



Risk Management Report

4Q20



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Introduction

Brazilian Central Bank (Bacen) Resolution No. 54, of December 16th, 2020, establishes a new template on the release of the Risk Management - Pillar 3 Report¹. The measure is one of the actions of Agenda BC +, pillar SFN Mais Eficiente (Most Effective Banking Industry), and aims to improve governance mechanisms and transparency of the information made available.

The tables were divided according to their periodicity of disclosure (quarterly, half-yearly and yearly), as listed below. The tables have a fixed format with quantitative information, according to the model provided by Bacen, and cannot be modified in its presentation, in order to preserve comparability between financial institutions.

1. In 1Q the quarterly tables are released;
2. In 2Q the quarterly and half-yearly tables are released;
3. In 3Q the quarterly tables are released;
4. In 4Q all the tables are released.

The information is also available in the open data form, available at Bacen website (dadosabertos.bcb.gov.br).

The 4Q20 release includes the reference tables KM1, OVA, OV1, LIA, LI1, LI2, PV1, CCA, CC1, CC2, CCyB1, LR1, LR2, LIQA, LIQ1, LIQ2, CRA, CR1², CR2, CRB, CRC, CR3, CR4, CR5, CCRA, CCR1, CCR3, CCR5, CCR6, CCR8, SECA, SEC1, SEC2, SEC3, SEC4, MRA, MR1 IRRBA, IRRB1, REMA, REM1, REM2, REM3 and GSIB1³. Tables MR2, MR3 and MR4 will not be published, once its disclosure is mandatory only for institutions authorized to use internal market risk models in the calculation of the daily value for the RWAMINT installment.

The detailed information of CCA: Main features of regulatory capital instruments can be found in attachments of this report, available on the Investor Relations website.

Pillar 3 Report is guided by the Specific Policy for Disclosure of Risk and Capital Management Information, under the responsibility of the Risk Management Department (Diris), Investor Relations Unit (URI) and the Accounting Department (Coger). This Policy guides the behavior of Banco do Brasil and has as its main aspects:

- We are transparent in the disclosure of risk and capital management information.

¹ Report updated on 04/30/2021 with rectification of the REM1, LR1 and LR2 tables with a change in the classification of the assets that make up the Counterparty Credit Risk (CCR) and the Leverage Ratio.

² Report updated on 08/20/2021 with rectification of the CR1 table, due to the exclusion of FCC application.

³ The information disclosed may be rectified voluntarily or as determined by the Central Bank of Brazil, if inconsistencies are identified in the ISG calculation process.



- We disclose information in accordance with best practices, banking legislation, the needs of external users and our interests, safeguarding those of a confidential and proprietary nature.
- We disclose the relevant information that allows investors and interested parties to prove the sufficiency of our capital to cover all the risks assumed.
- We consider relevance criteria when defining information provided to the market and use technical parameters to select those to be disclosed.
- We guarantee the reliability and integrity of the information provided to the external public.
- We submitted the information preparation and disclosure process to the validation of the internal control system.
- We respect bank secrecy and preserve data confidentiality when disclosing information.
- We provide risk and capital management information at www.bb.com.br/ri (Portuguese version) and www.bb.com.br/ir (English version).



KM1: Key Metrics

R\$ thousand		a Dec/2020	b Sep/2020	c Jun/2020	d Mar/2020	e Dec/2019
Available capital (amounts)						
1	Common Equity Tier I (CET1)	104.315.243	100.867.766	80.607.752	78.020.211	71.289.093
2	Tier I	132.247.506	133.499.526	112.354.250	108.276.222	96.380.201
3	Total Capital	161.924.480	163.255.006	142.667.975	139.118.327	132.150.432
3b	Excess of resources invested on permanent assets	0	0	0	0	0
3c	Total Capital Detachments	0	0	0	0	0
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	766.064.658	769.680.055	763.410.054	781.507.068	711.401.976
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio	13,62%	13,11%	10,56%	9,98%	10,02%
6	Tier I ratio	17,26%	17,34%	14,72%	13,85%	13,55%
7	Total Capital Ratio	21,14%	21,21%	18,69%	17,80%	18,58%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement	1,25%	1,25%	1,25%	2,50%	2,50%
9	Countercyclical capital buffer requirement	0,00%	0,00%	0,00%	0,00%	0,00%
10	Systemic capital buffer requirement	1,00%	1,00%	1,00%	1,00%	1,00%
11	Total of bank CET1 specific buffer requirements	2,25%	2,25%	2,25%	3,50%	3,50%
12	CET1 available after meeting the bank's minimum capital requirements	9,12%	8,61%	6,06%	5,48%	5,52%
Leverage Ratio (LR)						
13	Total exposure	1.749.449.279	1.269.965.641	1.270.611.288	1.203.223.228	1.137.503.369
14	LR	7,56%	10,51%	8,84%	9,00%	8,47%
Liquidity Coverage Ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	253.508.657	231.240.148	187.876.440	173.555.234	187.929.703
16	Total net cash outflow	80.618.138	65.385.398	55.560.332	58.313.141	55.741.475
17	LCR ratio	314,46%	353,66%	338,15%	297,63%	337,15%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding (ASF)	893.322.207	861.500.585	837.821.709	789.214.628	782.625.323
19	Total required stable funding (RSF)	725.008.402	721.864.638	717.962.884	696.503.877	673.228.952
20	NSFR ratio	123,22%	119,34%	116,69%	113,31%	116,25%

Comments

Comparing to the 3rd quarter/2020, there is an increase in the core capital, mainly due to the positive variation in the shareholders' equity.

This positive variation was partially reduced by the lower balance of the instruments eligible to Tier 1 and Tier 2 capital (repurchase and exchange variation), reflecting the reduction in the Referential Equity.

Correction to the information in items 13 and 14 due to the reclassification of the assets that make up the Counterparty Credit Risk and the Leverage Ratio. The operations registered in Cosif 1.21.1.20, in light of the provisions of paragraph 4 of article 18 of Circular 3,748 / 15, now compose the calculation of the total exposure subject to the leverage ratio. This reclassification of assets led to a reduction in the value of the leverage ratio originally published in the report for 4Q20, which went from 9.43% to 7.56%, remaining within the regulatory and prudential limits.

OVA: Risk Management Approach

The interaction between the business model and the institution's risk profile, and between that profile and the risk appetite level established by the Board of Directors.

In 2020, the process of formulating Banco do Brasil's Corporate Strategy (ECBB) for the five-year period (2021-2025) was carried out, which resulted from the application of a set of methodologies widely adopted in planning processes, in the market and at Banco do Brasil in particular.

ECBB unfolds in the specific strategy for markets through the Markets Business Plan (PNM) document, which addresses BB's directions for each of the markets it operates: Individual Retail (PF), Corporate Retail (PJ), Wholesale, Private, Public Sector and Niche Cooperatives. The PNM presents the value proposals for customers, directing the organization from the strategic guidelines of Relationship and Consumption, considering the specificities of behavior of each segment and thus defining the guidelines for products (solutions), prices, square (channels) and promotion (communication) appropriate to the profile of customers and the guidelines of ECBB.

The risk profile of the institution is directed and projected by RAS. Banco do Brasil's risk management has RAS as its main driver, which aims at establishing the maximum level of risk that the Institution accepts to incur to achieve its strategic objectives, considering the managerial and regulatory restrictions.

The review of risk appetite is a prospective mechanism in the search for a more favorable composition of the business portfolio. It is important to emphasize the wide debate held with the internal managers of clients, products, processes and corporate in order to structure the various concepts related to the subject, as well as to validate premises adopted especially regarding the projections of the established limits.

RAS, together with ECBB, directs the Master Plan (PD) and the Business Plans of the Markets (PNM), guiding the budget planning and allowing Senior Management to optimize the allocation of capital in line with acceptable levels of risk, considering their strategic ambitions, scenarios and the regulatory environment.

The proposed structure aims to outline indicators and goals that guide the institution in the continuous search for the strengthening of its capital structure, aiming at levels that are compatible with competitors.

In order to perpetuate the strategy of strengthening the Bank's capital structure, we have the following goals:

- a. maintenance of the current prudential limit for the Basel Index (IBP) at a minimum of 13.00%;
- b. definition of the minimum prudential limits for the Main Capital Index (ICP) and Level 1 Capital Index (INC1) and the goal of ICP, between 2021 and 2025.

The main related risks are:

- Credit Risk;
- Market Risk;
- Operational Risk;

- Counterparty Credit Risk;
- Interest Rate Risk of the Banking Portfolio;
- Credit Concentration Risk;
- Liquidity Risk

Risk and Capital Governance

The processes related to risk management are perennial and include activities related to strategic definitions, controls and actions of risk and capital management, including the adoption of good practices, the definition of roles and responsibilities and decision making at levels compatible with the level of responsibility required of the various bodies integrating the governance structure.

BB continuously promotes the evaluation of the structure, governance, processes, systems and methodologies applied to risk and capital management. This evaluation aims at identifying opportunities for improvements, which may result in changes in the governance structure for the improvement of management. The Bank has a risk and capital management system that meets the aspects and standards set forth in the norms issued by CMN and Bacen and seeks permanent alignment with good management practices.

The governance model for integrated risk and capital management adopted by the Bank includes the following aspects:

- (i) segregation of functions: business x risk;
- (ii) specific risk and capital management structure;
- (iii) defined management process;
- (iv) decisions at several hierarchical levels;
- (v) clear rules and structure of levels; and
- (vi) reference to the best management practices.

The attributions of the Board of Directors and of the Board of Officers, established in the Bylaws and in their respective Internal Regulations, aim at ensuring the alignment of the risk and capital management process with the definitions and guidelines of the institutional policies and the Corporate Strategy.

The Board of Directors has two statutory committees to assist it in matters related to risk and capital management: Audit Committee (Coaud) and Risk and Capital Committee (Coris). Its attributions are stated in the Bylaws and their respective Internal Regulations, available at BB's Investor Relations Website. The Bank also has the Executive Committee for Risk Management, Internal Controls, Assets, Liabilities, Liquidity and Capital (CEGRC), which is responsible, among other assignments:

- (i) to approve strategies for the management of assets, liabilities and liquidity, risks and capital; and
- (ii) to approve strategies, guidelines and measures aimed at correcting the deficiencies identified in the internal control system.

Considering the requirements associated with the risk management structure standardized in CMN Resolution 4,557/17, the Board of Directors appointed the Vice President of Internal Controls and Risk Management as responsible for risk management at BB.

The Strategic, Tactical and Operational Units of BB, as far as risk management and controls are guided by MRLD, which comprises the framework of Risk Management and the Internal Controls System of Banco do Brasil.

Through MRLD, the management of risks incurred by the Bank and the controls necessary for their mitigation are carried out based on three lines of defense, as follows:

The first one comprises the functions that manage and have ownership over risks. It consists of specific risk managers and risk takers (all Strategic, Tactical and Operational Units, except for Diris, Dicoi and Audit).

The second one corresponds to the typical corporate functions of risk management and internal controls, exercised by Diris, as responsible for the regulation and corporate supervision of risk management, and by Dicoi, which is responsible for the regulation and supervision of the system of internal controls and compliance.

The third one includes Internal Audit, which evaluates the effectiveness of the entire cycle of risk management, internal controls and governance, including the form of action of the first and second lines of defense.

Diris is responsible for the corporate management of all relevant risks in the Second Line of Defense, including those that may be defined as relevant.

Risk Culture

The main internal channels for disseminating risk culture are the Intranet and BB`s Corporate University and external communication takes place through the availability of the Compliance Program in the Bank's IR environment, Pillar III Report and the Bank's Annual Report.

In view of the Bank's capillarity, a major challenge is to develop, implement and consolidate the organizational culture, based on ethical principles and respecting regional, cultural and individual differences. To this end, actions are carried out to disseminate the culture of corruption prevention, training is provided on the subject and process controls are implemented.

The Bank disseminates risk management to all employees through risk and control training courses, the trail of which is available at BB`s Corporate University. In addition, this trail has been added to the senior management training as a way of training them on the subject.

The Bank also has a set of training actions for compliance risk management (e.g. courses, compliance trails, internal certification, ascension programs, workshops, one-off training) and recently launched MRLD training. In addition, the Risk Appetite and Tolerance Statement (RAS) also promotes risk culture dissemination.

The policies and procedures for risk management are documented in internal regulations and made available on the intranet for all employees.

Scope and main characteristics of the risk measurement process.

RAS is the strategic document that guides the planning of the business strategy, directing budget and capital to a sustainable and optimized allocation, according to the Institution's capacity to assume risks and its strategic objectives, besides promoting the understanding and dissemination of the risk culture.

This statement is applied to the Bank and considers potential impacts on the capital of Banco do Brasil's Prudential Conglomerate. It is expected that Banco do Brasil's Related Entities (ELBB) will define their drivers based on these guidelines considering specific needs, legal and regulatory aspects to which they are subject.

According to what is defined in RAS, risk appetite is the maximum level of risk that the institution agrees to incur in order to achieve its objectives, materialized by indicators that define an aggregate view of exposure to risks.

RAS defines minimum prudential limits that aim to perpetuate the strategy of strengthening BB's capital structure. These limits are established above the regulatory minimum limit, represent BB's Risk Appetite and are effective as of January of each year.

The goal related to ICP represents the minimum level desired by the institution in the time horizon considered. Thus, both management policies and actions and the structure of induction mechanisms should be guided by this direction.

They are distinguished from risk appetite by the fact that the latter defines the level at which the Institution does not accept to operate, and must take timely measures for readjustment, and may trigger contingency measures.

The specific risk measurement activities within the Lines of Defense are the following:

- 1st Line of Defense (Risk Takers) - Quantitatively or qualitatively measure the effect of exposure to risks related to their processes.
- 1st line of defense (Specific Risk Managers) - Dimension quantitatively or qualitatively, the effect of exposure to risks related to their key processes.
- 2nd line of defense (Corporate Risk Manager) - Quantitative or qualitative dimensioning, the aggregate exposure to risks, making it possible to determine their limits.

Risk reporting process to the Board of Directors and Executive Board

To advise the Board of Directors on risk and capital management processes, BB has two statutory committees: Audit Committee (Coaud) and Risk and Capital Committee (Coris). Their attributions are stated in the Bylaws and their respective Internal Regulations, available on BB's Investor Relations Site.

For both committees, according to their Internal Regulations, among other attributions, the elaboration of periodic reports about their activities can be mentioned.

In turn, at the executive level, subordinated to the Board of Directors (which is composed of the President and the Vice-Presidents), BB's governance structure includes the Executive Committee for Risk Management, Internal Controls, Assets, Liabilities, Liquidity and Capital (CEGRC), composed of the following Vice-Presidents:

- (i) Vice President of Internal Controls and Risk Management (Vicri);
- (ii) Vice President of Financial Management and Investor Relations (Vifin);
- (iii) Vice President of Retail Business (Vivar);
- (iv) Vice President of Wholesale Business (Vipat); and
- (v) Vice President of Business Development and Technology (Vinet).

CEGRG is responsible, among others, for following up the reports related to risk management, internal controls, capital management and asset, liability and liquidity management.

Furthermore, in order to disclose information related to risks and capital, reports are also prepared, periodically, to governance bodies in order to allow the adequate flow of information to be available for decision making by the collegiate bodies involved in the risk and capital management process.

These documents are produced to report on the behavior of the main indicators, approved by the Senior Management or determined by the Regulator and follow communication governance according to the level of confidentiality of the information, and can be sent directly to decision makers or to those who use the information in their processes.

The main reports made to the Senior Management are:

- (i) Risk Panel;
- (ii) Comparative Credit Portfolio BB x National Financial System;
- (iii) Result of the Risk Management, Security and Internal Controls Evaluation Cycle of the ELBB; and
- (iv) Executive Summary of the Credit Portfolio.

Stress Testing

The coordination of the Stress Testing Program is a responsibility of Diris, which performs the stress tests for the relevant risks, Integrated Stress Test (TEI) and the Bottom Up Stress Test (TEBU). The process receives intervention from Dirco regarding stress exercises on business and results and from Gease in the elaboration of macroeconomic scenarios.

The elaboration of the methodology for the construction of macroeconomic scenarios is a responsibility of Gease and the elaboration of idiosyncratic scenarios takes place under the coordination of Diris, and may have involvement from other areas depending on the theme.

The discussions about scenarios occur mainly within the Scenarios Forum, coordinated by Gease and Diris, with the participation of Dirco and Difin. They are held quarterly.

At least annually, the scenarios of systemic stress and/or idiosyncratic are presented to CEGRC, Coris, CD and CA.

The approval of the scenarios is a responsibility of the Bank's Board of Directors, as provided for in Resolution 4.557/17, Article 18.

The preparation of stress test methodologies for credit, concentration, counterparty credit, market, IRRBB, liquidity, cybernetic, reputation, contagion, EFPPS and operational risks, in addition to the TEI, is a responsibility of Diris.

The approval of the methodologies is a responsibility of Diris' Management Committee.

The results of stress tests for each risk category are reported through the Risk Panel to CEGRC, Coris, CD and CA, according to the periodicity established in the scope of risk management.

Regarding the results of TEI, besides the reporting to the Committees mentioned above through the Risk Panel, they are also presented, discussed and validated in the Stress Test Forum.

The stress test simulations are performed by risk categories individually and for the integrated stress test (TEI), the base date of December of each year was used with projection for the next three years.

The exercise contemplates scenarios of severe macroeconomic conditions, applicable to credit, credit concentration, market, EFPPS and IRRBB risks.

The TEI exercise included the application of scenarios that reflect severe macroeconomic conditions, applicable in an integrated manner to the risk, business and capital variables.

In addition to the macroeconomic scenarios, idiosyncratic scenarios were used for risks that present low or partial exposure to macroeconomic oscillations, as well as scenarios that reflect new regulatory, governmental and market conditions with a potential effect on the institution's performance.

The integrated stress test (TEI) simulations contemplate the effects of different macroeconomic and idiosyncratic scenarios on the Conglomerate's risks, business and capital, in order to identify potential vulnerabilities and subsidize decisions of the Senior Management.

Risk mitigation strategies and their effectiveness.

The parameters established in RAS seek to mitigate the risk of deviations from the indicators and goals established by the Institution, in order to ensure the continuous strengthening of the capital structure.

Risk mitigation is also carried out based on the review of risk management guidelines and standards and the recommendation of corrective measures and procedures for the identified deficiencies.

In addition, the performance of BB's Strategic, Tactical and Operational Units, in terms of risk management and controls, is guided by the MRLD, which forms Banco do Brasil's Risk Management and Internal Controls framework.

Through this Model, the management of the risks incurred by the Bank and the controls necessary for their mitigation are carried out based on three Lines of Defense.

The process of managing the relevant risks has standardized activities. The specific risk mitigation activities are the following:

- 1st Line of Defense (Risk Taking) - Implement and execute controls that mitigate risks.
- 1st line of defense (Specific Risk Managers) - Advising the process manager in the implementation and execution of controls that mitigate the risks to which they are subject.

- 2nd line of defense (Corporate Risk Manager) - Advising the specific risk manager in the implementation and execution of controls that mitigate the risks to which they are subject.

Capital Management

BB performs capital management, on an ongoing basis, through capital monitoring and control processes that are necessary to face risks, based on the policies and strategies of the Bank's Senior Management.

It prepares and annually reviews its Capital Plan, approved by the Board of Officers (CD) and Board of Directors (CA), which covers a minimum time horizon of 36 months, with the objective of ensuring that the capital is sufficient to support, in addition to the relevant risks, the growth of the business, in order to guarantee the institution's solvency indices, including considering stress scenarios.

The Capital Plan is linked to the business and economic guidelines contained in the Corporate Strategy of Banco do Brasil (ECBB) and the guidelines and limits contained in RAS and the Budget of BB's Conglomerate, promotes the evaluation of the sufficiency of capital and the adequacy of capital to the regulatory and prudential limits defined by the Senior Management.

It covers the entities that are part of BB's Prudential Conglomerate, located in Brazil and abroad. In order to support its elaboration, projections are made, both of Reference Equity (PR) and RWA, referenced in regulatory aspects, strategic documents, business dynamics and technical information discussed within the Capital Forum⁴.

The monitoring of the execution of the Capital Plan is carried out monthly by the Capital Forum and periodically reported to the Senior Management. In this follow-up, projections and strategy realignment needs are evaluated, taking into consideration the values realized, stress tests, eventual regulatory changes and business expectations.

Besides, capital simulations are performed, integrating the results of risk and business stress tests, referenced in macroeconomic and idiosyncratic scenarios, severe and guided by plausible premises, which subsidize the elaboration of the Capital Contingency Plan (PCC).

The PCC aims at ensuring the adequacy of BB to the regulatory and prudential capital limits, should the capital sources defined in the Capital Plan prove to be insufficient or unfeasible, or even in the occurrence of unforeseen events.

BB also prepares and annually reviews its Recovery Plan, approved by the CD and CA, which aims at planning the reestablishment of the adequate levels of capital and liquidity of the Institution, in response to stress situations, contributing to the stability and functioning of the Institution and to the maintenance of the solidity, stability and regular functioning of the National Financial System (SFN).

It adopts a forward-looking stance regarding the monitoring and evaluation of possible changes in prudential banking regulation and in the composition of the Prudential Conglomerate, which may result in increased capital and liquidity requirements and impacts on the Capital Plan, with timely reporting to Senior Management. Banco do Brasil's Related Entities must follow these guidelines in their drivers, considering the specific needs and the legal and regulatory aspects to which they are subject.

⁴ A forum responsible for advising the CEGRC with technical analyses on issues related to the capital management process, Icaap and the Capital Plan.



OV1: Overview of RWA

		a	b	c
		RWA		Minimum capital requirements
		Dec/2020	Sep/2020	Dec/2020
R\$ thousand				
0	Credit Risk- standardized approach (SA)	677.256.134	682.591.913	54.180.491
2	Credit Risk	616.466.520	607.686.731	49.317.322
6	Counterparty credit risk (CCR)	11.811.073	16.598.129	944.886
7	Of which: standardized approach for counterparty credit risk (SA-CCR)	5.260.481	11.253.678	420.839
7a	Of which: CEM approach	0	0	0
9	Of which: other CCR	6.550.592	5.344.451	524.047
10	Increase related to the adjustment associated with the variation in the derivatives value due to the credit valuation adjustment (CVA)	2.923.984	5.008.543	233.919
12	Equity investments in funds – look-through approach	2.205.310	2.015.217	176.425
13	Equity investments in funds – mandate-based approach	0	0	0
14	Equity investments in funds – fall-back approach	0	0	0
16	Securitisation exposures in banking book	763.616	655.597	61.089
25	Amounts for exposures not deducted from total capital calculation	43.085.630	50.627.696	3.446.850
20	Market risk	21.125.396	19.405.013	1.690.032
21	Of which: standardized approach (SA)	21.125.396	19.405.013	1.690.032
22	Of which: internal model approach (IMA)	0	0	0
24	Operational risk	67.683.128	67.683.128	5.414.650
27	Total (2+6+10+12+13+14+16+25+20+24)	766.064.658	769.680.055	61.285.173
Comments				
Change T-1 to T occurred mainly on RWAcam, due to the increase in FX exposure.				
There was a reduction in the exposures not deducted from the Referential Equity, highlighting the tax credits arising from hedge of investments abroad.				

LIA: Explanation of the variation between accounting and regulatory exposure amounts

Explanation of the significant variation between the amount reported in columns (a) and (b) of table LI1.

The differences between the values reported in columns (a) and (b) of table LI1 refer to the difference in the composition of the consolidated companies in both conglomerates, as well as to reclassifications for disclosure purposes.

Explanation of the relevant variation reported in lines 6 to 9 of table LI2.

The value reported in column "a" of table LI2 corresponds to Shareholders Equity adjusted by the items not considered in the calculation of the minimum requirements of Referential Equity or deducted in the calculation of the Referential Equity, for both assets and liabilities. In addition, it includes the differences between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution 4,277/2013.

Description of the systems and controls used to ensure the pricing reliability as provided for in Resolution No. 4,277, of October 31, 2013, when this results in a different amount than that recorded in the accounts.

The measurement of the market value of financial instruments prioritizes the average prices observed in transactions carried out in active markets with the financial instrument itself or, failing that, with instruments of a similar nature, or even through reference prices disclosed by reliable and independent entities, with public pricing methodology that can be verified. The valuation by model using a theoretically established and empirically accepted proprietary methodology occurs when it is not possible to obtain the market value by the forms listed.

Banco do Brasil uses robust systems and controls for the purpose of pricing financial instruments and the Risk Management Department (Diris) performs daily procedures to ensure the reliability of the pricing of financial instruments, not depending on the elements considered in the negotiation of the trading desks.

Regular checking of the accuracy of prices, indices and rates is held on a daily basis in order to capture information from external providers, through automated validation, taking into account the complexity of the instruments, the independence of data sources and the consistency of values. Comparisons are made in order to identify any abrupt variations in prices and rates captured or in the result of the methodology applied.

General criteria are adopted for all financial instruments that justify the non-adoption of prudential adjustments, except for the cost of liquidating positions, adjustments are made through the average and volatility of the bid and offer prices and the credit risk spread, which is calculated considering the expected credit loss of the instrument.



Institutions included in the scope of consolidation of the Prudential balance sheet

R\$ thousand		Activity	Total Assets	Equity
Financial Institutions				
Banco do Brasil S.A. - Agências no País e no Exterior	(1)	Banking	1.856.651.758	129.677.079
Banco do Brasil - AG	(2)	Banking	79.867.851	1.282.686
BB Leasing S.A. - Arrendamento Mercantil	(2)	Leasing	6.946.285	4.777.151
BB Securities Asia Pte. Ltd.	(2)	Broker	48.747	46.977
Banco do Brasil Securities LLC.	(2)	Broker	451.821	435.543
BB Securities Ltd.	(2)	Broker	801.081	409.409
BB USA Holding Company, Inc.	(2)	Holding	902	902
BB Cayman Islands Holding	(2)	Holding	1.598.959	1.574.906
Banco do Brasil Americas	(2)	Banking	3.839.492	348.004
Banco Patagonia S.A.	(2)	Banking	18.266.390	2.412.630
BB Banco de Investimento S.A.	(2)	Investment Bank	3.623.392	825.140
BB Gestão de Recursos-Distribuidora de Títulos e Valores Mobiliários S.A.	(2)	Asset Management	2.690.311	1.213.299
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	(2) (4)	Asset Management	0	0
Consortium Manager				
BB Administradora de Consórcios S.A.	(2)	Consortium	1.275.949	682.070
Payment Institutions				
BB Administradora de Cartões de Crédito S.A.	(2)	Service Rendering	132.630	24.333
Securitization Companies				
Ativos S.A. Securitizadora de Créditos Financeiros	(2)	Credits Acquisition	1.350.144	928.562
BB Asset Management Ireland Limited	(2)	Credits Acquisition	4.498	3.806
Other Institutions				
Fundo Compesa	(3)	Investment Fund	53.141	53.072
BB Asset Ações US Biotech BDR	(3)	Investment Fund	1.598	1.596
BB RF LP Tesouro Inflação	(3)	Investment Fund	1.976	1.683
BB Espelho Ações Leblon	(3)	Investment Fund	1.828	1.828
BB RF Tesouro Inflação Curta	(3)	Investment Fund	1.618	1.618
BB Asset Ações Nordea Global Climate	(3)	Investment Fund	1.203	1.203
BB Asset Multimercado Nordea Alpha 15	(3)	Investment Fund	1.195	1.195
BB Espelho Multimercado Canvas Vector	(3)	Investment Fund	1.701	1.701
BB Espelho Multimercado Occam Equity Hedge	(3)	Investment Fund	1.772	1.772
BB RF LP Tesouro Prefixado	(3)	Investment Fund	1.650	1.650

(1) Leader Institution.

(2) Subsidiaries.

(3) The investment funds in which the entities that compose a prudential conglomerate, under any form, take or retain substantial risks and benefits must be included in the financial statements of the Prudential Conglomerate.

(4) Incorporation authorized by the Special Meeting of Shareholders held on December 09, 2020, pending approval by Bacen.



Institutions included in the scope of consolidation of the disclosed balance sheet, but not in the Prudential Conglomerate

R\$ thousand		Activity	Total Assets	Equity
Insurance, Private Pension Fund and Capitalization Segment				
BB Seguridade Participações S.A.	(1)	Holding	6.695.809	5.738.385
BB Corretora de Seguros e Administradora de Bens S.A.	(1)	Broker	4.425.740	46.908
BB Seguros Participações S.A.	(1)	Holding	5.313.365	5.273.599
Payment Methods Segment				
BB Elo Cartões Participações S.A.	(1)	Holding	9.913.614	9.368.743
Other Segments				
Ativos S.A. Gestão de Cobrança e Recuperação de Crédito	(1)	Credits Acquisition	3.175	6
BB Tur Viagens e Turismo Ltda,	(1) (2)	Tourism	26.704	17.204
BB Tecnologia e Serviços	(1)	IT	655.020	220.660
(1) Subsidiaries.				
(2) The Financial Statements refers to November, 2020.				

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

		Dec/2020					
R\$ thousand	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and cash equivalents	16.784.561	16.784.261	16.784.261	0	0	0	0
Financial Instruments - financial assets	1.647.636.148	1.642.779.140	1.118.139.842	523.056.725	1.582.573	0	0
Leasing	172.478	172.478	172.478	0	0	0	0
Other financial assets	1.647.463.670	1.642.606.662	1.642.606.662	0	0	0	0
Allowance for losses associated with credit risk	-47.781.060	-47.762.564	-47.762.564	0	0	0	0
Tax assets	66.694.029	67.029.435	59.698.544	0	0	0	7.330.891
Current tax assets	8.551.454	8.291.726	8.291.726	0	0	0	0
Deferred tax assets (Tax credit)	58.142.575	58.737.710	51.406.818	0	0	0	7.330.891
Resulting from tax losses carry forward and excess of depreciation	0	2.981.122	2.981.122	0	0	0	0
Tax credits deducted from RE	0	1.658.651	0	0	0	0	1.658.651
Tax credits not deducted from RE	0	1.322.471	1.322.471	0	0	0	0
Resulting from temporary differences	0	55.756.587	55.756.587	0	0	0	0
Excess of 10% from Common Equity Tier 1 Capital	0	0	0	0	0	0	0
Excess of 15% from Common Equity Tier 1 Capital	0	5.672.240	0	0	0	0	5.672.240
Tax credits resulting from temporary differences not deducted from RE	0	7.778.449	7.778.449	0	0	0	0
Tax credits resulting from temporary differences for loan losses	0	32.060.009	32.060.009	0	0	0	0
Tax credits resulting from temporary differences - CGPE Program	0	10.245.889	10.245.889	0	0	0	0
Investments	16.290.239	19.515.828	14.735.354	0	0	0	4.780.474
Investments in subsidiaries, associates and joint ventures	16.051.488	19.277.094	14.496.620	0	0	0	4.780.474
Significant investments	0	12.614.286	7.868.837	0	0	0	4.745.448



Excess of 10% from Common Equity Tier 1 Capital	0	1.375.048	0	0	0	0	1.375.048
Excess of 15% from Common Equity Tier 1 Capital	0	3.370.400	0	0	0	0	3.370.400
Investments not deducted from RE	0	7.868.837	7.868.837	0	0	0	0
Other investments in subsidiaries, associates and joint ventures	0	6.627.782	6.627.782	0	0	0	0
Goodwill	0	35.026	0	0	0	0	35.026
Other investments	305.773	305.755	305.755	0	0	0	0
(Allowance for losses/Impairment)	-67.021	-67.021	-67.021	0	0	0	0
Property for use	8.230.854	8.127.290	8.127.290	0	0	0	0
Property and equipment	19.938.808	19.728.634	19.728.634	0	0	0	0
(Accumulated depreciation)	-11.674.188	-11.567.797	-11.567.797	0	0	0	0
(Allowance for losses/Impairment)	-33.766	-33.547	-33.547	0	0	0	0
Intangible	6.220.666	6.211.770	0	0	0	0	6.211.770
Intangible assets	13.830.738	13.793.364	13.793.364	0	0	0	0
(Accumulated depreciation)	-6.588.408	-6.559.931	-6.559.931	0	0	0	0
(Allowance for losses/Impairment)	-1.021.664	-1.021.662	-1.021.662	0	0	0	0
Other assets	11.596.452	11.560.284	5.479.627	0	0	0	6.080.658
Actuarial assets related to defined benefit pension funds	0	6.080.658	0	0	0	0	6.080.658
Other assets	0	5.479.627	5.479.627	0	0	0	0
Total assets	1.725.671.888	1.724.245.444	1.175.202.353	523.056.725	1.582.573	0	24.403.793
Liabilities							
Financial liabilities - Deposits and other financial instruments	1.520.202.850	1.523.562.118	1.523.562.118	0	0	0	0
Provisions	34.036.170	33.716.403	33.716.403	0	0	0	0
Tax liabilities	13.191.621	13.686.296	9.839.061	0	0	0	3.847.235
Current tax liabilities	10.541.252	9.766.364	9.766.364	0	0	0	0
Deferred tax liabilities	2.650.369	3.919.931	72.697	0	0	0	3.847.235
Deferred tax liabilities associated to defined benefit pension funds assets	0	1.492.022	0	0	0	0	1.492.022
Deferred tax liabilities deducted of the deferred tax assets value	0	2.340.555	0	0	0	0	2.340.555
Deferred tax liabilities deducted of tax assets resulting from tax losses carry forward	0	14.657	0	0	0	0	14.657
Deferred tax liabilities not offset	0	72.697	72.697	0	0	0	0
Other liabilities	31.270.138	28.239.846	28.239.846	0	0	0	0
Total liabilities	1.598.700.779	1.599.204.663	1.595.357.428	0	0	0	3.847.235



LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		a	b	c	d	e
		Dec/2020				
R\$ thousand		Total	Items subject to:			
			Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation	1.699.841.651	1.175.202.353	523.056.725	1.582.573	0
2	Liabilities carrying value amount under regulatory scope of consolidation	1.595.357.428	1.595.357.428	0	0	0
3	Total net amount under regulatory scope of consolidation	104.484.223	-420.155.075	523.056.725	1.582.573	0
4	Off-balance sheet amounts	0	36.591.723	0	0	0
5	Differences in valuations	56.518	0	0	0	56.518
6	Other differences	0	0	0	0	0
7	Exposure amounts considered for regulatory purposes	104.540.741	-456.746.798	523.056.725	1.582.573	56.518



PV1: Prudent valuation adjustments – PVA

R\$ thousand	Dec/2020							
	a	b	c	d	e	f	g	h
	Equity	Interest rates	Foreign exchange	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1 Closeout uncertainty, of which:	0	25.454	24.491	0	385	50.330	0	50.330
3 Closeout cost	0	25.454	24.491	0	385	50.330	0	50.330
4 Concentration	0	0	0	0	0	0	0	0
5 Early termination	0	0	0	0	0	0	0	0
6 Model risk	0	0	0	0	0	0	0	0
7 Operational risk	0	0	0	0	0	0	0	0
8 Investing and funding costs	0	0	0	0	0	0	0	0
9 Unearned credit spreads	0	3.116	3.070	0	2	6.188	0	6.188
10 Future administrative costs	0	0	0	0	0	0	0	0
11 Other	0	0	0	0	0	0	0	0
12 Total adjustment	0	28.569	27.561	0	387	56.518	0	56.518

CC1: Composition of Regulatory Capital

R\$ thousand	a	b
	Amount (R\$ thousand)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier I: instruments and reserves		
1 Instruments Eligible to Common Equity Tier I	98.100.023	(a1)+(a2)
2 Profit reserve	39.198.468	(b)
3 Other revenue and other reserves	-12.450.198	(c1)+(c2)+(c3)
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	360.669	(d)
6 Common Equity Tier 1 capital before regulatory adjustments	125.208.962	0
Common Equity Tier I: prudential adjustments		
7 Prudent valuation adjustments	56.518	0
8 Goodwill paid in the acquisition of investments based on prospects of future returns	35.026	(e)
9 Intangible assets	6.211.770	(f)
10 Tax credits from fiscal losses and negative base of Social Contribution on Net Income and those originated from this contribution related to periods ended until December 31, 1998	1.643.994	(g1)-(g2)
11 Adjustments related to the market value of derivative financial instruments used to hedge protected cash flow items which do not have their market-to-market adjustments booked in the accounting records (Cash flow hedge reserve)	0	0
15 Actuarial assets related to defined benefit pension funds	4.588.635	(h1)-(h2)
16 Investments in own Common Equity Tier 1 instruments	280.642	(i)
17 Reciprocal cross-holdings in common equity	0	0



18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0	0
19	Significant investments in the common stock of banking, financial and insurance	1.375.048	(j)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
22	Amount exceeding the 15% threshold	6.702.085	0
23	Of which: significant investments in the common stock of financials	3.370.400	(k)
25	of which: from tax credits due to temporary differences that depend on the generation of profits or future taxable revenues for their realization	3.331.685	(l1)-(l2)
26	National specific regulatory adjustments	0	0
26.a	Deferred permanent assets	0	0
26.b	Investments in facilities, controlled financial institution abroad or non-financial institution which belongs to the conglomerate, to which the Brazilian Central Bank did not have access to information, data and documents	0	0
26.d	Unauthorized capital stock increase	0	0
26.e	Amount exceeding the adjusted amount of the Common Equity Tier I	0	0
26.f	Deposit to meet capital deficiency	0	0
26.g	Amount of intangible assets Circular Letter 3,678, of October 31, 2013 constituted before the effectiveness of Resolution 4,192, of 2013	0	0
26.h	Excess funds invested in Permanent Assets	0	0
26.i	Capital highlights, as established on Resolution nº 4,589/17	0	0
26.j	Other residual differences related to the methodology to calculate Common Equity Tier I for regulatory purposes	0	0
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0	0
28	Total regulatory adjustments to Common Equity Tier 1	20.893.718	0
29	Common Equity Tier 1 capital (CET1)	104.315.243	0
Additional Tier 1 capital: instruments			
30	Instruments eligible to be part of the additional Tier I Capital	27.932.263	0
31	Of which: classified as equity under applicable accounting standards	0	0
32	Of which: classified as liabilities under applicable accounting standards	27.932.263	(m)
33	Instruments authorized to compose the Complementary Capital before the effectiveness of Resolution 4,192, of 2013	0	0
34	Additional Tier 1 instruments issued by subsidiaries of the conglomerate and held by third parties	0	0
35	of which: instruments issued by subsidiaries before the effectiveness of Resolution 4,192, of 2013	0	0
36	Additional Tier 1 capital before regulatory adjustments	27.932.263	0
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own additional Tier 1 instruments	0	0
38	Reciprocal cross-holdings in additional Tier 1 instruments	0	0
39	Non-significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	0	0
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	0	0
41	National specific regulatory adjustments	0	0
41.b	Interest of non-controlling shareholders in the additional Tier I	0	0
41.c	Other residual differences related to the methodology to calculate additional Tier I for regulatory purposes	0	0
42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	0	0
43	Total regulatory adjustments to additional Tier 1 capital	0	0



44	Additional Tier 1 capital (AT1)	27.932.263	0
45	Tier 1 capital (T1 = CET1 + AT1)	132.247.506	0
Tier II: instruments			
46	Instruments eligible to Tier II	186.926	(n)
47	Instruments authorized to composed Tier II before the effectiveness of Resolution 4,192, of 2013	29.490.048	(o1)+(o2)
48	Interest of non-controlling shareholders in subsidiaries of the conglomerate, not deductible from Tier II	0	0
49	of which: instruments issued by subsidiaries before the effectiveness of Resolution 4,192, of 2013	0	0
51	Tier II before the regulatory deductions	29.676.974	0
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0	0
53	Reciprocal cross-holdings in Tier 2 instruments	0	0
54	Non-significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	0
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	0
56	National specific regulatory adjustments	0	0
56.b	Interest of non-controlling shareholders in Tier II	0	0
56.c	Other residual differences related to the methodology to calculate Tier II for regulatory purposes	0	0
57	Total regulatory adjustments to Tier 2 capital	0	0
58	Tier 2 capital (T2)	29.676.974	0
59	Total regulatory capital (TC = T1 + T2)	161.924.480	0
60	Total risk-weighted assets	766.064.658	0
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	13,62%	0
62	Tier 1 (as a percentage of risk-weighted assets)	17,26%	0
63	Total capital (as a percentage of risk-weighted assets)	21,14%	0
64	Total of bank CET1 specific buffer requirements	2,25%	0
65	Of which: capital conservation buffer requirement	1,25%	0
66	Of which: bank-specific countercyclical buffer requirement	0,00%	0
67	Of which: systemic capital buffer requirement	1,00%	0
68	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	9,12%	0
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	0	0
73	Significant investments in the common stock of financial entities	7.868.837	(p)
75	Deferred tax assets arising from temporary differences (net of related tax liability)	7.778.449	(q)
Instruments authorized to compose the Regulatory Capital before the effectiveness of Resolution 4,192, of 2013 (applicable between October 1, 2013 and January 1, 2022)			
82	Current Cap on instruments authorized to compose the Complementary Capital before the effectiveness of Resolution 4,192, of 2013	2.312.998	0
83	Amount excluded from Complementary Capital due to limit on line 82	9.251.993	0
84	Current Cap on instruments authorized to composed Tier II before the effectiveness of Resolution 4,192, of 2013	29.562.729	0
85	Amount excluded from Tier II due to limit in line 84	15.571.772	0

CC2: Reconciliation of regulatory capital to balance sheet



CC2: Reconciliation of regulatory capital to balance sheet

R\$ thousand	a Balance sheet as in published financial statements As at period- end	b Under regulatory scope of consolidation As at period- end	c Reference
Assets			
Cash and cash equivalents	16.784.561	16.784.261	0
Financial Instruments – financial assets	1.647.636.148	1.642.779.140	0
Leasing	172.478	172.478	0
Other financial assets	1.647.463.670	1.642.606.662	0
Allowance for losses associated with credit risk	-47.781.060	-47.762.564	0
Tax assets	66.694.029	67.029.435	0
Current tax assets	8.551.454	8.291.726	0
Deferred tax assets (Tax credit)	58.142.575	58.737.710	0
Resulting from tax losses carry forward and excess of depreciation	0	2.981.122	0
Tax credits deducted from RE	0	1.658.651	(g1)
Tax credits not deducted from RE	0	1.322.471	0
Resulting from temporary differences	0	55.756.587	0
Excess of 10% from Common Equity Tier 1 Capital	0	0	0
Excess of 15% from Common Equity Tier 1 Capital	0	5.672.240	(l1)
Tax credits resulting from temporary differences not deducted from RE	0	7.778.449	(q)
Tax credits resulting from temporary differences for loan losses	0	32.060.009	0
Tax credits resulting from temporary differences – CGPE Program	0	10.245.889	0
Investments	16.290.239	19.515.828	0
Investments in subsidiaries, associates and joint ventures	16.051.488	19.277.094	0
Significant investments	0	12.614.286	0
Excess of 10% from Common Equity Tier 1 Capital	0	1.375.048	(j)
Excess of 15% from Common Equity Tier 1 Capital	0	3.370.400	(k)
Investments not deducted from RE	0	7.868.837	(p)
Other investments in subsidiaries, associates and joint ventures	0	6.627.782	0
Goodwill	0	35.026	(e)
Other investments	305.773	305.755	0
(Allowance for losses/Impairment)	-67.021	-67.021	0
Property for use	8.230.854	8.127.290	0
Property and equipment	19.938.808	19.728.634	0
(Accumulated depreciation)	-11.674.188	-11.567.797	0
(Allowance for losses/Impairment)	-33.766	-33.547	0
Intangible	6.220.666	6.211.770	(f)
Intangible assets	13.830.738	13.793.364	0
(Accumulated depreciation)	-6.588.408	-6.559.931	0
(Allowance for losses/Impairment)	-1.021.664	-1.021.662	0
Other assets	11.596.452	11.560.284	0
Actuarial assets related to defined benefit pension funds	0	6.080.658	(h1)
Other assets	0	5.479.627	0
Total assets	1.725.671.888	1.724.245.444	0
Liabilities			
Financial liabilities – Deposits and other financial instruments	1.520.202.850	1.523.562.118	0



Funds from issuance of securities	203.192.140	196.842.846	0
Subordinated debts	41.744.974	41.744.974	0
In accordance with regulations preceding the CMN Resolution No.4,192/2013 as Tier II (FCO)	0	26.403.208	(o1)
In accordance with regulations preceding the CMN Resolution No.4,192/2013 as Tier II	0	3.086.840	(o2)
Other subordinated debts	0	12.254.926	0
Hybrid capital and debt instruments	527.712	527.712	0
In accordance with regulations preceding the CMN Resolution No.4,192/2013	0	0	0
Other	0	527.712	0
Debt instruments eligible as capital	36.150.595	36.150.595	0
Instruments eligible as Additional Tier 1 Capital	0	27.932.263	(m)
Instruments eligible as Tier II	0	8.218.332	0
Instruments considered in RE after applying reducer	0	186.926	(n)
Value disregarded from RE due to application of the reducer	0	8.031.406	0
Funds from issuance of securities	124.768.860	118.419.565	0
Other financial liabilities	1.317.010.710	1.326.719.273	0
Provisions	34.036.170	33.716.403	0
Tax liabilities	13.191.621	13.686.296	0
Current tax liabilities	10.541.252	9.766.364	0
Deferred tax liabilities	2.650.369	3.919.931	0
Deferred tax liabilities associated to defined benefit pension funds assets	0	1.492.022	(h2)
Deferred tax liabilities deducted of the deferred tax assets value	0	2.340.555	(l2)
Deferred tax liabilities deducted of tax assets resulting from tax losses carry forward	0	14.657	(g2)
Deferred tax liabilities not offset	0	72.697	0
Other liabilities	31.270.138	28.239.846	0
Total liabilities	1.598.700.779	1.599.204.663	0
Shareholders' equity			
Capital	90.000.023	90.000.023	0
as of: Common Equity Tier 1 Capital	90.000.023	90.000.023	(a1)
as of: Additional Tier 1 Capital	0	0	0
Instruments qualifying as common equity tier 1 capital	8.100.000	8.100.000	(a2)
Capital reserves	1.399.152	1.399.151	(c1)
Revaluation reserves	2.040	2.040	(c2)
Profit reserves	39.198.468	39.198.468	(b)
Other comprehensive income	-13.851.389	-13.851.389	(c3)
Retained earnings/accumulated losses	0	0	0
(Treasury shares)	-280.642	-280.642	(i)
Non-controlling interests	2.403.457	473.130	(d)
Total Shareholders' equity	126.971.109	125.040.782	0



CCyB1: Geographical distribution of credit exposures used in the countercyclical buffer

R\$ thousand	Dec/2020				
	a	b	c	d	e
	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
		Exposure values	Risk-weighted assets		
Geographical breakdown					
AFEGANISTAO	0,00%	740	0		0,00%
AFRICA DO SUL	0,00%	25	0		0,00%
ALBANIA	0,00%	23	0		0,00%
ALEMANHA	0,00%	3.398.386	0		0,00%
ANDORRA	0,00%	453	0		0,00%
ANGOLA	0,00%	2.324	0		0,00%
ANTIGUA E BARBUDA	0,00%	1	0		0,00%
ARABIA SAUDITA	0,00%	29	0		0,00%
ARGELIA	0,00%	40	0		0,00%
ARGENTINA	0,00%	5.500.645	0		0,00%
ARMENIA	0,00%	2	0		0,00%
ARUBA	0,00%	9	0		0,00%
AUSTRALIA	0,00%	1.322	0		0,00%
AUSTRIA	0,00%	701.562	0		0,00%
AZERBAIJAO	0,00%	20	0		0,00%
BAHAMAS	0,00%	4.300.753	0		0,00%
BANGLADESH	0,00%	225	0		0,00%
BARBADOS	0,00%	0	0		0,00%
BELARUS	0,00%	24	0		0,00%
BELGICA	0,00%	239.287	0		0,00%
BELIZE	0,00%	1	0		0,00%
BENIN	0,00%	42	0		0,00%
BERMUDAS	0,00%	0	0		0,00%
BOLIVIA	0,00%	4.448	0		0,00%
BOSNIA-HERZEGOVINA	0,00%	7	0		0,00%
BOTSUANA	0,00%	29	0		0,00%
BRASIL	0,00%	2.043.914.591	0		0,00%
BRUNEI	0,00%	740	0		0,00%
BULGARIA	0,00%	64	0		0,00%
BURKINA FASO	0,00%	38	0		0,00%
CABO VERDE	0,00%	309	0		0,00%
CAMAROES	0,00%	16	0		0,00%
CAMBOJA	0,00%	1	0		0,00%
CANADA	0,00%	263.756	0		0,00%
CATAR	0,00%	1.176	0		0,00%
CAZAQUISTAO	0,00%	17	0		0,00%
CHILE	0,00%	217.995	0		0,00%
CHINA	0,00%	607.482	0		0,00%



CINGAPURA	0,00%	925.585	0		0,00%
COLOMBIA	0,00%	7.962	0		0,00%
CONGO	0,00%	202	0		0,00%
COREIA DO SUL	0,00%	70	0		0,00%
COSTA DO MARFIM	0,00%	18	0		0,00%
COSTA RICA	0,00%	6.244	0		0,00%
CROACIA	0,00%	50	0		0,00%
CUBA	0,00%	2.404	0		0,00%
DINAMARCA	0,00%	52	0		0,00%
EGITO	0,00%	102	0		0,00%
EL SALVADOR	0,00%	462	0		0,00%
EMIRADOS ARABES UNIDOS	0,00%	919	0		0,00%
EQUADOR	0,00%	389	0		0,00%
ERITREIA	0,00%	61	0		0,00%
ESLOVAQUIA	0,00%	928	0		0,00%
ESPANHA	0,00%	897.717	0		0,00%
ESTADOS UNIDOS	0,00%	38.809.704	0		0,00%
ETIOPIA	0,00%	1	0		0,00%
FILIPINAS	0,00%	6	0		0,00%
FINLANDIA	0,00%	12	0		0,00%
FRANCA	0,00%	2.702.219	0		0,00%
GABAO	0,00%	91	0		0,00%
GAMBIA	0,00%	8	0		0,00%
GANÁ	0,00%	306	0		0,00%
GIBRALTAR	0,00%	158	0		0,00%
GRECIA	0,00%	21	0		0,00%
GUATEMALA	0,00%	3	0		0,00%
GUIANA	0,00%	159	0		0,00%
GUIANA FRANCESA	0,00%	84	0		0,00%
GUINE	0,00%	56	0		0,00%
GUINE EQUATORIAL	0,00%	18	0		0,00%
GUINE-BISSAU	0,00%	247	0		0,00%
HAITI	0,00%	1.953	0		0,00%
HOLANDA	0,00%	973.354	0		0,00%
HONDURAS	0,00%	36	0		0,00%
HONG KONG	1,00%	544.268	484.620		1,00%
HUNGRIA	0,00%	36	0		0,00%
ILHAS CAYMAN	0,00%	4.899.491	0		0,00%
ILHAS FERÓE	0,00%	0	0		0,00%
ÍNDIA	0,00%	569	0		0,00%
INDONESIA	0,00%	20.840	0		0,00%
IRA	0,00%	105	0		0,00%
IRAQUE	0,00%	15	0		0,00%
IRLÂNDIA	0,00%	332	0		0,00%
ISRAEL	0,00%	169	0		0,00%
ITALIA	0,00%	1.461.133	0		0,00%
JAPÃO	0,00%	1.464.994	0		0,00%
JORDÂNIA	0,00%	43	0		0,00%
KUWAIT	0,00%	67	0		0,00%
LETONIA	0,00%	1	0		0,00%



LIBANO	0,00%	971	0		0,00%
LIBIA	0,00%	24	0		0,00%
LITUANIA	0,00%	1	0		0,00%
LUXEMBURGO	0,25%	1.595.607	1.177.115		0,25%
MALASIA	0,00%	515	0		0,00%
MALAUÍ	0,00%	25	0		0,00%
MALI	0,00%	14	0		0,00%
MALTA	0,00%	393	0		0,00%
MARROCOS	0,00%	68	0		0,00%
MAURÍCIO	0,00%	0	0		0,00%
MEXICO	0,00%	954.958	0		0,00%
MOCAMBIQUE	0,00%	863	0		0,00%
MONACO	0,00%	0	0		0,00%
MONTENEGRO	0,00%	31	0		0,00%
NAMÍBIA	0,00%	0	0		0,00%
NICARAGUA	0,00%	1.094	0		0,00%
NIGER	0,00%	90	0		0,00%
NIGERIA	0,00%	338	0		0,00%
NORUEGA	1,00%	190	104		1,00%
NOVA ZELANDIA	0,00%	62	0		0,00%
OMA	0,00%	67	0		0,00%
PANAMA	0,00%	801.997	0		0,00%
PAQUISTÃO	0,00%	103	0		0,00%
PARAGUAI	0,00%	493.913	0		0,00%
PERU	0,00%	167.212	0		0,00%
POLONIA	0,00%	47	0		0,00%
PORTO RICO	0,00%	260.608	0		0,00%
PORTUGAL	0,00%	884.931	0		0,00%
QUENIA	0,00%	3	0		0,00%
REINO UNIDO	0,00%	2.672.553	0		0,00%
REP.DEMOCRATICA DO CONGO	0,00%	255	0		0,00%
REPUBLICA DOMINICANA	0,00%	51	0		0,00%
REPUBLICA TCHECA	0,00%	42.493	0		0,00%
ROMENIA	0,00%	81	0		0,00%
RUSSIA	0,00%	426	0		0,00%
SAN MARINO	0,00%	10	0		0,00%
SAO PEDRO E MIQUELON	0,00%	3	0		0,00%
SAO TOME E PRINCIPE	0,00%	252	0		0,00%
SENEGAL	0,00%	356	0		0,00%
SERRA LEOA	0,00%	2	0		0,00%
SERVIA	0,00%	18	0		0,00%
SÍRIA	0,00%	379	0		0,00%
SOMÁLIA	0,00%	4	0		0,00%
SRI LANKA	0,00%	1	0		0,00%
SUDÃO	0,00%	18	0		0,00%
SUECIA	0,00%	196	0		0,00%
SUÍÇA	0,00%	1.261.571	0		0,00%
SURINAME	0,00%	7	0		0,00%
TAILÂNDIA	0,00%	118	0		0,00%
TAIWAN	0,00%	50.173	0		0,00%



TANZANIA	0,00%	1	0		0,00%
TOGO	0,00%	23	0		0,00%
TRINIDAD E TOBAGO	0,00%	2	0		0,00%
TUNISIA	0,00%	8	0		0,00%
TURQUIA	0,00%	8	0		0,00%
UCRANIA	0,00%	216	0		0,00%
UGANDA	0,00%	7	0		0,00%
URUGUAI	0,00%	1.984	0		0,00%
VENEZUELA	0,00%	1.528	0		0,00%
VIETNA	0,00%	58	0		0,00%
ZAMBIA	0,00%	0	0		0,00%
Sum		0	0		
Total		2.121.077.171	1.661.839	0	2,25%

LR1: Summary comparison of accounting assets vs Leverage ratio exposure measure

R\$ thousand		a
1	Total consolidated assets as per published financial statements	1.712.544.711
2	Adjustment arising from accounting consolidation differences	0
1+2	Total assets of individual balance sheet or of the prudential conglomerate, in the case of LR calculation on consolidated bases	1.712.544.711
4	Adjustments for derivative financial instruments	1.099.850
5	Adjustment for repurchase transactions and asset loans	11.546.448
6	Adjustment for off-balance sheet items	40.382.296
7	Other adjustments	-16.124.026
8	Total Exposure	1.749.449.279
Comments		
Correction of the information in items 5 and 8 due to the reclassification of the assets that make up the Counterparty Credit Risk and the Leverage Ratio. The operations registered in Cosif 1.21.1.20, in light of the provisions of paragraph 4 of article 18 of Circular 3,748 / 15, now compose the calculation of the total exposure subject to the leverage ratio. This reclassification of assets led to a reduction in the value of the leverage ratio originally published in the report for 4Q20, which went from 9.43% to 7.56%, remaining within the regulatory and prudential limits.		



LR2: Leverage Ratio common disclosure template

R\$ thousand		a Dec/2020	b Sep/2020
On-balance sheet exposures			
1	Balance sheet items other than derivative financial instruments, securities received on loan and resales for settlement under repurchase transactions	1.249.516.439	1.199.482.031
2	Adjustments for equity items deducted in calculating Tier I	-22.968.289	-22.307.758
3	Total on-balance sheet exposures	1.226.548.150	1.177.174.273
Transactions using Derivative Financial Instruments			
4	Replacement value for derivatives transactions	3.509.894	4.516.570
5	Potential future gains from derivatives transactions	1.117.291	990.982
7	Adjustment for daily margin held as collateral	0	0
8	Adjustment related to the deduction of the exposure related to qualified central counterparty (QCCP) in derivative transactions on behalf of clients in which there is no contractual obligation to reimburse due to bankruptcy or default of the entities responsible for the settlement and compensation of transactions	0	0
9	Reference value of credit derivatives	0	0
10	Adjustment of reference value calculated for credit derivatives	0	0
11	Total exposure for derivative financial instruments	4.627.185	5.507.552
Repurchase Transactions and Securities Lending			
12	Investments in repurchase transactions and securities lending	466.345.200	26.918.747
13	Adjustment for repurchases for settlement and creditors of securities lending	0	0
14	Amount of counterparty credit risk	11.546.448	6.197.854
15	Amount of counterparty credit risk in transactions as intermediary	0	13.329.548
16	Total Exposure on Repurchase Transactions and Securities Lending	477.891.648	46.446.149
Off-balance sheet items			
17	Reference value of off-balance sheet transactions	137.146.513	137.620.850
18	Adjustment for application of FCC specific to off-balance sheet transactions	-96.764.218	-96.783.182
19	Total off-balance sheet exposure	40.382.296	40.837.668
Capital and Total Exposure			
20	Tier 1 capital	132.247.506	133.499.526
21	Total exposure	1.749.449.279	1.269.965.641
Leverage ratio			
22	Leverage ratio	7,56%	10,51%
Comments			
Correction in the information of items 12, 14, 15, 16, 21, and 22 due to the reclassification of the assets that make up the Counterparty Credit Risk and the Leverage Ratio. The operations registered in Cosif 1.21.1.20, in light of the provisions of paragraph 4 of article 18 of Circular 3,748 / 15, now compose the calculation of the total exposure subject to the leverage ratio. This reclassification of assets led to a reduction in the value of the leverage ratio originally published in the report for 4Q20, which went from 9.43% to 7.56%, remaining within the regulatory and prudential limits.			

LIQA: Qualitative information on Liquidity Risk Management

Organizational structure for liquidity risk, including the description of the structured internal communication process, as established in Resolution No. 4,557, of 2017.

The management of liquidity risk is the responsibility of the Risk Management Board (Diris), whose dynamics involve observing the Specific Liquidity Risk Policy, the Declaration of Appetite and Risk Tolerance, management strategies, management processes, the periodic assessment of the adequacy of systems, routines and operational procedures, among other aspects.

The liquidity risk management structure complies with the aspects and standards provided for in the regulations issued by the National Monetary Council (CMN) and the Central Bank of Brazil (Bacen), which are constantly improved and aligned with good management practices.

The risk governance model adopted by BB involves the structure of Strategic Committees, with the participation of several areas of the Bank, with the participation of Vice-Presidents and Directors of the Bank, as appropriate:

- a) Executive Committee for Risk, Asset, Liability, Liquidity and Capital Management (CEGRC); and
- b) Management Committee of the Risk Management Department.

In the management of liquidity risk, the Policy, Appetite and Risk Tolerance (RAS) and Liquidity Contingency Plan, as well as the liquidity risk management strategies and the definition of global limits are established by CEGRC.

The Management Committee of the Risk Management Board, in compliance with the strategies approved in CEGRC, is responsible for defining:

- a) the models for liquidity risk management,
- b) risk management procedures;
- c) operational procedures;
- d) management systems, and
- e) the evaluation and monitoring of management models.

In order to support Senior Management in the decision-making process on liquidity risk, management reports are prepared and presented to the Executive Committee for Risk Management, Internal Controls, Assets, Liabilities, Liquidity and Capital (CEGRC); Directing Council (CD); Risk and Capital Committee (Coris); Audit Committee (Coaud); and the Board of Directors (CA).

The reports are prepared periodically and contain qualitative and quantitative management information on liquidity risk, such as: adequacy of internal and regulatory limits, calculated and projected indicators, use of Liquidity Contingency Measures (MCL) and results of stress tests.

The Risk Panel is the main internal report for monitoring and managing liquidity risk. The reports facilitate the monitoring of the established limits and the control of the liquidity risk incurred by the Bank.

Fundraising strategies, including policies related to sources diversification and funding terms.

Processes related to liquidity risk management provide for the adoption of the following strategies for raising funds:

- a) definition of appetite and tolerance;
- b) policies and processes that:
 - i. establish limits and procedures aimed at maintaining exposure to liquidity risk in accordance with the levels established in the Statement of Appetite and Risk Tolerance (RAS);
 - ii. ensure:
 - identification, measurement, evaluation, monitoring, reporting, control, mitigation and enhancement of liquidity risk in different time horizons, including intraday, in normal or stressful situations, contemplating the daily assessment of operations with settlement terms of less than ninety days ;
 - maintaining an adequate stock of liquid assets that can be readily converted to cash in stressful situations;
 - maintaining a fundraising profile appropriate to the liquidity risk of the institution's assets and liabilities, as well as exposures not accounted for in its balance sheet; and
 - adequate diversification of funding sources.

For the management of liquidity risk, the Bank established a specific policy that determines the Conglomerate's guidelines for the management of this risk.

This policy provides for the management of the liquidity risk of operations recorded in Assets, Liabilities and Offsetting Accounts practiced in the financial and capital markets, as well as possible contingent or unexpected exposures, taking into account different time horizons and estimating the associated losses. different scenarios, internal and external, including stress scenarios. It also considers funding strategies that provide adequate diversification of funding sources, maturities, currencies, contingency plans and the adoption of a stress test capable of assessing the behavior of liquidity in situations of abnormality.

Liquidity Risk Mitigation Strategies

Banco do Brasil's risk management is guided by the Referential Model of Lines of Defense (MRLD), which makes up the framework of Risk Management and the Internal Controls System. Under this model, the management of liquidity risk and the controls necessary for its mitigation are carried out in three lines of defense:

- a) the first line of defense is assigned to the specific liquidity manager, Finance Director (Difin), responsible for the execution of controls and the implementation of MCL;
- b) the second line of defense has the risk area as a corporate risk manager, and is responsible for regulating, supervising, advising and assessing the risk management carried out by the first line of defense. The second line of defense also comprises the area of internal controls, which is responsible for regulating, supervising, advising and evaluating the system of internal controls; and

- c) the third line of defense covers the internal audit function, which acts in an independent and objective manner, assessing, among others, the effectiveness of the entire liquidity risk management cycle, internal controls and governance of the Organization.

Among the activities related to liquidity risk mitigation carried out by the corporate risk manager, the dissemination of "best practices" related to the existing mitigators for liquidity risk and the establishment of guidelines (Policy) and corporate risk management standards stand out.

Description of the use of stress tests for liquidity risk management purposes.

Among other liquidity risk management instruments, the Bank uses the stress test. The Liquidity Stress Test is part of the BB Stress Test Program, which is coordinated by the risk area and aims to prospectively assess the potential impacts of adverse events and circumstances on the liquidity of the institution or the specific portfolio.

In addition to acting as a liquidity risk management tool, the Liquidity Stress Test contributes to the assessment of the Bank's liquidity levels and to the preparation of the Liquidity Contingency Plan (PCL), assists in the assessment of appetite and tolerance levels ; and tests the Bank's resilience in the face of the possibility of extreme events, which can be macroeconomic or idiosyncratic. For simulations of the Liquidity Stress Test, the following scenarios are adopted:

- a) Standardized Liquidity Risk Scenario (according to assumptions established by the Regulator), with daily execution period through the calculation of the Short-Term Liquidity Indicator (LCR);
- b) Macroeconomic Stress Scenario; monthly execution period through the Integrated Stress Test (TEI); and
- c) Liquidity Risk Scenarios, with monthly execution periodicity, to be complied with by the tenth business day of the month and assumptions established by the corporate liquidity risk manager.

Brief description of the liquidity contingency plan.

The Liquidity Contingency Plan (PCL) is a set of procedures, strategies and responsibilities that aims to identify, manage and report situations of Liquidity Risk Stress having as main objectives:

- a) ensure the maintenance of cash flow;
- b) have a strategy to restore the desired level of liquidity; and
- c) establish a division of responsibilities.

BB considers Liquidity Stress State when:

- a) Observed Liquidity falls below the Liquidity Reserve, in any of the defined Management Views; or
- b) the Bank's Short-term Liquidity (LCR) indicator falls below the prudential limit established by the Statement of Appetite and Risk Tolerance (RAS) in effect.

In the event of the Liquidity Stress State, Liquidity Contingency Measures (MCL) or other applicable measures must be activated.

These measures must, necessarily, be described in the MCL Inventory (IMCL) and meet the established requirements and may include the sale or exchange of assets and liabilities, changes in the composition of funding and the respective remuneration rates, and the reduction disbursements related to credit granting.

Within the scope of the PCL, the risk management area, as a corporate risk manager, should:

- a) measure the LCR indicator and report it to the Central Bank according to procedures described in current rules,
- b) forward to Bacen, on a daily basis, a detailed report to monitor the execution of the Liquidity Recomposition Plan (PRL), in cases where the indicator falls below the regulatory minimum;
- c) report to the Board of Directors and the Risk and Capital Committee (Coris) the occurrence of a Liquidity Stress State; and
- d) establish the standardization of reports linked to the Operational Contingency Plan (POC), the PRL and the MCL.



LIQ1: Liquidity Coverage Ratio – LCR

R\$ thousand		Dec/2020	
		a Unweighted amount	b Weighted amount
High Quality Liquid Assets (HQLA)			
1	Total High Quality Liquid Assets (HQLA)		253.508.657
Cash outflows			
2	Retail funding, of which:	387.291.151	31.246.353
3	Stable funding	266.597.029	13.329.851
4	Less stable funding	120.694.122	17.916.501
5	Non-collateralized wholesale funding, of which:	99.265.982	49.240.391
6	Operating deposits (all counterparties) and affiliated cooperative deposits	10.717.000	1.275.044
7	Non-operational deposits (all counterparties)	72.330.547	31.746.913
8	Non-collateralized obligations	16.218.435	16.218.435
9	Collateralized wholesale funding	0	11.680.821
10	Additional requirements, of which:	120.567.239	18.309.193
11	Related to exposure to derivatives and other collateral requirements	14.234.554	6.817.077
12	Related to funding losses through the issue of debt instruments	3.514.180	3.514.180
13	Related to lines of credit and liquidity	102.818.506	7.977.936
14	Other contractual obligations	31.595.099	31.595.099
15	Other contingent obligations	266.045.155	5.250.270
16	Total Cash Outflows	904.764.626	147.322.126
Cash inflows			
17	Collateralized loans	36.823.458	0
18	Outstanding loans whose payments are fully up-to-date	19.144.247	7.925.948
19	Other cash inflows	67.594.913	58.778.040
20	Total Cash Inflows	123.562.618	66.703.988
Total Adjust. Amount			
21	Total HQLA		253.508.657
22	Total net cash outflows		80.618.138
23	Liquidity Coverage Ratio (LCR)		314,46%



LIQ2: Net Stable Funding Ratio – NSFR

R\$ thousand		Dec/2020				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	Less than six months	More or equal to six months and less than one year	More or equal to one year	
Available Stable Funding (ASF)						
1	Capital	0	0	0	191.991.411	191.991.411
2	Total Capital, gross of regulatory deductions	0	0	0	153.999.562	153.999.562
3	Other capital instruments not included on line 2	0	0	0	37.991.849	37.991.849
4	Retail funding, of which:	212.119.231	205.444.112	232	22	388.339.930
5	Stable funding	204.574.958	38.534.561	0	0	230.954.043
6	Less stable funding	7.544.273	166.909.551	232	22	157.385.886
7	Wholesale funding, of which:	32.656.523	607.751.126	26.524.036	104.325.957	159.390.693
8	Operating deposits and affiliated cooperative deposits	8.383.875	0	0	0	4.191.938
9	Other wholesale funding	24.272.647	607.751.126	26.524.036	104.325.957	155.198.755
10	Operations that the institution acts exclusively as an intermediary, assuming no rights or obligations, even if contingent:	0	35.426.544	1.196	140.322	140.305
11	Other liabilities, of which:	0	139.650.841	6.893	153.456.423	153.459.869
12	Derivatives in which replacement value is less than zero		0			
13	Other liabilities elements or shareholders' equity not included in the previous lines	0	139.650.841	6.893	153.456.423	153.459.869
14	Total Available Stable Funding (ASF)					893.322.207
Required Stable Funding (RSF)						
15	Total High Quality Liquid Assets (HQLA)					26.842.425
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Bonds, securities and operations with financial institutions, non-financial institutions and central banks, of which:	0	599.868.678	84.577.043	434.542.256	508.640.644
18	Operations with financial institutions collateralized by Level 1 HQLA	0	462.004.099	0	0	46.200.410
19	Operations with financial institutions collateralized by Level 2A, 2B HQLA or non-collateralized	0	0	0	0	0
20	Loans and financing granted for retail and wholesale customers, central government and central banks operations, of which:	0	94.448.991	80.874.205	364.046.619	399.327.771
21	The Risk Weighting Factor, referred by Central Bank Circular 3,644, from 2013, is less than or equal to 35% (thirty five percent)	0	0	0	2.218	1.442
22	Performing residential mortgages, of which:	0	923.570	778.627	38.607.848	25.946.200
23	Referred by Central Bank Circular 3,644 from 2013, article 22	0	923.570	778.627	38.607.848	25.946.200
24	Bonds and securities non eligible to HQLA, including shares traded in the Stock Market	0	42.492.017	2.924.211	31.887.789	37.166.263
25	Operations that the institution acts exclusively as an intermediary, assuming no rights or obligations, even if contingent	0	15.510.827	17.049.439	376.124	0
26	Other assets, of which:	0	95.283.529	16.339.692	142.024.642	183.983.813



27	Gold and commodities transaction, including ones with physical settlement	0				0
28	Assets provided, due to initial margin deposit as collateral for derivatives operation and participation in mutualized guarantee funds of clearing house or service providers of clearing and settlement that may arbitrate as central counterparty			2.577.555		2.190.922
29	Derivatives in which replacement value is more than or equal to zero			557.132		557.132
30	Derivatives in which replacement value is less than zero, gross of any collateral deduction due to deposit for variation margin			152.492		152.492
31	Other assets not included in the previous lines	0	91.996.349	13.052.512	138.737.462	181.083.266
32	Off-balance sheet operations	134.152.803	0	0	0	5.541.521
33	Total Required Stable Funding (RSF)					725.008.402
34	NSFR (%)					123,22%

CRA: Qualitative information on credit risk management

How the business model is reflected in the institution's credit risk profile.

The induction of the behavior of credit risk takers (business areas) at BB, is carried out by the Risk Appetite Statement (RAS), a strategic piece that takes into account the establishment of the maximum level of risk that the Institution it agrees to incur its business, in line with its risk-taking capacity and the achievement of its strategic objectives, considering managerial and regulatory restrictions. RAS, approved by the Board of Directors and reviewed annually, is the main instrument that guides risk and business management and, together with the other strategic and induction mechanisms, plays an important role in the search for reinforcement in organic capital generation and, as a rule, the BB's capital structure.

Criteria used to establish the policy and internal limits associated with credit risk.

The internal limits related to credit risk are established by RAS and structured considering the business segmentation, privileging the view of client managers and the totality of assets subject to credit risk. Regarding the hierarchy, each limit has a specific scope for management and approval. For the definition of risk tolerance limits, projections are used to assess possible risk degradation of assets, based on macroeconomic analysis in multiple scenarios in order to resize and optimize the credit portfolio.

Country and transfer risk are included in the context of credit risk and limits are established that are monitored and guide businesses subject to these risks.

Exposure to credit concentration risk is assessed using a methodology that measures the need for capital and the Herfindal-Hirschman concentration index (HHI).

BB's Credit Specific Policy complements the RAS guidelines and contains specific strategic guidelines that guide the credit and credit risk management actions in the Prudential Conglomerate. It is approved by the Board and reviewed annually, applying to all businesses that involve credit risk and is available for consultation by the entire staff. In the formulation of the Policy, the continuous, integrated and prospective management of credit risk at BB is taken into account, comprising all stages of the credit process, the management of assets subject to this risk, as well as the collection and recovery of credits, including those carried out for the account and risk of third parties, except in this case, the adoption of a differentiated rule resulting from specific analysis or guidance from the resource allocator. Entities Linked to Banco do Brasil (ELBB) are expected to define their directions based on these guidelines, considering the specific needs and the legal and regulatory aspects to which they are subject.

Organization of the credit risk management structure.

The credit risk management structure complies with the aspects and standards set forth in the regulations issued by the National Monetary Council (CMN) and the Central Bank of Brazil (Bacen), which have been constantly improved and aligned with good management practices.

Credit risk management includes counterparty credit risk (CCR), country risk, sovereign risk, transfer risk, credit concentration risk and the effectiveness of risk mitigation or transfer instruments used in exposures that generate the designated risks. Its structure aims to identify, measure, evaluate, monitor, report, control and mitigate risk, in addition to ensuring the continuous improvement of management.

Credit risk management is carried out by the strategic areas:

- a) Credit Directorship (Dicre), with the function of executing the credit granting process corporately and guiding risk takers;
- b) Risk Management Directorship (Diris), which is responsible for corporate risk management, including credit risk, acting as the 2nd line of defense, in order to ensure compliance with the policies and strategies defined by Senior Management.

The Operational Asset Restructuring Directorship (Dirao) manages collection and credit recovery.

The governance defined for credit risk management follows the same structure defined for other risks and capital, and is made up as follows:

- a) Board of Directors (CA);
- b) Audit Committee (Coaud);
- c) Risks and Capital Committee (Coris);
- d) Board of Officers (CD); and
- e) Risk Management, Internal Controls, Assets, Liabilities, Liquidity and Capital Management Executive Committee (CEGRC)

Relationship between the credit risk management structure, the compliance policy and the internal audit activity..

The performance of the various areas of the Banco do Brasil with respect to risk and control management is guided by the Reference Model of Lines of Defense (MRLD), which comprises the framework of Risk Management and the Internal Controls System. Under this model, the management of credit risk and the controls necessary for its mitigation are carried out in three lines of defense:

- a) the first line of defense is responsible for the management of credit risk associated with operations, as well as for the implementation of controls and implementation of corrective measures for the proper treatment of risk and comprises the functions that manage and have ownership over credit risk. It consists of the specific risk manager, Dicre, an area that provides corporate guidance for the credit granting process and risk takers (other areas of the production chain);

- b) the second line of defense has Diris as the corporate risk manager, including credit risk, and is responsible for regulating, supervising, advising and evaluating and the risk management carried out by the first line of defense. The Internal Controls Directorship (Dicoi) is also part of the second line of defense, which is responsible for regulating, supervising, advising and assessing the internal control system; and
- c) the third line of defense covers the Internal Audit function, which assesses, among others, the effectiveness of the entire credit risk management cycle, internal controls and governance of the Organization. The internal audit carries out an independent and objective assessment and consultancy activity, covering the set of activities and operations of the BB Conglomerate, whose conclusions are brought to the attention of the members of the Board of Directors to support its deliberations and comply with its inspection activities.

The management of risks and controls helps to achieve the objectives established in the business and processes and contributes to the fulfillment of the organization's strategy.

Scope and main topics of credit risk management included in management reports to the board of directors, risk committee and executive board.

Management reports provide support to senior management in the credit risk decision-making process and are presented to:

- a) Risk Management, Internal Controls, Assets, Liabilities, Liquidity and Capital Management Executive Committee (CEGRC);
- b) Board of Officers (CD);
- c) Risks and Capital Committee (Coris);
- d) Audit Committee (Coaud); and
- e) Board of Directors (CA).

The reports are prepared periodically and contain qualitative and quantitative management information on credit risk, such as: adequacy of regulatory limits, projected capital ratios, consumption of the limits contained in the RAS, mitigation actions, credit portfolio - provision and balances; credit concentration risk limit and the results of stress tests.

The Risk Panel is the main internal report for monitoring and managing credit risk.

The monitoring reports contribute to the definition of limits, the establishment of a budget and the development of indicators and metrics for monitoring and controlling the evolution of credit risk incurred by the BB.



CR1: Credit quality of assets

R\$ thousand	Dec/2020			
	a	b	c	g
	Gross values of		Allowances, advances and unearned income	Net Values (a+b-c)
	Defaulted exposures	Non-defaulted exposures		
1 Loans	12.937.464	831.179.912	45.168.897	798.948.478
2 Debt Securities	2.127.940	112.198.735	0	114.326.675
2a of which: national sovereign bonds	0	78.437.839	0	78.437.839
2b of which: other bonds	2.127.940	33.760.896	0	35.888.836
3 Off-balance sheet exposures	26.256	105.949.100	755.783	105.219.572
4 Total (1+2+3)	15.091.660	1.049.327.747	45.924.681	1.018.494.726
Information corrected in items 3b and 3g and, therefore, the totals (items 4b and 4g), as for as Dec/20, due to the exclusion of FCC application, making the values compatible with the other fields in this table				

CR2: Changes in stock of defaulted loans and debt securities

R\$ thousand	a
	Total
1 Defaulted loans and debt securities at end of the previous reporting period	21.576.699
2 Loans and debt securities that have defaulted since the last reporting period	6.906.072
3 Returned to non-defaulted status	-1.915.971
4 Amounts written off	-9.628.313
5 Other adjustments	-1.846.828
6 Defaulted loans and debt securities at end of the reporting period (1+2+3+4+5)	15.091.660

CRB: Additional disclosure related to the assets credit quality

Details of total exposures by geographic region in Brazil, by country, by economic sector and by the remaining maturity.

R\$ thousand	Total
Geographic Region in Brazil	
North	56.088.655
Northeast	124.730.537
Southeast	424.539.152
South	173.815.246
Mid-West	168.259.765
Total Brazil	947.433.355
Country	
Domestic Market	947.433.355
Foreign Market	48.358.202



Total	995.791.557
Remaining Maturity	
Less than 30 days	724.655.912
Past due 31 to 90 days	44.495.966
Past due 91 to 180 days	40.526.502
Past due 181 to 365 days	122.074.924
Past due more than 365 days	64.038.254
Total	995.791.557
Economic Sector	
Public sector	74.011.182
Animal agribusiness	13.778.400
Vegetable agribusiness	33.503.172
Specific Construction Activities	8.074.680
Automotive industry	18.176.844
Drinks	1.472.975
Wholesale	7.982.544
Retail	16.911.610
Heavy building	2.666.346
Leather and footwear	1.914.688
Other sectors	492.762.271
Electronics	6.030.843
Electrical energy	18.409.872
Real Estate	5.451.643
Banks and Other Financial Institutions	11.450.612
Agricultural inputs	9.128.569
Lumber and furniture	4.841.744
Mining and metallurgy	16.980.229
Does not apply	158.285.765
Paper and Cellulose	3.402.254
Oil	27.151.099
Chemical	7.967.079
Services	27.945.091
Telecommunications	2.963.733
Textile	7.331.313
Transportation	17.196.999
Total	995.791.557

Total operations in abnormal course segregated by geographic region in Brazil, by country and economic sector, as well as the respective provisions and write-offs.

R\$ thousand	Write-offs	Anormal course	Loan Losses
Geographic Region in Brazil			
North	1.322.832	898.698	613.613
Northeast	3.836.641	2.708.456	1.893.050
Southeast	9.513.551	6.782.476	5.088.980
South	3.116.706	1.970.322	1.489.753
Mid-West	2.504.135	2.447.033	1.841.094
Total Brazil	20.293.865	14.806.986	10.926.490



Country			
Domestic Market	20.293.865	14.806.986	10.926.490
Foreign Market	80.087	284.674	280.335
Total	20.373.952	15.091.660	11.206.825
Economic Sector			
Public sector	273	3	3
Animal agribusiness	150.093	25.699	25.440
Vegetable agribusiness	1.093.693	611.071	592.198
Specific Construction Activities	327.942	153.827	152.076
Automotive industry	212.078	115.315	111.623
Drinks	28.230	4.481	4.481
Wholesale	312.110	58.135	54.621
Retail	413.507	194.709	185.590
Heavy building	400.630	467.247	457.626
Leather and footwear	69.593	91.228	89.848
Other sectors	12.638.867	10.073.275	6.428.933
Electronics	146.070	75.767	70.598
Electrical energy	20.699	81.205	81.205
Real Estate	1.029.795	1.060.403	1.043.320
Banks and Other Financial Institutions	3.821	22.086	22.081
Agricultural inputs	382.098	281.959	276.597
Lumber and furniture	138.967	49.626	44.833
Mining and metallurgy	299.430	370.034	362.925
Paper and Cellulose	62.041	162.811	160.346
Oil	191.819	192.005	190.304
Chemical	131.209	97.311	87.416
Services	575.150	420.549	402.524
Telecommunications	116.221	8.376	8.269
Textile	279.458	187.348	145.869
Transportation	1.350.158	287.191	208.099
Total	20.373.952	15.091.660	11.206.825

Total overdue exposures segmented by delay ranges

R\$ thousand	Total
Exposures segmented by delay ranges	
Less than 30 days	14.015
Past due 31 to 90 days	3.154.875
Past due 91 to 180 days	6.260.528
Past due 181 to 365 days	6.406.101
Past due more than 365 days	2.425.031
Total	18.260.550

% of the ten and one hundred largest debt exposures (in relation to the total scope defined in table CR1).

	Total
--	--------------

10 largest debtors	8,01%
100 largest debtors	10,10%

CRC: Qualitative disclosure related to Credit Risk Mitigation techniques

The main aspects of the policy and the processes of using bilateral agreements for the clearing and settlement of obligations, as well as the indication of the extent of their use for the accounted and non-accounted exposures in the balance sheet.

Banco do Brasil makes use of bilateral agreements for the clearing and settlement of obligations within the scope of the National Financial System (SFN), aiming at mitigating the credit risk arising from business with operations with derivative instruments, recorded or not in the balance sheet. The operations are formalized in a specific contractual instrument for this purpose and registered at B3 – Brasil, Bolsa, Balcão or in another system authorized by the Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission – CVM) or by the Banco Central do Brasil (Central Bank of Brazil – Bacen).

The main aspects of the policies and processes for evaluating and managing collateral.

In conducting any business subject to credit risk, BB adopts, as a general rule, the linking of a mechanism that provides full or partial coverage of the risk incurred. In managing credit risk at the aggregate level, to maintain exposures within the risk levels established by senior management, the BB has the prerogative to transfer or share credit risk.

The control of information about the mitigators is structured and serves the purpose of ensuring that the mitigator is linked to the credit operation, making the governance of decision making on the granting of credit robust.

The credit standards guide the operating units in a clear and comprehensive manner, addressing, among other aspects, the classification, requirement, choice, evaluation, formalization, control and reinforcement of guarantees, ensuring the adequacy and sufficiency of the mitigator throughout the operation cycle.

The processes for monitoring exposures subject to credit risk and the risk classification of credit operations produce important information for verifying the effectiveness of mitigating instruments. The low default rate observed in certain segments of the loan portfolio and the lower level of provisioning in certain operations can be explained by the existence of guarantees linked to exposures, reducing credit risk and the need for capital to cover them.

Information on the possible concentration associated with credit risk mitigation, considering different mitigating instruments (by type and by provider). If credit derivatives are used as a mitigating instrument, breakdown by type of counterparty and respective level of risk must be disclosed.

Until the end of 2020, there is no concentration in the Banco do Brasil associated with the mitigation of credit risk, taking into account different mitigating instruments.



CR3: Credit risk mitigation techniques – overview

R\$ thousand		Dec/2020				
		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	702.346.765	96.601.713	870.549	95.731.165	0
2	Debt securities	114.326.675	0	0	0	0
I	Off Balance sheet	34.967.765	1.623.958	142.271	1.481.687	0
II	Others	256.664.833	0	0	0	0
3	Total	1.108.306.038	98.225.671	1.012.819	97.212.852	0
4	Of which defaulted	15.022.661	34.792	586	34.206	0

CR4: Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects

R\$ thousand		Dec/2020					
		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density [e/(c+d)]
1	Sovereigns and their central banks	354.115.224	285	354.093.519	57	845	0,00%
2	Non-central government public sector entities (PSEs)	57.781.796	3.172.928	57.781.796	1.761.797	4.926.459	8,27%
3	Multilateral development banks	85.616	0	85.616	0	0	0,00%
4	Banks and other institutions authorized by the Central Bank of Brazil	31.583.316	5.511.402	31.583.316	1.107.953	12.904.280	39,47%
6	Corporates	283.637.255	29.179.720	283.597.302	17.824.238	280.265.365	92,98%
7	Regulatory retail portfolios	294.654.237	64.678.076	294.654.237	13.988.448	218.556.665	70,81%
8	Loans and financing secured by residential property	41.641.648	0	41.641.648	0	14.574.577	35,00%
9	Financing for commercial real estate construction	625.182	441.947	625.182	441.947	533.564	50,00%
10	Equity	6.607.821	0	6.607.821	0	6.607.821	100,00%
13	Other assets	99.269.550	2.235.214	99.269.550	1.467.284	78.096.942	77,53%
14	Total	1.170.001.644	105.219.572	1.169.939.986	36.591.723	616.466.520	51,09%



CR5: Standardised approach – exposures by asset classes and risk weights

Dec/2020											
R\$ thousand	Risk weight										
	a	b	c	d	e	f	f1	g	i	j	
	0%	10%	20%	35%	50%	75%	85%	100%	Others	Total credit exposures amount (post CCF and post-CRM)	
1	Sovereigns and their central banks	354.093.013	0	0	0	0	0	0	563	354.093.576	
2	Non-central government public sector entities (PSEs)	0	0	0	0	203.435	4	3.535.707	55.804.446	0	59.543.592
3	Multilateral development banks (MDBs)	85.616	0	0	0	0	0	0	0	0	85.616
4	Banks and other institutions authorized by the Central Bank of Brazil	0	0	11.471.180	0	21.220.089	0	0	0	0	32.691.269
6	Corporates	0	0	0	0	0	121.377.595	180.043.945	0	0	301.421.540
7	Regulatory retail portfolios	0	0	0	0	0	308.642.684	0	0	0	308.642.684
8	Loans and financing secured by residential property	0	0	0	41.641.648	0	0	0	0	0	41.641.648
9	Financing for commercial real estate construction	0	0	0	0	1.067.129	0	0	0	0	1.067.129
10	Equity	0	0	0	0	0	0	6.607.821	0	0	6.607.821
13	Other assets	9.733.327	0	5.646.893	0	0	0	64.732.745	20.623.869	0	100.736.833
14	Total	363.911.956	0	17.118.073	41.641.648	22.490.652	308.642.689	124.913.302	307.188.958	20.624.432	1.206.531.709

CCRA: Qualitative information related to CCR

Methodology used to establish internal limits on the management of exposures subject to counterparty credit risk.

Counterparty credit risk (CCR), component of the credit risk monitoring structure, has limits established by RAS in a manner similar to that stipulated for credit risk, but with a view of CCR by type of operation (investment in foreign currency , repo, interbank deposits, securities (TVM) external network and derivatives, CVA, linked to clearing and settlement and foreign exchange), plus the limits for bonds and TVM under the management of the external network.

Counterparty credit risk assessment policies, including guarantees and other mitigation instruments.

Banco do Brasil admits to taking exposures to the CCR with clients that have previously been analyzed using the risk calculation methodology and establishing a credit limit applicable to its profile, subject to the existence of sufficient operating margin to support such operations.

Thus, exposures to CCR compete with other exposures in customer credit operations within the credit limit assigned to it.

Transactions of this type affect the client's credit limit by estimating the amount exposed to the counterparty's credit risk in the event of default, with the applicable risk mitigators being considered, the risk of the issuer of the underlying asset, the volatility of the asset, unless existence of a relevant correlation between the guarantee and the exposure, the guarantees provided, the percentage



subtracted from the assets used as collateral (haircut) and the rules for calling additional guarantee margins, according to the characteristics of the operation carried out.

In transactions carried out via Clearing Houses, there is a transfer of risk, and the value of the transactions affects the credit limit of the said clearing house.

For operations subject to CCR, BB considers this risk as a parameter for calculating the adjustment to the market value of such exposures, with effects on the income for the period or on a separate account of Shareholders' Equity, according to the classification of the exposure.

For exposures subject to the CCR, it is adopted, as a general rule, to link instruments (collaterals) that provide full or partial coverage in conducting business.

Impact in the amount of collateral that the bank would be required to provide given a credit rating downgrade

In operations subject to the CCR, the contracts in force do not have clauses that require the contribution of volumes of collateral in the event of any downgrade of BB's credit rating.

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

R\$ thousand		Dec/2020				
		a	b	d	e	f
		Replacement cost	Potential future exposure	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR Approach	2.964.103	1.415.837	1,4	6.131.915	5.260.481
1.1	CEM (Current Exposure Method) Approach				0	0
3	Simple Approach for credit risk mitigation (for SFTs)				0	0
4	Comprehensive Approach for credit risk mitigation (for SFTs)				11.546.448	6.526.424
6	Total					11.786.612



CCR3: Standardised approach of CCR exposures by regulatory portfolio and risk weights

Dec/2020										
R\$ thousand	a	b	c	d	e	e1	f	g	h	i
	0%	10%	20%	50%	75%	85%	100%	150%	Others	Total
Regulatory portfolio										
1 Sovereigns	4.514.046	0	0	0	0	0	0	0	0	4.514.046
2 Non-central government public sector entities (PSEs)	0	0	0	0	0	0	0	0	0	0
3 Multilateral development banks (MDBs)	29	0	0	0	0	0	0	0	0	29
4 Financial and other institutions authorized by the Central Bank of Brazil	0	0	353.996	1.326.602	0	0	0	0	0	1.680.597
5 Legal entities, except retail	0	0	0	0	0	639.727	0	0	0	639.727
6 Retail	0	0	0	0	0	0	0	0	0	0
7 Other	0	0	0	143.141	0	0	8.934.179	0	14.669	9.091.988
8 Total	4.514.075	0	353.996	1.469.742	0	639.727	8.934.179	0	14.669	15.926.387

CCR5: Composition of collateral for CCR exposure

Dec/2020						
	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
R\$ thousand	Segregated	Unsegregated	Segregated	Unsegregated		
1 Cash – domestic currency	0	64	0	0	504.926.619	459.559.512
2 Cash – other currencies	0	0	0	0	5.516.582	4.103.967
3 Domestic sovereign debt	0	0	0	0	465.746.720	490.307.410
4 Other sovereign debt	0	0	0	0	0	0
5 Corporate bonds	0	0	0	0	0	17.268.698
6 Equity securities	0	0	0	0	0	0
7 Other collateral	0	0	0	0	0	0
8 Total	0	64	0	0	976.189.920	971.239.588



CCR6: CCR information regarding credit derivatives exposures

R\$ thousand	Dec/2020	
	a	b
	Protection bought	Protection sold
1 Notionals	0,00	0,00
2 Single-name credit default swaps	0,00	0,00
3 Index credit default swaps	0,00	0,00
4 Total return swaps	0,00	0,00
5 Total notionals	0,00	0,00
6 Fair values	0,00	0,00
7 Positive fair value (asset)	0,00	0,00
8 Negative fair value (liability)	0,00	0,00

CCR8: CCR information regarding exposures to central counterparties

R\$ thousand	Dec/2020	
	a	b
	EAD (post-CRM)	RWA
1 Exposures to QCCPs (total)		24.461
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions), of which:	877.807	24.461
3 (i) OTC derivatives	0	0
4 (ii) Exchange-traded derivatives	863.138	24.168
5 (iii) Asset loans and repurchase operations (repo)	14.669	293
I (iv) Other operations	0	0
7 Segregated initial margin	0	
8 Non-segregated initial margin	0	0
9 Pre-funded default fund contributions	0	0
10 Unfunded default fund contributions	0	0
11 Exposures to non-QCCPs (total)	0	0
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		0
13 (i) OTC derivatives	0	0
14 (ii) Exchange-traded derivatives	0	0
15 (iii) Asset loans and repurchase operations (repo)	0	0
II (iv) Other operations	0	0
17 Segregated initial margin	0	
18 Non-segregated initial margin	0	0
19 Pre-funded default fund contributions	0	0

SECA: Qualitative information related to securitisation exposures

The objectives of the securitization and resecuritization activities, including the degree of transfer of risks associated with the underlying assets to other entities and the types of risks assumed and retained.

The purpose of securitization and resecuritization activities is to participate in these operations as an investor providing a firm guarantee, allocating issuance securities involving companies that are clients of the Bank, in the form of assignor (assignor risk) or debtor (drawee risk), acquired in the primary market and whose structuring has the participation of UBS BB, BB-BI or another company of the BB Conglomerate.

List the: - Special Purpose Companies (SPE) that have the institution as a sponsoring counterpart (except when they also perform the activity of originating, directly or indirectly, the underlying asset), indicating whether they are part of the prudential conglomerate; - entities managed or advised by the institution that acquire securitization bonds issued by the institution itself or by an SPE that has the institution as a sponsoring counterpart; and - entities to which the institution provides implicit support and the respective effects in determining the amount of risk-weighted assets (RWA).

At the end of 2020, there were no securitization exposures in which BB is a sponsoring counterpart. As a consequence, there were no exposures arising from special purpose companies (SPE), entities managed or advised by the Bank or entities for which BB provides implicit support.

Brief description of the accounting treatment given to exposures to securitization and resecuritization bonds.

The accounting treatment given to securitization and resecuritization securities is even given to the securities acquired by BB and are classified according to the categories below:

- a) category I - securities for trading - registered securities acquired for the purpose of being actively and frequently traded;
- b) category II - securities available for sale - registered securities that do not fall under categories I and III; and
- c) category III - securities held to maturity - securities are registered, except for non-redeemable shares, for which the Institution intends and has the financial capacity to keep them in portfolio until maturity.

The yields produced by these papers are directly computed in the income for the period, regardless of the category, and those classified in category III are evaluated by the respective acquisition costs, plus the earned income, which should impact the income for the period.

The securities classified in categories I and II must be adjusted to the market value in the monthly balance sheets and balance sheets, taking into account the valuation or devaluation in return:

- I. the appropriate income or expense account, in the income statement for the period, when related to securities classified in the category securities for trading;



- II. to the separate account of shareholders' equity, when related to bonds and securities classified in the category securities available for sale, at the net value of tax effects, with transfer to the result for the period when the final sale.

Losses of a permanent nature with securities classified in categories II and III must be recognized immediately in the income for the period, observing that the adjusted value as a result of the recognition of said losses becomes the new cost base.

Description of securitization operations in which assets have been sold or transferred without substantial risk retention, including details of flows in the reference period.

In March 2020, the onerous assignment of R\$ 1.227 billion in underlying assets of a Receivables Investment Fund (FDIC) occurred, with the respective reduction of the unit value of the shares, to another FDIC. The transaction did not result in substantial risk retention.

Total exposures assigned with substantial risk retention, in the last 12 months, that have been honored, repurchased, or written off, segregated by quarter.

In 2020, there were no assignments of securitization exposures with substantial risk retention at BB, which have been honored, repurchased or written-off as losses.

SEC1: Securitisation exposures in the banking book

R\$ thousand		Dec/2020								
		a	c	d	e	g	h	i	k	l
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Tradition al	Syntheti c	Sub-total	Traditio nal	Synthe tic	Sub-total
1	Retail (total), of which:	0	0	0	90.278	0	90.278	557.055	0	557.055
2	residential mortgage	0	0	0	0	0	0	557.055	0	557.055
3	credit card	0	0	0	0	0	0	0	0	0
4	other	0	0	0	90.278	0	90.278	0	0	0
5	re-securitisation	0	0	0	0	0	0	0	0	0
6	Wholesale (total), of which:	0	0	0	0	0	0	0	0	0
7	loans to corporates	0	0	0	0	0	0	0	0	0
8	commercial mortgage	0	0	0	0	0	0	0	0	0
9	lease and receivables	0	0	0	0	0	0	0	0	0
10	other	0	0	0	0	0	0		0	
11	re-securitisation	0	0	0	0	0	0	0	0	0



SEC2: Securitisation exposures in the trading book

R\$ thousand	Dec/2020								
	a	c	d	e	g	h	i	k	l
	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total), of which:								
2	0	0	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0
6	Wholesale (total), of which:								
7	0	0	0	0	0	0	0	0	0
8	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0
11	0	0	0	0	0	0	0	0	0

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor

R\$ thousand	Dec/2020										
	Fator de ponderação de risco (FPR)										
	a	b	c	d	e	h	i	l	m	p	q
	Exposure values (by RW bands)					Exposure values (by regulatory approach)		RWA (by regulatory approach)		Capital charge after cap	
	≤20%	20% < RW < 50%	50% ≤ RW < 100%	100% ≤ RW < 1,250%	1,250%	SA	1.250%	SA	1.250%	SA	1.250%
1	Total exposures										
2	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3	Securitisation, of which:										
4	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
5	Securitisation:										
6	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
7	retail underlying assets										
8	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
9	non-retail underlying assets										
10	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
11	Re-securitisation:										
12	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
13	Synthetic securitisation, of which:										
14	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
15	Securitisation:										
16	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
17	retail underlying assets										
18	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
19	non-retail underlying assets										
20	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
21	Re-securitisation:										
22	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

SEC4: Securitisation exposures in the banking book and associated capital requirements – bank acting as investor

Dec/2020												
R\$ thousand	a	b	c	d	e	h	i	l	m	p	q	
	Exposure values (by RW bands)					Exposure values (by regulatory approach)		RWA (by regulatory approach)		Capital charge after cap		
	≤20%	20% < RW < 50%	50% ≤ RW < 100%	100% ≤ RW < 1,250%	1,250%	SA	1.250%	SA	1.250%	SA	1.250%	
1	Total exposures	0	0	42.894	440.781	7.627	483.675	7.627	668.282	95.334	53.463	7.627
2	Traditional securitisation, of which:	0	0	42.894	440.781	7.627	483.675	7.627	668.282	95.334	53.463	7.627
3	Securitisation:	0	0	42.894	440.781	7.627	483.675	7.627	668.282	95.334	53.463	7.627
4	retail underlying assets	0	0	0	0	0	0	0	0	0	0	0
6	non-retail underlying assets	0	0	42.894	440.781	7.627	483.675	7.627	668.282	95.334	53.463	7.627
8	Re-securitisation:	0	0	0	0	0	0	0	0	0	0	0
9	Synthetic securitisation, of which:	0	0	0	0	0	0	0	0	0	0	0
10	Securitisation:	0	0	0	0	0	0	0	0	0	0	0
11	retail underlying assets	0	0	0	0	0	0	0	0	0	0	0
12	non-retail underlying assets	0	0	0	0	0	0	0	0	0	0	0
13	Re-securitisation:	0	0	0	0	0	0	0	0	0	0	0

MRA: Qualitative information related to market risk

Market risk management strategies and processes

BB carries out the management of market risk exposure daily according to the limits defined for Trading and Banking Book, within the framework of the Prudential Conglomerate, seeking to keep it consistent to the levels approved in its RAS by the Board of Directors.

Derivative financial instruments are used to hedge its own positions, in order to meet the needs of clients and to take intentional positions, considering procedures and within limits approved by committees of the Bank.

Operations are carried out to compensate, in whole or in part, risks arising from exposure to changes in market value or cash flow of assets, liabilities, commitments or future transactions.

Structure responsible for implementing the strategies and processes used in market risk management, including the internal communication mechanisms.

The risk management structure aims to identify, measure, evaluate, mitigate, control, monitor, report and improve the market risk management of the Prudential Conglomerate and its member institutions, individually, as well as to identify and monitor the market risk of other companies controlled by members of the Prudential Conglomerate, or in which they participate.

The governance structure of market risk management is compatible with the bank's size, business nature, complexity of products, services, activities and processes, proportional to the size and relevance of the exposure, integrated to the other risks incurred by the Institution.

Decisions related to market risk management are communicated to the intervening areas through documents that objectively express the position taken by management, ensuring its application at all levels of the Bank.

Main characteristics of the information and risk measurement systems.

Systems and processes are used that ensure the evaluation, monitoring and controlling of trading and banking book positions.

The Bank has databases infrastructure and corporate systems to measure market risk in a comprehensive manner.

The process of measuring market risk uses corporate systems and the RiskWatch application, which have as main objectives:

- a) to consolidate management information for market risk management;
- b) to simulate market scenarios; and
- c) to calculate market risk measures.

To measure market risk, BB uses statistical methods and simulation of its exposures. Below are some of the metrics resulting from the application:

- a) Sensitivity;
- b) Value at Risk (VaR); and
- c) Stress Test.

Through sensitivity metrics, the effects on the value of exposures resulting from variations in the level of market risk factors are simulated.

VaR is a metric used to estimate potential losses, under routine market conditions, daily measured in monetary values, considering a certain confidence interval and time horizon.

Risk factors used to measure market risk VaR are classified into the following categories:

- a) interest rates;
- b) exchange rates;
- c) stock prices;
- d) commodity prices.

The VaR metric performance is evaluated monthly by applying the back testing process.

The Bank uses stress metrics resulting from simulations of its exposure to market risk under extreme conditions such as financial crises and economic shocks.



These tests aim to simulate the size of impacts on regulatory and economic capital requirements of plausible events, but of unlikely occurrence.

Banco do Brasil's stress testing program has the following objectives:

- (i) to be integrated to the institution's risk management structure;
- (ii) to associate potential losses with plausible events;
- (iii) to be considered in the development of risk mitigation strategies and in the institution's contingency plans;
- (iv) to be carried out individually by risk factor and jointly; and
- (v) to consider the concentration on certain risk factors of nonlinear instruments and the breakdown of the premises of the VaR model.

For capital requirements, the market risk stress testing program uses assessment methods based on:

- (i) Retrospective Tests;
- (ii) Prospective Tests; and
- (iii) Sensitivity Analysis Tests.

MR1: Market risk under standardised approach

		Dec/2020
		a
R\$ thousand		RWA _{MPAD}
1	Interest rate	4.817.959
1a	Fixed Rate in Reais (RWAJUR1)	2.676.901
1b	Foreign Currency Coupon (RWAJUR2)	1.830.286
1c	Price Index Coupon (RWAJUR3)	310.772
1d	Interest Rate Coupon (RWAJUR4)	0
2	Shares (RWAACS)	0
3	Foreign exchange (RWACAM)	15.794.579
4	Commodity (RWACOM)	512.858
9	Total	21.125.396
Comments		
Change T-1 to T occurred mainly on RWACam, due to the increase in FX exposure.		

IRRBA: IRRBB risk management objectives and policies

Description of how the institution defines the IRRBB, in order to control and measure the risk.

Banco do Brasil (BB) has limits approved in their Risk Appetite Statement (RAS), which assures the amount of Referential Equity compatible with Interest Rate Risk in the Banking Book (IRRBB) exposures.

The evaluation of the Referential Equity adequacy for IRRBB exposures considered the approaches Economic Value of Equity (EVE) and Net Interest Income (NII).

In order to maintain adherence to regulations the assessment of the capital adequacy the reference is Tier I Capital as a reference for Capital Adequacy measure.

Description of policies and strategies for the management and mitigation of the IRRBB.

BB manages the IRRBB by monitoring management indicators and monitoring limits established in the RAS, with periodic reporting to the competent levels. The management of interest rate risk in the Banking Portfolio uses systems that consider all significant sources of risk and reliable market data.

Risk is dealt with in strategic committees that involve the Finance and Controllershship areas. The management of IRRBB exposure considers mismatch between assets and liabilities, in relation to terms, rates, indexes and currencies. The approaches of economic value and financial intermediation result seek to keep the risk controlled and adhering to the appetite approved by the Board of Directors.

Stress tests are carried out on the risk factors of the Banking Portfolio to assess sensitivity to tolerance and specific limits.

The models are developed by a specialist team and validated by an independent area, with evaluation by the Technical Forum and subsequent evaluation by the Executive Committee for approval.

Calculation frequency of IRRBB measument and description of the specific metrics used to determine the bank's sensitivity to IRRBB.

Delta NII approaches are adopted to estimate the variation in the result of financial intermediation, the Delta EVE, to estimate the variation in economic value, calculations can be daily (management) or monthly (report to the regulator). Gains and Losses metric is also adopted just for support to validation process.

Description of interest rate shock and stress scenarios used to estimate changes in the institution's economic value (Δ EVE) and financial intermediation result (Δ NII).

BB uses the internal model approach to set the limits that are establish in Risk Appetite and Statement (RAS), as was defined in art. 31 of Circular 3,876.

For calculation of the IRRBB, shocks are applied to the term interest rate structure (ETTJ), to simulate possible scenarios, predefined and respecting the guidelines established in the study that determines the parameterization of the shock scenarios or in minimum requirements defined by regulation of the IRRBB.

The ETTJ used in the scenarios materialize the risk factors contained in the portfolios under management. Such scenarios are built for use in the management of any portfolio and contain all risk factors and their respective shocks.

To the calculate of the IRRBB, using the internal methodology, we have a scenario of curves that are divided in relation to the risk factors for products in the internal and external areas, containing positive and negative parallel shocks in the referred ETTJ. From a management perspective, these scenarios are arranged in: Cen 1: normality - up, Cen 2: stress - up, Cen 3: normality - down and Cen 4: stress - down.

Description and directional implications of the relevant assumptions used in the IRRBB measurement system, if different from the modeling assumptions required for the purposes of disclosing the metrics in Table IRRBB1.

We did not identify different premises.

Description, in general terms, of how the institution hedges its exposures to the IRRBB, as well as the accounting treatment of such operations.

In 2020, there was a major advance in the management of the IRRBB with regard to the integration of ALM and risk. ALM, under the prerogative of maintaining the institution's solvency in the long term, carried out hedge accounting and economic hedge operations, basically using Interest Rate Swaps and Future Contracts of DI tax.

Description, in general terms, of the most relevant assumptions for modeling and parameterization in the calculation of ΔEVE and ΔNII , as stated in Circular No. 3,876, of January 31, 2018, disclosed in Table IRRBB1

Trade margins are included in the calculation of Delta EVE and Delta NII. Specifically for the calculation of renewals in Delta NII, a proxy is used for the commercial margins that best represents the business opportunity. Operations are repriced daily, in accordance with the corporate curves used in the calculation. When rehiring is simulated, in addition to the new price, shock compatible with the scenario is also applied.

In order to estimate the early redemption rate for products subject to this risk, all intermediate redemptions that occurred during their term were analyzed. The estimate adopts the premise that the volume and number of redemptions will occur on a scale similar to that observed in the historical series. In calculating the cash flow of the main assets that have prepayment behavioral options, a model is used that considers the databases and information of the institution's active operations to estimate the prepayment rates according to the nature of the event .

Any other information that the institution wishes to disclose with respect to its interpretation of the relevance and sensitivity of the disclosed IRRBB measures, as well as explanatory notes on any significant variations in the level of IRRBB reported in relation to previous base dates.

Greater integration between ALM and risk management, review of governance in IRRBB management and carrying out hedge accounting operations.

Assumption of average repricing term attributed to deposits with no defined contractual maturity.

1 day.



Assumption of maximum repricing term attributed to deposits with no defined contractual maturity.

1 day.

IRRBB1: Quantitative information on IRRBB

R\$ thousand	ΔEVE		ΔNII	
	Dec/2020	Dez/2019	Dec/2020	Dez/2019
1 Parallel up	18.330.844	17.198.383	222.592	145.259
2 Parallel down	30.902	14.929	7.322.541	4.416.841
3 Short rate up	4.993.002	6.732.292		
4 Short rate down	2.231.738	2.245.944		
5 Steepener	7.841.627	5.389.641		
6 Flattenner	27.370	32.869		
7 Maximum	18.330.844	17.198.383	7.322.541	4.416.841
Period	Dec/2020		Dez/2019	
8 Tier 1 capital	132.247.506		96.380.201	

GSIB1: Disclosure of G-SIB indicators

		Dec/2020
		a
R\$ thousands		
Cross-jurisdictional Activity		
1	Cross-jurisdictional claims	32.747.270
2	Cross-jurisdictional liabilities	135.423.555
Size		
3	Total exposures	1.424.741.175
Interconnectedness		
4	Intra-financial system assets	80.696.518
5	Intra-financial system liabilities	53.150.889
6	Securities outstanding	355.548.152
Substitutability		
7	Payment activity	967.402.891
8	Assets under custody	56.023.361.283
9	Underwritten transactions in debt and equity markets	89.802.765
Complexity		
10	Notional amount of over-the-counter derivatives	87.178.616
11	Trading and available for sale securities	4.322.165
12	Level 3 assets	43.103.347



REM1: Remuneration attributed during the reference year

R\$ thousands		Dec/2020	
		a	b
		Executivo Board	Board of Directors
Fixed remuneration			
1	Number of persons	49	6
2	Total (3 + 4 + 5)	23.846	312
3	In cash	23.846	312
4	On shares and share-based instruments	0	0
5	Other forms of fixed remuneration	0	0
Variable remuneration			
6	Number of persons	105	0
7	Total (8 + 10 + 12)	9.163	0
8	In cash	9.163	0
9	(deferred)	0	0
10	On shares and share-based instruments	0	0
11	(deferred)	10.801	0
12	Other forms of fixed remuneration	0	0
13	(deferred)	0	0
Total remuneration			
14	Total remuneration (2 + 7)	33.009	312

REM2: Extraordinary payments

R\$ thousands		Dec/2020				
		Internal transfer guaranteed bonuses		Guaranteed hiring bonuses		Termination payments
		Number of people	Total amount	Number of people	Total amount	Number of people
Executivo Board		0	0	0	0	0
Board of Directors		0	0	0	0	0

REM3: Deferred remuneration

R\$ thousands	Dec/2020				
	a	b	c	d	e
	Total Deferred Remuneration Pending Payment	Deferred total amount subject to implicit and explicit adjustments	Variation in deferred compensation resulting from explicit adjustment	Variation in deferred compensation resulting from implicit adjustment	Total deferred remuneration paid in the reference year
Executive Board	14.009	14.009	0	10.801	10.801
In cash	0	0	0	0	0
Shares	14.009	14.009	0	10.801	10.801
Share-based instruments	0	0	0	0	0
Others	0	0	0	0	0
Board of Directors	0	0	0	0	0
In cash	0	0	0	0	0
Shares	0	0	0	0	0
Share-based instruments	0	0	0	0	0
Others	0	0	0	0	0
Total	14.009	14.009	0	10.801	10.801

REMA: Remuneration Policy

Information on the compensation committee

The Bank has a Human Resources, Compensation and Eligibility Committee (Corem), linked to the Board of Directors, which is responsible for preparing, implementing, supervising and evaluating the remuneration policy for the Bank's administrators. The Committee meets at least every six months to evaluate and propose to the Board of Directors the fixed and variable compensation of the Bank's administrators, as well as in the first three months of the year to evaluate and propose the global annual compensation amount to be fixed for the Board of Directors, to be submitted to the Shareholders' Meetings.

Members:

- Luiz Serafim Spinola Santos, Coordinator, 2019/2021;
- Mauro Ribeiro Neto, Member, 2020/2022;
- Egidio Otmar Ames, Member, 2019/2021;
- Paulo Roberto Evangelista de Lima, Member, 2019/2021;
- Cibele Castro, Member, 2020/2022.

In order to define the Management members' compensation policy or practice, Corem counted on technical assistance from Banco do Brasil's Director ship for Culture and Human Resources Management (Dipes).

Information on the remuneration structure adopted

The compensation policy for BB's management members is regulated by Law no. 6.404/76, Law no. 13.303/16, Decree no. 3.255/99, Decree no. 89.309/84, CMN Resolution no. 3.921/10, Law no. 12.813/13 and Bylaws of Banco do Brasil and aims to:

- i. Reinforce commitment to corporate strategies, increase BB's results and recognize the efforts of each management member, in proportion to the achievement of the goals;
- ii. reconcile the Variable Compensation Policy to the Risk Management Policy, so as not to encourage behaviors that increase the risk exposure above levels considered prudent in the Company's short, medium and long-term strategies;
- iii. directly contribute to the scope of the guidance, as it is made up of several performance indicators that are derived from the ECBB, the Market Plan and the Master Plan.

This policy covers BB's administrators, who are members of the Board of Directors and the Board of Executive Officers, composed of the Board of Directors (President and Vice-Presidents) and the Directors.

Entities linked to Banco do Brasil (ELBB) are expected to define their directions based on the guidelines contained in this policy, considering their specific needs and the legal and regulatory aspects to which they are subject.

During the period in question, there were no changes in the Management members' compensation policy or practice.

The Bank has a Management Variable Remuneration Program (RVA) whose participants are members of the Board of Executive Officers (President, Vice-President, Director) who worked during the year. In the process of defining the RVA Program regulation, which occurs annually, Corem, assisted by several technical areas of the Bank, evaluates, based on the Corporate Strategy (ECBB) for the period, which indicators should be used in the program.

In compliance with the CMN Resolution, regarding the performance measures of the Board of Executive Officers, specific indicators are defined for participants in the areas of internal controls and risk management. The indicators of these participants are based, mainly, on the achievement of the objectives of their own functions and not on the performance of the units controlled or evaluated by them.

Description of how current and future risks influence the definition of remuneration

Current and future risks influence the variable remuneration of the administrator, since it is necessary to comply with prerequisites linked to risk management to trigger them.

Liquidity risk is considered a prerequisite for triggering the RVA and is measured by the Bank's Liquidity Index indicator detailed below:

Regarding the linking of the remuneration policy to the capacity to generate cash flow and the projection of liquidity, the metric called the Liquidity Index is used.

The Liquidity Index is composed of two balances:

- i. the Observed Liquidity balance (LO), which is the liquidity balance calculated daily after the closing of accounting and financial movements;

- ii. and the Liquidity Reserve (RL) balance, which in turn is composed of the Minimum Liquidity Reserve (RML) and the Additional Liquidity Reserve (RAL).

The Liquidity Reserve stipulates the minimum volume of highly liquid assets that must be maintained to support liquidity risk.

The Liquidity Index rule states that Observed Liquidity must be greater than or equal to the Liquidity Reserve, that is, the relationship between Observed Liquidity and the Liquidity Reserve must be greater than or equal to one (Liquidity Index).

The established index must be respected throughout the period for the RVA Program to be activated.

In addition, the calculation of the variable remuneration of the administrators is based on the fulfillment of goals that consider Market Risk, Credit Risk and Operational Risk measured, respectively, by the indicators of Market RSPL, Value at risk for coverage of Credit Risk and Allocation of Economic Capital for Operational Risk Coverage.

Description of the correlation between performance appraisal and levels and forms of remuneration

The RVA is triggered and calculated based on prerequisites and performance indicators, whose non-compliance or partial achievement of its goals results in the failure to trigger or reduce the possible amounts of variable remuneration payment. In the same way, exceeding the defined goal (s) can raise the amount due.

The RVA program uses indicators that assess various aspects of the company's performance, among which we highlight customer satisfaction, results, defaults and efficiency.

The relationship between the performance of the administrator and the amount of compensation to be perceived is obtained by means of a ruler containing a range of ranges, observing the weight of each indicator. Thus, the better the performance of the indicator, the better the remuneration.

For each indicator, a minimum percentage of reaching the target is defined so that the payment starts, this percentage will depend on the level of complexity and difficulty of reaching it.

Any significant reductions in the Bank's results, free of non-recurring effects controllable by the institution, cause a proportional reversal of the deferred installments not yet paid, in proportion to the reduction in the result.

Description of the process for matching remuneration to long-term performance

Considering the interests of Banco do Brasil to increase results and their longevity, explained in the corporate strategy, the RVA Program uses indicators directly linked to the strategy, which take into account the Bank's business results, efficiency, liquidity risk and cash flow capacity. of Brazil. In addition, it establishes that part of the payment is deferred for up to four years, and that part is transferred to the beneficiaries at the rate of 25% per year, provided that in the year prior to the transfer, the Bank's result has not shown a negative variation greater than 20%, free from the effects of extraordinary events. The same deferral percentages are adopted for the entire program audience.

Description of the different forms of variable remuneration adopted and the reasons for their use

Banco do Brasil's RVA Program provides for payment in cash and shares. The distribution and proportion of the amounts paid is the same for the entire public, that is, 50% paid in cash by means of credit in a current account, 10% paid in cash in shares and 40% paid in shares deferred for a period of up to 4 years. years, 10% for one year, 10% for two years, 10% for three years and 10% for four years.

The Program's payment method aims to align it with the legal provisions and with the best Corporate Governance practices.