a change in the category of financial instruments, as defined in Bacen Circular 3,068/2001, which the Bank initially intended to hold until maturity and booked at amortized cost.

The Bank reviewed the market value of the main asset securities and identified the need to recognize an impairment in the order of R\$ 2.7 billion to some instruments.



In thousands of Reais, unless otherwise stated

vii) Provision for losses associated with credit risk of the loans portfolio

The internal model developed to comply with CMN Resolution 2,682/99 (amended by Resolution 2697/00) implies the attribution of a risk to customer, to the economic group to which this customer belongs and the country risk in which the customer conducts its main business.

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.

In March 2020, CMN Resolution 4,782/2020, established for a determined period of time, for the purposes of credit risk management, due to the eventual impacts of Covid-19 on the economy, temporary criteria for the characterization of the restructuring of loans up to September 30, 2020.

In September 2020, CMN Resolution 4,856/2020 was issued, changing the deadlines in CMN Resolution 4,782/2020 to December 31, 2020, and CMN Resolution 4,855/2020, establishing standards for the provision for loan losses measurement within the scope of the programs addressing the effects of the Covid-19 pandemic on the economy.

In 2020, the Bank made a prudential provision increase, in the order of R\$ 8.1 billion, covering loan segments, which effects were recorded in the respective notes.

viii) 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 in 10 years period.

The study concluded that there would be no change in the expectation of deferred tax assets realization.

ix) Impacts in the discount rate and in the fair value of assets guaranteeing defined benefit plans

In 2020, 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\$ 8.4 billion in shareholders' equity, net of taxes (Note 29.d.5). However, given the situation of uncertainty at the present economic moment, we observe that these two premises have presented important fluctuations to follow-up.

x) 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.

xi) 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.



In thousands of Reais, unless otherwise stated

xii) 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.

Additional reduction in reserve requirements - Bacen Resolution 21/ 2020

The Resolution revoked the Bacen Circular 3.993/2020, however, in this Resolution, the Central Bank maintained a 17% reduction in rate up to March/2021. The measure aims to 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 due to the previous reduction from 31% to 25%.

Dollar sovereign bond repos - Bacen Circular 3,990/2020 (updated by Circular 3,992/2020)

The Bacen started to offer liquidity operations in US dollars through the purchase with a resale commitment (repos) of Brazilian sovereign bonds denominated in dollars (global bonds) held by national financial institutions. The Bacen will purchase the bonds at a 10% discount compared to market prices. This measure aims to ensure the smooth functioning of the markets and were effective on March 18.

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) - CMN Resolution 4,787/2020.

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.



In thousands of Reais, unless otherwise stated

Loan backed by debentures - CMN Resolution 4,786/20.

The 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 the 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.

Greater possibility for banks to repurchase their own financial bills - CMN Resolution No. 4,788/20

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

The Bacen is developing legal and operational framework for granting loans to financial institutions with the guarantee of the institutions' credit portfolios. The measure will provide liquidity and guarantee the normal functioning of the credit market in the country.

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 for at least six months.

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 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.



In thousands of Reais, unless otherwise stated

32 - SUBSEQUENT EVENTS

a) 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 is expected to occur during 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 BB 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, BB 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\$ 794,828 thousand, in the year 2021.

b) Tax rate increasing

On March 3, 2021, there was issued a law amendment increasing the CSLL tax rate payable by the financial sector entities.

The CSLL was fixed at 25%, up to Dec 31, 2021 and 20% as of Jan 1, 2022. In addition, according to the amendment, the measure comes into force on the 1st day of the 4th month following its publication.

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

INDEPENDENT AUDITOR'S REPORT ON THE PRUDENTIAL CONGLOMERATE CONSOLIDATED FINANCIAL STATEMENTS

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

Opinion

We have audited the accompanying Prudential Conglomerate consolidated financial statements of Banco do Brasil S.A. ("Bank") and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2020 and the related consolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the six-month period and year then ended, and notes to the financial statements, including a summary of significant accounting policies. These special purpose consolidated financial statements have been prepared according to specific procedures established in Resolution 4,280, dated October 31, 2013, of the National Monetary Council ("CMN") and supplementary regulations of the Central Bank of Brazil ("BACEN"), described in note 2 to the Prudential Conglomerate consolidated financial statements.

In our opinion, the Prudential Conglomerate consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Prudential Conglomerate of Banco do Brasil S.A. as at December 31, 2020, the consolidated financial performance and its consolidated cash flows for the six-month period and year then ended in accordance with provisions for the preparation of the Prudential Conglomerate consolidated financial statements established in CMN Resolution 4,280/13 and supplementary regulations of the BACEN, for the preparation of the special purpose consolidated financial statements, as described in note 2 to the Prudential Conglomerate consolidated financial statements.

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 Prudential Conglomerate consolidated financial statements" section of our report. We are independent of the Bank 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.

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Emphasis of matter

Basis of preparation of the Prudential Conglomerate consolidated financial statements

Without modifying our opinion, we draw attention to note 2 to the Prudential Conglomerate consolidated financial statements, which states that the Prudential Conglomerate consolidated financial statements have been prepared by the Bank's Management to meet the requirements of CMN Resolution 4,280/13 and supplementary regulations of the BACEN. Consequently, our report on these consolidated financial statements has been prepared solely for purposes of compliance with these specific requirements and, accordingly, it may not be appropriate for other purposes.

Other matter

Individual and consolidated financial statements

The Bank has prepared a set of individual and consolidated general-purpose financial statements for the six-month period and year ended December 31, 2020, in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the BACEN, on which we issued an unqualified audit report dated February 9, 2021.

Management's responsibilities and those charged with governance for the Prudential Conglomerate consolidated financial statements

Management is responsible for the preparation and fair presentation of the Prudential Conglomerate consolidated financial statements in accordance with CMN Resolution 4,280/13 and supplementary regulations of the BACEN, which main criteria and accounting policies are described in notes 2 and 3 to the Prudential Conglomerate consolidated financial statements, 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 Prudential Conglomerate consolidated financial statements, Management is responsible for assessing the Bank's 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 the Bank and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and its subsidiaries' financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Prudential Conglomerate consolidated financial statements, prepared by Management in accordance with CMN Resolution 4,280/13 and supplementary regulations of the BACEN 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 Prudential Conglomerate consolidated financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, taking into account NBC TA 800 (Special Conditions - Audit of Financial Statements according to the Conceptual Framework for Special Purpose Financial Reporting), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Prudential Conglomerate 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 the Bank 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 the Bank 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 Prudential Conglomerate 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 the Bank 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 Prudential Conglomerate 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 Prudential Conglomerate 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.

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

Brasília, March 25, 2021

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Luiz Carlos Oseliero Filho
Engagement Partner

* Original signed.



MEMBERS OF MANAGEMENT

CHIEF EXECUTIVE IN OFFICE (CEO)

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Carlos José da Costa André
Carlos Motta dos Santos
Carlos Renato Bonetti
Gustavo de Souza Fosse
João Pinto Rabelo Júnior
Mauro Ribeiro Neto

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Santuza Bretas de Almeida
Thiago Affonso Borsari
Thompson Soares Pereira César

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